

CBJ DOCKS & HARBORS BOARD
REGULAR BOARD MEETING MINUTES
For Thursday, February 23rd, 2012

I. Call to Order.

Mr. Jardell called the Regular Board Meeting to order at 7:00 p.m. in the CBJ Assembly Chambers.

II. Roll Call.

The following members were present: Greg Busch, Tom Donek, Don Etheridge, Eric Kueffner, Budd Simpson, and Kevin Jardell.

Via Telephone: John Bush

Absent: Michael Williams and Wayne Wilson.

Also present were the following: Carl Uchtyl – Port Director, Dwight Tajon – Harbormaster, and Dixie Hood – Parks & Recreation Liaison.

III. Approval of Agenda.

Mr. Jardell wanted VII, (1) Staff Recognition moved to just after approval of agenda.

MOTION by MR.ETHERIDGE: TO APPROVE THE AGENDA AS AMENDED AND ASK UNANIMOUS CONSENT.

The motion passed without objection

VII. Items for Information/Discussion

1. Staff Recognition

Mr. Uchtyl read a letter he received from Mr. Moeser recognizing Doug Liermann's dedication and hard work to Harbors.

Mr. Uchtyl recognized staff members for service to CBJ.

Tom Boddy was recognized for five years of service, Bill Hodge was recognized for ten years of service, John Forchemer was recognized for five years of service, and Greg Craig was recognized for twenty years of service.

Mr. Jardell thanked all the staff for their hard work.

IV. Approval of Previous Meeting Minutes.

Hearing no objection, the minutes of the January 26th, 2012 Regular Board Meeting minutes were approved.

V. Public Participation on Non-Agenda Items.

None

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VI. Items for Action

1. Docks and Harbors FY13 & 14 Budget

Mr. Uchytel gave a power point presentation on Docks and Harbors budget similar to what would be presented to the Assembly for approval. He discussed the FY 13 and FY 14 Harbors budget and Docks budget. Mr. Uchytel said because he is new in the Port Directors position and unfamiliar with Docks and Harbors accounting system he is staying close to what was budgeted in the past. With the exception of changing revenues from Dock to Harbors and vice versa, the budget has been pretty flat since 2009. He explained line by line on the handouts on the expenses and revenues for FY13 and FY14 Harbor budget requests.

Board Question

Mr. Kueffner asked how the \$3.1 in the Harbors budget was figured?

Mr. Uchytel said there are some mistakes on the spreadsheet, but was advised not to change anything but the numbers on the spreadsheet. He said the \$3.1 amount is personnel, commodities and services(contingency), and the Support to Capital Projects.

Mr. Jardell asked about the Harbors telephone budgeted amount.

Mr. Uchytel said he talked to Angela Hull and she said in the past has been \$17,000 out of Harbors, but because there are phones in both Harbors and Docks, Mr. Uchytel would like to split the amount between Harbors and Docks budget. Docks and Harbors receives no revenues for providing the phone service.

Mr. Uchytel said he would like the Intermediate Vessel Float (IVF) revenues of about \$90,000 to go to the Harbor revenues budget from the Dock revenues budget starting FY13 & FY14.

Mr. Uchytel said as a matter of principal he is not going to write off the Harbors \$10,000 bad debt, it is carried over from FY12.

Mr. Uchytel explained the Harbors needs to maintain about \$152,000 annually to meet the bond covenant. FY11 the bond covenant was about \$9,000 short. FY12, FY13 and FY14 Docks and Harbors is projecting to meet the bond covenant.

Mr. Jardell asked if the moving of the IVF revenues over to the Harbor is to meet the bond covenant for FY12?

Mr. Uchytel said he has not moved it for FY12, but can with the concurrence of the Board.

Mr. Uchytel explained line by line on the handout on the expenses and revenues for FY13 and FY14 Docks budget requests.

Mr. Busch asked about moving the expenses for the IVF over to the Harbor as well as the revenues?

Mr. Uchytel agreed the expense should move to the Harbor as well.

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Mr. Kueffner said both Docks and Harbors has a revenue item (Interest income in Lawson), and was wondering what was Lawson.

Mr. Uchtyl said Lawson is the new accounting system that CBJ has. The amount in the budget by this revenue item is the interest on the fund balance.

Mr. Busch asked if the Docks budget needs a required fund balance for bond covenants?

Mr. Uchtyl said he was not aware of any bond covenant the Docks fund balance was required to meet.

Mr. Etheridge commented that the contingency fund was put in the budget years ago for an emergency fund. He said money was put aside for repairs in case a cruise ship damaged a bollard.

Mr. Uchtyl said the staffing schedule is also included in the packet, and Docks and Harbors has some vacancies. He has budgeted for the vacancies as a cushion, with the anticipation of the upcoming projects a potential need for additional personnel, but has not filled those positions. He has also changed the Port Engineer and Deputy Port Engineer to have 10% of there time budgeted to the Harbors, with 90% budgeted to the CIP projects.

Mr. Kueffner said he understands allocating to CIP projects, but what does it mean with respect to the budget?

Mr. Uchtyl said the staff's time identified on a CIP project is paid by the CIP monies.

Mr. Jardell asked what is the process if the Board finds mistakes in the budget?

Mr. Uchtyl said Docks & Harbors accountant is reviewing this and all CBJ budgets need to be approved by the Assembly by April 5th.

Public Comments

Dennis Watson, Juneau, AK

He said the budget presented is easy to follow as a citizen. He would like to see the Harbors (Aurora, Harris, Douglas, and Statter) revenues and expenses separated. He said he thought Docks and Harbors bought a software program that separated all that information, and now he hears that Docks and Harbors is using CBJ's new accounting system. He said he remembers in a Assembly meeting that CBJ will maintain telephones in certain areas of the City, and he is trying to figure out why the Harbors is burdened with the cost. He said the way it was presented was that CBJ was going to incur the expense. The Refuse Disposal on the budget is paid by the pound. Arrow should provide a covered container. He said Docks and Harbors is paying a lot for wet garbage.

Board Discussion/Action

Mr. Jardell said whatever happens tonight, he would like the Finance Committee to be briefed this next month on where the Port Director is with the budget, and if the Committee feels the full Board needs to be involved with the recommendation to the Assembly, then it would come back to the full Board.

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Mr. Etheridge said the Board should go ahead and approve the budget. He said transferring the IVF revenues and expense to the Harbors is an excellent idea.

Mr. Kueffner concurs with Mr. Etheridge to approve the budget and also transfer the IVF revenues and expenses.

Mr. Jardell asked the question if the Board wants the IVF transfer to start on the current FY12 budget?

Mr. Jardell said there was no objection from the Board to move the IVF revenues and expense to the Harbors budget in the Current FY12 budget and the FY13 and FY14 budget.

Mr. Busch said he would also like to see the different Harbors revenues and expenses separated.

Mr. Jardell wanted Mr. Uchytel to look at separating the different Harbors revenues and expense and report back to the Finance Committee.

Mr. Uchytel said he concurs, and the granularity is available through Docks and Harbors FSM software program.

MOTION by MR KUEFFNER: TO ADOPT DOCKS AND HARBORS FY13 & FY14 BUDGET AS PRESENTED AND ASK UNANIMOUS CONSENT.

Motion approved with no objection.

2. Auke Bay BoatYard Haul-Out Funding

Mr. Uchytel said in October, Docks and Harbors received a structural evaluation of the Auke Bay BoatYard Haul-Out facility. The report indicated the haul-out requires complete recapitalization. It also said if you can't replace it, repairs are estimated at \$40,000, and with these repairs the haul-out will need to be downgraded to 25,000 pounds of lift capacity. The problems with the haul-out is split piling and crushed pile caps. This facility is operated and leased by Juneau Marine Services. Juneau Marine Services was able to complete their season using the facility, but Docks and Harbors is at a point there needs to be a decision on a strategy for major repairs.

Mr. Uchytel said he included in the packet three options.

1. JMS to make the repairs and incur all the charges directly.
2. The Board to provide consideration to the lessee for back rent after repairs allowing the lessee to amortize the capital investment over 40 months.
3. In conjunction with the two leases JMS has with Docks and Harbors the Board provides consideration on both leases to allow the lessee to amortize the capital investment over a period approximately 12 months.
4. Mr. Uchytel said there could be a 4th option of no work done at all, and essentially condemning the haul-out facility.

Board Questions - None

Public Comments

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Dennis Watson, Juneau, AK

He wanted to remind the Board that when Docks and Harbors bought DeHart's, an appraiser did look at the condition. He said from when the purchase took affect, there was no maintenance done on that haul-out. When someone signs a lease, there is some kind of recognition for the condition of the property. He said he looked at the lease agreement and did not recall any disclosure the property owner made on the condition of that property. He does not feel the lessee should be responsible for the repairs. He also wanted to know the condition of the downtown haul out.

Jeff Duvernay, Juneau, AK

He is the President of the two leases talked about here tonight, at Juneau Fisheries Terminal and at Auke Bay BoatYard. He said he has reviewed the lease and the options Mr. Uchtyl talked about. Mr. Duvernay said he would like to continue to do business at the Auke Bay BoatYard, and not exercise option (4) listed above. He said he does not think JMS should be responsible for the repair of the haul-out facility. It is probably in the same shape as when it was purchased. It is wore out and everybody knew that during the purchase. There is the option of making repairs that will allow some limited use for a limited amount of time. He said he doesn't know what the long term is, but he has six years remaining on his lease. At this point he is ready to begin making repairs immediately, and proposes to do so with using option (3) above. Combining both the leases rent credits to pay for the repairs of the facility, the amortization would actually be about 11 or 12 months. He said with only considering the one lease it would be about 18 months payback.

Mr. Etheridge asked what was the amount estimated for the boatyard haul-out repairs that he received?

Mr. Duvernay said it is right around \$33,000, it might be a little higher than that, but less than \$40,000.

Mr. Busch asked if he had time to work with PND and go over their plans for the repairs.

Mr. Duvernay said he did not, but thought North Pacific Erectors did.

Mr. Kueffner asked about the rent amounts, and said essentially Docks and Harbors would not receive any rent from both leases for an entire year. He asked if Mr. Duvernay would oversee the repairs?

Mr. Duvernay said he would oversee the repairs and hire PND to make sure the repairs met their intent.

Mr. Kueffner wanted to know if Mr. Duvernay has done any other repairs to the Auke Bay Facility?

Mr. Duvernay said a hand rail and numerous repairs to the equipment. Nothing underneath on the structure of the pier.

Paul Swanson, Juneau, AK

He said he doesn't like combining the two leases to pay off the debt. Who will be performing the work?

Board Discussion/Action

Mr. Kueffner said both parties went into this lease with their eyes wide open and the lease itself allocated the obligation to keep the property in good repair to the tenant, and that is all that Docks and Harbors is doing. He said he also appreciated what Mr. Swanson said and doesn't see any reason to mix the two leases together. This is a repair obligation for Auke Bay, and should stay with the Auke Bay lease. He recommends to go with option (1) and finance the repair under the provisions of the lease.

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Mr. Jardell said he was close to that decision for along time, and some of it was lack of communication from the lessee. He said when he reread the lease, and the lease has a provision that says upon approval of the Docks and Harbors Board the lessee may be granted lease rental credit for repairs and improvements judged to be beyond what is expected due to normal wear and tear. Mr. Jardell said that clause made him rethink his position that it was contemplated that beyond normal wear and tear, that Docks and Harbors Board was authorized to consider that.

Mr. Busch said he thought about this for awhile also and the lack of communication from the lessee was frustrating. The other part that weighed more heavily is the condition that DeHart's is in, and what is normal wear and tear. The structural condition of the facility was poor to begin with and the expectation of the lease was to lease a fully functional 40,000 pound facility to begin with and expect them to pay for repairs at that point. He said he would go with option (3), which essentially is taking out a year loan with Juneau Marine Services to get a fast repair to the facility and it can be functional at a 25,000 pound rating. Docks and Harbors would be required to do a much more expensive contracting protocol to pay for these repairs out of a Docks and Harbors project. Mr. Busch said it is Docks and Harbors responsibility to make sure this haul-out is available and ready for use.

Mr. Donek said option (4) is not going to be talked about. The lift is going to stay in service. What has to be decided is how does Docks and Harbors get this lift fixed and how does it get paid for. Mr. Donek said he likes option (3) to combine both leases to pay for this. He does not want to get mixed up with the CBJ procurement.

Mr. Etheridge said if Docks and Harbors does this with all the CBJ requirements it could be an additional 30% in the cost of repairs. He said he liked the Chairs idea of combining the leases and setting a time frame.

Mr. Kueffner said he is starting to get persuaded by the discussion, but suggests to put a cap on what the rent credits would be. He does not want an open ended number.

Mr. Bush said he likes the idea of limiting the total amount to maybe \$30,000 to \$35,000, and has no problem with combining the two leases to pay for the repairs. He said he had a question on how long it would take to get the haul-out repaired, and expressed concern that Docks and Harbors would not want to be in the same boat in three to five years.

Mr. Duvernay said he is not hard to get a hold of. He carries a cell phone, and an ipad, and he is on his e-mail constantly. He said to his knowledge he had one phone call that he did not return. It is off season, so all the mail goes into a box until the season starts again. He didn't know anything was going on until he received the registered letter. He said if you send an e-mail, you will get a reply in minutes, hours maybe. He said the repairs would be done by North Pacific Erectors, and the repairs will be done up to PND's requirements with the intent to make this as durable as can be, but with the knowledge that this is a temporary repair. This is a rotten pier that needs to be torn down.

MOTION By MR. ETHERIDGE: TO ALLOW MR. DUVERNAY TO PROCEED WITH REPAIRS TO THE AUKE BAY HAUL-OUT FACILITY AND COMBINE THE TWO LEASE RENT CREDITS TO PAY FOR THE REPAIRS IN ONE YEAR OR LESS WITH A MAXIMUM OF 12 MONTHS OR ACTUAL COST, WHICH EVER IS LESS, AND ASK UNANIMOUS CONSENT.

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Mr. Donek objected.

Mr. Donek said he wants the rent credits to cover the cost of all the repairs.

Mr. Kueffner understands that, but still believes there should be a cap on what the repair costs should be.

Mr. Kueffner recommended no more rent credit over \$40,000.

Mr. Donek added without prior approval.

Mr. Kueffner agreed.

Mr. Donek said he would accept not to exceed \$40,000 without prior approval.

Mr. Etheridge accepted not to exceed \$40,000 without prior approval as a friendly amendment.

Mr. Jardell verified the Amended Motion

TO AUTHORIZE RENT CREDITS UP TO THE AMOUNT OF \$40,000 OR ACTUAL COST,
WHICH EVER IS LESS.

Mr. Donek removed his objection.

Motion passed

VII. Items for Information/Discussion.

2. Auke Bay Commercial Loading Facility Operational Plan.

Mr. Uchtyl said the hydraulic boat lift should arrive in April. Docks and Harbors has the boom truck, but no plan on lay down area. The conditional use permit for this area is not for a boatyard, but for a lay down area, or storage area. Docks and Harbors needs a wash down area to make this area a fully operational, full service boat yard and boat and gear storage area. He just wants the Board to think about how they envision the Loading Facility to be operated. There are three options.

1. Docks and Harbors operated this area completely.
2. The Auke Bay BoatYard lessee be given the option to manage this area.
3. Go out with a new RFP to new comers and have them provide a business plan on how they would run it.

Mr. Jardell said the recent plan has been to use the hydraulic lift at Statter and the Loading Facility. In JMS's lease, it states if a new facility is built, JMS has the right to it. There is no money for a wash down at this time. Docks and Harbors does not have the Statter uplands money. Mr. Jardell requested the Board members to comment.

Mr. Donek said Docks and Harbors has the cart in front of the horse. We don't have a conditional use permit to operate this, but the machine is on its way. Docks and Harbors should try to change the conditional use permit. Mr. Donek said he does not want to have Docks and Harbors staff in competition with private enterprise.

Mr. Etheridge said he doesn't know why the Auke Bay Commercial Loading Facility turned into a full sized boatyard. Docks and Harbors identified money for a trailer and so now a trailer is on the way. He does not think Docks and Harbors should be operating a boat lift, but should be contracted out. At this point, there is no money for the wash down or permits, and a long way from operating a boat yard.

Mr. Kueffner wanted to hear Mr. Duvernay's thoughts on the facility.

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Mr. Simpson said he agrees this should be kept in the private sector, and Docks and Harbors not get into the boat launch. The whole idea has been to be able to lift larger boats than what we have been lifting and to provide a service that doesn't exist in the community. However, if this goes out to RFP and no one is interested because of volume, Docks and Harbors could find themselves in a position that someone on Docks and Harbors staff would have to be trained to operate this facility.

Mr. Busch said he is in agreement with the other Board members to have the private sector operate this facility. He is concerned without having a wash down water treatment area when Docks and Harbors is looking at years before Statter Harbor will be ready for this lift.

Mr. Jardell wanted to know the lift capacity of the lift trailer?

Mr. Uchytel said 45 ton, 65 ft.

Mr. Uchytel said he looked into any stipulation on this lift because it was funded with a Tiger Grant, and there are none.

Mr. Jardell commented on the phrase the horse before the cart. The Board did approve the funds for the hydraulic lift, and that is how it happened.

Public Comments

Jeff Duvernay, Juneau, AK

He said as a boat yard operator, this is really a great thing. There could be a battle given Docks and Harbors does not have permitting in place to allow for that type of use. He also noticed that all of the uplands are allocated toward the use of a boatyard when there is a drive down facility there to support the commercial fisherman and they are of the opinion that is to be used as a lay down area, and that is something that is badly needed. The way the commercial fisherman operate they need a place to put gear. There is no place for that in this plan. He said what ever happens, the Board needs to develop a plan that will work for all the different user groups. On an operational level, this will be a challenge managing this site. Mr. Duvernay said he is interested in sitting down with the Port Director and the Board and seeing if there is an opportunity to pursue this through his lease covenant or the RFP process. He said this is a great addition to the community. There are a lot of challenges, but he thinks they are worth working on.

Dennis Watson, Juneau, AK

Originally when this was presented before the Planning commission, it was for a storage yard. Then, Docks and Harbors needed a conditional use permit for fueling boats, now it will go one step further. This boatyard haul-out was not disclosed in the initial plan to the Planning Commission. He agrees with Mr. Duvernay that this could be challenging to move forward with. Mr. Watson talked about Allen Marine's portable dock and wash down containment. He said they have come up with a solution, and it may possibly work for this area. He said it may be another alternative.

Mr. Jardell said this will be going to an Operations Committee meeting for discussion.

3. Waterfront Vendor Booths Outcry Auction Results

The Board members have received the auction results and will be posted on the website.

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VIII. Committee and Board Member Reports.

1. Operations Committee Meeting- February 14, 2012

Mr. Busch reported the Operations Committee discussed an action item for a tideland lease adjustment and it will be going to Finance Committee next before the Regular Board.

Discussion items

1. Rescue ladders - staff is looking into.
2. The Auke Bay Boatyard Haul-out that was on tonight's agenda.
3. Bull rail rot in Aurora Harbor by the Boat Houses. The staff will be doing repairs on the ones that need to be fixed now and continue to monitor and repair when needed. The staff will continue to look into ways to maintain the structural integrity in that area.
4. Information presentation- the Committee looked at the Clean Harbors Provision.
5. Downtown dumpsters – one of the patrons was injured trying to open one of the lids to the dumpster. The staff is looking at alternatives to cover the dumpsters and still allow access by the dump trucks, keep the rain and snow out, and have a safe access.
6. The Harbormaster is looking into mail issues. The Harbor staff is receiving patrons boxes and mail that blocks the entrance way. The staff will be sending out letters to the patrons that they need to set up a separate mail box for their mail.
7. The Committee also received a Harbormaster report and an update on the participation by the Harbormaster and Port Director at the Seattle Boat Show.

2. CIP/Planning Committee Meeting – Cancelled

3. Finance Committee Meeting- Cancelled

Mr. Kueffner said he is looking forward to looking at the budget in the future.

4. Member Reports - None

IX. PRAC Representative Report

Ms. Hood said she had nothing to report as the PRAC Representative.

X. Port Engineer's Report.

Mr. Gillette was not at the meeting.

XI. Harbormaster's Report.

Mr. Tajon said the waterline break on C float in Aurora Harbor was finally repaired yesterday.

Mr. Kueffner said he was on the docks in Harris and noticed a lot of gravel on the docks. He asked if the gravel was put on the dock purposely for traction?

Mr. Tajon said yes it is used for traction and when the seasonal staff come back, they use pressure washers on the docks to get them clean for the summer use.

XII. Port Director's Report.

None

XIII. Assembly Liaison Report

Ms. Becker was not at the meeting.

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XIV. Committee Administrative Matters.

1. Operations Committee Meeting – March 20, 2012
5:00 p.m. at the Aurora Harbor Office
2. CIP/Planning Committee Meeting – March 22, 2012
5:00 p.m. in the CBJ Assembly Chambers
3. Finance Committee Meeting – March 27, 2012
5:00 p.m. in CBJ room 224.
4. Regular Board Meeting – March 29, 2012
7:00 p.m. in the CBJ Assembly Chambers

XV. Adjournment.

The Regular Board Meeting adjourned at 8:56 p.m.