CBJ DOCKS & HARBORS

FINANCE COMMITTEE MEETING MINUTES

For Tuesday, November 29, 2011

I. Call to Order.

Eric Kueffner called the Finance Committee Meeting to order at 5:04 p.m. in room 224 of the Assembly Building.

II. Roll Call.

The following members were present: Tom Donek, Kevin Jardell, Michael Williams and Eric Kueffner.

The following members were absent: John Bush and Wayne Wilson.

Also in attendance was the following: Carl Uchytil-Port Director.

III. Approval of Agenda.

MOTION by Mr. Williams: TO APPROVE THE AGENDA AS PRESENTED.

The motion passed without objection.

IV. Public Participation on Non-Agenda Items.

There was none.

V. Approval of previous meeting minutes.

Mr. Uchytil noted several grammatical errors in the August 23, 2011 Finance Meeting minutes.

Hearing no objection, the minutes of the August 23, 2011 Finance Committee Meeting were approved as amended.

VI. Items for Action.

1. Alaska Memories LLC, DBA Nordic Tug Charters Sublease Rent Proposal.

Mr. Uchytil said Alaska Memories doing business as Nordic Tug Charters has been trying to sub-lease about 1500 square ft. of Docks and Harbors property since 2008. They have actually started construction on the property described as the Juneau Marine Fisheries Terminal and is a portion of Docks and Harbors State lease. We are proposing a lease rate of $.25 per square foot which would bring in an annual rent of $4,365.00. This is the same rate we are charging Maritime Hydraulics for their lease.

VI. Items for Action. (Continued)

Mr. Uchytil said there are two motions here. The first motion is to approve the lease rate of $.25 per square foot and the second motion is to move forward with this item to the full board to sub-lease to Alaska Memories.

Mr. Jardell asked if the Maritime Hydraulics lease area was comparable to the 1,455 square ft. Alaska Memories is requesting.

Mr. Uchytil said the Maritime lease area is slightly smaller by a few hundred feet.

Mr. Kueffner asked if the lease was inline with the new leasing process.

Mr. Uchytil said this lease does not fit within the tidelands leasing process because it is a sub-lease with the State of Alaska.

Mr. Williams asked what kind of structure Nordic Tugs is building on the property.

Mr. Uchytil said Nordic Tugs has a conex and they are building a lean-to over it for storage and a small sitting room for clients. He also outlined the electrical issues the sub-lease has encountered.

Mr. Kueffner said he didn't see any difference between the sub-lease with Maritime Hydraulics and the sub-lease with Alaska Memories and he felt the $.25 per square ft. was reasonable.

Mr. Donek said Maritime Hydraulics has about the same amount of space as Nordic Tug Charters but they have a building so it seems that they are paying $.25 per square foot for the land. The sub-leases do not seem comparable because one lease area has a building and the other does not.

Mr. Jardell said this sublease seems like a fair deal.

Mr. Uchytil said he would find out more about Maritime Hydraulics sub-lease.

Public comment

Mr. Dennis Watson said Juneau Marine Services has been told that their structure is not up to code. At this point they are just getting away with using their structure. He suspects Nordic Tug Charters will have to meet code to get power to the property.

VI. Items for Action. (Continued)

Mr. Kueffner said he felt that once the lease is in place, any improvements will be the responsibility of Nordic Tugs. They will be responsible for meeting code also.

Mr. Jardell said Nordic Tugs will have to abide by the terms of the State lease.

Mr. Uchytil said Docks & Harbors lease with the State expires in 2021.

MOTION by Mr. Jardell: TO APPROVE THE RATE OF $0.25 PER SQUARE FT. PER MONTH TO SUB-LEASE TO ALASKA MEMORIES LLC. DBA NORDIC TUG CHARTERS OF FALL CITY, WA. APPROXIMATELY 1455 SQUARE FT. AT JUNEAU MARINE FISHERIES TERMINAL.

The motion passed with no objection.

MOTION by Mr. Jardell: TO RECOMMEND TO THE REGULAR FULL BOARD, APPROVAL TO SUB-LEASE TO ALASKA MEMORIES LLC, DBA NORDIC TUG CHARTERS OF FALL CITY, WA. APPROXIMATELY 1455 SQUARE FT. AT JUNEAU MARINE FISHERIES TERMINAL.

The motion passed with no objection.

2. Juneau Marine Services Rent Adjustment.

Mr. Uchytil said this item does no required the approval of the Finance Committee, but he thought it was good for Finance to review the lease rent adjustments. The lease adjustment was due last January and based on the assessed value of $528,100.00 we have a new lease rent of $26,405.00. The new annual rent will be paid in 12 equal installments of $2,200.42. Juneau Marine Services has no problem with this lease adjustment. The lease adjustment will be retroactive back to January 1, 2011.

Mr. Kueffner suggested we collect the back rent in a lump sum if possible.

No Motion required.

VII. Items for information/Discussion.

1. Mount Roberts Tram.

Mr. Uchytil said the Mount Roberts Tram proposed Rent Adjustment is due and we have had Horan and Company conduct an appraisal. The new appraisal suggests a new lease rent of $300, 000. Mount Roberts Tram management does not agree with the proposed lease appraisal and they will move forward and choose another appraiser.

Public comment

Mr. Jim Duncan, Jr. (Tram Manager) said his understanding was that this item would go before the Assembly if both parties can not come to an agreement and the Assembly would make the final decision.

Mr. Uchytil said when you read the ordinance; there is final Assembly action, however, within this lease agreement, it does not call for Assembly action. Amy Mead, CBJ Attorney, has said typically the lease trumps the Assembly ordinance.

Mr. Kueffner said the Assembly has already approved the lease so the lease is simply going forward on its terms.

2. CGC Liberty Lease.

Mr. Uchytil said the Liberty is a 110 ft. Coast Guard Vessel Moored in Statter Harbor. The CG currently does not pay anything for the space and their power is metered through AEL&P. The Liberty will be replaced in the next few years with a 154ft patrol boat. In researching leases, our interpretation is the original lease expired in 2004. Since 2004 we should have readjusted the lease from zero to something. The Coast Guard does agree that rent is in order. We could pick a rate based on linear foot or we could charge moorage for the length of the Liberty. We also need to consider if we want to ask for back rent.

Mr. Jardell said we should apply the current regulations and charge the vessel length or the dock length which ever is larger. We should charge for everything from the gate back and charge the whole 300 ft.

Mr. Williams said he was against charging the Coast Guard any excess since their being in the harbor does benefit the community.

VII. Items for information/Discussion (continued).

Mr. Donek said the base rate is a good starting point but we should give the CG some kind of break on the rate. We don't want to charge them the same rate a110ft. cruising yacht pays.

Mr. Kueffner said this is more like moorage and not a lease as far as basis for what to charge. He would prefer to charge them what everyone else is paying and as a discount do not ask for rent retroactive back to when the lease started.

Mr. Jardell said there is a glitch in the lease document and two difference lease start dates are noted. By not going back and asking for rent, we are acknowledging the discrepancy and allowing them a discount.

Mr. Williams said he did not feel like there would be recognition for the forgiven years if we did not ask for retroactive rent.

Mr. Uchytil said what he would do is memorialize this discussion with a letter back to the Coast Guard suggesting we charge by linear feet and explain that we will not ask for lease rent back to 2004. He said he could also include in the letter the possibility of a moorage space at Statter Harbor for the new 150 ft. patrol boat.

Public comment

Mr. Dennis Watson said he worked with GSA and the CG and they are privately looking at the NOA Docks. He also liked the Coast Guard presence but did not feel the Federal Government deserved special treatment.

3. Trucano Lease

Mr. Uchytil said we are working on a lease for a small parcel of property adjoining Trucano's current Lease property. He is charging Trucano 16 hours of staff time to process the lease. Doug Trucano has not responded and accepted the lease yet. The lease ordinance does say that you must have an appraisal within 90 days of approving the lease.

Mr. Donek said we discussed this issue before about a lease property where it will take Docks & Harbors10 years to recoup the Appraisal fees, couldn't we skip the original appraisal.

VII. Items for information/Discussion (continued).

4. Lease Process Improvements.

Mr. Uchytil said he felt it was onerous to get a new piece of property leased. He provided a new lease process that he would like to follow.

Committee Members agreed that they liked the outline for the new lease process.

Mr. Uchytil said he will be having a discussion with Customs and The Juneau Convention Visitor's Borough and he will be suggesting a minimum lease rent for both office spaces at the Port.

Mr. Jardell said he suggested starting with what the Visitors Borough is currently paying at Centennial Hall. For Customs we are obligated to provide space for them.

VIII. Staff and Member Reports.

Mr. Uchytil said he has approached the Chamber of Commerce with the idea of a Christmas boat lighting contest. He kind of got a go ahead from John Hartle. He feels it is healthy for the Harbors to sponsor events like this. He said Cathy Roemmich would be in charge of gifts which would be donated by businesses.

Board members liked the idea of the community outreach but suggested the event be minimal.

IX. Committee Administrative Matters.

1. Next Finance Committee Meeting – December 13, 2011 at 5:00 pm in the Port/Customs Conference Room.

X. Adjournment.

MOTION by Mr. Williams: TO ADJOURN THE FINANCE COMMITTEE MEETING AND ASK UNANIMOUS CONSENT.

The meeting adjourned at 6:12p.m.