

CBJ DOCKS & HARBORS
FINANCE & OPERATIONS JOINT COMMITTEE MEETING MINUTES
For Tuesday, December 14, 2010

I. Call to Order.

Cheryl Jebe (Operations Committee Chair) called the Finance & Operations Joint Committee Meeting to order at 5:00 p.m. in the Assembly Chambers.

II. Roll Call.

The following members were present: Don Etheridge, Tom Donek, Cheryl Jebe, Jim Preston, Greg Busch, Eric Kueffner, Michael Williams and Bob Wostmann.

The following member attended via teleconference: Kevin Jardell.

Also in attendance were the following: John Stone-Port Director, Phil Benner, Harbormaster and Ruth Danner-Assembly Liaison.

III. Approval of Agenda.

MOTION by Mr. Etheridge: TO ASK UNANIMOUS CONSENT TO APPROVE THE AGENDA AS PRESENTED.

The motion passed without objection.

IV. Approval of Previous Meeting Minutes.

Mr. Benner provided some corrections to the Operations Committee Meeting Minutes for November 16, 2010.

Ms. Jebe asked that the addresses provided by public participants be removed from the meeting minutes and kept confidential.

MOTION by Mr. Etheridge: TO ASK UNANIMOUS CONSENT TO APPROVE THE NOVEMBER 16, 2010 OPERATIONS COMMITTEE MEETING MINUTES AS AMENDED.

MOTION by Mr. Preston: TO ASK UNANIMOUS CONSENT TO APPROVE THE SEPTEMBER 28, 2010 FINANCE COMMITTEE MEETING MINUTES AS PRESENTED.

The motions Passed without objection.

V. Public Participation on Non-Agenda Items.

There was none.

VI. Items for action.

1. Waterfront Sales Permit Regulation.

Mr. Stone said the Operations Committee took this issue up on November 16, 2010 after notifying permit holders that the Board would be looking at making changes based on feedback from the permit holders. Based on information provided during that meeting, the Committee directed staff to look at amendments to the Waterfront Permit Regulations.

Comments from Permit holders suggested they would like to see the following changes to the Regulations.

1. Restricting ownership of Waterfront Sales Permits to Juneau Residents only.
2. Restricting Permit holders to ownership or interest in only one Waterfront sales Permit at a time.
3. Enforcement to reduce abusive behavior or booth interference between competing Permit holders.

Mr. Stone also said the Permit auction is typically held in mid January, but he has placed the auction on hold pending the outcome of the process. He also recently received an email from Amy Mead in the CBJ Law Department concerning limiting the ownership of Permits to Juneau residents only, which indicated unless the restriction can be justified, it would violate several interstate commerce laws. To address the restriction of ownership or interest in only one Permit, Mr. Stone provided a new draft regulation to address some of the concerns previously addressed by Permit Holders. The Harbormaster and Port Supervisor plan to amend the sales permit to incorporate a procedure for responding to complaints and following through with enforcement when warranted.

Several Board Members had questions regarding the distinction between tour booth ownership and tour company coalitions where booths will sell each other's tours for a commission.

Mr. Stone clarified that a Booth owner may agree with other booth owners to have them sell their tours, but they can not have an ownership or interest in other booths.

Mr. Preston said if the regulation comes out of the Committee today, it would go to the full Board which would set the 21 day clock for two public hearings, one at the next Committee Meeting and one at the next Board Meeting and then it would go to the Assembly as a regulatory change.

Mr. Busch asked what problem the residency requirement would have solved if it had been permissible.

VI. Items for action (Continued).

Mr. Stone said at one time the Cruise Ship Companies would also bid the on the Sales permits and the local vendors were concerned they would not be able to get a sales booth.

Mr. Busch suggested that were a restriction to local ownership only is not allowed, that a local preference may be allowed.

Mr. Stone said it would be hard to allow a local preference when the booths are sold through an outcry auction. We would have to change the sales procedures to a sealed bid auction.

Public Comment

Caroline Pitts-Owner of Orca Enterprises

Ms. Pitts thanked the Harbor Board Members for listening to the concerns of the permit owners. She said for the most part she liked the changes that had been made to the Sales Permit Regulations, but what she would like to see is more prevention as far as not allowing vendors to bid on multiple permits instead of additional reporting mechanisms after the auction. She was also concerned about *Tour sales area rules* (2) A permit holder shall not have more than one representative selling tours at a booth. There needs to be an allowance for training new representatives. She said she would still like to see the permit sales limited to Juneau residents and she would like the permit to be affordable and the purchase process fair.

Mr. Wostmann asked if a vendor has already purchased a permit in an auction, can they continue to bid on other permits in an effort to drive the bid price up for other vendors.

Mr. Stone said once a vendor has won a permit in an auction, they are done bidding.

Ms. Pitts said there are tour companies purchasing booths and then allowing another tour company to manage their booth.

Frank Rich-MGT Tours.

Mr. Rich said under *tour sales area rules* (4) The permit holder may display one large sign on the Booth-this will not work for him. He has been using two signs for the past fifteen years and would like to continue using both signs.

Suparna-Last Chance Tours.

Suparna said in Ketchikan the booth holders have grandfather rights. In Juneau it is hard to plan for a tour business if you don't know if you will get your sales permit. The same tour companies are bidding against each other every year for their own permits.

VI. Items for action (Continued).

Public Comment

If the vendors were offered their permits on a agreed upon price for example \$25,000 per permit, that would be \$275,000 in guaranteed income for the City. This would eliminate the possibility of a long time Vendor being forced out of business when they don't win a permit.

Jim Suek-Best Tours

Mr. Suek said he did not see a need to require permit holders to be Juneau residents. With the exception of maybe one permit holder, all vendors appear to be Juneau residents. He also felt it was beyond the scope of Docks & Harbors to limit who can manage tours for a permit holder who has bid and paid for their permit.

Jeff Fanning-Liquid Alaska Tours

Mr. Fanning said he liked the changes made to the actively sell requirement although he felt it was unnecessary considering the cost of the permits. He wanted to know if the new enforcement process for this rule would be outlined in the new regulations. At a previous meeting the Board considered checking with the department of labor to determine if there were currently multiple interests in the Sales Permits. He asked if there was any new information from the Department of Labor.

Committee Discussion

Mr. Wostmann said he was still concerned about the possibility that a Vendor could come in and bid the price of the permit up for other vendors and then not purchase one.

Mr. Stone said we did have a problem several years ago with bidders coming in and bidding up the permits and then not actually taking the permit. We have since solved this problem by requiring a \$5,000 bond for each bidder. If the bidder does not take their permit, then they forfeit the \$5,000. We also require bidders to have a valid Alaska business license and be current with their CBJ taxes before they can bid.

Mr. Preston said he would like to see the regulation changes move forward with some revisions to section (c) *tour sales area rules* noted in tonight's meeting.

MOTION by Mr. Etheridge: TO RECOMMEND THE BOARD PROPOSE CHANGES TO THE WATERFRONT SALES PERMIT REGULATIONS AT THE NEXT BOARD MEETING AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

VI. Items for action (Continued).

2. Auke Bay Loading Facility Conditional Use Permit Amendment.

Mr. Stone said Dennis Watson has addressed the Board on two occasions with an analysis of potential issues he saw at the Auke Bay Loading facility in relation to what the conditional use permit allows. Dale Pernula, Director of the Community Development Dept., reviewed Mr. Watson's analysis and recommended that we apply for an amendment to the conditional use permit if we plan to fuel vessels at the drive-down-float. I am recommending that we apply for the amendment to load fuel at the drive-down-float. Our current regulations do allow for this activity and we do charge a fee.

Mr. Stone said currently the Coast Guard is fueling at the loading facility which is better suited for this activity. They were previously fueling at the loading zone in Statter Harbor which as very disruptive during the summer when Statter Harbor can be very busy and tour boats are constantly using the loading zone.

Ms. Jebe asked if amending the use permit would expand the ability to sell fuel at the loading facility.

Mr. Stone said the vessels that would be fueling there would generally take on more than a truck Load. This would not necessarily expand the ability to send fuel but it would allow it.

Public Comment

Dennis Watson

Mr. Watson mentioned to the Board that Kensington Mines submitted an application to have a fueling station at Cascade Point and were turned down by the Planning Commission. There was another request by Adlersheim and it was also turned down. The fueling puts the City in conflict with two other applications that have already been turned down. His concern was not the Coast Guard or Yachts fueling at the loading facility, but with the vessel owners that might show up after the Harbor staff has gone home and drive a 55 gallon drum down and attempt to fuel their own vessel.

MOTION by Mr. Etheridge: TO RECOMMEND THE BOARD AUTHORIZE THE PORT DIRECTOR TO APPLY FOR AN ADMENDMENT TO THE CONDITIONAL USE PERMIT FOR THE SALE OF MOTOR FUELS FROM TANK TRUCKS AT THE DRIVE-DOWN FLOAT AT THE ABLF AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

VI. Items for action (Continued).

3. Alaska Clean Harbor Certification

Mr. Stone said that Alaska has a Clean Harbor Certification Program much like other clean harbor programs throughout the country. It has been a pilot program for a number of years and has just come online in the last few months. Phil Benner has asked if Juneau can become the first certified clean marine system in the state of Alaska. We have already had an informal inspection done by the Alaska Clean Harbors representative. We are just asking for approval from the Board to go through the process of becoming certified.

MOTION by Mr. Busch: TO RECOMMEND THE BOARD AUTHORIZE THE PORT DIRECTOR TO APPLY FOR CERTIFICATION UNDER THE ALASKA CLEAN HARBOR PROGRAM AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

4. Aurora Harbormaster Office Outside Wall Mural Repair.

Mr. Benner said he has noticed the artwork displayed at the end of the Aurora Harbor office is badly in need of some repairs and touch up paint. He contacted the original artist and she did not have an interest in returning to Juneau to fix the artwork.

Mr. Gillette talked with Commercial Signs & Printing and they gave us an estimate of \$5,037.77 to do the touch up work and repairs.

Mr. Kueffner mentioned the possibility of getting a sponsor for the artwork. There may be a marine related company that would be interested in being the sponsor for this artwork and we could put their logo on the piece.

Ms. Danner said the sponsor would be okay, but she did not think we would be able to ask for donations.

Mr. Etheridge mentioned that the Port Director did not need the Board's approval to spend this dollar amount.

VII. Items for Information/Discussion.

1. Harbormaster's Operations Report

Mr. Benner provided a memorandum of the fall/winter projects completed in the harbor. He said staff has spent a lot of time tracking a reverse polarity issue in Dehart's Harbor and a vessel belonging to Bruce White was moved over to Statter Harbor from DHD-15 until we can determine what is causing the problem.

VII. Items for Information/Discussion(continued).

Mr. Benner said we are going to start checking every electrical cord and outlet in every stall for electrical issues. When a boat requests a permanent stall assignment, before they plug into power, we will test their equipment. We have some electrical problems worse than Dehart's elsewhere in the harbors.

Mr. Etheridge said it is a good idea to have the testing done prior to plugging a vessel in because if there is a problem it can effect the vessels moored near by also. Sometimes it is just easier to install an isolation transformer than try and chase down electrical problems on a vessel.

Mr. Williams asked when a vessel plugs in who is responsible for the electrical system; where is the line between what the vessel owner is responsible for and what the Harbor Department is responsible for.

Mr. Stone said traditionally the Harbor Department's responsibility ends at the outlet.

VIII. Staff & Member Reports.

Ms. Danner said the Committee of the whole discussed the Under-Bridge Park area and the possibility that Docks & Harbors is also interested in a portion of that property. The Committee agreed unanimously to direct Docks & Harbors to move forward with their plan. Several Committee Members stressed the importance of incorporating some kind of Marine Museum as a tourist destination to justify using Marine Passenger funds for this project.

IX. Committee Administrative Matters.

1. Next Regular Board Meeting – December 21, 2010 in the Assembly Chambers. (New)
2. Next Operations Committee Meeting – January 18, 2011 at the Aurora Office.
3. Next Finance Committee Meeting – January 25, 2011 in CBJ room: 224.

X. Adjournment.

MOTION by Mr. Kueffner: TO ADJOURN THE FINANCE & OPERATIONS JOINT COMMITTEE MEETING AND ASK UNANIMOUS CONSENT.

The meeting adjourned at 6:56 p.m.

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