CBJ DOCKS & HARBORS

FINANCE COMMITTEE MEETING MINUTES

For Tuesday, April 27, 2010

I. Call to Order.

Mr. Jardell called the Finance Committee Meeting to order at 5:01 p.m. in room 224 of the Assembly Building.

II. Roll Call.

The following members were present: Mr. Donek, Ms. Jebe, Mr. Jardell, Mr. Mehrkens, Mr. Preston and Mr. Etheridge.

The following member was absent: Mr. Kueffner.

Also in attendance were the following: Mr. Stone-Port Director and Roy McLeod-Administrative Officer.

III. Approval of Agenda.

Mr. Stone added the following to Items for Action.

5. Approval to Participate in an Appraisal for the Archipelago Properties.

Mr. Stone also added the following to Items for Information/Discussion.

2. Trucano Lease Rate Appeal.

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

The motion passed without objection.

IV. Public Participation on Non-Agenda Items.

There was none.

V. Approval of Previous Meeting Minutes.

MOTION by Ms Jebe: TO ASK UNANIMOUS CONSENT TO APPROVE THE MARCH 23, 2010 FINANCE COMMITTEE MEETING MINUTES AS PRESENTED.

The motion passed without objection.

VI. Items for action.

1. Storage Fee Discount for Reserved Moorage Holders (Public Hearing)

Mr. Stone said the Board is proposing to revise 05 CBJ 20.130 Storage Fees to provide a discount to persons holding reserved moorage. These persons would pay a discounted rat of $0.25 per square foot per month on one personal Item up to 200 square feet. This discounted rate is ½ the standard storage rate of $0.50 per square foot per month and would be limited to one item only. The standard rate would apply to any additional items being stored.

Mr. Stone said we received a letter from Mr. Jimmie Rosenbruch, harbor patron and owner of the Alaskan Grandeur, disputing the storage fee requirement. Mr. Rosenbruch leaves his vehicle in Harbor Parking for the winter and he is in and out of Juneau during the summer and feels it is unreasonable to have to pay for parking and register every time he leaves Juneau. We have several patrons that leave for the winter for a number of months at a time and we have a way to accommodate these patrons without moving the vehicles into storage. The Harbor staff can direct these patrons where to park their vehicles when they will be gone for several months at a time.

Mr. Jardell asked to clarify that each reserved moorage patron will be allowed a block of space that is 20x10 feet that they may store items in at the discounted rate. For example, a patron with a container van with 50 traps in it would pay the same rate that a patron that was just storing 50 traps alone would pay. This seems like a more equitable way to offer the discount.

Mr. Jardell asked to make a change to the proposal to read, "Persons would pay a discounted rate of $0.25 per square foot per month on personal items up to 200 square feet".

MOTION by Mr. Etheridge: TO RECOMMEND THE BOARD ADOPT AN AMENDMENT TO THE HARBORS FEE REGULATIONS ADDRESSING STORAGE FEE DISCOUNTS FOR RESERVED MOORAGE PATRONS AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

2. Changes to the Waterfront Sales Permit Regulations. (Public Hearing)

Mr. McLeod said he is recommending a re-assessment of some of the regulatory provisions of Chapter 10, Waterfront Sales Permits. He would like to remove the requirement to provide evidence of "actively selling" and the requirement limiting persons to an interest in only one permit. The "Actively sell" provision requires permit holders to show us gross revenues of at least $25,000. Since the permits are now selling for approximately $50,000, I think we can safely assume the holders are grossing more than $25,000. Additionally, most of the permit holders use their sales tax forms to prove the revenue goals and this causes security concerns since these forms must be kept confidential.

VI. Items for Action (Continued)

The requirement limiting persons to an interest in only one permit is severely limiting both competition for the permits and entry into the local tour market by young entrepreneurs with new ideas. I see no business reason Docks and Harbors should be limiting what business somebody can engage in. This requirement is unenforceable.

There was brief discussion among Board Members.

Public Comment

Mr. Suek, Waterfront Sales Permit Holder (Best Tours).

Mr. Suek said there seems to be a natural revolution to the way things work over the the years for waterfront sales. He did not feel removing the limit to interest in only one permit would adversely affect the permit holders and it may increase a vendors opportunity to sell more tours.

Mr. Jardell said the purpose for removing the limit is not in hopes of increasing Port revenues, but to remove a regulation that is really unenforceable and no longer applies to the current situation.

Mr. Suek said right now the permit holders seem to be working well together.

Mr. McLeod said we are pretty sure right now there are companies that have interest in more than one permit, but we have no way to prove or disprove it. If the companies are working together to sell tours and the system is working there is no reason to limit the interest to only one permit.

3. Slip E-23 Boat Shelter Sale.

Mr. Preston said there are two parts to the obligation if you own one of these boat shelters. The first part is if you intend to sell you need to notify the Board and the second part is to give the Board first right of refusal before you sell. The Board has never exercised the option to purchase one of the boat shelters

We have been given notice that Ann Kennedy will be selling the Boat house E-23 in Aurora on behalf of the James F. Kennedy estate.

MOTION by Mr. Mehrkens: TO NOTIFY MRS. KENNEDY THE BOARD WILL NOT BE EXERCISING THE OPTION TO PURCHASE THE BOAT SHELTER IN AURORA E-23 AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

VI. Items for Action (Continued)

4. Summer Harbor Moorage Promotion.

Mr. Stone said last year we adopted a regulation that allows us to do moorage promotions. We have about a 50% vacancy rate on 24' and under slips in the downtown harbors. We would like to run a moorage promotion at the beginning of the summer to encourage patrons with small vessels to keep their boats in the water. We have two promotions to consider, both are limited to vessels with a maximum LOA of 27".

1. Purchas a 2010 Annual launch Ramp permit, buy two months of moorage during June for either down town or Auke Bay and get one month free.

2. Buy three months moorage for June, July, and August and get a 5% discount off the published moorage rate plus two day permits to use a CBJ launch ramp to launch and retrieve your boat. If you pay by Friday, May 28, moorage is good from Friday, May 28 through Monday, September 6, 2010.

The promotion does not really address if someone wants a month downtown and a month at Statter Harbor and then wants two weeks free at both places. This could get complicated, but we would have to find a way to make that work.

Mr. Donek asked how much we expected to make from this promotion for example if 10 People took advantage of it.

Mr. Stone said it is hard to guess how many people will take advantage of the promotion, but it is possible that it could bring in an extra $20,000 in daily charges for Statter Harbor. More than anything, the promotions give Docks and Harbors some PR.

Several Board Members expressed concerns about moorage space at Statter Harbor being used up by smaller vessels and there not being space for the larger vessels.

Mr. Mehrkens suggested running the promotion but not including Statter Harbor since the surplus of 24' slips is downtown.

Mr. Stone said that would work but the utilization at Statter Harbor is down from previous years so he not see a problem extending the promotion to Statter Harbor.

Mr. Jardell suggested doing two separate promotions for Statter Harbor and Downtown. He suggested an overall discount for all vessels using Statter Harbor for the summer and then the suggested promotions for Downtown.

MOTION by Mr. Etheridge: TO ELIMINATE THE AUKE BAY HARBOR FROM THE PROPOSED MOORAGE PROMOTION AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

VI. Items for Action (Continued)

5. Approval to Participate in an Appraisal for the Archipelago Properties.

Mr. Stone said the Archipelago Property is next to the port area parking garage. Several months ago we spoke with the lands committee about potentially purchasing some of that property to rebuild the U.S.S Juneau memorial and a portion to widen the sidewalk. The City Manager is moving forward with an appraisal to purchase right of way for the sidewalk from them and they wanted to know if we wanted to also have the appraisal done for the portion we would like to purchase. The only downside is the appraiser they have hired is the same one that did the Fisherman's Bend Appraisal. Mr. Stone estimated the appraisal would cost from $5,000- $10,000.

Mr. Preston asked if the appraiser in question had been cleared with the State.

Mr. Stone said the appraiser has been cleared and has no pending actions against him from the Board of Appraisers. The property we are interested in is about 10,000 square feet.

Mr. Preston expressed concerns about previous water front property appraisals done by the appraiser in question that came out at 5 million per acre and no one else had ever come up with that kind of number. In the past year we have had some very negative experiences when this appraiser coming up with numbers that we could not justify.

Mr. Mehrkens asked if there was an estimated purchase price for this property.

Mr. Stone said he thought the property was currently assessed at $130 per square foot or $10,000,000 total. We are hoping to attract more foot traffic along the Seawalk with the memorial and the Assembly would like to make the Sea Walk more aesthetically pleasing. We are just looking at purchasing a narrow strip of land next to the waterfront.

Mr. Jardell asked to revisit this Item at the next Finance Committee Meeting with more information about purchase timeline, cost estimates and possibly changing the appraiser.

VII. Items for Information/Discussion.

1. Financial Status Reports

Mr. McLeod gave a recap of the financial status report.

Mr. Preston said it looks like we need to make sure the passenger for hire vessels are all paying for their permits.

VII. Items for Information/Discussion(continued.)

Mr. Preston asked when we received fish tax revenues.

Mr. McLeod said we receive those funds at the end of the fiscal year in June. The fish tax, the shared revenue, and the interest income will all show up on the next Revenue Report as of the end of June.

2. Trucano Lease rate Appeal.

Mr. Stone said at the last Finance Meeting we agreed to adjust the lease rent on the Trucano marina parcel of land from $.015 to $0.20 and we have notified him of the increase. He is objecting to the increase based on the fact that the lease rent is for raw tidelands and the improvements on it are his.

Mr. Jardell said he didn't feel the increase was worth getting an appraisal.

MOTION by Mr. Etheridge: TO RETURN THE LEASE RATE AT THE TRUCANO MARINA PARCEL BACK TO THE $0.15 AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

VIII. Staff & Member Reports.

Mr. Stone said he included some information in the packet about the Cold Storage Feasibility study. The FDC will be submitting a proposal at the next Regular Board Meeting on Thursday, April 29, 2010.

There was a brief discussion between Board Members regarding the Docks and Harbors Board involvement in the Cold Storage Project.

Mr. Mehrkens made a suggestion to make, Ruth Danner, new Assembly Member, the liaison for the Docks and Harbors Board since she has focused interest in the Board's financial dealings.

IX. Committee Administrative Matters.

The next Finance Committee Meeting is scheduled for May 25, 2010.

X. Adjournment.

MOTION by Mr. Etheridge: TO ADJOURN AND ASK UNANIMOUS CONSENT.

The meeting adjourned at 6:37 p.m.