

CBJ DOCKS & HARBORS
FINANCE COMMITTEE MEETING MINUTES
For Tuesday, March 23, 2010

I. Call to Order.

Chairman Kueffner called the Finance Committee Meeting to order at 5:06 p.m. in room 224 of the Assembly Building.

II. Roll Call.

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

The following members were absent: Mr. Preston and Mr. Jardell.

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 Information/Discussion.

1. Fisheries Development Committee proposal.

MOTION by Mr. Kueffner: 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 FEBRUARY 23, 2010 FINANCE COMMITTEE MEETING MINUTES AS PRESENTED.

The motion passed without objection.

VI. Items for action.

1. Fisheries Development Committee proposal.

FDC Members present:

Greg Fisk

Glen Haight

Mike Peterson

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VI. Items for action (continued).

Mr. Haight said in 1998 the City & Borough of Juneau paid Northern Economics to prepare a public cold storage feasibility study. The feasibility study cost was between \$25,000-30,000 and examined the following: Local fishing activity, demand, max inventory, size, cost, financing options, feasibility, site, features and fish tax. There is demonstrated interest in a cold storage facility by larger processors and direct marketers, through informal surveys and information provided at FDC meetings. The proposal from FCD is to seek funding from the Docks & Harbors Department in the amount of \$25,000 to update the Cold Storage Feasibility Study.

Mr. Fisk said part of the reason he suggested the FCD start with the Harbor Department was over a year ago he discussed bond funding projects with the Mayor and one of them was the idea of resurrecting a cold storage. The Mayor was very interested and there was strong interest by the assembly. Since one of the beneficiaries of this project would be Docks & Harbors through increased fish tax, it seemed reasonable to start with them as a funding source.

Mr. Kueffner said he did feel that Docks & Harbors was an appropriate place for this proposal.

Mr. Fisk said he wanted to clarify that the FCD is not asking Docks and Harbors to run or manage the facility in anyway. The facility would most likely be run by a non-profit organization

Mr. Kueffner asked about the history of cold storage in Juneau. He remembered privately run cold storage facilities in Juneau, but never a public one.

Mr. Fisk said there were private cold storage facilities in both Juneau and Douglas, but they were fish processing plants. What we are recommending is a cold storage facility only, not a fish processing plant. This facility could be used for other businesses as well.

Mr. Kueffner said it would be like a self storage facility with freezers.

Mr. Fisk said there are similar facilities in Petersburg, Bellingham and Sitka. The facilities are government funded but run by non profit organizations.

Mr. Mehrkens verified the funds the FDC is asking for is to update the feasibility study and he asked if they had discussed a site for the facility and funding sources.

Mr. Haight said some possible locations for the facility were discussed. The rock dump seemed to be the favorite site, but they may want to consider locating it near the airport also. The original study did cover capital costs and sources of funding, but some of these are no longer available.

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VI. Items for Action (Continued)

Mr. Fisk said we may want a smaller facility than proposed in the original feasibility study, but also one that has room for expanding.

Mr. Mehrkens asked where the funding would come from for this project.

Mr. Fisk said the best financing prospect for this project would be the redevelopment zone bond financing.

Mr. Haight said other funding options would be EDA and AIDA. The feasibility study originally cost \$25,000 to \$30,000.

Mr. Kueffner said this project seems less interesting to Docks and Harbors if it is not located on or near the water. It seems that other locations such as the airport may make more sense.

Mr. Fisk said there are a number of processing facilities that are not located on the water even though they depend on waterfront facilities like the Auke Bay Loading facility, but not everyone can obtain waterfront locations. We basically want to increase our freezing capacity and be able to keep the product over winter. Several of the local processors are looking into expanding their operations and would be in favor of the facility. An increased freezing capacity could mean more fish are landed locally. Our Current freezing capacity here in Juneau is maybe 140,000 pounds a day. Both local processing plants are looking at expanding their business.

Mr. Kueffner asked Mr. Stone if Docks and Harbors had money available in the discretionary funds for this purpose.

Mr. Stone said the money can always be taken out of the reserves and incorporated into a project. We could do that at a Regular Harbor Board Meeting.

Mr. Mehrkens said the customers in town will be the processors so we could ask them to contribute some funds towards the study also.

MOTION by Mr. Etheridge: TO FORWARD THIS ITEM ON TO THE REGULAR BOARD FOR FURTHER DISCUSSION AND REVIEW AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

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VI. Items for Action (Continued)

2. Franklin Dock Tidelands Lease Rent Adjustment.

Mr. McLeod said the Franklin Dock lease stipulates that the rent be based on the assessment. The rent was originally 10% of assessed value. In 2006 the lease rent was reviewed and adjusted to 8% of assessed value due to a large increase in the assessed value. It was also noted that 8% was comparable to what others were paying for their tideland leases. The 2006 assessment of the leased tidelands was \$1,376,000 and the lease rent was established at \$9,173 per month. Mr. McLeod recommended the Franklin Dock Lease stay at the current rate since the assessment has not changed since 2006.

MOTION by Mr. Etheridge: TO DIRECT THE STAFF TO LEAVE THE FRANKLIN DOCK TIDELANDS LEASE AT THE CURRENT LEVEL AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

3. Minor FY 11/12 Budget Adjustments.

Mr. McLeod said we approved the original submission of the FY 11/12 Budget and since then the accounting department has reviewed it and recommended a few minor changes. The Dock expenses decreased by \$3,550 for FY11 and \$850 for FY12. These changes are mostly due to changes in what the accounting department allows to be charged out to CIP projects. The Harbor expenses have risen by \$87,119 for FY11 and \$62,656 for FY12 due to changes in Personnel expenses. Overall, both Docks and Harbors are still projecting profits during FY 11 and 12.

MOTION by Ms. Jebe: TO RECOMMEND THE BOARD ADOPT THE AMENDED FY 11/12 BUDGET AS PRESENTED AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

VII. Items for Information/Discussion.

1. Recommendations for Changes to Chapter 10, Waterfront Sales Permits Regulation.

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.

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VII. Items for Information/Discussion(continued.)

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.

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.

Mr. Stone said there are currently coalitions or groups of tour companies that will jointly buy permits and sell a variety of tours. That is generally who we have selling tours at the booths now.

MOTION by Mr. Mehrkens: TO SEND WATERFRONT SALES PERMIT CHANGES TO THE REGULAR BOARD FOR DISCUSSION AND BEGIN PUBLIC HEARINGS AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

VIII. Staff & Member Reports.

Mr. Etheridge said he is still working with the legislature to secure Harbor Grant Funds.

Mr. Kueffner asked where we were as far as receiving the Tiger Grant funds.

Mr. Stone said we are moving through the process to receive those funds.

IX. Committee Administrative Matters.

The next Finance Committee Meeting is scheduled for April 27, 2010.

X. Adjournment.

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

The meeting adjourned at 5:53 p.m.