CBJ DOCKS & HARBORS

FINANCE COMMITTEE MEETING MINUTES

For Tuesday, February 23, 2010

I. Call to Order.

Chairman Kueffner called the Finance Committee Meeting to order at 5:02 p.m. in room 224 of the Assembly Building.

II. Roll Call.

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

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

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. Promotional Moorage rate at the IVF Dock for the 2010 Summer Season.

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 JANUARY 26, 2010 FINANCE COMMITTEE MEETING MINUTES AS PRESENTED.

The motion passed without objection.

VI. Items for action.

1. Amendment to Docks and Harbors Regulation – Passenger for Hire.

Mr. Stone said we are recommending the Committee consider amendments to the port fee regulations as they relate to the assessment of passenger-for-hire fees for day tour boats. At the time of adoption, the Board did not extend the fees to the cruise ship docks, the Intermediate Vessel Float (IVF) and the Marine Park Lightering Float.

VI. Items for action (continued).

In an effort to standardize fees, we are recommending the Board amend the fee regulations. The intent of the amendment is to assess passenger-for-hire fees in lieu of moorage fees to companies that use the port facilities for day tours at all CBJ facilities. He said he would like to change the wording for this regulation to the following:

05 CBJAC 15.030 Dockage Charges

(e) From May 1 to September 30, dockage for all vessels, except those vessels required to pay fees set out in 05 CBJAC 50.030(f) and (h), will be assessed for 24-hour period or portion thereof as follows:

MOTION by Mr. Jardell: TO RECOMMEND THE BOARD ADOPT AN AMENDMENT TO THE PORT FEE REGULATIONS ADDRESSING PASSENGER FOR HIRE CHARGES AND ASK UNANIMOUS CONSENT.

The Motion Passed without objection.

2. Amendment to Docks and Harbors Regulation – Resident Surcharge

Mr. Stone said he was providing an amendment to the resident surcharge regulations that would take into account vessels with numerous on-board residents. The regulation would require vessels with more than three residents to pay an additional fee of $23 for each resident above three. He said he had received two comments asking to change the number of residents allowed with out additional fees to four to account for live aboard families with children.

Mr. Etheridge said he would like to make a motion to change the additional live aboard fees to Residents over four instead of three.

MOTION by Ms. Jebe: TO RECOMMEND THE BOARD ADOPT AN AMENDMENT TO THE HARBOR FEE REGULATIONS ADDRESSING RESIDENCE SURCHARGES AS AMENDED AND ASK UNANIMOUS CONSENT.

The Motion Passed without objection.

3. 2010 Scheduled Tideland Lease Adjustments

Mr. Stone said Committee Members had asked for information about Lease rent adjustment history so they could review how current lease rates were established. In several cases there was some negotiating and we were able to come to a compromise on the lease rate.

VI. Items for Action (Continued)

Thane Ore House – The current rent should be $6,700, but was billed in error at $6,200. The Assessed value of the property has increased 9.6% since the last adjustment. The current rate is 12 cents per square foot. A 9.6% increase would change the rate to 13 cents per square foot, or $7,265 per year. We recommend the rate stay at the current, corrected rate of $6,700.

Mr. Stone said keeping in mind that appraisals cost $3,000 to $4,000. He did not see a significant change in the value of this property to have one done. We have had problems collecting from them in the past and an increase in rent fees may just put them out of business.

MOTION by Mr. Etheridge: TO INCREASE THE LEASE RENT TO THE CORRECTED RATE OF 12 CENTS PER SQUARE FOOT OR $6,700 AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

Channel Flying – The appraisal by Horan in 2004 recommended raising the rent from $6,500 per year to $8,140 per year. After negotiations with the lessee, the Board moved to decrease the rent to $5,427 per year. That motion failed. The Board then moved to leave the rent at $6,500 per year. That motion passed. We recommend it remain the same since it was based on a negotiated rate.

Mr. Stone said Mr. Loken, owner of Channel Flying, said that a portion of their lease includes waterfront that they are not using. Negotiations with the Board included a discount for the waterfront area that they were not using.

MOTION by Mr. Etheridge: TO CONTINUE CHARGING CHANNEL FLYING THE CURRENT LEASE RATE OF $6,500 AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

Franklin dock – The CBJ Assessor's Office 2009 value for this site is $1,376,000, the same as the valuation set at the last adjustment. The lease calls for rent to be set at 10% of the assessment. During the last adjustment period, the Board changed the rent valuation to 8% of assessed value. We are recommending the rent remain at the 8% level.

Board members asked for more information about why the assessed value has not changed and how they arrived at the 8% when the lease is set at 10% of assessed value.

VI. Items for Action (Continued)

Trucano (3 Leases) – Appraisal in 2004 suggested rates of $7,200 for ATS 750 (.39 per square foot), $14,010 for ATS 842 (.32 per square foot), and $10,920 for ATS 1316 (.23 per square foot). The Board initially set the rates at .23 per square foot for all three leases, but later changed that to .20 per square foot for ATS 750 and 842, and .15 per square foot for ATS 1316 after negotiations with the lessee. We recommend all three parcels be set at .20 per square foot.

Mr. Stone said we did a similar adjustment to the Channel Flying lease. We ended up adjusting one of the parcels down to .15 per square foot for waterfront that was not being used. Trucano also gave up some lease land. He is now using all of the property so there is no reason for the discounted rate.

MOTION by Mr. Etheridge: TO ESTABLISH THE THREE LEASES FOR TRUCANO AT .20 PER SQUARE FOOT AND ASK UNANIMOUS CONSENT.

The motion passed without objection.

VII. Items for Information/Discussion.

1. Promotional moorage rate at the IVF Dock for the 2010 summer season.

Mr. Stone said Last year we considered a promotional summer rate at the IVF Dock for returning charter vessels and we decided not to offer one. He was asked once again to consider offering a promotional rate at the IVF Dock for the 2010 summer season. Moorage at the IVF Dock was down and so is the charter business.

Mr. Kueffner said he would be interested in offering a promotional rate at the IVF.

Mr. Etheridge said his bookings have increased dramatically from last year without reducing their rates and they are booked from May through September.

Mr. Jardell said he would be open to a marketing rate to promote use at the IVF and interest new users. He would like it to be a rate that is open to everyone and not just a few user groups.

Mr. Stone said the IVF Dock was pretty empty last summer. The IVF is managed on first come, first serve reservation basis. We have already booked 30 days for this coming summer. Charter vessel owners were mooring at the Auke Bay Breakwater instead of the IVF last year just because it was less expensive. We may be able to lure them back to the IVF Dock if we lowered the rate a little.

VIII. Staff & Member Reports.

There were none.

IX. Committee Administrative Matters.

The next Finance Committee Meeting is scheduled for March 23, 2010.

X. Adjournment.

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

The meeting adjourned at 5:37 p.m.