

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES
For Wednesday, January 19th, 2022
Via Zoom Meeting

I. Call to Order: (Following 5:00 p.m. Special Board Meeting via Zoom) Mr. Ridgway called the Operations/Planning Committee meeting to order at 5:08 p.m. (following the Special Board Meeting) via Zoom.

II. Roll Call: The following members were present in the Port Director's conference room or via Zoom; James Becker, Lacey Derr, Don Etheridge, Paul Grant, David Larkin, Matthew Leither, Annette Smith, Bob Wostmann and Mark Ridgway.

Also present: Carl Uchtyl – Port Director, Matthew Creswell – Harbormaster, Erich Schaal – Port Engineer and Teena Larson – Administrative Officer.

III. Approval of Agenda
MOTION By MR. ETHERIDGE: TO APPROVE THE AGENDA AS PRESENTED AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

IV. Public Participation on Non-Agenda Items - None

V. Approval of Wednesday, December 8th, 2021 Operations/Planning Committee Meetings Minutes
Hearing no objection, the December 8th, 2021 minutes were approved as presented.

VI. Consent Agenda - None

VII. Unfinished Business
1. Execution of Harbor Rate Study with HDR-Alaska, Inc.
Mr. Uchtyl said this was placed on the agenda per the request of the Operations/Planning Committee Chair. This is a time to ask questions regarding the process that has been carried out.

Committee Questions

Ms. Smith said she was glad this was on the agenda tonight. She inquired if this had been voted on before.

Mr. Ridgway said he had reviewed this with Mr. Etheridge and Mr. Uchtyl, noting how many times this rate study has been discussed in prior meetings, which accounted for dozens of times in the last year. He said unless an expenditure is over \$100,000 and needs Assembly approval, technically it does not need to be approved or voted on by the Board. Docks & Harbors staff continually spend funds without input from the Board or

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their approval. The only thing we would approve is its cost through the budget. He said Mr. Uchytel could have gone out, got this study going and awarded it himself.

Mr. Uchytel said staff works for the Board and we do not want to disappoint members. This particular item has been discussed dozens of times and he felt there was a consensus and the Board wanted it done. If that was not the case he apologized. What Mr. Ridgway was alluding to is the procurement authorization rests with the Port Director. The Port Director has the financial responsibility to enter into contracts, with the exception of anything over \$100,000 which needs Assembly approval. This particular item went through the Board. We asked for their help with the selection committee and briefed the Board with the results from the selection committee. I was under the assumption the Board was pleased with the direction everything was going.

Mr. Ridgway shared his recollection to Ms. Smith and the other members, saying the Board came up with the idea and encouraged the rate study. He knows he personally did, especially when we were having difficulties and looking at the bottom line and being in the negative. We looked briefly at rates and realized some had not been raised in thirteen or fourteen years. This Board directed and encouraged staff to pursue a rate study. He believes we voted on the rate study multiple times.

Mr. Uchytel said he is not sure about multiple times, but at least one time there was a vote. That vote was for commencing the execution of a rate study.

Mr. Leither said he did an extensive review of the minutes and there was one vote in the Finance Sub-Committee meeting to advance it to the Operations/Planning Committee.

Mr. Etheridge said there was no official vote but there was several times when we were moving the study along. He remembers when HDR was selected and it was asked if there were any objections. No Board members spoke up, so I gave Mr. Uchytel direction to move forward with HDR.

Ms. Smith said she remembers the meeting Mr. Etheridge is speaking about. At that point she thought the Board had already voted on it, although she knew she hadn't because she has always been a staunch opponent of the study.

Mr. Ridgway said he did not feel this study was pushed through. He also thought there was a general consensus.

Ms. Smith is glad it is on the agenda tonight. She wanted to know if there is a \$100,000 limit where the Board does not need to vote or approve expenses, why does it seem we vote on \$10,000 or \$15,000 items all the time. She is not sure she buys the argument it was not needed to be voted on due to the cost.

Mr. Ridgway said he was stating the \$100,000 limit without Board approval as a fact. He feels there are lots of things staff likes to get the Board's opinion on and the Board likes

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to be involved in the process. With the procurement authority the Port Director has, this did not need to come to the full Board for approval. With regards to the budget we reviewed and voted on recently, there are a hundred things in it. If you break that down into further granularity, there are tons of expenditures Docks & Harbors spend money on that is only seen to us as a line in the budget.

Mr. Uchytel said again that staff want to please the Board, so when something comes up where a member wants a full vote we always make it happen. Board members were a part of the selection committee and he did not see a desire from the Board for a vote.

Mr. Grant said he was one of the people who wanted this on the agenda for tonight. He feels the execution of a rate study is a significant policy consideration. He agreed after looking at the minutes that Mr. Uchytel was right to think it had serious momentum. Now there are questions coming up and we need to get those answered. He requested that anyone opposed to this study tell us why. He always thought it sounded like a good idea to see if our rates are good. He is intrigued to hear what the objections could be.

Mr. Etheridge said he has supported this study all the way. We have been discussing this and voting on things for over a year about rate increases and what is needed. All he hears is we need a database to work with and the only way we are going to get a database will be to do this rate study. We need to do something now, or we are going to be here next year still arguing about this. He said we have preventative maintenance piling up, we have electrical problems, we have water problems and we need to get these things addressed. If we do not get a rate increase on the books, and one that really means something not just pennies, we are not going to be able to get these things done. He wants to get this moving forward and the rate study done so we can finally get the increases calculated and set.

Mr. Leither said he is frustrated this did not follow a process. He feels this is the most serious thing the Board will do, it is not like buying a car. He is not concerned with the \$36,000 price tag on the study, but the fact this study will be seeding our judgment to someone else. Having them make our decisions is great if he trusts the company and was more involved with their selection. Changing wording on a RFP is not a vote selecting it, but trying to get it right before a vote is taken. He is concerned with public perception if this is not voted on correctly. He wanted to know what involvement the Board would have as this study goes on. Will the Board be consulted along the way as assumptions are made regarding rates?

Mr. Uchytel said when he negotiated the contract he let them know there would be lots of questions coming from the Board. He asked them to leave room for additional consulting costs for these questions. There is nothing secret about this study, they can show up to all Board meetings, or Finance Sub-Committee meetings. It is only a matter of cost and paying for their time.

Public Comment

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Mr. Dennis Watson, Juneau, AK

Mr. Watson feels this rate study is absolutely needed. He remembers rate studies that were done in the past. These studies were done mostly on the Harbors side of things and after that rates went up considerably. Mr. Uchytel's predecessor made the decision after the study to raise the rates higher at one harbor over the other harbors. This study might come to tell us that we are not charging enough in one harbor, but maybe too much in another. Mr. Watson said he has great confidence in Mr. Uchytel and he has done a really good job being up front and trying to work through the process. When all is said and done with the study he does not want rates to be increased for some and not others. He said it tends to bastardize the work that has been done and is one reason you are in the mess you are now.

Committee Discussion/Action

Ms. Smith said some of the objections she had with the study was it was a waste of money. This was shoved down our throats by the Assembly and their lack of confidence with the Board and our highly competent staff with regards to our requests to raise rates. We all know rates need to be increased, some have not been increased in fifteen years. She feels its throwing good money after bad on something we already know. We also have a finance committee that could work on this. She read all of the rate study examples and they were all basically cookie-cutter. She does not want to bow to the pressure of the Assembly. The general public submitted concerns over the studies done for Sitka and Wrangell, and the over 200% rate increases.

Ms. Derr said she thought Mr. Uchytel has done a great job and done exactly what the Board has been asking for. This all started because we needed to raise rates and once we started on that process and it went through the Assembly we received public comments. One of these public comments was made by a Board member, before they were a member and stated there was no financial reason to raise rates. They also asked us to support our reasoning behind rate increases. Then the Assembly had similar feedback and asked for proof of reasoning. The rate study is a way to increase rates with justification behind us. She knows it is hard to raise rates, especially while a lot of people are struggling, but it is something we must do. She also said we needed professional help and did well with our selection committee and she trusts their judgement.

Mr. Ridgway said he has heard comments tonight where the public will not trust us or we have done something underhanded. He does not feel that is the kind of Board he is on, nor the type of enterprises he is responsible for. He asked staff to go through committee and Board meeting minutes and make sure to list out every time the rate study has been discussed. He feels we decided on the study because the Board felt we were speaking of a rate increase and didn't have anything with enough substance behind us to lobby for it.

Mr. Grant asked if the contract had been executed, and if it has why there is a motion to approve it.

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Mr. Uchytel said yes, the contract has been executed. If the Board were to instruct him, he could go back to HDR and request renegotiations or even ask to cancel the contract. He said he will follow the will of the Board.

Mr. Grant said he has no problems with the way staff has gone through this process. He does not feel the staff needs to go back through minutes to prove its discussion. He does not want to put Mr. Uchytel in the position to go back and renegotiate the contract.

Mr. Grant proposed a substitute motion than the motion shown in the agenda packet.

MOTION: TO DIRECT MR. UCHYTEL TO HAVE A REPRESENTATIVE OF HDR ALASKA TO MAKE A PROGRESS REPORT AND ANSWER BOARD QUESTIONS AT ALL DOCKS & HARBORS BOARD MEETINGS.

Mr. Leither seconded the motion.

ROLL CALL VOTE on Substitute Motion

Mr. Becker – Yea

Ms. Derr – Nay

Mr. Etheridge – Yea

Mr. Grant – Yea

Mr. Larkin – Yea

Mr. Leither – Yea

Ms. Smith – Nay

Mr. Wostmann – Yea

Mr. Ridgway – Nay

Motion passed 6 yeas, 3 nays

Motion shown in agenda packet: TO EXECUTE A HARBOR RATE STUDY WITH HDR-ALASKA, INC.

2. Budget Cycle Review FY22 & FY23/24 Biennial Budget

Mr. Uchytel said this was discussed at the Finance Sub-Committee last week. We have an obligation to provide the Assembly with our projected FY2022 and FY2023/FY2024 biennial budgets. He went over the three budgets line by line.

Committee Questions

Mr. Grant asked about the six additional positions.

Mr. Uchytel said it was due to the added security requirements by the United States Coast Guard. He explained three years ago we were more like a Walmart greeter, now we are closer to TSA Agents, requiring dual identification with government issued picture identification. This created a need for sixteen part-time limited positions during the cruise ship season.

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Mr. Wostmann asked if anyone had any new information on cruise ship projections. There has been a lot of information in the news about cruise lines having recent issues with Covid.

Mr. Uchytel said he will send around some news reports he has seen from Mr. Kirby Day. He said it looks like the CDC came out with a recommendation that no one should take a cruise. This might have an effect on reservations as people are booking their summer trips. A lot of these cruise lines make a schedule two years in advance. They will send these ships whether they are half full or not. They discount their fees closer to the sailing date to maximize their profits and keep the ships as full as possible.

Mr. Larkin asked about the *All Other Workforce* line item.

Mr. Uchytel said that line is for our engineering staff. They are funded through CIP projects, with the exception of 10%-15% which is paid by the Docks or Harbors Enterprises.

Public Comment

Mr. Dennis Watson, Juneau, Alaska

Mr. Watson asked about the *Bad Debt* line. It has stayed about the same, but going forward it has raised a bit. He wanted to know if we are expecting more bad debt than normal in the future.

Mr. Uchytel said we budget conservatively. We strive to collect all outstanding invoices. We often have people that are unable or don't want to pay their bills.

Mr. Watson asked if the amount is what we write off, or if that is what is still outstanding. Is the \$50,000 the total bad debt we have, or is that for the calendar year?

Mr. Uchytel said at the end of the fiscal year the Finance Department zeroes out bad debt. This amount is very normal for the bad debt we write off each year.

Ms. Larson said we send it to our collections department. Docks & Harbors admins work very hard to collect bad debt.

Committee Discussion/Action

Mr. Wostmann wanted to add the Finance Sub-Committee spent quite a bit of time going over this budget and what each line represented. They dug through the details and asked a number of questions where there were variances from past years. He feels he can honestly report that each question was answered well, and he can definitely recommend this budget be approved.

MOTION By MR. ETHERIDGE: TO RECOMMEND THE DOCKS & HARBOR BOARD REVIEW AND APPROVE THE FY22 PROJECTED AND FY23/FY24 PROPOSED BUDGETS AT THE NEXT REGULAR BOARD MEETING.

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Motion passed with no objection.

VIII. New Business

1. Docks & Harbors - Justification Criteria for Consumer Price Index (CPI) Fee Linkage
Mr. Uchytel asked members to see page 20 in the agenda packet. This is what the Finance Sub-Committee has been working on. It is not 100% ready but was voted to move forward to the Operations/Planning Committee.

Mr. Wostmann spoke about criteria seven and how there was some disagreement from members. Everyone felt that the idea of a catch-up should be left until after the rate study was complete. He would like the language in criteria seven to show "To be Determined".

Committee Questions – None

Public Comment

Mr. Dennis Watson, Juneau, Alaska

Mr. Watson commented on criteria seven and asked what "does not exceed five percent" mean. Is this for the CPI increase only?

Mr. Wostmann said the way it was intended to work is no rate would be raised more than five percent. So if the CPI raised it four percent, we could only raise the rate one more percent.

Mr. Watson said he thinks the CPI will increase between three to five percent. It would take a whole lifetime to catch up in this case.

Committee Discussion/Action

MOTION By MR. ETHERIDGE: TO RECOMMEND THE DOCKS & HARBOR BOARD APPROVE THE JUSTIFICATION CRITERIA FOR CPI FEE LINKAGE AT THE NEXT REGULAR BOARD MEETING.

Motion passed with no objection.

2. Regulation Changes – Consumer Price Index (CPI) Update

Mr. Uchytel shared a draft regulation change for the CPI update. He said this will be ready by the next Board meeting to vote whether to go out to public notification. The omnibus change is linking the CPI to appropriate fees in our regulations. The City Attorney has agreed to lump these CPI adjustments together in one regulation change. We are still working on the language for the cruise ship season.

Committee Questions

Mr. Larkin said he does not have a problem with this motion and likes having the CPI in there. He asked how we reconcile rates when we do need to do some catch-up.

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Mr. Uchytel said the justification was the policy document. The Board would say we feel a CPI should be included so we do not keep losing ground with rates and fees.

Mr. Larkin asked how we can tack on additional percentages over the CPI, to get to the maximum increase allowed.

Mr. Wostmann said the intent here is all rates have two components, the base rate and CPI adjustment. The Board can always vote to increase that base rate, but the CPI is for the years we decide not to, so we don't fall behind again.

Public Comment – None

Committee Discussion/Action

MOTION By MR. ETHERIDGE: TO RECOMMEND THE DOCKS & HARBOR BOARD ADVANCE A PROCESS TO INCLUDE CPI ADJUSTMENTS TO APPROPRIATE FEES REGULATED UNDER CBJ CHARTER AT THE NEXT REGULAR BOARD MEETING AND ASK UNANIMOUS CONSENT.

Motion passes with no objection

IX. Items for Information/Discussion

1. CY2022 Proposed Capital Improvement Projects Schedule

Mr. Schaal shared a PowerPoint presentation listing the 2022 CIP Project Schedule.

- Taku Seawalk Releveling Project
- Statter "D" Float Repair (\$100,000 project paid through insurance claim)
- Marine Park Deck Over
- Dock Safety Rails
- Statter IIIC
- Taku Harbor Boarding Float Repairs
- Fisherman's Terminal Float Repairs

Committee Discussion

Mr. Larkin asked about the safety ladders for the harbors.

Mr. Creswell said we received our first shipment of twenty-four ladders just before the weather started getting cold. He also said the second batch was already ordered. The price went up a bit so the next shipment will be for twenty-one. As soon as the weather gets a little warmer he will start getting them installed. They will start the installation at Harris Harbor.

Mr. Ridgway asked about the Statter "D" Float and if Mr. Schaal thought other floats could see similar types of damage.

Mr. Schaal said he will be investigating the damage once he can get in and can take a look at it. This will happen once he is on-site with our contractors during replacement.

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Public Comment

Dennis Watson, Juneau, Alaska

Mr. Watson asked about the replacement for the USCG vessel Liberty.

Mr. Uchytel said we are anticipating the Liberty going away in 2023. The commitment from the USCG is they will bring an 87 foot replacement vessel.

X. Staff & Member Reports

Harbormaster's Report

Mr. Creswell said he is very proud of staff over the last two months. There have been significant weather issues, especially around the holidays. It even got to the point where we had to bring in some of our seasonal employees that usually work in the summer. We were concerned about flooding with blocked drains and fingers getting significant snow loads.

Ms. Smith said she was listening to Problem Corner on the radio today and there was a lot of complaining about the north-end of Aurora Harbor being devoid of stalls. She asked about an update on that project.

Mr. Uchytel said there is two million dollars set aside in CBJ funds. We are trying to leverage that with the state of Alaska's Department of Transportation Harbor Grant Program. We are currently fourth on a list of seven and need legislators to allocate about fourteen million dollars to that program to be successful this year.

Mr. Becker said he thinks the significant weather storms this year are out of the ordinary. He asked if the Harbormaster needs anything from the Board to help keep everything going.

Ms. Derr asked about facilities and water pedestals (poor sound quality).

Mr. Creswell said he appreciates the Board offering their help. We have received 120 inches of snow in the Mendenhall Valley as of today. We usually only receive 100 inches all winter. We have received all of this in less than two months and the major problem has been where to put the snow and dealing with staffing shortages around the holidays. It is hard to plan for these extreme weather events. He spoke about water pedestals and the long period of cold weather. All pedestals are heat traced and seem to be working properly.

Mr. Schaal spoke about unusually high amounts of wear and tear on our equipment and how that can affect the fleet replacement costs. We are also seeing additional costs for our shop at the Aurora Harbor. It is a very old building and we heat it with waste oil to keep our sand trucks thawed. He believes this building is going to fall down in the next few years. As we look to long-term facility replacement the Aurora Harbormaster's Office and the shop are fast becoming liabilities.

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Mr. Grant asked if there is a place outside of our budget and CIP's where we can find funding to rebuild old failing structures.

Mr. Schaal said in a perfect world we would have a replacement schedule for every building. There is a department in CBJ where architects quantify the state of roofs and building structures. Many years ago the Board decided no new buildings would be constructed until the older ones could be replaced.

Mr. Grant asked if it was worth revising that.

Mr. Schaal said he will do his best to bring the Board risk assessments.

Mr. Leither asked about water pedestals and if the failings in the last couple of inches due to extreme cold can be fixed by harbor patrons being empowered to thaw that on their own with a tea kettle.

Mr. Creswell said he encourage patrons to help especially if the problem is only the last two inches of a pedestal that is frozen. We try our best to keep potable water going year-round, especially in Statter Harbor where the temperatures get so much lower than downtown and Douglas.

Mr. Leither said he did not realize how simple the problem was. Now that he knows how to fix it we should be encouraging people that call with water issues to try that first.

XI. Committee Administrative Matters

1. Next Operations/Planning Committee Meeting-**Wednesday, February 16th, 2022**

XII. Adjournment – The meeting adjourned at 7:09pm.