

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES
For Wednesday, November 10th, 2021
Zoom Meeting

I. Call to Order Mr. Ridgway called the meeting to order at 5:00 p.m. via Zoom at the Port Director's Office.

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

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

Absent: Paul Grant and David Larkin

III. Approval of Agenda

Mr. Uchtyl said he added additional items in the packet a short time ago. He added under items for information on page two, the Vessel Lightering Fee as a result of the Finance Sub-Committee meeting last night and on page 24 is the language for 05 CBJ 15.060 Vessel Lightering Fee.

MOTION By MR. ETHERIDGE: TO APPROVE THE AGENDA AS AMENDED AND ASK UNANIMOUS CONSENT

Motion passed with no objection

IV. Public Participation on Non-Agenda Items – None

V. Approval of Thursday, October 20th, 2021 Operations/Planning Meetings Minutes
Hearing no objection, the October 20th, 2021 meeting minutes were approved as presented.

VI. Consent Agenda - None

VII. Unfinished Business

1. Follow up to Board Strategic Retreat

Mr. Uchtyl said on page 14 in the packet is the Board Retreat agenda. At the retreat we only got to item X(3) on the agenda. There was a question earlier at the retreat about the bond debt. Mr. Sam Muse, who is the controller for CBJ is here to answer questions. On page 15 in the packet, in the FY22 budget, there was a question about our debt service

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES
For Wednesday, November 10th, 2021

and why it is not lower when we are making payments. Pages 17, 18 and 19 is a PDF of the debt service provided by the Finance Department.

Mr. Muse said to answer the question on why there is a variance between previous years and FY22 for the bond debt. This is really not an equal comparison. FY21 and prior numbers are audited financial statement numbers which include accounting adjustments to get things on an accrual basis. When the bonds were issued, they were issued at a premium meaning you paid above market rate and received additional money over the par value of the bonds. On the accounting side, we have to amortize the premium over the life of the bond. So that is a really high level. The earlier numbers include the amortization of premium and then what you see in FY22 does not and that is the actual cash going out the door each year by Harbors which is \$740,000 in cash for principle and interest and this will be for the life of the bond. This does not include the accrual accounting adjustments that we do on our end.

Committee Questions

Mr. Wostmann asked since you have not yet taken into account the amortization of the bond, the payment in the prior year represents the payment toward interest and the interest is in the expense line and not the debt service line?

Mr. Muse said when you issue a bond at a premium, and say the market rate for the bond is 3%, the people you sell your bonds to will actually give you money up front if you are willing to pay say 4% interest for your bond. A possible reason for this is because the bonds need a bond reserve so you need about \$800,000 cash in reserves. In other words, the bond was probably issued at a premium and you got a little extra cash so you were able to put that cash in the reserve. The market rate is still really the 3% but you now have additional cash up front to pay that higher interest rate. What we have to do on the accounting side is amortize that premium over the entire life of the bond. What that does is bring the effective interest rate back down to 3%. If you are paying \$400,000 or 4% a year in interest in cash, what the amortization does is lessen the interest amount that you expense on your financial statement to bring it back down to the 3% that the market rate was. The reason why the debt expense in prior years looks less is because the amortization of the bond premium actually is lowering your interest expense on the financial statements back down to that 3% market rate that would have prevailed when you issued it.

Mr. Uchytel said the next item from the Board Retreat is in the packet on page 24 which is a letter from Katie Koester, the Public Works Director reviving the process we followed last January with the Assembly. She is asking for two projects for the Legislative priority list for consideration by the Assembly. The chance for Harbors to receive any Legislative money is little to none. He asked Mr. Schaal to go over the CIP list for the Committee and the plan on how to do the priority.

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES
For Wednesday, November 10th, 2021

Mr. Ridgway asked the Committee members to go over the list and give Mr. Schaal their priority list. He said it is helpful to know the staff priority list and rationale behind that priority.

Mr. Schaal said he sent out a sheet with the projects and information to help clarify the projects which is on page 22 and 23 in the packet. This final priority list will become a home base which means we will have a currently ranked list for the Board so when opportunities come up we have a recently reviewed list we can go to and bring that before the Board for a final review. It will be good to refresh this list every couple of years.

Mr. Becker commented that some of the projects are grant funded and we do not have any grant funding at this time so we are not able to prioritize those projects.

Mr. Schaal said we can have a priority project that we do not have funding for and so depending on funding is how they would be done. He said one caveat to remember is there are some projects very expensive and we may never have enough money to fund. However, we need to bring a CIP list to John Bohan in Engineering if there is anything the Board wants to move in the next fiscal year we would want to make that note this winter so that we can have the process started. This list is for immediate and planning use. If we want to move something out of our fund balance for the next fiscal year we need to talk about that now so we can get it in the next fiscal year CIP list.

Mr. Wostmann said he ranked them and will send them to you tonight. For the top two CIP's, he picked the waterside safety railings and the UAS downtown property purchase.

Ms. Smith commented that she missed the time to see Mr. Schaal's idea's for a lightering dock and would like to set up another time. Ms. Smith, Mr. Ridgway and Mr. Schaal will meet Wednesday at noon.

Mr. Uchytel said the next item on the Retreat Agenda was advancing the common good. He said Mr. Grant suggested a topic of COVID strategy with Docks & Harbors operations. Next year we are probably going to have a hard time hiring employees to work along the Docks and listening to McDowell Group, and the JEDC Visitor's Cluster Group there are grave concerns of having a supply of seasonal work force. This year went okay but 2022 may be difficult to find staffing.

Mr. Ridgway asked if we have talked to the school district or UAS to recruit staffing.

Mr. Uchytel said we partner with Human Resources and they have a job fair at UAS every year. That is our vision for filling these part time limited unbenefited positions.

Mr. Uchytel went on to the next item on the retreat agenda which is expectations of staff. He said our only request is that Board members notify staff if they are or are not going to attend a meeting. There are many times we do not know if we will have a quorum until just before the meeting.

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES
For Wednesday, November 10th, 2021

Mr. Etheridge said it is also not fair to other Board members. They show up for a meeting and then we do not have a quorum.

Mr. Uchytel asked from the retreat agenda what are the Board expectations of staff?

Mr. Ridgway commented he liked the open communication with staff at the retreat.

Mr. Wostmann commented he also liked the retreat and it was very informative and successful. He feels more comfortable now after the retreat to reach out to staff if he has questions.

Mr. Etheridge said if he has a question and goes to staff they are receptive to get the answer for him. He encouraged other Committee members to go directly to staff to ask any questions you may have.

Mr. Uchytel asked if the Committee members get the correct and enough information from staff?

Mr. Ridgway recommended staff to do the same and ask Committee members questions also. He understands staff seeks direction from the Board. If staff feels the members have not provided enough information for what they are looking for to come back and ask for more clarity.

Mr. Etheridge agreed that the retreat helped with the open communication.

Public Comment -

Mr. Kirby Day, Juneau, AK

Mr. Day said he thought the retreat went great and he enjoyed listening. He said he liked as a Committee and a Board you were able to meet in person and it is invaluable.

Committee Discussion/Action - None

NO MOTION

2. Docks & Harbors Rate Setting Policy Statement

Mr. Uchytel said this is on page 24 in the packet. This is a rate setting policy that the Finance Sub-Committee meeting worked on and brought forward to the Operations. The only comments received at the October Operations meeting were to change out “replenish” with “replace” in two locations. There is also a nuance under the Docks Enterprise. In 2019 there were over 500 ships but that included the private owned docks. We might change that to 300 to be more accurate. If this Committee is good with the language staff will take it to the Board next week.

Committee Questions

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES
For Wednesday, November 10th, 2021

Mr. Ridgway commented we are not really on a deadline for this policy.

Mr. Uchytel said he does not know of a deadline.

Mr. Wostmann said there is no deadline but if there is no further discussion to move this forward to the full Board to implement this rate setting policy to follow from there on out. He sees no reason to delay this.

Mr. Ridgway said he wanted to go back and review the rate setting policy again. Can we make a statement to what fair and reasonable is and can we describe it.

Mr. Wostmann said he does not mind going back over the document but to him a policy should not get into the specific criteria because they will change. This policy is intended to be a broad statement of intent within which the Board will then make specific decisions from examples and comparisons and go through a process that is fair and reasonable for the particular issue at hand. If we start adding additional requirements then we could be under constraints that may or may not be appropriate to a particular circumstance in the future. The basic concept of being fair and reasonable is something we all understand and he would be opposed to trying to refine that to a specific guideline.

Mr. Ridgway asked if the specific CPI to use should be in the policy statement?

Mr. Wostmann said the language does not need to change but this is underlying the policy. Determining the exact CPI to use is the implementation of the policy and how to apply that in this instance is not something that belongs in the policy but that is something the Board decides at a specific point in time. It then uses the policy to evaluate whether the decision making meets the requirements of the policy.

Mr. Ridgway said if this goes to the full Board and they approve it. What happens next?

Mr. Uchytel said this is a policy that will be on file and be referred to as necessary. Should this be a guiding document we give to the rate study consultant? This is how we would like to proceed as an organization moving forward.

Public Comment –

Mr. Kirby Day, Juneau, AK

Mr. Day said Princess has a couple lease arrangement facilities and our landlords have typically used Anchorage CPI.

Mr. Dennis Watson, Juneau, AK

Mr. Watson said Alaska CPI is the best to use.

Committee Discussion/Action

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES
For Wednesday, November 10th, 2021

Mr. Etheridge recommended to amend the policy statement with Mr. Uchytel's suggestion to change 500 to 300.

Mr. Uchytel said another option, if you added the word "facilities" after "City Owned" the 500 will be more accurate.

Mr. Etheridge removed his previous amendment and asked to make another one.

Mr. Etheridge wanted to change the wording to "City Owned Facilities".

MOTION By MR. WOSTMANN: THAT CBJ DOCKS & HARBORS RATE SETTING POLICY BE ADOPTED BY THIS COMMITTEE AND BROUGHT TO THE FULL BOARD FOR ENACTMENT AS A BOARD POLICY FOR THE FUTURE AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

VIII. New Business

1. 05 CBJAC 15.060 Vessel lightering Fee

Mr. Uchytel said this is on page 24 in your packet. Last night at the Finance Sub-Committee meeting there was some discussion on the proposed new Lightering fee from Harbormaster Creswell based on what he estimates to be the true labor costs for people using the lightering float with repeatable, factual labor rates. The current \$600 fee was established in 2005. After Mr. Creswell's recommendation last night, the Sub-Committee proposed raising the rate from \$600 to \$1,700. There will be other small adjustments to the language. If the Committee wants to take action tonight it will go to the Board next week and after Board approval staff will start the public notification process, have a public hearing, and go to the Assembly for final approval. There will be 54 vessels at anchor in calendar year 2022. Approximately three times what we had in 2019.

Committee Questions

Mr. Ridgway asked if we have to have all the specific language changes to move this forward?

Mr. Uchytel said after the Board approves this staff will work with Law for the corrected language and that is what will get posted.

Mr. Wostmann if this is approved, can we still ask staff to keep a more detailed record in staff time and associated costs for this fee. Is this something staff can reasonably do?

Mr. Creswell said the costs associated with the lightering fee is trackable. We can easily go off schedules.

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES
For Wednesday, November 10th, 2021

Public Comment - None

Committee Discussion/Action

Mr. Ridgway said industry has encouraged the Board for their budgeting because they need to know what we are going to do and that is the reason for moving this forward so quickly. This fee is well under our actual cost. Staff will continue to track this and bring it back to us next year.

MOTION By MR. WOSTMANN: TO CHANGE THE VESSEL LIGHTERING FEE 05 CBJAC 15.060 TO \$1,700 FOR EACH 24 HOUR PERIOD OR PORTION THERE OF AND RECONFIGURE THIS RATE IN THE SUBSEQUENT YEAR AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

IX. Items for Information/Discussion

1. Finance Sub-Committee Update on Proposed CPI Discussion

Mr. Wostmann said the Finance Committee reviewed the list of rates we currently have from the perspective of determining whether or not an adjustment starting in the next fiscal year and continuing on thereafter is appropriate for that particular rate. The Committee identified all the rates that should have the CPI applied to. The CPI was applied subsequent to the last time the rate was adjusted but no more than ten years. Before this is completely ready for further action, we will need to determine what CPI to use. The Finance Sub-Committee intends to have a final discussion on this item at our next meeting and move to the Operations Committee for further consideration.

Committee Discussion - None

Public Comment - None

2. Maritime Administration (MARAD) Disposition letter - Sealift Haulout

Mr. Schaal said in your packet on page 27 is a letter from MARAD. It reads Docks & Harbors has permission to sell the Sealift and keep the money to purchase another piece of equipment more suitable to our needs. The caveat is whatever purchase has to meet the Buy American Act requirements. Karl's Auto Marine has a specific piece of equipment for their boat lift but that is a Canadian company and this will not meet the requirements for Buy American. This is a good path forward and we think we will recover some of the capital costs in that sealift and turn it around and put it into a new American made boat lift to regain that functionality at the Auke Bay Loading Facility.

Committee Discussion

Mr. Etheridge asked if staff has an estimate on how much this will sell for?

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES
For Wednesday, November 10th, 2021

Mr. Creswell said the low end is \$160,000. From interest shown from individuals from Washington, we may get \$200,000.

Mr. Ridgway asked what the original purchase price was for this Sealift.

Mr. Uchytel said \$540,000.

Mr. Ridgway asked what year it was purchased in?

Mr. Uchytel said it was purchased in 2011 and received in 2012.

Mr. Ridgway asked if we could get out of the leasing of equipment all together?

Mr. Uchytel said the fact that MARAD is allowing us to sell this equipment and keep the proceeds and buy a similar device is a game changer. Staff is looking to replace the Sealift with a piece of equipment that is non-motorized that can meet our needs.

Mr. Ridgway asked what a non-motorized haul-out looks like?

Mr. Creswell said it has the same function of the Sealift but the non-motorized mean it is not self-propelled. It has a small pony motor to operate the hydraulic system with all the rams, lifts, and pads on the trailer and pulled by a large truck or loader. We are looking for a yard trailer in the 50 to 60 ton range which has a larger capacity than the current sealift and can haul 60 to 70 foot boats.

Mr. Ridgway asked if staff has an estimate for how much the 50 to 60 ton non-motorized equipment would cost?

Mr. Creswell said we do not have an exact quote, we will need to work with the lessee and get some quotes for American made equipment. The Lessee will supply his vehicles to haul the trailer.

Mr. Ridgway asked if we will need to compensate the Lessee for the use of their vehicle to haul the trailer.

Mr. Creswell said those details are not worked out but the Lessee already has the equipment and is currently using his equipment to pull the trailer.

Mr. Wostmann asked if the equipment we are looking to purchase allows for the hauling of sailboats like the current one?

Mr. Creswell said he was looking at a 55 or 60 ton lift and it was capable of hauling 70 foot power boats and 80 foot sailboats.

Public Comment

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES
For Wednesday, November 10th, 2021

Mr. Dennis Watson, Juneau, AK

Mr. Watson said he remembers a higher cost for the purchase of the Sealift. He suggested to do smart and sound research on a new piece of equipment so we are not in this same situation again.

X. Staff & Member Reports

Mr. Uchytel said this is the last call for participants to be on the Harbor Rate Study evaluation Committee.

Mr. Leither showed interest but he was going to be out of town.

Mr. Uchytel said the next Operations Meeting is on December 8th with the plan for a Special Board meeting ahead of the Operations as the public hearing on the 10% passenger-for-hire fee increase.

Mr. Creswell reported we are getting ready for winter and working on projects planned for the winter months. Next Monday we are having interviews for our Harbor Security Officer.

Mr. Ridgway said a follow up from the retreat, Lacey Derr and himself will be working on a marketing strategy for Juneau Harbors. We are in a generic development mode and will bring back to discuss at another meeting.

Mr. Derr commented there is an encampment growing under the bridge and asked how this is handled?

Mr. Creswell said our staff has been working on cleaning this all up and it was finished yesterday. He said if anyone notices something like this again to please reach out to him and let him know.

Mr. Etheridge said since we have not had the night patrols, there has been an increase in people wanting to hang out and the drug deals are getting worse.

XI. Committee Administrative Matters

1. Next Operations/Planning Committee Meeting-**Wednesday, December 8th, 2021**

XII. Adjournment – The meeting adjourned at 6:40pm.