

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES
For Wednesday, March 18, 2020

I. Call to Order Mr. Ridgway called the meeting to order at 5:00pm.

II. Roll Call

The following members were present: Jim Becker (phone), Chris Dimond (phone), Don Etheridge, Steve Guignon, James Houck, Budd Simpson (phone), Annette Smith (phone), Bob Wostmann (phone), and Mark Ridgway.

Absent: none

Also present: Carl Uchtyl – Port Director, Erich Schaal – Port Engineer (phone), David Borg – Harbormaster (phone), and Matthew Creswell – Deputy Harbormaster (phone), Mary Wolf, Administrative Assistant 1 (phone)

III. Approval of Agenda

Mr. Uchtyl requested the Items for Information/Discussion be moved ahead of New Business. He also requested that Mr. Etheridge talk about phone etiquette and discipline.

MOTION by MR. SIMPSON: TO APPROVE THE AGENDA AS AMENDED AND ASK UNANIMOUS CONSENT.

IV. Special Order of Business – David Borg

Presentation by Capt. Steven White, USCG to Mr. Borg for his incredible contributions to The City and Borough of Juneau and Docks & Harbors. He had many wonderful and kind words about Mr. Borg including “your voice of reason in times of crisis both in active duty and civilian duty”.

Presentation by Mr. Creswell, Deputy Harbormaster.

Presentation by Mr. Uchtyl, Port Director

Mr. Borg expressed his appreciation to Mr. Uchtyl, Mr. Creswell, The Board and Captain White for their faith in him and giving him the tools he needed to be successful in Juneau.

Mr. Ridgway expressed his thanks on behalf of the Docks & Harbors Board.

Mr. Etheridge expressed his thanks on behalf of the Juneau Citizens Patrol in his efforts to help clean up the crime in the harbors.

V. Public Participation on Non-Agenda Items (not to exceed five minutes per person, or twenty minutes total) – None.

VI. Approval of Wednesday, February 19, 2020 Operations/Planning Meeting Minutes

Minutes approved as presented.

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VII. Consent Agenda – None.

VIII. Unfinished Business – None.

IX. New Business

1. Challenges & Opportunities of a Disrupted Cruise Season
Presentation by the Port Director

Mr. Uchtyl said he does not need to say the obvious; these are very trying times for all of us. With Dave Borg leaving and still not replacing the Deputy Engineer position, we have a lot going on in the department. The Juneau Emergency Operations Center -COVID-19 met today and he has been assigned the Operations Section Chief. The Board needs to have a discussion of their expectations moving forward. The Power Point Presentation is to get everyone on the same page to figure out what is important to the Board and the community and what the Board can do. Mr. Uchtyl said to ask questions as he goes through the presentation. The Board needs to get organized. It is amazing how quickly things happen. On March 11, the Port of Seattle cancelled the first two cruise sailings they had for the 2020 season and by March 14 the Center for Disease Control (CDC) had issued a No Sail Order and the Canadian Prime Minister suspended the cruise season until June 30, 2020. These orders stopped eighty percent of all vessel from coming to Southeast Alaska. Then on March 11, the City & Borough of Juneau and the State of Alaska issued a Public Health Disaster Emergency Declaration and by March 18, all restaurants and bars were ordered to close by the Governor.

Mr. Dimond asked with the Jones Act and Passenger Service Act which cruise ships can sail to Juneau.

Mr. Uchtyl said the edict is any ship holding 500 or more passenger cannot stop in Canada.

Mr. Smith asked if UnCruise and the National Geographic ships are still allowed.

Mr. Uchtyl said US flagged vessels could operate if they have passengers and are under 500 passengers. American Cruise Lines have a very elderly clientele, so he would be very surprised if they sail. Mr. Uchtyl said communities could ask Congress to waive the Jones Act but he does not think they will do that. He has been on several phone calls with other port authorities, every port is hurting, and some are shutting down. He will keep the Board informed of any changes.

Mr. Uchtyl continue and pointed to the actions in Juneau on March 13 when the Governor issued the First Health Mandate to close all schools until March 31. The CBJ Assembly declared a local emergency for state and federal funds. On March 16,

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the Assembly updated rules and procedures for meetings...only essential meetings can be held and are up to the discretion of the chairperson.

Mr. Ridgway said he had a discussion with Mr. Uchytel and Mr. Wostmann with the Assembly direction and social distancing.

Mr. Uchytel said that Holland America Line announced that the Westerdam would be going to Puerto Vallarta Mexico instead of Juneau. The Juneau EOC went to Level 3. and today, March 18, our Governor ordered closure of all restaurants and bars.

Slide 3 - Financial challenges for Docks Enterprise.

Mr. Uchytel is scheduled to present on April 1 to the CBJ Finance Committee. He checked with the Director of Finance and was told the process is already baked and we are entering a period where it is not going to matter. No one knows the future. The revenue sources for the rest of FY2020 to June 30 to have \$1.6M we have collected \$1.1M so far. We are going to be down \$518K dollars with no cruise ships. For Harbors, hopefully people will buy launch ramp permits and pay stall fees. It is hard to say if people will boat this year. There are financial challenges for Harbors as well. We moved \$400K based on moving vendor booth money we collect into Harbor Enterprise. The requirements were \$30K per booth. We collected that and the regulation states no refunds, what is the best interest to the industry. How are people going to spend their money?

Mr. Wostmann asked what FY2021 revenues would look like.

Mr. Uchytel said he has no idea, no one does.

Ms. Smith asked if there has been any thought as to what other revenue sources Docks and Harbors has if there is not cruise season.

Mr. Uchytel said we could eventually bring ships in to layup. He is looking for Board guidance on ideas and alternate revenue sources. There is no silver bullet with answers. He has had conversations with looking at relief.

Mr. Uchytel said that one thing to be positive about is that we are lucky that we have a seasonal staff to bring on. We have twenty-one people that we are allowed to bring back to work with eight vacancies. We will not fill the vacancies this season. We will try to make it as cost neutral as possible.

Cruise Lines International Association (CLIA) Membership Needs. Of the hundred and five cruise ship vessels that sail from the US and Canada there are forty that sail the Alaska market and will be idle until July or longer. Those vessels need somewhere to go. There is opportunity to bring them to Juneau. UnCruise, American Cruise Line and The Boat Company have made minor changes to their

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schedules that we know of. Mr. Day is here and he thought that all the CLIA vessels have found places to moorage. Carnival, Holland America and Princess Cruise Lines have too.

Mr. Uchtyl said it would help our revenue if we did not get push back from the community. We did receive pushback from the community when the Westerdam was going to come here. If we could get a ship or two here, Docks Enterprise would most likely provide the required 24/7 security. Under our regulations the Board is allowed under 05 CBJ 15.030 (i) Dockage special: "The Docks & Harbors Board may after public hearing establish special and promotional rates of a temporary nature in order to encourage use of facilities, to respond to unusual economic circumstances, or to promote revenue development." The vessels would have on board personnel to maintain equipment and power generators.

Mr. Ridgway asked if he needs a motion to pursue market analysis. How quickly do we need to move to utilize 05 CBJ 15.030 (i)?

Mr. Uchtyl said they do not need a motion. He would like Board consensus that yes we would consider under certain circumstance like to have a ship in port. The Board should consult with the Assembly in what to do. This will not be easy.

Mr. Wostmann asked if it is practical for Mr. Uchtyl to figure out if we had a vessel on the dock that our costs would be so we could use that as a guideline for calculating a special rate. We would want to provide the necessary services and still break even or make some revenue so long as we employ some of our people.

Mr. Houck wanted to point out that it is important to know if we can make more money with the ships in port than without any ships in port. It might be worthwhile to operate at a loss if we have the means to cover salaries.

Mr. Ridgway said he would like Mr. Uchtyl and staff to continue to earnest to pursue having a ship in port. The Board is very interested in your spending the time with CLIA on how we might utilize our idle docks.

Mr. Uchtyl said we need to also be thinking about small vessels and tour operator impacts like The Boat Company and high-end yachts who use our facilities. We require them when they reserve moorage to pay a one night refundable deposit for each set of dates they reserve. Where does the Board want to go with relaxing those requirements for their benefit? Or, do we follow our non-refundable policy? He noted when this policy was established, we did not know the future. Mr. Uchtyl moved on to talk about seasonal permit holders, loading zone and vendor booth operators. The nine businesses that purchased booths this years at \$30K each. Do we refund or prorate their fee? We need to help the community. He said for further discussion, we have live a boards that live paycheck to paycheck, what policy and action do we take for those who cannot pay their stall rent at this time? Mr. Uchtyl

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said he is not looking for answers right now but is asking the Board to talk about and think about these things.

COVID-19 Precautions

Mr. Wostmann put together a document to start the conversation on quarantine for the small boat harbors that have the possibility of arriving with the COVID-19 virus. The large cruise ships take care of their arrivals. The other vessels that arrive in our port or harbors do not have oversight from the Coast Guard or the Captain of the Port.

Mr. Wostmann said he thinks this issue is larger than the Board can resolve. He would like to create a working group or committee of a couple of Board members and staff to meet more regularly to work out these issues and come up with specific recommendations. These are issues that need to be considered. We need to develop plans on how COVID-19 is addressed and understand our authority. He is not sure of the rules and how to operate under the open meetings act and public notices. It is going to take more time than a monthly meeting.

Mr. Ridgway said that Mr. Etheridge as Chairman of the Docks & Harbors Board can appoint members to a committee or task force.

Mr. Uchytel recommended staff for the task force. It would be similar to screening at the airports. He recommended Mr. Creswell and two Board Members so no violation of rules would occur. Mr. Etheridge appointed Mr. Simpson and Mr. Wostmann and Mr. Creswell said he would serve as well.

Mr. Uchytel said that the Marine Safety Bulletins (MSB) that are put out by the United States Coast Guard (USCG) might be the best way to relay information that all vessels must register in the harbor office upon arrival.

Mr. Wostmann said we have to put out a notice to mariners. Things like signage on the docks directing vessels to certain areas. This must be expedited. Mr. Creswell or Mr. Uchytel can one of you check in to the MSB.

Mr. Becker said we need a protocol for checking passengers and vessels.

Mr. Ridgeway said the task force would be addressing this. CBJ Docks & Harbors must get the word out in every available method so that mariners can self-report and self-test.

Mr. Wostmann asked how we address medical issues and what is the best method? How do we direct people to stay on their boat? Bartlett Hospital needs to help us with this.

Mr. Simpson said the virus will come to town but he thinks it will come by airplane before fishing boats. We should look at protocols from the airport and try to do something the compliments their processes and not opposing what they do.

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Mr. Wostmann asked Mr. Creswell to move on getting the task force meeting quickly. Time is of the essence.

On Going Projects and Activities

Mr. Uchtyl said there are several philosophies. Archipelago Phase 1 Construction, Statter Harbor Phase IIIA Construction, Statter Harbor Phase IIIB bids are ongoing. The Douglas Harbor Zinc Anodes project does not yet have a signed contract so that could be moved back if necessary. The Electrification Docks Study can be postponed and the Small Cruise Ship Study is also ongoing. We have in-house work with a list of gainful work. Mr. Uchtyl said a good example is removing trash off the Lumberman. An outside contractor quote came in at \$50K. We have sealant that needs to go down on the cruise ship floats and a number of other projects to keep everyone busy. Mr. Uchtyl asked for direction from the Board. Do we move forward or stop? Mr. Uchtyl recommended moving forward with hiring staff because it is good for everyone. He asked for Board Discussion.

Mr. Etheridge said he thinks we need to roll with this and not make any big reactions and move forward. He said that money has already been allocated for those projects. No knee jerk reactions. Let us see what happens. He said the Finance Sub-Committee Meeting on April 29 at 3:00pm would be a good place and time to start.

Mr. Wostmann agreed with Mr. Etheridge. Hold the course and maybe develop some scenarios of a partial season or no season and what the impact is.

Mr. Uchtyl said the large cruise ship industry would most likely have bailouts like the airlines. Small business will get hurt the worst. We should help everyone we can and financially the small companies will need the most help. How do we reduce or return fees?

Mr. Ridgway said he would encourage the Finance Sub Committee to seriously look at the strategies for flattening the curve and doing our part. He would like to know who to get our Docks & Harbors information out from the Board to the City, Public and Mariners. He asked Mr. Uchtyl to get out a broadcast notice to boaters coming into our harbors every week or whatever the set period is before they expires.

Board Questions – None

Public Comment –

Mr. Kirby Day, Princess Cruise Lines, Holland America and TBMP said he is available to answer any questions. He was very grateful for the outreach by the Board and Mr. Uchtyl in terms of where the cruise industry is able to lay up.

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Mr. Day advised Mr. Uchytel that Carnival Corporation has taken care of their immediate needs but he is not sure about CLIA. Princess Cruise Lines has ceased all global operations through May 10. CLIA members have ceased operations through mid-April for sailings in the U.S. Ports. Mr. Day said as you noted earlier it is a very fluid situation and we will know more tomorrow. He said waiting on the Canada situation and or getting a waiver. They are working with the federal and Canadian governments about going into Canadian Ports and doing the paperwork electronically and off they go as a foreign call. Sounds simple but not necessarily. If the Port of Seattle decides to follow the Canadian lead, it is a completely different story. Mr. Day said we would know a lot more over the next 5-10 days. We are equally concerned about our worldwide partners as well. Hang in there and stay positive. We appreciate your outreach.

Mr. Ridgway thanked Mr. Day and said it was well spoken. This is real and scenarios will constantly change and evolve. If the industry looks for an alternate routing, we want to be kept informed.

Mr. Houck said sometimes it seems like it is make believe. It could take 6 to 12 months for this go away.

Ms. Smith said she thinks we should plan for the worse but be agile enough to make changes and move quickly for the changes.

Protection of staff, continuity of operations, roles in flattening the curve and the economy.

Mr. Day said he is not trying to blow air into a balloon. He is giving facts from knowledge and trying to keep a positive outlook. Most people believe that it is going to be a long time recovering. We must be prepared for that and businesses must prepare for that. This is touching every single person...period. Mr. Day said we must deal with this as a nation and a world and give the best guidance he can and not fool anyone.

Committee Discussion/Public Comment

Mr. Houck said he came to the meeting in person because of the five-person limit on the Bridge line. He feels this was very unfair.

Mr. Wostmann said if the resources for being remote are inadequate, he has a system for video and audio.

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Mr. Ridgway said if Assembly is only going to allow up to five members on the phone then he will consider resigning and he asked that he be quoted on that statement.

X. Items for Information/Discussion

1. Harri Commercial Marine – Auke Bay Boatyard Concerns
Presentation by Jeff Duvernay

Mr. Jeff Duvernay, Juneau AK, Owner of Harri Commercial Marine spoke regarding the challenges at the Auke Bay Loading Facility (ABLF), which he leases from Docks & Harbors. Mr. Duvernay wants input and help from the Board to continue his operation of the ABLF. He wanted to be not sure that everyone was aware that the hydraulic lift has been a challenge from the git go and that the lift is an intensive maintenance piece of equipment.

Mr. Duvernay said that they did as good of maintenance as possible on the lift. He said they changed out every hose at least twice, replaced bad sensors and we get it up and running and then we break down and this is where we are at now. The lift was manufactured by Krause Manufacturing in the Pacific NW. There are fewer than 12 of them still operating today. Shortly after Docks & Harbors purchased this lift, Krause was sold to a trash compactor company. They operated Krause for a year or two and relocated San Diego and later on, they ceased protection and support. No parts and no people who knew how to maintain them. Our lift failed in 2014 and we could not diagnose the problems and were unsuccessful in finding anyone with knowledge. No one could figure it out. Harri has changed out electrical and programming on the unit including lots of sensor, which they tried to recreate. The trailer still is not functional; Mr. Duvernay believes they have identified the problem, which is the rotational sensors on the drive tires. They are constantly realigning the trailer and without accurate inputs, you cannot drive it. It has to be driven with the electronics. We have on order sensors, which are coming from the United Kingdom. The equipment has been down since September and the part they ordered are due in the end of May to early June. We have no confidence in the ability to operate this piece of equipment with any reliability. Harri Commercial Marine has had to hire outside help to move boats so they could be launched. Between the cost of launching the vessels, maintenance, repair efforts and in lost business, he has spent between \$35K and \$40K to keep the business running. He has no confidence in the equipment and his intent is to launch the boats we have in our lot and then park the lift permanently. He does not want to deal with it any longer. Mr. Duvernay said his options are to continue to operate the ABLF and pay rent without the cost of the trailer. He cannot afford the cost of buying a new trailer. He said he has not made any money at this location. The ABLF has lots of work and he felt like they were finally turning a corner on making money. Now, without the trailer he is not sure if it is a viable option to continue with the lease. Secondly, when I met with Mr. Uchytel, Mr. Creswell and Mr. Schaal and

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there is another challenge with the Department of Transportation that will affect our boat storage by fifty percent. Losing this space would kill our operation.

Mr. Duvernay said he does not know what the plan should be. He would continue to operate in some form if he can become profitable. He could either give up the ABLF operation entirely or put his efforts in the other boat yard location at Aurora Harbor. Mr. Duvernay said he would keep the same number of employees. Mr. Duvernay entertains any ideas the Board has. If the Board feels there is some sort of replacement for the trailer, he is okay with that. He believes in the facility and they were finally starting to get ahead. With the trailer broken down, with the DOT issues and now the visitor industry shutdown, he seeking guidance from the Board.

Mr. Uchytel confirmed with what Mr. Duvernay said and noted how important the facility is to the community. If Mr. Duvernay just abandons the lease at the ABLF, Docks & Harbors would lose about \$27K in revenue per year. Mr. Uchytel said the lift was purchased for \$600K with a TIGER Grant and the obligation to the grant would have to be figured out if it is no longer in use. The lift cannot be sold and we need to look at other options if Harri's wants to give up the ABLF. Mr. Uchytel said that staff could run it again. Mr. Uchytel said he has spoken to AAHPA and PCC (Pacific Coast Congress of Harbormasters & Port Mangers) organizations asking if anyone has a point of contact for help on this unit, he got one name. Mr. Uchytel said that a portion of the ABLF is in the DOT right of way. Docks & Harbors had an encroachment permit through 2013, which was not renewed. DOT did not like any of the improvements that Harri Commercial Marine made. Mr. Uchytel is working with DOT and our lobbyist for help and we are hoping that reasonable mind prevail.

Mr. Houck is curious how the lease works, is that your money or are you reimbursed by CBJ for those expenses. Harri Commercial Marine is responsible for the maintenance of the equipment and facilities.

Mr. Ridgway gave stated that Mr. Duvernay has some serious thinking about continuing his lease at the ABLF. Mr. Ridgway asked Mr. Uchytel to continue to look at options to keep it running. Mr. Ridgway said he would like to keep the business alive.

Mr. Houck asked Mr. Duvernay what is ideal for him to keep the business going to support him.

Mr. Duvernay said his first preference is having a working trailer. It has a greater capacity than any other crane in the City with a forty-ton rating. He has not looked into converting the lift to manual controls; which may work and is something worth exploring. Other owners of the same lift are also having similar problems. Mr. Duvernay said is interested in continuing to operate the facility, he likes having a second facility. He feels they provide good service and the new facilities are fantastic. Ideally modifying that trailer or replacing the trailer with something else like a yard

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trailer with a loader is another option. For him to purchase that equipment himself would be too long of a return for him to make that investment.

Mr. Etheridge wants to see that be a successful yard. A manual operation of the lift would be his first option. Maybe the Board should be interested in making it work and offer help.

Mr. Uchytel said the first question is the DOT right away and what they are going to do with that. He will meet again with Mr. Duvernay and see what he wants to do moving forward.

Mr. Ridgway asked Mr. Uchytel to have that conversation with Mr. Duvernay before the next OPS meeting on April 22.

XI. Staff and Member Reports.

Mr. Uchytel said he has nothing to report. There is a need to meet next week. He said this was a successful meeting but we need to have a discussion for battle plans. We want to continue with essential meetings only. Do we want to have the Board Meeting that follows this OPS meeting?

Mr. Etheridge said the Board Meeting is essential. We need to be sure we are going in the right direction or change direction if not. Everyone should take a week to think about some ideas from the Board Members and then hold the meeting.

Public Comment – None

Committee Discussion/Action – None.

XII. Committee Administrative Matters

1. Next Operations/Planning Committee Meeting – Wednesday, April 22, 2020.

XIII. Adjournment at 7:35p.m.

MOTION by: Mr. Etheridge to adjourn the meeting.

Respectfully Submitted Mary Wolf, Admin Assist. 1