

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING AGENDA
For Wednesday, July 20th, 2016

- I. Call to Order** (5:00 p.m. in City Hall Conference Room 224)
- II. Roll Call** (John Bush, Tom Donek, David Summers, Bob Janes, and Budd Simpson)
- III. Approval of Agenda**

MOTION: TO APPROVE THE AGENDA AS PRESENTED OR AMENDED

- IV. Public Participation on Non-Agenda Items** (not to exceed five minutes per person, or twenty minutes total)
- V. Approval of Wednesday, June 22nd, 2016 Operations/Planning Meetings Minutes**
- VI. Consent Agenda - None**
- VII. Unfinished Business**

- 1. Moored Vessels on Docks & Harbors Submerged Lands
Presentation by the Port Director

Committee Questions

Public Comment

Committee Discussion/Action

MOTION: TO BE DETERMINED AT THE MEETING.

- 2. Andrew's Marina Lease
Presentation by the Port Director

Committee Questions

Public Comment

Committee Discussion/Action

MOTION: TO RECOMMEND THE BOARD APPROVE A NEW 35-YEAR LEASE WITH ANDREW'S MARINA (ATS 33) FOR \$5,549.50 ANNUALLY.

- 3. Central Council of the Tlingit and Haida Indian Tribes of Alaska (CCTHITA) Lease
Presentation by the Port Director

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Committee Questions

Public Comment

Committee Discussion/Action

**MOTION: TO RECOMMEND THE BOARD APPROVE THE LEASE WITH
CENTRAL COUNCIL TLINGIT & HAIDA INDIAN TRIBES OF ALASKA (CCTHITA)
FOR THE PROPERTY AT 4400 THANE ROAD.**

VIII. New Business

1. FEMA Port Security Grant
Presentation by the Port Director

Committee Questions

Public Comment

Committee Discussion/Action

**MOTION: TO RECOMMEND THE BOARD APPROVE THE ACCEPTANCE OF
DEPARTMENT OF HOMELAND SECURITY – FEMA PORT SECURITY GRANT
FOR \$76,050.**

2. Aurora Harbor Municipal Harbor Grant
Presentation by the Port Director

Committee Questions

Public Comment

Committee Discussion/Action

**MOTION: TO RECOMMEND THE BOARD APPROVE THE ACCEPTANCE OF
THE ADOT \$2M MUNICIPAL HARBOR FACILITY GRANT.**

IX. Items for Information/Discussion

1. Problem Statement: Derelicts
Presentation by Port Director

Committee Discussion/Public Comment

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- 2. Draft CBJ Energy Plan
Presentation by Port Director

Committee Discussion/Public Comment

X. Staff & Member Reports

XI. Committee Administrative Matters

- 1. Next Operations/Planning Committee Meeting- **Wednesday, August 17th, 2016.**

XII. Adjournment

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I. Call to Order

Mr. Simpson called the meeting to order at 5:00 p.m. in room 224 of City Hall.

II. Roll Call

The following members were in attendance: Tom Donek, Bob Janes, Budd Simpson, and David Summers.

Also in attendance were: David Borg – Harbormaster, Gary Gillette – Port Engineer, and Carl Uchytel – Port Director.

Absent: John Bush.

III. Approval of Agenda

MOTION by MR. DONEK: MOVE ITEM FOUR, NOTICE OF INTENDED SALE OF BOAT SHELTER AG-29, UNDER NEW BUSINESS TO THE CONSENT AGENDA AND ASK FOR UNANIMOUS CONSENT.

The motion passed with no objection.

MOTION by MR. DONEK: APPROVE THE AGENDA AS AMENDED AND ASK FOR UNANIMOUS CONSENT.

The motion passed with no objection.

IV. Public Participation on Non-Agenda Items – None.

V. Approval of Wednesday, May 18th, 2016 Operations-Planning Meeting Minutes

MOTION by MR. DONEK TO APPROVE THE MAY 18TH, 2016 OPERATIONS-PLANNING MEETING MINUTES AND ASKED FOR UNANIMOUS CONSENT.

The motion passed with no objection.

VI. Consent Agenda

A. Public Request for Consent Agenda Changes – None.

B. Board Members Requests for consent Agenda Changes – None.

C. Items for Action

1. Notice of Intended Sale of Boat Shelter AG-29 by Mr. Louis Bandirola

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MOTION by MR. DONEK: APPROVE THE CONSENT AGENDA AS PRESENTED AND ASK FOR UNANIMOUS CONSENT.

The motion passed with no objection.

VII. Unfinished Business – None.

VIII. New Business

1. Aurora Harbor Phase 2 – Design Fee

Mr. Gillette said in your packets you will find the PND report for the Aurora Harbor Phase 2 Project. The fee summary shows a total estimate of \$598,485.00.

Committee Questions

Mr. Donek asked how does this compare with our estimate.

Mr. Gillette said it is down 11%. They are trying to streamline it by cutting the design to the basics. This results in some savings for us.

Mr. Simpson said we used PND for the first phase so it makes sense to have them for the second phase. Has this gone out for a request for proposal (RFP)?

Mr. Gillette said we did an RFP for the entire Aurora Harbor rebuild. We were clear and said the services rendered in phase one can be expanded to future phases. It saves us time as we do not need to advertise for 30 days.

Mr. Simpson said be sure to go out for a RFP with future projects.

Mr. Janes asked can we negotiate the design fee. A lot of the design work is the same as in phase one.

Mr. Gillette said currently the boat shelters are three different lengths. That would require three different designs. If we make them all one size then it would make the design easier.

Mr. Janes said I would like to discuss the design fees with future projects to see if we can negotiate for less.

Public Discussion – None.

Committee Discussion/Action

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MOTION by MR. DONEK: APPROVE THE AURORA HARBOR PHASE 2 FEE OF \$598,485.00 AND ASK FOR UNANIMOUS CONSENT.

The motion passed with no objection.

2. Andrew's Marina Lease

Mr. Uchytel said this is a preferential lease for Andrew's Marina. The old lease expired in April 2016. This is a tideland lease and the State transferred the lease to Harbors in 2001. The lease is for 35 years at \$5,549.50 annually, which comes to \$0.15 per square foot. It is subject to reevaluation every five years. I told their lawyer the Harbor Board has concerns about the condition of the floats. Their lawyer said she will pass on the information.

Committee Questions

Mr. Janes asked if the floats reach a point of disrepair, unable to operate, does our lease state Andrew's Marina is responsible for removal of the floats.

Mr. Uchytel said on page 33 of your packets you will find the lease provisions. Section O, Removal or Reversion of improvement upon Termination of Lease, will answer your question.

Mr. Janes said we don't have anything in our lease that allows us to terminate the lease if the property is not safe. I want to make sure we have some protection so we are not liable to remove the floats.

Mr. Simpson said we do not have a guarantee, even if we write it into the lease, that they will remove the floats.

Mr. Janes said if there is a time to encourage them to maintain the floats, now would be the time. We should do so before we sign a lease.

Mr. Simpson asked to what extend do we have the ability to change this lease to encourage them to maintain a safe harbor.

Mr. Uchytel said we could give them a time frame to repair the floats.

Mr. Simpson said we own the tidelands the lease covers, so we should have some say over how safe the docks are.

Mr. Summers said there was some discussion about trying to adjust Andrew's Marina's other lease to have the same renewal date as this lease. That way they would run concurrently. Is the language in this lease the same as the previous lease?

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Mr. Uchytel said the previous lease was through the State, but this lease should be similar.

Public Discussion

Chris Crowe of Juneau, AK

Mr. Crowe said Andrew's Marina has been here a long time. Their facilities have never been to the same standards as the ones paid for by the city. If the city does not have any liability, then they should take the lease money and let Andrew's Marina run their business as they see fit. Is there another plan without Andrew's Marina that generates more revenue? I suggest you approve their lease and let them operate. The liability is on them and not the City and Borough of Juneau.

Russell Joshua Peterson of Juneau, AK

Mr. Peterson said I second what Mr. Crowe said.

Committee Discussion/Action

Mr. Donek said we lease out multiple properties and people do things on those properties that we have no control over. We do not need to tell people how to run their businesses. I recommend we go forward with our standard lease.

Mr. Summers said we need to consider what the highest and best use is for our lease properties. Auke Bay is the busiest harbor in Juneau. With the condition Andrew's Marina is in now, I do not believe it is the highest and best use of the property. I suggest we find out what other lease we have with Andrew's Marina and see when that lease expires. Then we can have a positive discussion with them and get the leases to run concurrent.

Mr. Simpson said Andrew's Marina might want to have their leases run concurrent for their convenience. Is there a need to get this done now?

Mr. Uchytel said no.

Mr. Janes said this is valuable city land. We have a duty to encourage a safe environment. I would like to have someone from Andrew's Marina come to a meeting and tell us what their plans are for the facility. I would like to know their deferred maintenance schedule.

Mr. Gillette said we do not have criteria to define what's safe and what's not safe. Someone could go to N float in Aurora and argue that area is unsafe. We would need to define the word "safe". It does have to meet local codes, so you might find something in the local codes.

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Mr. Simpson said when Harbors have an area that needs work we develop a plan to replace or update the facility.

MOTION by Mr. Janes: ASK ANREW'S MARINA REPRESENTATIVES TO GIVE A PRESENTATION AS TO WHAT THEIR FUTURE PLANS ARE FOR THE MARINA AND WE CONSIDER A NEW 35 YEAR LEASE FOR ATS 33 FOR \$5,549.50 AND ASKED FOR UNANIMOUS CONSENT.

The motion passed with no objection.

3. Prohibition of Tarps in the Harbor from May 15th through September 15th

Mr. Uchtyl said this is a proposal to prohibit the use of tarps on vessels in the harbors from May 15th through September 15th annually. Tarps might be used to mask derelict vessels. If this proposal gets approved, patrons could still use tarps in the summer months if they receive prior approval from the Harbormaster. I did research to find if other harbors in Alaska were prohibiting tarps. None of the harbors in Alaska have a prohibition on the use of tarps. This past week there was a vessel with a tarp and the bilge pump was pumping diesel into the harbor.

Committee Questions

Mr. Summers asked how often vessels need to be moved annually.

Mr. Uchtyl said vessels need to be move under their own motor power three times per year, and no less than 60 days apart. There are vessels in the harbors that do not meet that requirement.

Mr. Summers asked do we require patrons apply for a permit to work on their vessels.

Mr. Borg replied yes, there is a regulation that states patrons need to supply a scope of work and get approval from the Harbormaster to work on their vessels in the harbor. It has never been enforced. I do speak with patrons on the docks and find out what work they are doing on their vessels.

Mr. Simpson asked when you are speaking to patrons who are working on their vessels, what information are you gathering.

Mr. Borg replied my main focus is to verify they are not harming our infrastructure.

Public Discussion

Chris Crowe of Juneau, AK

Mr. Crowe said based on the limited information we have been given today, I am not in favor of a prohibition of tarps. It does not say "unless you need a tarp". I agree there are vessels that have tarps on them year round, but there are other ways to deal

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with those vessels. If I am painting my deck and it starts to rain, I need to quickly put a tarp up to finish my work. I do not have time to ask the Harbor Office for permission to use a tarp. Plus, the harbor staff has plenty to do rather than walk down and see if I need a tarp. Who is the decider on when someone needs a tarp? If you suspect a patron is using a tarp to hide nefarious activities on their vessel, then get a warrant and deal with it that way. There are boats in the harbors that will probably sink if they remove their tarps. This is an over reach.

Dave Kester of Juneau, AK

Mr. Kester said I have a 40 foot sailboat in Harris Harbor and a power boat. There are better ways to solve this problem and I encourage you to find them. You will need to define what a tarp is to proceed. Is it just the blue plastic tarp, or the canvas tarp? I see enforcement problems and I wonder if this is the best use of harbor resources. I think about the people in the harbors who are struggling. The Harbor Department has liveaboard policies. You want to make sure your liveboards are dry and warm.

Paul Swanson of Juneau, AK

Mr. Swanson asked would patrons still be able to use tarps for maintenance use.

Mr. Uchytel replied the tarp prohibition is an idea we are discussion right now. We do not know any specifics as we are currently discussing how we want to proceed.

Russell Joshua Peterson of Juneau, AK

Mr. Peterson said I oppose this for a number of reasons. I question the motives. If someone questions what work is being done on my boat, you are more than welcome to come to my boat to see the work I am diligently pursuing. This discussion has happened before a long time ago. Blue tarps were outlawed. I hear words like encourage, promote, facilitate, and become a destination. I have shown by receipt in the past year \$128,000 for my boat. I have a security bond of \$18,000 for lumber I have purchased, which I pay storage for at the harbors. I am working on my boat and have been for 12 years. I am proud of it. If you want to come and have coffee and see my work you are always welcome. I think a person has a right to work on their property and a right to protect their property. If someone is not working on their boat and they have a tarp on it, then you can pursue it that way. It is stated in the regulations that they must be working diligently on their boat. Also, I object to the due process of this discussion because not many people are able to be here at 5:00 p.m. to discuss this.

Mr. Peterson provided a drawing for moving the breakwater at Aurora Harbor to provide more moorage space.

Committee Discussion/Action

Mr. Summers said there are patrons who have permanent tarps. We want to get away from patrons living under tarps year round that should be a temporary item. Patrons invest in their vessels and it is problematic to have a derelict vessel next to another

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vessel that has been maintained. We can put some language in the regulation that allows patrons to have tarps if they are working on the vessel and get approval from the Harbormaster. We have limited the time to just the summer months. This allows for liveaboards to have tarps on their vessels for warmth in the winter months. Also, it is not appealing to people visiting Alaska to see tarps on the boats. We want to attract fishing vessels and yachts to Juneau.

Mr. Donek asked what problem are we trying to solve. The primary purpose of a boat is for commuting. If you have a boat with a tarp on it year round and the boat is not moving, then the boat is no longer serving its primary purpose.

Mr. Simpson said we need to define what problem we want to solve and then come up with the best solution to that problem. No one here wants to ban all tarps. Tarps are permitted for work projects and emergencies.

Mr. Janes said we want clean and safe harbors. Tarps should help protect the boats, but are not needed permanently.

Mr. Simpson said I want the Committee Members to return next month with a short list of information. Number one on the list should be to define the problem. What is it we are trying to solve? Numbers two, three, and four on the list should be answers to question one. What are the minimal things we can do to address the problem? The aesthetics of having blue tarps in our harbors needs to be addressed. However, people do need to protect their boat while they are working on the boat. Also, let's avoid using the word "prohibit" when addressing this issue, and come up with another way of wording the topic of limiting tarps.

IX. Items for Information

1. Norway Point to Bridge Park Land Use Master Plan (Results of Public Meeting)

Mr. Gillette said on page 43 of your pamphlets you will find an overview of the questions and concerns there are regarding the Bridge Park to Norway Point project. This is the result of a recent meeting that covered the concerns about the plan. There will be a presentation at the next board meeting regarding the Bridge Park to Norway Point project. The project team will be asking the Harbor Board for direction.

Committee Discussion/Public Comment – None.

2. Moored Vessels on Docks & Harbors Submerged Lands

Mr. Uchtyl gave a PowerPoint presentation indicating from an aerial perspective the locations of the vessel Lumberman and Manson's equipment.

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Mr. Uchytel said according to the survey data we received, the Lumberman is 73 feet inside the Docks and Harbors submerged land. In the past the owner of the Lumberman has stated he is on the Department of Natural Recourse's (DNR) land. Now we know that is not true. How do we want to proceed?

Committee Discussion/Public Comment

Mr. Donek said I am concerned about raising another sunken boat. If the Lumberman sinks and the owners can't raise the boat, we're stuck raising the boat. Also, they have not been paying to use our tidelands.

Mr. Summers asked have we provided the owners of the Lumberman with this latest information.

Mr. Borg replied no.

Mr. Summers said provide the survey results to the owners of the Lumberman and we can charge them the same way we charge other users who lease our tidelands.

Mr. Borg said there is a difference between anchoring a vessel temporarily and mooring a vessel. The Lumberman is moored. The vessel has two large chunks of concrete or steel holding the vessel in place. The vessel does not have a propeller and is there to stay.

Mr. Simpson said many harbors have designated mooring areas. Some have installed mooring cables. I do not think we want to be in that business. It might be appropriate to have a designated mooring area where we can charge a fee.

Mr. Donek said if a patron wants to moor temporarily in Harbors submerged tidelands, it should be free. However, if a patron wants to moor in the same area for a long period of time, then I think there should be a fee.

Mr. Janes said the owners of the Lumberman can move the boat outside of Harbor tidelands. We can ask them to move the boat so it is out of Harbors land. We should establish policy for managing the area for the future.

Mr. Borg said when dealing with vessels that don't run in the harbors, we inform the owners they cannot moor the vessel in the harbor until the vessel runs. Some patrons leave the harbor only to anchor their derelict vessels in the Harbors submerged tidelands. So far I have had to remove three derelict vessels from our submerged tidelands. We need a policy to deter this from happening.

Mr. Simpson asked, with regards to the Lumberman, if the boat moves out of our tidelands and onto DNR land, are they permitted to be on DNR land.

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Mr. Uchtyl said the owners have informed me they approached DNR, and DNR is not willing to give them a tideland lease. They informed me DNR does not want them north of the bridge either. I can send the owners of the Lumberman a letter containing the survey showing they are on Harbors land and ask them what their intentions are.

Mr. Simpson said send them the letter and we will go from there.

3. ABLF Boatyard Improvements Update

Mr. Gillette gave a PowerPoint presentation showing progress on the Boatyard at the Auke Bay Loading Facility (ABLF).

Mr. Gillette said everything left of the blue line is part of Harri's lease. We agreed to build an office building and a boat repair building. We are going to advertise for the fabric structure this week, and it should cost about \$250,000.

Mr. Uchtyl said this project is being funded with the ABLF funding money, which is from a legislative grant.

Committee Discussion/Public Comment

Mr. Janes said, with regards to the tall fabric building for the boats, that is two stories tall. Have you considered the neighbors across the road and verified it won't block their view?

Mr. Gillette said yes. In fact we were originally going to put the building in a different location, but moved the location because it would have blocked one of the neighbor's views.

Mr. Janes asked, with regards to the wash-down pad, where will it be located.

Mr. Gillette said it will be located in the boatyard, but they don't have water over there yet.

4. Fourth of July Yacht Club Event

Mr. Uchtyl said there is an event scheduled at the Yacht Club on July 3rd, 2016. The event planners requested to have the entire parking lot blocked off for their use. The Yacht Club does not have any parking rights. The lease permit is for the footprint of the Yacht Club building and some of the grass. I informed the event planners they cannot have the entire lot, but they can have a reasonable amount of parking spaces.

Committee Discussion/Public Comment

Mr. Simpson asked how are they managing the event.

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Mr. Uchytel said they are selling tickets and are checking for tickets when guests arrive.

X. Staff, Committee and Member Reports

Mr. Janes said I own ten vessels at Statter Harbor. The congestion is getting worse. One of my captains drove around for two hours looking for a place to moor. We need to do all we can to solve the congestion issues. I am going to monitor the hours of the Horseshoe area in the morning and evening. I will record the number of spaces that are open. I hope if it is not being utilized during those hours we can come up with a better policy. It is different every day and to have a blanket policy may not be best option. Perhaps we can have something posted each day to say what hours the Horseshoe can be used for moorage.

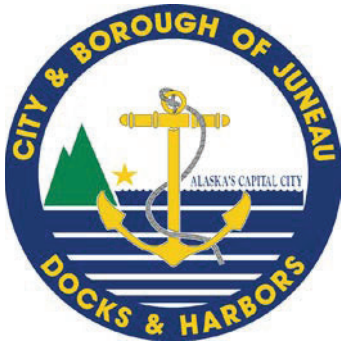
Mr. Uchytel said I have been working to find a way to use the Passenger-for-Hire fees to build the passenger loading float at Statter Harbor. Also, we are working on an application for the Marine View facility. Regarding the new launch ramp and parking at Statter Harbor, staff has spoken with Millers about who will work on the asphalt. There is a dispute as to who has the right to complete the asphalt portion of the project. We have contacted the parties involved, both verbally and written. Millers has received a conditional use permit as of June 14th and they are continuing to self-perform. We retain the right to assess a 10% fee on the subcontracted work. With regards to the Thane Ore House, we have a disagreement with central counsel. We have a lease document that is in Docks and Harbors interests. I have a meeting scheduled for Monday to sort this out.

XI. Committee Administrative Matters

1. Next Operations/Planning Committee Meeting – Wednesday, July 20th, 2016

XII. Adjournment

The Operations-Planning Committee Meeting adjourned at 7:11 p.m.



Port of Juneau

155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

June 23rd, 2016

Galen & Lucas Drake
PO Box 35272
Juneau, AK 99803

Dear Mr. Drake,

On April 29th, I sent you a letter holding in abeyance an order relocating the vessel LUMBERMAN from CBJ Docks & Harbors submerged lands - until such time a legal survey could be conducted.

Chilkat Surveying & Mapping, LLC completed their survey work and provided the attached survey dated June 15th, 2016. The location of the LUMBERMAN is approximately 83 to 130 feet inside ATS 3 which is wholly controlled by CBJ Docks & Harbors.

I request you provide your intentions, not later than July 18th, to me. I will brief the Docks & Harbors' Operations-Planning Committee at its next scheduled meeting on July 20th, 2016.

Sincerely,

Carl Uchytel, PE
Port Director

Attached: Chilkat Surveying & Mapping, LLC survey dated June 15th, 2016

Copy: CBJ Law Department
CBJ Manager
Department of Natural Resources (Doug Sanvik)

After Recording Please Return to:
City and Borough of Juneau
Attn: Carl Uchytel, P.E., Port Director
155 S. Seward Street
Juneau, AK 99801

LEASE FOR ATS 33

PART 1. PARTIES. This lease is between the City and Borough of Juneau, Alaska, a municipal corporation in the State of Alaska, hereafter “CBJ” or “City” and Andrew’s Marina, Inc., a corporation organized under the laws of the State of Alaska (with its principal place of business in Juneau, Alaska), a, hereafter “Lessee.”

PART II. LEASE ADMINISTRATION. All communications about this lease shall be directed as follows, and any reliance on a communication with a person other than that listed below is at the party’s own risk.

CBJ:

City and Borough of Juneau
Attn: Carl Uchytel, P.E.
155 S. Seward Street
Juneau, AK 99801
Phone: (907) 586-0292
Fax: (907) 586-0295
Email: Carl.Uchytel@juneau.org

Lessee:

Andrew’s Marina, Inc.
Attn: Sharon Andrew
P.O. Box 210256
Auke Bay, AK 99821
Phone: (907) 789-7312

PART III. LEASE DESCRIPTION. The following appendices are attached hereto and are considered to be part of this lease agreement as well as anything incorporated by reference or attached to those appendices.

Appendix A: Property Description & Additional Lease Provisions
Appendix B: Lease Provisions Required by CBJ Chapter 53.20
Appendix C: Standard Provisions

If in conflict, the order of precedence shall be: this document, Appendix A, B, and then C.

PART IV. PRIOR LEASE AGREEMENTS SUPERSEDED. This lease agreement supersedes and replaces any lease agreement for Alaska Tidelands Survey No. 33 and ADL 2480, entered into between the State of Alaska and a predecessor lessee on April 25, 1961, and any amendments to, or assignments of, that lease agreement.

PART V. LEASE EXECUTION. CBJ and Lessee agree and sign below. This lease is not effective until signed by the CBJ.

Lessee:

Date: _____

Date: _____

By: _____
Troy Andrew
President, Andrew's Marina, Inc.

By: _____
Sharon Andrew
Secretary, Andrew's Marina, Inc.

LESSEE ACKNOWLEDGMENT

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

This is to certify that on the ____ day of _____, 2016, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared **Troy Andrew, President, and Sharon Andrew, Secretary, of Andrew's Marina, Inc.**, to me known to be the identical individuals described in and who executed the foregoing instrument for and on behalf of Andrew's Marina, Inc., as Lessee, which executed the above and foregoing instrument; who on oath stated that s/he was duly authorized to execute said instrument; who acknowledged to me that s/he signed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in the certificate first above written.

Notary Public in and for the State of Alaska
My Commission Expires: _____

Date: _____

CBJ ACKNOWLEDGMENT

This is to certify that on the ____ day of _____, 2016, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared **Carl Uchytíl**, to me known to be the Port Director of the City and Borough of Juneau, Alaska, a municipal corporation which executed the above foregoing instrument, who on oath stated that he was duly authorized to execute said instrument on behalf of said corporation; who acknowledged to that that he signed the same freely and voluntarily on behalf of said corporation for the uses and purposes therein mentioned.

Notary Public in and for the State of Alaska
My Commission Expires:

Approved as to Form: _____, Law Department

**APPENDIX A:
PROPERTY DESCRIPTION & ADDITIONAL LEASE PROVISIONS**

1. DESCRIPTION OF PROPERTY

The property subject to this lease is generally referred to as “the Leased Premises” or “the Property.” The Leased Premises subject to this lease is also known as Fishermen’s Bend. The Leased Premises are described as follows:

Alaska Tidelands Survey No. 33, according to the plat filed in the Juneau Recording District on January 11, 2001, as Plat #2001-6, containing 1.247 acres, more or less.

The Leased Premises, depicted on Plat 2001-6 are subject to any legally enforceable encumbrances. A copy of Plat 2001-6 is attached as Exhibit A.

2. AUTHORITY

This lease is entered into pursuant to the authority of CBJ Code Section 85.02.060(a)(5) and CBJ Chapter 53.20; and CBJ Ordinance No. 2016-_____, adopted by the City and Borough of Juneau Assembly on _____, 2016 and effective 30 days thereafter.

3. TERM

The parties agree that it was their intent to enter into this lease arrangement for the 35 year period starting April 26, 2016. Accordingly, the parties agree and intend that this lease shall be interpreted as having the effective date be retroactive to April 26, 2016. The parties agree and consent to being bound by the terms of this agreement as if it had been entered into as of April 26, 2016.

The term of the lease is 35 years and shall remain in effect until April 25, 2051, unless sooner terminated.

4. LEASE PAYMENTS AND ADJUSTMENTS

- a) The annual rent for the first year of the lease, April 26, 2016 – April 25, 2017, shall be **\$5,549.50**. Lessee shall pay the CBJ a monthly payment of four hundred and sixty-two dollars and forty-six cents (\$462.46). Payments shall be made to City and Borough, 155 S. Seward Street Juneau, AK 99801 and reference D&H Lease ATS 33.
- b) Lessee shall pay CBJ without demand, deduction or offset the monthly rental in advance or on the first (1st) day of each month during the Lease. Payments for any partial month at the beginning or end of the Lease term shall be prorated.
- c) The first monthly payment of \$462.46 shall be paid on or before August 1, 2016.
- d) For the 95 day period from April 26, 2016, until August 1, 2016, the prorated rent (\$15.20 per day) shall be one thousand four hundred and forty-four dollars and thirty-nine cents (\$1,444.39). If Lessee has not paid the \$1,444.39 for the lease period prior to

August 1, 2016, the Lessee shall pay the City the required lump sum amount. Lessee has paid the City _____ for the leased period prior to August 1, 2016. The Lessee shall pay a one-time catch up payment to the City in the amount of _____, which is due within sixty days from the date this lease is executed.

- e) CBJ's acceptance of less than the full amount of any payment due from Lessee shall not be deemed an accord and satisfaction or compromise of such payment unless CBJ specifically consents in writing to payment of such lesser sum as an accord and satisfaction or compromise of the amount which CBJ claims.
- f) Beginning with the first year (2021) after the initial five-year period of the term, the Port Director will re-evaluate and adjust the annual lease payment for the Leased Premises for the next five-year period of this lease, and then every five years thereafter, pursuant to Appendix B, Section 3(b) of this lease, CBJ 53.20.190(2), CBJ 85.02.060(a)(5), and the Docks and Harbors lease administration regulations, 05 CBJAC Chapter 50. The new annual lease payment amount shall be paid retroactively to the beginning of that lease payment adjustment period. Lessee shall pay all appraisal costs associated with re-evaluating and making adjustments to the annual lease payment.

5. AUTHORIZED USE OF PREMISES

Lessee is authorized to use the Leased Premises for a small boat moorage. Should Lessee wish to further development the Leased Premises, Lessee shall be required to obtain approval of its development plans from the CBJ Docks and Harbors Board prior to any further development of the Leased Premises or improvements. Lessee shall be responsible for obtaining all necessary permits and approvals for Lessee's development of the Leased Premises.

6. TAXES

Lessee is hereby on notice that this lease may make all or a portion of the Leased Premises taxable. Lessee shall pay all taxes, assessments, liens and license fees levied, assessed or imposed by any authority having the direct or indirect power to tax or assess any such liens, by reason of Lessee's use of the Leased Premises.

7. UTILITIES AND SERVICES

If the Lessee wants utilities or services provided to the Leased Premises, the Lessee shall furnish and pay, at Lessee's sole expense the desired utilities and services (including but not limited to power, water, waste water, trash, janitorial, telephone, internet, and cable).

8. INSURANCE

Lessee shall provide a certification of proper insurance coverage to the CBJ. Lessee has secured and agrees to keep and maintain in full force and effect, at its own expense, the insurance approved by CBJ Risk Management as outlined below. All insurance required under this contract shall name the CBJ as an additional insured, except with respect to Workers Compensation policies. At least 30 days prior to the cancellation, non-renewal or reduction in the amount of coverage, Lessee shall provide written notice to the CBJ's Risk Management. The

Lessee's insurance shall be primary and any insurance maintained by the CBJ shall be non-contributory. Failure of CBJ to demand such certificate or other evidence of full compliance with these insurance requirements or failure of CBJ to identify a deficiency from evidence that is provided shall not be construed as a waiver of the obligation of the Contractor to maintain the insurance required by this contract.

Commercial General Liability Insurance. Lessee shall maintain in full force and effect, at its own expense, at all times during this lease, commercial general liability insurance in the amounts of \$1,000,000 per occurrence and \$2,000,000 general aggregate. The insurance policy shall name CBJ as an "Additional Insured" and shall require that the insurance company give prior written notice consistent with the terms of the policy, to the CBJ's Risk Management Officer prior to any cancellation, non-renewal, or reduction in the amount of coverage. If the Lessee maintains higher limits than shown below, the CBJ shall be entitled to coverage for the higher limits maintained by the Lessee.

Comprehensive Automobile Liability Insurance. The coverage shall include all owned, hired, and non-owned vehicles to a one million dollar (\$1,000,000.00) combined single limit coverage. **The CBJ shall be named as additional insured on this policy.**

Workers Compensation Insurance. As required by Alaska Statute (AS 23.30), the Lessee must maintain Workers Compensation Insurance to protect the Lessee from any claims or damages for any personal injury or death which may arise from services performed on the Leased Premises. This requirement applies to the Lessee's firm, any subcontractors or assignees, and anyone directly or indirectly employed to perform work by the Lessee on the Leased Premises. The Lessee must notify the CBJ as well as the State Division of Workers Compensation immediately when changes in the Lessee's business operation affect the Lessee's insurance status. Statutory limits apply to Workers Compensation Insurance. The policy must include employer's liability coverage of one hundred thousand dollars (\$100,000.00) per injury and illness, and five hundred thousand dollars (\$500,000.00) policy limits. Lessee also agrees to provide evidence of Longshore and Harbor Worker's Insurance and Jones Act coverage if applicable to the Lessee's use of the Leased Premises. **The policy shall be endorsed to waive subrogation rights against the CBJ.**

Property Insurance. Lessee acknowledges that CBJ carries no fire or other casualty insurance on the Lease Premises or improvements located thereon belonging to Lessee, and that it is the Lessee's obligation to obtain adequate insurance for protection of Lessee's buildings, fixtures, or other improvements, or personal property located on the Leased Premises, and adequate insurance to cover debris removal.

**APPENDIX B: LEASE PROVISIONS REQUIRED BY
CBJ CHAPTER 53.20 and CBJ CHAPTER 50**

1. RESPONSIBILITY TO PROPERLY LOCATE ON LEASED PREMISES.

As required by CBJ 53.20.160, it shall be the responsibility of Lessee to properly locate Lessee's improvements on the Lease Premises and failure to so locate shall render Lessee's liable as provided by law.

2. APPROVAL OF OTHER AUTHORITIES.

As required by CBJ 53.20.180, the issuance by CBJ of leases, including this lease, under the provisions of CBJ Title 53 does not relieve Lessees of responsibility for obtaining licenses, permits, or approvals as may be required by CBJ or by duly authorized state or federal agencies.

3. TERMS AND CONDITIONS OF LEASES REQUIRED BY CBJ 53.20.190.

As required by CBJ 53.20.190, the following terms and conditions govern all leases and are incorporated into this lease unless modified by the Assembly by ordinance or resolution for this specific lease. Modifications of the provisions of this Appendix B applicable to this specific lease, if any, must specifically modify such provisions and be supported by the relevant ordinance or resolution to be effective.

(a) **Lease Utilization.** The Leased Premises shall be utilized only for purposes within the scope of the application and the terms of the lease, and in conformity with the provisions of CBJ code, and applicable state and federal laws and regulations. Utilization or development of the Leased Premises for other than the allowed uses shall constitute a violation of the lease and subject the lease to cancellation at any time.

(b) **Adjustment of Rental.** Lessee agrees to a review and adjustment of the annual rental payment by the Port Director not less often than every fifth year of the lease term beginning with the rental due after completion of each review period. Any changes or adjustments shall be based primarily upon the values of comparable land in the same or similar areas; such evaluations shall also include all improvements, placed upon or made to the land, to which the CBJ has right or title, excluding landfill placed upon the land by Lessee, except that the value of any improvements credited against rentals shall be included in the value.

(i) **Delays in setting rents.** Delays in setting or adjusting lease rents due to the appraisal process shall not change the effective date of the lease rent change. In the case of renewals, the new rent shall apply retroactively to the date the lease expired. In the case of rent adjustments during a lease, the new rent shall apply retroactively to the date of rent adjustment as set out in the lease.

(ii) **Adjustment Dispute Resolution.** Should the Lessee disagree with the lease rent adjustment proposed by the Port Director, the Lessee shall pay for an appraisal and have the appraisal undertaken in accordance with the requirements set out in 05 CBJAC 50.050. In the event the Docks and Harbors Board disagrees with an appraisal, and the Board cannot

reach an agreement with the lessee on the lease rent adjustment, the Board shall pay for an additional appraisal and have the appraisal undertaken in accordance with the requirements set out in 05 CBJAC 50.050. The Board shall establish the lease rent adjustment based on this additional appraisal. In the event the Lessee disagrees with the lease rent adjustment, the lessee may appeal to the Assembly. The decision of the Assembly shall be final.

(c) **Subleasing.** Lessee may sublease Leased Premises or any part thereof leased to Lessee hereunder; provided, that the proposed sub-lessee shall first apply to CBJ for a permit therefore; and further provided, that the improvements on the Leased Premises are the substantial reason for the sublease. Leases not having improvements thereon shall not be sublet. Subleases shall be in writing and be subject to the terms and conditions of the original lease; all terms, conditions, and covenants of the underlying lease that may be made to apply to the sublease are hereby incorporated into the sublease.

(d) **Assignment.** Lessee may assign its rights and obligations under this lease; provided that the proposed assignment shall be approved by CBJ prior to any assignment. The assignee shall be subject to all of the provisions of the lease. All terms, conditions, and covenants of the underlying lease that may be made applicable to the assignment are hereby incorporated into the assignment.

(e) **Modification.** The lease may be modified only by an agreement in writing signed by all parties in interest or their successor in interest.

(f) **Cancellation and Forfeiture.**

(i) The lease, if in good standing, may be cancelled in whole or in part, at any time, upon mutual written agreement by Lessee and CBJ.

(ii) CBJ may cancel the lease if it is used for any unlawful purpose.

(iii) If Lessee shall default in the performance or observance of any of the lease terms, covenants or stipulations thereto, or of the regulations now or hereafter in force, or service of written notice by City without remedy by Lessee of the conditions warranting default, CBJ may subject Lessee to appropriate legal action including, but not limited to, forfeiture of the lease. No improvements may be removed by Lessee or other person during any time Lessee is in default.

(iv) Failure to make substantial use of the land, consistent with the proposed use, within one year shall in the discretion of CBJ with approval of the Assembly constitute grounds for default.

(g) **Notice or Demand.** Any notice or demand, which under terms of a lease or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address of record.

However, either party may designate in writing such new or other address to which the notice or demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed delivered when deposited in a United States general or branch post office enclosed in a registered or certified mail prepaid wrapper or envelope addressed as hereinbefore provided.

(h) **Rights of Mortgage or Lienholder.** In the event of cancellation or forfeiture of a lease for cause, the holder of a properly recorded mortgage, conditional assignment or collateral assignment will have the option to acquire the lease for the unexpired term thereof, subject to the same terms and conditions as in the original lease.

(i) **Entry and Reentry.** In the event that the lease should be terminated as hereinbefore provided, or by summary proceedings or otherwise, or in the event that the demised lands, or any part thereof, should be abandoned by Lessee during the term, CBJ or its agents, servants, or representative, may, immediately or any time thereafter, reenter and resume possession of lands or such thereof, and remove all personals and property there from either by summary proceedings or by a suitable action or proceeding at law without being liable for any damages therefor. No reentry by CBJ shall be deemed an acceptance of a surrender of the lease.

(j) **Lease.** In the event that the lease should be terminated as herein provided, or by summary proceedings, or otherwise, CBJ may offer the lands for lease or other appropriate disposal pursuant to the provisions of CBJ code.

(k) **Forfeiture of Rental.** In the event that the lease should be terminated because of any breach by Lessee, as herein provided, the annual rental payment last made by Lessee shall be forfeited and retained by CBJ as partial or total damages for the breach.

(l) **Written Waiver.** The receipt of rent by CBJ with knowledge of any breach of the lease by Lessee or of any default on the part of Lessee in observance or performance of any of the conditions or covenants of the lease, shall not be deemed a waiver of any provision of the Lease. No failure on the part of the CBJ to enforce any covenant or provision therein contained, nor any waiver of any right thereunder by CBJ unless in writing, shall discharge or invalidate such covenants or provisions or affect the right of CBJ to enforce the same in the event of any subsequent breach or default. The receipt, by CBJ, of any rent or any other sum of money after the termination, in any manner, of the term demised, or after the giving by CBJ of any notice thereunder to effect such termination, shall not reinstate, continue, or extend the resultant term therein demised, or destroy, or in any manner impair the efficacy of any such notice or termination as may have been given thereunder by CBJ to Lessee prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by CBJ.

(m) **Expiration of Lease.** Unless the lease is renewed or sooner terminated as provided herein, Lessee shall peaceably and quietly leave, surrender and yield up to the City all of the leased land on the last day of the term of the lease.

(n) **Renewal Preference.** Any renewal preference granted to Lessee is a privilege, and is neither a right nor bargained for consideration. The lease renewal procedure and renewal preference shall be that provided by ordinance in effect on the date the application for renewal is received by the designated official.

(o) **Removal or Reversion of Improvement upon Termination of Lease.** Improvements owned by Lessee shall within sixty calendar days after the termination of the lease be removed by Lessee; provided, such removal will not cause injury or damage to the lands or improvements demised; and further provided, that CBJ may extend the time for removing such improvements in cases where hardship is proven. Improvements owned by Lessee may, with the consent of CBJ, be sold to the succeeding Lessee. All periods of time granted Lessee to remove improvements is subject to Lessee's paying the CBJ pro rata lease rentals for the period.

(i) If any improvements and/or chattels not owned by CBJ and having an appraised value in excess of five thousand dollars as determined by the assessor are not removed within the time allowed, such improvements and/or chattels on the lands, after deducting for CBJ rents due and owning and expenses incurred in making such sale. Such rights to proceeds of the sale shall expire one year from the date of such sale. If no bids acceptable to the Port Director are received, title to such improvements and/or chattels shall vest in CBJ.

(ii) If any improvements and/or chattels having an appraised value of five thousand dollars or less, as determined by the assessor, are not removed within the time allowed, such improvements and/or chattels shall revert to, and absolute title shall vest in, CBJ.

(p) **Rental for Improvements or Chattels not Removed.** Any improvements and/or chattels belonging to Lessee or placed on the lease during Lessee's tenure with or without his permission and remaining upon the premises after the termination date of the lease shall entitle CBJ to charge Lessee a reasonable rent therefor.

(q) **Compliance with Regulations Code.** Lessee shall comply with all regulations, rules, and the code of the City and Borough of Juneau, and with all state and federal regulations, rules and laws as the code or any such rules, regulations or laws may affect the activity upon or associated with the leased land.

(r) **Condition of Premises.** Lessee shall keep the premises of the lease in neat, clean, sanitary and safe condition and shall take all reasonable precautions to prevent, and take all necessary action to suppress destruction or uncontrolled grass, brush or other fire on the leased lands. Lessee shall not undertake any activity that causes or increases a sloughing off or loss of surface materials of the leased land.

(s) **Inspection.** Lessee shall allow an authorized representative of CBJ to enter the lease land for inspection at any reasonable time.

(t) **Use of Material.** Lessee of the surface rights shall not sell or remove for use elsewhere any timber, stone, gravel, peat moss, topsoils, or any other materials valuable for building or commercial purposes; provided, however, that material required for the development of the leasehold may be used, if its use is first approved by the CBJ.

(u) **Rights-of-Way.** CBJ expressly reserves the right to grant easements or rights-of-way across leased land if it is determined in the best interest of the CBJ to do so. If CBJ grants an easement or right-of-way across the leased land, Lessee shall be entitled to damages for all Lessee-owned improvements or crops destroyed or damaged. Damages shall be limited to improvements and crops only, and loss shall be determined by fair market value. Annual rentals may be adjusted to compensate Lessee for loss of use.

(v) **Warranty.** CBJ does not warrant by its classification or leasing of land that the land is ideally suited for the use authorized under the classification or lease and no guaranty is given or implied that it shall be profitable to employ land to said use.

(w) **Lease Rental Credit.** When authorized in writing by CBJ prior to the commencement of any work, Lessee may be granted credit against current or future rent; provided the work accomplished on or off the leased area results in increased valuation of the leased or other city and borough-owned lands. The authorization may stipulate type of work, standards of construction and the maximum allowable credit for the specific project. Title to improvements or chattels credited against rent under this section shall vest immediately and be in CBJ and shall not be removed by Lessee upon termination of the lease.

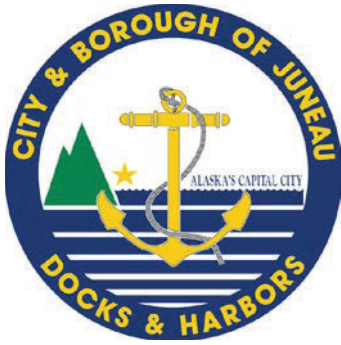
APPENDIX C: STANDARD PROVISIONS

- (1) **Holding Over.** If Lessee holds over beyond the expiration of the term of this lease and the term has not been extended or renewed in writing, such holding over will be a tenancy from month-to-month only.
- (2) **Interest on Late Payments.** Should any installment of rent or other charges provided for under the terms of this lease not be paid when due, the same shall bear interest at the rate established by ordinance for late payments or at the rate of 12 percent per annum, if no rate has been set by ordinance.
- (3) **Taxes, Assessments, and Liens.** During the term of this lease, Lessee shall pay, in addition to the rents, all taxes, assessments, rates, charges, and utility bills for the Leased Premises and Lessee shall promptly pay or otherwise cause to be discharged, any claim resulting or likely to result in a lien, against the Leased Premises or the improvements placed thereon.
- (4) **Easements.** Lessee shall place no building or structure over any portion of the Leased Premises where the same has been set aside or reserved for easements.
- (5) **Encumbrance of Parcel.** Lessee shall not encumber or cloud CBJ's title to the Leased Premises or enter into any lease, easement, or other obligation of CBJ's title without the prior written consent of the CBJ; and any such act or omission, without the prior written consent of CBJ, shall be void against CBJ and may be considered a breach of this lease.
- (6) **Valid Existing Rights.** This lease is entered into and made subject to all existing rights, including easements, rights-of-way, reservations, or other interests in land in existence, on the date of execution of this lease.
- (7) **State Discrimination Laws.** Lessee agrees, in using and operating the Leased Premises, to comply with applicable sections of Alaska law prohibiting discrimination, particularly Title 18 of the Alaska Statutes, Chapter 80, Article 4 (Discriminatory Practices Prohibited). In the event of Lessee's failure to comply any of the above non-discrimination covenants, CBJ shall have the right to terminate the lease.
- (8) **Unsafe Use.** Lessee shall not do anything in or upon the Leased Premises, nor bring or keep anything therein, which will unreasonably increase or tend to increase the risk of fire or cause a safety hazard to persons or obstruct or interfere with the rights of any other tenant(s) or in any way injure or annoy them or which violates or causes violation of any applicable health, fire, environmental or other regulation by any level of government.
- (9) **Hold Harmless.** Lessee agrees to defend, indemnify, and save CBJ, its employees, volunteers, consultants, and insurers, with respect to any action, claim, or lawsuit arising out of or related to the use and occupancy of the Leased Premises by Lessee. This agreement to defend, indemnify, and hold harmless is without limitation as to the amount of fees, costs, expense, or

damages resulting from settlement, judgment or verdict, and includes the award of any costs and attorneys fees even if in excess of Alaska Civil Rules 79 or 82. This indemnification agreement applies to the fullest extent permitted by law and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against CBJ relating to this lease. The obligations of Lessee arise immediately upon actual or constructive notice of any action, claim, or lawsuit. CBJ shall notify Lessee in a timely manner of the need for indemnification, but such notice is not a condition precedent to Lessee's obligations and may be waived where the Lessee has actual notice.

(10) **Successors.** This lease shall be binding on the successors, administrators, executors, heirs, and assigns of Lessee and CBJ.

(11) **Choice of Law; Venue.** This lease shall be governed by the law of the State of Alaska. Venue shall be in the State of Alaska, First Judicial District at Juneau.



Port of Juneau

155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

From: Carl Uchtyl, P.E., Port Director
To: Docks & Harbor Board
Date: July 15th, 2016
Re: FEMA – PORT SECURITY GRANT (PSG)

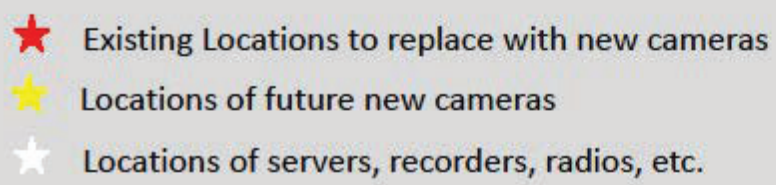
1. Docks & Harbors applied for and received a FEMA Port Security Grant to install new and updated security cameras along the new cruise ship berths. This project will provide greater security and monitoring capabilities consistent with federal law and the CBJ Docks & Harbors Facility Security Plan. A non-code ordinance is required for the grant to be accepted by the City & Borough of Juneau which requires a 25% match from the Docks operating fund.

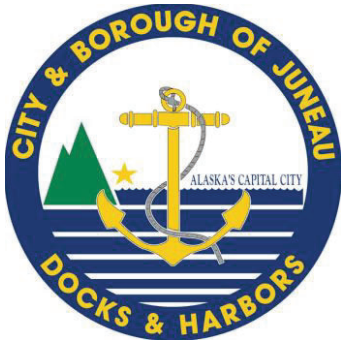
2. The necessary ordinance would appropriate \$76,050 for the design, procurement and installation of security cameras for the new cruise ship berths. Grant funding is provided by the US Department of Homeland Security – Port Security Grant Program.

This is an operating grant and requires a \$25,350 match for a total approved project amount of \$100,000. This match will be met with the Docks Fund existing FY17 adopted budget thus there is no need to appropriate the \$25,350 from the Docks Fund Balance.

3. I recommend that the Board approve acceptance of the PSG and encourage the Assembly to adopt the required non-code ordinance.

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Port of Juneau

155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

From: Carl Uchytel, P.E., Port Director
To: Docks & Harbor Board
Date: July 15th, 2016
Re: AURORA HARBOR PHII – ADOT HARBOR GRANT

1. CBJ Docks and Harbors received notice of award of a \$2M Municipal Harbor Facility Grant for phase two of the reconstruction of Aurora Harbor. The funding would be used to replace failing infrastructure of the current facility including new piling, floats, electrical wiring, pedestals, water lines, and hydrants. Phase two would complete the main float, and head floats E, F, and G including mooring finger floats on one side and provisions for current boat shelters on the other side.
2. An Ordinance appropriating the grant to CBJ must be accepted by the Assembly. The funding in the amount of \$2M is provided by the Alaska Department of Transportation & Public Facilities, Municipal Harbor Facility Grant. Matching grant funds of \$2M would be provided by the Harbors Enterprise Fund Balance. This ordinance would appropriate \$4M into the overall budget of the project.
3. I recommend that the Board approve acceptance \$2M Municipal Harbor Facility Grant and encourage the Assembly to adopt the required non-code ordinance.

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THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Transportation and Public Facilities

Design & Engineering Services
Port & Harbors Section

3132 Channel Drive
Juneau, Alaska 99811-2500
Main: 907-465-2960
Fax: 907-465-2460

July 5, 2016

Carl Uchytel, P.E.
Port Director
City and Borough of Juneau
155 S. Seward Street
Juneau, Alaska 99801

Subject: Letter of Award of the FY17 Harbor Facility Grant Funds

Dear Mr. Uchytel:

Congratulations on successful funding of your application for the Department of Transportation and Public Facilities' Harbor Facility Grant Program. Upon execution of a harbor grant agreement with the department, the City and Borough of Juneau will receive a Tier II 50/50 matching harbor grant in the amount of \$2,000,000.00 for construction of the Aurora Harbor project. These funds are 100% state general funds.

As a reminder, and as explained in the harbor grant instructions, the municipality will have six (6) months from the date of this Letter of Award to properly ratify and execute a mutually agreeable grant agreement with the department. Note if there is a change in your harbor project that affects the nature of the municipality's original application, then that could prevent us from executing a harbor grant agreement. If a grant agreement cannot be completed within that six month period, the department may deny the award and select the next highest scoring proposal or award the funds in subsequent years. After the grant agreement is signed, the City and Borough of Juneau will have eighteen (18) months to complete the construction phase of the Aurora Harbor project.

Please contact me at your earliest convenience to discuss the grant agreement and the timing for your harbor project. I look forward to working with you on this important municipal harbor project. If you have any questions, please contact me at (907) 465-3979.

If you have any questions, please contact me at (907) 465-3979.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Lukshin".

Michael Lukshin, P.E.
State Ports and Harbors Engineer

DRAFT Juneau Community Energy Plan – Executive Summary

Setting the scene and priority actions for the CBJ



EXECUTIVE SUMMARY

The purpose of the Juneau Community Energy Plan (JCEP) is to define goals for Juneau's energy future, focusing on more efficient use of existing capacity and new energy supplies, and to develop strategies and policies for achieving these goals. This report is the first step in that process, providing the information and framework needed to take the next steps.

This plan addresses four key questions relating to Juneau energy:

1. "Where are we now?"
2. "Where are we going?"
3. "Where do we want to go over the next 20-35 years?"
4. "How can we get there?"

Juneau currently derives almost 100% of its electricity from hydropower, which provides economical renewable energy while limiting greenhouse gas (GHG) emissions. This hydroelectricity provides about 20% of the total energy used in Juneau. Another 3% comes from wood, another renewable source, used for heating. The remaining 77% comes from fossil fuels, which are the primary energy source for heating buildings (about 21%), for transportation (about 43%) and mining (about 8%). Fossil fuels are typically expensive in Juneau, take money out of the local economy, and create vulnerability to future price increases, particularly if carbon taxes are eventually implemented. Additionally fossil fuels are a major contributor to GHG emissions.



This report identifies three alternative future paths for energy use in Juneau which can be characterized as Do Little - Business-as-usual (BAU), Do Something - 25% by 2035 (some reductions in energy use and an increased share of renewables), and Do a Lot - 80% by 2045

(through deeper reductions in energy use and replacing most fossil fuels with renewable energy).

The "Business-as-usual" (BAU) path is derived from historical trends. Total energy use in Juneau is projected to rise at about the same rate as population growth, which has historically averaged about 1% per year. Gradual growth in energy use is tied to population change, driven primarily by cost considerations and the choices of private utility and fuel providers. However Juneau's small population, punctuated economic development, particularly by local mines, and shifts in energy technology make it unlikely that the future path of energy demand will be as smooth as the BAU projects.

The "Towards JCAP" path is derived from Resolution 2593, in which the CBJ Assembly in 2011 adopted a goal of reducing GHG emissions 25% over 20 years. The 2010 Juneau Climate Action and Implementation Plan (JCAP) identified a broad menu of actions for accomplishing this goal of reducing greenhouse gas emissions and use of fossil fuels. One of the actions recommended by the JCAP is the development of an energy plan to support renewable energy development and reduce Juneau's energy vulnerability. One value of the JCAP is that it identifies a wide array of approaches and actions that could reduce GHG emissions while saving money and reducing dependence on fossil fuels. As this Plan was written it was recognized that the JCAP provides a comprehensive list of many of the actions normally recommended in Community Energy plans and that this Energy Plan served as a useful addition in reviewing and understanding Juneau's energy picture. It was also recognized that the target of JCAP is likely to be missed because the recommended actions are not being implemented quickly enough. A key output of the Energy Plan is an identification of a subset of the JCAP actions that will deliver reductions in community energy use most effectively and produce some quick wins in working towards energy reductions that would also assist in meeting the JCAP reduction target. These actions led to eight broad strategy areas important next steps to deliver on these strategies identified. The strategies and next steps are shown in the table at the in this executive summary.

The "Beyond JCAP" path resulted from discussions with the Juneau Commission on Sustainability (JCOS), which served as the steering committee for the Juneau Community Energy Plan (JCEP) in 2015 and 2016. The intention was to describe steps relating to energy use and production that would need to be taken to deliver an 80% reduction in GHG by 2045. This ambitious target was in recognition that the December 2015 Paris climate agreement made it clear that significant action is needed as soon as possible to avoid the worst impacts of climate change, and that fossil fuels must be replaced with renewable energy sources over the next 50 years. This goal provides an opportunity for Juneau to consider what role it wants to play in this global issue.

The JCEP recognizes that there is no silver bullet, or straightforward path or plan, for accomplishing these ambitious goals, and no single entity or organization that could implement it if there were. Instead, a wide variety of actors are involved in making energy choices, including individual home and vehicle owners, businesses, energy suppliers such as AEL&P and

fuel companies, and government agencies. The JCEP emphasizes the role of the CBJ, both because it can take actions that save public money while reducing fossil fuel use, and because it represents community values and interests. But goals to shift energy use toward renewables can only be achieved through cooperation and collaboration between a range of private and public entities. Fortunately Juneau has many individuals and groups experimenting with, and tackling these issues. The JEDC Renewables Cluster, with its work on incentives for electric vehicles, and developing concepts for a Juneau District Heating are good examples. Other examples include installations of heat pumps in major buildings and residences.

This plan identifies three broad approaches for accomplishing these goals for Juneau's Energy Future:

- 1) Increase energy efficiency, and reduce energy use, to save money and make the most of existing sources.
- 2) Increase the use of renewable energy, to replace fossil fuels.
- 3) Increase the supply of renewable energy.

Energy efficiency is generally the most cost-effective way to reduce energy demand and GHG emissions. Among the priority strategies identified in this report are supporting energy efficiency measures for all buildings in Juneau, adopting best practices for the CBJ organization, and enhancing land use regulations that support compact, mixed use development.

Increasing the use of renewable energy can be accomplished by substituting hydroelectricity or other renewable sources for fossil fuels. Priority strategies include developing a downtown heating district using heat pumps, reducing dependence of the transportation system on fossil fuels, reducing space heating dependency on fossil fuels, and supporting electrification of mining operations. However, Juneau's current hydro capacity is limited, particularly in low water years. Hydro power is also out of seasonal phase with heating demands — less water is available in the winter.

Expansion of hydropower resources is the most obvious opportunity for increasing the supply of renewable energy in Juneau. Rain is one of our major resources. Other possibilities include development of biomass, tidal, wind, and solar resources, although these appear to be considerably more expensive than hydropower or fossil fuels. AEL&P has identified several projects that could add hydropower in the future, but it has no current plans to develop them. Sealaska has been working to develop a biomass supply, and uses pellets to heat their buildings in Juneau. Juneau Hydropower is planning to develop the Sweetheart Creek Hydroelectric Facility. AVISTA Utilities, a Spokane Washington based utility is exploring a non-renewable alternative, bringing in natural gas to Juneau.

This report recommends that the Assembly take the following actions to move forward in further developing the Juneau Community Energy Plan and delivering on the identified priority strategies:

- Adopt a goal for reducing fossil fuel use including percentages desired and time frames. This should take into account the 2010 Juneau Climate Action Plan Greenhouse Gas reduction target and the scenarios presented in this Energy Plan.
- Adopt and implement the relevant JCAP actions associated with the Energy Plan priority strategies. Require periodic review on their delivery.
- Direct the CBJ to more formally monitor its internal energy use and to explicitly incorporate energy into operational decisions.
- Direct the CBJ to monitor community energy use as a whole, by updating the Energy and GHG Emissions Inventory.
- Hire a CBJ Energy Manager to assist in accomplishing these actions.

#	Strategy	Responsibility	Timeframe to implement	Next Steps/Issues to be addressed
1	Support energy efficiency measures for all buildings	CBJ (CDD & Engineering), State	2 years	• Update building code for new construction • Explore policy options for retrofitting existing buildings • Convene working group to review commercial building Code • Develop case studies to demonstrate success stories • Explore funding of incentives using Federal and State resources • Leverage weatherization program to increase the number of retrofits in residential sector
2	Increase use of electricity by cruise ships	CBJ Docks and Harbors Local Electric Utilities, Cruise industry	1 year	• New dock has conduit, but no cabling connection infrastructure included • Clarify ownership and operation of electric infrastructure • Cost recovery opportunity through increased head tax to visitors • Concerns about current capacity of existing hydropower to service additional vessels in a cost effective way • Develop preliminary design and assess ownership and operational model.
3	Adopt energy efficiency best practices for the CBJ organization	CBJ	1 year	• Internally review and implement existing audits • Incorporate energy usage and efficiency at all levels of CBJ operations and decision making • Develop comprehensive energy accounting system to allow a complete picture of energy use. This should have the ability to calculate GHG emissions and be consistent with JCAP methodology. • Review procurement policies for equipment and assets to support energy efficiency • Conduct or review energy audits on all CBJ facilities • Implement recommendations with a 10 year or less payback • Apply for funding through the Energy Efficiency Revolving Loan Fund and pay the loan back through energy savings

#	Strategy	Responsibility	Timeframe to implement	Next Steps/Issues to be addressed
4	Explore and implement district heating for downtown core, and other suitable areas, preferably using renewable energy	JEDC, Private and public entities	5 years	• Develop a business model is for a DH system. Identify economic advantages and disadvantages • Explore potential locations including Willoughby and state/federal buildings • Identify heat load and market size to determine economies of scale required to make a DH viable. • Assess the feasibility of using renewable energy resources • Develop a preliminary rate design for the system • Business model should include assessment of loads, service territory, distribution pipe network, analysis of energy options and plant setting, and analysis of ownership and operating models
5	Reduce dependence of transportation system on fossil fuels	CBJ, JEDC, Local Electric Utilities	10 years	• Explore active transportation and opportunities to support electric vehicles • Consider parking policies to support electric vehicles • Assess centralized fleets for CBJ including appropriate vehicle choice (including electric vehicles)
6	Reduce space heating dependency on fossil fuels	CBJ, Local Electric Utilities, Local Property Owners	5 years	• Assess technical and financial issues of electrification of space heat for residential market • Conduct a biomass study in CBJ • Assess building code options to support alternatives to fossil fuel space heat • Study impact of increased electrification on electricity system • Study the potential for the use (expansion) of air source heat pumps and/or biomass for CBJ and other government owned buildings.
7	Enhance land use regulations supporting energy efficient, compact, mixed use developments	CBJ	Ongoing	• The Comprehensive Plan has many recommended actions • Continue to implement recommended actions • Develop metrics to monitor progress and do so

#	Strategy	Responsibility	Timeframe to implement	Next Steps/Issues to be addressed
8	Support electrification of mining operations using renewable energy	Local Electric Utilities, Local Mine Operations	5 years	Work with mining industry, local utility and power producers to assess the cost, feasibility, development of transmission and generation required to achieve uninterrupted mine electrification