CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES
Wednesday, January 21st, 2015

I. Call to Order

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

II. Roll Call

The following members were in attendance: Budd Simpson, Bob Janes, and David Logan-via telephone.

Absent – John Bush and David Summers

Also in attendance were: Carl Uchytil – Port Director, Doug Unruh – Operations Maintenance Supervisor, Gary Gillette – Port Engineer, and Tom Donek- Board Member.

III. Approval of Agenda

Mr. Simpson said we do not have a quorum for the Passenger-For-Hire Fees, which is the only item on the Consent Agenda, because Mr. Janes recused himself from voting on the Passenger For Hire Fees. We will refer the following recommendation regarding the Passenger-For-Hire Fees to the Finance Committee and to the Full Board:

1. Harbor Fee Review – Passenger For Hire Fees

RECOMMENDATION: TO RECOMMEND TO THE DOCKS & HARBORS BOARD THAT THE FOLLOWING FEES ARE ADOPTED:

INSPECTED VESSELS:

2015 $300 PERMIT FEE AND $1.25 PASSENGER FEE;

2016 $400 PERMIT FEE AND $1.50 PASSENGER FEE; AND,

2017 $500 PERMIT FEE AND $1.50 PASSENGER FEE; AND EVERY YEAR THEREAFTER BOTH FEES WOULD INCREASE ACCORDING TO THE ANCHORAGE CPI.

UNINSPECTED VESSELS:

2015 $50 PERMIT FEE AND $1.00 PASSENGER FEE;

2016 $100 PERMIT FEE AND $1.25 PASSENGER FEE; AND

2017 $150 PERMIT FEE AND $1.50 PASSENGER FEE; AND EVERY YEAR THEREAFTER BOTH FEES WOULD INCREASE ACCORDING TO THE ANCHORAGE CPI.

MOTION By Mr. Janes TO APPROVE THE AGENDA AS AMENDED AND ASK UNANIMOUS CONSENT.

The motion passed with unanimous consent.

IV. Public Participation on Non-Agenda Items

Howard Lockwood of Juneau, AK, said I am here as a Manager of the Juneau Port Development, LLC. I wanted to update you on the Harbor Plan & Design. We started with 118 slips, but the snow dump site has altered that plan. We now have a plan for 54 slips. PND Engineers, Inc. is working on the plan. We are designing a harbor that would accommodate mega-yachts. We will have that plan ready in a month, and I hope to present it to this body for review and discussion at the next Operations Committee Meeting.

V. Approval of September 18th, 2014 and November 13th, 2014 Operations-Planning Meeting Minutes

Mr. Simpson said I suggest when an item in the consent agenda is referenced that item should be restated in the minutes so the person reading the minutes in the future can understand what is happening.

MOTION By Mr. Janes TO APPROVE THE September 18th, 2014 and November 13th, 2014 Operations-Planning Meeting Minutes AND ASK UNANIMOUS CONSENT.

The motion passed with unanimous consent.

VI. Unfinished Business

1. Code of Conduct

Mr. Uchytil said I changed the word "patron" to "customer" per Board suggestion. There was a reference to recreational marijuana use, and that was removed. This will be presented to the Full Board next week. The last sentence states, failure to meet these requirements may likely result in the animal being banned from the harbor. I was asked to change "may likely", but I'm not sure what to change it to.

Mr. Janes said I like "could result in".

Mr. Simpson said "may" is discretionary and "will" is mandatory. I like "will", but "may" is fine.

Committee Questions - None

Public Discussion - None

Committee Discussion/Action

MOTION By Mr. Janes TO APPROVE THE HARBOR CUSTOMER CODE OF CONDUCT WITH THE MINOR CHANGE OF "MAY LIKELY" TO "MAY" IN THE LAST SENTENCE.

The motion passed with unanimous consent.

VII. New Business

1. Docks Fee Review – Waterfront Vendor Booth Regulation Change

Mr. Uchytil said I recommend increasing the minimum outcry bid to $30,000 and add language regarding ownership to the booths policy that does not restrict the number of booths available. By reserving the right of adding more booths we have a mechanism to prevent the risk of a monopoly.

Committee Questions

Mr. Simpson asked has this been to the Fee Review Committee.

Mr. Uchytil replied yes, this has been to the Fee Review Committee. Also, the Chair of the Fee Review Committee, Greg Busch, said the memo stating the increase of the minimum outcry bid to $30,000 accurately reflects what the Fee Review Committee wants. The outcry auction is tentatively scheduled for the 1st week in April 2015, and most likely before April 10th, 2015.

Mr. Janes asked have there been any enforcement hearings or penalties with regards to the vendor booths.

Mr. Uchytil said no, not to my knowledge. We can write tickets for violations and the Port Director has the authority to suspend permits after a hearing.

Public Discussion - None

Committee Discussion/Action

MOTION By Mr. Janes TO APPROVE THE WATERFRONT VENDOR BOOTH REGULATION CHANGE AS PRESENTED AND ASK UNANIMOUS CONSENT.

The motion passed with unanimous consent.

2. This item was removed from the agenda:

   Cultural Preservation Lease Review

3. Thane Ore House

Mr. Uchytil said the Thane Ore House property is managed by Docks and Harbors. The previous lessee defaulted on the lease payments and the lease was terminated.

The state issued the lease in 1995 and there was some language stating the lessee would be compensated for the value the lessee added to the property above $10,000. The appraisal from Horan & Co. stated the land was valued at $86,000 and the building to be fully depreciated with no present value. Therefore, we do not owe the previous lessee any compensation. Now we can start the process of finding a new lessee. The Law Department said we need to establish criteria to evaluate lessees and make our selection based on the evaluations. Also, I recommend we charge 10% of the value annually, which is $8,600. The property is zoned waterfront industrial. (Community Development Department confirmed the Thane Ore House property is zoned waterfront industrial.)

Committee Questions

Mr. Janes asked does waterfront industrial allow one residential dwelling per lot or facility.

Mr. Gillette said yes, the zoning allows for one resident caretaker per lot.

Mr. Simpson asked if a restaurant is still permitted.

Mr. Gillette said a restaurant would be permitted with an additional use permit.

Mr. Simpson said for general port development we discussed marine related benefit and economic benefit. Is there a weight to be given to those for this property? $8,600 would take the economic benefit to the department out of the equation. It would then become a subjective consideration. If someone put dry storage or marine repair there that would benefit the Harbor Department.

Mr. Uchytil said that is correct. There is an easement, but no deep water access.

Mr. Janes asked can we change the zoning. Perhaps commercial zoning would be more beneficial in that area.

Public Discussion

Dennis Watson of Juneau, AK said waterfront industrial zoning requires the land to be used by an industry that is water dependent. It is possible to get an additional use permit to allow for other uses. Putting a residential home on the land would require a variance.

Jeff Fanning of Juneau, AK asked will the new lease be a 30 year lease or a continuation from the previous lease.

Mr. Uchytil said it will be a new lease and per regulation 35 years is the longest lease we can offer. Typically a 35 year lease is offered to lessees that have capital invested in the leased land. If the lessees are not investing major capital, then the leases are usually for a shorter time frame.

Committee Discussion./Action

Mr. Simpson said the lease would be reviewed every few years for rent adjustment and it would be up to the lessee to get a variance or an additional use permit. Also, it seems counterproductive to set the lease rate at $8,600 and then accept proposals around that number. If someone comes forward with a great idea that has the potential of making a lot of revenue, perhaps we should have an escalating rate in place. Is $8,600 what the Law Department said we have to charge?

Mr. Uchytil said the property does not have sewer or water. It will require a lot of infrastructure for some business ideas. We need to make the property available at fair market value to people who will develop it.

Mr. Simpson said we can evaluate based on what revenues will be collected and specific intangibles.

Mr. Donek said the bid amount could be part of the criteria. Bidders could be required to submit information on what they plan to do with the land, and how much money they are willing to put down for the bid. Perhaps the bidders will be willing to remove the current building or do renovations. It looks like it will cost $50,000 to remove the building.

Mr. Uchytil said the port development requirements were due to the land being tied to tidelands, and it makes sense to have marine related benefits as one of those requirements. I would not recommend having marine related benefits as a requirement for the Thane Ore House property because it does not have marine access. A lessee could request easement access through the state.

Mr. Simpson said we should come up with 10 criteria to base the lessee requirements on before we open bids. This land is an opportunity for business.

Mr. Janes said I would like to have someone from the Law Department answer our questions about criteria, minimum bids, and what our limitations are. Also, I think we can get more for the lease.

Mr. Simpson said we would like more flexibility, in regards to who we lease to, than what has been implied. No motions need to be made at this time.

4. Construction Administration & Inspection for Statter Harbor Launch Ramp Facility

Mr. Gillette said this is a request to extend the current contract for the Statter Harbor updates with PND Engineers to include construction and maintenance for the Statter Harbor Launch Ramp. We have reviewed the time table estimate, that includes taking soil samples, and the estimated total cost of $790,150 and found these estimates to be reasonable.

Committee Questions

Mr. Donek asked what percent of the entire project is the Statter Harbor Launch Ramp.

Mr. Gillette responded 7%, but we don't estimate the cost based on the percent of the project. Some things take more time, resources, or money.

Public Discussion - None

Committee Discussion/Action

MOTION By Mr. Janes TO APPROVE THE STATTER HARBOR IMPROVEMENTS RATE SCHEDULE AS PRESENTED, RECOMMEND TO THE FULL BOARD, AND ASK UNANIMOUS CONSENT.

The motion passed with unanimous consent.

5. Downtown Waterfront Facilities Corrosion Control Repairs

Mr. Gillette said the Downtown Waterfront Facilities Corrosion Control Repairs project is centered around the Steamship Wharf and Marine Park. This is for the sheet pile bulkhead. We have been designing the project for 3 years with the Engineering Department. The Engineering Department had some work they wanted to do under the Juneau Public Library, but the scope of the work was too big for them to fund so they cut back. We will continue to go forward with our project. The Engineer's estimated the Docks and Harbors portion of the project at $415,000. We opened bids on January 15th, 2015 and the lowest bid was $1,077,700, and the next lowest bid was $1,083,932. Those two bids are close, which is usually a good sign, but they are significantly more than what we estimated. There might be some confusion on either side. I recommend we cancel the bid as there is no immediate need to complete the project. We were trying to complete the downtown waterfront facilities corrosion control repairs before the 16B Project started. We can try to find more money. This was a Passenger Fee funded project with funds totaling $500,000. We will investigate

to find where the confusion is coming from. It is a difficult area and requires hand excavation, which is labor intensive. We can see if it can be included in the 16B Project or wait until after the 16B Project is complete to move forward with the downtown waterfront facilities corrosion control repairs.

Committee Questions

Mr. Donek asked can we add it to the Aurora Harbor Project.

Mr. Gillette said we can look into that as well.

Public Discussion - None

Committee Discussion/Action

Mr. Janes said I would like to cancel the bid process. Also, I would like Manson and the Aurora Harbor contractor contacted. They are here and mobilized, and we might be able to integrate the Downtown Waterfront Facilities Corrosion Control Repairs with one of the current projects.

Mr. Gillette said the Aurora Harbor contractor does not have this type of work in their contract, so that would be difficult to add. There is a provision in our contract with Manson that allows for this type work. We might be able to save money by going this route, but I don't think we'll save half, so we'll still be looking for more funding.

MOTION By Mr. Janes TO CANCEL THE BID PROCESS AND INVESTIGATE MORE OPTIONS FOR THE DOWNTOWN WATERFRONT FACILITIES CORROSION CONTROL REPAIRS.

The motion passed with unanimous consent.

VIII. Items for Information

1. Douglas Harbor Update

Mr. Uchytil said this is an update on the Douglas Harbor dredging project. The State said Harbors have $2 million in state harbor matching money and if Harbors does not use the money by the 2nd of March, 2015 we risk losing the money. The Corp of Engineers will most likely dredge Douglas Harbor and will confirm the dredging by the 2nd of February, 2015.

Mr. Simpson asked has the Department of Transportation responded to the letter you sent them.

Mr. Uchytil replied Michael Lukshin said he is okay with the phasing of the project. There is a demolition phase which Mr. Gillette has begun preparing for the bidding

process. The demolition is tentatively scheduled in September 2015. The Corp of Engineers has to award their dredging project by the end of their fiscal year, and if Juneau Docks and Harbors receives the award, then Douglas Harbor will be dredge in the fall of 2015.

2. Strategic Planning Retreat

Mr. Uchytil said we originally set the date for February 21st, but that date will no longer work for many of us. What do we want to get out of the retreat? I would like us to prioritize the projects. What is the next project we want to spend money on? How much of Douglas Harbor do we want to finish? We also have projects to consider at Aurora and Statter Harbors.

Mr. Simpson said those are all projects that are within the routine purview of this committee. We consider projects like those regularly and accomplish as much as we can with the money and public input we receive. I am not convinced we need a special session for this.

Mr. Donek said I think it is a good idea to bring the rest of the Board in to decide on the next project.

Mr. Simpson said lets set a date for the retreat.

Mr. Janes said it does not need to be an all-day event. We should schedule it for less than 4 hours, and I think we will get a lot accomplished.

Mr. Donek said Mr. Uchytil can pick a date and the Board Members who can attend will. No one date will work for all the Board Members.

Mr. Simpson said Mr. Uchytil can prepare a survey to see which day will work for most of the Board Members.

Mr. Uchytil asked what the expectations of operating a launch ramp in the winter in Alaska is. I will create a master plan of topics to cover during the retreat. For example, I propose we discuss the Aurora Harbor basin holistically, from the Direct Fisheries Sales Study to the Yacht Club. I would like to discuss what the rest of Aurora Harbor will look like when we get the money to rebuild it. We can also discuss the design for Douglas Harbor.

3. Statter Harbor Parking Mitigation

Mr. Uchytil said the Horton Lot is out of commission. That means we have lost the use of 50 trailer parking spaces and many vehicle parking spaces. I sent letters to 3 property owners, the University of Alaska Southeast (UAS), and First Student Inc. requesting use of their parking facilities during the summer months. I received a response from UAS and First Student Inc. I will meet with First Student Inc. tomorrow. Are there any boundaries or suggestions you would like to give me for negotiations?

Mr. Simpson said have a discussion with them first to see how willing they are to let Docks and Harbors patrons use their parking lots. The school district has let people use their parking lots in the past.

Mr. Uchytil said people have parked there in the past, but the school district has never sanctioned it. I would like a formal agreement for the parking lot use.

Mr. Simpson said there will need to be signs and Harbors will need to notify people of the alternative parking. Mr. Uchytil, this needs to be brought back to the Full Board as an information item next week.

4. Electric Vessel Plan – Statter Harbor

Mr. Uchytil said this is Bob Varness' plan to run an electric boat this season. We have found a place in the Horseshoe at Statter Harbor for electric boats. Electric boats will be permitted to utilize the space from 7:00 p.m. to 8:00 a.m., which is the time other boat users are permitted to use the Horseshoe area. We can put up signs stating the area is reserved during those times for electric boat charging. How do we charge him? Do we charge him $0.54 per linear foot, or do we charge him at the reserved moorage rate of $1.50 per linear foot?

Mr. Janes asked will the Horseshoe area remain open moorage until the electric boat arrives. The boat might not arrive until the end of the season. Also, is there a separate electric meter for the proposed electric boat moorage space?

Mr. Uchytil said if there is no boat there then it won't be reserved.

Mr. Unruh said there are meters there that will work and one pedestal will work for all three of Mr. Varness' electric cords. The daily rate for power would cost $55.20 for two 50 amp and one 30 amp electric cords.

Mrs. Mejia asked would he qualify for the monthly power rate. Monthly power would cost Mr. Varness a total of $270.00 for two 50 amp and one 30 amp electric cords.

Mr. Janes said we don't know how much power he will use and we don't know how much our expenses will be. Perhaps he should have his own meter through Alaska Electric Light and Power (AEL&P).

Mr. Donek said all the other transient moorage patrons pay the daily rates for moorage and electricity. We can't put an electric boat on a meter and charge a different rate unless he gets his own power meter and pays AEL&P directly; in which case I would consider him to be in a reserved slip.

Mr. Simpson said we do not have enough information to make a decision at this time. Also, we would be giving him a reserved space because the space is just for electric boats and no one else.

Mr. Unruh said the Horseshoe has never been full at night. Probably because people don't want to wake up and move their boats before 8:00 a.m.

Mr. Uchytil said this committee has already told Mr. Varness we will accommodate his vessel.

Mr. Janes said we have not told him how we would charge for power.

Mr. Simpson said I want to know what our expense will be so we can charge proportionately. We can bring the boat in with empty batteries and charge it then we can read the meter to see how many kilowatt hours go into that.
Mr. Donek said the electric boat might not need the same charge every time. So, we can't charge for a full charge every day because that would be overcharging. I think it needs to be metered and we can charge a fee for our meter reading to cover our costs.

Mr. Janes said we need to get this right because there are going to be more electric boats needing to charge in the future.

Mr. Unruh said it's the same concept as a yacht reserving a space on the breakwater; it's a reserved space and we should charge the reserved rate.

Mr. Donek said it could be by reservation only, and anyone who moors there will be charged the reservation rate.

Mr. Uchytil said the Harbors Department is not permitted to meter and charge for power.

Mr. Unruh said Mr. Varness could put a meter in his name with AEL&P and lock the meter so no one else can use it when he is not there. Each pedestal is capable of taking two 30 amp and two 50 amp, so he would only need one pedestal.

5. R/V Park (Savikko Park)

Mr. Gillette said the Montesorri School would like us to move the R/V parking spaces that are in the Montessori School's parking lot. They would like to configure the parking lot to allow for a drive through flow. They would like to convert their other parking area to a playground. There are currently 4 R/V parking spaces in that parking lot, and Docks and Harbors manages those spaces. Over the last 3 seasons they were rented out for 100 days. We do not offer sewage or water for the R/Vs.

Mr. Simpson asked do the R/V users go to the Aurora Harbor Office and pay a fee.

Mr. Gillette responded yes. It is advertised on our website and there are signs on site. Can we retain some R/V spaces and do we want to manage R/V spaces?

Mr. Simpson said R/V parking spaces are not part of Docks and Harbors core mission. I do not think we need to keep R/V parking spaces. We could find space for R/V parking elsewhere, like near the Yacht Club.

6. FY2016 Moorage Rates

Mr. Uchytil provided a rate sheet and said the FY2016 Moorage Rates are based on the Anchorage Consumer Price Index (CPI). If no action is taken, either with the fee review or the Board, these are the values that will be charge starting July 1, 2016. The parking rates are not affected by the CPI. However, with the loss of the Horton Lot, and knowing parking will be at a premium, I recommend we do away with the monthly parking fee that is discounted to $75.00. This is a regulation and requires Board action to change it. How many monthly permits are there?

Mr. Unruh said that is difficult to answer but I think between 30 and 40 are sold each month. We used to limit the monthly permits to 20 per month, but that stopped happening when we started using the APARC machine to sell parking permits.

The Statter Harbor Monthly Parking Reports for 2014 were generated after the January 21st, 2015 Operations/Planning Committee Meeting and the results are below.

Quantity of Statter Harbor Monthly Parking Passes sold in 2014 by month:

May: 49, June: 46, July: 33, August: 26, and September: 20.

Mr. Uchytil said the regulations do not mention a limit to how many monthly parking passes can be sold. It just says the monthly parking permit is $75.00. People are less concerned about moving their cars when they have prepaid a discounted rate of $75.00 for a month. If they were paying $5.00 per day, maybe they would not buy the parking pass for 30 days, and would instead move their cars so it is not as expensive.

Mr. Unruh said people were storing their vehicles in the Statter Parking Lot last year because it is so inexpensive.

Mr. Donek asked if some of the people parking their cars live on Colt Island or Shelter Island.

Mr. Uchytil said maybe.

Mr. Janes asked if the $75.00 was too low.

Mr. Uchytil said I think the issue is that people prepay for a month then want to use the parking lot for the entire month.

Mr. Janes said I have multiple employees that I buy monthly passes for every season. It would be an administrative issue for me to have to buy each employee daily parking passes every day. Also, I think $75.00 is not enough to charge for a month of parking.

Mrs. Mejia said the APARC parking machine has an option for users to add days to one parking ticket so they can have one parking pass for multiple days.

Mr. Donek asked does buying a $75.00 monthly pass reserve a parking space for the month.

Mr. Unruh said no. We are discussing limiting car parking to 3 or 5 days maximum and trailer parking for 3 days maximum.

Mr. Simpson said the elimination of the discounted $75.00 monthly parking fee needs to go on the agenda for next week's Regular Board Meeting. The Harbor Fee Committee will take up the rest of these fees.

Mr. Uchytil said I do not think we will have time to go over the FY2016 moorage rates before they automatically take effect on July 1, 2016. However, the parking needs to be addressed soon. Also, we will need to discuss how we want to charge for the new Statter Harbor Launch Ramp and Parking facility.

Mr. Donek said we had agreed in the past to vote on the CPI moorage rate increases so the rate increases were transparent for the public. Maybe now, with all the rates linked to CPI, we won't need to vote every year on any of the rate increases.

Mr. Janes said we made a commitment to look at all of the rates. We might not get to all of them this year, but I think we should stick to our commitment and look at all of the rates.

IX. Staff, Committee and Member Reports

Mr. Uchytil said the next Coffee and Doughnuts with the Harbormaster and Port Director is scheduled from 7:00 – 9:00 a.m. on January 30th, 2015 at the Yacht Club.

X. Committee Administrative Matters

The next Operations/Planning Committee meeting is scheduled for Wednesday, February 18th, 2015

XI. Adjournment

The Operations/Planning Committee meeting adjourned at 6:56 p.m.