

DOCKS AND HARBORS OPERATIONS MEETING MINUTES



March 19, 2025, at 5:00 PM

Port Director's Conference Room/Zoom Webinar

- A. **CALL TO ORDER** – Mr. Sooter called the March 19th meeting to order at 5:00 pm
- B. **ROLL CALL:** Don Etheridge, Clayton Hamilton, Debbie Hart, Matthew Leither, Nick Orr, Annette Smith and Shem Sooter

Absent: Mr. Becker and Mr. Emerson.

Also in attendance: Matthew Creswell- Harbormaster, Elias Hasting- Goldbelt Operations Manager, Steven Sahlender-Executive Vice President, Matthew Sill- Port Engineer, Carl Uchtyl- Port Director, Melody Musick- Administrative Officer, Alexandra Pierce- Tourism Director, Nicole Lynch- Deputy Municipal Attorney.

- C. **PORT DIRECTOR REQUESTS FOR AGENDA CHANGES** – No Changes.

MOTION: TO APPROVE THE AGENDA AS PRESENTED – Approved unanimously.

- D. **PUBLIC PARTICIPATION ON NON-AGENDA ITEMS** – None.

E. **APPROVAL OF MINUTES**

1. February 19, 2025 – Hearing no objection, the minutes were approved as presented.

F. **UNFINISHED BUSINESS**

2. Goldbelt Request to Secure Seadrome Property from the City & Borough of Juneau
Presentation by Port Director.

Mr. Uchtyl said that page 10 of the agenda packet has a memo outlining discussions with Goldbelt over the past three years regarding the Seadrome property and that the intention of the Board has been to agree to sell to Goldbelt the green parcel marked on page 11 and the uplands that Docks & Harbors owns, a piece of tidelands that sometimes is referred to as the “volcano-shaped parcel.” With the direction from the Board, Docks and Harbors had Horan & Company appraise the property and in February, quoted the fair-market value as \$630,903.00 for 15,000 square feet. Mr. Uchtyl said that if the Committee would like to move this to the Board next week, and that the Board agrees to proceed, the next step is to have the Law Department draft a Purchase and Sales Agreement for this property.

Mr. Uchtyl said that he believes Goldbelt is ready to move forward with their development plans that include razing the Seadrome building. Mr. Elias Hastings and Mr. Steve Sahlender are available to answer any questions for Goldbelt.

Committee Questions

Mr. Etheridge asked whether Docks and Harbors would be able to keep the proceeds of the sale.

Mr. Uchtyl said the expectation would be that any revenues collected from the sale would remain in the Harbor Enterprise and that his recommendation would be to earmark them into a CIP to re-capitalize the Aurora Harbor building.

Mr. Etheridge said he thinks this is a good use of the funds.

Mr. Hamilton asked whether the Assembly would also have to approve of the land sale.

Mr. Uchytel said that after the Law Department drafts the Purchase and Sales Agreement, it would have to come back to the Board, then most likely go to the Assembly Lands Housing and Economic Development Committee and then to the Assembly for final approval.

Mr. Hamilton asked whether there has been any direction from the Assembly regarding the vision for downtown.

Mr. Uchytel references a memo of January 6, 2025, wherein the Assembly recognized the wisdom of direct negotiations with the adjacent property owners. The topic of the sale of the Seadrome parcels has been to the Assembly twice now, first back in 2022, so the Assembly is aware.

Mr. Hamilton asked whether this would mean more seaplanes in the channel.

Mr. Sooter said this would not involve seaplanes.

Ms. Smith asked whether the dollar amount for the sale is fixed.

Mr. Uchytel said that the number was established by Horan & Company in February, that the same number has been used in the Goldbelt Presentation in September. There is prescriptive language in the ordinances about having fair market value established within approximately 60 days and there has been a new appraisal last month and that resulted in the fair market value as a year ago.

Ms. Smith asked whether the City would do an assessment on the property and is surprised that wouldn't have been done, considering the increase in her own property assessment in the past year.

Mr. Uchytel said that the City Assessors will not assess property that is CBJ-owned or but will appraise property which is on CBJ leased land. In this case, the property is owned in part by CBJ and in part by Goldbelt. Additionally, assessment and appraisals differ in that the former is more general while the second is property-specific regarding what a buyer would pay for that property.

Mr. Orr said that there is a difference between fair market value and what a buyer might be willing to pay. He would like to know how the appraiser came up with the number and adds that this would not get us very far in terms of a new Harbor Office at Aurora.

Mr. Etheridge asked whether we could get Charles Horan to attend the board meeting next week.

Mr. Uchytel said that if he is available, he will be there.

Public Comment - None

Committee Discussion/Action

Mr. Uchytel said that page 10 of the agenda packet references Market Value Terminology.

Mr. Etheridge said that he recommends that this be forwarded to the full Board at the next meeting in preparation for drafting the agreement and having Horan available for questions at that meeting.

MOTION BY MR. ETHERIDGE TO RECOMMEND ENTERING INTO A PURCHASE AND SALE AGREEMENT WITH GOLDBELT TO TRANSFER SEADROME PROPERTY TO GOLDBELT AT FAIR MARKET VALUE.

Those in favor: Ms. Hart, Mr. Leither, Mr. Orr, Mr. Etheridge, Mr. Sooter

Those against: Mr. Hamilton, Ms. Smith

The motion passes 5-2.

G. NEW BUSINESS

3. Proposed Dock Fee Regulation Changes
Presentation by Port Director

Mr. Uchytel referenced page 58 of the agenda packet regarding a draft of regulation changes that have been initiated through the Tourism Director Alexandra Pierce, who is virtually attending the meeting. This regulation change was initiated by the Assembly to change how rates are applied to visiting vessels. The City and Borough of Juneau previously had two fees, a dockage fee based on the overall length of the vessel and a port maintenance fee based on displacement. The direction from the Assembly, this has been changed to a formula from size to number of passengers. We will continue to refine this document based on input from Nicole Lynch, Deputy Municipal Attorney, who is attending the meeting virtually. The mandate has already been set by the Assembly who would like to charge \$7.00 per passenger based on lower berth capacity. The Yachts (65 to 200 feet) also fall under the proposed regulation change to the dockage charges. There is specific language that needs to be worked out for smaller ships, for example National Geographic vessels, based on size and the smaller number of passengers. It may be more advantageous to charge by lower berth capacity or by length overall and this includes a clause to say whichever is greater. The vessel lightering fee and port displacement fee would go away altogether. Docks and Harbors is expecting that the City Manager's office will run a hearing, possibly at the Assembly meeting.

Committee Questions

Ms. Smith asked whether the "whichever is larger" fee would apply to all vessels or only the smaller ones.

Mr. Uchytel said that it only pencils out for the smaller vessels. Mr. Uchytel reference a supplemental document that provides a comparison of fees charged at the current rate and fees charged at the proposed new rate. Mr. Uchytel said the Carnival Spirit is 965 feet with total capacity of 2,140. Based on the current formula the net revenue would be \$6,921.64. Under the new proposed structure, that would increase to \$14,868. It does not affect head tax that still would be paid by the cruise lines. A larger vessel such as the Ovation of the Seas with total number of passengers at 4,372 currently pay \$14,103.43 under the current structure and \$29,260.00 under the new structure.

Ms. Smith said she would like to make sure that the fee change would cover all maintenance costs and allow revenue to accomplish some of the work needed to be done and to not have to wait on Federal grants.

Mr. Uchytel said that while there will be more revenue coming in, that money has not yet been diverted, and we have not yet heard any discussion from the Assembly regarding the matter. Mr. Uchytel said there was a discussion at Monday's Committee of the Whole meeting with Huna Totem lease language in which some Assembly members wanted to direct revenue that will be generated from the tideland lease to the Housing Fund. That was defeated, but it was an example that there is no indication that Assembly would direct this increased revenue to another activity.

Mr. Orr asked whether Docks and Harbors have an idea how much more money would be forthcoming, either or both in dollar amount of percentage increase.

Mr. Uchytel said that the Docks annual budget is around \$4M and may increase by 50% so that would be an estimated \$6M. The Assembly said that it would not go into effect until halfway through the fiscal year 2026 and therefore would apply to the first ship in April 2026.

Ms. Hart asked whether we need a more substantial response to the Assembly in any format to say that we are supportive of this as want to make sure that the Assembly recognizes that we have our own considerations where we want to make sure we are sustaining our operational budget, especially if anything happened in future that affected cruise ship arrival, such as another Covid.

Mr. Uchytel said that we are projecting \$3.7M revenue and that would increase to about \$6M. In the past, we have always built up enough of a fund balance to make it through, for example, the pandemic.

Ms. Smith asked whether the new fee is based on the actual number of passengers or the capacity.

Mr. Uchytel said this is based on Lower Berth, which is the standard double occupancy of the ship, regardless of whether there are fewer or more passengers. The Head Tax, however, would be based on the actual number of paying passengers.

Mr. Hamilton asks how often ships do ships come in over capacity and what determines capacity.

Mr. Uchytel said capacity is based on the number of staterooms on the ship and that last year capacity averaged above 100% due to more than 2 people in each stateroom.

Mr. Hamilton asked how often the capacity exceeds 100%.

Mr. Uchytel said that most are above 100% capacity and notes that 2024 ships were at 104% capacity.

Ms. Smith says that on a lot of vessels Coast Guard has a rating, such as on her boat that is 10 passengers and asked whether they also do that on a cruise ship and how does that rating vs the number of people line up.

Mr. Uchytel said that the Coast Guard have formulas for large ships including, for example, that there must be 30% more lifeboats vs people on board.

Ms. Pierce said that the lower berth number is an industry standard term and metric, that is how Skagway does their dockage fees, and we are not able to apply it to the passenger count because that would make it an additional passenger fee.

Mr. Hamilton would like to strike the fishing vessel dockage charge.

Mr. Uchytel asked Ms. Lynch to comment.

Ms. Lynch said that this could be amended any way that is wanted. The CPI adjustment, however, is already in regulations so the change now is only the year (2022 to 2025) and the number referenced by Mr. Hamilton is already in effect.

Public Comment - none

MOTION MR. ETHERIDGE TO APPROVE DOCK FEE REGULATION CHANGES AS PRESENTED.

With no objection, the motion passes unanimously.

4. Moorage Waiver Request - M/V COLUMBIA

Presentation by Port Director. Mr. Uchytel said that he received a request from a member of MEBA that they are trying to work out a dog and pony show to bring in the Columbia on April 8th so that members of the legislature can visit. To accommodate them, we should ask the Board to remove the fees.

Committee Questions

Mr. Etheridge asked whether MEBA is trying to get more interest in getting folks to apply for training by bringing in the Legislature staff and show them the engine and control rooms so they have an idea as to what these guys will be looking at for training because we have such a major shortage of ship engineers that even the ferries do not run half of the time.

Public Comment - none

Committee Discussion/Action

MOTION BY MR. ETHERIDGE TO WAIVE DOCKAGE FEES FOR AN UPCOMING VISIT BY M/V COLUMBIA IN ACCORDANCE WITH 05 CBJAC 15.030.

With no objection, the motion passes.

H. ITEMS FOR INFORMATION/DISCUSSION

Mr. Sill says that Aurora Harbor Phase IV bid opening is on Tuesday. Docks and Harbors has received a lot of interest, contractors are looking at the project and Docks and Harbors are cautiously optimistic that we will have several bids and a good opening. We have also started the process of putting the contracts together for Taku Harbor and as soon as we wrap up Aurora Harbor bidding, Docks and Harbors will get the Taku Harbor contract documents out the published. Once that is done, Docks and Harbors will be getting the contract documents for Statter Harbor Phase III-D out for bid.

I. STAFF, COMMITTEE AND MEMBER REPORTS

Mr. Uchytel Reported:

Mr. Uchytel said that there has been verbal approval from Fish & Game regarding the cooperative agreement. They will need four months to fabricate and install so the public may not see use of the improvements this boating season at Taku Harbor.

Mr. Uchytel said he is working on the RFP to go forward with design services.

Mr. Uchytel said he is travelling to Washington DC for a variety of meetings, primary the American Society of Civil Engineers (ASCE) regarding the national rollout of the ASCE Report Card. He will also be meeting with the program manager for with the Coast Guard regarding the status of the Coast Guard City application that was submitted end of November and expected to be answered by March. He is also representing the city to encourage collaboration with the Coast Guard Headquarters level as far as housing goes for the new Coast Guard icebreaker. He will also be meeting with American Association of Port Administrators as well as the US Navy League and the US Navy Memorial regarding the Lone Sailor statue. The Public Works & Facilities Committee on Monday deferred the decision and sent it to the Historic Resources Advisory Committee (HRAC) for opinion and back to the Public Works and Facilities committee in April.

Regarding the proposed commercial jet ski operation, the Board did not approve commercial operations for Aurora Harbor but we are able to accommodate the company out at Statter Harbor. They can moor in an area that is not usable by larger charter vessels, they are renting space that we had available, so we did accommodate their request to operate as a charter at Statter Harbor.

The Adventure Bound was also sold to Steve Hamilton. Petro Marine agreed to lessen the fuel lien for interested buyers and didn't have any takers who went through the public process. We had a buyer trying to come forward for \$101.50 and he knows that it must meet all the requirements. For example, it must be seaworthy, and it must meet navigability requirements. Additionally, Mr. Hamilton will lose the stall that the vessel is currently in, so it will be in transient moorage until he decides. The good news is that we're not going to have to pay Trucano or whomever the estimated \$30K to dispose of it.

Ms. Hart thanked Mr. Uchytel for the update on the jet ski tours and asks about public response and whether Docks and Harbors is prepared for comments based on the impact jet ski tours may have on the Harbor.

Mr. Uchytel said that he expects the impact to be low as jet skis don't throw out big wakes. The operation will be away from the hub of Statter Harbor, and they do not go inside the Statter Harbor proper. Unlike downtown where Docks and Harbors would anticipate major impacts as we currently do not have daily tours. Regarding Statter, it would be difficult to say that a whale watch fleet, for example, can operate but jet ski cannot. One consideration was that they wanted to include a 40-foot bus for prep work and gearing up guests. Docks and Harbors does have excess space in the Butler building so space was available to lease to them. Dangerous Waters know this is a one-year trial. It may not be conducive

to continue that operation in the event of improvements to the breakwater. Docks and Harbors has agreed to allow for one year with no guarantee of continuing.

Ms. Smith asked if they are going to be in the same area as Gastineau Guiding boats.

Mr. Uchytel said the operations will be on the same float on the inside and almost underneath the gangway and that is space that could not be used for any other vessel.

Mr. Hamilton said he has missed something fundamental. He thought the recommendation was that tours could not be done out of downtown basin.

Mr. Uchytel said that there is no policy or regulation regarding use of Downtown Harbors and is the Port Director's judgement based on guidance to manage the facilities to the best and highest use. It does not serve to open the doors for daily tours out of Aurora Harbor. The Board supported the recommendation to not do so. Docks and Harbors is not saying Dangerous Waters cannot run a jet ski operation, just that it cannot be out of the Downtown Harbors. Dangerous Waters could have gone to private dock owner and gotten permission to operate. Instead, Mr. Moll approached the Harbormaster to get a Passenger for Hire Permit. That request has been granted with consideration as to what is the best interest of the other user groups at Statter Harbor and, as such, it was decided that segregating them from the inside portion of Statter Harbor was a workable solution.

Ms. Hart asked whether Docks & Harbors provides access to the building so that they can change and use the building and restroom facilities. If so, is this available to other tour operators?

Mr. Uchytel said we already do that with RFI's regarding who wants to lease any of the space for \$2.70 per foot per month. For example, property is already leased to Alaska Luxury Tours and Auke Bay Adventures. Docks and Harbors seeks additional streams of revenue. For example, Docks and Harbors have also worked with CBJ to move the IT Department out to the Fish House and that generates approximately \$90K per year.

Mr. Orr asked whether we are done forever and ever regarding Aurora for his application that he didn't even make. Could he apply again in future?

Mr. Uchytel said that nothing keeps someone from applying for a Commercial Use Permit. Mr. Uchytel said he does have the authority to grant permission to daily charters, provide that they could be safely operated. At present, Aurora and Harris Harbors are seen to be working harbors and not suitable for daily tours.

J. BOARD ADMINISTRATIVE MATTERS

1. Next Board meeting - Thursday, March 27th
2. Next Operations-Planning meeting - Wednesday, April 16th

K. ADJOURNMENT by Ms. Smith at 6:43 pm

ADA accommodation available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.gov.