

CBJ DOCKS & HARBORS BOARD
OPERATIONS/PLANNING COMMITTEE MEETING MINUTES

For Monday, February 13th, 2023

CBJ Room 224 and via Zoom

A. Call to Order – Mr. Etheridge called the meeting to order at 5:00 p.m. at CBJ Room 224 and via Zoom.

B. Roll Call – The following members attended in person or via Zoom: James Becker, Don Etheridge, Paul Grant, Debbie Hart, Matthew Leither and Annett Smith.

Absent – David Larkin and Mark Ridgway.

Also Present – Carl Uchtyl – Port Director, Matthew Creswell – Harbormaster, Teena Larson – Administrative Officer and Leah Narum – Administrative Assistant.

C. Port Director Requests for Agenda Changes

Mr. Uchtyl said he attended the Assembly Public Works and Facilities Committee meeting earlier today. On page eighty-five in the packet is a memo from the Tourism Manager to the Committee. He would like to speak about this new addition under Committee Member Reports.

MOTION By MS. HART: TO APPROVE THE AGENDA AS AMENDED AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

D. Public Participation on Non-Agenda Items – None

E. Approval of Minutes

1. January 18th, 2023 Meeting Minutes – Hearing no objections, the January 18th, 2023 minutes were approved as presented.

F. Unfinished Business

2. UAS Property & Potential Lease Extension

Mr. Uchtyl discussed the memo on page thirteen in the packet. UAS accepted the educational benefits listed and agreed to enter into a new lease with Docks & Harbors (D&H). They will only entertain a four or five-year lease. UAS and the City and Borough of Juneau (CBJ) Law Department will work on the lease together. Mr. Uchtyl would like to know if the Board would accept the \$100K lease terms.

Committee Questions

Mr. Becker asked if UAS knew the plans we had for the property.

Mr. Uchtyl said yes, they know what our intentions are and that D&H applied for a \$25M PIDP and RAISE Grant. He feels it will be very difficult to qualify for the grants with such a short-term lease.

Mr. Grant asked how UAS came up with the original \$240K lease amount.

Mr. Uchytel said when the original lease was expiring UAS got an appraisal done by Horan and Company. The property's fair market value was \$240K.

Mr. Grant said \$100K per year is still a huge increase. He would like to know how that affects our budget.

Mr. Uchytel said last year's budget included the fair market value expense of \$240K. He does not want to pay such a high amount, but we knew this increase was coming.

Ms. Smith wanted to know what D&H was currently paying for the property.

Mr. Uchytel said we pay a portion of what D&H collects in revenue. It has been averaging about \$13K per year. D&H has been collecting more rent from the sub-lessees than we pay UAS. There are significant maintenance challenges with the cranes at the location. Last year we spent \$30K to repair one crane and are expecting to spend \$50K this year.

Ms. Smith would like to know what we would need to pass on to break even?

Mr. Uchytel said we would need to come up with \$90K per year to break even. The Law Department is considering options to raise the amount we charge the boatyard. It would be up to the Board to decide if the extra money will come from the sub-lessees, or other user groups. The travel lift and pier are from the 1980's and are rather old.

Mr. Grant asked if our sub-lessees know about what is coming and if we know their long-term plans.

Mr. Uchytel said two of the sub-lessees, Juneau Hydraulic and Alaska Memory are not water dependent businesses. They could continue to operate in another location. The boatyard is very dependent on that location and being on the water. The boatyard owner has applied for a grant to recapitalize the boatlift. The UA Lands Manager is the one asking for the short-term lease.

Ms. Hart asked if there was alternative locations we could use for a repair facility with large boat access.

Mr. Uchytel said D&H has done studies on expanding marine services at Norway Point and the Little Rock Dump. Those projects will cost between \$30M – \$50M. Private companies find using waterfront land for boat storage undesirable and unprofitable.

Public Comment – None

Committee Discussion/Action

Mr. Leither thinks it is important to have a functioning boatyard. He supports entering into the lease for \$100K.

Mr. Grant said he is going to vote against approving the lease. He does not think making the commitment gets us anything.

Mr. Uchytel said he thinks UAS will be selling this parcel and the adjoining parcel with the Vo Tech Building within the next five years. He thinks the Assembly will fight any

private entity from purchasing the land between the two CBJ owned harbors. CBJ should have the right of first refusal.

Mr. Becker feels this boatyard is needed and it is important to maintain what we have now.

Mr. Etheridge said if we enter into the lease, we give the new UAS Chancellor time to decide what to do with the equipment at the Vo Tech Building. The cranes at the Fisherman's Terminal is incredibly important to our commercial crab community. He believes it is well worth it to enter into the \$100K lease for four or five more years.

Ms. Smith is also going to vote against entering into the lease. She does not feel it makes financial sense. She understands the service provided is needed but she cannot get passed the numbers. If CBJ will use its full might to acquire both parcels five years from now, we do not need this lease. CBJ also gave UAS \$1M to stay in Juneau. She does not want all harbor patrons to pay for a service they do not use. Ms. Smith did not like the way UAS has treated D&H and does not trust them.

MOTION By MR. BECKER: TO TABLE THE DISCUSSION UNTIL IT CAN GO BEFORE THE REGULAR BOARD.

Mr. Grant objected to the motion.

Roll Call Vote

Matthew Leither – No

Paul Grant – No

Annette Smith – No

Debbie Hard – No

James Backer – Yes

Don Etheridge – Yes

Motion Failed.

MOTION By MS. HART: TO ACCEPT THE UNIVERSITY OF ALASKA OFFER TO ENTER INTO A NEW LEASE AGREEMENT FOR \$100,000 PER YEAR FOR THE EXISTING 2.77 ACRE LEASED PROPERTY AND ASK UNANIMOUS CONSENT.

Ms. Smith and Mr. Grant objected to the motion.

Roll Call Vote

Matthew Leither – Yes

Paul Grant – No

Annette Smith – No

Debbie Hard – Yes

Don Etheridge – Yes

Motion Failed.

G. New Business

3. Docks & Harbors Use Area – Auke Bay Loading Facility (ABLF)

Mr. Creswell shared a PowerPoint presentation. D&H was allowing companies to do routine maintenance, pressure washing and oil changes at the ABLF. D&H was told by the State of Alaska Department of Environmental Conservation (DEC) to cease those activities. We later received a Certificate of No Exposure from the DEC to allow oil changes, routine maintenance and empty container storage. The Certificate of No Exposure will not allow pressure washing on the D&H side of the ABLF. Some of the tour companies contacted the DEC and found out they can apply for the permit to conduct the pressure washing on the D&H side. He asked the Board's opinion if it should be allowed or not.

Committee Questions

Ms. Hart asked if D&H would be responsible for anything, or if the companies would be responsible. She is worried about liability and wants the Law Department to give advice.

Mr. Creswell said if an operator obtains the proper permitting, they would be responsible for all activities. He cannot speak to liability.

Public Comment

Karl Leis – Juneau, Alaska

Mr. Leis is the owner of Karl's Auto and Marine. He is concerned that he pays D&H to have a boatyard with all of the required permitting. He said if you allow people to use the D&H side of the ABLF, free without oversight, why he doesn't get to on his property with good faith as well. He finds it frustrating to pay for the boatyard every month while other people can use the space for the same purpose at no cost. It is a lot of work to power wash a boat properly; it is more than just containment.

Robie Janes – Juneau, Alaska

Mr. Janes spoke on behalf of Gastineau Guiding and said they are currently working with an environmental consultant. He feels with what they saw last season, it will be hard to make Karl's Auto and Marine work for their needs. Mr. Janes is also concerned with the quote given by Mr. Leis. The environmental consultant is coming to Juneau on February 24th to inspect the area and give advice.

Dawn Wolfe – Juneau, Alaska

Ms. Wolfe spoke on behalf of Gastineau Guiding. She responded to Ms. Hart's concern about liability. She wanted everyone to know Gastineau Guiding does indemnify CBJ on all of their policies. She said they do power wash their boats but do not have bottom paint on the vessels. She feels the lack of bottom paint is more environmentally safe for the ocean.

Committee Discussion/Action

Ms. Smith recused herself from the discussion/vote because she is a customer of Mr. Leis and is an employee of Gastineau Guiding.

Mr. Grant finds it ironic we are discussing this after being so supportive of the boatyard at the Fisherman's Terminal property. The last time Mr. Janes spoke he made it seem like price was not the problem, scheduling was. He is not convinced the parties have made a good faith effort to resolve the issues. He would like to find a way to have a vital

boatyard in Statter Harbor. He feels to allow this type of use works against that principal. He is not in favor of this proposal.

Mr. Becker thinks this is like having a company that can perform a service, or an owner can chose to do it themselves on the grid. He is concerned about environmental contamination.

Mr. Leither asked what fees are charged for the use of the D&H side of the ABLF. He would like to know what is stopping the companies from taking their vessels to an offsite location.

Mr. Creswell said they are currently paying a \$262 commercial launch ramp permit and if in the yard more than twenty-four hours they must pay a freight staging fee or storage fee.

Ms. Narum said there is also a \$26 work zone fee for two hours of use.

Mr. Uchytel said nothing is stopping them from using an offsite location but they would need to get a permit to move their large vessels on the road to an offsite location. It is already February and we need to make a decision before the 2023 season starts.

Ms. Hart asked for the staff's opinion on what they would like to see. Ms. Hart said she is not prepared to make a motion this evening. She would like to hear from the Law Department about liability before discussing further.

Mr. Grant does not think we should make a motion tonight. His priority is ensuring the boatyards we do have are vital, productive and successful. He would like to see operators either paying us a fee for ABLF use, or using Karl's Auto and Marine. He feels D&H competing with the boatyard is a bad idea. He would be open to expanding Karl's Auto and Marine into the D&H side.

Mr. Leither said this is a complicated issue. He wonders if we should take a percentage of the funds collected from the D&H side and give Mr. Leis a break in his rent.

MOTION By MR. GRANT: THE DOCKS & HARBORS BOARD DOES NOT SUPPORT, AND IN FACT, WILL OPPOSE THE ISSUANCE OF A MULTI SECTOR GENERAL PERMIT FOR USES ON THE NON-BOATYARD SIDE OF THE AUKE BAY LOADING FACILITY.

Roll Call Vote

Matthew Leither – No

Paul Grant – Yes

Debbie Hart – No

James Becker – Yes

Don Etheridge – Yes

Motion failed.

4. Aurora Harbor Phase III Funds Transfer Request

Mr. Uchytel shared a memo to the Assembly on page sixteen of the packet. He explained how the Assembly manages the 1% sales tax. He is working with the Finance Department to find ways around the cash flow problem.

Committee Questions – None

Public Comment – None

Committee Discussion/Action

MOTION By MS. HART: TO RECOMMEND THE BOARD APPROVE THE FUND TRANSFER REQUEST FOR AURORA HARBOR PHASE III IN MEMO DATED FEBRUARY 10TH, 2023 AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

5. ADOT Harbor Facility Grant Acceptance – Aurora Harbor Phase III
Mr. Uchytel shared a memo on page eighteen in the packet. The Assembly needs to accept and appropriate the harbor grant.

Committee Questions – None

Public Comment – None

Committee Discussion/Action

MOTION By MS. HART: TO RECOMMEND THE BOARD ACCEPT A \$2M ADOT HARBOR FACILITY GRANT FOR AURORA HARBOR AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

H. Items for Information/Discussion

6. Vessel Insurance

Mr. Uchytel introduced Rick Shattuck from HUB International. Mr. Shattuck shared documents starting on page twenty in the packet. Recreational vessel liability coverage is usually \$300K, while commercial vessel liability is normally \$1M. Many policies have pollution coverage for oil response. He suggests harbors make sure there is wreck removal coverage for larger commercial vessels. There are also policy warranties that if violated can invalidate coverage. Some policies require the vessel to be laid up during certain times of the year and if the clause is not met, it invalidates coverage. Homeowner's policies rarely offer boat coverage. Mr. Shattuck was looking at his homeowner policy and it only offered \$1.5K in damage coverage for a small skiff. Homeowner's policies do not provide much liability coverage either. His policy would only offer liability coverage if the boat was under fifty horsepower, or a sailboat twenty-six feet or less. The marine insurance market has been getting tough recently. Many insurance companies require a current survey. Boat shelters are insurable but not for wreckage removal if they sink.

Committee Discussion

Mr. Grant asked if all boat policies include pollution coverage. The Board is not concerned about liability coverage only pollution and wreckage removal.

Ms. Smith wanted to know if we can charge and pay for insurance on uninsured vessels in the harbors. She also wanted to know if we could change policy and not allow vessels in the harbor unless they are properly insured. She asked if the CBJ insurance premiums we pay covers uninsured vessels. How do we confirm coverage has not been cancelled after we receive proof of insurance? An uninsured vessel recently sank in Statter Harbor. The patron did not have funds to raise the vessel. Where does the money come from?

Mr. Leither asked if there were policies that would only cover pollution and wreck removal.

Mr. Shattuck said you cannot purchase insurance without an insurable interest, or ownership. There is nothing to prevent a person from purchasing insurance then canceling it. Whittier and Valdez have insurance requirements for their moorage agreements. Usually pollution coverage and wreck removal coverage are add-ons to the original boat policy. You might be able to obtain a separate vessel pollution policy.

Mr. Uchytel said the State of Alaska does not have requirements for boat insurance like the State of Washington does. Most communities in the panhandle do not require insurance with their moorage agreement. Mr. Uchytel said D&H has never submitted an insurance claim to help with disposing of vessels. He is also not aware of any fines levied from the U.S. Coast Guard for pollution discharge due to small crafts sinking.

Mr. Creswell said D&H paid to raise and dispose of the vessel that sank in Statter Harbor. We used money from the fund balance. D&H pursues the owner for the costs and send them to collections if they cannot pay.

Public Comment – None

7. Urban Alaska Consumer Price Index (CPI) – 2022

Mr. Uchytel said on page twenty-seven in the packet is the 2022 CPI of 8.1% inflation. On page twenty-eight you can see what the rates will be if the Board decides to include the CPI adjustment for 2023.

Committee Discussion – None

Public Comment – None

8. Harbor Rate Study – Next Steps

Mr. Uchytel said on page thirty of the packet is a white paper proposal for rate increases. He would like this to be the talking points for the public outreach.

Committee Discussion

Mr. Leither liked this white paper proposal. If he could make one change, it would be to include information on the reserve analysis and infrastructure replacement.

Mr. Grant said this is very informative and helpful. He would like to put together some talking points for public outreach. Mr. Grant was under the impression the Board already approved the 9% increase. He thought the last step was when to implement the increase.

Ms. Hart said this white paper proposal is a great way to condense the rate study. She would like an internal timeline created for moving this forward.

Mr. Etheridge agrees with a timeline and it needs to move quickly. He also thinks off-campus meetings with the public are a good idea. He suggested holding them at the public libraries. It would be nice to have a PowerPoint presentation for talking points. He was very impressed with this white paper. Mr. Etheridge said he was completely underwhelmed with the final HDR study. He also said we could not vote on a regulation rate increase without first doing the public outreach. He is aware the Board agrees to raise rates 9%.

Mr. Uchytel said he intentionally played down the HDR Rate Study. He was not very pleased with the report's content. He would be more than happy to share earlier versions with anyone that would like to see it, but he was underwhelmed with the report.

Public Comment

Kirby Day – Juneau, Alaska

Mr. Day said he appreciates the discussion tonight. The cruise industry's fiscal year ends November 30th. By August, he is finishing his budget for the following year. He is currently anticipating a 9% increase for calendar year 2024, as well as the CPI adjustment.

9. Community Development Department (CDD) Request for Comments – Huna Totem Corp. Mr. Uchytel said Huna Totem has gone to CDD to request a Commercial Use Permit. The CDD will send this request for comment out to any department affected. The entire Commercial Use Permit is included and starts on page sixty in the packet. This Commercial Use Permit is only for the uplands, not the dock.

Committee Discussion

Mr. Leither said he is under the impression the Assembly declined to fund the RFP for the Harbor Master Plan. He is curious if it matters what the Board thinks.

Mr. Uchytel said there was a lot of pushback saying the RFP was a waste of money and Huna Totem's contractor was better at planning. In the end, there was not enough support to move the RFP forward.

Mr. Grant is concerned they are going to build a facility with the assumption another cruise ship dock will be allowed down the road. He thinks denying the Harbor Master Plan RFP is shortsighted. His comment to the Assembly would be he is against the permit until a full plan is received.

Public Comment – None

I. Committee and Member Reports

Mr. Uchytel reported -

OPERATIONS/PLANNING COMMITTEE MEETING MINUTES (CONTINUED)

For Monday, February 13th, 2023

- Page eighty-five of the packet is a memo from the Tourism Manager regarding Marine Passenger Fees. This will go out for public comment and to the Assembly. The safety railings were not included and we might need to use our fund balance to procure them.
- On Wednesday, February 15th we will have a bid opening for the Aurora Harbor Phase III electrical component procurement.

Mr. Creswell reported -

- Harris Harbor restrooms have been running smoothly for two weeks. Modifications were made to the door, a camera was installed, and the showers were switched to a token system.
- Scott Hinton is returning as the Port Operations Supervisor.

J. Committee Administrative Matters

Next Operations/Planning Committee Meeting – Wednesday, March 22nd, 2023.

K. Adjournment – The meeting adjourned at 7:31 p.m.