

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES
For Thursday, April 27th, 2023
CBJ Room 224 and Zoom

A. **Call to Order** - Mr. Etheridge called the Regular Board Meeting to order at 5:00 p.m. in CBJ Room 224 & via zoom.

B. **Roll - The following members were in attendance in CBJ Room 224 or via zoom:**
Paul Grant, David Larkin, Matthew Leither, Mark Ridgway, Annette Smith, Debbie Hart and Don Etheridge.

Also in Attendance – Carl Uchtyl – Port Director; Matthew Creswell – Harbormaster; and Teena Larson – Administrative Office.

Absent – James Becker, and Annette Smith.

C. **Approval of Agenda**

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

D. **Public Participation on Non-Agenda Items** – None

E. **Approval of Minutes**

1. Hearing no objection, the March 30th, 2023 Board Minutes were approved as presented.

2. Hearing no objection, the April 14th, 2023 Special Board Minutes were approved as presented.

F. **Consent Agenda** –

A. Public Requests for Consent Agenda Changes - None

B. Board Members Requests for Consent Agenda Changes - None

C. Items for Action

3. Local Match - PIDP (Port Infrastructure Development Program) Grant for Aurora Harbor Drive Down

RECOMMENDATION: TO COMMIT \$500K AS LOCAL MATCH FOR THE MARAD PIDP GRANT APPLICATION FOR AN AURORA HARBOR DRIVE DOWN FLOAT

4. Bid Award - Aurora Harbor Rebuild Phase III (Contract # DH-015)

RECOMMENDATION: TO RECOMMEND AURORA HARBOR PHASE 3 BID BE AWARDED TO TRUCANO CONSTRUCTION COMPANY FOR \$4,269,650.

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

Motion passed with no objection.

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G. Unfinished Business –

1. Hansen-Gress Property Purchase & Sales Agreement

Mr. Uchytel said on page 64 in the packet is the updated purchase and sales agreement that has been reviewed by CBJ Law. The changes were to change “Hansen-Gress” to “1000 Harbor Way, LLC” which is their business name and small other changes. Emily Wright and Sherri Layne with CBJ Law are attending to answer Board questions on whether the agreement should have the “Right of First Refusal” or the “Right of First Offer” that was discussed at the last Operations-Planning Committee meeting. CBJ Law and CBJ Lands recommendation is to have the “Right of First Refusal” which would give CBJ more opportunity than “Right of First Offer”. Mr. Uchytel said the other item requested to add to the agreement was appraisal language or extraordinary assumptions and he talked to Mr. Dan Bleidorn in CBJ Lands and he has not seen that used in sales agreements in the past.

Committee Questions

Mr. Grant asked about sub paragraph (b) “Property and remainder of Lot 5, if they are not consolidated into one lot for whatever reason the Right of First Refusal will not apply to the remainder of the property”. Mr. Grant asked under what circumstances would these lots not be consolidated? He said the Right of First Refusal does not mean much if it does not apply to the whole area.

Ms. Wright said this language is added from the request of Hansen & Gress because this agreement is going to be signed before the actual consolidation. It is purely for a timing issue.

Mr. Ridgway asked Ms. Wright to go over all the changes to this Agreement since it was last brought to the Board.

Ms. Wright said the actual property description was added, and the Right of First Refusal was a lot longer than usual. The Right of First Refusal is usually better for a buyer in general. This is standard language for the Right of First Refusal spelling out the rules.

Mr. Ridgway asked why the boundary conditions on what the price to CBJ would be is not allowed in this agreement?

Ms. Wright said as a government entity we are bound to fair market value prices and could only go over that with Assembly approval.

Mr. Ridgway said the boundary conditions would be on how to determine fair market value.

Ms. Wright said the Right of First Offer was discussed to cap it at fair market value but Hansen Gress did not agree to that. Ms. Wright commented who will know what the fair market value will be in 75 years.

Mr. Ridgway commented that it could sell in two years and they would have a huge increase in value after it is consolidated. He also understood that this would not need to be approved by the Assembly.

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Mr. Uchtyl said this has already been approved by the Assembly.

Mr. Grant asked about sub-paragraph (a), is this due to their concern on impact of the value?

Mr. Wright said that is correct.

Public Comment - None

Committee Discussion/Action

Mr. Ridgway commented that we are under no obligation to sell and we are doing this to support a community business. The "Right of First Refusal" may really not be useful for CBJ to purchase this property back if they want to sell it because it is not described in the agreement how to come up with the fair market value.

Mr. Grant asked if this is holding up Hansen Gress to move forward with their project?

Mr. Uchtyl said the current permit Hansen Gress has is for interior work only.

Mr. Ridgway commented that there is a process to determine the fair market value and this is really as good as we are going to get.

Ms. Hart commented that selling this property is a good because Docks & Harbors has no future plans for this property and it supports a business.

Mr. Larkin commented that the sale has already been approved by the City Manager and there is already a process to determine fair market value. He does not understand why there is so much discussion tonight because it is a done deal.

Mr. Uchtyl said he told the Board he would bring the purchase and sales agreement back to the Board for their review. This does not need Assembly approval.

Mr. Ridgway said this has been a huge learning curve. He does not believe the buyback clause has been met and he believes we need to be judicious on how we dispose of limited and valuable property.

MOTION By MS. HART: TO ACCEPT THE HANSEN-GRESS PROPERTY PSA AS PRESENTED AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

2. Review of Proposed UAS Lease Amendment

Mr. Uchtyl said on page 71 of the packet is a lease amendment to the original UAS lease. UAS wanted a new lease but with a new lease there are a lot of requirements and our current extension expires on May 5th. This amendment will be for four years and \$100,000 annually including educational benefits. At the end of this amendment it talks about hold over, and this means the amendment will terminate at the end of the four years and go to a month to month at 125% of the existing lease amount. Mr. Uchtyl said he is not in favor of this language in the lease.

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Committee Questions

Mr. Grant said he sees the 125% still under fair market value and he is in favor of this. The rental clause language needs to be fixed to be consistent using monthly or annual.

Mr. Larkin asked if we got to the end of the four years and they offered another extension, are we in the hold over rate or the \$100,000?

Ms. Wright said if we did an extension it would be at the \$100,000 and if we got to the end of the four years and no extension we would be on the month to month at the 125% of the \$100,000.

Mr. Uchytel said this does not require Assembly approval. However, when he mentioned the UAS amendment in his budget presentation, the Mayor said she would not support this.

Mr. Bryson said that is a widely felt sentiment in the Assembly. UAS is trying to see how much they can get us for. There has not been active interest in this property and if the Board wants to push back the Assembly would support Docks & Harbors.

Mr. Grant asked if there is any reason we cannot tell UAS that we do not want this property.

Mr. Uchytel said we have known this 33 year lease was going to expire May 2021 and we had a one-time renewal option. We have known the increase in rent since the Horan appraisal in late 2020. For months Docks & Harbors indicated the interest to purchase the property because UAS indicated that was an option but now the purchase is not an option. UAS said it financially makes sense to rent the property versus selling the property. We were then only given the option to rent at fair market value of \$230,400 but then if CBJ would offer benefits to UAS students the fair market rent could be reduced. He said he is unsure where the idea of offering benefits to reduce the fair market value came from.

Mr. Grant asked what educational benefit number six is?

Mr. Uchytel said CSPI is a recommissioning Coast Guard program for Black or Hispanic colleges and it is a way for the Coast Guard to meet diversity goals.

Ms. Hart asked if something comes up in this four year amendment time frame, are we locked into to the four years or can we get out anytime?

Ms. Wright said the four years is the duration. If we needed to do a shorter time, Law would need to negotiate with UAS.

Ms. Hart asked if we walked away today, would we go into a month to month process?

Mr. Etheridge said UAS will go out with a RFP.

Ms. Hart commented an RFP takes time and would we still be able to keep the current services until the RFP closes?

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Mr. Uchtyl said the boatyard is the most critical for the commercial Fisherman. UAS does not have a relationship with the boatyard. CBJ has a sub-lease with the Boat Yard. If we cancel our lease, maybe UAS will contract with the boatyard.

Mr. Bryson asked if there has been discussion with UAS about trading other CBJ property for this property?

Mr. Etheridge said this has been discussed and UAS is not interested in trading property at this time.

Mr. Grant asked if there was any indication from UAS that after four years they might consider selling the property?

Mr. Etheridge said UAS indicated that once they figure out what they are going to do with the programs at that facility they may be willing to sell at that time but there is no timeline for this.

Mr. Ridgway asked what income do we have coming in at this area?

Mr. Uchtyl said about \$30,000 for the boatyard, Alaska Memories has cancelled their Sub-lease and Maritime Hydraulics is about \$3,000 annually. Cranes bring in about \$12,000 in revenue and about \$50,000 in repairs. Previously we paid UAS about \$12,000 per year. The boatyard lease is based on the assessed value of the property. CBJ Law indicated in the amendment to the lease we can renegotiate the Boat Yard rent and do something less than the \$230,400 fair market value. We need to do something to close the gap between \$30,000 and \$100,000.

Mr. Ridgway asked what the UAS RFP for this property would look like?

Mr. Etheridge said the rent would be \$250,000.

Mr. Ridgway asked if there was anyone that would rent this area for that amount?

Mr. Etheridge said he does not know but we could respond to the RFP.

Mr. Ridgway commented that maybe we could get a better deal if no one else responded to the RFP.

Mr. Ridgway asked about the insurance requirement?

Ms. Wright said Risk Management is reviewing this now and will make corrections where needed.

Mr. Grant asked if the insurance requirement is already figured in our budget?

Mr. Uchtyl said he will need to ask CBJ Risk about the insurance and liability.

Ms. Hart asked what will happen if we are unable to come up with a plan before our lease expires?

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Ms. Wright said she and Mr. Uchytel will work with UAS to come up with a plan to move forward.

Mr. Grant asked if we could ask for only two years?

Mr. Uchytel said he is unsure.

Ms. Hart asked what our obligation are if we decide to walk away? Is there a timeline when we need to be off UAS property? Does the Sub-leases need to be totally off the property before we are free of liability?

Mr. Uchytel said if we were to terminate we would send a letter to Harri's Commercial Marine and Maritime Hydraulics and tell them to vacate the area. We are required to leave the facility "broom clean". We do not own anything on this area, it is all owned by the University. We just maintain the equipment.

Public Comment – None

Committee Discussion/Action

Mr. Larkin does not believe if we told UAS we are not interested and walk away when we only pay \$12,000 currently it will not scare them.

Mr. Grant said he believes it will work because now they need to deal with the boatyard. It should be UAS responsibility to evict them and then the University will need to deal with the vessels that cannot use the cranes and equipment.

Mr. Uchytel said leaving the boatyard is not broom clean, if there is still a business operating there.

Mr. Ridgway suggested to do the amendment for two years and look for other options in that time. He does not want to sign up for a future that is so lopsided. Maybe UAS can work with the Sub-Leases.

Mr. Etheridge said UAS does not want to work with the Sub-Leases and they would go out with a RFP if we do not lease it. If this goes down, Docks & Harbors will get blamed and not the University. Even if we get the grant for the drive-down, that will not be built in the two years and maybe not even in four years. The income we receive for the fish tax should go into our harbors.

Mr. Creswell said we also support the Alaska Fish & Game vessel MEDEIA out of that facility.

Mr. Larkin asked if this expires on the 5th, does all the lease holders understand they need to be out by next week?

Mr. Etheridge said they are aware we are negotiating with UAS.

Mr. Ridgway commented this should be a top priority of the Board.

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Ms. Hart asked if UAS would enact their RFP process while ours is in place? This will be a hard transition for the users. We would still need to decide on two or four years. If the users can still use the facility while the RFP is out, we are protecting our users.

Mr. Grant said the question he wants answered is if the insurance is already figured in this lease amendment or is the insurance going to go up again?

Mr. Etheridge asked if this could wait until next month?

Mr. Uchytel said he can go back and ask for more time if that is the will of the Board?

Mr. Ridgway commented he does not think to move this forward until the full review from Risk Management.

Mr. Etheridge said the negotiating team was trying to get a longer term. UAS would only go as long as four years. The City Manager was who offered the CBJ services for the UAS students to reduce the rent. Within this four year time of this lease amendment, we need to figure out what we are going to do next. He said he believes this is the best deal we are going to get.

Mr. Ridgway said he would agree to move this forward with the four years.

Mr. Uchytel said there is a chance the UAS new leadership who is believed to be pro-fisheries would be willing to do something on behalf of the commercial fisherman and could advance what we think the best use of these facilities are.

Mr. Larkin asked if this can be tabled or is there something needed tonight.

Mr. Uchytel said if the Board does not want to approve this tonight he can ask to bring it back next month.

Mr. Ridgway asked if they say no can we have a Special Board Meeting?

Mr. Uchytel said yes.

Mr. Leither commented four years sounds like a good time. Why are we not moving on this tonight? He would be in favor of moving this forward.

MOTION By MR. RIDGWAY: MOVE TO FORWARD THE DRAFT UAS LEASE REVISION 3 TO THE CITY MANAGER WITH THE APPROVAL OF THE BOARD CONTINGENT UPON A RISK MANAGEMENT REVIEW REVEALING SIGNIFICANT ISSUES AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

H. New Business - None

I. Items for Information/Discussion - None

J. Committee and Member Reports

1. Operations Committee Meeting Report

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Mr. Ridgway reported –

- The Committee forwarded the Hansen Gress property purchase to the Board
- Staff provided a draft plan for the ABLF work zone area

2. Assembly Lands Committee Liaison Report - None

4. South Douglas/West Juneau Liaison Report - None

5. Member Reports

Mr. Grant congratulated staff for a well done comprehensive PIDP Grant application.

K. Port Engineer's Report – None

L. Harbormaster's Report

Mr. Creswell reported –

- Staff is working on summer start up.
- We have already received three cruise ships on our Docks and the fourth one tomorrow will be at the Franklin Dock. Ship are arriving at overcapacity and we are off to a strong start.
- We are a little short on staff at the Port but we do have three new Harbor Officers starting Monday and we are still looking for employees to fill the PTL positions.
- There is still one crane down at Aurora Harbor. The parts have been shipped and should be here next week. We hope to have all three cranes running for the season.
- The Statter Harbor restrooms project is making good progress. Staff has been working closely with the passenger for hire and bus loading zone users to work around the construction and make sure speed is slowed down.
- Staff is working very hard to remove all the abandoned vehicles when they show up in the lots. The parking lots are looking much nicer.
- The Statter Harbor office hours will include Saturdays starting May 13th and the weekend before Memorial Day it will go to seven days a week. Aurora Harbor will be open on Saturdays starting the weekend before Memorial Day. The Port Field Office will also be open seven days a week after a seasonal Port Admin is hired.

Mr. Grant commented that when he was driving by Douglas, he noticed that some of the vehicles there look abandoned and was wondering if there is a different approach than with Aurora.

Mr. Creswell said the seven vehicle in Douglas that appear to be abandoned belong to vessel owners in the Harbor. Last year he changed the parking lot language that all vehicle parked in the lot are to be used for transportation to and from the harbor and not to be used for storage. He is working to educate the patrons of this change.

Mr. Grant asked about the lighting situation in Douglas and what is the plan.

Mr. Uchytel commented he will go over that in his report.

M. Port Director's Report

Mr. Uchytel reported -

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- He thanked the Board members for attending the Public Outreach meeting at the Mendenhall Library and the Yacht Club. The public talked more on the need for security than the rate study.
- He said he contacted our Term Contract holder Morris Engineering for Electrical and he directed him to provide a quote for lighting for something less than \$50,000 for Douglas Lights and then provide a quote for all the lighting in Douglas Harbor.
- He has directed staff to work on a security gate at Harris Harbor.
- Statter Harbor phase IIIC restroom project is going well and the substantial completion date was going to be May 13th but they did get slowed down by the winter cold. They are making good progress now.
- He said he is planning a ribbon cutting ceremony for National Infrastructure week which starts May 15th. On the 15th he is planning a ribbon cutting event at the Deck over at Marine Park and on Friday the 19th the Statter Harbor restrooms but that may be postponed. He will invite the Statter Family again to come, we will have a singer and customer appreciation.
- Tlingit and Haida has a lease with us at 4400 Thane which is the former Thane Ore House. NORTECH has been doing soil sampling on the diesel that was found by Tlingit and Haida's architectural firm, Jensen-Yorba-Wall who found this about three years ago. He has been working with DEC on the requirements for testing and we will see how that goes.
- The PIDP Grant update, in the packet is a 65% document and he is working diligently to get that completed. He did a thank you to PND and Meilani Shovens who put that together. We received letters of support for the drive-down float. The grant application is due tomorrow and Mr. Sill is working on this currently so it is ready to go by tomorrow.
- He said he presented at the Assembly Finance Meeting last night, Mr. Etheridge and Mr. Becker also attended. The Assembly seemed interested in our finances and what we are doing.
- The day before the Assembly meeting he presented to the Senate Finance Subcommittee on transportation as well as the Port Director from Homer, Nome, and Port of Alaska.
- There is one Board vacancy and we should be recruiting for replacement. There are three Board members that are up for renewal and will be contacted by the City Clerk.
- The Maritime Festival is on Saturday May 6th and runs from 11:00 to 5:00 and also is the same day for Blessing of the Fleet and that starts at 10:00. Staff Pressure washed the Fisherman's Memorial. The Navy Pacific Fleet Rock Band performs at the festival and also Sunday and Monday.

Mr. Grant commented that he was the one at the Operations Meeting that suggested the \$500,000 match for the PIDP grant and asked if Mr. Uchytel had any concerns about that amount in terms of how effective the application will be?

Mr. Uchytel said the \$500,000 was on the consent agenda tonight. He thinks that amount will be fine and will provide the complete application. It is required to

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certify that we have that money so he certified that we do as the Purchasing Officer and he explained why that was all we had to offer. This year if we are not successful, we will offer more next year.

N. Assembly Liaison Report

Mr. Bryson reported –

- The Assembly Finance passed the Docks & Harbors budget last night
- Marine Passenger fees were also passed last night and that included the \$130,000 for the two privately owned docks for bathrooms and security. Providing for the privately owned docks was an issue for some Assembly members so if Docks & Harbors sees value to let the Assembly know next year so that can continue.
- He commented that the Assembly does feel that the UAS fair market value is very high. This does not build good relationships for the community and he believes the Assembly will support Docks & Harbors.

O. Board Administrative Matters

- a. Ops/Planning Committee Meeting – Wednesday May 17th, 2023
- b. Board Meeting – Thursday May 25th, 2023

P. Adjournment – The meeting adjourned at 7:01pm.