

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES
For Thursday, November 17th, 2022
CBJ Room 224 and via Zoom Meeting

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

B. Roll Call – The following members attended in CBJ room 224 or via Zoom; James Becker, Paul Grant, Debbie Hart, David Larkin, Matthew Leither, Mark Ridgeway, Lacey Derr and Don Etheridge.

Absent – Annette Smith

Also in Attendance - Carl Uchytel – Port Director, Matthew Creswell – Harbormaster, Jeremy Norbryhn – Deputy Harbormaster, Teena Larson – Administrative Officer, Matthew Sill – Acting Port Engineer, Benjamin Brown – City Attorney, and Wade Bryson – Assembly Member

C. Port Director Request for Agenda Changes – Mr. Uchytel recommended to move the information items to after the approval of the meeting minutes.

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

Motion passed with no objections.

D. Public Participation on Non-Agenda Items – None

E. Approval of Minutes

1. October 27th, 2022 Regular Board Minutes – Hearing no objection the minutes were approved as presented.
2. November 9th, 2022 Special Board Minutes – Hearing no objection the minutes were approved as presented.

F. Items for Information/Discussion

3. Harbor Rate Study

Mr. Homan and Mr. Bruce gave a PowerPoint presentation on the HDR Port of Juneau – Docks & Harbors Rate Setting Project. The final report starts on page twenty-five in the packet. HDR conducted a thorough review of applicable documents related to current tariffs, facilities, users and Docks & Harbors (D&H) budget.

Key Findings

- Stakeholders are not likely sensitive to modest changes in rates.

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- D&H rates should be increased to ensure assets are maintained in a good state of repair.
- D&H should maintain a replacement reserve analysis and forward-looking capital plan.
- Based on the replacement reserve analysis conducted through this study, rates will need to be increased by nine percent.
- Rate increases could be less if D&H scaled back its capital investment program or reduced services.

Outreach User Group Participants

- Cruise Lines
- Charter Operators
- Recreation Boaters
- Launch Ramp Users
- Live-a-board Community
- Commercial Fishing

Replacement Reserve Analysis

- The total replacement value (in 2022 dollars) for all D&H facilities is estimated to be \$195M.
- The annual amount required to maintain D&H facilities in a state of good repair is \$1.9M beyond expenditures.

Board Discussion

Mr. Leither said nine percent of the \$4.25M Harbor Enterprises average revenue would only be \$380K, or less than half of what is needed to maintain the capital.

Mr. Homan said he used figures from Mr. Uchytel to find out what will be needed to keep assets in a state of good repair. There is a different variable cost for this forty-year analysis.

Mr. Bruce said they looked at the numbers for the three years before Covid, hopeful they would return to normal by next year.

Mr. Leither spoke about removing the “firewall” between the Docks Enterprise and Harbors Enterprise, combining the two into a single enterprise.

Mr. Homan said when they created the Replacement Reserve Analysis they combined the two enterprises as one.

Mr. Leither asked if we had control over the cruise ship rates.

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Mr. Uchtyl said we do set those rates, but any increase would need to be approved by the City Assembly. He also said we have much less control over the head tax.

Mr. Grant asked for ideas to better index rate increases going forward.

Mr. Bruce said there are state and national agencies that offer GDP deflators. Consumer rate increases do not necessarily reflect what is happening with D&H facilities.

Mr. Grant asked about the difference between daily and long-term rates and the nine percent increase.

Mr. Bruce said he would do a nine percent rate increase across the board. He said D&H monthly rates are low and that should be looked at individually.

Mr. Grant asked if the nine percent only accounted for maintenance for current facilities, or if it includes future projects. He also asked why north Aurora Harbor was included in maintenance instead of a new facility.

Mr. Bruce said it only includes current assets.

Mr. Uchtyl said some assumptions were made on longevity and the useful life of a facility.

Public Comment

Kirby Day – Juneau, Alaska

Mr. Day asked why the Docks Enterprise would get a nine percent increase to fund the shortfall from the Harbor Enterprise. The cruise ship docks are fairly new and the chance that we will need to replace them anytime soon is unlikely. He also said if they did need maintenance Marine Passenger Fees would likely pay for that. He believes the Harbors will need the bulk of replacement and maintenance.

Mr. Homan said at the end of the day it is up to the Board to decide where increases will be needed.

Mr. Larkin said the Assembly would look at an individual fund balance when making a decision. He would like the Assembly Finance Committee to look into any changes or merging of the two enterprises. He is worried there could be a negative impact or unforeseen consequence.

4. Site Characterization Workplan – 4400 Thane Road Property

Jason Ginter with NORTECH spoke about performing some site characterization work at the former Thane Ore House site. He will need to bring in an out-of-state driller and the work should start spring 2023. There is a well on the property and the water sample

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showed traces of petroleum. Mr. Ginter is hoping this was an isolated contamination and they will not find more at other locations.

Mr. Uchytel said this property is owned by D&H and was leased to Central Council of Tlingit and Haida Indian Tribes of Alaska (CCTHITA) in 2017. There is also a portion of the property leased to AEL&P. AEL&P is subleasing their portion back to CCTHITA. Capital City Fire and Rescue (CCFR) used the old building in a controlled practice burn. While CCTHITA was digging test sites to install a septic tank, they noticed an odor of petroleum. They contacted the Alaska Department of Environmental Conservation (ADEC). D&H is contracted with NORTECH to help meet the ADEC obligations.

Board Discussion

Mr. Leither asked what the property was used for before the Thane Ore House restaurant.

Mr. Ginter said the Thane Ore House did have a few minor fuel spills over the years. The building had been on the site for over forty years before its destruction by CCFR. There is a portion of the property that had been used for mining in the past and a portion of the bordering property is old mine tailings.

Mr. Grant asked for the history of D&H ownership of the property.

Mr. Uchytel said it was a transfer from the state of Alaska in 2001. We assumed the property and lease by the Thane Ore House and AEL&P. The Thane Ore House lease was cancelled for lack of payment.

Mr. Larkin asked how long the petroleum had been at the site.

Mr. Ginter said it looked to be old and was definitely not a fresh spill.

Mr. Uchytel said they did research to confirm CCFR did not use the same type of propellant during the controlled burn.

Mr. Becker asked how long this project will take.

Mr. Ginter said it should take six to eight weeks once on site.

Mr. Grant asked if there is any chance the State of Alaska could be partially responsible for the clean-up.

Mr. Uchytel said he has reached out to AEL&P and they are interested in collaborating with us to help with the clean-up.

Mr. Becker asked how this was affecting CCTHITA developing the property?

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Mr. Uchtyl said he has consulted with leadership at CCTHITA. They would like to be up and running by the summer of 2023. This contamination has set CCTHITA back and they are worried about the ramifications.

Mr. Ridgway asked how much revenue we receive for the leases and what our liability is if the contamination is significant. He also wonders if we are liable to CCTHITA for holding up their plans for the property.

Mr. Ginter said the area is tailings and if we were to look for heavy metals, we would find them. The ADEC is only interested in the petroleum factor and what they were originally called out to the site to inspect.

Mr. Brown said when the State of Alaska transferred tidelands to the City, it was implied that we would also assume all liability related to the property. He cannot offer an opinion on damages or liability incurred due to the lease with CCTHITA.

Mr. Uchtyl said the CCTHITA signed a 33-year lease and they will pay fair market value, or \$8K. CCTHITA also agreed to pay a head tax of \$1.30 per person that goes through the facility.

Public Comment – None

5. Board Strategic Retreat

Ms. Derr said the Board will meet on December 7th & 8th from 5:00 p.m. to 8:00 p.m. She feels the main topic will be reviewing the HDR study and rates.

Mr. Uchtyl said this will be a public meeting and will be available through Zoom.

Board Discussion – None

Public Comment – None

6. Aurora Phase III Pro

Mr. Sill discussed the project, schedule and anticipated cost. He reviewed the plans starting on page forty-seven in the packet. He said he is working with R&M Consultants, Inc. to help with environmental permitting. PND Engineers, Inc. will help with structural plans and Morris Engineering Group will assist with the electrical portions of the project. This project is funded by a match grant, \$2M from the State of Alaska and \$2M from the City and Borough of Juneau. The overall contract will go out to bid in January 2023. There will be several 100 amp power pedestals available on this new float as well as 30/50 amp.

Board Discussion

Mr. Larkin asked if all of the new floats put in after this one would be the same design.

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Mr. Sill said this first replacement float would hold all of the housing and power needed for the remaining floats.

Mr. Grant asked what would be involved to extending the float to the end, giving added side-tie options.

Mr. Sill said that could work, but \$4M would only get the main walk with no new stalls.

Public Comment – None

7. UAS Property Update

Mr. Uchytel, Mr. Etheridge, the Lands Manager and the City Manager met with UAS. The UAS Board of Regents is unwilling to sell the Fisherman's Terminal property to us. If we decide to move forward with a new 33-year lease, it will be at fair market value of \$240K a year. Mr. Uchytel believes it is too rich for us to maintain that price for a 33-year lease. We asked for consideration and were told if there is an educational benefit provided they may be able to reduce the price. The cranes, travel lift and pier are all in poor repair on this property. Our current lease will expire on May 4, 2023 and we do have the right to walk away from the property. If we do not sign a lease with them they will go out with a Request for Proposal (RFP) on the property. We might be able to get the property for much cheaper if we are the only bid, or only entity coming in with real money.

Mr. Etheridge said they might require a minimum bid of the fair market value of \$240K. We need to get clarification on this. The City Manager is looking into other things CBJ might be willing to offer to get the price down.

Mr. Becker asked if there was a professional appraisal on the land?

Ms. Derr said she is disappointed with UAS and how this process is going. She would like to walk away from it. She wonders if we could purchase the whole UAS property and enter into a partnership with the Marine Exchange and use it as our new Aurora Harbor office.

Mr. Etheridge said that is not an option now. They gave a timeframe of needing that technology space for the next 50 years.

Mr. Uchytel said UAS does not want to sell this piece of land because they are worried it would diminish the value of the other parcel next to it.

Mr. Leither asked what type of educational benefit would qualify for a price reduction.

Mr. Etheridge said they are open to anything at this point.

Mr. Grant asked what type of rent reduction an educational benefit would provide.

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Mr. Etheridge said he has heard from \$100K - \$175K reduction.

Mr. Uchytel asked the Board how much they are willing to pay to subsidize a boatyard and commercial fishing pier. We currently pay about \$9,500 per year.

Mr. Leither asked if the Auke Bay Loading Facility (ABLF) could replace the Fisherman's Terminal needs.

Mr. Creswell said the boatyard at the ABLF is currently full and has the ability to lift smaller vessels. We sold our sealift recently and have about \$225K to buy a new one. It is a small area and there is not room for expansion.

Mr. Bryson said the City Assembly was equally disappointed with the UAS negotiations. He feels if D&H walks away from this property and waits for the RFP there is no way anyone else will come up with \$240K per year for a 33-year lease. The Assembly appreciates there is not a lot of land for purchase for this purpose, but is supportive if some can be found.

Public Comment – None

G. Consent Agenda

- a. Public Requests for Consent Agenda Changes – None
- b. Board Members Request for Consent Agenda Changes – None
- c. Items for Action

8. Assembly Authority for Negotiated Land Sale

9. Legislative Priority List

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

Motion passed with no objection.

H. Unfinished Business – None

I. New Business

10. Docks & Harbors Annual Report to the Assembly

Mr. Uchytel said D&H is required to submit an annual report to the Assembly by November 30th each year. Starting on page eighteen of the packet is the draft of the report. Mr. Uchytel reviewed the budgeted numbers and estimated final budget.

Board Questions – None

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Public Comment – None

Board Discussion/Action

MOTION By MS. DERR: TO SUBMIT THE ANNUAL REPORT TO THE ASSEMBLY AS PRESENTED AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

J. Committee and Member Reports

a. Operations Committee Meeting Report – None

b. Assembly Land Committee Liaison Report

Ms. Derr said none of the land discussed recently is owned by D&H. One problem she is seeing regularly is shared access. She is worried about the condominium project at Statter Harbor and their request for shared access.

c. Auke Bay Neighborhood Association Liaison Report – None

d. South Douglas/West Juneau Liaison Report

Mr. Becker said they are going through a very involved process regarding future development of Douglas Island.

e. Member Reports

Mr. Grant has done an initial run-through on the bylaws project and sent some information to Mr. Uchytel.

Ms. Derr said there was a letter sent to the live-a-board community in Statter Harbor and there has been good feedback. They will meet with Ms. Derr and she will report back.

Mr. Grant said it concerns him as a Board member to be advocating for one user group. We do not do that for any other user group. He is concerned we are amplifying the voice of one group to the detriment of us and other groups.

K. Port Engineer's Report: Mr. Sill reported -

- Global Diving checked the entire length of the Statter Harbor Breakwater and fixed one broken rod. It was in much better shape than anticipated.
- D&H is signing a contract with Carver Construction to fix some sinking and trip hazards on the concrete near the Goldbelt Tram.
- Trucano Construction is on schedule with the Marine Park Deckover Project. They have successfully driven 5 ½ of the 17 piles needed. He is working with CBJ to bring their pipe inspection truck to inspect a 48 inch culvert that drains most of downtown Juneau. They need to confirm this ongoing work is not

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affecting anything. Mr. Sill has solicited a proposal from our term contractor to assist with the inspection process.

- The Statter Harbor Restroom Project is going well. Dawson Construction will be having their pre-construction meeting next week. They should be breaking ground in two weeks.

L. Harbormaster's Report: Mr. Creswell reported -

- We received a comment from a patron on the condition of the Statter Harbor public bathrooms. There is some truth to the complaint and they are in worse shape in the mornings before staff comes in to clean. The facility is 20+ years old and we are planning to do some minor repairs to help aesthetics.
- Our annual Christmas party is at Dipac on December 15th from 6-9 p.m.
- All winterization is complete.
- The Harbor Security Officer is doing a great job tagging abandoned vehicles. We have three going to disposal next week.
- Mr. Creswell issued 13 mandatory seaworthy notices to vessels in Douglas. All but three have scheduled or passed the trials.
- The new cameras in Harris Harbor and Statter Harbor were installed. One more is due to be installed with 360 degree rotation to cover the Harris Harbor restrooms.
- The Harris Harbor restrooms are locked from 11 p.m. to 5:00 a.m. due to continued vandalism.
- D&H is interviewing for a full-time Administrative Assistant at Aurora Harbor.
- We are bringing online a SMS messaging system that will allow us to text message automated notifications to our harbor patrons.

M. Port Director's Report: Mr. Uchtyl reported -

- Mr. Uchtyl will be on leave starting Monday, November 21, 2022.
- The next Assembly meeting has many D&H agenda items. We have regulation/ordinance changes, resolution in full support of our harbor grant program and a \$500K transfer from our fund balance to the Aurora Harbor project.
- The Assembly Committee of the Whole will be considering our Land Management Plan.
- The Port Engineer position is out for hire. This position is a senior member of the staff and Mr. Uchtyl welcomes any Board member that would like to participate in the process.
- Mr. Uchtyl and Ms. Hart will meet with government entities on December 5th at the Auke Bay Marine Station.
- Mr. Uchtyl has entered into a contract with Corvus Design to help with beautification along the Seawalk. This includes additional signage and seating from Marine Park to Taku Fisheries.
- There was a USS JUNEAU memorial ceremony on November 13, 2022. Mr. Uchtyl would like to improve/expand the current memorial on the Seawalk.

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- Mr. Uchtyl met with Goldbelt, Inc. and Horan & Company to discuss the proposed project at the Seadrome location.
- There was a vote last week that limits cruise ships carrying more than 1,000 people from entering Bar Harbor in Maine. Key West, Florida tried the same thing four years ago but the decision was overturned.
- Mr. Creswell is applying for a national security program that is run by the U.S. Coast Guard. They meet twice a year in Washington D.C. Mr. Uchtyl would like to write a letter on behalf of himself and the Board recommending Mr. Creswell.

N. Assembly Liaison Report: Mr. Bryson reported -

- He is excited to be the new Assembly Liaison for D&H.
- At the last Assembly Committee of the Whole meeting, they listened to a great presentation by Huna Totem about the proposed new cruise ship dock.
- There has not been a lot of support for North Douglas projects. If any Board member would like to share their opinion, please put it in a letter to the Assembly.
- Mr. Bryson said he is the Chair of the Public Works Land Committee. If you ever have any issue with ordinances or need anything please feel free to contact him.

O. Board Administrative Matters

- a. Docks & Harbors Board Strategic Retreat – December 7th & 8th, 2022
- b. Ops/Planning Committee Meeting – Wednesday, December 21st, 2022.
- c. Board Meeting – Thursday, December 29th, 2022
- d. Board members please let Mr. Uchtyl and Mrs. Larson know if you will be attending meetings. It is important to confirm the Board will have a quorum.

P. Adjournment – The meeting adjourned at 7:46 p.m.