



Petersburg Borough

12 South Nordic Drive
Petersburg, AK 99833

Meeting Minutes Harbor Board

Wednesday, October 16, 2024

6:30 PM

Assembly Chambers

1. Call to Order / Roll Call

Chair Martin called the meeting to order at 6:30 pm.

PRESENT

Board Chair Bob Martin
Board Member Daniel Cardenas
Board Member Casey Knight
Board Member John Murgas
Board Member Joel Randrup
Board Member Don Spigelmyre

EXCUSED

Board Member Scott Roberge

Other attendees: Harbormaster Wollen, Director Cabrera, Harbor Operations Supervisor Tagaban, Chief Kerr, Jim Floyd, Cynthia Lee Mathisen.

2. Approval of Minutes

A. February 23, 2024 Harbor Board Meeting Minutes

The minutes of the February 21, 2024, regular meeting was approved as submitted.

3. Amendment and Approval of Meeting Agenda

The agenda was unanimously approved.

4. Persons to be Heard Related to the Agenda

Jim Floyd introduced himself as CEO/Manager of Hammer and Wikan Inc. and spoke in support of New Business Item B and asked the Board to continue serious responsible tourism discussions with American Cruise Lines.

5. Persons to be Heard Unrelated to the Agenda

No views were shared.

6. Harbormaster Report

A. October 16, 2024 Harbormaster Report

Harbormaster Wollen discussed her report with the board.

7. Unfinished Business

A. Marine Industrial Overlay

The board is requested to review and make recommendations to the Assembly to adopt a Marine Industrial Overlay on designated waterfront properties.

Motion was made to recommend the Assembly adopt the proposed ordinance amending Chapter 19, Zoning Regulations, of the Petersburg Municipal Code to establish overlay zones within Municipal Zoning Regulations and to create a Marine Industrial Overlay Zone.

Chairman Martin opened the discussion allowing members to give opinion and ask questions of staff and interested parties. Member Knight inquired about the Fire Department's use of property at the Scow Bay location and timeline for relocation if needed. Director Cabrera addressed concerns related to designated leased property lines. Motion carried 6-0.

Motion made by Board Member Murgas, Seconded by Board Member Spigelmyre. Voting Yea: Board Chair Martin, Board Member Cardenas, Board Member Knight, Board Member Murgas, Board Member Randrup, Board Member Spigelmyre

8. New Business

A. Damaging Wake Issues

Review and make recommendations to Assembly to approve a letter of concern to USCG regarding damaging wake issues along Wrangell Narrows.

Chairman Martin opened the discussion allowing members to give opinion and ask questions of staff and interested parties. Chief Kerr addressed the procedure for enforcement of no wake within the Harbor and reported on conversations he had with USCG local enforcement of the Wrangell Narrows CFR speed limits of 7 knots and their inability to enforce unless there is damage that can be investigated and citation applied.

B. American Cruise Lines Proposal

Chair Martin opened discussion of review of the American Cruise Line proposal. Member Knight introduced a written statement outlining his thoughts for consideration (attached). Members discussed the merits of fleshing out the proposal before coming to a decision.

Motion was made to recommend the Assembly use Borough funds to jointly work with American Cruise Lines in development of conceptual drawings of the proposed project. Motion carried 6-0.

Motion made by Board Member Knight, Seconded by Board Member Spigelmyre. Voting Yea: Board Chair Martin, Board Member Cardenas, Board Member Knight, Board Member Murgas, Board Member Randrup, Board Member Spigelmyre

C. Changes to Permanent Moorage

Review and make recommendations to the proposed code changes to permanent moorage addressing vessels who do not move within a 12, 24 or 36 month time period. Staff is proposing attaching storage fees, survey requirements and insurance requirements to these account holders in order to promote activity and free up stalls for the large number of vessels on the waiting list.

Chairman Martin asked Harbormaster Wollen to introduce the draft ordinance amending Chapter 14.20 of the Petersburg Municipal Harbors, to adopt provisions regarding inactive vessels. He then opened the discussion allowing members to give their opinion and ask questions of staff and interested parties. Member Spigelmyre raised concerns that these changes could negatively affect liveaboard customers. Member Knight asked questions about implementation timeline.

Motion was made to recommend the Assembly to adopt the proposed draft ordinance amending Chapter 14.20 of the Petersburg Municipal Code, Municipal Harbors, to adopt provisions regarding inactive vessels. Motion carried 6-0.

Motion made by Board Member Murgas, Seconded by Board Member Randrup. Voting Yea: Board Chair Martin, Board Member Cardenas, Board Member Knight, Board Member Murgas, Board Member Randrup, Board Member Spigelmyre

9. Communication

There were no communications.

10. Discussion Items

Member Murgas commented on the need to work with the Fire Department at Scow Bay, as this location affects insurance rates.

Chairman Marin expressed concern related to lack of parking for the North Harbor customers in regard to liveaboard vehicles using a large percentage of available parking spots.

11. Adjourn

The Board adjourned at 8:02 pm.

Thoughts about the American Cruise Lines issue

Casey Knight 16
October 2024

Some uncontroversial opinions:

1. I'm interested, tell me more.
2. We should maintain as much Borough control over our waterfront as possible.
3. We should expect a piece of the action.

More controversial ways of fleshing out (1)-(3):

1*. The Borough should obtain conceptual plans, and an estimate of cost, before we make any proclamations in favor or against. In addition, we should clarify the proposed relationship between the Borough and ACL, in the form of proposed legal documents.

2*. The Borough should seriously consider putting money towards this, in such a way that we maintain primary ownership of the project, if it is to happen.

3*. The Borough should expect annual payback from rents to cover any bond payments we might incur, and the community itself should expect to see profit, in USD, above and beyond this payback.

An important fact: the details of (3) constrain my opinion of (2*).*

Let's consider a hypothetical scenario:

- Suppose the conceptual plans indicate that the project is expected to cost \$10 million.
- Suppose we choose a version of "Scenario 3", and so we are responsible for \$8 million.
- Suppose we choose to allocate \$4 million, and pursue a 30 year bond for \$4 million.

At 0% interest, annual payments are about \$130,000. At 5% interest, annual payments are about \$250,000. Let's go somewhere in the middle and suppose that annual payments would be \$200,000.

Annual rent from ACL on Scenario 3 is \$25,000, so we have to find another \$175,000 in rents to make the payment.

Suppose we see another \$25,000 from other cruise lines that dock there, and *who wouldn't find a spot at our waterfront otherwise* (this is important, otherwise such revenues cannot be thought of as being produced by the dock itself). Now we have to find another \$150,000 annually.

According to Scenario 3, we get \$3 per head on passengers berthed on ships that dock there. Take \$150,000, and divide by \$3 per head, and you need 50,000 passengers on cruise ships annually at that dock alone. It seems unrealistic to expect so many passengers to come across that dock.

Hypothetical Conclusion: If we pursue this, then we must strike a deal that gives us a better chance of making bond payments, if we choose to go that route.