

MEMORANDUM

TO: Juneau Docks and Harbors Board and Operations Committee

FROM: Karl and Shelly Leis, Karl's Auto and Marine

DATE: March 20, 2023

RE: Auke Bay Boatyard

We would like to voice our objection to granting special consideration to a tour business to perform oil changes on their boats outside of the Auke Bay Boatyard, and objection to the issuance of a SWPPP permit to allow pressure washing at the Auke Bay LOADING Facility.

CBJ granted an assignment of the lease of the Auke Bay Boatyard to Karl's Auto and Marine Repair ("KAM") on November 6, 2020. The lease states that services to be provided at the boatyard included hauling and pressure washing of boats, hull cleaning, zinc replacement, engine service and repair, outboard motors service and repair, among many others. KAM proceeded to apply for and received an MSGP permit to operate the boatyard on June 17, 2021.

KAM made the decision to operate the Auke Bay Boatyard in full faith that it would be operated as a full-service boatyard as stated in the Lease. Included in the Lease is a Sea-Lift Model 45 boat trailer owned by CBJ. The Sea-Lift boat trailer was plagued with ongoing problems, was only used once by KAM, and was eventually sold by CBJ. KAM made a large financial investment and in late 2020 commissioned to have a trailer built, and purchased the 50 foot Conolift boat trailer in the spring of 2021 to be used at the boatyard. KAM then had to purchase a larger truck that had the capacity to handle the boat trailer, the larger boats, and the steep incline of the boat ramp. The Sea-Lift was self-propelled and therefore did not require a heavy-duty truck for operation. Had KAM not purchased the trailer and truck, KAM would not have the ability to haul large boats, and there would not be any large boats stored at the boatyard. KAM has made a huge financial investment in the boatyard leased from CBJ and is far from ever breaking even on their investment.

At some point in time a tour boat business began improperly performing service on outboard motors and boat washing at the Auke Bay Loading Facility ("ABLF") without an MSGP permit to do so. ADEC became aware of this and requested that it stop occurring at the loading facility.

The mandate by the ADEC was discussed at the Docks and Harbors Operation meeting on January 18, 2023. KAM stated that all necessary boat servicing could be performed at the Auke Bay Boatyard. Bob Janes of Gastineau Guiding stated that he had worked with KAM before and was sure something could be worked out. A concern was raised about adequate space at the boatyard. KAM assured there is adequate space and it was confirmed that the tour businesses only haul out one boat at a time to service at the loading facility. (In fact, the original CBJ

SWPPP plan for the boatyard states that the boatyard can accommodate 20-25 40' vessels at any time.)

Bob Janes called Karl Leis to inquire what the charge would be to use the wash pad at the boatyard. Karl stated there would be a two-hour minimum charge due to the labor intensive clean-up required after using the wash pad. Bob Janes said he was not willing to pay for two hours. Karl requested that Bob tell him what he thought a reasonable charge would be, and Bob stated he would get back to Karl, which did not happen.

Karl Leis sent an email on February 28 to Bob Janes asking him to provide a counteroffer. Robie Janes responded and requested a meeting once his mom, Dawn returned to town, which occurred on March 7 with Robie and Dawn. Dawn stated they have 10 boats and that they wash them 8-10 times each per summer. Karl asked her what she would be willing to pay to have them washed on the wash pad at the boatyard and she said \$50.00. That amount is totally inadequate and would not even cover employees' time and the expenses associated with washing and cleaning the wash pad and system.

When asked how many boat washes occurred last year Dawn stated "that doesn't matter". She was advised that it is relevant so that an average could be used to offer bulk pricing based on their average. She stated she anticipates 80-120 washes this year.

According to the February 22, 2023 memo from Carl Uchtyl, Gastineau Guiding used the ABLF 35 times for oil changes/pressure washing in 2022 and they expect to use it 120 times in 2023. An increase from 35 times to 120 times in a year seems to be drastically inflated.

At the February 13, 2023 Operations/Planning Committee the issue was discussed again. The downtown boatyard was also discussed, and Mr. Grant stated that the committee should fully support the downtown boatyard, as it was a vital part of the community. Mr. Grant stated he finds it ironic that the committee is discussing this after being so supportive of the boatyard at the Fisherman's Terminal property. The Auke Bay Boatyard is also vital to the community and should also be fully supported by the committee.

Many questions and issues arise from this situation, including:

1. The ABLF is the Auke Bay LOADING Facility. What does boat maintenance and washing have to do with loading and unloading a boat?
2. If one business is granted the right to do this, won't other tour boat businesses, fishing boat operators and marine repair businesses want the same rights and who determines who can and cannot do boat maintenance at the Auke Bay loading facility? What will happen when Gastineau Guiding, Juneau Tours, Rocky's Marine, Broken Rudder, Lawless Marine, Melino's Marine Service, Mendenhall Marine, Betts Boat Repair, Seaside Diesel and other boat repair businesses, along with other tour boat businesses and fishing boat operators want the same rights to use the facility?

3. Why should certain businesses be given preferential treatment and be able to use the CBJ facility at little to no charge, while Karl's Auto and Marine pays for the right to do the same a few feet away?
4. If CBJ Docks and Harbors receives a fee for use of the facility for maintenance, aren't they in direct competition with Karl's Auto and Marine, who leases CBJ's facility adjacent to it?
5. Does CBJ Docks and Harbors have a fiduciary duty to Karl's Auto and Marine and therefore an obligation to act in KAM's best interest?
6. How would the scheduling for use of the loading facility for maintenance be handled and who would be responsible for the scheduling?
7. What kind of congestion would this cause in the loading facility area for use of the boat ramp? There would have to be staging lanes painted in the parking lot. There would need to be time limitations for use and monitoring. What would happen when there is a complication and the boat cannot be put back in the water and someone else is scheduled to use the area?
8. What did the tour businesses do for their oil changes and pressure washing prior to improperly doing them at the loading facility? At one point in time, they were previously done at the Harri's Marine Commercial facility, which is now the Karl's Auto and Marine Auke Bay boatyard. If they were done somewhere else offsite, such as at their own facility, they can easily return to doing the same thing.
9. An XP permit covering the hauling of oversized boats can be purchased at the cost of \$300 for six months.
10. The tour business claimed they would not have access to the boat yard for emergencies. Any boat with an "emergency" would have to be hauled off site anyway for repair and a routine oil change is not an emergency.
11. If the tour business received a SWPPP plan to put a wash mat in the loading facility area, that would cause major congestion in the loading facility area. The wash mats are large and heavy, and very time consuming and inconvenient to move around. How would this affect everyone else using the facility? That would limit the space available and limit the number of other users that could use the area. Would other businesses be offered the same option?
12. Who is going to be responsible and liable when there is an environmental spill?

There is no reason for the tour businesses to not use the boatyard. That is the purpose of having a boatyard that is accessible at a loading facility. Karl's Auto and Marine believes everyone can be accommodated at the boatyard. In the event the tour company businesses are not willing to work out a resolution, they have other options beside using the Auke Bay boatyard.

The Auke Bay Boatyard is vital to the community and should be fully supported by the Docks and Harbor Board. Karl's Auto and Marine has made huge financial investments into operating the Auke Bay Boatyard under assurances and the belief that the boatyard would be operated as a traditional boatyard and that eventually KAM would be able to recoup their financial investments.