

CBJ DOCKS & HARBORS BOARD
REGULAR MEETING MINUTES
For Thursday, August 25, 2022
City Hall Room 224 and via Zoom

- A. **CALL TO ORDER:** Mr. Etheridge called the August 25th meeting to order at 5:55 p.m. in City Hall Room 224 and via Zoom.
- B. **ROLL CALL:** The following members were in attendance in City Hall Room 224 or via Zoom; James Becker, Paul Grant, Matthew Leither, Mark Ridgway, Annette Smith, Lacey Derr and Don Etheridge.

Members Absent: Debbie Hart and David Larkin

Also present: Christine Woll – Assembly Member, Carl Uchytel – Port Director, Matthew Creswell – Harbormaster, Erich Schaal – Port Engineer, Benjamin Brown – CBJ Attorney and Nichole Benedict – Administrative Assistant.

- C. **PORT DIRECTOR REQUESTS FOR AGENDA CHANGES** – None

- D. **PUBLIC PARTICIPATION ON NON-AGENDA ITEMS**

Kirby Day – Juneau, Alaska

Mr. Day spoke on behalf of Tourism Best Management Practices (TBMP). He was at the Operations/Planning meeting last week and heard some concerns and complaints after the Golden North Salmon Derby. Normally we have an opportunity to get all of the whale watching and sport fishing captains together prior to the derby weekend. With the very busy cruise ship calendar there was not a good time to get everyone together. They decided to gather the minutes from the last meeting in 2019 and send those out to everyone. They sent out reminders about the increase in traffic and to please be respectful of sport fisherman. He has sent out more correspondence letting everyone know we have about a month left of this tourism season and please take the time to remind captains to be diligent and committed to what has been agreed to. We need everyone to be mindful of wakes coming in and out of Statter Harbor and proper zones for entering and leaving Statter Harbor.

- E. **APPROVAL OF JULY 28TH, 2022 MINUTES**

Hearing no objection, the July 28th Board minutes were approved as presented.

- F. **CONSENT AGENDA**

2. A. Public Requests for Consent Agenda Changes – None

B. Board Members Request for Consent Agenda Changes

Mr. Ridgway spoke about the recommendation and asked to amend the wording. He feels it is not our place to advance efforts, it is our job to do what is best for the Docks & Harbors Enterprises. He does not like the phrase “to advance Goldbelt’s efforts” and would like the recommendation to be amended as follows.

RECOMMENDATION: TO DIRECT STAFF TO INITIATE AN APPRAISAL AND ESTABLISH A PROCESS TO COORDINATE DOCKS & HARBORS INTERESTS WITH GOLDBELTS EFFORTS TO DEVELOP THE SEADROME PROPERTY.

Mr. Grant agreed with Mr. Ridgway and said the new wording for the recommendation is appropriate.

Public Comment – None

Board Discussion

Mr. Grant said Mr. Ridgway makes an important point that we are not here to advance projects, we are here to protect Docks & Harbors interests.

Mr. Becker agreed with the change of wording.

MOTION by Mr. Ridgway to direct staff to initiate an appraisal and establish a process to coordinate Docks & Harbors interests with Goldbelt's efforts to develop the Seadrome property and ask unanimous consent.

The motion passed with no objections.

G. UNFINISHED BUSINESS

3. Hansen-Gress Building Changes

Shannon Crossley with NorthWind Architects, LLC presented a PowerPoint presentation found on page 53 of the packet. Ms. Crossley shared a sketch showing the building and property line. A building permit cannot be issued to do any renovation work to the outside of the building because it would cross a property line owned by Docks & Harbors. The property is in a prominent location and they would like to beautify the building to align with more development down the way. She said she believes these two parcels were always meant to be together and for whatever reason it has not happened up until now.

Board Questions:

Mr. Ridgway asked questions about page 58 in the packet and to explain what Docks & Harbors owns and what is being requested in the sale.

Ms. Crossley said there are mere inches from the outside of the building to the property line on the waterside. She said the parcel in front of the building is Docks & Harbors owned tidelands.

Mr. Ridgway asked if the Planning Commission could offer a variance. He would like to know if the deck and awning are included with the current renovations.

Ms. Crossley said the deck and awning are being looked at for future renovations and have not been added to the current project.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, August 25th, 2022

Mr. Leither asked if they had filed a formal application with the Planning Commission to receive a variance.

Ms. Crossley said no, they have not requested a variance or filed for a building permit yet.

Mr. Leither said he is not a planning or zoning expert. If we decide not to sell you the land you will need to receive a variance to move ahead.

Ms. Crossley said if Docks & Harbors decides not to sell the property the building owner would not be able to make any improvements to the building, maybe siding and new windows only. She said no variance will ever exists to build over property lines.

Mr. Ridgway asked about a revised property appraisal with both lots as one.

Ms. Crossley said they had to install a deck for the scaffolding to sit on to replace the siding of the building. She was hoping they could leave the deck in place and put on a railing and make it a proper deck. With the current property line they will need to make the deck temporary and tear it down once the siding is complete.

Mr. Gress said a deck sounds luxurious but it is really necessary to do any type of work to that side of the building. From a maintenance side of things this building is very difficult to deal with. There are also some issues with the pilings and this request is also about cleaning up the area.

Mr. Uchtyl said the yearly lease for this property is approximately \$6,000. The most recent appraisal for the property was \$73,000.

Mr. Ridgway asked if there are any current development plans that this sale would impact.

Mr. Schaal said he is not aware of anything that would be affected with combining these pieces of land.

Mr. Gress said the current building is valued at \$380k and the property is valued at \$483K.

Mr. Becker said selling tidelands is a big deal especially for the City Assembly. He would like to see this sale work out and thinks they would do a good job on the project.

Mr. Uchtyl said the Lands Committee meets in September and will discuss this property.

Ms. Smith asked if there are any other projects in the works where we will be giving up land. She mentioned the Goldbelt land swap at the Seadrome Property.

Mr. Uchtyl said he expects a tideland lease request from Juneau Tours in Statter Harbor. At one time the Marine Exchange of Alaska came to us and was looking for property to expand their operations.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, August 25th, 2022

Mr. Schaal said we did this exact type of deal with the Archipelago Lot. We took four parcels of land and combined them into two lots and sold some of the property.

Public Comments – None

Board Discussion/Action

Ms. Derr said a variance cannot be granted over property lines. If they were to build something on our property we would be responsible for the property tax for the structure. A public-private partnership is something that is huge and done frequently. The sale of CBJ land to provide further access to our resources is well within the realm of what CBJ does. She knows it is hard to give up tidelands, but in this case it would hinder anyone that owns this building from doing necessary work.

Mr. Leither said if the property line is inconvenient for the building owner it is not our responsibility. They decided to purchase the building knowing what would be their property and what would be owned by Docks & Harbors.

Mr. Ridgway said he agreed with Mr. Leither. It is not our job to help their property, buyer beware. He believes they knew this would be an issue and purchased the building and land anyways. He is concerned for the building and it falling into the sea if they cannot make the necessary repairs over the 50 year lease. He would like the appraisal to be done to show the value of both lots as one.

MOTION by Mr. Grant: Whereas the sale of tidelands under the control of the Docks and Harbors Board is contrary to the public policy of the City and Borough of Juneau (CBJ) (CBJ 85.02.063 (b)(4)); and

Whereas the public policy of the CBJ favors the leasing of tidelands for water related purposes (CBJ 85.02.063 (b)(4)); and

Whereas the Hansen/Gress organization (the Developer) has requested to purchase a portion of CBJ tidelands for purposes of performing necessary rehabilitation of a building which sits partially on leased CBJ tidelands and partially on privately owned land; and

Whereas it appears that many, if not all, of the Developer's objectives could be accomplished by the leasing of additional tidelands combined with the granting of variances, conditional use permits, or other conditional permissions by the CBJ Planning Commission; and

Whereas such an arrangement would be consistent with the public policy of the CBJ;

Now, therefore, the Docks and Harbors Board finds as follows:

1. The Developer's request to purchase CBJ tidelands is denied;
2. The Developer should exhaust all possible avenues through application to the Juneau Planning Commission to achieve the necessary permissions to further its development objectives;
3. The CBJ Planning Commission is requested to look favorably on any application filed by the developer which is consistent with the conceptual drawings submitted to the Docks and Harbors Board, but which does not involve the sale of CBJ tidelands;

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, August 25th, 2022

4. If requested by the Developer, staff is directed to enter into negotiations for a lease of additional CBJ property which is sufficient to meet the projects requirements, as well as any future CBJ needs for access or passage across the developer's property. Any lease negotiated between the parties is subject to the approval of the Docks and Harbors Board.

Ms. Derr objected to the motion. She feels the motion is incredibly restrictive when we already have a lot of the answers. She does not want to deny this request.

Roll Call Vote:

James Becker – No
Paul Grant – Yes
Matthew Leither – Yes
Mark Ridgway – No
Annette Smith – No
Lacey Derr – No
Don Etheridge – Yes

Yes – 3

No – 4

Motion failed

Motion by Mr. Grant to table this discussion until after the Assembly Lands Committee can meet.

Ms. Derr objected to tabling the discussion.

Roll Call Vote:

James Becker – No
Paul Grant – Yes
Matthew Leither – Yes
Mark Ridgway – Yes
Annette Smith – No
Lacey Derr – No
Don Etheridge – Yes

Yes – 4

No – 3

Motion failed

Ms. Woll said the Assembly appreciates getting a recommendation from the Board on this issue. If there is action from the Lands Committee it will be sent to the Assembly. There is still some time and she welcomes members and staff to be present and voice opinions on this proposal at those meetings.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, August 25th, 2022

Mr. Ridgway asked if Ms. Woll had an opinion on selling tidelands and what the Assembly might do.

Ms. Woll said she has no idea how the Assembly will vote on this issue and she is not ready to decide how she will vote yet. She takes the “should not” verbiage seriously, but obviously there is multiple considerations here.

Mr. Uchytel said the Board can recommend one way or the other. The City Attorney knows what is in this proposal and has weighed-in that for them to move forward - a sale is necessary.

Mr. Grant said he disagrees. They might not be able to get everything they want, but there is a lot they can do.

MOTION by Annette Smith to advance the Hansen-Gress proposal that includes easements for future Docks & Harbors development as well as first right of refusal on the consolidated land and building sale as well as the evaluation of property by Docks & Harbors contracted appraiser that assumes the property as a single lot.

Roll Call Vote:

James Becker – Y

Paul Grant – N

Matthew Leither – N

Mark Ridgway – Y

Annette Smith – Y

Lacey Derr – Y

Don Etheridge – Y

Yes – 5

No – 2

Motion passed.

H. NEW BUSINESS – None

I. ITEMS FOR INFORMATION/DISCUSSION

4. UAS Property Conveyance

Mr. Uchytel share a presentation starting on page 61 in the packet. He and Mr. Etheridge met with the University of Alaska Land Management. After they discussed our proposal with the management team they decided retaining the property was in their best interest. They will continue to lease the property to Docks & Harbors for the appraised \$230K a year. The yearly lease for the last 35 years was about \$10K-\$15K. The University has brought up the potential for a reduction in the lease if we can show an educational benefit to the university. He believes the reduction would be pennies on the dollar and not significant. He is not sure if the Assembly will allow the \$2M set aside for purchasing the land to be used to pay the new higher lease terms. There is considerable overhead incurred regardless if we lease or buy the

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, August 25th, 2022

property. The boatyard equipment and travel lift is well past its useful life. We will also need a new pier build. We are using original cranes on the dock and paid \$30K last year to rebuild one and the other is on its last leg. We have sub-lessees on the property and collect \$2,800 from Maritime Hydraulics, \$29K from Juneau Marine Services and \$4,400 from Nordic Tug Charters.

Board Discussion

Mr. Becker does not want to give up on trying to get them to sell the property.

Mr. Uchytel said the University thinks selling this piece of land will devalue the 5.3 acres with the vocational technology building. They have a fiduciary responsibility to do what is best for the university.

Mr. Leither said he understands why they do not want to sell it. He asked if there another area we can put a boat yard and what would this land be used for if not leased or sold to us.

Mr. Etheridge mentioned the recent NCL property sale and they might be thinking what this entire parcel could potentially be worth someday. He would like the Board to come to a consensus if it is worth reentering into a lease that will cost us three or four times the price of the property.

Mr. Grant asked what would happen if we ended our lease and had them work directly with our lessee to see what they could get without our involvement. Maybe we can take that \$2M and find something else that could work long-term.

Ms. Derr spoke about University's money troubles years ago when we first started talking about the purchase of land. Now after CARES funding, their income has increased and they might not need to sell the property. She is also interested in alternatives and mentioned Douglas Harbor as one. She spoke about the recent vessel that hit a log and was taking on water over the derby weekend. They went straight to the downtown haul-out at 5 a.m. and were immediately met with staff to get the vessel out of the water. This type of facility is incredibly important to the community.

Mr. Ridgway agrees with the sentiment. The long-term lease would be expensive but a boatyard is a vital services. He likes the idea of looking at other options.

Mr. Grant asked about the EPA regulations of the boatyard. He would like to know if we get tasked with making the facility EPA compliant as the landlord. He is concerned about our exposure. He would like to know if we able to do a year-to-year lease so we can keep the boatyard going.

Mr. Uchytel said when we first signed the lease the EPA regulations were almost nonexistent. There are going to be contaminants with this type of work. There is a risk with leasing and purchasing the property. There is a five acre fill zone by Norway Point that has potential for a boatyard. In 2016 it was estimated to be a \$30M project. We have also looked at the Little Rock Dump as a potential site, at roughly a \$30M project cost.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, August 25th, 2022

Mr. Becker said pollution is an issue with the boatyard and they are currently trying to deal with that. He knows we cannot throw our hands up and walk away. There are not enough places like this one to accommodate boat haul outs. He also asked if we are currently accepting money for planning efforts at that location.

Mr. Uchytel said we did not receive the RAISE Grant and we are still waiting to hear about a PIDP Grant for developing the site.

Mr. Ridgway would like to look at two options. A short term lease and alternate site options for a boatyard and haul-out.

Mr. Leither asked if the university is willing to do a short-term lease with us.

Mr. Etheridge said they are willing to negotiate. They told us there might be options to reduce the price but they want a long-term lease. Our Board needs to come up with ideas and then bring them before the University of Alaska Board to see how they will feel.

Mr. Grant would like to see what the economics are of this. He would like to see what would happen if we walked away. Currently we are subsidizing the boatyard and the hydraulic shop.

Mr. Etheridge said he has heard the hydraulic shop already has another location in mind if the lease rate increases.

Mr. Ridgway said a lot of commercial vessels are leaving Juneau for locations with lower moorage rates. He asked how it is working so far with us subsidizing an industry for boat storage. He would like to see plans and asked if we really want to be a landlord.

Mr. Grant would like a legal review of what our environmental liability would be if we decided to enter into a long-term lease.

Mr. Uchytel said he thinks the environmental issues are going to be significant. The cranes on the property are also shot, what we are doing is providing a service to the community. The value isn't financial from the boatyard, it is to the commercial fishing fleet that can now be hauled out or use the cranes to change out their gear.

Mr. Leither asked if we thought about having our own boatyard and managing it. He wonders what kind of revenue that could offer.

Mr. Uchytel said the boatyard and hydraulics leases expired with our lease with the University of Alaska.

Ms. Smith brought up the question if it is fair for our harbor patrons to subsidize these private businesses.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, August 25th, 2022

Mr. Grant wonders how it will be received if CBJ is completing with other private business in town.

Mr. Leither said if the private businesses could afford the lease price this wouldn't be an issue. Unfortunately, they can't afford the maintenance, upkeep or lease cost.

Mr. Schaal thinks we would lose money to operate our own boatyard. We have already shown we do not want to run a boatyard at the Auke Bay Loading Facility. Docks & Harbors has paid very minimal rates for the last 35 years for this lease. The University is probably considering that.

Mr. Becker said the reason the lease was so minimal was because CBJ gave the university \$500K back in the day.

Mr. Ridgway said whatever decision we make it will most likely need to be a short-term one. He does not feel we are ready to get into a 35 year lease for \$233K.

Mr. Leither asked about the Auke Bay Loading Facility and why that wasn't an option.

Mr. Schaal said we had some extra TIGER money and bought the Sea-Lift. Our staff was running the boatyard but we were having difficulty filling it. The Board made the decision to put it up for lease.

Mr. Uchytel said he does not hear a consensus on how the Board would like to move forward. All he has heard so far is the Board would like to hear more options.

Mr. Ridgway would like to direct staff to continue conversations with the university. We should probably let them know about these discussions and ideas by the Board.

Mr. Leither needs more information before he can make a decision. He needs to know more about the financials and available lease terms.

Mr. Uchytel asked if the 33 year lease was off the table would the Board consider a short-term lease.

Mr. Ridgway said he wants to know if it is an option on the table. If a shorter lease is not an option it might be time to let our tenants know we might not be able to provide that property because of the high cost.

Mr. Uchytel said we received a one-year extension with existing conditions. This memo was to put the options forward and what they include. We are unable to have an executive session to discuss this like the University can.

Ms. Smith said if we walk away that is not stopping the boatyard, it is just stopping us from being the middle man.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, August 25th, 2022

Mr. Uchytel said Mr. Schaal leaves in a month. There are many other projects going on and we are designing the north-end of Aurora. Because of the level of effort, a short-term lease is probably not our best option.

Mr. Leither said he feels this is a year-long conversation needed through many meetings. This will not be solved tonight. He thinks Juneau needs a boatyard and is not willing to sign off on a 33 year lease.

Mr. Etheridge said the current lease is only good until May 2023.

Mr. Grant said a five year lease will cost Docks & Harbors \$1.25M.

Public Comment

Dennis Watson – Juneau, Alaska

Mr. Watson feels the only option is a short-term lease. He said Docks & Harbors does not have the money coming in that would make up the lease cost. There is a lot of liability on the table here and he would like to have that discussed in an executive session and not with the public. The property owner has not done much in the way of improvements over the last 28 years. He would like to see the Board members come together and have a discussion that does not go off track like they did tonight. He said the Board only meets twelve times a year and they always go this way.

~~5. Open Meetings Act, Motions & By Laws Presentation by Port Director~~

J. STAFF, COMMITTEE AND MEMBER REPORTS

Ms. Derr asked if there had been changes to the regulation to allow storage on fingers. Some of the commercial fishing community has been asking her why they are not allowed to put locking boxes on their fingers when so many are using fingers for storage. If there has been no change to this regulation, can we please start enforcing it and asking people using the dock for storage to remove their items?

Mr. Creswell said there is no change and harbor patrons are not allowed to store personal belongings on the docks or fingers. He will plan to walk the docks soon and see who is doing this and manage the issue.

K. PORT ENGINEER'S REPORT

- Mr. Schaal said he has handed in his resignation and has accepted a position with the City of Wasilla as the Public Works Director. His last day will be on September 23rd.

L. HARBORMASTER'S REPORT

- Mr. Creswell said the Golden North Salmon Derby was slow fishing.
- Last weekend was the king crab opener and was easily four times busier than the derby. It was complete chaos for 96 hours. Staff was incredibly busy and he tried a different way to use the launch ramp. It worked overall with only three complaints.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, August 25th, 2022

- The Army Divers are in town and doing work for us. They have been out at Statter Harbor for the last four days trying to raise the sunken vessel the ANGELA K. While trying to raise the vessel the mast and poles were ripped off and it was left down in 100 feet of water.
- Staff built and installed a new fish cleaning station at the North Douglas Boat Launch Ramp.
- Staff is currently 50% complete with replacing the concrete on the Fisherman's Terminal Float.
- Mr. Scott Hinton, Port Operations Supervisor has also given his resignation and accepted a position with the State of Alaska Department of Environmental Conservation. His last day will be September 11th.
- We are currently still trying to hire Port and administrative staff.
- The last cruise ship on our docks will be on October 17th.
- He issued thirteen notices at Douglas Harbor requiring sea trials. Three have already passed the trials leaving ten left. A few extensions were given for ongoing work and he will stay on top of that.
- There are currently three boats in the impound process.

Mr. Grant asked if there was different sea trial requirements for houseboats.

Mr. Creswell said float houses are in the non-moving vessel zones and sea trials are not required.

Ms. Derr asked if the impounds were live-a-boards or general moorage in the harbor.

Mr. Creswell said one is a live-a-board.

M. PORT DIRECTOR'S REPORT

- Mr. Uchytel said staff went to Taku Harbor and did some work replacing hinges.
- Huna Totem is now the new owner of the Subport property. He has been meeting with interested parties regarding the purchase. CBJ does not own all the tidelands there and Docks & Harbors is only meeting as a consultant.
- Mr. Uchytel will be on leave from September 3rd – 12th.

N. ASSEMBLY LIAISON REPORT

- They had a Committee of the Whole meeting a few weeks ago and discussed dock electrification. Mr. Uchytel made some recommendations and the Assembly accepted the proposal. They are preparing a revenue bond to fund electrification of one of the docks.
- The Assembly officially approved the 1% sales tax list that included \$6.5M for harbor projects. This will be on the ballot in October 2022.

O. BOARD ADMINISTRATIVE MATTERS

- The next Operations/Planning Committee meeting is on Wednesday, September 21st.
- The next full Board meeting is on Thursday, September 29th.

CBJ DOCKS AND HARBORS BOARD
REGULAR MEETING MINUTES (CONTINUED)
For Thursday, August 25th, 2022

- There is a new format being used for the agenda packets. This is a requirement by the City Clerk and they will be in this format going forward. If anyone would like to see something changed or added to the agenda please let Mr. Uchytel know.

P. ADJOURNMENT - The meeting adjourned at 8:32 p.m.