



Petersburg Borough

12 South Nordic Drive
Petersburg, AK 99833

Meeting Minutes Harbor Advisory Board Meeting

Wednesday, February 21, 2024

6:30 PM

Assembly Chambers

1. Call to Order / Roll Call

Chairman Martin called the meeting to order at 6:30 p.m.

PRESENT

Board Chair Bob Martin
Board Member Daniel Cardenas
Board Member Casey Knight
Board Member John Murgas
Board Member Joel Randrup
Board Member Scott Roberge

EXCUSED

Board Member Don Spigelmyre

Also in attendance: Ken Madsen, Brock Snider, Bryon Pfundt, Jeb Phillips, Andrew Mazzella (via Zoom), Shelby Herbert, Olivia Rose, Harbormaster Wollen, Community & Economic Director Cabrera, Harbor Operations Supervisor Tagaban, and Deputy Clerk Regula.

2. Approval of Minutes

A. August 17, 2023 Harbor Board Meeting Minutes

The August 17, 2023 Harbor Board meeting minutes were unanimously approved as submitted.

3. Amendment and Approval of Meeting Agenda

Member Murgas amended the agenda to add Maintenance of the Scow Bay Ramp to Discussion Items.

4. Persons to be Heard Related to the Agenda

Brock Snider, owner of Island Refrigeration, introduced himself and gave a brief outline of his intentions concerning the application for purchase of Port property near Dock Street.

Andrew Mazella, sole member of Fierce Allegiance Development, LLC, shared his intentions regarding the request to transfer the Ocean Beauty lease to his business.

5. Persons to be Heard Unrelated to the Agenda

No views were shared.

6. Harbormaster Report

There was no report for this meeting.

7. Unfinished Business

There was no unfinished business.

8. New Business

A. Harbor Compensation for Lost Lease Revenue and Property Sale Proceeds

The Board recommends the Assembly adopt an official policy for selling any Borough owned land whose lease revenue is directed to the Harbor Enterprise Fund, outlined as follows:

1. Proceeds from the sale shall be deposited directly into the Harbor Enterprise Fund; and
2. Thereafter, any property tax payment derived from the sold property shall be deposited into the Harbor Enterprise Fund.

Reasons given for the recommendation:

1. The Harbor Enterprise Fund should be reimbursed for the approximate value of lost revenue.
2. Annual revenue from leased parcels ranges between 6% and 10% of assessed value.
3. Annual revenue from property tax is roughly 1%.
4. Expected long term annual revenue from interest on the proceeds from the sale of formerly leased land is roughly 5%.

The Harbor Advisory Board unanimously passed the motion by a vote of 6-0.

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

B. Define Marine Industrial Including Allowable Use of Waterfront Property for Local Maritime Economy

The Harbor Advisory Board recommends the Assembly adopt the following statement of purpose with definitions of “marine industrial district”, “water dependent” and “water related”, as an addition to Chapter 19, Zoning:

Statement of Purpose: The Borough acknowledges the need to assert control over its marine waterfront and related land, as this land constitutes a finite economic resource,

which requires protections from prevailing real estate market forces and other water enhanced uses (such as residential type uses) that are not water dependent or water related. The maritime economy, primarily pertaining to commercial fishing and marine recreation, is a primary economic force in our community. It is the objective of the Borough to strengthen that economy within the Borough by protecting the use of its marine waterfront and related land through the Harbor Department. Toward that aim, the Borough adopts the following definition of "marine industrial district" and related definitions.

1. An industrial district is marine industrial if and only if it is restricted to uses or activities that are either water dependent or water related. Specific use exclusions include residential, hotels, gift shops, restaurants, non-maritime retail, and other non-water dependent or non-water related uses.
2. A use of activity is water dependent if and only if it can be carried out only on, in, or adjacent to water areas because the use requires access to the water body. The following uses, and similar uses, are included: marine construction and repair, cargo terminal for marine commerce or industry, fuel dock terminals, boat launch facilities, marinas and moorage facilities.
3. A use of activity is water related if and only if it is not directly dependent upon access to a water body, but it primarily provides goods or services that are directly associated with water-dependence and, if it is not located adjacent to water, would result in a public loss of quality in the goods or services offered. The following uses, and similar uses, are included: seafood and fish processing, marine engine repair, marine electronics, marine refrigeration, marine sales, freeze/chill warehouses, vessel storage facilities, and boat rigging operations.

The Harbor Advisory Board makes these recommendations for the following reasons:

1. Recent interest in the purchase of Borough owned tidelands requires that the Borough develop an official policy pertaining to tidelands owned by the Borough.
2. It would appear that the best and easiest way to implement an official policy would be through the creation of a marine industrial district that would sit on portions of current industrial districts.
3. The definitions suggested above draw heavily upon the official definitions of "water dependent" and "water related", contained in Alaska Administrative Code, Section 6 AAC 80.900(17) and 80.900(18).

Note: The determination of which specific parcels within the Borough to which the zone shall be applied are not specified by this recommendation.

The Board unanimously approved the motion to recommend the Assembly revise Chapter 19, Zoning, of the Municipal Code to include a "marine industrial district" overlay.

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

C. Review Proposed Draft Process for Entertaining all Port/Harbor Waterfront Lease and Property Sale Applications

The Board unanimously recommends to the Assembly to revise Municipal Code Chapter 16.16, Tidelands, by delineating a set of parameters according to which it would be appropriate for the Borough to sell tidelands, and a process for the sale of such land. The recommendation, noted as "Recommendation #2" is attached and made a permanent part of these minutes.

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

D. Island Refrigeration Application to Purchase Tidelands Property on Dock Street

A motion was made to support the sale of tidelands to Island Refrigeration. An amendment was offered to support the sale if and only if the ordinances previously discussed under New Business were adopted and put into practice. The amendment failed by a vote of 5-1.

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

The Board unanimously approved to postpone a decision concerning the Island Refrigeration application until the Assembly considers the previous recommendations made by the Board.

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

E. Assignment of Ocean Beauty Seafoods, Inc. Lease to Fierce Allegiance Development, LLC

The Board unanimously supported assignment of the Ocean Beauty lease to Fierce Allegiance Development, LLC.

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

9. Communication

There were no communications.

10. Discussion Items

A. Scow Bay Ramp Maintenance

Member Murgas reported he will perform some annual minor maintenance to the concrete ramp at Scow Bay at no charge to the Borough.

11. Adjourn

The meeting was adjourned at 9:55 p.m.

Recommendation #2: A recommendation from the Harbor Board to the Assembly to revise Chapter 16.16, Tidelands, by delineating a set of parameters according to which it would be appropriate for the Borough to sell tidelands, and a process for the sale of such land.

The Harbor Board recommends to the Assembly to adopt the following addition to Chapter 16.16, Tidelands:

For any parcel currently designated as tidelands, which is currently owned by the Borough, if there is some entity that desires to buy said parcel ("the Buyer"), the Borough and the Buyer shall abide by the following Sale Parameters and Process.

Sale Parameters:

- 1) If the parcel is currently being leased, only leaseholder, or current assignee with written leaseholder approval, may apply to purchase, unless the leaseholder is merely using the leased land for the purposes of gear storage (in which case the situation shall be judged in accordance with the final sentence of (3) below).
- 2) Sale of tidelands currently being leased must be by direct sale to the lessee or current assignee.
- 3) Sale of tidelands shall only be by ordinance and shall require specific written findings of fact be placed in the ordinance outlining why the sale of the tidelands, instead of lease of the tidelands, is in the best interest of the Borough. The findings must outline the benefits to the Borough that would be gained through sale that would not be realized through leasing. Specifically, these findings shall demonstrate at least one of the following claims:
 - a. If the Borough does not sell the land, it is expected that the Borough will lose specific essential public marine-related services, or these services will be severely weakened.
 - b. If the Borough does sell the land, it is expected that the Borough will gain specific essential public marine-related services, or these services will be significantly strengthened.

In addition, these findings shall address the question of whether there is some alternative use of the land which expectably would lead to greater benefits, or would prevent worse losses, to public marine-related services. If there is identified such an alternative use, and the Borough decides not to pursue this alternative, these findings must demonstrate why not.

- 4) Sale of tidelands shall not be for less than appraised value (as opposed to assessed value).

Sale Process:

- 1) Application to purchase is filed along with \$500 application fee. Included in the application shall be written findings of fact that attest to the benefits to the Borough that would be gained through the sale that would not be realized through leasing, specifically addressing either (3a) or (3b) of the Sale Parameters. In addition, the application shall demonstrate that the proposed use of the lot satisfies the definition of 'marine industrial zone', as [prospectively] defined in Chapter 19, Zoning.
- 2) Application is sent by the Clerk's office to the Harbor Board for recommendation to the Planning Commission and the Assembly.
- 3) Application is sent by the Clerk's office to the Planning Commission, including the recommendations from the Harbor Board, for recommendation to the Assembly.
- 4) Application is sent to the Assembly with Harbor Board and Planning Commission recommendations. Assembly decides if application moves forward in the process or not. If not, the Assembly gives reasons for the application's denial and votes to deny the application moving

forward. If so, and the property is currently a lease, sale will be direct to the lessee or current assignee.

- 5) Clerk's office obtains the estimated total cost of:
 - (a) cost of appraisal of the property,
 - (b) cost of a title report, and
 - (c) cost to send notices to adjacent property owners and lessees, and collects the estimated cost from the applicant.
- 6) Clerk's office sends notices to adjacent property owners and lessees.
- 7) Clerk's office obtains title report and appraisal for the property.
- 8) Manager negotiates sale price of property, which will not be less than the appraised value and will include the remaining of the current 5 year lease term if the property is being leased.
- 9) Sale of the property is sent back to the Assembly for final approval, which must be by ordinance.