MEETING NO. 2008-06: The Special meeting of the City and Borough of Juneau Assembly, held in the Assembly Chambers of the Municipal Building, was called to order at 5 p.m. by Mayor Bruce Botelho.

I. ROLL CALL

Assembly Present: Jonathan Anderson, Bruce Botelho, Sara Chambers, Bob Doll, Johan Dybdahl, Merrill Sanford, David Stone, Randy Wanamaker.

Assembly Absent: Jeff Bush.


Docks and Harbors Board Members Absent: None.

Staff Present: Rod Swope, City Manager; John Hartle, City Attorney; Kim Kiefer, Deputy City Manager; Laurie Sica, Municipal Clerk; John Stone, Port Director.

II. SPECIAL ORDER OF BUSINESS

A. Discussion with Docks and Harbors Board

1. Harbors Deferred Maintenance Update

Don Etheridge said Aurora Harbor was a main concern for the Docks and Harbors Board. Aurora Harbor needs maintenance, the costs are high and we have reached the maximum moorage we can charge. They are concerned we will not have the funds to do the necessary work.

John Stone said the transfer in 2003 of the state harbors to the city created new problems, as all harbors were at the end of their useful life, the assessment at the time said there was $25 million worth of work to be done and the state only gave $7 million for deferred maintenance to the city along with the transfer. The board has spent significant time working on fees, we have doubled them, created new fees, and we have done this to keep afloat – the harbor repairs do not include any frills.

Mayor Botelho said this would be more difficult if no state matching funding was available, and this could be a broader problem, as we have assumed some of those funds will be available to take care of the Auke Bay facilities. John Stone said that was correct. They took the $7 million to replace Harris Harbor. They went out for a revenue bond, that money is based on the painful fee increases that were passed, to apply to a rebuild of Douglas Harbor, provided we can do that, and that exhausts the revenue stream. If CBJ is able to leverage State matching funds for Douglas, that will free up $2 million to go towards another harbor project. We have laid out a rebuild of Statter Harbor, along with Deharts, which would be part of the larger launch ramp project. That is the end of our financial wherewithal. There would be no funds left to address Aurora Harbor and in 5-10 years we will have sunken, broken floats, electrical issues, and will have to take them out of use.

Mr. Anderson said this situation must have been anticipated. John Stone said up to 15 years ago the Harbor Board was concerned about the situation with the state owning the harbors without maintaining them and the cities only managing them. The cities knew that taking the harbors with deferred maintenance would be a difficult situation, but there was little choice. Other cities are in the same situation. The Docks and Harbors Board, the Alaska Harbormasters Association, and other municipal
docks and harbors boards, presented the problem to the legislature and it passed the Municipal Harbor Matching Grant Program. Last year we saw an appropriation, part of which was vetoed. There is currently an application in for Douglas Harbor. John Stone said the program was based in the AK Dept. of Transportation.

2. Douglas Harbor Rebuild

Mr. Etheridge said he and John Stone met with the Army Corps of Engineers, the U.S. Environmental Protection Administration (EPA), the Alaska Dept. of Environmental Conservation (DEC), and the city’s engineering consultants Peratrovich, Nottingham and Drage (PND) yesterday. The problem with Douglas Harbor dredging is there is mercury in the harbor in the area of dredging and there is no approved disposal site. The Board was working with PND engineers on alternatives. One solution was shipment to Oregon, but it would cost $7 million, the entire project is only budgeted at $4 million. Another solution was bagging and putting it in an abandoned rock quarry, but that was quoted at $2 million. We may have to eventually close the Douglas Harbor as the electrical system is shot. They were grasping at straws, so they were requesting Assembly assistance.

David Stone said there was some misstatement by PND about how the deposition of material was placed, but he recognized there is a problem at the site and some disposal will be required.

Mr. Sanford asked how the dredging at the new part of the Douglas harbor was allowed just five years ago. John Stone said the concentrations of materials in that area were no different than the concentrations in the area now under consideration for dredging, so the regulators must be different, as that project was permitted.

Mr. Etheridge said that they heard that someone dropped the ball with the oversight groups and they are pointing the fingers at each other, and they may even look at testing the former disposal sites. A bio-assay was recommended, to determine if organisms could live within these spoils. If they did, deep water disposal might be permitted, but there would still be at a significant cost for the test.

3. Seawalk Management

Mr. Etheridge said there was significant concern over jurisdiction of the seawalk, as part of the seawalk is in conjunction with their current dock facilities. The Intermediate Vessel Float (IVF) driveway and parking area are maintained by Docks and Harbors, and they would like clarification on who will be taking care of this area.

Mr. Anderson asked what the essential problem was. There was a resolution stating that the manager, in consultation with the harbor, will provide for management. Was there some issue or lack of communication? Mr. Etheridge said that there was no process at this point. The seawalk has not moved forward as planned and we are trying to figure out what will be maintained by whom, either Docks and Harbors, or Parks and Recreation.

Mr. Kueffner said this issue was brought up here to avoid potential problems and to get clarity. This arose due to an off-hand comment regarding who was managing the seawalk. Docks and Harbors has been managing this area.

Mr. Fisk said he discussed this at the Lands Committee, as the board wrote a lengthy letter to the Assembly regarding management issues last November. The Board has had two meetings since then with engineering staff; our main concerns are safety and management of some of the properties. Our concerns were not presented in the recommendations brought forward and we don’t feel our comments regarding public safety are being addressed. We are trying to minimize the conflicts between tourists and industrial activity. We have been told by Rorie Watt that this area will be managed by the Parks and Recreation department. This is to bring to your attention to a public safety issue.
Mr. Sanford said the Assembly put the manager in charge of this, and asked if the board had met with the manager. He understood the Seawalk went right through the MARSEC safety area. This should not be at the Assembly level until a resolution was attempted with the city manager.

Ms. Chambers asked for the city manager’s comments. Mr. Swope said it was clear in the resolution who was managing the seawalk. We are a long way from getting the Seawalk built, and it needs to be built before it can be managed. We are working together on design and construction. It will be the manager’s job to manage the Seawalk. We will work closely with the Board on safety.

4. Cruise Ship Docks – Next Steps

David Stone said due to his financial interest in a company that has an interest in an existing private dock and a potential future dock, he asked to be recused. Mayor Botelho acknowledged David Stone’s conflict, and hearing no objection, he stepped away from the meeting.

Mr. Etheridge said he understood there was some frustration on everyone’s part regarding forward movement on city cruise ship facilities. The Board feels its hands are tied on which direction the board needs to move. They understood that the Gold Creek Dock was back on the table with some people, and they were on hold with their proposal Concept 15. We are looking for a solution for the tie up space needed for larger ships. We can take one Panamax and one smaller ship at our current facility, but not two. We need to do major maintenance on the existing facility. PND was asked to update the numbers and to provide timelines and costs for repairs to the current facility, which is the direction we are leaning in, until we get direction from the Assembly regarding whether to expand the current facility or to look elsewhere. They would like direction.

Mayor Botelho said that the Gold Creek area was not explicitly provided for in the Downtown Waterfront plan, a methodology was provided in the plan for a permit to be sought if it satisfied certain conditions, so the situation was not precluded by the Waterfront Development Plan. The Assembly held a meeting about a year ago with the Docks and Harbors Board and reviewed some of the alternatives, and gave the green light to go ahead with a review of the “Concept 15” in the current area, and a cautionary light to look at the Gold Creek area for more information. Staging was a concern, and we encouraged a meeting with the cruise ship industry and for the board to return with their recommendations last May. We did not have another meeting until October, when we heard alternatives, and heard objection from the cruise industry regarding construction of new docks before the existing docks were maintained.

Mr. Simpson said the Docks and Harbors Board met with the cruise industry in July, and there was some follow-up in the fall. Mayor Botelho recalled participating in a teleconference with Mr. Wanamaker on the subject in the fall.

Mr. Wanamaker referred to a discussion with the Mental Health Trust (MHT) program, and its interest in developing the subport area. We have a tentative COW on March 24; he will follow up with the MHT group to see if they might be ready to share their ideas.

Mr. Doll asked if a Gold Creek dock were built, would the two downtown docks be less utilized, would there be less revenue, and fewer customers downtown. Mr. Etheridge said that this would be correct. Mr. Doll said if that was the case, Juneau had an investment that it needed to protect.

Mr. Sanford said that the Assembly discussed the Gold Creek project idea with the Harbor Board and he thought that the direction was for Docks and Harbors to meet with all the concerned players to see if there was middle ground. He asked if this had happened. John Stone said they had met with different players, such as the cruise ships and the Downtown Business Association, but not all the players at one time to hammer out a mutually acceptable solution. This is one of our suggestions – to move down that path.
Mr. Knapp said the Board met with industry, and their best estimate was that they would be bringing in Panamax ships almost solely and requested berthing for four Panamax ships at one time. We can only dock one at the current dock, with one smaller one. There are several options. We can extend the smaller dockage, but it is prohibitively expensive, or we can go to Gold Creek, which would require repairs to the existing dock, and could dock one Panamax and a smaller ship. A new dock at Gold Creek could take care of a second Panamax ship. The construction of a new dock would not cut into the projected revenues of the city because industry wants four Panamax docks.

Mr. Fisk said that was correct, but this is based on a Gold Creek dock being a public facility. There is a recent proposal from private industry to build a dock at Gold Creek, which could impact the city’s revenues from dockage. There is probably some room for a cooperative development. A large portion of the land required for development at Gold Creek is city tidelands, which the Assembly has given the authority for management to the Docks and Harbors Board. Those tidelands are valuable and are a part of the long term financial picture for the harbors, to fund harbor improvements in the future. The value had to be realized for this property. He did not want to see amenities such as parks be done at the city’s expense and all the profits privatized.

Mr. Doll said he assumed that the Gold Creek dock would be private, but if it is public, there are a new set of hurdles.

Mayor Botelho asked who the stakeholders are that need to be at the table and what process was envisioned, such as timelines, and what happened if no consensus was reached.

John Stone said that some industry groups suggested a facilitated meeting with the primary interests such as the cruise industry and the businesses immediately adjacent to the docks. The recommendation was to get people in one room to get an understanding of the concerns and issues. The other question is how to involve the public in the decision making, who have an interest, even though it is not a direct business interest.

Mr. Anderson said that the current public opinion is the Downtown Waterfront plan. There would have to be a public process to change that.

Mr. Etheridge said the Docks and Harbors board agreed that the discussion needs to be a community wide process. We discussed hiring a consultant to work on the property values, the costs and the economic and financial aspects of what will happen if a Gold Creek dock was developed.

Mr. Sanford asked how long will the smaller ships continue to come in, and when they would be phased out. John Stone said the answer from the cruise industry varied year to year. He said that “sister” ports Skagway and Ketchikan have four Panamax berths, so Juneau would do better to have four. We are trying to align ourselves equally. Mr. Sanford asked then why not five berths. John Stone said if all ports equally had five that would work, but it constrained the docking in the other communities if they were unequal. We seem to have stabilized at about one million passengers.

Mr. Doll said that CBJ was involved in the cruise business and to the extent we have an investment in this business, we need to take steps to maintain and protect that business. He felt the two downtown dock extensions were reasonable.

Ms. Chambers encouraged the participation of all stakeholders, as there was strategic internal information that companies have that could affect decision making. We need to go into this with our eyes open and she appreciated the effort to get everyone together at the table.

Mr. Anderson said that there was a fourth Panamax anchorage – the lightering dock and the moorage in the middle of the channel.
Mr. Wanamaker said the cruise association sent the Assembly a memo to encourage the Assembly and Docks and Harbors Board to form a project review team, and did that seem useful to the Docks and Harbors Board.

Mr. Etheridge said the board was willing to meet with anyone, gather information, and form a committee with all the stakeholders. We want to move forward and we need to put major dollars into a new fender system at the current dock as two of the mooring dolphins are too bad to use.

Mayor Botelho asked if there was a revised sense of urgency regarding when the Panamax ships would be phased in that would help get to a deadline for decisions on a direction. Mr. Etheridge said they had no urgency based on ship capacity. The urgency was the needed repairs at the current facility will cost $10 - $15 million for a fender system. To put that money into a dock that may not be used down the road if a new dock is installed is a concern.

Mayor Botelho asked about the timeline for establishing a stakeholder or public process. John Stone said he thought 6 – 9 months.

Mayor Botelho asked the Harbor Board if it was receptive to the formation of a joint Assembly/Harbors Board subcommittee to lay out a decision process. Mr. Etheridge said the Board would be very receptive to this idea. Mayor Botelho said this could be a precursor to what Mr. Wanamaker was suggesting as a joint project team.

Mr. Fisk said the current docks were already overwhelmed with the current load. They were enhanced in 1989 and now the vessels are vastly larger. If we went ahead with Gold Creek we could do the lesser job at the downtown dock and just replace dolphins, but without the security enhancements in Concept 15 which places the moorage off shore, we will lose public access to the existing downtown docks due to security issues enforced by the Coast Guard.

Mr. Wanamaker said that knowing more about Gold Creek would be one thing that would help, as well as a facilitated coordination of efforts between the Assembly and Docks and Harbors. He asked if McKie Campbell, who was present, would be available to speak briefly about the Mental Health Trust property plans. Mr. Campbell said they were happy to participate in a discussion, a dock made the subport property more profitable, but they had no conceptual plans to present.

Mr. Sanford said he did not think the public would put up with losing the seawalk, and another option, that was not as popular, was tying off the ships in the harbor, anchoring out, and lightering the passengers in.

Mr. Dybdahl said he thought the final cruise ship schedule for 2009 would be released the next day. We should go ahead and repair the docks we have now. He did not get the sense that there was a huge rush anymore from the cruise industry for the dock expansion. It might have something to do with the statewide tax. It bothered him that sometimes in planning we get too specific and don’t maintain flexibility, and before things are done, there are changes in circumstances. We should not plan every lamppost for the seawalk – and the placement should allow for people to walk on the inside of the dock if not the outside of the dock. He does not support Concept 15. It is too costly, gains very little, and exacerbates problems to the south with congestion and staging. The shifting of the downtown business area to the South has been a concern. We can’t afford to take Gold Creek and that area off the table. If it did get built the center of town would again shift a little to the North.

Mayor Botelho asked for an ad-hoc committee of two Docks and Harbors members and two Assemblymembers to report on timelines and participation for a direction to go in the longer term to resolve the issue.

Mr. Wanamaker said this sounded workable, and asked if there was intent for this group to work with the various industry representatives to get a well rounded view of things and their input into the process.
Mayor Botelho said he would not limit who the ad-hoc group would consult with, but wanted to focus on the process of decision making, how it will be done, how long this will take, who it will involve, rather than specifics of where.

Mr. Williams said that this process has gone on for some time and we needed to come to a conclusion on a decision with all those affected, and he would like to see all participants involved, but would like to see conclusions. He appreciated Mr. Dybdahl’s observation that we can’t be too narrow, as life changes daily. Things seem to get cumbersome, and we lose focus. We need to keep focused and keep the heat on to get something done.

Mr. Mehrkens said that the energy crisis would provide still more changes to the industry, and the best way to protect the value of the existing dock is to get the economy of scale and getting new investment. Concept 15 has the best options for fixing security and public access, and for protecting the city’s revenue.

Mayor Botelho asked Assemblymembers to contact him with their interest in serving on this ad-hoc committee. The Harbor Board can identify its two members. He would like the committee to report back to the Assembly at the April 7 Assembly meeting. He appreciated the work of the Docks and Harbors Board and thanked them for their participation, and thanked them for their work despite the disagreements.

Mr. Etheridge expressed the Board’s thanks and would like to do this type of meeting more often to take care of issues.

David Stone returned to the table.

III. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS – None.

IV. STAFF REPORTS – None.

V. ASSEMBLY COMMENTS AND QUESTIONS

Mr. Sanford asked if the Assembly will hear from staff on the Project Labor Agreements (PLA) at the Monday Assembly meeting. Mr. Hartle said yes.

Mayor Botelho asked for an update. Mr. Hartle said that the Glacier Valley School remodel went out to bid without a PLA, and after some time the Engineering Director decided to add one and issued an addendum. He proceeded to the assembly with a resolution, which after review had some problems, so was withdrawn. Mr. Hartle researched PLAs and determined there is a list of criteria for deciding whether a project is appropriate for a PLA. This list of nine items comes from an Attorney General’s opinion. Mr. Healy analyzed the nine criteria in light of the Glacier Valley School project and concluded it did not meet the requirements. Mr. Healy issued another addendum to the bid and withdrew the PLA requirement, which delayed the bid opening to March 12.

Mr. Doll said it would be wise to adopt the criteria and give the manager that direction. Mr. Hartle agreed that would be consistent with the law.

Mayor Botelho asked what a further delay would do to the Glacier Valley project. Mr. Swope said the project was on a tight schedule, the removal of the PLA may interest other bidders, and a delay in construction could mean that it might not be ready for a fall school opening. There are significant construction issues. Mayor Botelho asked to add this to the Assembly meeting agenda on Monday.

Mr. Sanford said there are two issues, the specifics of Glacier Valley School, and the overall long term approach to this PLA issue.
Mr. Doll said this entire issue could be left to the manager as well.

Mr. Dybdahl asked if the Douglas Harbor dredging might be eligible for superfund clean up grants. Mr. Etheridge said they are looking at every option.

Mr. Anderson said he wants to sort out if the PLA is a legal issue or judgment call decision. The League of Women Voters budget survey is ready to go out; the calls should be starting this weekend. There is a question about docks on the survey.

VI. EXECUTIVE SESSION – None.

VII. ADJOURNMENT - 6:05 p.m.

Signed: ____________________________  Signed: ____________________________
Laurie Sica, Municipal Clerk           Bruce Botelho, Mayor