

**PORT & HARBORS ADVISORY BOARD
MEETING MINUTES
DATE: 08/13/2019**

CALL TO ORDER:

The Port & Harbors Advisory Board regular meeting was called to order at 7:00 P.M., at the Harbormaster Building at 2933 Tongass, Ketchikan, Alaska.

ROLL CALL:

MEMBERS PRESENT:

<input checked="" type="checkbox"/>	Mr. Dan Christensen	
<input checked="" type="checkbox"/>	Mr. John Kimmel	
<input checked="" type="checkbox"/>	Mr. Andrew Mulder	
<input checked="" type="checkbox"/>	Mr. Richard "Dick" Allen	
<input checked="" type="checkbox"/>	Mr. Timothy Walker	(Vice-Chairman)
<input checked="" type="checkbox"/>	Mr. Dale "Mickey" Robbins	
<input checked="" type="checkbox"/>	Mr. Mark Flora	(Council member)
<input checked="" type="checkbox"/>	Mr. Rod Bray	(Chairman)
<input checked="" type="checkbox"/>	Mr. Eric Lunde	

MEMBERS ABSENT:

Excused

<input type="checkbox"/>	Mr. Dan Christensen	<input type="checkbox"/>
<input type="checkbox"/>	Mr. John Kimmel	<input type="checkbox"/>
<input type="checkbox"/>	Mr. Andrew Mulder	<input type="checkbox"/>
<input type="checkbox"/>	Mr. Richard "Dick" Allen	<input type="checkbox"/>
<input type="checkbox"/>	Mr. Timothy Walker	<input type="checkbox"/>
<input type="checkbox"/>	Mr. Dale "Mickey" Robbins	<input type="checkbox"/>
<input type="checkbox"/>	Mr. Mark Flora	<input type="checkbox"/>
<input type="checkbox"/>	Mr. Rod Bray	<input type="checkbox"/>
<input type="checkbox"/>	Mr. Eric Lunde	<input type="checkbox"/>

Harbor Staff Present:

<input checked="" type="checkbox"/>	Mr. Steve Corporon
<input checked="" type="checkbox"/>	Mr. Dan Berg
<input checked="" type="checkbox"/>	Ms. Angel LaDuke

MINUTES:

MOTION was made by Walker to accept the minutes of the regular meeting of the Port and Harbors Advisory Board from July 9, 2019. **MOTION SECONDED** by Flora.

MOTION PASSED UNANIMOUSLY.

COMMUNICATIONS:

None

PERSONS TO BE HEARD:

Don Westlund: Mr. Westlund is a charter captain, and user of the harbors. He has concerns with the potential port expansion because the Thomas Basin area is already congested, and it is hard to get in and out of the area. He is also concerned with the creek deflection with the proposed 400' of expansion on Berth I. He is concerned it will erode the base of the breakwater. He stated he is not happy about the larger ships coming.

Mr. Westlund stated that he did not feel it was fair to offer a price break to charter boat loading zone passes for purchasing a season pass. He states that he pays for a pass to use it for one day, and everyone should have to pay the same, and people should only have to pay for what they use. Director Corporon explained that this incentive was offered because of the administrative costs it takes to produce passes monthly.

Mr. Westlund also noted he is on the North Tongass Fire Department and is concerned about the increase in the volumes of calls if there is a cruise ship dock put in at Ward Cove. He was informed by the Chairman that the City of Ketchikan has no involvement in the Ward Cove dock.

Jerry Gegelske: Mr. Gegelske was representing the Ketchikan Yacht Club and is a Thomas Basin user. He is concerned about the number of salmon tenders anchoring in the approach of Thomas Basin, especially with all of the traffic: Allen Marine, Baranoff Skiffs, vessels clearing customs, etc. He is concerned about the bow thrusters from the ships creating a hazard, and the high flow out of the creek after a large rain. The Ketchikan Yacht Club is against the expansion of Berth I as proposed by the Survey Point Holding proposal. He would like to make it clear that he is not in favor of any proposal that narrows the entrance to Thomas Basin.

Rick Erickson: Mr. Erickson was present representing Survey Point Holdings (SPH) and Cruise Line Agencies. He said the proposal was simply to show the powers that be that there are other options than what have already been presented. He stated the option presented by SPH costs less, and expands Berth I 300' past the present mooring dolphin.

OLD BUSINESS:

None

NEW BUSINESS:

1. Review of Port Fees

Director Corporon explained that extensive time and research was done on the implementation dates and rates of Port services. He concluded that most of the rates had not been raised in many years, and that they were well below the consumer price index (CPI). Director Corporon presented his rationale for each rate increase in his memo to the Board, as well as the timeline for implementation (2021 anticipated rate increases for the cruise ships, with some implementation dates as soon as 2020), and each was discussed at the table.

Kimmel voiced that he feels like these numbers and increases are arbitrary. He stated that the cruise lines need years to create a budget and inflicting these raises on them in such a short amount of time is not acceptable. He suggested a meeting with the cruise industry, and also voiced concern over raising rates without a specific project to fund.

Allen voiced his opinion that the cruise ship berths need to be improved, and that the passenger wharfage rate increase should be used to pay for these improvements. Allen questioned if the port development fund could be used for design and building or just designing projects for the port. Corporon replied it could be used for both.

Flora commented that these numbers are not arbitrary, and were calculated using formulas that account for inflation. He feels these rate increases are 20 years too late, and that we are simply fixing a mistake that was made not increasing them over the last 20 years. He feels that while these increases are unpleasant for the cruise ship industry, they are well over-due.

Christensen stated that the private wharfage tax will cost too much to enforce and he feels it is counterproductive. He also stated that he feels like a set rate rather than a variable rate for port fees would be better so vessels know what to expect every time they are here.

Walker stated that he feels that these increases should be done over time, not all at once, and not on such a short implementation time line.

Lunde questioned if charging ships by the foot or by the passenger was more lucrative.

a. Dockage

MOTION was made by Allen that the Port and Harbors Advisory board recommend that the City Council approve an ordinance raising the dockage fee to \$4.88 in 2021, as well as expanding the scale beyond 700'+ to create categories for larger vessels, such as 700'-900' at a rate of \$2.77/ft, 970'-1050', and 1050'+, using the same percentage difference of 14.5% between the current top ranges to separate the proposed new ranges. **MOTION SECONDED** by Flora. **MOTION PASSED 7-2. Walker, Kimmel Opposed.**

b. Dockage 30-day Flat Rate

MOTION was made by Robbins that the Port and Harbors Advisory board recommend that the City Council approve an ordinance raising the dockage 30-day flat rates based on the cumulative rate of inflation plus an additional 2% to take effect in 2020, as well as include language in the code to provide for an automatic annual rate increase based on the consumer price index for these rates beyond 2020.

Discussion followed.

MOTION was made by Robbins to amend the main motion to the Port and Harbors Advisory board recommend that the City Council approve an ordinance raising 30-day flat rates based on the cumulative rate of inflation since 1991, plus an additional 2% to take effect in 2020, noting that 0'-100' and 100'-149' only be raised based on the cumulated rate of inflation since 2016, when they were last changed; as well as include language in the code to provide for an automatic annual rate increase based on the consumer price index for these rates beyond 2020. **MOTION SECONDED** by Flora. **MOTION PASSED 8-1. Walker Opposed.**

c. Promotional Dockage

MOTION was made by Flora that the Port and Harbors Advisory board recommend that the City Council remove the promotional dockage fees from the municipal code. **MOTION SECONDED** by Allen. **MOTION PASSED UNANIMOUSLY.**

d. Lightering

MOTION was made by Allen that the Port and Harbors Advisory board recommend that the City Council approve an ordinance raising the lightering fee based on the cumulative rate of inflation plus 4% to take effect in 2021; as well as include language in the code to provide for an automatic annual rate increase based on the consumer price index for these rates beyond 2021. **MOTION SECONDED** by Mulder. **MOTION PASSED 8-1. Kimmel Opposed.**

e. Wharfage

MOTION was made by Mulder that the Port and Harbors Advisory board recommend that the City Council remove the wharfage fees from the municipal code. **MOTION SECONDED** by Lunde. **MOTION PASSED UNANIMOUSLY.**

f. Port Development

MOTION was made by Flora that the Port and Harbors Advisory board recommend that the City Council approve an ordinance raising the port development fee to rates based on the cumulative rate of inflation plus 4% to take effect in 2021, resulting in the rates being \$1.97/ft for vessels less than 500' and \$3.00/ft for vessels over 500'; as well as include language in the code to provide for an automatic annual rate increase based on the consumer price index for these rates beyond 2021. **MOTION SECONDED** by Robbins. **MOTION PASSED 7-2. Walker, Kimmel Opposed.**

MOTION was made by Allen that the Port and Harbors Advisory board recommend that the City Council approve expanding the dates encompassed in the code language to April 15th- Oct 15th. **MOTION SECONDED** by Robbins. **MOTION PASSED UNANIMOUSLY.**

g. Passenger Wharfage

MOTION was made by Walker that the Port and Harbors Advisory board recommend the City Council remove the sunset provision from the passenger wharfage municipal code. **MOTION SECONDED** by Christensen. **MOTION PASSED UNANIMOUSLY.**

MOTION was made by Walker that the Port and Harbors Advisory board recommend that the City Council implement fee increases incrementally. **MOTION Died for lack of second.**

MOTION was made by Lunde that the Port and Harbors Advisory board recommend that the City Council direct the City Attorney to research if it would be more advantageous to charge cruise ships by the foot or keep charging a per passenger rate, prior to raising the passenger wharfage rate. **MOTION SECONDED** by Christensen. **MOTION PASSED 6-3. Bray, Flora, Allen Opposed.**

h. Port Access Pass

MOTION was made by Walker that the Port and Harbors Advisory board recommend that the City Council approve an ordinance raising the port access pass fee to \$45.00 for vehicles under 30', \$75.00 for vehicles 21'-30', and \$200.00 for vehicles over 30', to take effect in 2020; as well as recommend establishing a seasonal rate equivalent to 20% lower than the monthly rate times the number of months remaining to encourage operators to purchase a seasonal pass. **MOTION SECONDED** by Flora. **MOTION PASSED UNANIMOUSLY.**

i. Port Loading Zone Permit

MOTION was made by Flora that the Port and Harbors Advisory board recommend that the City Council include language in the municipal code to require the business purchasing a port loading zone permit and/or a port access pass to be current on sales tax with the Ketchikan Gateway Borough. **MOTION SECONDED** by Robbins. **MOTION PASSED 8-1. Lunde Opposed.**

MOTION was made by Walker that the Port and Harbors Advisory board recommend to the City Council approve an ordinance raising the port loading zone permit fee to \$4.00/ft/month; as well as recommend establishing a seasonal rate equivalent to 20% lower than the monthly rate times the number of months remaining to encourage operators to purchase a seasonal pass. **MOTION SECONDED** by Lunde. **MOTION PASSED 7-2. Bray, Flora Opposed.**

j. Potable Water

MOTION was made by Allen that the Port and Harbors Advisory board recommend that the City Council do not increase the potable water fee at this time. **MOTION SECONDED** by Mulder. **MOTION PASSED UNANIMOUSLY.**

k. Waste Water

MOTION was made by Mulder that the Port and Harbors Advisory board recommend that the City Council do not increase the waste water fee at this time, but add to the code language that the Public Works Director may waive the \$150/day fee on a case-by-case basis. **MOTION SECONDED** by Allen. **MOTION PASSED UNANIMOUSLY.**

2. Review of proposal for expanding Berth I submitted by Survey Point Holdings (SPH)

Director Corporon summarized his memo to the Board. He pointed out he has to consider both the Port, and the harbors.

His first talking point was that this estimate is, in his opinion, very low from a cost perspective. SPH used some of the same source information as Moffat and Nichol (M&N) did on their initial planning estimate for Berth I, which was low as well. Director Corporon also spoke to the element that the Army Corp of Engineers (ACEO) has indicated that if this design is approved, there may be conditions that apply to the permit approval.

Also noted by Director Corporon were the concerns from a harbor aspect: the cruise ships do create a very large water displacement when using azipods or bow thrusters,

and this current is pushed right up against the Thomas Basin break water. Extending the berth 400' also creates a navigational hazard for vessel traffic coming and going from Thomas Basin, and this is a very congested and busy area now. Director Corporon did note that he is currently monitoring the current sensor installed earlier this year to have an idea of the current conditions, and possible implications given the proposed SPH expansion proposal.

Discussion was held by The Board. Key points are as follows:

- Concern about the velocity of flow coming out of Ketchikan Creek and how that will impact maneuverability coming and going from Thomas Basin, in relation to the proposed 400' berth expansion.
- Will the payback be worth the risk? Will this asset be worth the cost, or will it be an abandoned asset? Is a return on the investment expected, especially with the potential berths going in at Ward Cove?
- Will the safety issues with this proposal be considered? Such as the current at the entrance, the narrowing of the entrance and vessel traffic control.
- Will the transfer bridge be protected in this design, as it is right in the path of vessels with limited maneuverability transiting to and from Thomas Basin.
- There will be a loss of moorage on the back side of Berth I for larger vessels. This is an essential piece of moorage for the fishing fleet, as it can accommodate vessels over 110' in length, which is the maximum for the harbors.

Council Member Flora spoke to the fact that the SPH proposal is not a good option, as it is based off of fallacies and inaccurate numbers. He states that this proposal suggests using up the port reserve funds and then offers to let the City take out a private loan from SPH. It also accounts for not taking out the Berth II rock pinnacle to save costs, which is not even an option as the project is underway. Lastly, SPH plans to lobby for CPV funds, which after looking at the proposed State budget, are nonexistent. He cautions the PHAB to look at this proposal for what it is and not what it could be.

Other discussion related to the Port, but not necessarily the SPH proposal, are as follows:

- Is expansion or reconfiguration a better path to take? It has been discussed that even if we expand berths, our uplands do not have the infrastructure to support multiple neopanamax ships at one time. B&A has provided the City with three "Plan B" options (Plan A is no longer on the table after the construction of private Ward Cove berths were unveiled). These options range from about \$20,000,000 to \$89,000,000.
- Will the 35% design by M&N be considered by the City Council alongside the B&A and SPH proposals? Director Corporon spoke to the fact that although their contract was terminated in March, that we own the M&N expansion proposal.
- Should we look at cost cutting or spending the money now, and having what we want later?
- Council Member Flora informed the Board that the negotiations for the Berth IV expansion are at a stall with SPH.

- A long term plan must be considered, and does not need to be done in haste.
- Thomas Basin users are not supportive of this plan, and in general, of the expansion. This must be considered when making a decision.

MOTION was made by Allen to recommend the City Council look at the Survey Point Holdings proposal in more depth considering safety. **MOTION SECONDED** by Mulder. **MOTION PASSED 7-2. Bray, Flora Opposed.**

Director's Report:

1. **Rock Pinnacle Removal Update:** The ACOE permit was received on July 19 which allowed us to complete the design package and issue the invitation for bids on July 26. Bids are due on August 22 with consideration of a contract award at the City Council meeting of September 5. A mandatory pre-bid meeting is scheduled for 8/14/19. Work is scheduled to be performed this coming winter of 2019/2020.
2. **Proposed Project to Purchase the Former Bar Harbor Restaurant:** At the City Council meeting of June 20 the Council directed staff to inquire about having the property assessed/inspected for hazmat. Public Works and the Assistant City Manager are coordinating with the owner to gain access for a preliminary inspection before seeking a more detailed inspection by a contractor. The report will be provided to the Council prior to their determination on whether to pursue a purchase or not. It should be noted that the revised estimated cost of the project provided to the Council at the June 20 meeting had increased from \$1.3M to \$2.3M. I was also recently contacted by the owner of the house on the other side of the current parking lot at 2829 who stated he was interested in selling that property to the City. He does not own the small empty lot at 2823 which is in between his property and the entrance to the parking lot.
3. **Ward Cove Proposed Cruise Ship Facilities Update:** On July 29 Director Corporon attended the open house hosted by the owners of Ward Cove to gather more information on their proposed project to construct a cruise ship facility. The owners anticipate beginning work on site in November with the facility being open in July of 2020 and their ACOE permit application is under review. A copy of the public notice issued by the ACOE recently for the project is attached. The comment period has been extended and will now close on September 19th. The City of Ketchikan does intend on commenting. In anticipation of the ACOE permit being approved the owners have already order steel for the project as well as the 500' by 70' float.
4. **Installing Additional Safety Ladders in Harbor Facilities:** Testing and evaluation of the three new safety ladders recently installed in Thomas Basin has been completed, and it was determined that the collapsible ladders work best. In addition to working well, they are the lowest cost option. Staff will complete

another assessment of the harbors to see where, and, thus, how many ladders will need to be purchased, and work the cost into the proposed FY 2020 budget.

5. **Thomas Basin Float 1 Rehabilitation:** The project is essentially complete with the installation of some additional floatation by contract divers as the only remaining work. The work was performed in house by P&H maintenance personnel who did an outstanding job of maintaining access for customers throughout the project while providing quality work. In response to the question regarding the orientation of the decking where Float 1 intersects Float 4 we confirmed that the orientation of the structural members in that location dictated the orientation of the decking. We also confirmed by reviewing old aerial photos that the orientation is the same as it was prior to the incident a few years ago.
6. **Bar Harbor North Ramp 3 Grant Application:** The application for the State Harbor Facility Grant Program for the Bar Harbor North ramp 3 project was completed and submitted on July 25 well ahead of the August 1 deadline. A copy of the application will be available at the meeting if anyone is interested in seeing the finished product. Status of funding for grants for last year's applicants is still uncertain due to the State budget issues. Attached is a letter the President of the Alaska Association of Harbormasters and Port Administrators recently sent to the Governor and Legislators regarding the Governor's veto of funding for the program.
7. **Bar Harbor South Drive Down Dock Crane:** The drive down dock crane motor has gone out, and staff is researching a replacement.

COMMITTEE MEMBER COMMENTS:

Mr. Dan Christensen: Thinks removing the cargo wharfage is not a good idea. I feels\ that it is easier to modify it later, than have to add it back in. What if someone wants to unload a gravel barge on the port?

Mr. John Kimmel:

Mr. Timothy Walker:

Mr. Dale "Mickey" Robbins: Happy to be back.

Mr. Mark Flora:

Mr. Richard "Dick" Allen: It was an interesting and productive meeting, and I hope no one was offended.

Mr. Rod Bray: This was a long, but civil meeting. Thank you everyone.

Mr. Eric Lunde: Thank you for compiling the information, Steve.

Mr. Andrew Mulder: I appreciate the hard work that went into compiling this information, Steve.

ADJOURNMENT:

MOTION TO ADJOURN was made Allen at 10:09 p.m. **MOTION SECONDED** by Walker. **MOTION PASSED UNANIMOUSLY.**


Chair/Vice Chair Signature

9-10-19
Date