

**PORT & HARBORS ADVISORY BOARD SPECIAL MEETING
MEETING MINUTES**

**Redevelopment of Port of Ketchikan Berths I, II, III and IV and other Infrastructure
Within The City of Ketchikan, Contract 19-36**

DATE: 08/12/2020

CALL TO ORDER:

The Port & Harbors Advisory Board special meeting was called to order at 6:00 P.M., at The Ted Ferry Civic Center, 888 Venetia Ave, Ketchikan, Alaska.

ROLL CALL:

MEMBERS PRESENT:

<input checked="" type="checkbox"/>	Mr. Rod Bray	(Chairman)
<input checked="" type="checkbox"/>	Mr. Timothy Walker	(Vice-Chairman)
<input checked="" type="checkbox"/>	Mr. Mark Flora	(Council member)
<input checked="" type="checkbox"/>	Mr. Dan Christensen	
<input checked="" type="checkbox"/>	Mr. Andrew Mulder	
<input checked="" type="checkbox"/>	Mr. Rick Collins	
<input checked="" type="checkbox"/>	Mr. Eric Lunde	
<input type="checkbox"/>	Mr. Jim Castle	
<input type="checkbox"/>	Vacant	

MEMBERS ABSENT:

Excused

<input type="checkbox"/>	Mr. Rod Bray	<input type="checkbox"/>
<input type="checkbox"/>	Mr. Timothy Walker	<input type="checkbox"/>
<input type="checkbox"/>	Mr. Mark Flora	<input type="checkbox"/>
<input type="checkbox"/>	Mr. Dan Christensen	<input type="checkbox"/>
<input type="checkbox"/>	Mr. Andrew Mulder	<input type="checkbox"/>
<input type="checkbox"/>	Mr. Rick Collins	<input type="checkbox"/>
<input type="checkbox"/>	Mr. Eric Lunde	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Mr. Jim Castle	<input checked="" type="checkbox"/>
<input type="checkbox"/>	Vacant	<input type="checkbox"/>

Port and Harbors Staff Present:

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

INTRODUCTION:

Chairman Rod Bray welcomed all to the Special Meeting of the Port and Harbors Advisory Board. He informed that Survey Point Holdings will be presenting their vision for Contract 19-36. Chairman Bray then opened the floor to Mr. Berto.

PROPONENT PRESENTATION OF VISION FOR CONTRACT 19-36:

Mr. Ethan Berto, Mr. Rick Erickson, and Mr. Tory Korn were present representing Survey Point Holdings (SPH).

Mr. Berto reviewed all of SPH entrepreneurship, involvement, services, and experience in Alaska, and more specifically Southeast Alaska. Mr. Erickson then went on to explain how berthing assignments are arranged, citing historical preference, port availability, maximization of the given Port, and maximization of the given berths.

Mr. Korn and Mr. Berto discussed the Request for Proposal (RFP) process and how the RFP built their vision for the Port. SPH is proposing a concession style approach with five main goals: financial, marine expansion, expand and connect Waterfront for all, environmental stewardship, and transportation improvement.

1. Financial: SPH proposes upfront assumption of the Port's debt, as well as taking over the Berth IV lease payments. SPH also indicated that it will be vital to the cooperation of the City Council to keep passenger fees competitive. SPH plans on using cooperative agreements with Cruise Lines, with an expected long term commitment.
2. Marine expansion: SPH recognizes with the Ward Cove Expansion coming on line that they will have to consider the impacts on The Port of Ketchikan. At this time, they have no plans for marine expansion, but have not taken future expansion possibilities out of their proposal.
3. Connection to the waterfront for community: SPH proposes getting the community and community organizations more involved with the development of the Port and uplands.
4. Environmental stewardship: SPH proposes developing a more involved Incident Command System (ICS), as well as a hazardous first responder program through a collaborative effort with Civic and Municipal leaders.
5. Transportation and upland improvements: SPH plans on taking into account the Moffatt and Nichol Upland Study presented last year, as well as the effects of the Ward Cove Expansion. SPH brainstormed ideas of a digital wayfinding application, as well as maintaining dock programs as they are, i.e. dock vendors and the Ketchikan Visitors Bureau services and locations.

BOARD MEMBER QUESTIONS & COMMENTS:

Chairman Bray informed that board member questions would come first, and that then the floor would be open to public questions.

Mr. Timothy Walker:

Board member Walker questioned how SPH plans on keeping their rates competitive and who would be setting the rates: the City or SPH? Mr. Berto explained that due to SPH's involvement with the Cruise Industry throughout the state, they have a unique insight to other fee schedules in other ports. Mr. Korn explained that the concession would set the rates, and return the fees collected back to the City. Mr. Berto further explained there would be a rate structure that would allow for the City to recover fees, while SPH would set a fee on top of that to cover the debt assumption, berth IV lease obligations, and deferred maintenance and further projects.

Board member Walker questioned as to what the outlook for the debt assumption is. Mr. Berto explained that over time the debt would amount to about \$33 million, and there are a lot of details to still work out, such as pay off penalties and evaluating the most effective way to deal with the debt.

Board member Walker also asked if SPH has thought about the budget structure and that the port and harbors split many budget items, including vehicles and personnel, and if they have any solutions to keep the harbors funded without raising rates exponentially. Mr. Berto explained that due to their involvement with the Juneau head tax lawsuit, they have a unique insight on how to apply head tax monies in a way that could support the harbors without violating stipulations on use of the head tax money.

Board member Walker questioned if they had considered the large number of seasonal employees the port currently employees, and if they plan on retaining these employees or if the jobs will just be lost. Mr. Berto explained that they would be assuming maintenance operations, and then will have to assess the proper number of employees needed and move forward from there, if their proposal is accepted.

Board member Walker questioned the motivation behind wanting to assume debt, maintenance and capital improvement projects. Mr. Berto explained that assuming maintenance and care of the port is part of the RFP and they plan on taking that on as part of the proposal.

Board member Walker questioned what SPH proposes as far as the current structure of the dock vendor program, and if they plan to retain the current structure; more specifically: the reprimand system for violations, how the vendors cycle through booths, and if they plan on expanding the program. Mr. Berto explained they plan on keeping all aspects of the dock vendor program as it is.

Mr. Eric Lunde:

Board member Lunde questioned if SPH is aware of the interactions of the various user groups on the port and if they are prepared to handle violations or confrontations that arise quite often on the port. Mr. Berto responded that they are aware of the issues that can arise on the port, and that they plan on dealing with any issues through a

collaborative effort, much like they are dealt with currently.

Board member Lunde questioned if they honestly feel this is good for the community. Mr. Berto explained that yes, SPH does think this is a good option for the community, but with all the uncertainty in the Cruise Industry, they plan to do whatever is best for the community in the long run.

Council member Mark Flora:

Council member Flora thanked the presenters for being there, and then noted Director Corporon's impending retirement and questioned if they would be ready to assume responsibility for the 2021 season if the proposal is accepted. Mr. Berto responded that at this point there is a lot of uncertainty and that the responsibility for the 2021 will have to be addressed then.

Mr. Dan Christensen:

Board member Christensen questioned if they would reimburse the City if they pay for any marine expansion. Mr. Berto explained that SPH plans on assuming all costs for any future marine expansion if the proposal is accepted.

Mr. Rick Collins:

Board member Collins inquired as to if they plan on keeping the current berthing assignment structure that calls for 25% of the berthing to be at berth IV and the rest being distributed between the other three berths, as evenly as possible. Mr. Berto replied that SPH plans on continuing with the current structure, after allowing berth IV the allotted 25%.

Board member Collins questioned if the City will be involved with maintenance and if there will be some ongoing dialog with the City as to the amount and quality of maintenance that is being performed, and if there is protection for the City's infrastructure. Mr. Berto explained SPH plans on having an engineer come and assess the port and then develop a maintenance plan.

Board member Collins questioned how SPH plans on keeping rates low and competitive, how it would be advantageous for the City to do this with a partner rather than as its own entity. Mr Berto explained that by keeping rates low and competitive they can continue to see a positive return in revenue from the port.

Mr. Andrew Mulder:

Board member Mulder thanked the presenters for being there, then asked how SPH plans to address the fact that the port is key location for overflow traffic from the harbors, and if they plan on continuing to allow harbor users to use the port. Mr. Erickson explained SPH has no intention of changing the current structure for use of the

port for overflow traffic from the harbors, as long as it is compliant with the security plans.

Mr. Rod Bray:

Chairman Bray stated that all of his questions had been answered and asked if any board members have any more questions.

Mr. Timothy Walker:

Board member Walker questioned if SPH plans on using grant funding as a source of funding, and if they currently employ a grant writer. Mr. Berto replied that they plan on utilizing all funding sources available.

PUBLIC COMMENT:

Chairman Bray opened the floor to public comment and informed the audience that there will be a three minute time limit imposed.

Mr. Craig Carson questioned if SPH plans on seeking other expansion proposals from other entities. Mr. Berto explained that they have already begun looking at alternatives, and are willing to look at any other options. Mr. Carson sought clarification as to if SPH plans on doing any expansion in the near future. Mr. Berto clarified that they do not plan on executing any expansion options in the near future, citing that there are many factors that must be considered, such as Ward Cove transportation and public involvement.

Ms. Deborah Hayden, a financial analyst, voiced her concern over the lack of financial/revenue projections, and hopes these are being submitted to the City. She stated that she is unsettled by amount of uncertainty in their responses to many questions being asked. Mr. Berto stated that they have done projections and analyses, and the City is reviewing these as part of the RFP process.

Mr. Mike Elerding a local resident, questioned Chairman Bray that with the Ward Cove development, doesn't the RFP put the City at a competitive disadvantage, and if so, why is the City continuing on with the process? Chairman Bray responded that this is the first time the PHAB has been allowed to participate in this process and that he does not have the answers to these questions. Mr. Elerding then questioned if it makes sense that the RFP is going to add administrative costs to the cruise lines for their use of City berths? Chairman Bray said yes. Mr. Elerding then questioned that Ward Cove will not have those same costs, putting the City at a competitive disadvantage, and Chairman Bray stated that this may be true, but that SPH holdings wouldn't be submitting an RFP if they didn't think that the disadvantage would outweigh the revenue.

Mr. Elerding then presented the same question to Mr. Berto. Mr. Berto explained that

Ketchikan is a preferred and known destination, and that the long term goals are what is being focused on.

Ms. Mary Stephenson, stated she has three questions:

1. Will there be a verbatim transcript posted online, since the presenters input was essential to understanding the PowerPoint? Mr. Berto stated that the presentation is being recorded. Ms. Stephenson requested a text transcript.
2. Is there going to be an Excel spreadsheet made public showing the expenses associated with services they are taking over? Mr. Berto explained that the RFP is a competitive process, and not all information is being made public at this point.
3. While we know exactly what the City spends to operate the port, Ms. Stephenson encouraged the City Manager to compare all options and make that available to the community.

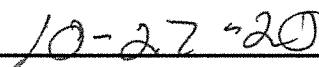
Ms. Abby Bradberry asked if the City does not choose to go with one of the RFPs submitted, would SPH be willing to work as an advisor to the City to develop the dock under their management? Mr. Berto stated absolutely, as this is something that is already happening. Secondly, Ms. Bradberry questioned if SPH would be willing to advise the City through the process of using head tax dollars responsibly? Mr. Berto stated certainly, and that they have a fluent understanding of how to use head tax dollars due to their involvement in the Juneau lawsuit.

Chairman Bray thanked the presenters for being there.

ADJOURNMENT:

MEETING ADJOURNED by Chairman Bray at 7:15 p.m.


Chair/Vice Chair Signature


Date