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**SITKA PORT AND HARBORS COMMISSION**  
Regular Commission Meeting Minutes  
May 16<sup>th</sup>, 2007  
Harrigan Centennial Hall

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**I. CALL TO ORDER**

The Chair called the meeting to order at 7:00 pm.

**II. ROLL CALL**

Members Present:      Grant Miller                      Ken Creamer  
                                 Chuck Woods                      Keith Nyitray  
                                 Rich McIntyre                      Marc Moats

Absent:                      Mike Slifer

Others Present:        Ray Majeski  
                                 City Finance Director Dave Wolff  
                                 John Dunlap - Allen Marine Tours

**APPROVAL OF MINUTES FROM THE APRIL 18<sup>TH</sup>, 2007 MONTHLY MEETING**

**MOTION:**        **M/S Woods/Nyitray** moved to approve the minutes from the April 18<sup>th</sup>, 2007 meeting.

**DISCUSSION:** Mr. Nyitray pointed out that the last paragraph of page 2 in the minutes needs to be amended to read as:

“Mr. Nyitray raised the question why liveaboards have to pay for water, SEWER AND GARBAGE fees when [water use is] THESE ARE already part of their moorage fee... He explained that it’s a matter of equity ON ALL THESE THREE ISSUES and the Commission should stand on this principle.”

**ACTION:**        Motion **PASSED 6-0, as amended** on a voice vote.

**III. CHANGES TO AGENDA**

Mr. Creamer requested to add under New Business a discussion on grid use/grid fee policy.

At a later part of the meeting, Mr. Majeski brought up the proposed ordinance sponsored by Dapceovich and Holst exempting permanent stall holders and those in the wait list from paying the launch ramp fees.

**IV. CORRESPONDENCE**

Mr. Majeski read an unsigned letter addressed to the Harbormaster which spoke about that old city grid, adjacent to Sitka Sound Seafoods. The letter writer complained that there were only two ladders installed, one ladder for each side of the 100’ dock and that the plumbing does not extend out to where the boats are. The letter also mentioned that the grid is built upon property that was donated to the City by Louie Jensen, who ran a machine shop in that location, with a proviso that the City would run a grid facility for free to mariners.

Mr. Majeski said that the Harbor Office is resolving the problem and will be installing two additional metal ladders and will also deal with the plumbing problem.

Mr. Nyitray noted that the deed proviso mentioned in the letter is worth doing historical research on, saying that the City might be in violation of the terms of the donated property.

Mr. Moats suggested that a sign should be placed on the railing to warn grid users that one side is one foot higher.

Mr. Creamer said that the points raised in the letter are valid and well-taken.

## **V. PERSONS TO BE HEARD - NONE**

## **VI. REPORTS**

### **1. *Harbormaster***

Mr. Majeski told the Commission that the cruise ship season has started smoothly and yachts were starting to arrive. Reserved moorage is moving ahead and they expect to surpass the revenues collected last year.

On Mr. Moats question on how much dock frontage is set aside for reserved moorage, Mr. Majeski explained that that only the end docks at Eliason Harbor are being used and if they get a call for a 180-foot vessel, they clear a spot on float 6. He stressed that the Harbor Office is not shoving the regular guys out of the way. They don't have access to the end floats anyway.

On Mr. Nyitray's request for an update on three issues: liveaboard fees ordinance, on-demand water heater, grant money from the State, Mr. Majeski gave the following:

1. The proposed ordinance has been passed on to the Assembly.
2. Sitka Electric advised Mr. Majeski that the on-demand water heater will not work in Sitka since the water is too cold to give an on-demand supply of hot water. It is too cold for it to raise the water temperature to 120 degrees. What the City can do is to put in a 100-gallon water heater and have that feed the on-demand heater so it can start at a higher temperature.
3. Mr. Majeski does not have an update about the grant money but he indicated that there is a bill pending before the State legislature which provides that if a harbor incurred a debt towards building a small harbor prior to July 1, 2007, the State will reimburse harbors 50% of the costs. He forwarded the information to Mr. Wolff who will track the progress of the bill.

### **2. *Assembly Liaison - None***

### **3. *City Staff – Mr. Wolff to report under New Business, Item No. 1***

### **4. *Chair – None***

### **5. *Others***

## **VII. UNFINISHED BUSINESS – None**

## **VIII. NEW BUSINESS**

### **1. *Moorage Rates/Report from Finance Director Dave Wolff***

Mr. Wolff handed out a set of tables showing a summary of cash inflows/outlays for the Harbor Fund, schedule of revenues and expenditures 2001 through 2006, and projected schedule of revenues and revenues from 2007 through 2013. He walked the members through the numbers and pointed out significant items affecting the Harbor Fund: higher raw fish tax revenues that have been coming in and with two new fish processing plants operating this year, raw fish tax revenue is projected to reach \$680,000 in 2008.

He also spoke about the Thomsen Harbor project which came in under budget with a negative change order. Instead of borrowing \$2.5 million for the project, City will only borrow \$1.4 - \$1.5 million which would potentially reduce debt service. If the bill mentioned earlier by Mr. Majeski is passed by the legislature, half of the debt payments on that loan will be reimbursed.

Mr. Nyitray remarked that he would have liked to have all the information presented by Mr. Wolff beforehand and included in the packet. He requested that it should be done in the future. Mr. Majeski explained that they were not able to compile the information on time as Mr. Wolff was busy working simultaneously on the FY08 budget and attending budget meetings.

Mr. Wolff stressed that they are not looking at moorage rate increases for the next two years. He said that he stated that on record in front of the Assembly during on their May 7<sup>th</sup> meeting regarding the Harbor Fund.

Mr. Majeski told the Commission that the increase in fish tax and increase in the reserved moorage revenues have helped stave off the need for moorage rate increase. The Harbor Department has presented a balanced budget to the Assembly. He added that the fish box tax will not affect the harbors. The money can only be spent on infrastructure relating to the cruise industry such as the extension of the dock under the bridge or the construction at the port wall since cruise ships dock there.

## **2. Grant Funds available for the seawall and port facility**

Mr. Majeski said he did not have the chance to get more information about this agenda item. He thought that if this is tabled to the September meeting, he will be able to get the chance to speak with other harbor masters about their chances of obtaining grant money.

The Chair ruled to table this item to the next meeting.

Mr. Nyitray shared Rep. Peggy Wilson's advise to submit grant applications early and be at the top of the list. He said that the monies from the \$50 head tax will soon be available.

Mr. Majeski pointed out that the money can be used to extend the dock under the bridge or for personnel relating to the cruise ship industry.

## **3. \$1,000 a year fee for vessels hired to carry 7 or more passengers**

Mr. Creamer said that after hearing Mr. Wolff's report, he proposed dropping the proposed fee, adding that the Harbors don't need to collect it.

Mr. Moats argued against dropping the fee, saying that it is hard to accept that they are charging one group and not others. In response to Mr. Dunlap's comments, he said that they are not picking solely on Allen Marine but he does see a lot of traffic from Allen Marine boats. Resident users are not directly bearing the cost of using the infrastructure.

Mr. Nyitray agreed with Mr. Moats, explaining that the Commission has discussed this proposal for a long time and they are simply charging users who are not paying. He said the Commission is tasked to generate revenues for the harbors and this fee is one those proposals they've been looking at. In addition, they are looking at the spectrum of users across the harbors and the wear and tear of the

harbors. In response to Mr. Dunlap's remark about paying sales and property taxes, he pointed out that the taxes won't go to the harbors. The Harbors Fund have to come up with its own.

Mr. McIntyre suggested deferring this item to the September meeting.

Mr. Dunlap of Allen Marine Tours asked the Commission not to single out their industry unnecessarily. Their company pays full price for the services they receive and they are willing to pay their fair share in the infrastructure for the community. Allen Marine Tours paid millions in sales taxes, property taxes, payroll, and donated tens of thousands of dollars to the community.

He indicated that it is not easy times for their industry: the business is in decline; cruise ship traffic is slowing down while fuel prices are going up. With the proposed fee, they will have to pay additional \$8,000 annually. He asked what service are their industry getting in return. The docks that Allen Marine is using are paid for by the cruise ships.

**MOTION:** M/S Creamer/Woods moved to table this agenda item to the first meeting in fall.

**DISCUSSION:** Mr. Creamer explained that the proposed fee will impact three other operators and the Commission also needs to hear from them. He said they need to look into this further in fall instead of making a decision that evening. He also pointed out that when they were discussing the proposed fees before, they didn't have Mr. Wolff's financial projections. He

Mr. Nyitray said that if they put it off, it will negate all the voting and discussion they've done in the past.

The Chair said that projections is based on raw fish tax revenues which is not stable. He thought that it will be helpful to have a diversity of revenues.

**ACTION:** Motion **PASSED 4-1-1** on a voice vote with Moats abstained and Nyitray opposed.

#### *ANB Harbor Reconstruction*

On a query from Mr. Nyitray about the cost of rebuilding ANB Harbor, Mr. Majeski said that based on conservative computation, it will cost around \$3.3 million. It will cost less money if the State will pay part of it. In addition, they would also need less money if the State pays for the port facility rebuild. He stressed that things are looking good compared to three years ago.

#### **4. Grid Use/Grid Fee Policy**

Mr. Creamer raised the possibility of exempting permanent stall holders from paying the \$10 grid fee. He also said that they need to have the Harbors Department establish a policy on the grid use, explaining that there are boat owners who leave their boats on the grid and not work on it for a week, preventing others to use the space. He added that there are no signs on the grid informing users on the policy.

Mr. Majeski replied that there is a policy in place which only allows boats to stay on the grid for 72 hours maximum for \$10 at a time. Boat owners are not supposed to go to the grid without getting any permission from the Harbors Department.

Mr. McIntyre suggested that the table this item to the September meeting. He also recommended that signs be put up on the grid to inform the public. He thought that the existing policy is good and it simply needs to be finetuned.

Mr. Majeski said that they need to find out more about the proviso that was mentioned in the letter read under correspondence.

The Chair ruled to bring this item back in the next meeting.

**5. Proposed ordinance on launch ramp fees exemptions**

Mr. Nyitray suggested that they send a letter to the Assembly explaining the Commission's opposition to the proposed ordinance.

Mr. Majeski pointed out that the ordinance destroys the income, estimated at \$30,000, they are getting from the launch ramp fees. He asked the Commission to stand by their decision.

**MOTION:** **M/S Nyitray/Creamer** moved to draft a letter to the Assembly expressing their opposition to the proposed ordinance based on the following reasons:

1. The Commission is charged to come up with proposals to generate revenues for the Harbor Fund and the launch ramp fee was one of the concepts they have put forward.
2. The launch ramp fee ordinance went through a lengthy public process and the Commission is standing by their original proposal.
3. The Harbors Department already made arrangements with the State to honor the City's launch permit and vice versa.
4. It will make enforcement impossible.

**ACTION:** Motion **PASSED 6-0** on a voice vote.

**IX. GENERAL DISCUSSION**

*No Anchor Zone*

Mr. Majeski told the members that he contacted the captain of the NOAA ship Rainier and was told that NOAA is putting the no-anchor zone on the charts. It can be easily done and presents no problem.

*Sealions at the Harbors*

Mr. Majeski said that the Harbors Department received a notice from NOAA informing them that NOAA will assist the department in carrying out "seal bombing" to address the sea lions situation in the harbors. If it doesn't work, they will resort to other measures.

*Thanking the Secretary*

Mr. Nyitray proposed that the Commission thank the Commission Secretary Maria Finkenbinder for her work this season.

**X. CLOSING**

**A. AGENDA**

Under unfinished business:

1. Grant funds available for the seawall and port facility
2. Commercial User Fees
  - (a) \$1,000 a year fee for vessels hired to carry 7 or more passengers
  - (b) Work float fee
  - (c) Charter boat row fees
3. Grid Use/Grid Fee Policy

**B. NEXT MEETING DATE HARRIGAN CENTENNIAL BUILDING – September 19<sup>th</sup>, 2007**

Mr. Majeski told the Commission that he will not in town for the September meeting.

**C. ADJOURNMENT**

The meeting adjourned at 8:30 pm.

Prepared by: **MARIA FINKENBINDER**  
Contract Secretary