

# DRAFT

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## SITKA PORT AND HARBORS COMMISSION

Regular Commission Meeting Minutes

October 19, 2006

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  
                                 Marc Moats                              Rich MacIntyre

Absent and excused:   Keith Nyitray                      Mike Slifer

Others Present:        Stan Eliason                              Dave Wolff

Member from the Public:      David Tjomsland                      Dave Malone

### APPROVAL OF MINUTES FROM THE SEPT. 20<sup>TH</sup>, 2006 MONTHLY MEETING

**MOTION:**            M/S Creamer/Moats moved to approve the minutes from the Sept. 20<sup>th</sup>, 2006 meeting.

**ACTION:**            Motion **PASSED 4-0** on a voice vote.

### III. CHANGES TO AGENDA

The following items were added under New Business:

- (1) Launch ramp fees requested by Mr. Eliason
- (2) Renaming of North Thomsen Harbor requested by Mr. Creamer

At a later part of the meeting, Mr. Moats brought forward the request of Assembly Member John Holst for the Commission's position on the proposed Ordinance No. 2006-43, establishing a special revenue fund for seafood processing economic development grants.

### IV. CORRESPONDENCE - None

### V. PERSONS TO BE HEARD – Mr. Tjomsland

Mr. Tjomsland wanted to catch up with the Commission's discussions on various proposals to finance the harbors, explaining that he missed some of the Commission's meetings. In particular, he spoke about the State fuel tax, the property tax on vessels, the \$50 head tax, and the fish box tax. He also reiterated his request to have some of the issues discussed by the Commission to be regularly published in the paper.

Mr. Creamer explained that while the State legislature passed the bill on the State fuel tax, no money has been appropriated for it. He said that Sen. Bert Stedman told him that the legislature will be working on

the appropriation in the next session. He also pointed out that the \$50 head tax will be for infrastructure that would benefit the cruise ship industry. He offered to talk to the Daily Sentinel to print press releases from the Harbors Department.

The Chair added that Harbormaster Ray Majeski goes on the radio once in awhile to update the public on issues concerning the harbor system.

## **VI. REPORTS**

### **1. Deputy Harbormaster**

Mr. Eliason updated the Commission on the progress of the construction work at Thomsen Harbor, saying that work on the floats is put on hold for awhile as the contractor is still waiting for the delivery of the floats. He told the members that the upland work is done and that the contractor is still optimistic that the rebuild will be completed by end-February 2007.

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

### **3. City Staff - None**

### **4. Chair - None**

### **5. Subcommittee Report**

## **VII. UNFINISHED BUSINESS**

### **1. Financing the Future (Finance Director Dave Wolff)**

Mr. Wolff discussed with the members the two spreadsheets showing the schedule of revenues and expenditures for (1) FY 2006 through 2012, and (2) FY 1999 through 2005. He cautioned them that the FY 2006 figures are still subject to change since the audit is not complete yet. He pointed out that the \$5,000,000 revenue item on cash basis for FY 2011 is funding for the ANB Harbor rebuild and the \$2,000,000 for FY 2012 is funding for the bulkhead.

He stressed that they would need a sizable moorage rate increase in FY 2012 if they were to maintain the \$1.90/foot/month until FY 2011. An 80 cents/foot increase in 2012 will be necessary just to break even.

He expressed concern about the projections for FY07 and FY08, explaining that there are a lot of unknowns relative to the Public Employees' Retirement System (PERS) and health insurance. He said that the City's estimated contribution for FY08 will be 43.31% for every dollar paid out to City employees compared to the current rate of 19.02%. He added that the loss of two cruise ships next year would also have an impact on the Harbor Fund and the General Fund.

Mr. Moats noted that the harbor system will be making money if there are no large capital projects. He thought that the assumptions for the projections are wrong, saying that ANB Harbor would not need as much as \$5 million for reconstruction. He also believed that there would be more money coming in from the State. He said a moorage rate increase is not justified.

Mr. Creamer stressed the need to raise moorage rates to support the loan necessary for the ANB reconstruction. He said they have to take a long-range view and put money aside slowly.

On Mr. McIntyre's query about how the figures for ANB Harbor and the bulkhead were derived, Mr. Wolff said that he conferred with the Harbormaster and they looked at the number of slips compared to Thomsen Harbor and for the bulkhead, he based it on the study that was conducted to evaluate the wall.

He added that the estimates are based on today's dollars. Mr. McIntyre remarked that figures are underestimates since inflation hasn't even been factored in.

Mr. Wolff also explained to the members how the raw fish tax is collected. Fish processors collect the 3% fish tax based on value from commercial fishermen and they remit it to the State. The State sends back 45% of the raw fish collected after a year. He pointed out that Sitka is one of the few communities where raw fish tax goes directly to the Harbor Fund.

On Mr. McIntyre's question what falls under "Other Operating" revenue, Mr. Wolff said that it includes floatplane fees, lightering fees, RV parking fees, and harbor property tax assessment of \$10 per vessel. Electric billing falls under "non-operating" revenue.

The Finance Director said that he is willing to answer questions from the members anytime. They can give him a call or email him.

## **2. *Liveboards in the Harbor System***

Mr. Eliason requested to defer this item till the November meeting as the Harbor Department is still gathering more information.

## **3. *Waitlist Administrative Fee***

Mr. Eliason told the Commission that according to Harbor Office Manager Kim Elliot, they wouldn't gain anything from this fee. He pointed out that there are other issues that the office staff is more concerned with i.e. people on the waitlist refusing to get a permanent stall and would go back to the bottom of the list. He also said that office staff spends time a lot of time on the transfer list.

Mr. McIntyre suggested that they eliminate the application of the nonrefundable deposit of the first quarter's mooring fee when a stall is assigned. It will generate money for the Harbor Fund. He also proposed inviting Ms. Elliot to the next meeting.

The Chair put forward the idea that if a person on the waitlist refuses a slip, the rate doubles when he/she goes back to the bottom of the list.

## **VIII. NEW BUSINESS**

### **1. *Launch Ramp Fees***

Mr. Eliason told the members that the State is raising the annual fee to \$100 and the daily fee to \$10 for the use of the Starrigavan launch ramp. They are requesting that the City mirror their rates and work with them in the enforcement. He said the State is willing to share 50% of the revenues. He said that the Harbor Department was set to impose the launch ramp fees this October but has put it on hold with this new update.

The Chair welcomes the idea but they will have to make a recommendation to the Assembly to change the rate.

Mr. Creamer wanted to make sure what the State fees are and get their assurance on revenue-sharing.

Mr. Moats remarked that they might hear complaints once again about another fee increase but he liked the idea of coordinating with the State and splitting the money.

**MOTION:** **M/S McIntyre/Creamer** moved to recommend to the Assembly to amend the City's launch ramp fee by mirroring the State's launch ramp fees for the Starrigavan boat launch ramp.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

## **2. Renaming North Thomsen Harbor**

Mr. Creamer proposed that they recommend to the Assembly to rename North Thomsen Harbor to Sen. Richard I. Eliason Harbor in honor of the former legislator who recently became the first Alaskan to be nominated to the Wild Salmon Hall of Fame by the Pacific Northwest Salmon Center. He briefly spoke about Mr. Eliason's contributions to the health of wild salmon through his legislative work and continuing efforts to promote and protect Alaskan wild salmon.

**MOTION:** **M/S Creamer/Moats** moved to recommend to the Assembly to rename North Thomsen Harbor to Sen. Richard I. Eliason Harbor in honor of the former legislator who recently became the first Alaskan to be nominated to the Wild Salmon Hall of Fame by the Pacific Northwest Salmon Center.

**DISCUSSION:** Mr. McIntyre said that while he supports the motion, he just wanted to make sure that they've thought about anybody else who might also deserve the same honor and recognition.

Mr. Creamer replied that he can't think of anybody else in town.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

## **IX. GENERAL DISCUSSION**

### *Seafood Processing Economic Development Grant*

Mr. Moats explained that in the previously scheduled meeting that was cancelled due to lack of quorum, Mr. Holst discussed with him and Mr. Nyitray the proposed Ordinance No. 2006-43, establishing a special revenue fund for seafood processing economic development grants. The ordinance provides that the fund will be replenished with raw fish taxes.

The Chair explained the background of the proposal which he said is related to Stikine Holding's proposed lease at Sawmill Cove. The members briefly discussed the impact of the proposal on the Harbor Fund. They thought the concept to support fish processing is good but to use the raw fish tax to replenish the fund is not the right approach.

By unanimous consent, they agreed to convey to Mr. Holst that they are not opposed to the grant but the money should not come from the raw fish tax.

### *Meeting Schedule*

The Chair told the members that he is temporarily unavailable Monday to Wednesday and requested that they move next month's meeting to a Thursday instead of a Wednesday.

The members said their schedules are open.

## **X. CLOSING**

### **A. AGENDA**

Under unfinished business:

1. Liveboards in the Harbor System
2. Waitlist administrative fee/Transfer fee/Action on refusal of a slip assignment
3. Anchoring ordinance update

Under new business;

1. Liveboards in Crescent Harbor

This was suggested by Mr. Creamer. He said he has researched the legislative history on this policy.

### **B. NEXT MEETING DATE HARRIGAN CENTENNIAL BUILDING – November 9<sup>th</sup>, 2006**

### **C. ADJOURNMENT**

**MOTION:**        **M/S Creamer/Moats** moved to adjourn the meeting.

The meeting adjourned at 8:45 pm.

Prepared by:    **MARIA FINKENBINDER**  
Contract Secretary