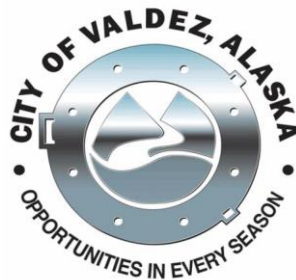


City of Valdez

212 Chenega Ave.
Valdez, AK 99686



Meeting Minutes

Monday, August 29, 2016

7:00 PM

Council Chambers

Ports and Harbor Commission

REGULAR AGENDA - 7:00 PM**I. CALL TO ORDER**

Chairman Swanson called the meeting to order at 7:00 P.M. in Council Chambers.

II. ROLL CALL

Present 5 - Chair Mark Swanson
Chair Pro Tempore Alan Sorum
Commission Member Ryan Sontag
Commission Member Steve Cotter
Commission Member Stu Hirsch

Excused 3 - Commission Member Colleen Stephens
Commission Member Monty Morgan
Harbor Office Manager Sarah Von Bargen

Also Present 2 - Operations Manager Jenessa Ables
HarborMaster/Acting Ports & Harbor Director Jeremy Talbott

III. APPROVAL OF MINUTES**IV. PUBLIC APPEARANCES****V. PUBLIC BUSINESS FROM THE FLOOR****VI. PUBLIC HEARINGS****VII. UNFINISHED BUSINESS****VIII. NEW BUSINESS**

- 1.** Discussion Item: Sublease Rates for the Valdez Pioneer Field Airport Terminal Building

Mr. Talbott summarized the agenda statement. The Ports & Harbor Commission last reviewed the airport rates in 2015 and chose to hold the rate at \$1.81 per square foot at that time. Chairman Swanson reminded the Commission the Airport has since lost a tenant resulting in even more vacant space. Mr. Talbott said City Administration is still considering vacant Airport space for housing City offices. The Airport Restroom ADA Upgrades Project will also begin in 2017, which could create an intermittently

disruptive environment for businesses.

Ms. Ables said a local rental rate comparison is conducted each year. This comparison indicates rental rates fall between \$1.60 - \$2.00 per square foot. The current rate is \$1.81 per square foot. Commissioner Sorum said the Ports and Harbor Commission and Staff has historically aimed to keep the Airport rate on the high end of rates in town so as not to compete with local rentals. Ms. Ables referenced agenda materials showing revenues produced by 2, 5, or 10 percent increases.

Chairman Swanson asked if the Commission needs to make a recommendation for approval. Ms. Ables said she inquired with Sheri Pierce, City Clerk, and she recommended first bringing it to the Commission as a Discussion Item. No action is needed unless the Commission disagrees with the Staff Recommendation to hold rates for one more year. Mr. Talbott said Airport Rates will be revisited in 2017.

Mayor Ruthie Knight asked if the Commission would approve of utilizing vacant Airport space for City offices. Following discussion regarding the current Airport revenues, the Commissioners confirmed their support.

2. Discussion Item: New Boat Harbor Uplands

(Commissioner Morgan arrived).

Mr. Talbott said some elements of the project have been paused to allow for further discussion regarding the uplands portion of the New Harbor Project. It is also necessary to look at contingency fund allocation carefully before proceeding.

Commissioner Sorum said the Council seems to be in strong support of capping project funding at the current cost estimate. He felt it is important for the Commission to set and recommend unified priorities to avoid the possibility of running out of funding and ending up with a facility missing key elements. Commissioner Sorum said there should be a cohesive master plan identifying needs at both harbor locations as well as possible land uses for the old Sea Otter RV Park area. Chairman Swanson agreed on both points. He said clarifying priorities within the current project is paramount and felt a master plan has even greater necessity with this in mind. He thought it may be possible to accomplish these things together. Chairman Swanson also agreed that he did not want to see the project progress haphazardly only to reach the funding cap and find the New Harbor lacks important facilities.

Mr. Talbott said he personally felt that the launch ramps could be removed from the design, then taking into consideration the best use of the New Harbor uplands minus that element. He said he did not see the launch ramps as producing a significant amount of revenue for the New Harbor.

Chairman Swanson said the value of including the launch ramps is twofold. First, the launch ramp facility gives the Corps a reason to continue dredging all the way to the west end of the New Harbor basin. Second, the launch ramps could maximize the

use of both the existing Harbor facility as well as the New Harbor facility. Chairman Swanson explained that freeing the existing Harbor uplands of parking and launch ramp traffic would provide more lay down area for maintenance. He felt that both of these reasons were well articulated leading up to this point. Commissioner Hirsch asked to confirm the area of dredging the Corps of Engineers would be responsible for if the launch ramps were not included.

Commissioner Morgan said he recalled conversation regarding the complete removal of the existing launch ramps with the intention of utilizing the New Harbor launch ramps as the sole launching facility and utilizing the existing Harbor uplands space for boat storage and maintenance. Several Commissioners also recalled this conversation, although Mr. Talbott said he was not involved with the New Harbor Project during the time this concept was discussed. Commissioner Sorum said the multitude of concepts up for discussion perfectly illustrate the need for immediately solidifying priorities.

The Commission discussed several possibilities in regards to uplands utilization at both the existing Harbor and the New Harbor.

Jason Miles, Capital Facilities Director, shared a slide of the Old Sea Otter RV Park area and proposed the possibility of adding fill to this area to create more usable waterfront property. Mr. Talbott said this would be an ideal location for building a 200 vessel dry stack facility. Chairman Swanson thought a good option would be leasing this waterfront space for a dry stack facility so as not to step on private enterprise. Commissioner Sorum agreed, adding that the City could develop the necessary infrastructure and then allow a private investor to move forward with building and managing the facility. Mr. Talbott said accommodating vessels between Harbor facilities and a dry stack facility might be more complicated if private enterprise was involved.

Commissioner Hirsch said he also thinks the launch ramps should be removed from the New Harbor design, especially since the New Harbor slips do not accommodate smaller vessels. He said he was fairly new to the Ports & Harbor Commission when he began to question this design element. Commissioner Cotter said the launch ramps had originally been deemed necessary by the Ports & Harbor Commission simply because, at the time, a need had been identified.

Commissioner Morgan said he would okay with removing the launch ramps from the design while still stubbing out all necessary utilities to allow for future development.

Commissioner Cotter expressed slight concern over putting a new design out to the public this far into the project. Chairman Swanson and Commissioner Hirsch agreed this may be perceived poorly. Chairman Swanson said it might be a good idea to exercise caution when proposing redesigns.

Commissioner Hirsch said he would like the Commission to make some sort of recommendation, whether to continue with the design as is, or whether to focus on

deferring or removing elements. Chairman Swanson thought Commissioner Cotter had offered a reasonable solution of removing one of the launch ramps rather than both. Commissioner Sorum said he would keep any related amenities to a minimum until it is decided whether or not to include the launch ramps. Chairman Swanson said it is important to behave as responsibly as possible given the road the project has traveled up until this point. Commissioner Sorum asked the cost difference between building one launch ramp versus two.

Chairman Swanson said he would be comfortable proceeding with the current New Harbor design, including the launch ramps. Commissioner Hirsch said he is unsure whether he approves of keeping the launch ramps in the design. Commissioner Morgan said including the launch ramps would be acceptable if the budget allows but if there is any possibility the funding will run out, non commercial elements need to be removed first. Commissioner Cotter and Commissioner Sorum agreed with Commissioner Morgan's statement.

IX. REPORTS

1. Valdez New Boat Harbor Construction Progress Reports

Ron Rozak, Arcadis US Inc, reviewed the New Boat Harbor Construction Reports from the month of August.

Further progress has been made on the boardwalk construction and railings, as well as the rebar for the picnic areas. The boardwalk should be finished within the next couple weeks.

The Phase 1 Uplands project is now at approximately 83-85% complete.

Western Marine has made great progress on the south breakwater. Mr. Rozak presented pictures of the excavator stationed on the breakwater at high tide.

Mr. Rozak recently received a proposal from Harris Sand & Gravel to perform testing utilizing ripper equipment Western Marine brought up from Bellingham, Washington. The purpose of the testing is to see if this piece of equipment can successfully replace drilling and blasting on certain aspects of the project. City Administration is currently reviewing this proposal.

2. Port & Harbor Staff Report

Ms. Ables said Diana Osbourne, State of Alaska Aviation Leasing Manager, recently visited the Airport. She was provided a tour of the facility and was pleased with many of the improvements including the upstairs office remodels and upcoming plans to remodel the bathrooms. Commissioner Morgan asked if the FAA has contacted Port

Staff in regards to recent equipment issues. Ms. Ables said she had not been contacted but will follow up with the FAA Weather Office to ensure there are no issues requiring the assistance of Port Staff.

Ms. Ables said she has been working with Finance on updating the Valdez Pioneer Airport subleases to include the new State imposed Concession Fees, which will begin in 2017. She has also been extremely busy working on the 2017 budget.

The Kelsey Dock has remained very busy with all the fishing closures this season.

Mr. Talbott showed a time lapse video of the launch ramp traffic. It was determined that wait times were minimal with the longest wait coming in at ten minutes.

There were some electrical issues on the tour dock. Passerby's called emergency personnel after seeing sparks and Harbor Staff cleared the area and shut off breakers. Mr. Talbott thought it may be a good idea to add a few power receptacles while the repairs are being performed.

Mr. Talbott said there is a significant amount of deferred maintenance at the VCT. Safety ladders and guardrails are at the top of the list for replacement.

There was also a vessel that ran into a barge at the SERVVS dock. Mr. Talbott showed the Commission photos of the damaged vessel. Fortunately, there were no injuries.

X. COMMISSION BUSINESS FROM THE FLOOR

XI. ADJOURNMENT

There being no further business, Chairman Swanson adjourned the meeting at 9:41 P.M.

CITY OF VALDEZ, ALASKA
PORTS AND HARBOR COMMISSION

Mark Swanson, Chairman

ATTEST:

Jenessa Ables, Port Operations Manager