

November 30, 2022

SUBJECT: FY2022-2023 MPF COST ALLOCATION PLAN AND CHARGES

The City and Borough of Juneau currently charges the Marine Passenger Fee (MPF) Fund for support provided by administrative departments, as well as other City services provided in support of cruise ship passengers and tourists who visit Juneau. Juneau annually prepares a Title 2 CFR 200 Compliant Cost Allocation Plan outlining support provided to the Cruise Ship Industry. The nature of the Title 2 CFR 200 Compliant Cost Allocation Plan (CAP) is that it requires the utilization of audited financial expenditures. Therefore, the plan developed in FY2022-2023 (November 2022) is based upon information from FY2020-2021, resulting in a two (2) year lag.

Juneau's Fiscal Year (FY) runs from July 1st through June 30th of the following year. For FY2020-2021 the information used to develop the MPF CAP was based on July 1, 2020, through June 30, 2021, data. The COVID-19 Pandemic began in March 2020 and resulted in closing down the cruise ship industry until late June 2021. Therefore, for the fiscal year of FY2020-2021 there were no cruise ship passengers utilizing the services provided by the City and Borough of Juneau. As such, an MPF Cost Allocation Plan was not developed for FY2020-2021, as there are no metrics that can be defensibly allocated to the MPF Fund during that fiscal year.

However, the purpose of these plans is to allocate prior years' metrics to represent current support. In the current fiscal year (FY2022-2023) there are no closures due to COVID-19, and there has been a significant resurgence of cruise ship activity. Therefore, in order to accurately project the support associated with the cruise ship industry, the City is proposing to utilize the results of the FY2019-2020 MPF Cost Allocation Plan (utilized in FY2021-2022).

The FY2019-2020 Cost Allocation Plan for MPF considers some impact of COVID-19 as services were halted March through June 2020. The FY2019-2020 MPF Cost Allocation Plan allocated **\$2,363,822** to the Marine Passenger Fee Fund for services provided from Juneau's general fund, property tax funded services, and special revenue sources. This support is comprised of costs from the Citywide Indirect 2 CFR Part 200 Cost Allocation Plan as well as the Police Department, Fire Department, Museum, Arboretum, Streets,

Transit, and Sales Tax. The following table shows the breakout of the support by City service area:

Support Service	MPF Support
Citywide Support - General Service	\$103,105
Citywide Support - Library Tourism	\$136,704
Finance - Sales Tax	\$29,460
Library - City Museum	\$203,521
P&R Parks and Landscape - Administration	\$169,514
Arboretum - Administration	\$48,266
Police	\$1,092,219
Parks and Recreation - Admin & Areawide	\$124,706
Capital Transit	\$116,852
Streets	\$89,546
Fire	\$249,930
Total Allocated	\$2,363,822

While there was no physical impact from cruise ship passengers embarking and disembarking during the FY2020-2021 season, the City had ramped up its operations to meet those needs. Due to the temporary nature of the COVID-19 Pandemic, operations were not permanently downsized, although where appropriate seasonal or temporary services were reduced. Additionally, as discussed, the City utilizes the previous years' information to capture current support. There is a current impact to the City's operations due to the Cruise Ship Industry. As such, it is being recommended that Juneau consider charging the MPF fund based upon the prior year's (FY2019-2020) MPF Cost Allocation Plan as shown in the previous table.