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Hon. Bruce Botelho, Mayor
& Members of the Assembly
City & Borough of Juneau
155 S. Seward Street
Juneau, AK 99801

Dear Mr. Mayor and Assembly Members,

I am writing to refute a number of allegations and misrepresentations currently circulating in a letter to you from the Statter Harbor Neighborhood Association, and signed by its representative Katherine Miller. Though I serve on the Board, these are my views and are not an official response by the Board.

Katherine and her husband Scott are the owners of a 44' sailboat, and have been frequent testifiers at recent Docks and Harbors Board meetings. By casting themselves as a neighborhood association the Millers and some other users of the Statter Harbor facility hope to carve out an image that they are being discriminated against because the management system at Statter is different from that in other harbor facilities. The fact is, however, that the rules apply equally to everyone, and the Millers and others can avail themselves of the facilities in Douglas, Harris and Aurora small boat harbors. They *choose* not to.¹

Statter Harbor differs from our other small boat harbors in that preferred moorage – that is a permanently assigned stall at an annual rate – is not available there. It never has been. When the harbor was originally constructed the US Army Corps of Engineers permit stipulated that it be managed solely as a transient moorage facility. It has been managed that way ever since, though over the years the Board has relaxed the strict application of that rule to accommodate users. In particular, winter management policy at Statter has allowed users to stay there without frequent movement, and at pro-rated annual moorage rates.

Recently the Corps lifted the transient only requirement. The Board, if it chose, could manage the harbor like our downtown facilities. We could provide preferred moorage in assigned stalls and designate limited areas for transient moorage to accommodate out of

¹ Mr. Miller has repeatedly stated that the 56' mast of his vessel precludes him from using the downtown facilities. This is untrue. At certain tide stages he might not be able to pass under the bridge, but a number of vessels with taller masts use Aurora harbor...they just watch the tide. Besides, it was the Miller's choice to own this particular boat...we can hardly redesign the city after the fact for their convenience. In any case, the newly refurbished Douglas harbor is available to them on the same basis as any other user.

town and occasional use vessels. There is absolutely no doubt that assigned moorage in Statter Harbor would be a great deal for anyone who could get it. Ask virtually any boater in Juneau if they'd like an assigned stall at Statter and you are virtually assured to get a resounding "Yes!".

However, what the Millers fail to point out is that the Board has heard a great deal of testimony to the effect that Statter should remain a transient moorage facility. Why? Because of the extraordinarily high demand for the facility during the summer months. Hundreds of Juneau boaters only put their boats in the water during the summer, and many only for limited periods. Statter is overwhelmingly the preferred location because of proximity to good fishing and sailing waters and its better weather. For this reason, many people who moor downtown also want to be able to use Statter for periods during the summer. Statter also hosts a considerable local and non-local fishing fleet during the summer months, as well as the bulk of Juneau's charter fishing and whale watching fleet. In sum, without continued transient management during the summer months the bulk of Juneau's boaters and many commercial users would be severely disadvantaged.

The Millers imply that Statter patrons are singled out for different treatment under our rate structure. This is not so. The same type of moorage costs exactly the same in all of the harbors. Daily, monthly and annual rates are the same everywhere that they apply.

As to the numbers the Millers have supplied to you, there are numerous incorrect calculations of cost. For their 44' vessel, annual moorage this past year would have been \$916. They could have availed themselves of that rate by mooring downtown. To stay at Statter Harbor all year would have cost them an estimated \$1,689 based on the pre-paid monthly rate from May through September, and a pro-rated annual rate over the winter.

The Millers are upset at the rate increases that the Board has passed, and which are now before you for consideration. *No one* is happy about having to raise rates. But, the Millers allege that Statter users "have been subsidizing the harbor system for a long time..." In fact, virtually all of the first year rate increase the Board has proposed is because we have *removed* a large subsidy from the moorage rate system. For a number of years the Board has used tidelands lease and fisheries business tax (FBT) receipts, assigned to it by the Assembly, to subsidize annual operational costs of the system. These funds amounted to well over \$300,000 of our \$1.8 million operating budget last year, and have directly contributed to keeping moorage rates quite, quite low. Fisheries business tax, paid by the fishing and seafood industry, has alone subsidized general moorage rates – including those of recreational users like the Millers - to the tune of about \$1 million over the past ten years. The Board has wisely decided to dedicate the FBT and tidelands lease receipts toward much needed capital projects, and has removed them from the operating budget. Replacing the subsidies provided by the seafood industry and tidelands lessees accounts *all* of the rise in rates in 2005.

With the cost figures they have provided you, the Millers seek to mislead by citing a "worst case" scenario. The following chart is an accurate depiction of the impacts of proposed rate increases.

44' Vessel	Current 2004	2005	% Increase over 2004	2009	% Increase over 2004
Annual Moorage	\$916	\$1,355	48%	\$2,535	176%
Typical Year-Round Statter Harbor User ²	\$1,689	\$2,365	30%	\$4790	183%
Daily Moorage ³	\$.27	\$.35 or \$.30 w/ pre-pay discount	30% or 11% w/ pre-pay discount	\$.75 or \$.64 w/ pre-pay discount	177% or 137% w/ pre-pay discount
Actual Daily Cost	\$11.88	\$13.20 / \$15.40		\$28.16 / \$33.00	

In calculating their estimated cost of \$4,060 the Miller's have taken into account that the Board has decided to give the highest rate payers preferred access to the very limited number of electrical outlets available in Statter Harbor during the winter months. They have used the higher monthly rate rather than the much lower "75% of annual rate" for the winter period. However, if electricity is a necessity and the Statter cost is too high to bear, I again point out that the Miller's have the option of mooring downtown.

The Millers also object to the direction and discretion the Board has given to the Harbormaster to more actively manage the Statter facility. In the past, it has been up to boaters to locate an open space at Statter. The result has often been very chaotic, inefficient use of space. While we still hope to provide boaters as much discretion as possible, the Harbormaster may now establish zones within the Harbor and direct boats to those zones, and can require that they tie up in an efficient manner. This simply makes good sense. Also, as you know, Harris Harbor downtown will be undergoing a complete rebuild starting this June. The end result will be a much nicer facility, improved space utilization, and a substantial reduction in our moorage waitlist. However, while construction is underway, accomodating users from Harris will place a strain on our system. The Harbormaster will need the authority granted under the new Statter Harbor Management Regulations in order to deal with this situation.

Sincerely,

² This is based on 75% of the annual moorage rate for the period from Labor Day to just before Memorial Day, plus the daily rate for a 103-day period thru the high use summer months, and assumes that the boater takes advantage of the 15% 30-day pre-pay discount available on the daily moorage rate.

³ I note again that the daily moorage rate is the same in *all* harbors. For daily rate use longer than 30 days, a 15% advance pay discount is offered. Boats without assigned stalls are not forced to pay the daily rate. If they pay the annual rate and are on the waitlist they are "hotberthed" where stalls are available. This is inconvenient but it is a system that is in place because we do not have sufficient moorage space. Countless Juneau boaters have endured this. The Millers are not being singled out.

Comparison with Other Harbors			
City or Facility	2005 Annual Rate	% More Than CBJ Annual Rate	% More Than Statter Cost w/parking*
<i>For a 44' Vessel</i>			
<u>CBJ Annual Moorage</u> (Available in Douglas, Harris & Aurora Harbors)	\$1,355		
<u>Statter Harbor</u> (75% of annual rate for winter mos. + discount daily rate Memorial Day thru Labor Day)	\$2,365	75%	
Statter Harbor + Parking Permit	\$2,715	100%	
Fishermen's Bend (Juneau)	\$3,475	156%	28%
Ketchikan	\$1,748	29%	-36%
Sitka	\$1,848	36%	-32%
Wrangell	\$581	-57%	-79%
Petersburg	\$1,487	10%	-45%
Kodiak	\$1,230	-9%	-55%
Oak Bay (Victoria)	\$2,666	97%	-2%
Burrard (Vancouver)	\$3,696	173%	36%
Heather (Vancouver)	\$3,527	160%	30%
Shilshole (Seattle)	\$4,764	252%	75%
Elliot Bay (Seattle)	\$5,016	270%	85%

Even after this years' substantial rate increase the CBJ's annual moorage rate is quite competitive with most other Southeast cities, and a great deal less expensive than facilities in Washington and BC. True, the latter offer amenities that we do not, but their operating cost factors are considerably lower as well.

Statter is certainly higher, but a 44' boat with a stall, or on the waitlist downtown could use Statter for a month in the summer for a total cost of annual moorage plus one month in Statter of \$1,748. This is option is available to boaters like the Millers.

*Comparing Statter costs to other locales is tricky. Figures for other facilities are their annual rates only. For example, taking if a similar rate structure was applied to figures for

Shilshole Bay Marina in Seattle (ie. best annual rate X .75 for the winter, plus a 15% discounted daily rate for the summer) the cost there would be \$6,847 not the \$4,764 annual rate shown above. For reference, Shilshole's daily rate is \$.85 per foot compared to our requested 2005 rate of \$.35 (\$.30 with discount).