

March 31, 2011

To: Assembly Finance Committee

Fm: Kirby Day

Cc: Rod Swope, City Manager

Kim Kiefer, Deputy City Manager

In reviewing the current proposed list for passenger fee spending/projects, I am pleased that you have considered utilizing marine passenger fee funds for various projects associated with the South Franklin Street Cruise Dock. Each year since this fee was initiated (1999); between \$1M and \$1.2M in passenger fee revenues has been collected from guests utilizing the Franklin Dock.

Ordinance 69.20.120 (Use of Proceeds) states in part:

The proceeds of the Fund shall be appropriated to address impacts caused by the marine passenger ship industry including:

-Design, construction, operation, maintenance of capital improvements to relieve impacts of marine passenger ships and marine passengers

-Operating funds for personnel, training, commodities, rentals, services, and equipment for services provided and made available to or required as a result of marine passenger ships and marine passengers

If the current CBJ list of expenditures (inclusive of those proposed for Franklin Dock) are of legal standing and follow the law, then it continues to seem reasonable to suggest that a portion of the funds collected should be allocated back to this facility for specific projects to provide services to and reduce impacts from guests arriving at this dock.

It also seems logical that a passenger stepping off of a ship at the Franklin Dock should expect that a portion of the passenger fee he or she has paid would be allocated to provide a service and/or improve their experience at that facility.

Thank you again for your considering the aforementioned request.



CRUISE LINE AGENCIES OF ALASKA

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To: Assembly Finance Committee
Fm: Drew Green, CLAA Juneau
CC: Rod Swope, City Manager
Date: March 31, 2011
RE: Marine Passenger Fee private dock project support

We are pleased that the City Manager and Assembly are considering appropriations to the CBJ owned and privately owned port facilities in Juneau. The projects proposed on the Manager's list are beneficial to the users of these facilities who pay the Fee. In addition to benefiting the fee user it is of benefit to the Juneau residents by funding projects that create state of the art world class cruise facilities. New facility enhancements, new dock structures and maintenance projects are very expensive but are critical port infrastructure. The tourism industry is very important for our local and regional economy as it is the largest private sector industry in Southeast Alaska. Funding these projects from a fee that does not draw from traditional CBJ tax revenues or general fund is of great benefit to our local government and community.

One public complaint has indicated that using public funds on private facilities is not appropriate. We would agree if this was a common tax that applied to every person and business such as property and sales taxes. This is not a traditional municipal tax. State law allows for public funds to be used privately as long as they benefit the public. (Article IX, section 6 State of Alaska Constitution) The Marine Passenger Fee is a fee that is very restricted in its use by the US Constitution, federal and state laws. . If this is not an agreeable use then it is simply resolved by not collecting the fee and individual facilities whether public or private would then have the liberty to charge the users what is needed to maintain and improve their facilities. In city ordinance, state and federal law there is no restriction in who receives appropriations from the Marine Passenger Fee so long as it is used in keeping with legal uses at or near the facility or infrastructure where they are collected. Project examples given in federal law are those which "enhance the safety and efficiency of interstate or foreign commerce" and "are used solely to pay the cost of a service to the vessel or water craft."

The current MPF proceeds list addresses the concern of using fees collected from one facility and using them at a competing port facility. By sharing a portion of the proceeds collected from the private facilities on viable projects that benefit the public and users helps address this issue.

This is a complex and confusing issue. We support the City Manager and Juneau Assembly for trying to make the Marine Passenger Fee proceeds fair and equitable.