

DOCKS & HARBORS FINANCE SUB-COMMITTEE MEETING MINUTES

Thursday September 17th, 2020

I. Call to Order – Mr. Wostmann called the September 17th, 2020, Finance Sub-Committee meeting to order at 12:00pm via Cloud Conferencing from the Port Director’s Office.

II. Roll Call

The following members were present telephonically: Bob Wostmann, James Becker, David Larkin, and Mark Ridgway.

Also present telephonically were the following: Carl Uchtyl – Port Director, Ashley Bruce – Statter Harbor Administrative Assistant II, Aurora Harbor Office, and the Juneau Police Department.

Members of the public present telephonically: Courtney Pegus, Dennis Watson, and Paul Swanson.

III. Approval of Agenda

Mr. Wostmann inquired about changes to the agenda prior to approval. Mr. Uchtyl confirmed there were no changes from the information distributed last and wanted to confirm members are seeing the information regarding the draft to the Center for Disease Control’s (CDC) Request for Information (RFI) regarding Resumption of the Cruise Industry.

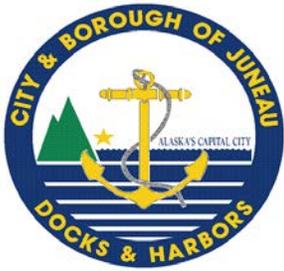
The agenda was passed with no objections.

IV. Participation on Non-Agenda Items – Courtney Pegus, Juneau, AK

Mr. Pegus is a graduate student at UAF and because of COVID and the start of the semester there was a mismatch in when he gets his stipend and when the fees for the August bill is due. Mr. Pegus said because of this mismatch he was put in a situation where he was charged the daily rate for August which snowballed into Mr. Pegus not being able to afford that month and he would like to get back in good standings and on track. Mr. Pegus kindly asked he be allowed the monthly rate for August and September and will pay advanced moorage for October. Mr. Pegus asks we take this into consideration, along with the hardships COVID has brought, and his history of paying on time before this pandemic. Mr. Pegus offered his thanks for consideration.

Mr. Wostmann recused himself from the discussion and handed the vice chair duties over to Mr. Larkin to manage questions or comments from the committee.

Mr. Becker appreciated Mr. Pegus coming forward and explaining his circumstances and supported the deal presented. Mr. Larkin also supported the idea and posed to Mr. Uchtyl for his input. Mr. Uchtyl expressed as a point of order, this non agenda item is



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really not for the board to judicate at this time but Mr. Pegus has brought his position forward and Mr. Uchytel can look into the circumstances and take the guidance from board members to work with staff to judicate.

Mr. Larking concluded Docks and Harbors staff would follow up with Mr. Pegus at an appropriate later time. Mr. Pegus added he did send an email to the board to accompany this conversation.

There were no other items for public comment.

V. Approval of Meeting Minutes

Meeting minutes were unavailable due to staffing and will be reviewed for approval at a later time.

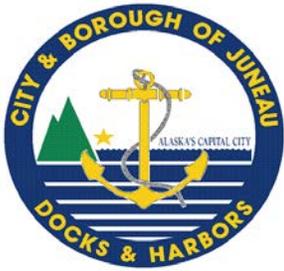
VI. Items for Information/Discussion

1. Review of Statter Harbor For-Hire rates and revenues

Mr. Uchytel said at the last meeting the discussion direction was to look at Statter Harbor rates as it applies to the For-Hire floats. In May of 2021 we anticipate the completion of a world class For-Hire facility in Statter Harbor that will contain 850' linear feet for the purpose of serving charter operators in Statter Harbor. The intention of the review is to determine what is an appropriate fee for the charter operators.

Mr. Uchytel referenced the Passenger For-Hire Trends table provided in the agenda packet. At present, inspected vessel operators pay a boat fee for moorage, a permit fee of \$518 per vessel, and a passenger fee of \$1.50 per passenger embarking. The rate for non-inspected or Six-Pack vessels is adjusted to the Consumer Price Index (CPI) and in 2019 paid \$156 per vessel and \$1.50 for every passenger embarking. Mr. Uchytel pointed out this is a significant amount of money received from charter operators and in addition we do collect moorage from the majority of the operators but not an exclusive requirement that vessels must retain moorage in our harbor.

Mr. Uchytel pointed to the graph to show last year there were 10 companies with 41 vessels of inspected status and 10 companies with 26 vessels operating in Statter Harbor producing \$150,000 of revenue. Mr. Uchytel stated the question for the board is what the appropriate fee, if any, moving forward knowing the operators will essentially have guaranteed moorage. It is intended to raft vessels outboard, so it won't be slips, but we think we are investing in making charter operators more efficient at Statter Harbor.



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Mr. Uchytel took a pause to inquire if there were any questions about the packet before moving on.

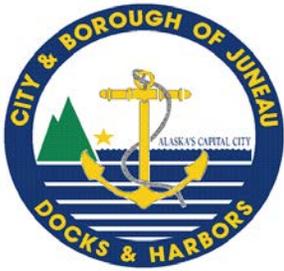
Mr. Larkin asked if the \$518 fee was paid per day. Mr. Uchytel responded, no the fee is per season.

Upon hearing no other call for questions Mr. Wostmann asked if there has been consideration to what the total investment in this area has been and what a reasonable amount to charge the fleet to recovery some of the cost? Mr. Wostmann stated he understands we can't expect to get enough to pay for all of it but is wondering if there is a way to put it into context as how much is being reimbursed for the capital investment.

Mr. Uchytel stated he has not yet been able to complete those calculations but Phase IIIa of the dredging was \$4.1 million, Phase IIIb which was awarded to Trucano construction is \$4.3 million. Construction costs alone are \$8.5M plus staffing, inspection and other services. Including completion of the uplands parking, we anticipate a \$12M dollar project for this improvement.

Mr. Larkin asked what is the anticipated life span of the area for the investment? Mr. Uchytel referenced the Aurora Harbor improvements as an example and pointed out the floats currently being demolished were constructed in 1972, indicating an age of 48 years. The facilities being built today will include innovation and extending the usable life. We are using timber, we have a higher free board to keep components out of the water, and including zinc anodes and calling it a 50-year facility could be a conservative estimate.

Mr. Wostmann asked if it would be a reasonable exercise to attempt the math and see what kind of costs can be recouped from the fishing fleet over the 50 years. Mr. Uchytel said he can prepare this for a future meeting. Mr. Uchytel pointed out when rebuilding harbors for commercial fisherman or recreation, we never recoup the full investment of public infrastructure. Mr. Uchytel pointed out private Marina's charge much higher than we would ever charge but it is worth going through the exercise to determine where we stand. Mr. Uchytel said from future studies generally a 40-50 year facility will break even, and this will be more difficult as it isn't a slip system but more of a transient system and we would expect vessel to raft outboard of each other. Mr. Wostmann said he understands we wouldn't solely expect the charter fleet to fully recoup the costs of this project and there is substantial value for the community and agrees finding the percentage of what can be recouped would be a useful exercise. Mr. Wostmann suggested we discuss the topic in the terms of what we should propose for next season and believes



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tourism will still be affected by COVID and as a separate exercise look at what the reasonable full rate would be when we are back to normal operations.

Mr. Uchytel referenced the remainder of the agenda packet to review prior to discussion, and pointed out page two shows a triple increase in revenues over the last ten years. On page three, Mr. Uchytel pointed to an email from the Skagway Harbormaster in response to a request from information put out to contacts from the Alaska Association of Harbormasters and Port Administrators. Mr. Uchytel asked “What do people charge for charter vessels?” Skagway charges \$0.98 revenue each way, which accounts to \$1.56 for vessels conduction round trips, plus they charge for moorage.

Mr. Uchytel then referenced the Seward Harbormaster’s response. Seward also charges transient moorage rates plus a \$3.50 passenger tax. These two locations were the only harbor masters who reached out with a response.

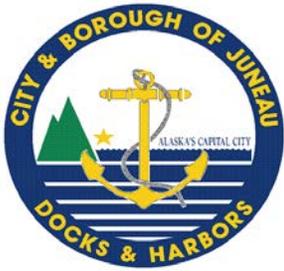
Mr. Uchytel brought a Moorage Rate Table to the attention of the board which contains moorage rates for harbors ordered by increasing cost. In Juneau, the daily transient rate is \$0.58 per foot per day and is adjusted annually with the CPI. The CPI in Anchorage has been flat over the last five years, and it was pointed out only Skagway and Wrangell have a lesser transient rate than Juneau.

Moving on to the monthly portion of the Moorage Rate Table, Mr. Uchytel pointed out most harbors have a graduated scale with boat length for determining moorage cost, but Juneau does not and instead uses a straight single rate for boats of all sizes. Mr. Uchytel points out Juneau’s monthly moorage rates are the lowest in Southeast with the exception of Statter Harbor.

Mr. Uchytel points out prior to reviewing the annual moorage rates comparing harbors is not usually an apples to apples but more so an apples to oranges comparison. For example, in Juneau, the annual rate for Juneau is not just the monthly rate times 12, but includes a 10% discount for prepayment and is not included in this annual moorage rate. The active fishing discount of 25% Sitka Harbors provides was also not included in this annual rate table and could skew the data but does show how Juneau rates in the fee structure.

Mr. Uchytel inquired and Mr. Wostmann opened the floor for discussion and questions. Hearing no questions or comments, the discussion was opened to the public for comment.

Mr. Dennis Watson, a stall patron of Statter Harbor, stated the reference to recovery costs had never been addressed before. Mr. Watson stated the former Port Director and Board



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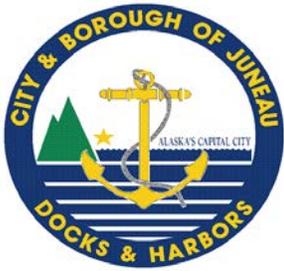
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Chair went on the record to state the reason the rates were so much higher in Auke Bay was because they had to recover the cost of DeHarts Marina and wanted to emphasize his understanding of the justification for an increase of rates for 40%. Mr. Watson also pointed out he does not believe the Hoonah rates are accurate as he has friends who moor their boats in Hoonah and pay about \$1500 a year and contends it is not a fair rate. Mr. Watson's last concern is if a daily rate or monthly rate will be charged for the explicit use of docking and moorage for the charter boats. Being no questions for Mr. Watson the floor was opened to others for comment or question.

Mr. Paul Swanson, a stall holder in Statter Harbor, concurs with Mr. Watson's comments and would testify to the same thing. Mr. Swanson is curious if the vessels will be assigned moorage and if they will pay year round moorage fees which is required by permanent stall holders. Mr. Swanson feels "double dipping", in reference to hot berthing, is not right and not legal and does believe while he should have to pay something he does not feel he should have to pay the full amount.

Being no questions for Mr. Swanson or from the public, Mr. Wostmann asked if Mr. Uchytel had any specific recommendations, or if he was intending to get the discussion started. Mr. Uchytel said he intended to get the discussion started and include community involvement. Mr. Uchytel said as a statement in broad terms, our rates are too low for what we charge for operators in Statter Harbor. Mr. Uchytel wondered if we doubled the rate, would it be too high. Mr. Uchytel pointed out for 20 years the charter operators have had to fight for space in Statter Harbor and questions what is the value of this area of reserved moorage. Mr. Uchytel would start out by saying what if the rates double. He points out 2019 was a high water mark, but \$150,000 is a lot of money and comes with some moorage as well but also has a lot of overhead cost for staffing to manage the area. Mr. Uchytel reiterated the goal is to determine what a reasonable value of the area is. The cost of the area is a \$12M dollar project with 75% funded through head taxes, so the question becomes where the 25% of local match comes from and when should we expect to recover the cost from the user groups. Mr. Uchytel summarizes the project is \$12M, \$9M will come from the cruise industry, and \$3M will come from local match. How much should come from this user group and is it an appropriate and fair concept to pursue.

Mr. Jim Becker stated he has some questions to develop but feels Mr. Uchytel's assessment of what we are obligated to pay is fair and looks forward to telling a lot of people where the lion's share of the funds for the project comes from if they want to poke at the cruise industry.



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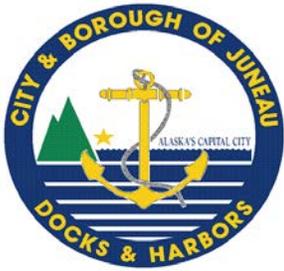
Mr. Wostmann commented the board has been provided a good foundation for a discussion start and should have the charter fleet reimburse the city for its portion of the investment. Mr. Wostmann asked Mr. Uchytel to work up more numbers for consideration and review and continued discussion of how long reimbursement should take. Mr. Wostmann also asked if it was our intent to set the rates now and consider discounting next year in the event we do not have another full season. Should we make some commitments to retaining the current rates for next year so the fleet can be sure of what kind of operation costs they will have and then look at going full rates the following year. He asked Mr. Uchytel if he had any thoughts of the way to go.

Mr. Uchytel responded he is confident the answer would be to wait and see as the charter fleet did not make any money in 2020 and will suggest waiting. Mr. Uchytel identified it as a policy decision and this will need to be reviewed as the harbors move forward. Mr. Uchytel anticipated the industry will start selling 2021 excursions and want to know those rates which are things for the Board to discuss and determine. Mr. Wostmann encouraged we stick with the current rates for another year and apply reductions if warranted. Mr. Wostmann said the more certainty we can give the charter fleet, the more support they are getting from us and we can always consider whether accommodations are necessary as we get closer to April or May of 2021.

Mr. Becker supported Mr. Wostmann's statements and added in this current climate of pandemic this is the proper stance to take.

Mr. Larkin stated he had an incidental conversation with the president of Alaska Travel Adventures and inquired what they had been paying for dock rates and what they thought. The response was lower rates are always better but it was mentioned there was no request in a reduction of costs but a payment plan, or 60-day deferral on initial dock charges so they could accumulate the funds to make the payments. Mr. Larkin reiterated there was no reduction in fees requested but to rather set the charge aside for a bit so the companies could make money. Mr. Larkin added the company would very likely not pay or pursue vendor booth use on the waterfront.

Mr. Wostmann asked Mr. Uchytel if he had the information he needed to move forward. Mr. Uchytel stated yes and to confirm he understands the position of the Board is to keep the 2019 fee structure for the 2021 season. Mr. Wostmann confirmed the proposed intent and has not heard any opposition.



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2. Draft letter to Center for Disease Control's Request for Information for resumption of Cruise Ship operations.

Mr. Uchtyl presented the American Association on Port Authorities letter representing the interest of cruise port to the Operations Planning committee on August 16th, 2020. Mr. Uchtyl discussed with the City Manager a local response to the Center for Disease Control's (CDC) letter request for information (RFI) for COVID control and the resumption of the Cruise Ship Operations. Mr. Uchtyl received high interest and drafted a response for the Board to review, discuss, and contribute or modify.

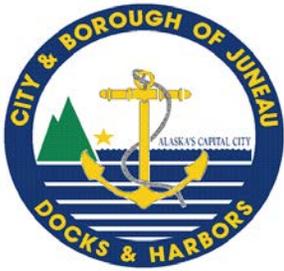
Mr. Larkin suggested a change in question number seven regarding prearrangements for COVID outbreaks. In regards to Bartlett Hospital can handle up to 129 beds in the ICU, Mr. Larkin suggests changing the verbiage to read "the capacity of 125 beds" because while the hospital has the capacity they cannot take in 125 people at the same time and usually has the ability to take two due to beds already being full.

There were no other questions or comments from the Board.

Mr. Watson questioned to Mr. Uchtyl what the rate the harbor will charge to the charter boat fleet on a per day basis for the use of the new moorage facility. He also pointed out the 2019 numbers show \$150,703, as the total inspected vessel and assumes works to less than \$600 a year in fees and differs it is a fair price. Maybe this year but not in years forward and would like an answer will there be a separate charge to moor there every day or will they have no additional charges for moorage.

Mr. Wostmann responded Mr. Watson's questions had been noted in the record and an answer doesn't exist at this time but would be responded to in subsequent meetings. Mr. Watson responded he will provide a letter to the board chair asking it be put on the agenda for the next board meeting.

Returning to the topic Mr. Wostmann confirmed he did not hear any other comments from the public on the topic of the RFI from the CDC. Mr. Wostmann added he found tone of the letter to be a bit accommodating and thinks this is our opportunity to state our desires and what we would like to see with cruise operations although it will likely be modified later to bring back their business operations and ensure it is done safely. Mr. Wostmann suggested we should put more emphasis in this letter that boundaries our limits and negotiations are made explicit with the cruise ship industry before the season starts. Mr. Wostmann feels it applies to several questions and would refer to the comment made by Kirby Day of Princess Cruise in the Operations meeting and wants to



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reiterate comment which is in order for the shore side excursion operators to properly comply with the new regulations and guidelines for dealing with the pandemic and the various cruise lines, the cruise line industry amongst themselves should settle on a standard they will all comply with as opposed to each having their own rules as to how each shore side operation has to operate.

Mr. Wostmann would also recommend in question 19b, we should suggest the cruise line actually do rapid testing of all their passengers, not just those who are symptomatic on a consistent basis so when people go ashore there has been a recent rapid test for an individual to confirm they are still negative. Otherwise testing of all the symptomatic would miss asymptomatic passengers going ashore. This may lead to discussions with the industry but Mr. Wostmann referred back to his comment this is the opportunity to be specific to what we see as the best case from our point of view and then to go into discussion and negotiations with the cruise line industry to determine the best compromise.

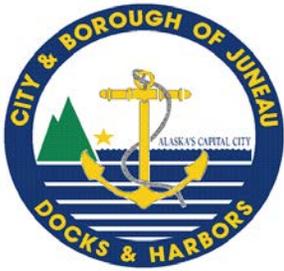
Mr. Becker commented he appreciates the comments but verifying the test is what is really taking the time and results get backlogged. It would be great if an instant test existed but it doesn't seem to right now.

Mr. Wostmann stated his comments were based on the understanding that rapid tests exist and are available with results in approximately 10 minutes. Mr. Wostmann felt this was the opportunity to go on record and say this is what we would like to see.

Mr. Wostmann inquired to Mr. Uchytel his thoughts. Mr. Uchytel respectfully disagreed and didn't feel we should tell the industry how they should test and felt telling the industry to test every passenger every time they come and go from the ship seems onerous.

Mr. Wostmann responded it may indeed be excessive and perhaps everyone be tested every two or three days. Mr. Wostmann has seen in the news some universities doing rapid testing twice a week and thought it is just becoming available and is speculating about the options six months from now. Mr. Wostmann didn't feel it was an unreasonable ask and then as we get closer we will accept the technologies that are available.

Mr. Larkin said he sees where the intention is going but the technology is not out there yet. The rapid testing while yes it can be obtained but the current tests available, 50% of the negatives are false negatives so half of the people who test negative are actually positive and that is why the medical field is not using it. Mr. Larkin noted six months



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from now could be very different and there may be something better but at the present time he hopes the CDC will have better recommendations for rapid testing and feels we shouldn't say the cruise industry has to do the rapid testing. It would be onerous, extremely expensive, and at the moment not accurate

Mr. Wostmann restated his stance, this is just a letter to the CDC and an opportunity to provide our input on what our ideal solution would be. It is unrealistic to expect we are going to get everything we are asking for but if we don't ask for it then it may simply not be considered even if it could be done.

Mr. Becker stated he thinks the topic should be addressed, state what we are thinking about and leave it at that.

Mr. Larkin agreed we could use verbiage like "to the extent available and reliable" or words to indicate that we recognize this might currently not be feasible but is a goal we would like to get close to.

There were no other comments or suggestions for the Board or Mr. Uchytel.

VI. Next Meetings –

A poll will be conducted to determine the best date for the next finance meeting.

VII. Adjournment – The Finance Sub-Committee Meeting adjourned at 1:02 pm