

**DOCKS & HARBORS
FINANCE SUB-COMMITTEE
MEETING MINUTES**

April 15, 2021
via zoom

I. Call to Order – Mr. Wostmann called the meeting to order at 5:00pm via zoom.

II. Roll Call: James Becker, David Larkin, Don Etheridge and Bob Wostmann)

Absent: Chris Dimond.

Also in attendance: Carl Uchtyl – Port Director, Matt Creswell – Harbormaster, and Teena Larson – Administrative Officer

III. Approval of Agenda

Mr. Uchtyl wanted to add an item #3 Bid Opening Information, under items for information and a staff report.

Mr. Wostmann requested that item #2(A) be moved to the bottom of the list and consider all the other fee structures first before the general moorage fees are considered.

MOTION By MR. ETHERIDGE: TO APPROVE THE AGENDA AS AMENDED AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

IV. Public Participation on Non-Agenda Items - None

V. ~~Approval of April 8th, 2021 Finance Sub-Committee Meetings Minutes~~ – Minutes were not ready to approve at this meeting.

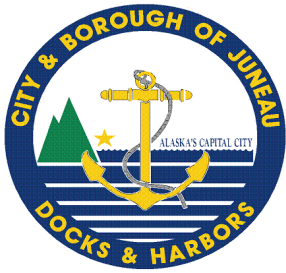
VI. Items for Information/Discussion

1. Overview/tracking of FY21 Budget

Mr. Uchtyl said the only update is the February Expenditures that have been posted for Docks and Harbors. February revenue is still pending for Harbors. Staff is still hopeful we will be running a positive Harbor balance for this fiscal year ending June 30th. For Docks, staff is anticipating approximately \$800,000 draw from the fund balance. Mr. Uchtyl said he talked to the Finance Director today and he asked if the Board would consider going back and updating our budget numbers for this fiscal year and also fiscal year 22. This came after the Assembly Finance Meeting where some Assembly members wanted a budget with more fidelity than we provided. The Board approved our budget in January and things have changed since then. Staff will update the budget numbers with more accurate numbers and bring it back to the Board.

Committee Discussion

Mr. Etheridge agreed to update the budget numbers for the Assembly members.



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Public Comment – None

2. Review of Docks & Harbors Regulation Fees

Mr. Uchytel said the fees below were discussed at the last meeting. Staff has added the revenue collected from the fees.

a. Moorage fees (05 CBJAC 20.030 – 20.042)

This fee collected approximately \$1.3M in downtown moorage and \$900K in Statter Harbor moorage. This brings in a total annual moorage revenue of \$2.2M.

Committee Discussion –

The Committee members decided to delay discussion on this item. They wanted to see how much the other increased fees would generate before deciding to raise this fee.

b. Boat launch fees (05 CBJAC 20.060 -20.070)

This is a \$90 fee for one trailer and if they have additional trailers, they can get two additional permits for \$5 each. We collect approximately \$150,000 in daily, annual, and commercial fees.

Committee Discussion –

Mr. Becker commented that for as long as he has been on the Board, there are items that need to be installed or fixed at the launch ramps. There may be a lot of upset customers if these rates are raised. However, if we want to fix the items needed at the launch ramps, we are going to have to raise rates to pay for them. He asked what it was going to cost to have lights at North Douglas launch ramp?

Mr. Uchytel said AEL&P provided a quote of \$50,000 to bring the power across the road.

Mr. Becker commented that the lights also need fixed at the Douglas launch ramp? There will need to be a modest increase to this fee to help cover those expenses.

Mr. Etheridge said this fee hardly covers the man power to maintain the current facilities let alone make improvements to the facilities. With the distance for staff to travel in between the different launch ramp facilities, picking up and dumping trash, cleaning bathrooms, and keeping the launch ramp cleared of snow and debris makes these facilities very expensive to maintain. This fee does warrant an increase.

Mr. Wostmann asked when the last time this fee was raised?

Mr. Uchytel said 2005.



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Mr. Larkin said this fee could be easily raised a little bit to \$100 or \$120 making it \$10 per month for the whole year. He asked how many permits are sold annually?

Mr. Uchytel said approximately 1700 annually. Raising this by \$10 will generate another \$17,000.

Mr. Wostmann proposed to raise annual recreational rate to \$120 annually, the daily rate to \$20, and the administrative fee for additional trailer permits to \$10. We put a lot of money into new launch ramps and we are collecting less than it costs to operate them.

Mr. Larkin said he supports the proposed increases.

Public Comment –

Mr. Clayton Hamilton, Juneau, AK

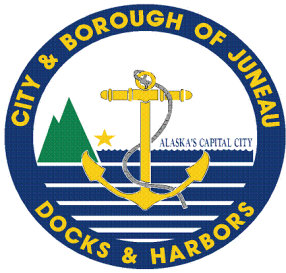
Mr. Hamilton said he ties up at Douglas and uses North Douglas launch ramp and the Douglas Harbor launch ramp. He wanted to reiterate the need to tie fees to services. He was under the impression that the services provided were covered by the current fee structure. He is worried that the Board is talking about what fees we can raise instead of what services we can provide. This is an unusual year and the next two years could be unusual years but at the same time we have not improved North Douglas and put up more lights at South Douglas. He suggested to keep thinking about services provided and pay for those but not look at who we can extort more money from. This fee is the greatest bang for your buck and only needing a plow truck in the winter. He is opposed to raising launch ramp fees for that reason.

Mr. Wostmann said he is sympathetic that we have not been able to do much improvements with Douglas, should we consider a different fee structure for different launch ramps?

Mr. Etheridge said the reason there has been no work in Douglas Harbor is due to not having the funds. If the rates are increased we will be able to afford to do the work that is needed. We do not have the funds to fix the lights and the parking lot in Douglas because we cannot afford to do this. At the current fee, we are not making enough money to pay for the maintenance and upkeep of the launch ramps.

Mr. Becker said we also need to finish the Douglas parking area which is lower than the paved access road. It was originally slated to be completed in the Douglas Harbor plan so this needs to be completed.

Mr. Wostmann suggested to send this recommendation to the next Operations Committee meeting.



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Mr. Uchtyl said because this will be quite controversial in the community, he would like to point out that when comparing launch ramp fees to other areas out of state, Juneau is unique with the fact that we have six launch ramps from North Douglas to Echo Cove separated by 49 miles. Staff does not plow the Echo Cove launch ramp in the winter but this year we received complaints that Echo Cove was not cleared of snow. Every user wants access at every location. The North Douglas request is for more development and having the float installed year round. Juneau's launch ramps cannot be compared equally to other cities with launch ramps in Alaska.

c. Staff labor fees (05 CBJAC 20.140)

The average revenue collected from this fee is \$5,000 annually. The vast majority of this revenue is generated from vessel impounds.

Committee Discussion -

Mr. Uchtyl said the definition for this fee is on page five of the packet. This is a \$75 an hour fee for staff with a minimum of one hour. The boat call out is \$125.

Mr. Wostmann asked how this fee compares to the loaded wage of an individual responding? What is the mark up percentage?

Mr. Uchtyl said \$60 is the loaded wage for a Harbor Officer per hour.

Mr. Wostmann proposed to set the staff labor fee annually at 150% of the loaded labor cost.

Mr. Uchtyl said this could get complicated with employees being paid at a different rate.

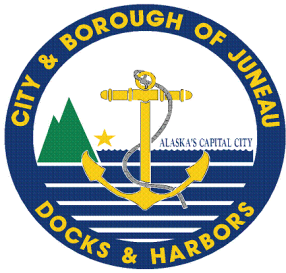
Mr. Wostmann said he has had to pay different rates for different individuals in the past. This would be an annual exercise to determine the billing rate for each individual and that would be applied at the 150% of the loaded rate.

Mr. Larkin commented to make sure the wording makes sense as to when someone needs staff labor, they will get the staff available at that time.

Mr. Wostmann recommended wording "that in an emergency call out, it is in the discretion of the Port Director or Harbormaster to determine which staff will respond".

Mr. Etheridge asked what the fee will be for the Boat charge?

Mr. Creswell said we have three different boats all used in different ways. He said \$125 per hour seems about right.



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Mr. Wostmann asked if the cost for each boat could be determined?

Mr. Creswell said it could be done.

Mr. Wostmann asked if this fee should be based on the type of call out?

Mr. Creswell said he can count on one hand how many times a year staff charges for boat usage. We mainly rely on commercial towing and salvage boat companies and we use our boat only as a last resort.

Mr. Wostmann asked what the commercial boat owner charges?

Mr. Creswell said \$250 per hour for an inspected towing vessel.

Mr. Wostmann recommended Mr. Creswell review the actual operating costs of each boat and figure out an average cost to give it a fair market value. He would like Mr. Creswell to bring the value back to this sub-committee to determine if we are substantially underpriced. If not, we can leave this fee as is.

Mr. Etheridge agreed.

Mr. Wostmann recommended to send the staff labor fee adjustment to the next Operations Committee.

d. Reserved moorage waitlist fee (05 CBJAC 20.150)

This is a \$50 initial sign up fee and \$10 annually to maintain your position on the list. We have about 80 vessels on the waitlist in Statter Harbor and about 40 on the waitlist downtown.

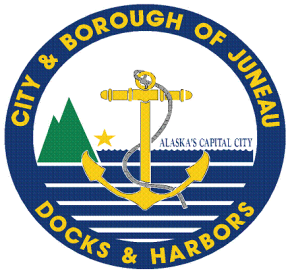
Committee Discussion –

Mr. Etheridge commented that it does not cost us anything to leave the people on the waitlist.

Mr. Wostmann said there is only a small amount of administrative time spent on this. How many people are waiting to get in the Harbor and how many people are looking to get a better slip than they already have?

Mr. Uchtyl said the waitlist at Statter Harbor are 80 deep and these people are transient or downtown and they want to be in a permanent stall at Statter Harbor. The majority of the downtown waitlist is just swaps.

Mr. Becker suggested to leave this fee the same.



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Mr. Wostmann proposed to raise the fee to \$50 per year for every year they are on the list.

Public Comment –

Mr. Clayton Hamilton, Juneau, AK

Mr. Hamilton said if you have to make some money, this would be a good place to do so, but do we have to, and you are not providing much of a service for this fee. He said the service should be tied to the fee because the Harbor is not out to make a profit, it is a public harbor.

Mr. Wostmann said we charge for services, but we charge for value where there is significant value that does not always relate to how many staff hours are put into it. We need to look at both aspects of the services and opportunities we provide.

Mr. Etheridge said we are an Enterprise Board and we have to pay our own way. Docks & Harbors does not receive tax revenue from the City. With the loss of cruise ships for two years we are going backwards. We are now at a point we need to raise the fees that have not been raised for years for the Harbors to survive.

Mr. Wostmann said in previous years some Docks revenue was redirected to Harbors because Harbors was having shortfalls but now the tables are turned. This Committee is looking at fees that can be appropriately adjusted.

Mr. Wostmann suggested to bring the proposed \$50 per year fee to the next Operations Committee meeting.

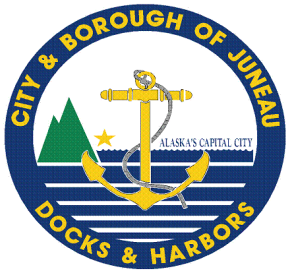
e. Parking lot fees (05 CBJAC 20.160)

We charge \$1 per hour or \$5 per day for parking at Statter Harbor May through September. This is for general parking and the trailer parking at the launch ramp. We also charge for parking at the Taku Lot downtown. This fee is \$2 per hour for a limit of 3 hours at a time. He said he decided not to charge for downtown parking again this summer due to not having enforcement. We generate approximately \$50K from downtown parking and \$115K from Statter Harbor parking.

Committee Discussion –

Mr. Wostmann asked Mr. Uchtyl if we charge for the parking at Aurora, Harris, and Douglas?

Mr. Uchtyl said we are authorized to charge for the parking at the downtown harbors but we have never done that because it is not a tight commodity that we need to. There is sufficient parking downtown and it has been the will of previous Boards to not charge for this parking.



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Mr. Wostmann said he would be inclined to start charging for parking in Aurora and Harris.

Mr. Becker said when he pays his stall rent, he receives a free parking sticker, but he is open to charging for parking.

Mr. Etheridge said the abandoned vehicles are dumped in the night. We are going to have to pay the cost of getting rid of these vehicles and there is about a dozen. These need to be removed through JPD but JPD does not have anywhere to put these vehicles at this time. A fee will not keep these vehicle out.

Mr. Wostmann recommended staff work on a proposal for an appropriate fee for Aurora, Harris, & Douglas parking. He suggested that if you have a boat in the Harbor, and you are current on your moorage fee, you should still get a parking sticker for free.

Mr. Etheridge recommended to charge for a parking permit and not an hourly rate because that will take a lot of staff time.

Mr. Creswell commented that assigned stall holder in Statter get a free parking pass.

Mr. Larkin asked if it is actually worth staff time to try to collect these fees? He commented to clean up the optics before we start charging.

Mr. Wostmann said this is a facility that is not free of cost. Staff does plow, and monitor the parking area's so we should generate some revenue.

Mr. Uchtyl pointed out that although there are derelict vehicles in our harbors, it is much less than it was five years ago. We have systematically gotten rid of vehicles. He is concerned about adding another fee to live-aboard's and the level of effort for Harbor Officers to enforce this.

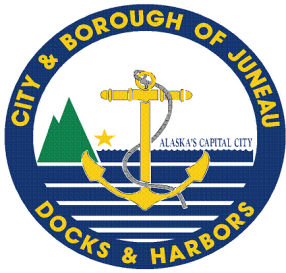
Mr. Wostmann said the Committee members here tonight agree there should be a charge and he is looking for a plan from staff on how to best move forward with this.

Mr. Uchtyl said the parking fee at Statter Harbor is a management tool. If there was no fee for parking, the lot would be filled and no one would ever move. We have not had that problem in the downtown harbors.

Public Comment -

Mr. Clayton Hamilton, Juneau, AK

Mr. Hamilton asked if this would be similar to Statter Harbor where people who pay for stalls get a free parking permit, or will this be charging for parking across the board.



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Mr. Wostmann said his understanding of the discussion is that people who have paid up moorage would get a free permit, same as in Statter.

f. Private boathouse surcharge (05 CBJAC 20.170)

This is a \$.13 per square foot fee for the boatshelters in Aurora Harbor. This fee generates approximately \$3,800 annually.

Committee Discussion –

Mr. Etheridge said he tried to get the property tax from the City that is charged on these boat houses and he did not get support to do this. The City gets the property tax but the Harbors provides the services for them. He suggested to look into receiving the property tax revenue generated from the boatshelters again.

Mr. Larkin said the City does provide Police and Fire services.

Mr. Wostmann said with all the fees they pay already, it is hard to raise this fee.

Mr. Larkin asked if there was an additional cost to Docks & Harbors involved with the boat houses?

Mr. Etheridge said the reason the \$.13 was added was because these boat houses cannot be hot berthed.

Mr. Wostmann asked if Mr. Etheridge knew how that was computed?

Mr. Etheridge said it came from another Board member.

Mr. Wostmann asked if Mr. Uchytel could calculate the lost revenue because the boat houses could not be hot berthed?

Mr. Uchytel said it would be speculative.

Mr. Etheridge recommended to increase this fee to \$.20 per square foot.

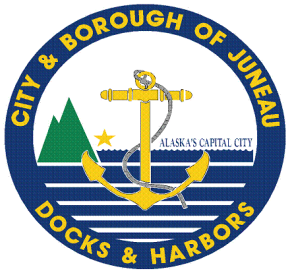
Mr. Wostmann asked how long this fee was in place?

Mr. Uchytel said 2005.

Mr. Wostmann said he supports raising this fee to \$.20 and to bring this fee increase to the next Operations Committee meeting.

g. Fee for delivery & sale of fuel at ABLF (05 CBJAC 20.175)

This is a \$.05 per gallon fee for fueling vessels at the drive down float at the ABLF. On average, this fee generates \$5,000 annually. Mr. Uchytel said he talked to the Risk Manager today regarding the question, “is our insurance at a higher premium due to this



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activity”. The Risk Manager said it is the requirement of the operator to self-insure for this service. This activity is included in with all the other activities of Docks & Harbors and we do not have to worry about this specific activity.

Committee Discussion –

The Committee members wanted to make sure all our permit are covered with all the necessary insurance.

Mr. Wostmann requested the permit be ran through CBJ Risk to ensure fuel operators are required to carry enough insurance to protect us for all marine related activity and bring it back to this Committee.

h. Shore power access fees (05 CBJAC 30.010)

Mr. Uchtyl said construct all the electrical infrastructure for the Harbors, but we never reap the true benefit of recapitalization because of the way the Regulatory Commission manages power distribution. We do charge for people that do not have power in their name and we collect about \$87K. The difference from what we charge compared to expense is about \$40 to \$60K annually.

Committee Discussion –

Mr. Etheridge recommended to look at the maximum amount of power that can be put through a circuit to make sure we are breaking even.

Mr. Wostmann said he believes there needs to be an Electrical Engineer to come up with these rates.

Mr. Uchtyl said when these were updated in 2017, Mr. Shattenberg, who is an electrician, helped come up with the new rates. He proposed to get the minutes from the 2017 meeting and bring to the next Operations Committee meeting.

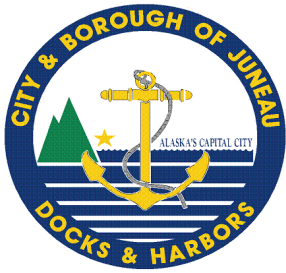
Mr. Wostmann recommended to pass on this item at this time until the Committee has more information.

i. Vessel salvage & Disposal fee -in lieu of insurance (05 CBJAC 40.010)

This is the \$.25 per linear foot fee for vessels that do not have insurance. The name for this fee should be changed so it does not imply this is a service we provide because it is meant to be a penalty for people that do not have insurance in our facilities.

Committee Discussion –

Mr. Etheridge recommended to strike the “salvage and disposal” out of the title and just have, Vessel Fee - in Lieu of insurance.



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Mr. Wostmann supports this change.

Mr. Larkin commented that this fee could be charged to individuals that do not have insurance.

Mr. Wostmann commented to come up with a fee that would be closer to the cost of purchasing insurance. This would maybe incentivize the owner to just purchase insurance. Any vessel that is paying a fee in lieu of insurance should also have to provide a survey from a certified surveyor every three years and if the vessel is not seaworthy we have them leave the harbor.

Mr. Uchytel said he recommended to raise this fee to \$1.00. He said he is unsure if a patron would allow a certified surveyor to come on their vessel.

Mr. Wostmann suggested to have this as a project to work on over the next couple of years.

Public Comment –

Mr. Clayton Hamilton, Juneau, AK

Mr. Hamilton commented that there is a boat in Aurora Harbor currently called the Sultana that is 130 year old boat in perfect condition, but there is no way to get insurance due to the age. There are a lot of old boats in Alaska and he wanted to remind the Committee to think of all the different users in the Harbor. The other comment is if you are charging the amount of what the insurance costs, the insurance payments are based on what the insurance provides. Is CBJ going to step in and assume liability for vessels like the insurance would? He said this might be more involved than initially thought.

Mr. Wostmann said this insurance would not be for replacement of a vessel but to protect the Harbors in case there are damages to our facilities.

j. Charge for credit card (Not in regulations)

It costs upwards of \$80K for Docks & Harbors to process credit cards. We are required to have the same credit card processor as the entire City and follow the City's guidelines with credit card use. We are not able to charge the patron an extra percentage for using their credit card to help cover our costs. This expense includes the gateways expense to process online payments and launch ramp permits, and to process credit cards through our moorage software program (FSM) as well as the percentage charged for each credit card transaction. Mr. Uchytel suggested a discount at one time to incentivize the use of cash over credit card use but was told by CBJ Finance that was not allowed.

Committee Discussion

Mr. Wostmann suggested to modify our discount policy.



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Mr. Larkin asked what percentage of the patrons do pre-paid moorage?

Mr. Wostmann recommended to put this in the list to continue to work on and direct staff to find ways to reduce this fee.

Mr. Larkin said in regards to the lease spread sheet broken down by industry, he did not see the Juneau Yacht Club on that list.

Mr. Uchytel said this lease generates no revenue.

Mr. Larkin asked if we have expenses related to Taku Harbor?

Mr. Uchytel said like all the Harbors, Taku Harbor was transferred from the State. This is our facility with expense, but no revenue due to no enforcement. Staff goes once or twice a year to do minor maintenance. Maybe three years ago the pilings were jacking out and we received a 75/25 matching grant from Fish & Game to fix the facility.

Mr. Larkin asked about the DOT ROW?

Mr. Uchytel said this is a charge DOT believes we owe them because of the items stored in the ROW. Docks & Harbors received grants and created this area at the ABLF. Mr. Horan is doing an appraisal to validate the encroachment cost of \$18,000 DOT claims it is worth. Mr. Horan plans to meet with the DOT supervisor to discuss this ROW charge.

Mr. Larkin asked if all the various fees charged to the cruise ships could be all put in a bundled fee so there is only one charge per ship based on the size.

Mr. Uchytel said our cruise ship fees do not compare to how Seattle charges. Our billing works with our current system.

Mr. Wostmann said another item to discuss is to charge a fee to offset security requirements.

Mr. Larkin asked if we are expending more for security requirements than we recoup?

Mr. Uchytel said some would say the head tax money could be used for security requirements. The Coast Guard is constantly coming out with new security requirements.

Public Comment – None

Staff Report – Staff had a bid opening for Harris Harbor zinc anodes yesterday. The Engineer's estimate was \$254,000 and the bid came in at \$174,000.

VII. Next Meeting – TBD

VIII. Adjournment - The meeting adjourned at 7:24pm