

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

September 29, 2021

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Meeting ID: 840 1340 2752

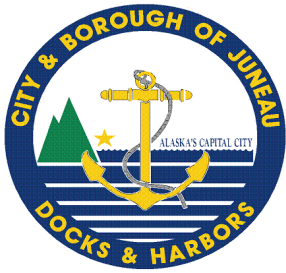
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Dial in 253 215 8782

- I. Call to Order** – September 29th, 2021 at 5:00pm
- II. Roll Call** (Lacey Derr, James Becker, David Larkin, Matthew Leither, Mark Ridgway, Don Etheridge and Bob Wostmann)
- III. Approval of Agenda**
- IV. Public Participation on Non-Agenda Items** (not to exceed five minutes per person, or twenty minutes total time)
- V. Approval of September 8th, 2021 Finance Sub-Committee Meetings Minutes.**
- VI. Items for Information/Discussion**
 1. Docks & Harbors Rate Setting Policy Statement
Presentation by the Sub-Committee Chair

Committee Discussion/Public Comment
 2. Docks & Harbors Fee Review & Prioritization
Presentation by the Sub-Committee Chair

Committee Discussion/Public Comment
- VII. Sub-Committee Action Items**
- VIII. Good of the Order**
- IX. Next Meeting** – October 12th, 2021 @ 5pm
- X. Adjournment**



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MEETING MINUTES**

September 8th, 2021

No Audio Transcription Available

- I. Call to Order** – Mr. Wostmann called the September 8th, 2021 Finance Sub-Committee to order via zoom at 5:00 pm.
- II. Roll Call** - The following members were present via Zoom or at the Port Director’s Office Conference room: Matt Leither, James Becker, Don Etheridge, David Larkin, Lacey Derr and Bob Wostmann.

Absent – Mark Ridgway
- III. Approval of Agenda** –
Motion by Mr. Etheridge: To approve the agenda as presented and ask unanimous consent.

Motion passed with no objection.
- IV. Public Participation on Non-Agenda Items** - None
- V. Approval of August 25th, 2021 Finance Sub-Committee Meetings Minutes.**
Hearing no objection, the minutes of August 12th were approved as presented.
- VI. Unfinished Business**
 1. Charter Vessel Rates at Statter Harbor (05 CBJAC 20.080 Passenger-for-hire fee)

Mr. Uchtyl summarized that from the August 25th Finance Sub-Committee there was a recommendation to increase the passengers-for-hire fee 10% and that this meeting was another opportunity primarily for charter operator to comment on this proposal. In October 2020, the Board made a conscious decision not to raise rates on the charter vessel operators in calendar year 2021 in order to provide greater certainty to those in the tourism businesses. Now that the Statter floats have been constructed and in use, it is appropriate for the Board to begin to deliberate making adjustments. The charter vessel operators’ preference is to have as much times as possible to adjust their rates so this is an ideal time to discuss. The suggestion from the previous Committee meeting was to increase the per vessel charge and the per passenger charge both 10%. Mr. Uchtyl reference page 14 in the packet and called out in 2019, Docks & Harbors collected \$150K in revenues which was broken down from approximately 86K passenger paying \$1.50 and ten companies registering 41 vessels @ \$518/vessel. If the proposed change goes through the Harbors Enterprise would collect an additional \$15K if the numbers are similar to 2019.

Committee Questions



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

September 8th, 2021

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Mr. Leither asked if there has been discussion whether to increase either the per vessel charge or the passenger charge instead of the 10% for both?

Mr. Uchytel indicated that the Board can elect to increase either fee which you deem fair and reasonable.

Mr. Etheridge suggested that there would be other chances to adjust this fee with the upcoming meetings.

Chair Westmann said that the initial for hire rate increase is primarily to allow the charter operators to plan for the next year's season, it is probable that the rate will increase considerably more at the conclusion of the proposed rate study.

Mr. Larkin asked if Mr. Uchytel knew why the passenger-for-hire revenue dropped from CY16 to CY17.

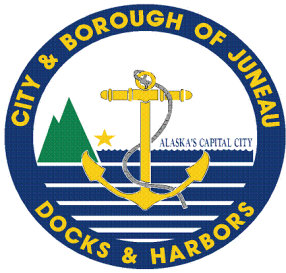
Mr. Uchytel did not have an answer.

Mr. Leither expressed concern that a lot of expectations are being loaded into the proposed Rate Study and it may not provide all the answers which we may want.

Mr. Uchytel agreed with Mr. Leither that there will be policy decisions that the consultant will not provide. For instance, much like the question to increase the vessel fee or the passenger fee, the Board has wrestled with that question for the coach and bus loading zone fees. If you are a small bus operator, such as a Harv & Marvs, you want a low company fee. If you are large bus operator, such as Holland-American-Princess, you want a low seat fee. The rate study consultant will not provide an answer to who should the disproportionate fee.

Public Comment

Mr. Kirby Day (Mountainside) Thanked the Board and Staff for consideration towards those tourism related companies which have been hit hard by the pandemic. Mr. Day concurred with the direction the Committee was leaning and that knowing an increase of



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10% early should not be overly burdensome for those involved in the charter vessel industry.

Mr. Brent Bitterman (Cohen Dr) Suggested the Board consider raising the for passenger-for-hire fee disproportionately towards the per passenger fee that would have the result of generating more revenue for Docks & Harbors.

Ms. Dawn Wolfe (Mountainside) texted the Port Director that she agreed with conducting the Rate Review Study.

Discussion/Action

Mr. Leither thanked the testimony from the charter operators from the previous Finance Sub-Committee explaining how far in advanced the tour industry needs to plan for setting their rates.

Motion by Mr. Etheridge: TO RECOMMEND A 10% INCREASE PER VESSEL FEE AND 10% INCREASE PER PASSENGER FEE, SET UNDER 05 CBJAC 20.080, TO BE EFFECTIVE FOR CALENDAR YEAR 2022 AND THAT IT BE FORWARDED TO THE OPERATIONS-PLANNING COMMITTEE.

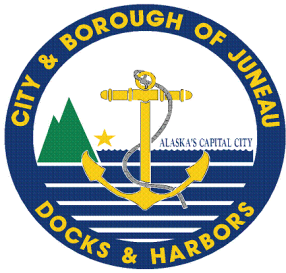
VII. Items for Information/Discussion

1. Docks & Harbors Policy pertaining to the Consistency & Fairness of Fee Review Process

Mr. Wostmann said that Docks & Harbors is in its current situation because of our inability to sustain a process which keeps pace with the needs of the department. There are four different components that need to be considered setting a rate.

1. Recovery of operations
2. Recovery of investment capital
3. Build new capital for further growth
4. Catch up

Additionally, it seems fee should be linked to CPI adjustments and then reviewed every three to five years to ensure the fiscal needs of Docks & Harbors are being addressed proactively and not just when there is a budgetary need. Above all the Board must determine whether the rate is fair and hopefully this will be the basis for the harbor fee



**DOCKS & HARBORS
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September 8th, 2021

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review. Mr. Wostmann suggested establishing a schedule of fees for the Board to review the rates on a periodic basis, such as 3 to 5 years. Perhaps a good starting point would be to review the oldest fees first. Mr. Wostmann said the process should be memorialize in a Docks & Harbor policy statement approved by the Board. He indicated he would be willing to draft the policy statement.

Committee Discussion:

Mr. Becker concurred with the comments from Chair Wostmann.

Mr. Etheridge agreed with where Chair Wostmann was leading the Committee.

Mr. Leither concurred with Chair Wostmann's remarks.

Mr. Larkin suggested that fees linked to the CPI should be firm and not allow the Board to accept or reject CPI adjustments based on the needs of the organization.

Public Comment:

Kirby Day (Mountainside): Indicated general agreement with the Board taking a deliberate look at the rate study. He complimented Docks & Harbors for its efforts in attempting to reach users groups in its processes.

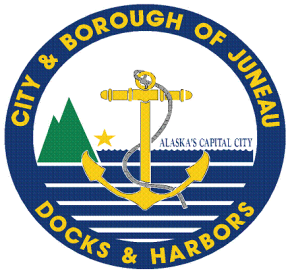
VIII. Action Items –

Mr. Wostmann indicated he would work on the Fee Review Process Policy and encouraged the Committee to review the fees in regulations and perhaps looking at the oldest fees first as we begin to establish a schedule of fees to be reviewed. Mr Uchtyl described out how to recognize when a regulation has been last adjusted by Assembly action.

IX. Good of the Order –

Mr. Uchtyl reported that the Economic Development Administration (EDA) is receiving \$3B in American Rescue Plan Act funding. Under EDA, there is a Build Back Better (BBB) Challenge which \$100M may be regionally available for Docks & Harbors to compete for. The Eaglecrest Manager, Dave Scanlan, is working with the City Manager to develop a grant application which could include the \$25M Docks & Harbors Small Cruise Ship project. The BBB allows for 3 to 8 projects to be submitted under single grant application. The Mayor has signed a letter to the Congressional Delegation request support to acquire downtown waterfront property necessary for the Small Cruise Ship project to move forward.

Mr. Uchtyl discussed the planning for the proposed upcoming Board Strategic Retreat. Ms. Derr indicated she would be drafting the agenda and coordinating with Board Chair



**DOCKS & HARBORS
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Etheridge. It was suggested to plan for two consecutive evening meeting for approximately 3 hours each day. Early November appears to be a possible time.

Mr. Uchytel reported that the Assembly Committee of the Whole (COW) will be scheduling three items of interest for November 1st, 2021:

- Dock Electrification presentation by Haight & Associates
- UAS Property acquisition
- Revisiting proposed Dockage fee which was not approved at the Assembly May 24th meeting

X. Next Meeting – September 29th, 2021 @ 5 pm

Mr. Uchytel pointed out that this Committee is scheduled to meet on the 2nd & 4th Wednesdays each month. However, with five Wednesdays this September it would conflict with the Operations-Planning Committee. There was no concern with the Committee members in attendance to meet on September 29th.

XI. Adjournment – The meeting adjourned at 6:10pm.

CBJ Docks & Harbors - Rate Setting Policy

Introduction

The Enterprise Funds are operated and financed in a manner similar to private business. The intent of the governing body is to provide goods and services to the general public on a continuing basis and be financed or recovered primarily through user charges. The acquisition and improvement of the facilities have been financed from existing cash resources, issuance of revenue and general obligation bonds, and state and federal grant funds.

Harbors Enterprise – To account for operations, maintenance and capital improvement to the four City-owned boat harbors and numerous launch ramps.

Dock Enterprise – To account for operations, maintenance and capital improvements of the city-owned docks, which are heavily used by over 500 cruise ships during the summer months.

Background

Over the last few decades, the D&H board has set and adjusted rates on an individual basis as the need arose for additional revenue or where significant changes in the quality of facilities or services suggested that a rate revision would be justified. As a result, some rates have not changed since 2005 while other have been adjusted multiple times as recently as this year. Starting in 2010 the board added a CPI adjustment to some rates and left some untouched.

While generally these rate adjustments were discussed in multiple public meetings, distributed via various media channels, and often presented at public comment opportunities, the impression remains with too many users of D&H facilities that the rate setting process is opaque and not justified by the underlying cost and services.

It is the intent of the CBJ Docks & Harbors Board to establish a rate setting policy which meets the following criteria:

1. It must be fair and reasonable
2. It must be consistent
3. It must be supported by data and an explanation of how the data justifies the rate
4. It must be sufficient to support the operations of docks and harbors
5. It must replenish capital investments
6. It must build reserves for contingencies and future growth
7. Where currently significant disparity exists between the cost allocation to user groups these need to be adjust in a fair and appropriate manner

Approach

Components

In general, there are several components which must be considered when setting a rate:

1. Recovery of operational costs
2. Recovery of capital investment
3. Build a reserve for contingencies and to build new capital for future growth
4. Equity adjustment

5. Sticker shock

Rate Adjustment

After a rate has been set there should be consistency and predictability going forward. The proposed policy would be to apply the CPI adjustment annually on all rates and to set a review schedule for each rate based on issues such as the changes in the underlying cost structure as well as user demand and changes in the market place. The underlying rate should be reviewed at least every five years and in order to provide stability for the user community not more often than every three years. The board will always have the discretion to deal with exceptional circumstances such as the recent COVID impact on cruise ship revenues.

Discussion

Rates must be fair and reasonable

Fair and reasonable is primarily a subjective issue of perception. However, by implementing a defined and consistent approach and striving to allocate an equitable share of the cost to every user the D&H board strives to be fair to all users.

Rates must be consistent

By establishing this rate setting policy we will have a consistent approach to every rate and rate change. This will give commercial users the ability to plan for future years.

Rates must be supported by data and an explanation of how the data justifies the rate

Meeting this component of the policy will present a significant challenge to the Board as well as D&H staff. In order to create a starting point and baseline for the underlying components of each rate the Finance Sub-committee is recommending that a professional consultant firm be retained to perform a rate study

Rates must be sufficient to support the operations of docks and harbors

This item will also present a challenge for staff as in most harbors both the facility as well as the staff support multiple user groups each of which can have their own rate structure.

Rates must replenish capital investments

This item can normally be clearly defined for each facility. Policies will need to be established in consultation with the CBJ Finance director for facilities where funds from multiple sources were used. The rate study is expected to provide guidelines determining remaining useful life and repayment schedules.

Rates must build reserves for contingencies and future growth

Setting a target for building reserves will be largely a board decision but the basis and need for additional reserves must be clearly defined.

Where currently significant disparity exists between the cost allocation to user groups these need to be adjusted in a fair and appropriate manner

In some cases where rates have not been adjusted in many years a large increase may be indicated. This should be recovered over a reasonable number of years.

CBJ Docks Harbors Rate Overview

Code	Title	Description	Fee	Last revised date	CY 2019 Revenue	Code	Review Status
05 CBJAC 10.040	Tour Sales Permit	A tour sales permit authorizes the solicitation and sale of tours and experiences	\$30,000	4/1/2015	\$270,000.00		
05 CBJAC 15.030	Dockage Charges	Berthing at designated restricted docks	\$1.50/ft <65 ft \$2.50/ft <200 ft \$3.00/ft >200 ft per day	5/15/2017	\$716,751.00	P01	
05 CBJAC 15.040	Port maintenance fee	Use of designated restricted docks	\$0.055/registered ton per day	3/5/2007	\$817,406.23	P06	
05 CBJAC 15.050	Potable water fee	Taking on of water at metered docks	150% of CBJ rate (\$5 per/1,000 gallons or \$27 unmetered)	4/11/2017	\$155,024.10	P07	
05 CBJAC 15.060	Vessel lightering fee	The charge assessed to vessels for dropping-off or picking-up passengers at the Marine Park Lightering Float or the Intermediate Vessel Float	\$600 per day	5/1/2005	\$16,200.00	P08	
05 CBJAC 15.080	Loading permit fees	The charge assessed for obtaining a loading permits	\$400/company plus \$9/seat	5/23/2017	\$109,035.00	P10-P12	
		"A" or "B" permit		5/23/2017			
		Limited permit	\$15 per/vehicle/day or \$250/year	5/23/2017			
05 CBJAC 15.095	Other fees	The fee assessed for the use of CBJ Docks and Harbors Department facilities that are not specifically addressed in CBJ Administrative Code.	Case-by-case	5/1/2005	\$4,805.00	H61 (2020)	
CBJAC 15.100	Other CBJ fees billed by docks and harbors department	The fee is assessed to certain passenger vessels entering into any port within the City and Borough of Juneau					
		Marine passenger fee.	\$5.00 per passenger	5/23/2013	\$6,419,265.00	P16	
		Port development fee.	\$3.00 per passenger	5/23/2013	\$3,821,223.00	P17/P18	
05 CBJAC 15.110	Boom truck usage fee	boom truck services	\$120/hr first hour \$60/30 min thereafter	3/5/2012			
05 CBJAC 20.020	annual moorage fee for skiffs	open-hulled vessel 21 feet or less in length	\$300 per year	4/11/2016	\$8,700.00	H94	
05 CBJAC 20.030	Daily moorage fees	The fee charged on a daily basis to the owner of a vessel for berthing the vessel in designated Juneau harbors	\$0.23/ft plus annual CPI	7/15/2013	\$272,048.00	H10/H11	
05 CBJAC 20.035	Monthly moorage fees	The fee charged on a monthly basis to the owner of a vessel for berthing the vessel in designated Juneau					
		Downtown	\$4.40/ft plus annual CPI	6/13/2016	\$653,665.00	H03 / H15	
		Statter	\$7.30/ft plus annual CPI	6/13/2021	\$420,277.00	H06/H18	
	Annual Moorage Fees	Downtown	\$4.40/ft plus annual CPI	6/13/2016	\$520,249.00	H01/H02	
		Statter	\$7.30/ft plus annual CPI	6/13/2016	\$170,033.00	H04/H05/H13	
05 CBJAC 20.042	Monthly pre-paid discounts						
	Annual	10%		6/13/2016			
	Semi Annual	5%		6/13/2016			
05 CBJAC 20.044	Active fishing vessel discount at Statter Harbor	In lieu of the requirement to pay daily fees for use of Statter Harbor	20 days - see ordinance	1/4/2021	-\$8,927.56	H14	
05 CBJAC 20.045	Fee for tenders	moorage of tender in the water along with their primary vessel	varies -see ordinance	4/11/2005	\$13,990.00	H12	
05 CBJAC 20.050	Residence surcharge	fee assessed to the owner of a vessel when the vessel is used by any person as a residence	\$69/month plus \$23/month for each resident over four	3/15/2010	\$111,090.00	H22/H22A	Review in progress
05 CBJAC 20.060	Recreational boat launch fees	Recreational use of designated CBJ launch ramps					
		Annual	\$90	11/10/2015	\$142,260.00	H23/H230	
		Daily	\$15	11/10/2015	\$3,495.00	H24	

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CBJ Docks Harbors Rate Overview

05 CBJAC 20.070	Fees for commercial use of boat launches	Commercial use of designated CBJ launch ramps					
		Daily	\$30	7/31/2017	\$60.00	H25C	
		Annual	\$250 per trailer	7/31/2017	\$3,810.00	H25	
		Freight Use	\$60.00 for the first hour for each additional hour	7/31/2017	\$3,570.00	H26/H27	
		Freight Staging	\$25.00 per 24-hour period per 1,000 square ft	7/31/2017	\$2,300.00	H29	
		Special	case-by-case	7/31/2017		H28	
05 CBJAC 20.080	Passenger-for-hire fee	Permit needed for vessel owners to conduct passenger-for-hire activities	\$518 per vessel/inspected, \$156 per vessel/uninspected plus \$1.50 per/passenger	4/1/2015	\$181,466.00	H31-H35	
05 CBJAC 20.090	Statter lower parking lot permit fee	Fee for picking-up and discharging passengers for passenger-for-hire	\$300 per/year plus \$15 per/seat \$25 per vehicle/day	7/15/2013 7/15/2013	\$15,615.00	H37 / H38	
05 CBJAC 20.100	Grid usage fees	Fee for using Harris Harbor Grid	\$1 per foot/day	3/30/2017	\$2,801.00	H44	
05 CBJAC 20.110	Crane use fees	Fee for using hydraulic crane	\$5 per/15 minutes	8/10/2015	\$13,085.00	H45	
05 CBJAC 20.130	Storage fees	Long-term storage in designated areas	\$0.50 per/square foot per/month	8/10/2015	\$28,525.10	H51	
		Vessel storage (May-September)	\$1 per/foot up to 5 days	8/10/2015			
		Vessel storage (May-September)	\$3 per/foot after 5 days	8/10/2015			
		Vessel storage (October-April)	\$8 per/foot/month	8/10/2015			
05 CBJAC 20.140	Staff labor fees	Required in the furtherance of duties	\$75 per hour/staff (1 hour minimum) \$125 boat per hour (1 hour minimum/30 minute increments)	8/10/2015 8/10/2015	\$4,650.00 \$375.00	H52/H53 H54	
		Reserved moorage waitlist fee	Placement on reserved moorage waitlist	\$50 sign-up fee / \$10 annual fee	4/11/2005	\$1,420.00	H56/H57
05 CBJAC 30.010	Shorepower access fees	Shorepower - Port	see chart	9/18/2017	\$12,673.00	P19-P42	
05 CBJAC 30.010	Shorepower access fees	Shorepower - Harbor	see chart	9/18/2017	\$90,930.00	H62-HH86	
05 CBJAC 40.010	General moorage management policy	Vessel salvage & disposal - non-refundable surcharge	\$0.25 per foot/month	7/15/2013	\$16,245.00	H95	
05 CBJAC 40.065	Vessel anchoring requirements	Long-term permit	\$100 permit fee	2/20/2018			
			\$0.25 per foot/day	2/20/2018	\$13,687.50	H105	

Code	Color
2016 - current	Light Green
2011 - 2015	Light Yellow
2006 - 2010	Light Orange
older	Light Pink

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