



DOCKS & HARBORS FINANCE SUB-COMMITTEE MEETING MINUTES

November 23rd, 2021
Via Zoom Meeting

- I. **Call to Order** – Mr. Wostmann called the meeting to order at 5:00 p.m. on November 23rd, 2021.
- II. **Roll Call** – The following members were in the Port Director’s Conference Room or on Zoom – Lacey Derr, David Larkin (joined meeting at 5:14 p.m.), Matthew Leither, Don Etheridge and Bob Wostmann.

Absent: James Becker and Mark Ridgway

Also Present: Carl Uchytel – Port Director, Matthew Creswell – Harbormaster, Teena Larson – Administrative Officer

III. **Approval of Agenda**

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

Motion passes with no objection.

IV. **Public Participation on Non-Agenda Items - None**

V. **Approval of Tuesday, November 9th, 2021 Finance Sub-Committee Meeting Minutes.**

Hearing no objection, the November 9th, 2021 Meeting Minutes were approved as presented.

VI. **Items for Information/Discussion**

1. Docks & Harbors Fee Review (Prioritization & CPI)

Mr. Wostmann asked everyone to see pages 12-13 in the agenda packet. He asked if everyone was happy with the Yes/No responses for the “Requesting CPI Increase column” on the Rate Overview spreadsheet.

Ms. Derr said she had a chance to look this over and it looked good.

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Mr. Wostmann said he thought it looked good as well and matches the notes he took from the last Finance Sub-Committee meeting.

Mr. Wostmann asked if we would be in a holding pattern if we decided to go forward with rate increases, waiting on the Assembly to approve our decision. He commented he would like to send this document to the company selected to do the rate study as our thoughts on where rates should be at.

Mr. Etheridge said the Assembly approved the ordinance but sent the UAS Property back to the Assembly Finance Committee. He said he knows there are Board members that do not like the idea of charging the full CPI increase. Mr. Etheridge wants to look into an interim increase until we can get the rate study completed.

Ms. Derr said she was at the Assembly meeting on November 22, 2021. Her opinion was the recent support from the Assembly has kind of vanished with the \$20 million RAISE Grant loss. There were hopes dock electrification was going to be moving forward. The money for the Juneau Fisheries Terminal was also supposed to be coming from that grant and since we didn't get those funds the Assembly wants to keep their contribution to dock electrification. The majority of the Assembly did support the purchasing of the UAS Property.

Mr. Wostmann said maybe we should phase-in the increases instead of increasing them all at once. Maybe a percentage increase every year, something like 10% of the needed increase. Can we cap it at 5% every year, and raise it another 5% each year until the CPI increase is met?

Mr. Etheridge agreed with breaking up the increases over time. He feels we will receive better support from the community and Assembly if we decide to do that.

Mr. Wostmann said to go slow is especially important until we can complete the rate study. He thinks a 5% increase each year until the CPI increase is met is the right thing to do.

Mr. David Larkin joined the meeting at 5:14 p.m.

Mr. Larkin said his only concern with raising rates before the rate study is we need to only raise what we are sure the consultant will advise us to raise and not go too far. The rate study could go either way. We expect they will tell us an increase is needed, but there is no guarantee of that.

Mr. Leither said he thinks it would be valuable to create a list of things we are expecting to need an increase in the rate study. If the study comes back and a few rates are needed to come down no one would complain about that. Lowering rates back down per the rate study would offer us credibility for trying to get this right.

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Mr. Wostmann said he thinks the rate study should focus on rates that generate more than \$100,000 per year. That limits the total number of rates we are looking at. If we find that a rate is not justified and an increase was not needed we can lower it back down. He also thinks a CPI needs to be added throughout the years, maybe on a schedule of every three to five years, depending how the Board feels. If the CPI goes down, our rates should reflect that. We are not saying only apply the CPI if it goes up, constituents might appreciate the process more in that case. We could apply the CPI to every rate, even if it might go down.

Mr. Etheridge said he is not worried about the rates going down, we are underfunded as it is. If we had a full staff last year and did the work on our schedule we would be in the hole. We have so much backlog of things we just cannot get everything done due to lack of funds. He wants the CPI's added and some income coming in so we are able to get the staff back. We need to be able to afford putting lights in, power washing docks, doing the things that are needed. Right now we are behind because we just do not have the funds.

Mr. Wostmann said the rate study committee picked the two best proposals and reached out to them to hold orals. A decision will be made after that. It pushes the study out another month or so. He asked if there is a lengthy process for changing a rate will they go into effect before 2023? Is there any way to get an increase through by January 2022?

Mr. Uchytel said anything is possible. We need to canvas with the Assembly and find out how they feel. (Mr. Uchytel was having technical difficulties)

Mr. Creswell said he thinks Mr. Uchytel was trying to say we need to take the temperature of the Assembly and see how they will respond to multiple rate increases all at once. It might be hard for the Assembly to hear multiple rate changes, especially if we are talking about increasing yearly to reach the CPI. A fear is having the Assembly hear about Docks & Harbor rates every meeting.

Mr. Wostmann said he understands that point, but also agrees with Mr. Etheridge about being underfunded for what is needed to continue to manage this enterprise. He encouraged the Board members to speak to the Assembly, and make sure we are being heard about not having the funds to do what is expected of us. Mr. Wostmann also suggested sitting down with the Assembly Finance Committee and maybe even doing a joint session. He said he is open to suggestions on what the best approach is. Mr. Wostmann said it is not about sitting down with this chart and discussing each rate to be increased with the Assembly. He wants the CPI increase to be a single action. He also said it is important to get the increase done before July 1st, 2022.

Mr. Leither asked if from a political standpoint asking the Assembly for money and also increasing rates shows responsibility. We do not want the Assembly to think

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they are just carrying us. Mr. Leither also stated the CPI could be different very soon, we are in strange times with this recent inflation. He was reading that the CPI could be as high as 6% next year. He is concerned about sticker shock if the CPI increases from the previous year, and then next year's increase could be too much. He thinks there needs to be a cap on the rate so it can increase without coming back to the Board for approval.

Mr. Wostmann said he has heard and read the same reporting about inflation and large CPI increase in the future. He thinks there should be a cap of 5% increase per year regardless of what the CPI rate is.

Mr. Larkin said he has pulled up the Alaskan Urban CPI and Mr. Leither is correct. It is going straight up with almost a 6% increase, although there was a huge dip in 2020. It is up 1.2% over the last couple of months, but right now it looks like "all items" are up just a touch over 6%. He thinks we should do a permanent cap at 5%, and apply the CPI from now going forward.

Ms. Derr suggested taking the CPI increase to the Assembly, with a cap of 5%. Regulation changes do cost money, with attorney fees and staff time. Going back and forth with rate increases could end up costing us some money. She also suggested only picking one or two rates that need to be adjusted now and move that forward with the CPI. She feels increasing rates will help us moving forward as we ask the Assembly for all this money. We need to show them we are hurting financially and do need help.

Mr. Wostmann asked Ms. Derr to clarify if she wants the CPI adjustment for all the selected rates, and increase some even more?

Ms. Derr said yes, make the CPI adjustment to the shown rates and put forth a few rate increases that we are confident are too low. Applying the CPI is a minimum moving forward.

Mr. Wostmann said he is concerned, one of the reasons for the rate study in the first place was as a Board we are not very knowledgeable about what rates should be. That is one reason a lot of these rates have not been adjusted in more than 15 years. Is there a rate we can select that we know really needs to be increased, like we know with the lightering fee.

Mr. Etheridge agrees with Mr. Wostmann and is nervous about throwing extra increases in on top of the CPI. He would like to speak with the Mayor and see what she thinks about plans for the lightering ordinance that is already over there and make sure they will support it. The Assembly might want to go another direction. He has heard if increases stay below double digits, it is likely to be approved by the Assembly. He agrees with the 5% increase at this time.

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Mr. Wostmann said the Board needs to collectively and individually speak with the Assembly and see where the threshold is on increases. He asked the Board if anyone has any rates they feel need an increase over the 5% to meet CPI.

Mr. Leither said he was in favor of only increasing with the CPI and feels we need more and correct data to increase any further.

Mr. Larkin said he is concerned because we are looking to get more income now, as is needed. Raising a rate for the cruise industry will not help us until they return next year. If we raise rates on our local harbor patrons and fishing vessels they will feel it is unfair. The best thing to do is raise everything across the board and make it fair for everyone and we will see immediate income generated.

Mr. Uchtyl said he would like to add that our current moorage rates are already tied to CPI. Almost two thirds of our income is from moorage. We will see an increase come July 2022.

Mr. Wostmann said he wants to be fair and let everyone see the same increase from CPI, not just dockage charges. He said the earliest we could expect any rate increase is July 1st, 2022, the beginning of next fiscal year.

Mr. Wostmann confirmed a consensus from the Board, making sure CPI increase for the listed rates, with a cap of 5% was agreed upon. He called for the Board members to advocate for this increase with the Assembly.

Mr. Etheridge said there is also the dock electrification we should speak to them about.

Mr. Creswell said he has a webinar tomorrow going over dock electrification and if Mr. Uchtyl does not have something written up he will do so and send it to the Board.

Mr. Wostmann asked Mr. Creswell to send it to the Board as a Whole, not just the Finance Sub-Committee.

Public Comment: None

2. City & Borough of Juneau – 2023/24 Budget Cycle Process

Mr. Uchtyl asked the Board to review the document on pages 14-15 of the agenda packet. He wants the Board to see the upcoming budget process for FY2023/FY2024. We get a lot of information in early January, and the process requires a lot of approval by the Board. We need to speak about how we can leverage

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the work. Do we want the Finance Sub-Committee to do it, or the Operations/Planning Committee to take the lead?

Board Questions:

Mr. Wostmann said looking at these two pages there are a lot of steps to get the budget process going.

Mr. Etheridge asked if the Sub-Committee was comfortable just taking this to the Operations/Planning Committee. He wasn't sure it should come through here first.

Mr. Wostmann said in the interest of time, he would prefer to get this to the Operations/Planning Committee.

Ms. Larson said December 9th, 2021 is when the Finance Department starts the budget training. This is when she will start receiving the documents needed for staffing updates and stuff like that.

Mr. Wostmann said the Finance Sub-Committee's next meeting is on December 7th, 2021 and we could review the staff's write-up.

Mr. Etheridge said we can take a quick look at it on December 7th, 2021, but thinks it should go through the Operations/Planning Committee. We can gather any opinions or concerns and save them for the Operations/Planning Committee.

Public Comments: None

VII. Next Meeting – December 7th, 2021

VIII. Adjournment – The meeting adjourned at 5:55 p.m.