

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

Wednesday, December 22nd, 2021
Via Zoom Meeting

I. Call to Order: Mr. Wostmann called the meeting to order at 5:00 p.m. on December 22nd, 2021 via Zoom.

II. Roll Call: The following members were in person or via Zoom – James Becker, David Larkin, Matthew Leither, Mark Ridgway (left the meeting at 5:25pm), Don Etheridge and Bob Wostmann

Absent: Lacey Derr

Also present: Carl Uchtyl – Port Director and Teena Larson – Administrative Officer.

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

Mr. Kirby Day, Juneau, AK

Mr. Day thanked Docks & Harbors for everything they do.

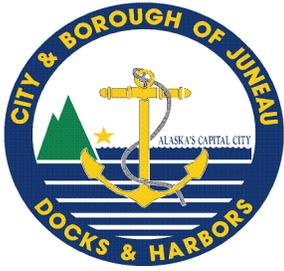
V. Approval of Tuesday December 7th, 2021 Finance Sub-Committee Meetings Minutes.

Hearing no objection, the December 7th, 2021 Finance Sub-Committee minutes were approved as presented.

VI. Items for Information/Discussion

1. Rational Basis for CPI Adjustment

Mr. Wostmann said we have been going back and forth on this topic for the last couple of meetings. There are two components that need to move forward. One is the justification document in the agenda packet. The other is which rates we would like to apply a CPI to. He suggested to move forward a motion to apply CPI to all the rates on our spreadsheet that has a yes in the requesting CPI column. He would like this decided and moved to the Operations/Planning Committee and then on to the Board as a Whole. He spoke about the rate study and how that will give us the information needed for the base rate the CPI will be applied to. He also said he did not want any reach back if every rate is being



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reassessed in the near future. He would like to propose a simple motion to start the discussion to have the CPI applied to all the rates that have a yes in the CPI column and leave any consideration for a cap to a future time when the Board can decide it might be too high.

Committee Discussion

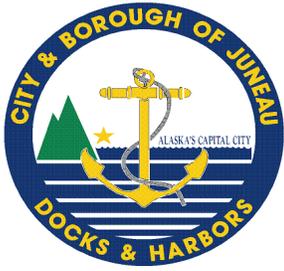
Mr. Ridgway said there are a lot of different viewpoints on this. There is more work needed to tie appropriate rates to operational costs. We started this discussion because we were quickly losing money and needed rates increased before the rate study could be completed. With all of the discussion, he has toned down what he thinks the increase should be. He is in favor of applying the CPI to rates on the list and leave it at that for now. He also spoke about possibly removing services if we do not have enough money to support our operational costs, i.e. trash and potable water in the winter.

Mr. Wostmann said Mr. Uchytel has been working with CBJ Law to see if we can adjust several rates at the same time. We are hoping that is possible so we are not forced to raise each rate individually.

Mr. Ridgway spoke about how everyone is seeing increased rates in their personal lives. Every single item is going up in price. If we cannot raise rates beyond just applying a CPI, we need to really start talking about cutting services. We need to let the public know we either raise rates or we will be forced to cut back services. He is fearful we will be running an operation in the red in the very near future.

Mr. Larkin said he agreed with rates and costs going up. The one thing not going up is incomes and we need to keep that in mind. He also asked if there is any rate we would not want a CPI on down the road.

Mr. Wostmann spoke about the rates with a no in the CPI column, some are because we do not have the authority and a few are due to it not being appropriate. He asked for members and the community to weigh in on any rates we needed to increase beyond adding a CPI.



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Mr. Etheridge said he wanted to move forward with the CPI at this point. The Finance Committee can look at other rate increases after the rate study. He also confirmed that the Board and future Boards can change the CPI or decide not to apply it.

Mr. Leither agreed with adding the CPI. He said he does not think the public is against rate increases altogether. He does not feel changing rates on something with so little revenue is worth it.

Public Comment

Mr. Kirby Day, Juneau, AK

Mr. Day asked if the Marine Passenger Fee, Port Development Fee and anchoring fees are included as a yes to apply the CPI.

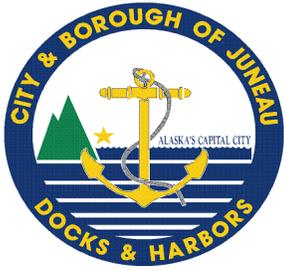
Mr. Uchtyl said the Marine Passenger Fee and Port Development Fee will not have the CPI applied. Those two rates are clearly in the Assembly's purview, as ordinances and not regulations. He also said the anchoring fee is not for cruise ship lightering, but other vessels that anchor in our waterways.

MOTION By MR. RIDGWAY: ALL RATES SHOWN ON THE CBJ DOCKS & HARBORS RATE OVERVIEW SPREADSHEET UNDER THE COLUMN REQUESTING CPI INCREASE MARKED YES BE TIED TO ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT CONSUMER PRICE INDEX FOR URBAN ALASKA AS SOON AS POSSIBLE AND ASK UNANIMOUS CONSENT.

Motion passes with no objection.

2. Budget Cycle Review FY22 & FY23/24 Biennial Budget

Mr. Uchtyl shared a PowerPoint presentation. The numbers he gave tonight were conservative, but he wanted to give the committee a quick overview of where everything stands. We must update the current fiscal year, which closes June 30th, 2022. He will be sending the FY23/24 biennial budget to the Assembly for approval in late March, 2022. The PowerPoint presentation is in the agenda packet for review.



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Committee Questions

Mr. Wostmann asked about the UAS property. He wanted clarification the \$240,000 per year would be for a 33 year lease, but if we purchase the property it would only cost \$180,000 per year for five years.

Mr. Leither asked about the amount we spend on oil recycling, a service we provide for free.

Mr. Uchytel said he thinks it costs close to \$20,000 per year.

Mr. Wostmann confirmed these are preliminary figures and these figures will be presented again to both the Operations/Planning Committee and the Board as a Whole.

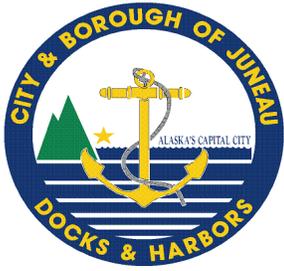
Mr. Uchytel explained it depends a lot on decisions and possible actions by the Board, how far they want to get into expenses and if any changes need to be made. The budget is a prediction, we look at cruise ship schedules and try to come up with a revenue estimation. All sorts of things affect our revenue i.e. weather, commercial charters and the commercial fishing season.

Ms. Larson wanted to add that originally we needed to have the budget to the Finance Department by January 10th, 2022. She has already submitted the preliminary numbers to Finance for a quick review. She asked for an extension to January 13th, 2022 so we would have an opportunity to review this again with the Finance Committee at the January 12th, 2022 meeting.

Public Comment – None

VII. Sub-Committee Action Items

Mr. Wostmann suggested the big action item today is looking over the budget numbers, asking questions and think about what is needed. The numbers right now show either a minor profit or a loss. Considering our discussion we really need to look at the bottom line.



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VIII. Good of the Order

Mr. Uchytel spoke about the rate study with HDR. He has met with them and outlined what is expected for the proposal. He is asking them to give a review of the rates, take into consideration our budget and needs, and review our capital assets. He is looking for a firm fixed price to do all of that. Mr. Uchytel said he does not want them to chase every rate, just the rates that give 80% of our revenue. HDR suggested a tariff review. Mr. Uchytel did not think that was necessary. HDR also asked about doing substantial public outreach. Mr. Uchytel did not want to spend the money on a ton of public outreach. He is also trying to get HDR to come to future Board meetings so the Board is able to ask questions. Mr. Uchytel spent about three hours with HDR going over all of our facilities and our unique harbor system. He asked them to have the rate study completed by May or June 2022. HDR agreed and said they were looking at 120-160 days to complete the study.

Mr. Uchytel spoke about the purchase of the UAS property. He is trying to get together with his peers at UAS for a purchase and sales agreement discussion. The feedback received has been they are evaluating the best financial benefit for UAS. Mayor Weldon is engaging with the Chancellor of UAS on our behalf.

Mr. Wostmann asked when the current UAS lease expires and when we would need to make the larger payment amount of \$240,000?

Mr. Uchytel said UAS gave us an extension from May 4th, 2021 to May 4th, 2022. UAS might be reasonable and let us go month to month after the extension expires if we are in the process of purchasing the property.

Mr. Uchytel spoke about the Sealift at the Auke Bay Loading Facility. It was on public surplus and sold to the highest bidder on Monday, December 20th, 2021. The high bidder was from Anacortes, Washington and the winning bid was \$225,000. We started out with a minimum bid of \$160,000 and it ended with a bit of a bidding war before it sold. Docks & Harbors bought the Sealift for \$540,000 ten years ago. He thinks we can find a suitable replacement with the money collected.

IX. Next Meeting – January 12th, 2022

X. Adjournment – The Meeting adjourned at 6:09 p.m.