

City & Borough of Juneau • Docks & Harbors
155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

Port of Juneau

To: Rod Swope, City Manager
CC: Docks and Harbors Board
From: John M. Stone, P.E. Port Director
Date: December 31, 2008
Re: FY 10 Marine Passenger Fee Requests

The Docks and Harbors Board respectfully submits the attached FY 10 Marine Passenger Fee requests for your consideration. Two of the requests are for operational funding and one of the requests is for CIP funding.

The operational requests include \$154,050 for services and activities provided by docks and harbors staff to the general public and area wide cruise ship passengers. We are not able to charge fees to cover the costs of these services. We are submitting an additional request of \$180,450. This additional request would allow us to transfer port lease revenues to the harbor fund. The revenues would be used to help rebuild dilapidated harbor infrastructure within Aurora and Statter Harbors.

The CIP request includes \$9,687,500 to completely rebuild the shore side amenities at the Cruise Ship Terminal. This includes construction of additional deck, replacement of the Visitor's Center and U.S. Custom's Center, and expansion and reconfiguring the loading zone lots and pedestrian amenities. We recognize this request exceeds the annual MPF collections and that some of the work is for the exclusive benefit of ships calling at the Cruise Ship Terminal. However, the Visitor's Center and U.S. Customs Center portion of the project benefit cruise ship passengers from both the public and private docks and should be funded by an area wide fee.

Please call me at 586-0294 if you have questions.

Attachments



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Marine Passenger Fee Request Areawide Port Operations

Docks and Harbors Request - \$154,050

Justification

CBJ's cruise ship docks and associated infrastructure are run as an enterprise fund established by local ordinance. All expenses and revenues associated with operating and maintaining CBJ's cruise ship docks and associated infrastructure are accounted within this fund. The CBJ Assembly has placed these assets under the responsibility of the Docks and Harbors Board. CBJ Ordinance Title 85 requires the Board to be self-supporting, generating revenues sufficient to meet the operating costs of docks enterprise.

The Board has established a number of fees to generate revenues from users of the assets. The Board has calibrated these fees to assure that the overall revenue generated by the enterprise equals the overall cost of running the enterprise.

Many of the upland assets are used by entities for which it is not possible, feasible, or acceptable to charge fees. As a result, users paying fees are subsidizing users that do not pay fees. The services provided to these users are areawide in nature benefitting the general public and cruise ship passengers of private docks.

For the past several years, the Board has offset this subsidy with revenues from leases of property along the downtown Juneau waterfront. Faced with crumbling infrastructure in the small boat harbors and the inability to raise harbor fees without profound impacts to its users and the community, the Board decided to redirect lease revenues of parcels along the waterfront from the Docks Fund to the Harbors Fund. In effect, revenues from these leases had been subsidizing areawide users of the docks enterprise facilities. As part of this initiative, the Board identified services that are areawide in nature and not specific to users of the CBJ docks.

Marine Passenger Fee Request Areawide Port Operations

The Board identified the following services:

1. Provision of a Visitor's Center Building at the Cruise Ship Terminal and the Visitor's Kiosk at the Steamship Wharf Plaza.
2. Provisions of a U.S. Customs Service Office at the Cruise Ship Terminal.
3. Year round maintenance and monitoring of Marine Park.
4. Maintenance and operation of year-round public parking at the Columbia Lot and seasonal public parking at the Steamship Wharf Plaza and the Visitor's Center Lot.
5. Maintenance and operation of year-round unrestricted pedestrian access along the waterfront at the public docks.
6. Maintenance and operation of shuttle drop-offs and pick-ups in the CBJ loading zones that are used by all cruise ship terminals in Juneau.
7. Providing areawide port security.
8. Billing and collecting CBJ areawide fees at all docks.

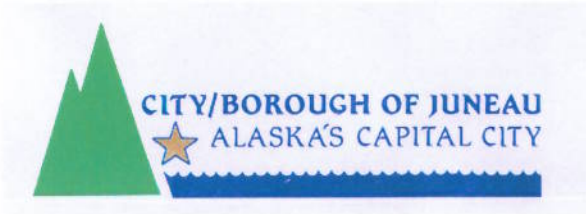
The Board reviewed its budget and apportioned expenses associated with these services. Based on its review, it estimates that about 9% of the annual docks budget is attributable to areawide services. The FY10 operating budget for the docks enterprise is estimated at \$1,711,667, 9% of which is the requested amount of \$154,050.

Benefits

This approach is supported by the cruise ship industry since it is more equitable than raising dockage fees. It also avoids the need to raise fees during the economic recession.

This approach meets the intent of the marine passenger fee since the services benefit all cruise ship passengers, not just the passengers at the public docks.

This approach allows the Docks and Harbors Board to direct part of the dock lease revenues to the much needed rebuild effort of the small boat harbors reducing the need for fee increases at the harbors.



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Marine Passenger Fee Request Port Lease Revenue Transfer

Docks and Harbors Request - \$180,450

Justification

CBJ's docks and harbors are run as separate enterprise funds established by local ordinance, known as the dock fund and the harbor fund. All expenses and revenues associated with operating and maintaining CBJ's docks and harbors are accounted within these funds. The CBJ Assembly has placed all docks and harbors assets under the responsibility of the Docks and Harbors Board. CBJ Ordinance Title 85 requires the Board to be self-supporting, generating revenues sufficient to meet the operating costs of docks and harbors enterprises.

The Board has established a number of fees to generate revenues from users of the docks and harbor assets. The Board has calibrated these fees to assure that the overall revenue generated by an enterprise equals the overall cost of running the enterprise.

One of the major sources of revenue for both enterprises is rent generated by tideland leases. There are several leases of CBJ tidelands along the downtown waterfront. Rents from these leases currently accrue to the dock fund. Faced with crumbling infrastructure in the small boat harbors and the inability to raise harbor fees without profound impacts to its users and the community, the Board would like to redirect these lease revenues from the dock fund to the harbor fund to help replace the dilapidated infrastructure in Aurora and Statter Harbors.

This request, if approved, will replace the transferred lease revenues. The Board is considering fee increase to users of the docks in lieu of this request. During public testimony on the fee increases, users of the docks suggested and supported this approach in lieu of fee increases.

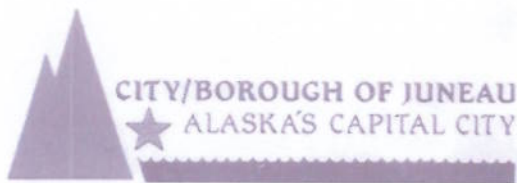
Marine Passenger Fee Request Port Lease Revenue Transfer

Benefits

This approach is supported by the cruise ship industry and users of the docks since it avoids raising fees during an economic recession and uncertain times in the tourism industry.

This approach meets the intent of the marine passenger fee since the services provided under the docks enterprise benefit cruise ship passengers.

This approach allows the Docks and Harbors Board to direct part of the dock lease revenues to the much needed rebuild effort of the small boat harbors reducing the need for fee increases at the harbors.



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Marine Passenger Fee Request Customs Office, Visitors Center, and Esplanade

Port of Juneau Request - \$9,687,500.00

Background

The Cruise Ship Terminal and Columbia Lot serve hundreds of thousands of users throughout the cruise ship season with shore side transportation, crew member shuttles, pedestrian circulation, visitor information, US Customs and Border Protection services, public parking, and Port of Juneau dock operations.

The current infrastructure is inadequate to handle the needs of the users. The area is congested, there are no covered waiting areas for shore side transportation, the visitor center is too small for the number of users, the Customs office lacks security needs, the dock workers have insufficient space to efficiently perform their duties, and the pedestrian and vehicular paved areas are failing.

The current building housing the Juneau Customs Office and the Visitors Center is inadequate for the needs of its users. It was constructed about 1967 as an Alaska Marine Highway ticket sales and waiting facility. It later served as a CBJ Transit driver break room and JCVB visitor information center. More recently the transit function relocated and space was converted to accommodate the US Customs office. The building does not meet today's safety, energy, or ADA codes and its aesthetic design does not compliment the overall upgrades that have occurred in the area in recent years.

Proposed Improvements

The Port of Juneau has begun planning efforts to determine the infrastructure needs of the Cruise Ship Terminal and Columbia Lot area. The study concentrates on building needs of the Customs Office, Visitors Center, and Port Staff as well as the issues relating to vehicular and pedestrian circulation.

Marine Passenger Fee Request
Customs Office, Visitors Center, and Esplanade
Page 2 of 2

Preliminary programming identifies a need for approximately 5,000 square feet of building area to adequately house the Customs Office, Visitor Center, and Port workers. Upland area is severely limited thus new buildings would be supported by dock structures in the area between the uplands and existing dock.

The open area between the uplands and existing dock would be in filled to provide a pedestrian Esplanade at the Cruise Ship Terminal and Columbia Lot area. The Esplanade deck would accommodate amenities such as pedestrian gathering spaces, relocation of existing memorials, benches, vendor booths, and the new visitor center. The new deck area would allow the existing staging/parking facilities to expand and incorporate covered waiting areas. The staging/parking areas would be reconfigured to maximize capacity and improve safety for users.

Estimated Cost

Building(s)

Deck Structure:	10,000 square feet @ \$250/sq. ft. = \$2,500,000.00
Building Area:	5,000 square feet @ \$200/sq. ft. = \$1,000,000.00
Pedestrian Esplanade:	11,000 square feet @ \$250/sq. ft. = \$2,750,000.00
Construction Contingency (15% of const.):	937,500.00
Design, Admin, Insp. (40% of const.):	2,500,000.00

Total \$9,687,500.00

Benefits

The proposed infrastructure improvements at the Cruise Ship Terminal and Columbia Lot would benefit the cruise ship visitors and providers with improved safety, convenient waiting areas, efficient staging areas, and adequate information services. The improvements would provide an enhanced welcoming atmosphere for cruise passengers. In addition, the area would significantly enhance operations for those serving the cruise ship industry.