



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 22, 2010
Re: FY 12 Marine Passenger Fee Requests

The Docks and Harbors Board respectfully submits the attached FY 12 Marine Passenger Fee requests for your consideration. One of the requests is for a continuation of operational funding and two of the requests are for CIP funding.

The operational request of \$154,000 is 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. This request has been discussed and funded by you and the Assembly in previous years.

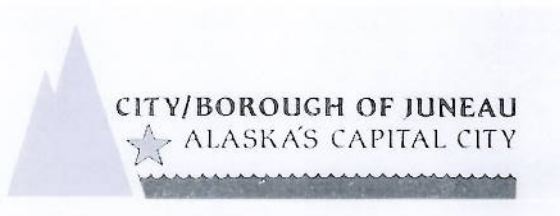
The first CIP request includes an unspecified amount for the cruise ship dock project. We expect that considerable discussion will take place in the New Year over how the dock will be financed and the level of required funding will be determined through the discussions.

The second CIP request is partial funding for a cruise ship passenger tour float at Statter Harbor. This project is part of the Statter Harbor master plan and has been in development for several years.

As a final note, our Assembly liaison and some of the Board members were interested in knowing how to submit requests for the new state passenger fee and the port development fee. We anticipate the dock project will require substantial funding from these sources.

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

Attachments



Port of Juneau

Marine Passenger Fee FY 12 Request Areawide Port Operations

Docks and Harbors Request - \$154,000

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.

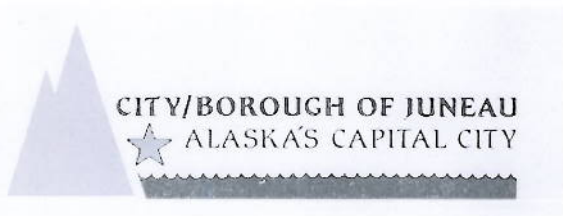
The Board reviewed its FY 10 budget and apportioned expenses associated with these services. Based on its review, it estimates that about 9% of the annual docks budget is attributable to areawide services. The FY10 operating budget for the docks enterprise is estimated at \$1,711,667, 9% of which is the requested amount of \$154,000.

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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Docks and Harbors Board FY 12 Marine Passenger Fee Request CBJ Cruise Ship Dock Replacement Project

Project Description: The project is located in downtown Juneau waterfront, an area that services up to 1,000,000 cruise ship passengers each year. The project consists of refurbishing two public cruise ship piers with the new floating berths as approved by the Assembly in September, 2010. The current piers are in need of replacement due to their age and condition. The current piers are also too small to handle panamax size cruise ships and the configuration of the piers has caused the loss of public access to the waterfront due to new maritime security requirements. Preliminary engineering is currently being undertaken and detailed cost estimates are expected to be provided to the Assembly by March, 2011.

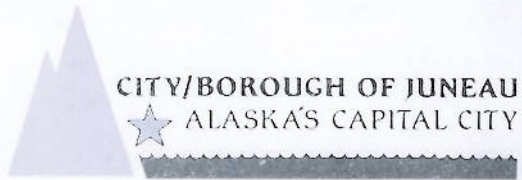
Marine Passenger Fee Funds Requested (FY12) – to be supplied by March, 2011.

Project Review: The project is part of CBJ's Waterfront Plan that was adopted by the CBJ Assembly in 2005. The plan was adopted as local ordinance after an extensive public involvement process. In addition, the project has been extensively vetted by the Assembly and Docks and Harbors Board. On September 20, 2010 the CBJ assembly adopted a resolution supporting the project and authorizing the Docks and Harbors Board to move forward a design alternative known as Concept 16B.

Project Time-Line: CBJ expects to design the project in the spring and summer of 2011 and accept bids for construction during the winter of 2011/2012. The current project schedule calls for installing the new berth at the Cruise Ship Terminal by the start of the 2013 season and the new berth at the Steamship Dock by the start of the 2014 season. Funding will be needed over a number of years due to the size and cost of the project.

Maintenance and Operation Responsibility: CBJ is responsible for all ongoing maintenance and operating expenses and will use local dock funds for these expenses.

Project Contact: John Stone, CBJ Port Director 586-0294



Port of Juneau

Docks and Harbors Board FY 12 Passenger Fee Request Statter Harbor Passenger For Hire Facility

Project Description: The project is part of the master plan for rebuilding CBJ harbor assets in Auke Bay. Assets include the Statter Harbor moorage float system, the Statter Harbor recreational boat launch facility, and DeHart's Marina, Fuel Dock and Boatyard. This infrastructure needs to be replaced or refurbished over the next few years. The project includes installation of a boarding float, gangway, and passenger loading zone to service the passenger for hire industry in Auke Bay. Nearly all of the customers that will use this new facility will be cruise ship passengers. These activities currently take place in areas of Statter Harbor that were not designed and are incapable of providing safe and efficient service. The lack of infrastructure also greatly detracts from the local resident's ability to use Auke Bay.

Passenger Funds Requested (FY12) - \$2,173,244

Funds Already in Hand

Local Marine Passenger Fee Funds (FY06 and FY 07)- \$500,000

Funds Needed But Not yet Requested – The project is estimated to cost \$4,846,488. This year's request represents half the funds needed to complete the project. We expect to submit an additional request next year to fulfill the project funding need.

Project Review: The project is part of the Board's "Harbors Long Term Financial Plan" and the "Auke Bay Master Plan" and was approved by the voters in two special sales tax ballots. The Board is also conducting public meetings with facility users on the specifics of moving forward with the project.

Project Time-Line: An environmental assessment is currently being undertaken for the new launch ramp portion of the project. We expect to obtain permits for the new launch ramp and associated infrastructure by July 1, 2011. We expect to award a bid for the project by January 1, 2012. Construction is expected to occur during the spring of 2012 with completion of the project by the end of 2012.

Maintenance Responsibility: CBJ is responsible for all ongoing maintenance expense and will use local harbor operations funds for these expenses.

Project Contact: John Stone, CBJ Port Director 586-0294