

CBJ DOCKS & HARBORS
FINANCE COMMITTEE MEETING MINUTES

For Thursday, September 18, 2008

I. Call to Order.

Chairman Preston called the Finance Committee meeting to order at 5:00 p.m. in the CBJ Assembly Chambers.

II. Roll Call.

The following members were present: Mr. Ethridge, Mr. Jardell, Mr. Kueffner, Mr. Mehrkens and Mr. Preston.

Mr. Kueffner arrived at 5:10 p.m.

The following members were absent: Mr. Fisk and Ms. Jebe.

Also in attendance were the following: Mr. Stone-Port Director, and Ms. Johansen – Administrative Officer.

Mr. McCall – Harbormaster was absent.

III. Approval of Agenda.

MOTION by Mr. Ethridge: ASK UNANIMOUS CONSENT TO APPROVE THE AGENDA AS PRESENTED.

The motion passed without objection.

IV. Public Participation on Non-Agenda Items.

Chip Thoma, 21884 Juneau, Alaska 99801 – 586-2117

Mr. Thoma said he would like to see the city move forward on the Seawalk. The majority of the seawalk could be constructed this winter while negotiations with Mr. Georgio for an easement for that portion of the seawalk are in progress. He would like to see this item as an information item at the next Harbor Board meeting.

Mr. Mehrkens said this item would be on the agenda at the next CIP meeting.

V. Approval of Previous Meeting Minutes.

MOTION by Mr. Jardell: ASK UNANIMOUS CONSENT TO APPROVE THE AUGUST 21, 2008 FINANCE COMMITTEE MINUTES AS PRESENTED.

The motion passed without objection.

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VI. Items for Action.

1. Proposed Amendments to Cruise Ship Fees.

Ms. Johansen said the committee has asked to amend 05 CBJAC 15.030-Dockage charges. The purpose of the amendment is to insure that revenue collected from dockage fees is sufficient to meet annual operating expenses. The proposed amendment offers two changes.

1. Increase the dockage fee for vessels greater than or equal to 200 feet from \$3.00 per linear foot to \$5.00 per linear foot.

2. Add a dockage surcharge of \$125 per hour for vessels that berth between the hours of 12:00 a.m. and 6:00 a.m.

Dockage was last increased from \$2.70 to \$3.00 in 2005. Prior to that it was increased from \$2.50 to \$2.70 in 2003. For vessels that arrive in the middle of the night between 12:00 a.m. 6:00 a.m. we must provide two staff members. The increased surcharge provides a pass through for us to cover the extra staff expense.

Mr. Jardell & Mr. Kueffner both asked Ms. Johansen to clarify the figures for the estimated FY09 Operating budget.

Mr. Stone said Ms. Johansen has done a wonderful job for Docks and Harbors and this will be her last meeting. He also gave a brief overview of the expense review process and why they decided these were the appropriate fees to increase. He also mentioned the possibility of approaching the Assembly and asking for a portion of the passenger fees. There are areas of expense that are absorbed by the Port that are maintained for the general public such as Marine Park, the Seawalk, and the Customs Office.

Mr. Jardell asked about the cruise ship scheduling process as well as the dockage rate at the private docks. He was concerned that a rate increase could divert ships to the less expensive private docks and actually reduce revenues.

Information about private Cruise ship dockage fees was not available.

Mr. Stone said that the Cruise Line Agencies of Alaska co-ordinates where the Cruise ships will dock.

Don Habeger, 9300 View Drive, Juneau AK 99801

Mr. Habeger works for Royal Caribbean and Celebrity Cruise Lines and is apposed to the rate increase. He feels the fees are substantial and should show a surplus of revenues considering the services provided for these fees.

Mr. Kueffner asked Mr. Habeger to explain where he saw the surplus of revenues.

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VI. Items for Action (Continued)

Mr. Habeger said when you factor in all the fees charged by the CBJ, the Cruise Lines are paying about \$8.00 per person. In addition, the Cruise Lines are paying a fee per foot as well as a tonnage fee. Certainly these fees must be exceeding port expenses and creating a surplus.

Mr. Mehrkens asked if it would be better just to charge a head tax significant to cover all fees. He also asked Mr. Habeger to estimate what he felt the revenue surplus was.

Mr. Habeger said the opposition was not to the fee structure but the fee increase itself. He mentioned that the CBJ has in excess of 10 million in unencumbered funds from the head tax fund.

Drew Green, 8183 Thunder Street, Juneau AK 99801

Mr. Green is the Port Manager for Cruise Line agencies of Alaska. He was also opposed to the rate increase. He would like to have clarification of the revenue shortfall. He also suggested a comparison of Port fees for various Ports in S.E. Alaska to see how the Juneau fees compare. He referenced Skagway as an example. They have twice the capacity of Juneau and operate at a third of the cost of Juneau.

Mr. Mehrkens asked if it would be a fair assumption that since we had more visiting cruise ships this year that the Cruise Line agencies were not deferred by our costs.

Mr. Thoma mentioned that his understanding was a portion of the CBJ unencumbered funds were for the Seawalk and to purchase waterfront properties.

The committee discussed the proposed amendments.

Mr. Jardell asked for more information about the proposed amendments. He felt a broader discussion was needed. He also asked what the timeline was as far as presenting the industry with increased fees.

Mr. Stone said typically we present fee structures for the next season to the Cruise line agencies in the fall. This is early enough for them to plan ticket prices.

Mr. Preston suggested pushing the proposed amendments on to the CBJ Assembly for a two month hearing process which would be significant time to make changes and present them to the industry.

MOTION by Mr. Kueffner: TO SEND THE PROPOSED AMENDMENTS ON TO THE BOARD SO WE CAN GET IT ON THE CBJ ASSEMBLY SCHEDULE.

The motion passed without objection.

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VI. Items for Action

2. Juneau Convention and Visitor's Center Advertising Contract.

Mr. Stone said we have previously advertised in the Juneau Travel Planner that is published by the Juneau Convention and Visitor's Bureau. The cost for a half page add is \$1350. Since advertising is tight, he wanted to get approval from the committee before placing the add.

The committee felt Mr. Stone should decide if this is effective advertising.

VII. Items for Information/Discussion.

1. Docks and Harbors Revenue and Expense Reports.

Ms. Johansen said the budget figures are not as complete as she would like. It takes time to get figures from CBJ accounting so there are some blank spaces. She provided an attachment of Budget vs. Actual expenses for July and August 2008.

Mr. Stone said part of the savings includes not filling the Harbormaster position until after October 31, 2008, when Mr. McCall officially retires.

VIII. Staff & Member Reports

Ms. Johansen apologized for leaving Docks & Harbors so soon and said that John Stone was excellent to work for.

IX. Committee Administrative Matters

The next Finance Committee Meeting will be held on October 16, 2008 at 5:00 p.m. in the CBJ Assembly Chambers.

X. Adjournment.

MOTION by Mr. Mehrkens: ASK UNANIMOUS CONSENT TO ADJOURN THE FINANCE COMMITTEE MEETING.

The motion passed without objection.

The meeting was adjourned at 5:59 p.m.

