

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING MINUTES
For Tuesday, January 27th, 2015

- I. Call to Order** The Finance Committee was called to order at 5:00pm in the **Room 224, City Hall.**
- II. Roll Call** The following members were present: Tom Donek, Dave Logan, Mike Peterson, and Scott Spickler.
Also present: Carl Uchytel- Port Director, Sam Muse – CBJ Accountant II, Bob Bartholomew – Finance Director.
- III. Approval of Agenda.**
MOTION: BY MR. MIKE PETERSON TO APPROVE THE AGENDA AS PRESENTED AND ASKED UNANIMOUS CONSENT.
Motion passed with no objection.
- IV. Public Participation on Non-Agenda Items - None**
- V. Approval of December 9th, 2014 Finance Committee Meeting Minutes.**
MOTION: BY DR. DAVID LOGAN TO APPROVE THE DECEMBER 9TH, 2014 FINANCE MEETING MINUTES AS PRESENTED AND ASKED UNANIMOUS CONSENT.
Motion passed with no objection.
- VI. Consent Agenda - None**
- A. Public Requests for Consent Agenda Changes**
B. Committee Member Requests for Consent Agenda Changes
C. Items for Action
- VII. Unfinished Business**
- 1. Harbor Code of Conduct**
Presentation by the Port Director
Mr. Uchytel presented the draft of the Harbor Code of Conduct. He stated that if there are any other changes or suggestions to please bring it up now. He stated that it was requested to change the wording from Harbor Patron vs. Harbor Customer.
- Board Questions
Dr. Logan asked if CBJ Law has reviewed it.
- Mr. Uchytel answered it is currently under CBJ Law review.
- Dr. Logan asked if CBJ Law has mentioned if it necessary to have it stated an animal having to be removed from the harbor for threatening behavior. It should be a standard that one strike of bad behavior then the animal should be removed from all harbor facilities permanently.

CBJ DOCKS & HARBORS BOARD

FINANCE MEETING MINUTES

For Tuesday, January 27th, 2015

Mr. Uchytel answered we do have City Ordinances we can use as far as the leash laws, pets properly confined on the vessel, and animals being under control of the owner.

Dr. Logan stated we should have stricter rules since the Harbors are such confined areas.

Mr. Donek stated if it becomes a hazardous situation then Animal Control would be contacted to handle it with the animal and the owner.

Mr. Uchytel stated this is for the Harbormaster to have some written guidelines to use to better manage the harbors. He asked if the Code of Conduct should be coming from the Harbormaster, the Port Director or the Board.

Dr. Logan answered it should come from the Harbormaster since it will be for his use.

Mr. Peterson asked if there is a log of the infractions of harbor patrons and does the Harbormaster have tools to enforce these rules.

Mr. Uchytel answered that we use our FSM database program notes section to track any infractions. People can still break the rules even though we have them in place then we may have to go through the Criminal Trespass process through JPD.

Public Comment - None

Board Discussion/Action

Mr. Donek stated he believes the Code of Conduct does not have to be from anyone. It just becomes one of our documents like the moorage agreement instead of being signed by the Harbormaster.

MOTION: BY DR. LOGAN TO RECOMMENDATION THAT THE DOCKS & HARBORS BOARD APPROVE PROPOSED HARBOR CODE OF CONDUCT AND ASKED UNANIMOUS CONSENT.

Motion passed with no objection.

VIII. New Business

1. Docks Fee Review – Waterfront Vendor Booth Regulation Change

Presentation by the Port Director

Mr. Uchytel stated the special committee will be presenting to the full board the regulation change for the Vendor Booth Permits with a new simple fee structure and recommended changes to strengthen the language of the regulations for the permits. We want to encourage new business and compliance with the permit regulations. The minimum outcry will increase from \$5,000 to \$30,000. The process includes the recommended changes going to the full board on Thursday;

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING MINUTES
For Tuesday, January 27th, 2015

next there will be 21 days of a newspaper advertisement of the proposed regulation changes; then it will be brought back to the Harbor Board for another public hearing; and in February or March it will go before the CBJ Assembly. Assuming approval of the recommended changes then the public outcry auction would be held March 24th, 2015 for this seasons Vendor Booth Permits.

Board Questions

Dr. Logan asked Mr. Uchytel to clarify the duration of the permits.

Mr. Uchytel answered that the regulations have been very liberal with how many permits can be issued and for how long the duration is. This will continue to allow the Port Director to manage them as necessary. The plan is to have a three year permit and then the permit being renewable for another 3 years as long as the regulations are followed by the vendors. It was recommended from the City Attorney to not have perpetual permits for liability reasons and there should be regular public outcry.

Dr. Logan asked if the permits would be staggered or all on the same renewal schedule.

Mr. Uchytel answered since there are some grandfathered permits not set to expire yet it will naturally become a staggered process for permits having different renewal periods therefore requiring us to hold public outcry every year for the vendor booth permits.

Public Comment - None

Board Discussion/Action

Mr. Peterson stated for the record that this has gone back and forth to the committee a number of times with input from the public so we have done a thorough review.

MOTION: BY DR. LOGAN RECOMMENDATION THAT THE DOCKS & HARBORS BOARD APPROVE PROPOSED CHANGES TO 05 CBJAC 10 – WATERFRONT SALES PERMITS AND ASKED FOR UNANIMOUS CONSENT.

Motion passed with no objection.

2. Harbor Fee Review – Passenger For Hire Fees

Presentation by the Port Director

Mr. Uchytel presented the recommended changes for the passenger for hire fees. He stated this is the first time he is representing the special committee who have asked that these changes get included for this year. The recommended changes are fee increases from the committee.

Board Questions

CBJ DOCKS & HARBORS BOARD

FINANCE MEETING MINUTES

For Tuesday, January 27th, 2015

Mr. Peterson asked if it would be worth it to the ABLF even though it is not used for passenger for hire yet but then we may be able to add in future.

Mr. Uchytel answered if we add it in the ABLF location now then the tour operators will argue they can use it when it has not been approved for that.

Public Comment

Dennis Watson – Juneau, AK

Mr. Watson stated the harbors have been consistently increasing with business and the staff and rates have not increased. Statter Harbor is overwhelmed. These passenger for hire fees have been brought up by the board for the last five years and it has always been stated it was too late to raise the rates. He stated the tour operators probably raise their rates every year and as a business man he sees the Harbor department failing to increase the rates accordingly. The \$300 permit rate has been the same for years and should be raised this year.

Mr. Spickler asked Mr. Watson if he has a recommendation.

Mr. Watson said it should have started at \$400 and not wait another whole year to raise it. The tour industry is asking more and more of the harbors and the harbor services should be charged accordingly.

Mr. Donek answered there was a lot of push back from the tour operators and we were able to raise passenger fees this year and then the permits will start increasing the following year so the tour operators can budget it.

Board Discussion/Action

Mr. Uchytel stated the committee did not address one of the fees. The \$75 for five or fewer uses for a six-pack vessel.

Mr. Donek answered we must have over-looked that fee.

Dr. Logan said that small of a fee that is not used that much is not going to hurt us too much.

Mr. Uchytel stated it is the honor system for the tour operators on following these rules and provide payment for the passenger count fees. It is difficult for us to enforce.

Mr. Donek suggested we strike out of fee of \$75 for five or fewer uses but it may need to go back to the special committee tomorrow.

CBJ DOCKS & HARBORS BOARD

FINANCE MEETING MINUTES

For Tuesday, January 27th, 2015

MOTION: BY MR. DONEK THAT THE DOCKS & HARBORS BOARD STRIKE THE \$75.00 PERMIT PER VESSEL FOR FIVE OR FEWER USES IN THE CALENDAR YEAR AND APPROVE ADOPTION OF THE FOLLOWING CHANGES TO 05 CBJAC 20.080 – PASSENGER-FOR-HIRE:

2015 \$300 PERMIT FEE AND \$1.25 PASSENGER FEE;

2016 \$400 PERMIT FEE AND \$1.50 PASSENGER FEE; AND,

2017 \$500 PERMIT FEE AND \$1.50 PASSENGER FEE; AND EVERY YEAR THEREAFTER BOTH FEES WOULD INCREASE ACCORDING TO THE ANCHORAGE CPI.

UNINSPECTED VESSELS:

2015 \$50 PERMIT FEE AND \$1.00 PASSENGER FEE;

2016 \$100 PERMIT FEE AND \$1.25 PASSENGER FEE; AND

2017 \$150 PERMIT FEE AND \$1.50 PASSENGER FEE; AND EVERY YEAR THEREAFTER BOTH FEES WOULD INCREASE ACCORDING TO THE ANCHORAGE CPI AND ASKED UNANIMOUS CONSENT.

Motion passed with no objection.

IX. Items for Information/Discussion.

1. Update on FY15 Docks Enterprise & Harbor Enterprise Financials

Presentation by Port Director

Mr. Uchytel presented a report with the Docks & Harbors Financial Summary by Department and Division with a brief memo explaining the overall financials. (See attachment to agenda) The bottom line is we are on track for the same revenue and expenses as last year. The Docks side of the department shows an increase in revenues this year and the discrepancy showing in revenue is explained by some of the vendor booths paying early. A new expense is the \$45,000 for landscaping we owe to Parks & Rec. The Docks projected revenue will be about \$354,000 this year. The Harbor side the revenues are down and the expenditures increase about 2%. We will be getting a settlement for the Harbors of about \$500,000 for the Tram lease.

Mr. Spickler asked if they will pay us within 30 or 60 days.

Mr. Uchytel said he supposes they will but CBJ Law has advised to get the lease amendment approved and signed then do the settlement payment portion.

Mr. Peterson said he believes the language will be in place that once the amendment is signed then Goldbelt will have to pay us by June 30, 2015.

2. Update on Fund Balance

Presentation by CBJ Finance Director

Mr. Bartholomew presented a financial report of the CBJ Docks & Harbors Funds. (See attachment to agenda) He stated he wanted to show the basic cash flow. The change in fund balance with the Docks side shows a growing balance of about \$500,000 per year. There are revenues that are not from Dock programs and these funds are collected from other financing sources such as port

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING MINUTES
For Tuesday, January 27th, 2015

development fees that go in to a separate fund. The department uses these for various projects like 16B cruise ship project. The assets in the Dock funds are showing growth in the next few years but these assets are allocated for capital projects. The next page is the Harbors side of the fund balance. The change in fund balance for the Harbor side has grown about \$300,000 and the next two years it is projected to grow over \$200,000 a year. The Harbor has Revenue Bonds that require the department to always have a growth in revenue of at least \$200,000 per year. The City sold general obligation revenue bonds for 7 Million and the funds will be allocated to Aurora Harbor but the Sales Tax and Property Tax department will be paying those debt service payments not the harbor department. That is a general government commitment to the Harbors.

Mr. Spickler asked if that could be changed where the city makes the Docks & Harbors Department pay for those debt service payments instead.

Mr. Bartholomew answered it is possible the Assembly could do that but for now it is unlikely. Sales Tax will cover its portion but maybe Property Tax won't.

3. Update on Revenue & Expense Projections – new Cruise Ship Berths

Presentation by CBJ Finance Director

Mr. Bartholomew also presented a report for the Cruise Ship Enhancement & Seawalk Project Cost Update. (See attachment to agenda) There is a long term plan to build the uplands, create a seawalk, and enhance the cruise ship docks. It is a 94 Million Dollar project. The project is about 8.9 Million Dollars short. The plan to cover the short fall needs to be resolved in the next few months by Docks & Harbor. He recommended using future Port Development Fees, State Marine Passenger Fees, and some of the Dock Fund Balance to cover the short fall.

4. Full Cost Allocation Briefing

Presentation by CBJ Finance Director

Mr. Bartholomew presented the Docks & Harbors In-Direct Cost Allocation Analysis. (See attachment to agenda) The amount of money that is charged to Docks & Harbors by the CBJ for services rendered is \$343,700. Three main costs are MIS, Law, and Finance.

Mr. Peterson asked if we could take over some of the Financial services in-house what could we save.

Mr. Bartholomew depends on which department you took over payroll etc.

Mr. Peterson stated if we had an in-house service we could have financial information every 30 days as opposed to waiting on CBJ services.

Mr. Bartholomew said it will make sense if you want higher level of service.

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING MINUTES
For Tuesday, January 27th, 2015

Mr. Uchytel said there are other services not included in this list such as landscaping and CBJ engineering.

5. Strategic Retreat - Goals/format

Presentation by Port Director

Mr. Uchytel stated we have the retreat scheduled for March 7, 2015 for all board members to attend except for Scott Spickler. Mr. Uchytel stated he will attend along with the Harbor Board, the Port Engineer and the Harbormaster. He asked what kind of agenda we want.

Dr. Logan said the agenda will be to review each harbor and our financial statement to see what future projects we want to work towards.

6. Update on Thane Ore House Lease Process

Presentation by Port Director

Mr. Uchytel stated we are working with CBJ Law to solicit a new lessee for the Thane Ore House and develop what kind of criteria we want to use to select a new lessee and what value it will be for the city.

Mr. Donek asked who has the surrounding tidelands, buildings and properties.

Mr. Uchytel answered the shop that is located there is leased through us and the beach and tidelands is managed by DNR. We are going to have the land surveyed to determine our boundary.

Mr. Peterson asked what happen to the artifacts that were in the Ore House.

Mr. Uchytel stated the old lessee owned them and removed them. We did have a survey done to see what value the building and improvements had and it was determine by an appraiser that it has no value therefore we don't owe anything back to the old owner since he had it built.

X. Staff & Member Reports.- None

XI. Committee Administrative Matters.

1. Next Finance Committee Meeting- Thursday, February 19th, 2015

XII. Adjournment.

The Finance Committee meeting adjourned at 6:42pm.