



City and Borough of Juneau
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DATE: February 5, 2020
TO: Chair Jones and Assembly Finance Committee
FROM: Rorie Watt, City Manager
RE: Draft Passenger Fee CIPs, Operations and Grant Appropriations

This memo discusses this year's budget and recommendations for the expenditure of passenger derived fees (CBJ \$5 Marine Passenger Fee, \$3 Port Development Fee and \$5 State Commercial Passenger Vessel Fee).

The recommendations are made in accordance with the MOA that was reached with CLIA in March of 2019 and are designed to provide services and solve community issues related to cruise ship tourism. Recall that the MOA and litigation was about the two CBJ fees (MPF and PDF) but not the State fee (CPV).

1. Cruise Ship Dock Shore Power – (\$1.0M PDF)

Docks and Harbors is just beginning work on making recommendations to the Assembly on shore power installations. I caution proponents that shore power is extremely complicated from both policy and technical perspectives. This funding would add to a CIP goal that, if implemented, is likely to cost in the tens of millions. To proceed with a project, the Assembly will need to spend considerable time considering project options and financial vehicles.

2. Safety Guardrail Along Dock Face – (\$1.0M CPV)

This project would extend a handrail/guardrail along the dock face, details would be similar to those used on the seawalk projects.

3. Statter Harbor Phase III (For Hire Floats) – (\$1.5M MPF, \$1.5M CPV)

In the MOA, CBJ negotiated 75% of the costs of this project with MPFs or PDFs. This funding will complete the passenger fees necessary to complete the roughly \$12M project which supports commercial boats operating out of Statter Harbor and reduces congestion and conflict with non-tour related boat activity. Local matching funds of \$1M+ are still required to complete the project funding.

4. Marine Park Seawalk Infill (Lightering Float Area) – (\$1.5M CPV)

These funds would fill in the seawalk area in the area where the Marine Park lightering float previously existed. The wharf continuation will eventually lead to the need for an improved cross walk at Seward Street and Marine Way.

5. Waterfront Seawalk (\$1M MPF)

Funds will be used to continue project development and advance concepts as property owners are ready to engage. Near term advancement of the seawalk from the Franklin Dock to the Nation Guard float seems the most likely next project. Longer term projects include an extension across the face of the Merchant's Wharf building, an extension through the subport uplands and an extension from the subport to Gold Creek. Depending on the timing of the completion of property negotiations, engineered plans

and the acquisition of permits, a financial vehicle may be necessary (similar to the bonds that were sold for the 16B project, which also included seawalk funding).

6. South Franklin Street Pedestrian Safety/Capacity – (\$1.0M CPV)

The project limits are between Manila Square (in front of the Red Dog Saloon) and Taku Fisheries, including the Warner's Wharf alley way. The scope includes pedestrian stanchions, and removal and replacement of large bulky obstructions (including light poles, signs, garbage cans, etc) to increase pedestrian capacity and safety.

7. Wastewater Real Time Monitoring – (\$500,000 PDF)

Several years ago, cruise ships did not anticipate much usage of the ability to discharge grey water/sewage into the CBJ system. That has not proved out to be accurate as annual summer discharge has grown from less than 10M gallons to over 20M gallons over the last five years. The numbers sound large, but are still a fraction of the JD treatment plant's typical daily flows of 2-3MGDs. None-the-less, plant operators need to know real time information about the strength and flow rate of the discharged liquids. This project would install instrumentation and control systems that will allow for efficient plant management, avoidance of permit violations, and proper customer billing (which is based on strength and volume). Revenues from cruise ship increased usage have been positive to the utility, rising from shy of \$400K in 2015 to over \$1M in 2019.

8. Juneau Cruise Passenger Survey – (\$100,000 MPF)

A survey would be conducted to better understand cruise ship passenger's views and spending habits in Juneau. Juneau citizens testify that over-crowding is leading to diminished passenger appreciation for port visits here, but cruise industry representatives advise that in their internal surveys that passengers rate their Juneau experience extremely highly (as compared to other global ports). Industry has requested that CBJ perform this study as it is more likely that the results will be accepted as unbiased. Additionally, this survey will seek to acquire much more granular information about passenger shopping and touring habits. Of great interest will be the variation in expenditure between passengers on big or small boats, boats that have long or short port visits (including hot berthing) and an effort will be made to quantify the variance between spending in the shoulder months and peak visitation months. Passengers will be queried about the quality of their visits, thus allowing both CBJ and cruise ship companies guidance on how to plan for services, infrastructure and growth.

9. Transportation Study/Planning – (\$150,000 CPV)

Your first reaction might be – "Oh no, not another study."

The growth in visitation has created many vehicle congestion and pedestrian conflict issues; there is significant opportunity for CBJ to play a role in a more efficient transportation system. No one should be surprised if tour operators object to CBJ proposing to consider entering into transportation issues that they may feel belong in the sphere of private sector activity. But the public road space and waterfront staging is limited and it is highly worth our while to try to optimize the current situation.

As an example of the inefficiency, around twenty different operators take passengers from the docks to the Mendenhall Glacier. A more efficient system (think of a National Park transportation concession – Denali for example) could result in a shuttle frequently going to the Glacier Visitors Center. Such a system would then lead to reduced parking needs on the waterfront and by reducing the need to match people and tour operator busses. There are many complexities in this idea (not least of which is how people go on other tours) and many potential benefits (including reducing the problems caused by tourists increasingly using Google Transit to figure out that a \$2 bus ride is a cost effective option).

Additionally, a downtown circulator that moves people around the waterfront should be considered. Private operators have suggested interest in a circulator in the past, but a tour is not the same as a transportation system and private operations have not materialized. CLIA and the USFS are supportive

of these initiatives. A new transportation system could be operated as a contracted service by a private operator or as an expansion of Capital Transit or another as yet undetermined business model.

10. BLS Ambulance – (\$235,000, CPV)

The existing ambulance used for seasonal BLS transports is beyond its useful life and it takes at least a year to procure a new one.

11. Operational Services – (\$3.7M, MPF)

Consistent with the MOA signed with CLIA, this budget proposal proposes to fund a variety of operational services similar to prior years, as follows:

Municipal Service Provided	Direct Cost	CBJ Overhead *	Total
Ambulance/EMS Support	805,200	43,200	848,400
Police Support	740,650	39,700	780,350
Seawalk, Open Space and Restroom Maintenance	359,800	19,300	379,100
Street Cleaning/Repair	208,300	11,200	219,500
Docks and Harbors - Port Management	315,000	16,900	331,900
Docks and Harbors - Port Customs Office Building Maintenance	133,500	7,200	140,700
Total CBJ Cost	2,562,450	137,500	2,699,950
Grants for Contracted Services	Direct Cost	CBJ Overhead *	Total
Travel Juneau - Crossing Guards	362,000	19,400	381,400
Travel Juneau - Visitor Information Services	149,600	8,000	157,600
DBA - Downtown Security Program	67,000	3,600	70,600
TBMP - Best Management Practices Support	20,000	1,100	21,100
Whalesense	100,000	5,400	105,400
Downtown Pay Phones	8,000	400	8,400
Total Grants for Contracted Services	706,600	37,900	744,500
Operating Grants to Private Docks	Direct Cost	CBJ Overhead *	Total
Franklin Dock Enterprises (Security, Restrooms)	120,000	6,400	126,400
AJ Juneau Dock, LLC (Security, Restrooms, Response Boat)	139,600	7,500	147,100
Operating Grants to Private Docks	259,600	13,900	273,500
TOTAL MPF COSTS (non-capital)	3,528,650	189,300	3,717,950
<i>*Proportional allocation of overhead costs for management, administration, finance, and legal support</i>			