



City and Borough of Juneau  
 City & Borough Manager's Office  
 155 South Seward Street  
 Juneau, Alaska 99801  
 Telephone: 586-5240 | Facsimile: 586-5385

DATE: February 1, 2022  
 TO: Chair Triem and Assembly Finance Committee  
 FROM: Alexandra Pierce, Tourism Manager  
 RE: FY23 Passenger Fee Proposal

This memo discusses my proposal for the expenditure of passenger fees (CBJ \$5 Marine Passenger Fee, \$3 Port Development Fee and \$5 State Commercial Passenger Vessel Fee). This proposal is made in accordance with the MOA that was reached with CLIA in March of 2019 and is designed to provide services and solve community issues related to cruise ship tourism.

The cruise tourism industry holds a consensus view that sailings will resume to Southeast Alaska in the summer of 2022. For budgeting purposes, we have estimated 1 million visitors for the summer 2022 season. This number is adjusted down slightly due to supply chain and labor uncertainties.

Here is how that forecast for visitation translates to passenger fee revenue in FY22 and FY23:

	PAX	MPF	PDF	State CPV*	Total
CY2021 Jul/Aug/Sept FY2022	0	\$ -	\$ -	\$ -	\$ -
CY2022 April/May/June FY2022	400,000	\$ 2,000,000	\$ 1,200,000	\$ -	\$ 3,200,000
CY2022 Jul/Aug/Sept FY2023	600,000	\$ 3,000,000	\$ 1,800,000	\$ 5,000,000	\$ 9,800,000
CY2023 April/May/June FY2023	500,000	\$ 2,500,000	\$ 1,500,000		\$ 4,000,000

*\*State CPV receipts remitted to CBJ approximately eight months after they are received*

**FY22 Passenger Fee Total \$ 3,200,000**  
**FY23 Passenger Fee Total \$ 13,800,000**

The absent 2020 cruise season and slow 2021 season still incurred operating and debt service expenses. As a result, we are carrying a negative fund balance of \$3.2 million into FY23. With the current uncertainty around the 2022 season, we are budgeting for a slow finish to FY22 and to carry the negative balance into FY23. Additionally, new U.S. Coast Guard security requirements translate to increased security expenses of approximately \$150,000 per dock. These factors, combined with uncertainty about the degree to which the market will recover, limits the amount of funding available in FY23.

	<u>Total</u>
<b>Debt Service: Juneau Cruise Terminal Docks</b>	<b>\$ 2,028,400</b>
<b>CBJ Municipal Services</b>	<b>\$ 3,588,700</b>
<b>Third-Party Visitor Services by Assembly Grant</b>	
Travel Juneau - Crossing guard program	\$ 373,800
Travel Juneau - Visitor services program	\$ 148,000
Tourism Best Management Practices (TBMP)	\$ 24,700
Downtown Business Association	\$ 75,000
AJ Dock - Access Control Security	\$ 200,000
AJ Dock - Restroom Maintenance	\$ 30,000
Franklin Dock - Access Control Security	\$ 160,000
Franklin Dock - Restroom Maintenance	\$ 30,000
<b>Total 3rd Party Services</b>	<b>\$ 1,041,500</b>
<b>Capital Investments</b>	
Circulator Plan (Juneau Commission on Sustainability)	\$ 100,000
Real-Time Weather Monitoring Stations	\$ 55,000
Dock Electrification	\$ 2,640,000
Seawalk Expansion	\$ 1,000,000
Refillable Water Bottle Stations	\$ 50,000
Marine Park Improvements Planning and Design	\$ 250,000
<b>Total Capital Investments</b>	<b>\$ 4,095,000</b>
<b>Total Proposed FY23 Passenger Fee Expenditures</b>	<b>\$ 10,753,600</b>

Passenger fee funding for all CBJ municipal services and the related overhead is calculated by a third-party cost allocation consultant (Matrix Consulting) in compliance with applicable federal standards and industry best practices.

#### Capital Investments

Capital investments are limited by the negative fund balance carried forward from fiscal year 2022 and the likelihood of a slower than scheduled cruise season. CBJ received a number of worthy requests and we have budgeted funds to start some of the proposed projects, anticipating more funding in the coming years. Of note, the transformer purchase on behalf of AEL&P will allow for two electrified docks to operate simultaneously. This purchase has a two to three-year lead time between ordering and installation. Additional funds for bid-ready design documents for dock electrification will support multiple funding opportunities for a future capital project to electrify the docks. When the project is ready to bid, there are multiple options for financing including incurring debt. Other recommended infrastructure funding includes planning for a downtown circulator, and for seawalk and other infrastructure improvements.

The above proposal represents a conservative approach that meets our debt and negative fund balance obligations, and lays the groundwork for future infrastructure priorities.