



## **MEMORANDUM**

**DATE:** March 26, 2026  
**TO:** Assembly Finance Committee  
**FROM:** Alexandra Pierce, Visitor Industry Director  
**SUBJECT:** Marine Passenger Fee Budget

This memo provides an overview of the passenger fee process. There are three components to what we collectively refer to as “passenger fees”: CBJ’s \$5 Marine Passenger Fee (MPF) and \$3 Port Development Fee (PDF) and the State \$5 Commercial Passenger Vessel Excise Tax (CPV). The CPV is actually a \$34.50 tax, of which Juneau receives a \$5 allocation. Not all ports collect passenger fees, but the first seven ports of call for a ship over 250 passengers receive \$5 in State CPV.

All ports fund tourism infrastructure through a combination of passenger and port fees. When we talk about passenger fees, we tend to lump all these pots of money together, but both the lawsuit and public process focus on MPF only. CBJ’s code requires staff to solicit MPF suggestions in December and then put the proposed budget out for public review before it goes to the Assembly for adoption along with the Manager’s budget.

Juneau visitor numbers will stay relatively flat for 2026 and 2027, largely as a result of Juneau’s ship and passenger limits. The scheduled lower berth capacity is estimated to be 1.69 million visitors for the summer 2026 season. Actual visitor numbers fluctuate depending on how full the ships are. These numbers are not known until a ship leaves its homeport.

### **Using Passenger Fees under the settlement agreement**

In 2019, CBJ and CLIA settled a lawsuit over CBJ’s use of passenger fees. The settlement agreement, included in the packet, provides guidance on where and how passenger fees are used. Under the settlement agreement, fee usage is dependent on proximity to the ship and determined by a mapped area. We are able to use passenger fees in Zone A for services and infrastructure. In Zone B, we are required to discuss passenger fee usage at an annual meeting with CLIA. Projects outside Zone B are also subject to consultation with CLIA.

The settlement agreement requires us to meet annually to “discuss in good-faith any new proposed projects and services for which Fees are sought to be expended in the following Fiscal Year with the ultimate decision resting with the Assembly.” We have agreed to settle disputes over expenditures of fees through direct discussions, escalating to non-binding mediation before resorting to litigation. This year, CLIA proposed a timeline and process for review, rather than a formal meeting. CBJ granted this request. A budget was submitted to CLIA in January, and a response was received on February 16. The response and further correspondence is included in the packet.

## Funding

Here is how that forecast for visitation translates to passenger fee revenue in FY26 and FY27:

			Passengers	MPF	PDF	State CPV*	Total
CY2025	Jul/Aug/Sept	FY2026	990,000	\$ 4,950,000	\$ 2,970,000	\$ 8,250,000	\$ 16,170,000
CY2026	April/May/June	FY2026	660,000	\$ 3,300,000	\$ 1,980,000		\$ 5,280,000
CY2026	Jul/Aug/Sept	FY2027	990,000	\$ 4,950,000	\$ 2,970,000	\$ 8,250,000	\$ 16,170,000
CY2027	April/May/June	FY2027	660,000	\$ 3,300,000	\$ 1,980,000		\$ 5,280,000
					<b>FY26 Passenger Fee Total</b>	<b>\$</b>	<b>21,450,000</b>
					<b>FY27 Passenger Fee Total</b>	<b>\$</b>	<b>21,450,000</b>

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

The below chart lists the projects that staff is proposing to fund for FY27. A compilation of all requests received is included in attachments B and C. Note that the funded amounts in the budget don't all align with the passenger fee requests. In many cases, especially for internal projects, staff collaborated on either phasing projects over multiple years or reducing the project costs. The FY27 proposal also uses unspent funds from prior years.

## FY27 Proposed Passenger Fee Proposal

	Direct Cost	Overhead	Total	Maritime Industry Zone
<b>Debt Service: Juneau Cruise Terminal Docks</b>	<b>\$ 1,534,800</b>	<b>\$ -</b>	<b>\$ 1,534,800</b>	
<b>CBJ Municipal Services</b>				
Police Support	\$ 1,557,300	\$ 14,500	\$ 1,571,800	Areawide
Ambulance/EMS Support	\$ 963,100	\$ 8,900	\$ 972,000	Areawide
Seawalk, Open Space and Restroom Maintenance	\$ 900,400	\$ 8,400	\$ 908,800	Zone A
Street Cleaning/Repair	\$ 336,300	\$ 3,100	\$ 339,400	Zone A&B
Tourism Management	\$ 517,900	\$ 4,800	\$ 522,700	Areawide
Capital Transit	\$ 607,500	\$ 5,600	\$ 613,100	Areawide
Public Wifi Annual Service Fee	\$ 794,600	\$ 7,400	\$ 802,000	
Pulse Point Emergency Notifications App Annual Service Fee	\$ 8,300	\$ 100	\$ 8,400	
ZOLLZ Ventilators	\$ 30,485	\$ 300	\$ 30,785	
<b>Total City Services</b>	<b>\$ 5,715,885</b>	<b>\$ 53,100</b>	<b>\$ 5,768,985</b>	
<b>Third-Party Visitor Services by Assembly Grant</b>				
Travel Juneau - Visitor services program	\$ 312,200	\$ -	\$ 312,200	Zone A
Travel Juneau - Crossing guard program	\$ 614,749	\$ -	\$ 614,749	Zone A
Tourism Best Management Practices (TBMP)	\$ 46,965	\$ -	\$ 46,965	Areawide
JMR Rescue Fee Offset	\$ 20,000	\$ -	\$ 20,000	Areawide
<b>Total 3rd Party Services</b>	<b>\$ 993,914</b>	<b>\$ -</b>	<b>\$ 993,914</b>	
<b>Capital Investments</b>				
Waterfront Covered Shelter with Restrooms	\$ 3,500,000	\$ -	\$ 3,500,000	Zone A
Taku Seawalk Replacement	\$ 3,000,000	\$ -	\$ 3,000,000	Zone A
Seawalk Extension	\$ 9,000,000	\$ -	\$ 9,000,000	Zone A&B
Water System Upgrades	\$ 750,000	\$ -	\$ 750,000	Zone A&B
<b>Total Capital Investments</b>	<b>\$ 16,250,000</b>	<b>\$ -</b>	<b>\$ 16,250,000</b>	
<b>Total Adopted FY27 Passenger Fee Expenditures</b>				
	<b>\$24,494,599</b>	<b>\$ 53,100</b>	<b>\$24,547,699</b>	

### **Using Passenger Fees:**

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 and third-party visitor services are funded based on the settlement agreement and on discussions with CLIA as described therein.

### **CLIA Communications and Timeline:**

The passenger fee correspondence with CLIA is included in the packet. Through follow up to the correspondence included herein, CLIA is now aware that other ports in the region use passenger fee funds to pay visitor center staff. This year's discussion highlights the need for regional reform to the way we approach passenger fees between communities and the cruise industry. Juneau is the only port in Alaska with an established process. Ketchikan has been working on a negotiated agreement similar to Juneau's. CBJ staff's position on this is that we need to return to the spirit of the settlement agreement, which is that the complexities of cruise tourism operations create a need for programs, services, and infrastructure to accommodate passengers, and abiding by the letter of the law does not adequately account for those needs both in terms of passenger services and offsetting community impacts. We believe there should be a coordinated regional approach to passenger fee use that adheres to these principles and to our shared goals of facilitating successful destinations with exceptional passenger services and visitor infrastructure.

### **Private Docks:**

Recent discussions around private dock funding have been confusing for both Assemblymembers and staff, which warrants providing a summary of the most recent discussion. In 2025, the Assembly voted to fund restroom maintenance and security services for private docks. During that discussion, the Assembly requested that staff not recommend funding for private docks in FY27. When the Assembly voted to raise dockage fees, the discussion was that we would apply the same conditions to all dock facilities – so either Docks & Harbors would be required to pay for its own security services through dockage fees, or CBJ would fund restrooms and security for all docks. The restroom maintenance line item in the CBJ budget is attributable to Parks & Rec at the City Hall restrooms, not to Docks & Harbors to reflect this Assembly direction.

### **Capital Investments:**

Wastewater System Upgrades: This project covers upgrades to surge tank infrastructure for cruise ship waste discharge.

Covered Shelter with Restrooms: CBJ has received at least one request for additional downtown restrooms annually for the past several years, and more restroom space is a frequently discussed need among tour vendors and other dock workers. Additionally, there have been multiple requests for improved covered spaces for passenger staging. Currently, passengers queue under tents and in the stairwell for the Marine Parking Garage. This proposal is already partially designed and fulfills both those needs.

Taku Dock Seawalk Replacement: Portions of the existing Seawalk are at end of life and need to be replaced. Docks & Harbors have identified the area around the Fisherman’s Memorial and Taku Smokeries as the most pressing need.

Seawalk: With the Franklin to A.J. Dock project moving forward, CBJ staff recommends funding the Seawalk project to the greatest degree possible in FY27. This reduces the amount of debt service necessary to complete the project.

**Additional Comments:**

In late 2025 CBJ commissioned McKinley Research to complete a community partner organization facilitation and evaluation. McKinley staff conducted interviews and held a facilitated meeting with JEDC, Travel Juneau, and the DBA to identify roles and responsibilities, potential areas of overlap, and recommendations for aligning funding MOAs between the organizations. The final report is attached (Attachment G). Staff recommends proceeding with McKinley’s suggestions regarding MOA alignment. Crossing guards and downtown ambassadors are discussed in the report, among other tourism topics.

Downtown Ambassadors: DBA submitted the attached letter (Attachment H), which led us to believe they would not be submitting a request this year. DBA let us know that they submitted their application on the website, but it somehow did not go through. They sent the application on March 23, and it is attached (Attachment H) separately but not reflected in the summary. Staff are not recommending funding the Ambassador program this year with expanded visitor center operations.

Crossing Guards: Travel Juneau manages the contract for crossing guards. Last year, they put the crossing guard contract out to bid and JEDC was the successful proponent. JEDC applied with a project budget that was accepted by Travel Juneau. This year, they applied for additional funds for the program. CBJ staff is not recommending funding the crossing guards beyond JEDC’s initial proposed budget.

Juneau Mountain Rescue (JMR): Over the past few years, multiple cruise passengers have gone missing and required Juneau Mountain Rescue’s services. The \$20,000 line item represents an attempt to offset costs borne by rescuing cruise passengers.

**Attachments:**

**Attachment A – Combined Passenger Fee Requests Table**

**Attachment B – FY27 Passenger Fee Requests**

**Attachment C – Passenger Fee Projection**

**Attachment D – Memorandum of Agreement (Amendment 1) – settlement agreement between CBJ and cruise lines**

**Attachment E – Maritime Industry Zones map**

**Attachment F – CLIA Correspondence**

**Attachment G – McKinley Community Partner Organization Report**

**Attachment H – DBA Passenger Fee Request and DBA Assembly Letter**