MEMORANDUM

CITY/BOROUGH OF JUNEAU
City & Borough Manager's Office
155 S. Seward St., Juneau, Alaska 99801
Rod_Swope@ci.juneau.ak.us

Voice (907) 586-5240
Fax (907) 586-5385

DATE: May 6, 2003

TO: Passenger Fee Proceeds Committee

FROM: Rod Swope
City & Borough Manager

SUBJECT: FY04 Passenger Fee Proceeds

First, let me apologize for the fact that this list is so late coming to you. I realize that in the past you have received this list in October. Unfortunately, due to the interim situation in the Manager's Office for the past year, quite a few things just did not get done. Unfortunately, the Manager's recommendations for use of Marine Passenger Fee (MPF) proceeds for FY04 is one of those things.

Proposed uses of Passenger Fee money to support the reduction of debt service and other specific operational items have already been identified and incorporated into the Revised FY04 budget that was presented to the Assembly on April 7, 2003. Since they are already part of the budget, and the budget is balanced, I'm not proposing to make any changes to that portion of the budget even though I do question some of the projects that have been identified for funding with passenger fee money.

I believe it's **very important** that the projects identified for funding on this list clearly and unquestionably meet those criteria identified in the original ordinance, Serial No. 2000-01am, as described under 69.20.120 USE OF PROCEEDS (attached for your reference).

Based on our latest projections, the amount of revenue available in FY04 is anticipated to be $3,858,370. Of that amount, $322,200 is being used to pay a portion of the bond debt service for the Steamship Wharf/Marine Park project and an additional $150,000 is being set aside as contingency for that same project. The remainder has been divided up between operations and capital projects. A spreadsheet showing the specific details of past and projected expenditures of the marine passenger revenue is also included for your information.

My goal would be to have you review this memo and attachments and return your comments/recommendations to my attention via email or fax, listed in the letterhead above, by noon this coming Friday, May 9, 2003. I realize this is short notice, but I do value your knowledge.

Operations

General Support
Project Description
On May 10, 2000, the Assembly Finance Committee approved a formula that reflects cruise passenger use of general government services and is used to determine an amount of undesignated MPF proceeds to be used in support of general government operations: **$942,000**

LEPC
Project Description
General staff support of emergency management activities such as port security planning and emergency response to both minor and catastrophic incidents involving cruiseships or their passengers. Our visitors expect and deserve a well-coordinated response to an incident involving cruiseship passengers. Such a response will also go a long way toward mitigating potential adverse consequences of an incident: **$10,000**

Tourism Impact Management
Project Description
This funding is an offset for time spent by staff in the Manager's Office on various tourism mitigation projects such as flightseeing noise, waterfront planning, the steamship wharf improvement project, parking and traffic congestion issues. This funding replaces the Tourism Division. A Special Projects Officer and a half-time office assistant will remain as part of the Manager's Office, partially funded by passenger fees: **$68,000**

Tourism Public Information
Project Description
Funds printing of reports, public notices, and a small amount of contractual support to the Assembly Planning and Policy Committee (PPC): **$5,000**

Tourism Plan Implementation
Project Description
This funds various implementation such as surveys and other contractual services**: $25,000**

Best Management Practices Support
Project Description
Funds printing, public notices, advertisements, and a contractual amount for staff for the Best Management Practices (BMP) support. BMP is a voluntary industry managed program designed to address impacts of tourism on local residents. This was formerly known as the Voluntary Compliance Program. This change is a recommendation of the Tourism Management Plan: **$9,000**

Park Ranger
Project Description
This funds a portion of a position dedicated to commercial trails. This position acts as a liaison with commercial vendors, acts as a point of contact to Trailmix, SAGA, and other volunteer groups involved in commercial trails projects, monitors illegal camping, dumping, motorized use, trail conditions, ongoing trail work, trail signs, trash receptacles and "doggie bag" dispensers on commercially used trails: **$25,000**

Events Planner
Project Description
This funds a portion of a position in Parks and Recreation to work in conjunction with the Downtown Business Association (DBA) to develop special activities throughout the year, for locals and visitors, for the Marine Park plaza. The DBA was very active and instrumental in promoting the Steamship Dock and Marine Park plaza improvement project. As part of those ongoing efforts and instructions, the Assembly requested that the DBA take a very active role in creating and promoting special events throughout the year. This effort will mitigate impacts to the local public by encouraging and benefiting locals that can share in the use of the area, as well as benefit visitors, by encouraging summer and year-round use of the area: **$20,000**

Crossing Guards
Project Description
This funds part-time seasonal crossing guards. The purpose of these positions is to facilitate safe traffic flow, increase pedestrian safety by limiting and controlling the locations in which pedestrians can cross the streets and allowing vehicular traffic to proceed. This project is administered by JPD and will provide for five crossing guards and one supervisor, eight hours a day, seven days a week. It also includes two days of training for each crossing guard and some supervisor administrative time prior to the season: **$83,000**

Downtown Foot/Bike Patrol
Project Description
This provides 244 hours of foot and bike patrol presence by JPD in the downtown area during the summer. Their presence is extremely important to mitigate problems that frequently occur between some of the regular downtown locals and the summertime visitors. Most problems that occur are alcohol and drug related. These are regular police officers that volunteer for this duty in order to make some additional money during their off-duty hours: **$14,000**

Downtown Restroom Maintenance
Project Description
A portion of the cost of contractual services (includes all labor and materials) provided to clean the public restrooms in City Hall, seven days a week, six times per day, for five months during the summer. This is necessary and justified due to increased high use by visitors during the summer: **$33,000**

City Museum
Project Description
Increases staffing at the City Museum to allow for longer hours and to be open seven days a week during the summer months, thus extending the hours for the benefit of visitors and local residents: **$62,000**

Transit Bus Service
Project Description
In FY01, summer-only 30- minute bus service was added to accommodate an increase in visitors using our bus service. In FY02, this service was expanded to year-round 30-minute bus service. In FY03, it was necessary to hire additional employees to allow for adequate supervision, training, and to enable employees to take leave and still maintain regular service. Visitors heavily utilize our local bus service during the summer, thus making it necessary to increase bus service in order to continue accommodating locals in addition to the summer visitors. The revenue from visitors does help offset the costs of additional bus service, however, our transit system is heavily subsidized and the costs of adding additional buses to accommodate summer visitors is not offset by the additional revenue we receive. Therefore, this revenue helps mitigate an impact from summer visitors to local bus riders so they are not precluded from riding the bus (due to no available space) during the summer: **$205,000**

JCVB
Project Description
The Juneau Convention and Visitors Bureau (JCVB) provides visitors with information, assistance, and has a large group of volunteers that welcome our summer visitors and provide whatever assistance they may require: **$97,000**

Capital Projects

Waterfront Land Acquisition
Project Description
This project establishes a fund that can be used to purchase available space along the waterfront in downtown Juneau for public use. As the waterfront development plan is developed and finalized, numerous opportunities and uses for this money will be identified. This fund currently contains $750,000 as a result of contributions of $250,000 for the past three years. This project clearly complies with the originating ordinance, which allows for *acquisition of land for capital improvement to relieve impacts of marine passenger ships and marine passengers*: **$200,000**

Waterfront Planning
Project Description
This funding is to contract with a consultant to prepare a waterfront plan. With so many development projects and activities being planned for along the waterfront, and with relatively little available space left, the Assembly agreed to develop a plan for the waterfront generally defined as the area along the waterfront from the Little Rock Dump to the Juneau-

Douglas bridge. The plan will evaluate the various development projects currently under consideration, develop a balanced plan that accommodates a mix of commercial and public uses, offer recommendations regarding the highest and best use of the remaining open spaces, examine traffic flows and potential impacts to downtown businesses, etc. This planning effort is currently underway. This project clearly complies with the originating ordinance which allows for *surveys, analyses, plans, monitoring and similar efforts to measure, describe, predict, or manage the impacts of marine passenger ships and marine passengers:* **$25,000**

Alternative Heliports/Quiet Technology and Noise Abatement

Project Description

The issues of noise resulting from floatplane traffic associated with tourism and increased helicopter flightseeing tours have been extremely difficult, divisive, and controversial. This project sets aside money to address these issues. For example, later this month we will be conducting tests to determine the noise levels of several types of fixed-winged planes, typically used during the summer tourism season. The planes that will be tested are equipped with turbine engines that are reported to be much quieter than the planes currently being used. An effort is also underway to develop an Environmental Impact Statement (EIS) that will assess various sites for relocating existing helicopter operations locations that will serve to minimize noise impacts to high residential. This is an example of another project for which this money could be used, although it has not been earmarked specifically for this EIS process. CBJ will be heavily involved in the process and will probably coordinate the public information/meetings portion of the EIS process. This project clearly complies with the originating ordinance which allows for *surveys, analyses, plans, monitoring and similar efforts to measure, describe, predict, or manage the impacts of marine passenger ships and marine passengers:* **$400,000**

Auke Bay Commercial Loading Facility

Project Description

This project is currently nearing completion. The project will provide for a commercial loading facility to serve commercial fishing charter boats, commercial whale watching boats, commercial fishers, and regional freight haulers. Commercial use of the existing facilities was precluding local users from gaining access to the public dock loading areas. Therefore, a separate location for commercial use would relieve that pressure and mitigate the impact on local non-commercial users. When completed, the new loading facility will consist of a drive down float and a fixed moorage float with parking and material staging areas. In order to complete this project, funds were borrowed from another CIP project with the understanding that they would be replaced with passenger fee proceeds at this time. This project clearly complies with the originating ordinance which allows for the *design, construction, operation, or maintenance of capital improvements to relieve impacts of marine passenger ships and marine passengers:* **$50,000**

Downtown Restrooms

Project Description

Additional restrooms in the downtown area are badly needed to accommodate summer visitors as well as the general public. As part of the overall effort to improve the downtown Steamship Wharf/Marine Plaza area, restrooms have been designed for a location adjacent to the existing parking garage. Funding was appropriated for the project; however, several design changes have increased the estimated costs. The design changes are intended to make the restrooms as "vandalism proof" as possible and to help decrease the maintenance costs. Such features include a heated concrete slab so the bathroom can be hosed out and the floor will dry quickly, "bat proof" light fixtures and switches, auto-flush toilets so the handles won't get broken off, air hand dryers instead of paper towels, etc. This project clearly complies with the originating ordinance that allows for the *design, construction, operation, or maintenance of capital improvements to relieve impacts of marine passenger ships and marine passengers:* **$100,000**

JDTP Incinerator Heat Exchanger Replacement

Project Description

The sludge incinerator located at the Juneau Douglas Treatment Plant (JDTP) is in need of major maintenance. Deterioration of the exhaust gas tubes in the incinerator's heat exchanger is seriously impacting the incinerator's ability to burn sludge. The incinerator has been operating at reduced capacity since November 2002, requiring multiple and longer staff work shifts to keep up with sludge production from the plant. Deterioration and wear on the facility is a direct function of the amount of sludge input that is required to be processed through the facility. We conducted an analysis based on the direct measurement of sludge quantity increases over the summer visitor season. The cost to incinerate wastewater sludge at the JDTP is approximately $0.32 per pound. Based on an average "off season" incinerated poundage rate of 112,000 pounds per month, from May through September there is a total increase of 210,284 pounds of sludge that needs to be processed. At $0.32 per pound that is a direct cost to the Wastewater Utility of $67,300. If the additional costs for collection of the sanitary waste, treatment and disposal of disinfected effluent, or pressing of the settled sludge material are added, the overall estimated costs to the JDTP treatment plant are in the range of $934,700 per year. While these are just estimates, there clearly is a measured cost to the CBJ from summer visitors using shoreside restrooms. This analysis only considers sewer service provided to those passengers who leave the ship and are using shoreside restroom facilities. It does not include any wastewater that may be stored aboard ship and discharged when in port. The total project cost for evaluation, bidding, manufacture, installation, and inspection is $415,000. The project would be funded with $220,000 of sales tax and $195,000 of marine passenger fees. The amount of passenger fees being used is considerably less than what is the estimated amount of impact. This project clearly complies with the originating ordinance, which allows for the *design, construction, operation or maintenance of capital improvements to relieve impacts of marine passenger ships and marine passengers:* **$195,000**

Last Chance Basin Well Improvements

Project Description

The Water Utility system is not able to continue to provide water to the cruiseships during the summer and safely provide sufficient water storage for fire protection for downtown Juneau without major improvements to the Last Chance Basin Well Field. The Mill Tunnel Reservoir provides water storage for both purposes but was not able to provide sufficient water flow to maintain safe reservoir levels during filling of cruiseships in 2002. Well improvements to Wells No 2 and 3 were necessary to be able to continue providing water service to the cruiseships during the summer season and still provide the necessary fire protection to downtown Juneau. While the cost could be recovered by increasing service rates, this would increase the cost for all water users throughout who pay a bulk rate instead of a metered rate. In addition, a specific rate for a single water customer user, in this case the cruiseships, may also be discriminatory in design. Therefore, using marine passenger fees is a means of recovering capital costs incurred by the Water Utility due to the cruiseship industry. An ADEC Alaska Drinking Water Fund loan was used by the Water Utility in FY03 for $1,510,000 to partially fund the Last Chance Basin 2002 improvements project. The total cost of improvements directly related to the recharge of Mill Tunnel and water supply for the cruiseships is $615,000. This would be used to pay a portion of the debt service on that existing loan. This project clearly complies with the originating ordinance, which allows for the *design, construction, operation, or maintenance of capital improvements to relieve impacts of marine passenger ships and marine passengers*. The ordinance further allows for *projects and programs that promote safety, environmental improvements, or enforcement of laws caused or required by marine passenger ships and marine passengers:* **$500,000**

Wayfinding Plan

Project Description

This project would appropriate money to be used by a consultant to develop signage throughout the waterfront area that would be both informative and help direct visitors to various destinations. Not only would it be an enhancement to our existing facilities, but it would also serve to improve pedestrian traffic flow. This money would not be used to actually produce the signs, but rather to determine the locations and a design (i.e., historical motif vs. native cultural design or perhaps both, colors, sizes). This project would dovetail with the Waterfront Planning Project and clearly complies with the originating ordinance, which allows for *beautification and enhancement of the above facilities:* **$18,000**

ADA Passenger Boarding System

Project Description

On May 12, 2003, the Assembly will take action on an ordinance that will appropriate $10,000 for the feasibility evaluation of an ADA accessible gangway at the Steamship Wharf cruiseship dock. If determined to be feasible, the design of this gangway would 1) decrease the angle of incline for physically challenged passengers; 2) provide a smaller footprint on the dock which would improve pedestrian flow; and 3) would be more compatible with the new elevated security requirements. The estimated cost for this system is approximately $400,000, which does not include electrical upgrades to the dock that would be needed to

make the system work. This would project would fund $300,000 of this project. This project clearly complies with the originating ordinance which allows for *projects and programs that promote safety, environmental improvements or enforcement of laws caused or required by marine passenger ships and marine passengers:* **$300,000**