



DOCKS & HARBORS FINANCE SUB-COMMITTEE MEETING MINUTES

November 9, 2021
Via Zoom Meeting

- I. Call to Order** – Mr. Wostmann called the meeting to order at 5:00 pm on November 9th, 2021.
- II. Roll Call** – The following members were in the Port Director's Conference Room or on the zoom meeting – Matthew Leither, Mark Ridgway, Don Etheridge and Bob Wostmann.

Absent: Lacey Derr, James Becker, David Larkin

Also Present: Carl Uchytel – Port Director, Matthew Creswell – Harbormaster, Teena Larson – Administrative Officer

III. Approval of Agenda

MOTION By MR. ETHERIDGE: TO APPROVE THE AGENDA AS PRESENTED AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

IV. Public Participation on Non-Agenda Items – None

V. Approval of Wednesday, October 27th, 2021 Finance Sub-Committee Meeting Minutes.

Hearing no objection, the October 27th, 2021 Meeting Minutes were approved as presented.

VI. Items for Information/Discussion

1. CBJAC 15.060 Lightering Fee Proposal

Mr. Creswell directed the Sub-Committee to page 10 and 11 of the agenda packet. The current lightering fee of \$600 is not sufficient to cover the security costs that are incurred, especially with the new identification processes required by the US Coast Guard. As of now the current schedule for 2022 lists 54 lightering days. With the

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help of Mr. Hinton, Port Operations Supervisor we looked at one day on July 19th, 2022 to gage the costs associated with a single ship lightering. The Carnival Miracle will be anchored from 0730-2030, around a 14 hour time period. With two staff for the morning shift and three staff for the evening shift, that is a total of 35 hours of staffing costs. If we use \$20 an hour as the cost for staff, that equals \$700 staffing costs, assuming all security staff are a step one, part-time limited employees, which is the lowest pay-rate we have. The step one part-time limited employees are un-benefited so this is a true cost of staffing. At least one of those staff will be a benefited staff member. We also need to factor in the supervision and administrative costs, pushing it closer to \$860 - \$1,100 per visit.

Mr. Creswell said looking at our current rate structure for that port call, we would charge a Lightering Fee of \$600, Port Maintenance Fee (charged by net tonnage), CBJ Marine Passenger Fee of \$5 per passenger and CBJ Port Development Fee of \$3 per passenger. If this vessel were moored at one of our berths, the security needs would be similar, but we would generate an additional \$2,300 of revenue as the vessel would be paying nearly \$3,000 in Dockage Fees.

Mr. Creswell said he pulled some comparisons from around Southeast Alaska.

- The City of Ketchikan charges a fee of \$435, plus \$4 per passenger. This passenger fee is in addition to their normal Marine Passenger Fees.
- The City and Borough of Sitka charges \$1,328, plus a \$525 security fee for each lightering evolution.

Mr. Creswell stated in our situation, we need to keep 180 feet of float open for lightering for the majority of the season, losing \$200+ per day in dockage revenue, or \$24,000 per season from yacht traffic.

Mr. Creswell shared a few options:

1. Keep the lightering fee as is and institute a security fee similar to what Sitka does. I would recommend around \$1,000 per visit. This could even be on a graduated scale depending on passenger capacity of each vessel. Larger vessels will require more security personnel than the smaller ones. This could potentially be applied to the ships docking as well.
2. We could raise the lightering fee to \$1,500 to cover the cost of security.

Mr. Creswell said when the current \$600 fee was instituted our security requirements were vastly different and only required one staff member to be present to simply observe operations.

Committee Discussion/Questions

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Mr. Etheridge said the original lightering fee was for use of a lightering float, which was not taking up moorage space. Now they are taking up our moorage space and the cost of that needs to be recognized.

Mr. Leither complimented the report and thanked Mr. Creswell for all the work he put into it. He also asked if the “sample” day on July 19, 2022 would be a standard day, or should we look into other days and samples.

Mr. Creswell said as he looked at the schedule for 2022, that sample day was very standard for June through August. We are expecting around 54 of these evolutions next year, ranging from the 800 passenger ships, up to the 4,000 passenger ships.

Mr. Wostmann read an email from Board member David Larkin, who could not attend the meeting. In the email Mr. Larkin asks where we can review the security requirements designated by the US Coast Guard. Mr. Larkin was curious why they require two forms of identification.

Mr. Creswell said he would be happy to sit down with Mr. Larkin to answer any questions. Mr. Larkin would need to sign a non-disclosure agreement before we could share our security procedures and go over the US Coast Guard regulations.

Mr. Wostmann asked if needing two pieces of identification was an explicit requirement from the US Coast Guard.

Mr. Creswell answered that is absolutely correct, and there is no way around it. This is what we have to do at all three of our security check-points.

Mr. Wostmann continued to read the email from Mr. Larkin. Mr. Larkin asked if we had explored the possibility of TSA providing the man-power, as this is directly within their mission.

Mr. Creswell said he had not looked into that possibility. It is not the standard throughout the industry. He was not aware of anywhere using TSA on any cruise port. He also stated the dual identification is for national security, and is the standard everywhere.

Mr. Wostmann asked for clarification on the report. On a 2,100 passenger vessel, the City of Ketchikan will charge an additional \$4 per passenger, which potentially brings in \$8,000 revenue.

Mr. Creswell confirmed that is correct. He received this information from the Senior Harbormaster from the City of Ketchikan.

Mr. Wostmann asked if they charge for every passenger on the ship, or just the passengers that come to shore.

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Mr. Creswell answered he was not sure and would need to reach out to find that answer.

Mr. Uchytel said it doesn't matter if they come ashore or not, they are still charged the port fees by total passenger count. He also spoke about the US Coast Guard and The Maritime Transportation Security Act (MTSA). This act follows what TSA and the airports do, but is a different act altogether. He is not aware of TSA agents ever enforcing anything to do with MTSA.

Mr. Creswell said he was on the AAPA Security Committee meeting today. This very topic came up about port security and TSA was not mentioned at all.

Mr. Wostmann asked why we would not want to use the Ketchikan model, and charge a per passenger fee. It would generate more revenue and is being used at other destinations.

Mr. Uchytel said there is so much more background on the Ketchikan rate. Mr. Kirby Day could probably speak to that.

Mr. Ridgway said Ketchikan is doing a fee per passenger, which is an easy way to charge for this service. Otherwise we would need to come up with something fair for the smaller ships. He also thinks the Ketchikan model is easier to bill.

Public Comments

Mr. Kirby Day, Juneau, AK

Mr. Day said the \$4 per passenger fee in Ketchikan wasn't in place to compensate for security. It was to pay a part of the Port Uplands Expansion bond debt. Mr. Day said he doesn't disagree with needing an increase. He said Mr. Creswell was correct with all the extra expense, especially the US Coast Guard regulation changes.

Mr. Day does not agree with the idea Docks & Harbors is losing dock space while lightering. The float was made for lightering purposes intentionally. Also, with Princess ships they have the Medallion facial recognition, and wouldn't require the same manpower as others. The cruise industry likes to know the costs ahead of time, so assigning a flat fee, at least for this summer, seems like the best idea.

Ms. Carla Hart, Juneau, AK

Ms. Hart said she wanted to address the fee from a different perspective. She believes Docks & Harbors should be striving to maximize the benefit to the community. Ms. Hart hopes to charge appropriately, to offer a benefited wage who are working there. As we all know, there is a shortage of workers which is challenging. A \$20 an hour wage for a public employee seems incredibly low. Please charge so you can create more and better jobs for Juneau residents, rather than giving the cruise lines the

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cheapest possible price. Juneau has a limited capacity, and the market value for our docks, and lightering dock is incredibly high.

Mr. Ridgway asked Ms. Hart if he heard her correctly, that the lightering fee should be such that would increase the wage rate for the workers.

Ms. Hart said absolutely! She wants an increase for both the wage and the employee benefits. She believes for us to be hiring the cheapest possible, unbenefited employees is not doing the community any service. Livable wages or an opportunity towards that, should be a high priority.

Mr. Ridgway asked Docks & Harbor staff if there was anything missing with regard to necessary improvements, or increases to staff wages and benefit packages. Anything going on in the future the Board should be taking into consideration as we establish a rate.

Mr. Creswell said for this discussion he was looking at real costs for what is involved with the lightering process. The reason he went heavy with the part-time limited staff for this estimate is they will not be needed on a full-time, 37.5 hour work week. This gives us the capacity to hire individuals that want to work a limited, part-time position. Mr. Creswell said he will not necessarily have the work for them on the days where there is not a lightering ship.

Mr. Leither said he sympathizes, empathizes and agrees with Ms. Hart's comments. He also stated he was under the impression CBJ sets the wages and benefits for each employee after reading their duties.

Mr. Uchytel said that is correct. All our FTE's are approved through the Human Resources Dept. Employees can get additional wages through a step-increase based on longevity. The unbenefited employees are usually high school, or university kids working through their summer breaks. Docks & Harbors has full-time year round staff, full-time seasonal staff and part-time limited staff.

Mr. Leither asked if Mr. Day could expand on the Medallion facial recognition program. He asked if there is a way to make it so we could have less than two people checking identification.

Mr. Creswell said Princess Cruise has a great system. Once they are initially let on board they get a "medallion" that they are able to touch to a pad and electronically verifies the person with their name and picture on screen.

Mr. Leither asked if it was safe to say we wouldn't be able to reduce our labor costs even if that was in place.

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Mr. Creswell said if a Medallion like process was offered across the board it might cut down the employees needed. Security staff is also there to monitor the secure zones and escort people without proper identification.

Mr. Wostmann asked if the lightering dock would be able to accommodate the Medallion process, or if we would need to continue to check two forms of identification.

Mr. Creswell said it is Princess Cruise equipment and they will bring it to shore with them. It is a stand-alone system, and does not need a network to be used.

Mr. Ridgway said staff has done a good job getting us information and Southeast Alaska pricing. He wanted to move forward, taking the industry comment regarding a flat rate into consideration. He thinks a flat rate will be the easiest and asked if the Board could suggest a fee and make a motion this evening. Mr. Ridgway suggested a fee in the \$1,600 - \$1,700 range.

Mr. Wostmann said he agrees with Mr. Ridgway and asked Mr. Uchytel if there is any way for a part-time employee to receive benefits.

Mr. Uchytel said Docks & Harbors has moved some positions around. There are very strict rules with regards to a benefited employee and how many hours they must work per week, and how many hours they can work per season. He also wanted the Board to know the \$3 per passenger Port Development Fee is not used for labor. That is a local head tax and the money goes to the bond for capital investment along the waterfront.

Mr. Wostmann asked the Board to recommend a fee change to \$1,600, with a CPI going forward.

Mr. Ridgway suggested a rate of \$1,700, because of the world of security, Covid and Mr. Uchytel's comments. He feels \$1,600 is the bare minimum and \$1,700 gives us a fair rate with a little room to grow.

MOTION By MR. RIDGWAY: MOVE THAT CBJ ADMINISTRATIVE CODE 16.06, THE VESSEL LIGHTERING FEE (LAST REVISED IN 2005) BE ADJUSTED FOR THE 2022 SEASON TO \$1,700, AND FURTHER THAT THE CPI BE AMENDED TO THAT EACH YEAR THEREAFTER AND ASK UNANIMOUS CONSENT.

Motion passed with no objection

2. Docks & Harbors Fee Review (Prioritization & CPI)

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Mr. Wostmann asked if we could go around the table and see which fee everyone thinks should be considered. He confirmed with Mr. Uchytel the rates listed on page 12 and 13 are from the last revised date, going back no further than 10 years.

Mr. Uchytel stated that was correct.

Mr. Wostmann read the list of fees to see which ones should have the CPI applied.

- 05 CBJAC 10.040 – Tour Sales Permits.

Mr. Wostmann said he thinks this starting bid amount is market driven and a CPI should not be assessed.

- 05 CBJAC 15.030 – Dockage Charges

Mr. Uchytel stated this dockage fee is the one we considered earlier this spring, it is for the cruise ships vessels dockage charge by linear foot, and indirectly it also references our reservation moorage for the yachts at the ICT, PFO, IVF and at Statter Harbor.

Mr. Wostmann said he thinks this rate should be subject to an annual CPI increase.

Mr. Etheridge asked for a report from Mr. Uchytel if he has heard anything from Mr. Watt on what was turned over to the assembly.

Mr. Uchytel said he did speak with Mr. Watt. Mr. Watt did not want to bring this up at the Committee-of-the-Whole meeting on November 1st, 2021. Mr. Watt knows the future of the dockage fee increases will be up to him to bring forward.

Mr. Ridgway asked Mr. Uchytel if the CPI rates on this sheet were less than what was already forwarded out of the Board.

Mr. Uchytel said yes, the proposed fees forwarded were doubling the current rate so this would be less.

- 05 CBJAC 15.050 – Potable Water Fee

This rate is not set by us, but by CBJ. Mr. Wostmann does not think there needs to be a CPI added to this fee.

- 05 CBJAC 15.060 – Vessel Lightering Fee

Mr. Wostmann stated this had already been discussed and he does feel a CPI adjustment should be added going forward.

- 05 CBJAC 15.080 – Loading Zone Fees

Mr. Wostmann asked Mr. Uchytel to explain why the CPI will be adjusted in 2025.

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Ms. Larson stated it had been raised three years in a row and the permit holders asked for the next CPI adjustment to be in 2025.

Mr. Wostmann asked if after 2025 the rate would continue to be raised on an annual basis.

Ms. Larson said she thinks it would be raised on an annual basis again after 2025.

- CBJAC 15.100 – Marine Passenger Fees

Mr. Etheridge said he thinks this fee should be left up to the City Assembly and City Manager to adjust.

Mr. Leither said he knows the City Assembly feels they have jurisdiction over this, but are we able to raise the rate since it is in Docks & Harbors regulations.

Mr. Uchtyl said even though we are an empowered Board, everything we suggest will need approval at the Assembly level. He also said he believes we need to be wise about what fees we propose to change, and this one could be controversial.

Mr. Leither does not want to shy away from recommending changes due to controversy. If the Board feels it needs to change we should bring it to the Assembly and let them do what they will.

Mr. Etheridge said this rate was not set by the City Assembly, but by voter initiative.

Mr. Ridgway appreciates Mr. Leither's comment. He stated it might be a good idea to communicate to the Assembly what the rate would be if we included a CPI. He also inquired about how the CPI increase was calculated.

The Following fees should have a CPI applied.

- 05 CBJAC 15.110 – Boom Truck Usage Fee
- 05 CBJAC 20.020 – Annual Moorage Fee for Skiff
- 05 CBJAC 20.030 – Daily Moorage Fees

Mr. Uchtyl said the CPI increase for moorage only changes once it gets up to \$0.05 increase. He thinks we might need to adjust that language so we can utilize the CPI.

- 05 CBJAC 20.044 – Active Fishing Vessel Discount

Mr. Wostmann said he did not think a CPI should be assessed to discounts.

The following fees should be assessed a CPI

- 05 CBJAC 20.045 – Fee for Tenders
- 05 CBJAC 20.050 – Residence Surcharge

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- 05 CBJAC 20.060 – Recreational Boat Launch Fees
- 05 CBJAC 20.080 – Passenger-For-Hire Fee
- 05 CBJAC 20.090 – Statter Lower Parking Lot Permit Fee
- 05 CBJAC 20.100 – Grid Usage Fees
- 05 CBJAC 20.110 – Crane Use Fees
- 05 CBJAC 20.130 – Storage Fees
- 05 CBJAC 20.140 – Staff Labor Fees
- 05 CBJAC 20.150 – Reserved Moorage Waitlist Fee
- 05 CBAC 30.010 – Shorepower Access Fees

Mr. Wostmann said he did not think we can change this fee, as it is set by AEL&P.

Mr. Etheridge said he disagrees, it is a shorepower access fee and is a reimbursement. This does not cover a monthly rate, this is for the rates we pay. He thinks we are losing money on this and a CPI increase is needed.

Mr. Wostmann said if we have the authority to increase by CPI, we should.

- 05 CBJAC 40.010 – General Moorage Management Policy
- 05 CBJAC 40.065 – Vessel Anchoring Requirements

Board Discussion/Action:

Mr. Wostmann said we have some time to create the appropriate motion. The Operations Planning Committee meets tomorrow and this isn't quite ready to send to them yet. These rates will not go into effect until July 1st, 2022.

Mr. Uchytel agreed and also noted that there was 3 members absent tonight from this committee and it would be a good idea to get their input before sending it to the Operations Planning Committee.

Mr. Ridgway said he would like to let the Operations Planning Committee know what we selected tonight for a CPI increase. Then, next meeting we can be prepared to make a motion.

3. Calendar Scheduling CY2022 Finance Sub-Committee

Mr. Wostmann said March, June and November have conflicting dates with the Operations Planning Committee on the fourth Wednesday of the month. He would like to move the meeting to Tuesday when this occurs.

He would like to add a Finance Sub-Committee meeting on March 22nd, June 21st, November 8th & 22nd to the 2022 Board Meeting Calendar.

Board Comments – None

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VII. Sub-Committee Action Items

1. We need a better understanding of how the CPI rates were calculated.

VIII. Good of the Order - None

IX. Next Meeting – November 23rd, 2021

X. Adjournment – The meeting adjourned at 6:24pm.