DOCKS & HARBORS
FINANCE SUB-COMMITTEE
MEETING MINUTES

September 8th, 2021

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I. **Call to Order** – Mr. Wostmann called the September 8th, 2021 Finance Sub-Committee to order via zoom at 5:00 pm.

II. **Roll Call** - The following members were present via Zoom or at the Port Director's Office Conference room: Matt Leither, James Becker, Don Etheridge, David Larkin, Lacey Derr and Bob Wostmann.

Absent – Mark Ridgway

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 August 25th, 2021 Finance Sub-Committee Meetings Minutes.**
Hearing no objection, the minutes of August 12th were approved as presented.

VI. **Unfinished Business**

1. Charter Vessel Rates at Statter Harbor (05 CBJAC 20.080 Passenger-for-hire fee)

Mr. Uchytil summarized that from the August 25th Finance Sub-Committee there was a recommendation to increase the passengers-for-hire fee 10% and that this meeting was another opportunity primarily for charter operator to comment on this proposal. In October 2020, the Board made a conscious decision not to raise rates on the charter vessel operators in calendar year 2021 in order to provide greater certainty to those in the tourism businesses. Now that the Statter floats have been constructed and in use, it is appropriate for the Board to begin to deliberate making adjustments. The charter vessel operators' preference is to have as much times as possible to adjust their rates so this is an ideal time to discuss. The suggestion from the previous Committee meeting was to increase the per vessel charge and the per passenger charge both 10%. Mr. Uchytil reference page 14 in the packet and called out in 2019, Docks & Harbors collected $150K in revenues which was broken down from approximately 86K passenger paying $1.50 and ten companies registering 41 vessels @ $518/vessel. If the proposed change goes through the Harbors Enterprise would collect an additional $15K if the numbers are similar to 2019.

<u>Committee Questions</u>

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Mr. Leither asked if there has been discussion whether to increase either the per vessel charge or the passenger charge instead of the 10% for both?

Mr. Uchytil indicated that the Board can elect to increase either fee which you deem fair and reasonable.

Mr. Etheridge suggested that there would be other chances to adjust this fee with the upcoming meetings.

Chair Wostmann said that the initial for hire rate increase is primarily to allow the charter operators to plan for the next year's season, it is probable that the rate will increase considerably more at the conclusion of the proposed rate study.

Mr. Larkin asked if Mr. Uchytil knew why the passenger-for-hire revenue dropped from CY16 to CY17.

Mr. Uchytil did not have an answer.

Mr. Leither expressed concern that a lot of expectations are being loaded into the proposed Rate Study and it may not provide all the answers which we may want.

Mr. Uchytil agreed with Mr. Leither that there will be policy decisions that the consultant will not provide. For instance, much like the question to increase the vessel fee or the passenger fee, the Board has wrestled with that question for the coach and bus loading zone fees. If you are a small bus operator, such as a Harv & Marvs, you want a low company fee. If you are large bus operator, such as Holland-American-Princess, you want a low seat fee. The rate study consultant will not provide an answer to who should the disproportionate fee.

Public Comment

Mr. Kirby Day (Mountainside) Thanked the Board and Staff for consideration towards those tourism related companies which have been hit hard by the pandemic. Mr. Day concurred with the direction the Committee was leaning and that knowing an increase of

10% early should not be overly burdensome for those involved in the charter vessel industry.

Mr. Brent Bitterman (Cohen Dr) Suggested the Board consider raising the for passenger-for-hire fee disproportionately towards the per passenger fee that would have the result of generating more revenue for Docks & Harbors.

Ms. Dawn Wolfe (Mountainside) texted the Port Director that she agreed with conducting the Rate Review Study.

Discussion/Action
Mr. Leither thanked the testimony from the charter operators from the previous Finance Sub-Committee explaining how far in advanced the tour industry needs to plan for setting their rates.

Motion by Mr. Etheridge: **TO RECOMMEND A 10% INCREASE PER VESSEL FEE AND 10% INCREASE PER PASSENGER FEE, SET UNDER 05 CBJAC 20.080, TO BE EFFECTIVE FOR CALENDAR YEAR 2022 AND THAT IT BE FORWARDED TO THE OPERATIONS-PLANNING COMMITTEE.**

VII. Items for Information/Discussion

1. Docks & Harbors Policy pertaining to the Consistency & Fairness of Fee Review Process

Mr. Wostmann said that Docks & Harbors is in its current situation because of our inability to sustain a process which keeps pace with the needs of the department. There are four different components that need to be considered setting a rate.

1. Recovery of operations
2. Recovery of investment capital
3. Build new capital for further growth
4. Catch up

Additionally, it seems fee should be linked to CPI adjustments and then reviewed every three to five years to ensure the fiscal needs of Docks & Harbors are being addressed proactively and not just when there is a budgetary need. Above all the Board must determine whether the rate is fair and hopefully this will be the basis for the harbor fee review. Mr. Wostmann suggested establishing a schedule of fees for the Board to review the rates on a periodic basis, such as 3 to 5 years. Perhaps a good starting point would be to review the oldest fees first. Mr. Wostmann said the process should be memorialize in a Docks & Harbor policy statement approved by the Board. He indicated he would be willing to draft the policy statement.

Committee Discussion:

Mr. Becker concurred with the comments from Chair Wostmann.

Mr. Etheridge agreed with where Chair Wostmann was leading the Committee.

Mr. Leither concurred with Chair Wostmann's remarks.

Mr. Larkin suggested that fees linked to the CPI should be firm and not allow the Board to accept or reject CPI adjustments based on the needs of the organization.

Public Comment:

Kirby Day (Mountainside): Indicated general agreement with the Board taking a deliberate look at the rate study. He complimented Docks & Harbors for its efforts in attempting to reach users groups in its processes.

VIII. Action Items –

Mr. Wostmann indicated he would work on the Fee Review Process Policy and encouraged the Committee to review the fees in regulations and perhaps looking at the oldest fees first as we begin to establish a schedule of fees to be reviewed. Mr Uchytil described out how to recognize when a regulation has been last adjusted by Assembly action.

IX. Good of the Order –

Mr. Uchytil reported that the Economic Development Administration (EDA) is receiving $3B in American Rescue Plan Act funding. Under EDA, there is a Build Back Better (BBB) Challenge which $100M may be regionally available for Docks & Harbors to compete for. The Eaglecrest Manager, Dave Scanlan, is working with the City Manager to develop a grant application which could include the $25M Docks & Harbors Small Cruise Ship project. The BBB allows for 3 to 8 projects to be submitted under single grant application. The Mayor has signed a letter to the Congressional Delegation request support to acquire downtown waterfront property necessary for the Small Cruise Ship project to move forward.

Mr. Uchytil discussed the planning for the proposed upcoming Board Strategic Retreat. Ms. Derr indicated she would be drafting the agenda and coordinating with Board Chair

Etheridge. It was suggested to plan for two consecutive evening meeting for approximately 3 hours each day. Early November appears to be a possible time.

Mr. Uchytil reported that the Assembly Committee of the Whole (COW) will be scheduling three items of interest for November 1st, 2021:

- Dock Electrification presentation by Haight & Associates
- UAS Property acquisition
- Revisiting proposed Dockage fee which was not approved at the Assembly May 24th meeting

X. Next Meeting – September 29th, 2021 @ 5 pm

Mr. Uchytil pointed out that this Committee is scheduled to meet on the 2nd & 4th Wednesdays each month. However, with five Wednesdays this September it would conflict with the Operations-Planning Committee. There was no concern with the Committee members in attendance to meet on September 29th.

XI. Adjournment – The meeting adjourned at 6:10pm.