DOCKS & HARBORS
FINANCE SUB-COMMITTEE
MEETING

Monday, June 7th, 2021
Via Zoom Meeting
https://bit.ly/3yA37UK
Call: 253 215 8782 US
Meeting ID: 993 8094 1372
Passcode: 611850

I. Call to Order – June 7th, 2021 at 5:00pm

II. Roll Call (Lacey Derr, Chris Dimond, James Becker, David Larkin, Mark Ridgway, Don Etheridge and Bob Wostmann)

III. Approval of Agenda

IV. Public Participation on Non-Agenda Items (not to exceed five minutes per person, or twenty minutes total time)

V. Approval of May 17th, 2021 Finance Sub-Committee Meetings Minutes.

VI. Items for Information/Discussion

1. Residence Surcharge 05 CBJAC 20.050 (Live-aboard Fees) increase proposal.
    - Response to public testimony
    - Response to Assembly Concerns
    - Ways to improve public awareness of publicly noticed meetings

    Committee Discussion/Public Comment

2. Dockage Charges 05 CBJAC 15.030 (Reservation Fee) increase proposal.
    - Response to public testimony
    - Response to Assembly Concerns
    - Ways to improve public awareness of publicly noticed meetings

    Committee Discussion/Public Comment

VII. Future Meeting – TBD

Items for Information/Discussion

- How to better inform the public of D&H obligations as an Enterprise Board and how to present a roadmap of the process the Board has initiated to match revenues to expenses and equitably consider the impact on all user groups

- Consideration of retaining a consulting firm to do a rate study to determine the rate structure required to:
    - Maintain current services and facilities.

  - Recapitalize current facilities to insure funding will be available for replacement at the end of their useful life.
  - Build a reserve for contingencies and as seed money for new capital investments through matching grants or bonds for user requests such as the North Douglas boat ramp and improved harbor security.
- Establish a consistent fee structure for all user groups with a defined annual adjustment and scheduled reviews.

VIII. Adjournment

DOCKS & HARBORS
FINANCE SUB-COMMITTEE
MEETING MINUTES

Monday May 17th 2021
Via Zoom Meeting

I. Call to Order –Mr. Wostmann called the meeting to order via zoom on May 17th, 2021 at 5:00 pm

II. Roll Call: Lacey Derr, James Becker, Don Etheridge, and Bob Wostmann

Absent: David Larkin and Chris Dimond

Also in Attendance: Carl Uchytil - Port Director, Matthew Creswell – Harbormaster, and 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 April 8th and April 15th, 2021 Finance Sub-Committee Meetings Minutes.

The minutes of April 8th were approved with no objection.

The minutes of April 15th, Mr. Wostmann requested to correct a word that he said from empathic to sympathetic on page 3 of 11. The minutes of April 15th were approved as amended.

VI. Items for Information/Discussion

1. Overview/tracking of FY21 Budget

   Mr. Uchytil said the Harbors was updated with the March revenue. We are tracking up a little compared to March of FY19. Staff is anticipating approximately $68,000 to the good for Harbors with five weeks still in this fiscal year. There is no change to the Docks revenue. We should see cruise ships this year in late July or August. It will not be large amounts but it will be some revenue.

   Committee Discussion - None

   Public Comment - None

2. Review of April 21st Operations-Planning Committee pertaining to Harbor Fees

   Mr. Uchytil said he added in the packet some of the comments from the April 21st Operations/Planning Committee meeting minutes on how to move forward with the fee increases. What more does this Committee want from staff?

   Committee Discussion

Mr. Wostmann suggested to review the information in the draft Operations/Planning minutes under the section of "Discussion per item continued". He recommended this Committee decide on a motion to move forward to the Operations/Planning Committee.

Mr. Uchytil suggested go through item by item under #3 item for information.

Mr. Becker asked if these regulation changes have been advertised yet?

Mr. Wostmann said they have only been posted in the meeting agendas that are advertised.

Public Comment – None

3. Moorage, Launch Ramp and other fees (05 CBJAC 20.030 – 20.140)
Mr. Uchytil said the moorage is the next fee. Do you want this first or last for discussion today?

Committee Discussion
Mr. Wostmann recommended to discuss all the other fees and last would be the moorage fees.

Mr. Uchytil brought up the fees to discuss –

- Prepaid Discount – 05 CBJAC 20.042
Mr. Uchytil said Docks & Harbors is not allowed to dissuade patrons from using credit cards by offering an incentive to use cash or check. Alternatively, if we wanted to look at this again, an option to reduce our expenditures would be to reduce the amount of discount moorage fee we are providing. Instead of a 10% discount we could reduce to 8% or 5%. We pay approximately $80,000 in credit card fees and 51% of the patrons that pay in advance are using a credit card.

  Mr. Becker commented that everyone that uses a credit card knows there is a fee associated with using a credit card.

  Mr. Wostmann said he is struggling with decreasing the discount for everyone so the people that do pay by cash or check are really getting a lesser discount with no additional fee being associated with the payment.

  Public Comment – None

  Committee Discussion –

  Mr. Etheridge asked if there is any idea how many people would pay by check?

  Mr. Uchytil said 51% of people that pay in advance pay with a credit card.

Mr. Wostmann asked if his understanding was correct from CBJ Finance that we are not allowed to add a surcharge, nor are we allowed to make a differentiation of how much a discount will be given based off if someone pays with check or credit card?

Mr. Uchytil said yes.

Mr. Wostmann commented the CBJ Sales Tax Department deals with this with a third party contractor and the contractor charges the fee. Sales Tax then receives the total amount owed. Why is this not an approach Docks & Harbors is able to take?

Mr. Uchytil said when they use a third party to collect it is not the City charging the additional burden for services. This does not carry over to a contractor.

Mr. Wostmann said his understanding is the contractor gets paid exclusively through that fee. There is no other fee paid by the City for the service. Why can we not do the same? He said he is unwilling to let this go until he gets all the answers.

Ms. Larson said one of the difference with Docks & Harbors is our FSM system that we invoice and post payments in. She said she is not sure a third party could operate in our FSM system. She said she has been approached by different credit card processors and gateway companies who claim if we go with them, the fees could be lowered, but we are not allowed to exit the City's credit card processor. She recommended to invite CBJ personnel who deals with the credit card fees to come to a future meeting to answer all the questions the members have.

Ms. Derr said she understands that if the City has systems that communicate with the official payment system, maybe we should update the Harbors with this system. There are resources available. She has gone into establishments that say if you use a credit card there will be an additional 3% fee. She has shifted some of her payments to electronic funds transfer or pay by check because she does not want to pay that additional 3%. She recommends looking into joining the CBJ third party credit card processor which seems the most logical and economical.

Mr. Etheridge said he would like to have someone from CBJ Finance come in and answer all the members' questions before we take any action on this item. He suggested to have someone come to the next meeting.

- Launch Ramp Permits – 05 CBJAC 20.070

  Mr. Uchytil said the proposal for this fee is to increase the annual recreational launch permit fee from $90 to $120, and the daily recreational launch permit fee from $15 to $20.

  Committee Questions - None

Public Comment - None

Committee Discussion -
Mr. Wostmann recommended the Committee decide on a motion to move forward to the Operations/Planning meeting.

Mr. Etheridge commented that we need to not raise these fees too much so only the rich can afford to pay for this permit. There are middle and lower incomes that are using these facilities.

MOTION By MR. ETHERIDGE: TO PROCEED WITH THE INCREASE FROM $90 TO $120 FOR AN ANNUAL RECREATIONAL PERMIT AND $15 TO $20 FOR THE DAILY RECREATIONAL PERMIT AND MOVE TO THE OPERATIONS/PLANNING COMMITTEE FOR FURTHER DISCUSSION AND ASK UNANIMOUS CONSENT.

Motion passed with no objection

Mr. Uchytil said the commercial launch ramp permit was adjusted in 2017 to $250 per trailer. We sell approximately twelve per year.

Committee Questions – None

Public Comment – None

Committee Discussion –
Mr. Wostmann asked the committee if this fee should change.
No comment from the members.

- Staff Labor Fee – 05 CBJAC 20.140
  Mr. Uchytil said it was recommended to change this from $75 per staff person to 150% of the loaded staff labor rate.

  Committee Questions –
  Mr. Etheridge asked if this was more burdensome instead of setting a flat rate.

  Mr. Uchytil said it would be clearer to the person receiving the bill that it was a specific rate rather than it is 150% of a staff labor rate that changes every July 1st. Staff could come up with that number. There may be angry customers that were sent an employee with a higher rate.

Ms. Larson said this would not only change in July but when there is a merit change and that could be more complicated.

Mr. Etheridge recommended setting this at a specific dollar rate.

Mr. Wostmann said there are other entities that charge per employee rate. It is not uncommon.

Mr. Etheridge said it would be easier on staff and patrons to understand if it was a set rate. There could be an after hour rate also.

Mr. Wostmann recommended to have the staff labor rate figured at the beginning of each fiscal year computed with the average across all staff and set that at the rate for the year. It would only be figured at the beginning of the fiscal year and not at merit increase dates.

Mr. Uchytil said we could probably do that. Staff could base off the lowest step per employee instead of trying to identify which Harbor Office completed the work. That would be the easiest way if we want to tie it to the employee position.

Mr. Creswell said the staff labor rate is used very infrequent. It is not a common practice to have to bill for our staff labor. It is during extraordinary circumstances or during an impound. The current rate of $75 already comes out close to 150% of a Harbor Officer loaded rate. A Harbor Technician rate would be lower. The current $75 fee is a good fee and we also charge out a one hour minimum and most jobs do not take the whole hour. This is a good rate for the staff labor.

Mr. Wostmann said these rates are rarely used and recommended to leave the rate at the current rate of $75.

Mr. Etheridge agreed with leaving it at $75.

Public Comment - None

- Moorage Rates –
  Mr. Uchytil showed the fees comparisons for different areas throughout the region. For the daily transient moorage Juneau is on the low side. The monthly rate for downtown is on the low side and Auke Bay is in the middle. The annual moorage downtown is middle and Auke Bay is highest in Alaska Harbors. The discount decreases this slightly.

  Mr. Wostmann commented that there are several different fee items that need to be discussed first before the moorage. He said the moorage waitlist, parking lot fees, and

the private boat house surcharge which the Operations/Planning Committee asked our committee to come back with a recommendation.

- Reserved Moorage Waitlist –
  Mr. Wostmann said the recommendation was to change the fee from $10 annually to $50 annually. He said Mr. Becker recommended to increase the initial signup fee and a lower annual fee.

  Committee Questions – None

  Public Comment – None

  Committee Discussion –
  Mr. Wostmann said some adjustment is necessary but there are two proposals on the table.

  Mr. Etheridge said he agrees with increasing the initial signup fee and keep the annual fee lower.

  Mr. Wostmann also likes Mr. Becker's proposal.

  Ms. Derr commented she agrees to pay a higher initial fee and lower annual fee.

  MOTION By MR. ETHERIDGE: TO PROPOSED TO MOVE FORWARD WITH A $75 INITIAL SIGN UP FEE AND $20 FOR THE ANNUAL FEE AND ASK UNANIMOUS CONSENT.

  Motion passed with no objection.

- Parking Lot Fees
  Mr. Wostmann said the discussion on this item is for parking fees for Aurora, Harris and Douglas.

  Mr. Uchytil said staff would prefer not to manage parking in the downtown harbors with paid parking.

  Public Comment - None

  Committee Discussion –

Mr. Becker recommended to figure out what cars are coming and going and what cars are abandoned there. There are a lot of cars that do not move.

Mr. Etheridge said we do know what cars are abandoned and not moving. He is working with staff to have a Harbor employee help in the evenings with patrolling and writing tickets to get some of those vehicles moved. This is an ongoing issue with trying to get rid of the abandoned vehicles.

Mr. Becker said he would volunteer to work with Mr. Etheridge in the evening.

Mr. Wostmann asked if there was a policy in place that said you could only park in the Harbor parking lot if you have a permit, would that create the ability for staff to be more aggressive to move vehicles before they became abandoned?

Mr. Etheridge said most of the dumped vehicles do not have a slip in the Harbor.

Mr. Wostmann asked if it would help if they had to have a valid parking permit to park.

Mr. Etheridge said that is already a requirement.

Mr. Wostmann asked if the requirement currently is that you need to have a vessel in the Harbor to have a parking permit?

Mr. Creswell said if you have a vessel in the Harbor, you are allowed up to two parking permits. You are required to have a parking permit anywhere parking in the vicinity of Aurora, Harris, and Douglas Harbors. If someone has business in the Harbor, they just need to present a registration for their vehicle and you can receive a Harbor parking permit. There is a method to get a permit even if you are not a boat owner.

Mr. Wostmann asked if staff asks what the purpose of being at the Harbor is?

Mr. Creswell said we do ask the reason.

Mr. Etheridge said we are at the mercy of the Assembly and City Manager to change the current regulation on this item and increase the storage area for the impounded vehicles.

Mr. Wostmann recommended to follow up on this item at a future time.

- Private Boat House Surcharge -

  Mr. Uchytil said the proposal was to change this from $.13 to $.20 per square foot. This increase would increase our revenue by $1,300. There are 24 boat houses in Aurora Harbor.

Public Comment – None

Committee Discussion – None

MOTION By MR. ETHERIDGE: TO RAISE THE PRIVATE BOAT HOUSE SURCHARGE FEE FROM $.13 TO $.20 PER SQUARE FOOT AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

- Shore Power Access Fee
  Mr. Wostmann asked if there has been anyone identified that can assist staff with assessing the electric fees?

  Mr. Uchytil said staff will probably contract with Haight & Associates who is currently working on our electrification study.

  Mr. Wostmann recommended to put this item on our agenda for a future meeting.

4. Vessel Salvage & Disposal Fee (05 CBJAC 40.1010)

   Ms. Derr said she asked her contact in insurance about this item. The bonds would not be suitable for this type of salvage. However, she was told that everything can be insured for a price. She said she was directed to casualty insurance which is at the highest rate. Bonds can be obtained, but you are looking at pennies on the dollar similar to what we are looking at in recovery.

   Mr. Uchytil said staff's recommendation originally was to raise this fee to $1.00.

Public Comment – None

Committee Discussion-

Mr. Wostmann commented the one question he has that remains unanswered is if we should require proof of insurance. He would like to consider having that as a standard. Any vessel that has permanent moorage is required to present proof of insurance or prove insurance is not reasonable available. He believes vessels that do not have insurance is because the owner is not interested in paying the fee.

Ms. Derr asked if we have regulations that say you must have a safe vessel to be in the Harbor? Receiving proof and documentation that a vessel is unsafe, could we start the process before they become a sinking hazard.

Mr. Creswell said we currently have a regulation that deals with nuisance vessels and it is enforceable by impound. Usually when a vessel comes in the Harbor, it is in good working condition. It becomes a nuisance after being in the Harbor for a while. There is a requirement to show seaworthiness when they apply for moorage.

Ms. Derr asked if staff requires proof of insurance for vessels every year during the moorage renewal period?

Mr. Creswell said we do require them to show their insurance. When they are not able to show their insurance, that is when they are charged the vessel disposal fee.

Mr. Uchytil said we had Mr. Shattuck address the Board in the past about insurance and he can ask him to come again. There are many different kinds of insurance so we need to be more specific to what we are requesting.

Mr. Etheridge said he believes the most of our expense is on vessel disposal after it is impounded. He does not believe insurance covers this expense.

Mr. Wostmann asked if this was raised to $1.00, how much would it reduce the deficit?

Mr. Uchytil said approximately $64,000

Mr. Wostmann asked what is the average disposal fee to get rid of a vessel?

Mr. Uchytil said we just went out with a new term contract, Trucano was the low bid. Vessels under 32' are $5,000 plus dump fees and 32' to 40' are $6,000 plus dump fees. Just under $10,000 is what a 30 vessel will cost to dispose of it.

Mr. Wostmann asked how much we have paid in disposal fees for this fiscal year?

Mr. Uchytil said since July 2019, we have impounded 18 vessels and 14 were live-aboards. To dispose of the 14, it cost $88,000.

Mr. Wostmann commented that increasing this fee to $1.00 would increase our revenue to $64,000 and the current numbers are $88,000, would it be better to raise the fee to $1.25 to at least cover our expense.

Mr. Uchytil said he would go back and look at the numbers for the vessels impounded and those costs, the amount collected for the surcharge, and then bring it back to a future Finance meeting.

Mr. Wostmann commented it is appropriate to match the fees to the cost.

Public Comment – None

- Moorage Fees

Mr. Uchytil said he can bring the break down on the moorage fees back to a future meeting.

Mr. Etheridge said he would like to have the break down for each moorage fee and how much revenue each would bring in based on percentage increases.

Mr. Wostmann recommended to look at how much revenue is generated from percentage increases but also look at our revenue versus expenses to see if we need to dig into our fund balance. He suggested to look at this, if the world comes back to normal, and at the current moorage rate, what is our revenue likely to be. On that basis, determine what the rate should be, and also take into account increasing our fund balance at a reasonable rate to build up our reserve for capital investment.

Mr. Etheridge said we also need to keep up with our upkeep. The money in our fund balance currently will not even pay for the light at the launch ramp in Douglas which was estimated at $50,000. It will be $25,000 for security gates at the top of the gangways in the Harbors. Harbor patrons want cameras and other items that cost money. We need to raise fees to be able to purchase those items.

Mr. Wostmann said he agrees. We need to look at what we need to maintain our facilities, deal with backlogged projects, and build our fund balance for capital investment.

Mr. Etheridge recommended someone come and talk to this Committee on vessel insurance, and credit card fees. The meeting after that is when this Committee should look at the moorage rates, but he requested to have the information prior to the meeting to give the Committee time to review.

Mr. Becker would like to see a capital projects list to see what is still on the list?

Mr. Uchytil said we may get the $2M in the Harbor Grant program for the North end of Aurora Harbor. It looks like we may have $4M in October. We do not have any money for design. As far as capital projects, we do not have a long list because we have been cash poor.

Mr. Etheridge suggested to provide the list of smaller projects, the lighting at North Douglas, the lighting at Douglas, Douglas parking lot improvements, security gates, and cameras. These would be more in house projects and not funded by grants.

Mr. Becker said expanding the North Douglas launch ramp is another project.

Mr. Uchytil said the Operations meeting agenda is very light because of the Special Meeting prior to the Operations meeting. At that meeting the Port Engineer will

provide a presentation on the gate at Harris Harbor. If the Board does elect to increase the live-aboard fees, we need to show in good faith having safety ladders, lighting, security gates, and cameras in a timely manner.

Mr. Wostmann said we want to look at the short term projects and see how we can address them rapidly. If we are going to adjust the moorage rates, we want to do it in a way it is justified and does not have to be done again in the next five years.

Mr. Etheridge recommended forwarding the motions made tonight to the June Operations/Planning Meeting.

Mr. Wostmann said this will give time for the Committee members to go over our discussions tonight and have suggestions on the moorage rates for the next time we meet.

VII. Next Meeting – Mr. Uchytil will send out a doodle poll for the week of June 6th.

VIII. Adjournment – The meeting adjourned at 6:50pm.