

DOCKS & HARBORS FINANCE SUB-COMMITTEE MEETING MINUTES

Monday, June 7th, 2021
Via Zoom Meeting

- I. Call to Order** – Mr. Wostmann called the June 7th, 2021 meeting to order at 5:00pm via zoom meeting.
- II. Roll Call** - Lacey Derr, James Becker, David Larkin, Mark Ridgway, Don Etheridge and Bob Wostmann.

Absent – Chris Dimond

Also in Attendance – Carl Uchtyl - Port Director, Matthew Creswell – Harbormaster, and Teena Larson – Administrative Officer.

III. Approval of Agenda

Mr. Uchtyl asked to add a new #1 – Proposed Fee for the Vendor Booth Sales.

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

Motion passed with no objection.

IV. Public Participation on Non-Agenda Items - None

- V. Approval of May 17th, 2021 Finance Sub-Committee Meetings Minutes.**
Hearing no objection, the May 17th, 2021 Finance Sub-Committee Meeting minutes were approved as presented.

VI. Items for Information/Discussion

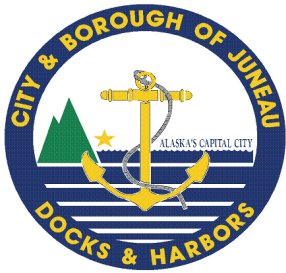
1. Proposed Fee for the Vendor Booth Sales.

Mr. Uchtyl said he brought this forward because he has had interest from the permit holders. There is usually an outcry auction for the vendor permits. In 2019 we had nine permit holders, and each paid \$30,000 to sell independent tours. With the interest he sees no reason to not let them operate but at a reasonable compensation. We have done similar action with the loading zones as well as the for-hire vessels at Statter Harbor. He asked what an appropriate request would be for a permit this year.

Committee Questions

Ms. Derr asked if we have the staff for this permit, increased foot traffic, and enforcing boundaries so they do not go outside their booth to sell tours.

Mr. Uchtyl said he is trying to set up a meeting next week to get more information from Cruise Line Agencies as far as the days of the week we will need to support the CT dock and the AS Dock. With that information, we are planning to go out with our part time limited



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employees. It is true on busy days this permit does require more attention from staff but he believes this would be good.

Mr. Wostmann asked what was settled last year on these permit holders?

Mr. Uchytel said we collected the \$30,000 from all nine and then refunded it. If there was a season we were going to readdress this at that time. Initially this year it did not look like we were going to have a season but now there is some interest.

Mr. Becker asked if two people inquired so far this year and is there nine permits?

Mr. Uchytel said we have rotating permits and we have booths sufficient for 11 permits at three locations. There has only been nine companies interested recently. There is loss of revenue but nine is a good number. There are only four active permits for 2021. He recommends not to allow any newcomers in a permit but allow the expired ones to have a permit this year if they wanted.

Mr. Wostmann asked if it would be feasible to set a day rate?

Mr. Uchytel said it can be set up anyway the Board wants. We kept the other fees very simple. At a future meeting we can invite the companies to a meeting to speak.

Mr. Becker asked if the vendor booths can sell all tours or just specific tours.

Mr. Uchytel said the companies have to tell us what tours they are selling. There is a lot of cross over. We do not direct them on what they sell or who they sell to.

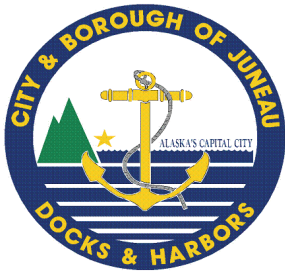
Public Comment –

Mr. Kirby Day, Juneau, AK

Mr. Day said all the permit holders are members of TBMP. On behalf of TBMP he said he supports making it reasonable for them to operate because we still do not know how many people are going to be on the ships. This will be a good customer service as well because depending on how many regular tour operators that have a contract with cruise vessels that are going to operator or not operate and depending on how full the ships are they may run out of tour space.

Mr. Larkin suggested that once there is a more stable cruise schedule, look at the percentage compared to normal and potentially reduce the cost by that. Then look at the percentage of passengers on the ships and maybe reduce by that, and also look at how many tour operators are operating.

Mr. Etheridge said we need to keep this simple. We know it is going to be a reduced number of passengers and he has heard that we may only see 10% of the normal amount of passengers. He suggests \$1,500 for each of the booths to finish off this season.



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Mr. Wostmann commented that if the best guess at this time is that there is only going to be 10% of normal, why would we not pick 10% of the normal fee?

Mr. Etheridge said he suggested \$1,500 to start the discussion.

Mr. Wostmann suggested to start at \$3,000. He would like to get feedback from the permit holders to see what their suggestions are.

Ms. Derr said she is in favor of getting the booths opened up and provide an opportunity to get people back to work.

Mr. Wostmann asked when the operators will need to have a decision?

Mr. Uchytel said there are still several things in motion but not final. The CDC guidelines are still being crafted, the Port Agreements and how that plays out with excursions but we still do not know all the details at this point. We will not have all the answers to make a decision as a Board but the next Operations Meeting is next Wednesday and the Board meeting is the last Thursday in June. This will be the last opportunity to make the best decision you can because we expect to see cruise ships in late July and it gives clarity to the operators.

Mr. Larkin asked if this should be opened up to whoever wanted a permit?

Mr. Uchytel recommended offer this to only current and expired permit holders.

Mr. Ridgway commented that the \$1,500 fee sounds reasonable and this is straight forward and gets people on the dock.

Mr. Wostmann said this will go before the Operations Committee at their next meeting with as much information as you are able to gather.

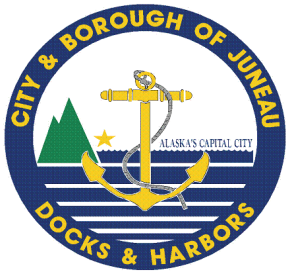
Mr. Wostmann proposed a 2 minute break.

2. Residence Surcharge 05 CBJAC 20.050 (Live-aboard Fees) increase proposal.

Mr. Wostmann said this was put on the agenda to have a discussion about how we would respond to the public testimony and address the Assembly concerns, and consider what we might do to improve public awareness for the rate changes being discussed.

- Response to public testimony
- Response to Assembly Concerns
- Ways to improve public awareness of publicly noticed meetings

Committee Discussion



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Ms. Derr said from her notes, the overwhelming negative was on the rate increase. The comments that stood out was on security, trash issues, and a reason for the increase. Resources have been brought to the Boards attention, and we have to look forward to the future and not be in this position again. The rate may be the right number to move forward with but we need supporting documentation behind it. If the rates are increased, it would be nice to address the gate, snow removal, ladders, lighting, shower/restroom facilities and those things. Nobody wants to see rates increased right now, but the reality is that is where we are at.

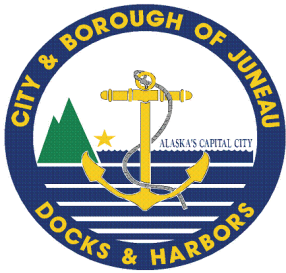
Mr. Larkin said understandable most of the public comment was negative, but some of the suggestions were reasonable. One of the comments received, the person went back and looked at the last time the live-aboard rates were raised to now and the other rates have increased about 22%. The recommendation was to increase the live-aboard fee by 22% to bring it up to the other fees. This would work out to be about \$15.18 a month increase. Another recommendation would be to include this fee with the CPI rate increase. The patrons will know what the rate adjustment will be going forward.

Mr. Ridgway said this may be a longer process than originally anticipated. He wants to be assured that we are not going to take up another two rates in three months and go through the same very involved process. He suggested to go through as many rates as possible and move all forward at the same time which could be a lot of efficiencies.

Mr. Wostmann said the Finance Sub-Committee passed three additional rates to increase but they were not brought forward at this time because the Operations Committee already had a full agenda. He said other comments for consideration is that one person as a live-aboard pays the same as four people staying on a vessel which he does not see as fair. He heard the Assembly recommend an increase in phases which should come back for further discussion.

Mr. Etheridge said having conversations with Assembly members, they do not feel they were kept in the loop as well as they should have been and there was not enough explanation for them. They wanted to know why we were looking at these increases and justification for the amounts. He said talking to the Mayor, she indicated that the Assembly would not look very favorable on spending \$30,000 on a study when we do not have the money to do the projects we say we want to do now. He said the rates need to move forward and they have to be a fairly significant increase to be able to purchase the security gate, the ladders, and add lighting.

Mr. Wostmann said he is looking for a specific recommendations on an alternate approach for these fee increases. He suggested for comment to increase the live-aboard rate by the 22% that is the CPI increase that would have been applied if this rate was increased in the same manner as the other fees. Moving forward, continue to apply the CPI each year as



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well as a 1% or 2% each year to build a reserve for improvements the live-aboard community would like to see. In addition, he read the three rate studies done for Sitka, Wrangle and Ketchikan, and he noticed three components to a rate. One is to maintain the current facilities, second was to start saving for recapitalization over the 40 to 50 year life span of that facility, and third is to develop a reserve budget for matching funds or funds to expand or develop a new facility.

Ms. Derr said this is a great starting point. She is in support of the additional 1% to 2% increase for additional resources. She asked Mr. Etheridge if the Board needs to write a letter accompanying the fee increase proposals to the Assembly or is that something staff is going to do?

Mr. Etheridge said the Board needs to work with staff to come up with a letter. The letter should come from the Board to the Assembly to let them know the Board is behind the increase. He said years ago when the moorage rates were increased, and a CPI was to be applied annually, the Board thought they took care of having to increase fees. There also needs to be another fee added to keep up with the maintenance costs, and building a reserve for projects.

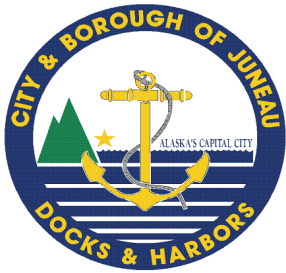
Mr. Wostmann said in the fee change proposal, there should also be included a maximum time period of five years whereas the fee comes back to the Board to determine whether there was material changes in the cost structure such that the fee is no longer appropriate. The user group will know that every year there will be the normal CPI increase and after so many years there will be another review to make sure the revenue collected is covering our expense.

Ms. Derr suggested with the live-aboard fee to have a per person rate and not a break after four people.

Mr. Wostmann said there should be some consideration for a family with children but if it is all adults he agrees with the per person rate.

Mr. Uchytel said one of the issues with struggling with the fee currently is because several things have converged at one time. There is COVID, there is the need for the downtown boatyard, the other asks of better lighting, security gates, up and out ladders, and new facilities. All these things are converging now at a time we see a loss in revenue. There is a real reason for this Board to do the right thing and raise rates. Raising rates just a little bit every five years is still hard.

Mr. Wostmann said the Board is tasked with determining the rates we need to charge in order to support the services the community asks for. Making a special one time rate change will always be a challenge and there are the different user groups that feel their rate should not be changed. That is why he believes all our rates should be increased by



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the CPI with an additional surcharge every five years where we can identify that we have catch up work to do or whatever it may be. If the yearly increase process is automatic, when we do come to a five year review, and the current rates are no longer sufficient, the difference needed to apply to the rates will not be nearly as large as it has been in the past. The live-aboard rate should have been adjusted years ago and now we are looking at a major rate increase to the customers and it is tough to do.

Mr. Etheridge said the Board needs to increase this fee more than just 22%. He suggested 22% per year for three or four years. This fee needs to be increased because our fees have increased.

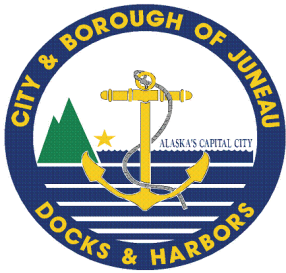
Mr. Wostmann said it would be the CPI difference for the past so many years of no increase which would bring the rate to approximately \$90. After that increase, staff would increase the fee based off the CPI, and to cover all the requested items from the live-aboard community the Board would increase another one to two percent or three to four percent depending on the need.

Mr. Becker said there is a fair amount of catching up. He asked Mr. Wostmann if the increase would be a lump sum or a little over so many years.

Mr. Wostmann suggested a small amount over several years. That is why there would be an additional percent above the CPI until we bring that rate up over time up to where it should be to maintain the facilities, buy the ladders, put up security gates and cameras, and all the things we do not currently have funding for.

Mr. Ridgway commented that perhaps the Assembly wanted more detail than what was provided for the dockage charges increase but he is surprised the Assembly did not understand the dockage charges would not affect anyone in Juneau. The Board needs to push back to the degree possible. It is the methodology that is hampering us it seems. He is a firm believer of outsourcing this and taking months to complete it. He suggested the Board author a letter to the Assembly requesting authorization for the rate study to move forward in the long run. If the Board does this one rate at a time, we will not have time to do anything else. Having an economist study our rates and having a sustainable, repeatable, defensible, dependable methodology and put it in our budget every five year. The Board would spend \$60,000 across the board to make sure our rates fund us fully. Mr. Wostmann said he supports the rate study as well and it will provide a much better justification for the proposed rate increases. Bringing in an outside consultant will go along ways with establishing a solid basis for why there is a specific rate increase to properly manage the Docks & Harbors Enterprise.

Public Comment – None



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Mr. Uchytel said all three of the Harbors fees were increased that had a rate study performed by Northern Economics that Mr. Fisher talked about at a previous meeting by their recommendations.

Mr. Wostmann said that shows these studies have results.

Mr. Wostmann asked for suggestions on ways to improve public awareness of publicly noticed meetings beyond what has already been done.

Mr. Etheridge said staff sent our emails to all live-aboards and he is unsure how else everyone could be contacted. The bulletin board idea was tried in the past and they were tore down and thrown in the parking lot and someone wrote across them.

Mr. Ridgway recommended to put a laminated copy of our Committee and Board meetings annual schedule up at every harbor.

Mr. Uchytel said some members of the Assembly commented that our public hearings are not well attended, organized, and not communicated. He said staff posts meeting notices on facebook and social media and word of mouth is the most successful way of getting the word out. The fact that we did have good participation from the live-aboards at the public hearing, which was a special Board meeting, indicated staff outreach was successful. We only had one person to comment on the dockage fees, but that was also advertised the same as the live-aboard fee regulation.

Mr. Etheridge said in his conversation with the Mayor, she indicated the Assembly did not know all the outreach and was unaware of the special Board meeting for the public hearing. All future fee increases should have a memo attached outlining our process.

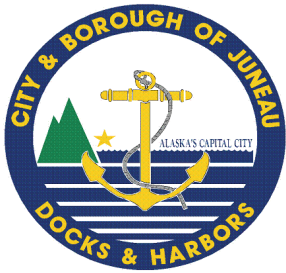
Mr. Wostmann said he agrees to have a supporting memo with items going to the Assembly.

3. Dockage Charges 05 CBJAC 15.030 (Reservation Fee) increase proposal.

Mr. Wostmann asked for comments on the below three bullet points.

Committee Discussion

Mr. Etheridge said when talking to the Mayor, the Assembly did hear push back on this fee increase from industry even though the Board did not. He also explained that this fee increase would not affect the Juneau Community. The Mayor indicated the discussion among the Assembly members was that they were told it could harm the industry when they come back with the cruise ship. When he explained to the Mayor staff and the Board already looked into that and moved the increase affecting the cruise ships until next year she said the Assembly did know that. The Board has no intention to harm the cruise industry because that is how we survive.



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Mr. Wostmann said the Board needs to provide better background information when we bring things forward to the Assembly.

Mr. Etheridge said he would like the Board to come up with a draft memo explaining what we have done on this fee increase to date. This fee increase is up to the Manager at this point.

- Response to public testimony
- Response to Assembly Concerns
- Ways to improve public awareness of publicly noticed meetings

Public Comment – None

Mr. Uchytel wanted to know if he is to draft a memo to the City Manager with detailed information.

Mr. Wostmann said the memo should be written coordinated between staff and members of the Board.

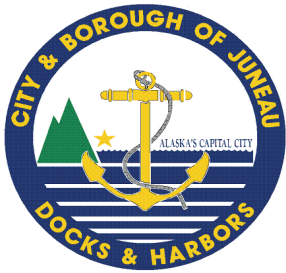
Mr. Etheridge recommended he work with Mr. Uchytel on the drafting of a memo and then take it to the full Board for approval to go to Mr. Watt and the full Assembly.

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.

Mr. Etheridge recommended to take to the Operations Committee the discussion about retaining the consulting firm for the rate study and come up with something to propose to the Assembly.



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Mr. Wostmann asked if the other bullets should be heard at this meeting or moved to the Operations meeting as well.

Mr. Etheridge recommended more information on the other bullets.

Mr. Uchytel said as far as executing less than \$100,000 contract, that does not need Assembly approval. Regarding this committee, at the end of June is when this committee ends. The Board Chair will assign special committees starting July 1st.

Mr. Etheridge recommended the items discussed tonight and the information item for the rate study should go to the Operations and the Board agenda this month. The letter should be drafted and sent to the Manager and the Assembly as soon as possible for the reservation rate increase. This can be voted at the Operations Committee. The rest of the items can wait until the next Board is seated.

VIII. Adjournment – The meeting adjourned at 6:26pm.