

DOCKS & HARBORS FINANCE SUB-COMMITTEE MEETING MINUTES

April 8, 2021
Via Zoon

- I. Call to Order** – Mr. Wostmann called the April 8th, 2021 meeting to order at 5:00pm via zoom.
- II. Roll Call** – The following were in attendance in the Port Director's Conference Room or via zoom. James Becker, David Larkin, Don Etheridge and Bob Wostmann.

Absent: Chris Dimond

Also in attendance: Carl Uchtyl – Port Director, Matt 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 March 11th, 2021 Finance Sub-Committee Meetings Minutes.
The minutes of March 11th, 2021 were approved as presented.

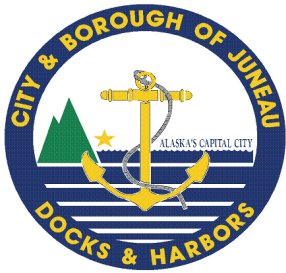
VI. Items for Information/Discussion

1. Overview/tracking of FY21 Budget

Mr. Uchtyl said last night he presented the FY21 adjusted budget and FY22 budget for both the Dock and Harbors Enterprises to the Assembly Finance Committee and they were both approved. The Assembly heard from the presentation the financial needs of Docks and Harbors and he believes the Assembly is willing to meet with the Board in a future meeting to address some of the concerns with procuring the UAS property.

Mr. Uchtyl said the FY21 Docks budget update is that we currently have \$2.59M in our fund balance, we received marine passenger fees of \$448,500 and we will not see any large cruise ships for this calendar year. Our expense is currently estimated at \$1.2M which will mean an approximate fund balance draw down of \$800,000.

Mr. Uchtyl said the FY21 Harbors budget update is that we were tracking down for the first five months and up slightly for December revenue. The Finance Department has not completed January through March at this time. For Harbor expense, we have actual expenditures through February. Tracking the current expense and revenue and looking at previous years, we anticipate a positive revenue stream of close to \$70,000. We are continuing to monitor our revenue and expenses. Our current fund balance is \$305,000.



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Committee Discussion-

Mr. Etheridge said there was some controversy from the Assembly with wanting more accurate budget numbers. The Finance Director told them at this time there really is not any accurate numbers. The budget is allowing staff to spend up to a certain amount but the Department does not need to spend that amount. He said he felt confident after the meeting last night that the Assembly will help in the UAS property procurement.

Mr. Wostmann said he also heard the concern from the Assembly that the budget had not been adjusted for the news of no cruise ships. His take away was that we need to make sure we live within the amount we anticipate to draw on our fund balance.

Public Comment-None

2. Tideland Lease Revenues

Mr. Uchytel said he was directed by the Board Chair to bring this to this Committee. He highlighted the Goldbelt Tram lease which paid \$272,000 for the last seven years. This was reappraised based on contractual requirements. The new annual lease amount for the next five years is \$204,000 which is a loss of approximately \$70,000 per year. The other leases that could be affected are the UAS sub-leases. If we do not lease or purchase the UAS property, the following leases could go away: Alaska Memories/Nordic Tug at \$4,365 annually, Maritime Hydraulics at \$2,762.52 annually, and Juneau Marine Service at \$29,307.48 annually.

Committee Discussion

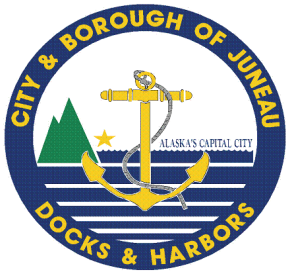
Mr. Etheridge asked what other leases are expiring this year?

Mr. Uchytel said the Lisa Haffner lease in Tee Harbor is expiring. She has the preferential right for a new 35 year lease for this area.

Ms. Larson said the other leases up for review are both the Gastineau Landing leases, three of the Trucano leases, Harbor Lights Enterprises lease, Andrew's Marina lease, and Alaska Glacier Seafood lease.

Mr. Wostmann asked if all these leases will renew, or do we know if they will walk away from their leases due to financial hardship? He asked if any other lease holders have asked for lease deferment besides Rocovich?

Ms. Larson said these leases are up for review, and are required to be reappraised, but these leases are still current.



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Public Comment - None

3. Cursory Fee review of existing regulations & Admin Cost Codes

Mr. Uchytel said this is an overview of fees for the Committee so they know what fees we have.

- Resident Surcharge is currently \$69 per month for up to four people and \$23 for additional people. The \$69 rate has been since 2008.

Committee Discussion

Mr. Etheridge asked when the public hearing will be on this item?

Mr. Uchytel said we are still working with CBJ Law for the correct wording. They were waiting until after this meeting to see if there was a need for changes to the wording before they provide staff with the final document for advertisement.

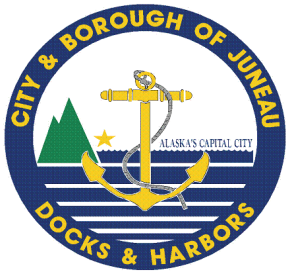
The Committee members were in agreement to move forward with the Board's motion and changes can be made later.

Public Comment

Clayton Hamilton, Juneau, AK

Mr. Hamilton said he is curious on how fees are assessed. He wanted to point out that some of our services in Juneau cost twice as much as other communities. He said he understands the Committee is looking at ways to raise revenue but he suggests to make it cheap and easy to do business here.

- Vendor Booth Permit fee – Currently \$30,000. This was changed in 2015 from \$5,000 to \$30,000. This is to sell tours on the docks.
- Loading Zone Permits fee – This was amended recently in 2021 but had to do with the B-zone re-definition. This is for bus staging. In 2017: \$300 per company plus \$7 per passenger seat, in 2018: \$350 per company plus \$8 per passenger seat, in 2019: \$400 per company plus \$9 per passenger seat. Starting 2025: adjust this fee every 5 years based on the CPI adjustment.
- Dockage Charge – This is the fee the Board just reviewed and recommended doubling. This was adjusted last in 2005/2006.
- Port Maintenance Fee – This is the fee that Mr. Green commented was put into effect to cover maintenance costs for the old cruise ships docks. The Board may want to consider doubling the dockage charge and sunset this fee.



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- Potable Water – This used be a dollar amount but changed in 2017 to be a certain percentage of our rate.
- Lightering Fee – This is for a vessel that anchors and lighters to the port field office float. This has not been changed since 2005 and is a \$600 per day fee.

Mr. Etheridge asked if this is per ship?

Mr. Uchtyl said this is per cruise ship.

Mr. Wostmann asked if this is per lightering vessel?

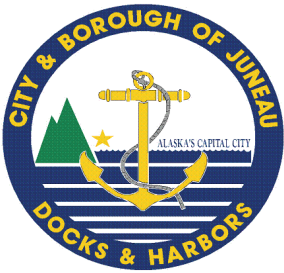
Mr. Uchtyl said this is assessed to a vessel over 100,000 gross tons carrying more than 100 passengers. We are seeing less lightering because of 16B and depending on the NCL dock there may be no lightering in the future.

- Other Fees –
- Marine Passenger Fees
- Port Development Fees
- Boom Truck Usage Fees – We were able to secure a boom truck from federal grant money. Our fees are higher to not compete with locals. This has been mostly used for in-house uses.
- Moorage Waitlist Fee- \$50.00
- Parking Lot Fees – This is for parking from May to September and is more of a management tool. We do have the authority to charge parking downtown and Douglas Harbor. In the past, there has not been a need to move forward with this fee. We do have parking in the Taku Lot which is managed by Harbor staff. This parking space is profitable and works well as a management tool. Statter Harbor rate has been since 2009, the Taku rate was established in 2015.
- Private Boathouse Surcharge – This is \$.13 per sq/ft and has not been changed since 2005. The owners of these boathouses also have to pay property tax.
- Fee Delivery and Sale of Fuel at the ABLF – This is fueling vessels at the drive down float. The fee is \$.05 per gallon pumped in a vessel.

Mr. Wostmann asked if our insurance is affected by allowing fueling on this dock?

Mr. Uchtyl said he is unsure but he will look into it.

- Other Fees
- Auke Bay Loading Facility Drive Down Float –in 2015, staff thought it would be easy to put up a gate and assess a fee, but the gate was going to be approximately \$40,000 so



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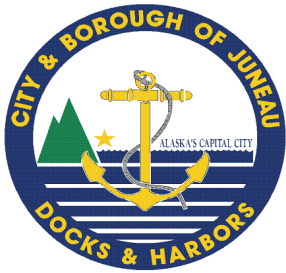
that did not happen. This fee does not generate revenue but it was also thought to help pay for new decking for the float due to all the use.

- Issuance fee for key fobs
- Auke Bay Loading Facility Float Moorage – The first two hours are free, a charge is assessed after the first two hours based on use. There were people using this space for free moorage and that is why this was enacted in 2015.
- Auke Bay Loading Facility Float Mechanical Work zone – This fee was to encourage boat owners to get their part, get their boat fixed, and get out of the work zone.
- Skiff Fee – This was reduced in 2016 to \$300 and changed to a calendar year.
- Daily Moorage Fee – This is currently at \$.58 per foot.
- Monthly Moorage Fee – This was adjusted in 2016 to have the Statter Harbor rate change the same as the downtown rate.
- Monthly Pre-Paid Discount – The 5% & 10% discount came into existence in 2016
- Active Fishing Vessel Discount at Statter Harbor – This is a discount and it does affect our revenue.
- Fee for Tenders – This has not changed since 2005
- Recreational Boat Launch Fees – The \$90.00 and \$15 rate has not changed since he was Port Director. The change in 2015 was on how many free permits would be given out to owners of multiple trailers.
- Fee for Commercial Use of Boat Launches – This is not used much
- Staging fee for ABLF
- Passenger for Hire – Adjusted in 2015. These are the fees assessed to the charter fleet.

Mr. Wostmann asked if this is the fee the Board went on record to say this fee would not be increased this coming season.

Mr. Uchytel said yes for Statter Harbor with the new construction. The Board also said they would address the 2022 fee later this year.

- Statter Harbor Bus Loading fee - There is a company fee and a seat fee.
- Grid Fee – This was changed in 2017
- Crane Use Fee – This was based on every 5 minutes, but in 2015 the turning the crane off and on was thought to be hard on the equipment and it was changed to \$5 per 15 minutes use.



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Mr. Becker said he had complaints about only having 15 minutes at a time and asked if someone could have it run for longer times if they know they are going to need it for longer times?

Mr. Creswell said he spoke with the representative for the millennium system and staff is not able to change the fob to allow for longer time but there can be a beeper that counts down when you are a minute away from your end of time.

Mr. Uchytel said we do collect revenue from this fee but we spent about \$30,000 this past winter on the downtown cranes that are very worn. We do not collect enough revenue on cranes.

- Storage Fees - \$0.50 per square feet for harbor patrons.
- Staff Labor Fees – This is a \$75 fee that is mostly used for staff to inventory an impound.

Mr. Wostmann asked for the loaded cost for our employee compared to what we charge?

Mr. Uchytel said a Harbor Officer is probably pretty close to what we charge. This is primarily for our impound vessels.

Mr. Wostmann asked if most of the impound fees are not recovered?

Mr. Uchytel said yes.

Mr. Creswell said we do use it on impounds and realize these fees are unrecoverable so we try to be sparingly in those cases. This fee is also used whenever something falls outside the area of good customer service like when a harbor patron is negligence or they are not able to come and pump out their boat. In those cases, it is always paid, so this is a good fee when we need it.

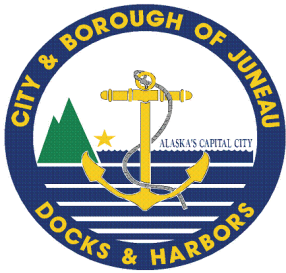
Mr. Wostmann said this fee may need to be reviewed.

- Reserved Moorage Waitlist Fee
- Shorepower Access Fee – There are a lot of different shorepower fees. This was reviewed in 2017.

Mr. Etheridge asked if the RCA limited what Docks & Harbors was allowed to charge for electricity?

Mr. Uchytel said that had to do with reselling of power, this is assessing a fee to what we are charged. He said in regulation it states that the shorepower access fee should be reviewed and adjusted annually.

- General moorage management policy



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- Vessel salvage and disposal fee – This is a \$0.25 per foot per month applied to a vessel that does not have insurance. Harbors collects about \$16,000 per year. This does not generate enough revenue to impound and dispose of the amount of vessels we do a year. This is a fee that could be considered for review.

Mr. Wostmann asked what would be the consequences if the Harbors policy was that if a vessel did not have insurance they could not be in the Harbor?

Mr. Uchytel said he is not sure what CBJ Law would say to making insurance mandatory to be in our Harbors?

Mr. Wostmann said staff should ask the question.

Mr. Uchytel said staff often hears that an old wooden boat is not able to obtain insurance.

Mr. Etheridge said that is true.

Mr. Uchytel said that would be a problem because some vessels are uninsurable.

- Anchoring – This fee of a \$100 application fee with a \$.25 per foot was established in 2018 as a result of Lumberman being off the Aurora Harbor breakwater. Previously Harbors had no regulation that outlined anchorage in our tidelands.

Mr. Etheridge asked how many launch ramp permits are sold.

Staff estimated 2,000

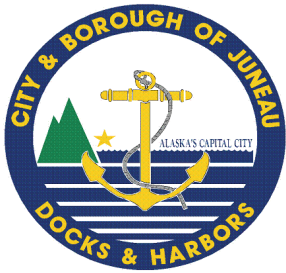
Mr. Etheridge asked how many vessels are paying the vessel disposal surcharge of \$.25 per foot for not having insurance?

Mr. Uchytel said we collect about \$16,000 per year.

Mr. Creswell said he is unsure of the number of boats. It is hard to estimate because only assigned stall holders pays this fee. He said he will get the number of vessels and get back to him.

Mr. Wostmann asked how much of an administrative burden would it be to tell an owner of a vessel that is uninsurable to provide a denial letter from the insurance company? How many vessels are truly uninsurable or the owner just does not want to pay insurance for their vessel?

Mr. Etheridge said his boat, the Tagish, is uninsurable. His other boat, the April Ann, was very difficult to get insurance on. There are a lot of boats in the Harbors that are not able to get insurance.



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Mr. Wostmann pointed out that those are the vessels that are the greatest risk for sinking at the dock, creating damage to our facilities, or being abandoned and the Harbors has to dispose of them.

Mr. Larkin commented that all the marina's he has moored at down south, he had to have insurance and list the Marina as additional insured in able to get moorage at the facility. On the boats that are unable to get insurance, or it is cost prohibitive, the owner should post a bond to protect the Harbor in case of an incident.

Mr. Etheridge commented that might be doable.

Mr. Uchtyl said he estimated a 40' vessel to pay approximately \$10 per month with this fee if they do not have insurance. Maybe 120 vessels are currently paying this fee.

Mr. Wostmann suggested to increase this fee to be comparable to a monthly insurance premium.

Mr. Wostmann asked how the Committee would like to proceed.

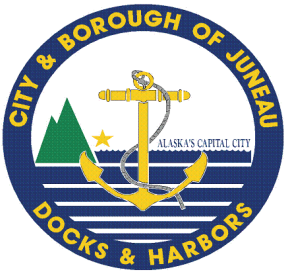
Committee Discussion

Mr. Etheridge recommended to review and increase the \$0.25 vessel surcharge fee, increase the staff labor fee, and review the launch ramp permit fees due to the needs identified at our launch ramps.

Mr. Larkin asked if any of the fees charged are not covering the associated costs. He gave an example of the electricity fee covering our expense.

Mr. Uchtyl said that is a tough question. We did bring in a harbor user that is an electrician that reviewed the rates to make sure we were charging enough and not losing revenue. In 2017 we were confident the rate was covering our expense. He said looking at the launch ramps and if we do sell 2000 annual permits that is \$180,000 in revenue collected. We have recapitalized the Auke Bay launch ramp, we do snow removal at all our facilities except Echo Cove. Staff goes to Echo Cove every day in the summer to check on the facility, we provide a dumpster for trash, and outhouses at all of our launch ramps. He said he is unsure if the maintenance alone is covered with the revenue collected. It is difficult to determine if each fee collects enough revenue based on the fee because of all our revenue and expense is co-mingled. It is hard to say what user groups are using trash and bathrooms and what facility requires more snow removal. This is why it is difficult to raise rates because it is always another user group that is causing the impact.

Public Comment –



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Mr. Clayton Hamilton, Juneau, AK

Mr. Hamilton said his impression of the launch ramps is that they are neglected and he knows some people would be very upset if this fee was increased.

4. Next Steps: Recommendations to Operations-Planning Committee

Mr. Wostmann said it is important to manage our current revenue and expenses so we do not draw our fund balance down any more than what was presented to the Assembly. The other items for more discussion is to review the UAS purchase and the additional revenue needed to purchase the property. With this purchase in mind, the Committee needs to follow through with the fee review and see where fees can be increased. He is unsure if this could raise enough revenue but also continue the discussion with bonding or pursue funds that may be applicable to this waterfront property purchase. He wanted to schedule a meeting where Docks & Harbors has the opportunity to let the public know our challenges with COVID and the fact we need to increase fees but also hear from the public and hear the biggest resistance. He suggested to solicit from Committee members what fees they recommend to discuss further for a possible increase and set a date for a working session to specifically address these recommendations. He said to send the recommendations to Mr. Uchytel.

Mr. Larkin said another thing to think about and be ready for is if there are no cruise ships next year.

- VII. Next Meeting** – Mr. Wostmann recommended to send out a doodle poll for another meeting time for as soon as possible.
- VIII. Adjournment** – The meeting adjourned at 6:50pm