

DOCKS & HARBORS FINANCE SUB-COMMITTEE MEETING MINUTES

Friday August 7th, 2020
Zoom Meeting

I. Call to Order – August 7th at Noon in the Port Director’s Office via Zoom meeting.

Mr. Wostmann called the August 7th Finance Sub-Committee meeting to order at 12:02pm via Zoom meeting.

II. Roll Call

The following members were present: Chris Dimond, David Larkin, James Becker (in person), and Bob Wostmann.

Absent: Don Etheridge

Also present were the following: Carl Uchytel – Port Director, Matthew Creswell – Harbormaster, Erich Schaal – Port Engineer, and Teena Larson – Administrative Officer.

III. Approval of Agenda

Mr. Becker requested to add an item for Information/Discussion – Fisherman complaints on rates.

Mr. Wostmann suggested to add it as the first item under Items for Information/Discussion.

HEARING NO OBJECTION, THE AGENDA IS APPROVED AS AMENDED.

IV. Participation on Non-Agenda Items - None

V. Items for Information/Discussion

Fisherman complaint on rates.

Mr. Becker said he received a call from a Fisherman who is a gillnetter and a crab fisherman. He said the price of crab is down and how the whole Industry is not doing good. He said he will go to the ABLF drive down dock and unloads his crab and he will maybe be there two hours but is charged for a full day. He goes to a stall at Statter and pays that rate. He is complaining the rates are way too much.

Mr. Creswell said staff has worked hard to overcome the abuse of the reservation system at the ABLF facility. Early in the season everyone was put on notice that to be on that dock you need to make a reservation. With a reservation, two hours is free. The whole dock is only by reservation because it is so busy. After so many warnings to people, if staff finds boaters on the dock without a reservation they are charged. If a boater calls the office and makes a reservation, the two hour use is no charge. Staff is getting great compliance now. All the individual Mr. Becker is talking about just needs to make a



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reservation and if they are there for two to three hours they won't be charged. This way of management is working great.

Mr. Becker said he will get back to the fisherman that complained.

1. Review of FY20 & FY21 Budgets

Mr. Wostmann said he wanted this meeting today for an organizational meeting and not to really get in the number details. He wants to discuss the big picture of what this committee needs to focus on and what we need to do in the next year. What goals and challenges do we have to deal with and how to approach that, look at an attentive schedule, and also hear from staff of their hopes of the sub-committee contributions.

Mr. Uchytel showed a presentation similar to what was presented to the Assembly earlier this year for the FY20/FY21/FY22 budget and gave a quick summary. The presentation is added to these minutes. He said in the packet it has some projected revenue and expenditures for this fiscal year with assumptions, but they are not final numbers. We do not want to drill down into those numbers tonight but he will answer questions.

2. Projecting revenue shortfalls and budgeting essential services

Mr. Wostmann said Docks & Harbors could be looking at revenue shortfalls and as it becomes more clear what the shortfalls are, we should know more on the consequences as well. What do we need to do to reduce expenditures, and prioritize Docks & Harbors needs? He wanted to open this up for Committee thoughts.

Mr. Uchytel said although it has in the packet projected revenue and expenditures for this fiscal year, the Committee chair and staff decided to keep it more general numbers and not drill down.

Mr. Wostmann said he wanted to only have general numbers for today's meeting so the Committee could focus on priorities for the coming year and get a sense of what kind of a schedule the Committee should be looking at to start addressing the priorities. He said the top of his priority list is to try to get a handle on any budget shortfalls and the consequences for the shortfalls. In the recommendations for the Board, the Committee should identify what Docks & Harbors priorities are based off the essential services that need to be funded, projects that can be delayed, funds that can be redirected from projects, determine what funds can only be spent on certain items and the funds that can be used anywhere. By next April with the start of the new season, this Committee needs to know what kind of revenue projected and what services Docks & Harbors will or will not offer. He asked other Committee members feedback on their visions, suggestions, and any questions that should be addressed.



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Mr. Becker said he has had several conversations with medical personnel and they believe that next year's tourism will be similar to this year as far as the virus. He said this is all speculative but this should be part of the planning.

Mr. Wostmann said he is optimistic that next year some degree of tourism can safely occur. The latest reports from the cruise ship industry is not optimistic.

Mr. Larkin said from working in the medical field, COVID will be with us essentially forever as is the Flu, H1N1, SARS, and all the other illnesses that have come up over the years. They don't ever go away but they get better and life gets back to somewhat normal. Some of the cruise ship mitigation plans with the CDC indicate they are going to try to sail with 50 to 60 percent capacity of what they have been. It still makes money for them. We can predict passenger capacity will be half of what they have been if the boats come back. He said he expects the cruise industry to do something next year because they can't afford not to, as well as the affects to the airlines, and hospitality. He believes it will start again but not to the level of passengers that came to Juneau in 2019.

Mr. Wostmann asked in terms of the budgeting process, when will staff need to provide budget numbers for next year? He asked for a quick overview on the budget process.

Mr. Uchtyl said typically in January is the start of the budget cycle. What that looks like is the Finance Department will send out spread sheets that staff is asked to update. The updates will be for this fiscal year as well as the next fiscal year. The City works on a bi-annual cycle. FY21 is the first year of this two year cycle. The first spread sheets to start the budget cycle staff receives is the staffing schedule that requires updates for personnel changes, merit increases, and any other changes. Staff will bring this to the Board in February for review and typically in March we go to the Assembly to present our budget and proposed budget changes. The Assembly is required to adopt a budget by June 15th every year.

Mr. Wostmann said the Finance Sub-Committee should have one or more meetings before staff starts receiving spread sheets to try to figure out what the next summer season will look like. Should the Committee start to have the meetings after the holidays or should it be sooner?

Mr. Uchtyl said there won't be anything to review but we can pull dash board type documents on what we spent and how much revenue collected. The expense sometimes lags two months but the revenue is usually up to date. We can also show comparisons from previous years. Currently we know what the Docks budget is from now to May. Docks will still have expenditures but we won't have any revenue until after April 30th.



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Harbors is still busy and people are paying their bills. Docks has enough money in the Docks Enterprise currently from the marine passenger fee to get us through this fiscal year, but this would not include taking back any seasonal hires next spring. He said he is feeling optimistic about the Docks and Harbors Enterprise funds at this time.

Mr. Wostmann said he has seen that Harbors is doing well. He asked Mr. Uchtyl if no cruise ships show up next season, and the cruise ship revenue is zero, will Docks still have sufficient funds to maintain our minimal operations throughout this fiscal year, or to the end of the summer season?

Mr. Uchtyl said on page 3 in the packet is the assumption with half cruise ship capacity. For FY21 Docks revenue would be approximately \$898,000.

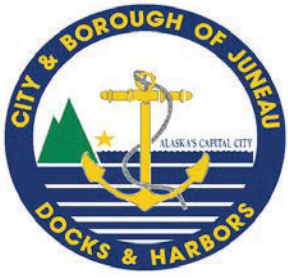
Mr. Wostmann asked the Committee organizationally what do we want to do and when do we want to do it? Would it be helpful if we went over “what if” scenarios?

Mr. Larkin said that would make sense to have different scenarios in our mind before the budget goes before the Assembly. What happens if no cruise ships come back or if they come back at 50% capacity. For harbors, there may be some commercial fisheries close and what affect would that have? This would also help if this happens again we would have already gone through it.

Mr. Dimond said he agrees with having some different scenarios. Having a better grasp of the “what ifs” and the potentials we have will help make a better decision going forward.

Mr. Wostmann said guidance for the scenarios would be if no cruise ships came to Juneau at all and then if they came at half capacity. Once the models are built and we know more about next year’s season they can be adjusted. He suggested to have these scenarios in place before the end of the year so when we get in the January time frame and start getting questions from the Assembly these exercises have already been completed and we can get into the real numbers.

Mr. Uchtyl said Docks has fixed expense ranging in the \$35,000 to \$40,000 per month. Other expenses are dependent on seasonal staff or cruise ships in port. There is not a lot of changes that will go into the Docks Enterprise. If the cruise ships do not come there is \$2.5M in our fund balance that can be drawn upon for this purpose.



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Mr. Becker said there are a lot of trailers in Douglas. Is that still growing by a percentage every year?

Mr. Creswell said he noticed this year there has been an increase in boat ramp usage. He believes this is because the locals are not traveling and using their boats more.

Mr. Wostmann mentioned that he noticed an increase in trailered boats going out the road than he remembers in previous years.

Mr. Dimond said he uses Statter Harbor and it is getting harder to find a parking space for your truck and trailer if you are not there early on Friday.

Mr. Wostmann asked when would be a good time to meet to go over the scenarios?

Mr. Uchytel suggested October to refresh where we are in our FY21 revenues and expenditures.

Mr. Wostmann suggested middle of October for current FY21 revenue and expense and scenarios for the remainder of the year. He asked what the best way to estimate for Docks? Is it based on ship arrivals or passengers?

Mr. Uchytel said the marine passenger fee does not go directly to Docks & Harbors bottom line. The moorage and wharfage fees do go directly to Docks.

Mr. Wostmann asked if being based on the ship, is it if it is full or half full?

Mr. Uchytel said working with the assumption of half full that would be that we are predicting half the amount of sailings.

Mr. Wostmann suggested to meet mid-October to look at a model with zero cruise ships and one with 50% cruise ships. He asked if it would be useful to staff to have a work session to flush out what the Committee wants to see in these models?

Ms. Larson said if the Committee wanted to have a work session we could plan for that or she could put together a model/scenarios of what she thinks the Committee wants. It could give reasons behind what is prepared and be submitted to the Committee chair to review.

Mr. Wostmann said he suggested to have the model/scenario about a week before the meeting so there is time to review it and provide changes or add suggestions.



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Mr. Becker said he has plans to be out of town starting October 16th for medical reasons. He would like this completed before he leaves.

Mr. Wostmann asked if October 10th would work? Ms. Larson would need to supply scenarios somewhere around October 1st.

Ms. Larson said that should work.

Mr. Wostmann said it can be decided at that meeting whether there is a follow up meeting needed with the discussion and suggested changes. There should also be a meeting in the first half of January to start looking at the actual budget numbers for our feedback to the Assembly.

Mr. Uchytel said there are a handful of things that a targeted sub-committee can really help staff. One would be with the commissioning of the new float system at Statter Harbor. We should figure out what the new rate schedule should be.

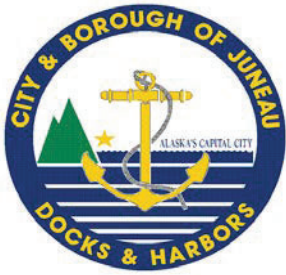
3. Funding availability for Capital Improvement Projects (CIP)

4. Staff Recommendations for Sub-Committee Action

Mr. Wostmann asked to have some feedback from staff on what staff is hoping the sub-committee will do or not do.

Mr. Uchytel said there are a handful of things that a targeted sub-committee can really help staff.

- With the commissioning of the new float system at Statter Harbor, we need to figure out what the new rate schedule will be. This will be a world class facility providing private moorage for the charter vessels. Staff would like a work session to figure out what a fair and reasonable rate should be.
- Look at the rate schedule and decide if the rates should stay the same for another year pending a more stable cruise ship outlook.
- Look at the rate schedule for the reservation rates for the IVF, PFO, ICT and the Breakwater.
- Work on a project priority list and where there are funds available for the projects. Work with the Assembly on project approval to maybe get 1% sales tax, or maybe revenue bonds.



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Mr. Becker added to the list the ABMS building and the UAS lease expiring April of next year.

Mr. Wostmann said looking at the rate schedule is something this sub-committee would be able to do, but the CIP projects he would like to discuss with the Board Chair and Ops Committee Chair. He said he believes it would be best to decide on a project list and priority with the entire Board. Once the priority list is established then it can come back to the sub-committee to determine where the funding will come from. Mr. Wostmann asked if the rates need to be readdressed soon so they can be posted for next season?

Mr. Uchytel said if we make changes for Statter Harbor, and changes to the reservation rates, the users will say they need to know a year out.

Mr. Wostmann recommended to have a meeting later this month or early next month for rate assessment.

Mr. Uchytel said that would work. However, with this such a bad year there will probably be push back from the users.

Mr. Dimond left the meeting at 1:01 pm.

Mr. Wostmann said the sub-committee can set a temporary modification of the rates for the 2021 season based on what the rate should be in a normal environment but also say if Juneau is still impacted by COVID then we can decide at that time if the rates will change.

Mr. Larkin asked what the budget looks like if we do not change the rates. Will we break even or lose money?

Mr. Uchytel said at the end of FY20 staff is anticipating being \$200,000 in the positive and this was not a full fiscal year with COVID. Harbor typically brings in \$120,000 from charter vessels and we did not see any of that this summer season.

Mr. Larkin said it makes sense to re-evaluate the rates and set them based on a normal economic time. However, in the back of our minds, if next season is the same as this season we can be ready to push the rate change ahead a year.

Mr. Wostmann asked if staff is ready to propose rates for the new float?



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Mr. Uchtyl said he is approaching this as he knows how much money he wants to collect for Statter Harbor phase IIIc. He said the other thing he would like to do is change the fee structure for the passenger for hire and the loading zone fees. He suggested to maybe combine the two and have a flat fee.

Mr. Wostmann said as soon as Mr. Uchtyl has an idea of what the rate structure should be to schedule a sub-committee meeting to discuss.

Mr. Uchtyl said probably late September.

VI. Next Meeting – Next meeting was decided for October 10th.

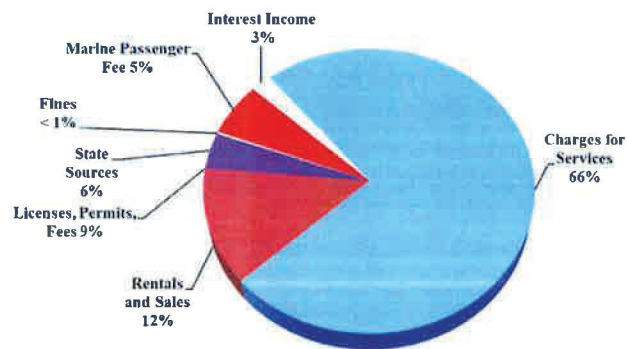
VII. Adjournment – The Finance Sub-Committee Meeting adjourned at 1:09 pm

Docks and Harbors FY20/FY21/FY22 Budget

Finance Sub-Committee
August 7th, 2020



Docks & Harbors FY21 Funding Sources

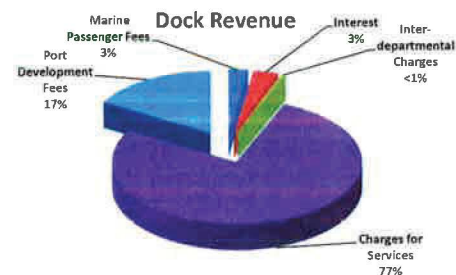
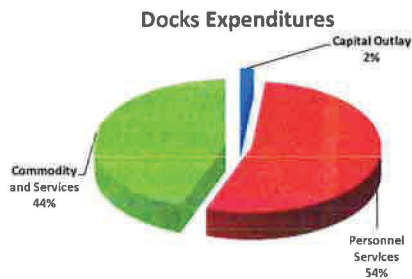


Docks - Comparatives

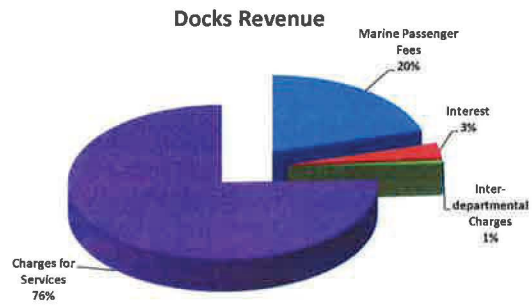
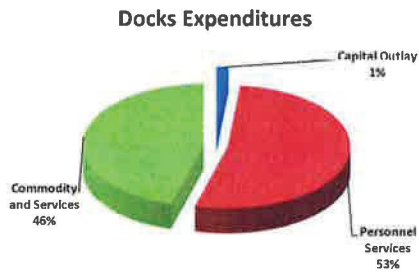
	FY19 Actuals	FY20 Amended Budget	FY20 Projected Actuals	FY21 Requested Budget	FY22 Requested Budget
EXPENSES:					
Personnel Services	\$ 973,400	1,034,200	1,100,200	1,133,600	1,173,300
Commodities and Services	737,700	900,200	903,300	981,400	979,200
Capital Outlay	-	35,000	35,000	35,000	35,000
Support to:					
Marine Passenger Fee	170,000	-	-	-	-
Capital Projects	2,235,000	-	-	-	-
Total Expenses	4,116,100	1,969,400	2,038,500	2,150,000	2,187,500
FUNDING SOURCES:					
Interdepartmental Charges	11,000	11,000	11,000	15,100	15,100
Charges for Services	1,505,900	1,562,000	1,660,000	1,660,000	1,660,000
Licenses, Permits and Fees	378,200	400,000	-	-	-
State Shared Revenue	-	-	-	-	-
Interest	133,200	54,300	70,000	70,000	70,000
Support from Marine Passenger Fee	457,600	55,000	55,000	448,500	448,500
Support from Port Development Fee	-	358,500	358,500	-	-
Total Funding Sources	2,485,900	2,440,800	2,154,500	2,193,600	2,193,600
FUND BALANCE:					
Beginning Available Fund Balance	3,909,800	2,279,600	2,279,600	2,395,600	2,439,200
Increase (decrease) in Fund Balance	(1,630,200)	471,400	116,000	43,600	6,100
End of Period Fund Balance	\$ 2,279,600	2,751,000	2,395,600	2,439,200	2,445,300
STAFFING	13.01	13.01	13.76	13.76	13.76



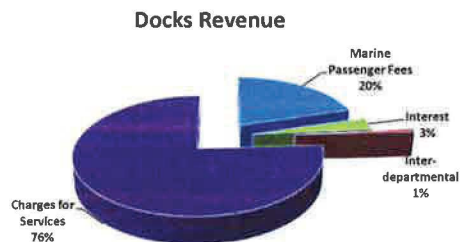
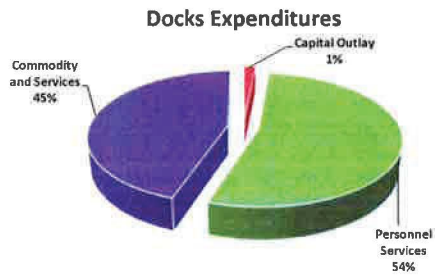
Docks Budget FY20=\$2.04M



Docks Budget FY21=\$2.15M



DOCKS BUDGET FY22=\$2.18M



FY21 Marine Passenger Fees Request

Funding for Operational Services

Marine Passenger Fees

Port Operations - \$448,000

Requested Funding for Capital Projects

Marine Passenger Fees

Safety Guardrail Along Dock Face \$1,000,000



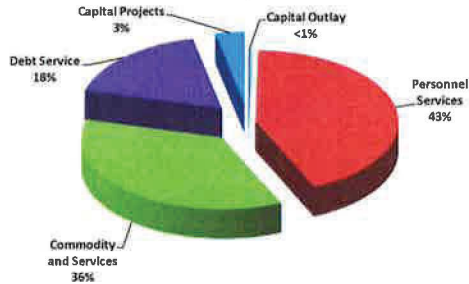
Harbors - Comparatives

	FY19 Actuals	FY20 Amended Budget	FY20 Projected Actuals	FY21 Requested Budget	FY22 Requested Budget
EXPENSES:					
Personnel Services	\$ 1,830,400	1,910,000	1,804,600	1,872,800	1,935,000
Commodities and Services	1,352,700	1,465,800	1,499,700	1,629,200	1,626,800
Capital Outlay	11,900	10,000	10,000	10,000	10,000
Debt Service	639,900	738,100	738,100	738,400	737,600
Support to Capital Projects	-	140,000	140,000	125,000	-
Total Expenses	3,834,900	4,263,900	4,192,400	4,375,400	4,309,400
FUNDING SOURCES:					
Charges for Services	2,703,600	2,925,000	3,346,000	3,340,000	3,340,000
Rentals	910,200	890,000	887,000	890,000	890,000
State Shared Revenue	447,900	365,000	407,000	275,000	365,000
Fines and Forfeitures	15,400	20,000	15,000	15,000	15,000
Other Income	-	-	63,400	-	-
Interest Income	150,600	87,500	70,000	70,000	70,000
Total Funding Sources	4,227,700	4,287,500	4,788,400	4,590,000	4,680,000
FUND BALANCE:					
Fund Balance Reserve	749,500	749,500	749,500	749,500	749,500
Beginning Available Fund Balance	(460,300)	(67,500)	(67,500)	528,500	743,100
Increase (decrease) in Fund Balance	392,800	23,600	596,000	214,600	370,600
End of Period Fund Balance	\$ 682,000	705,600	1,278,000	1,492,600	1,863,200
STAFFING	17.08	17.08	16.33	16.33	16.33
DEBT REVENUE RATIO	=>120%	=>120%	=>120%	=>120%	=>120%
(NOT) Meeting Debt/Rev Ratio	904,720	754,080	1,326,480	930,320	960,690

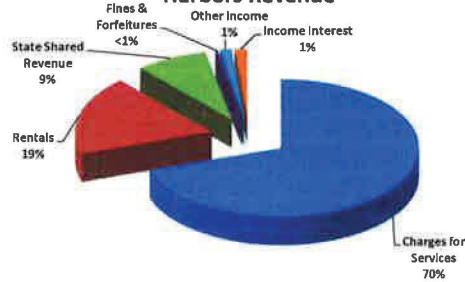


Harbors Budget FY20=\$4.19M

Harbors Expenditures

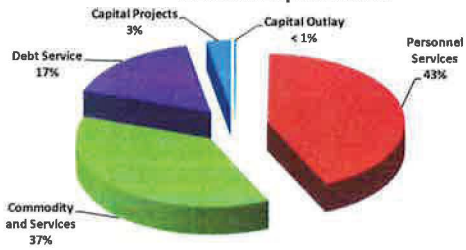


Harbors Revenue

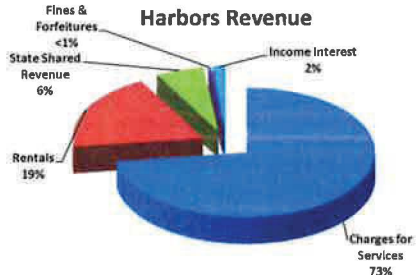


HARBORS BUDGET FY21=\$4.37M

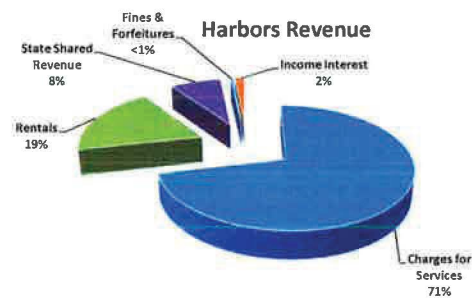
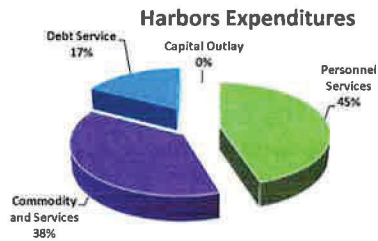
Harbors Expenditures



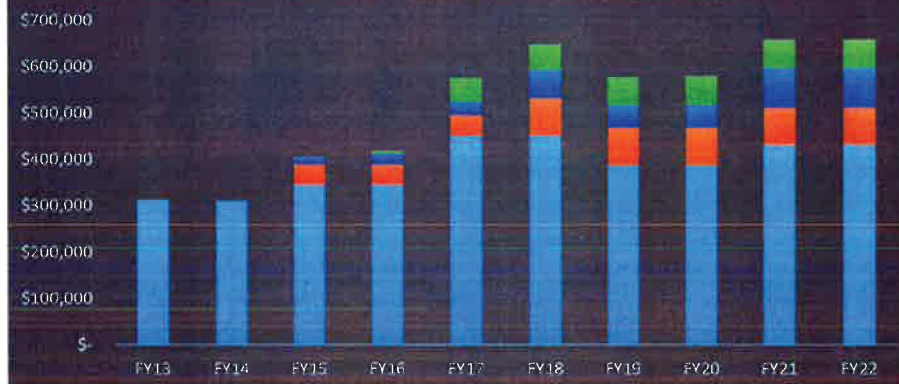
Harbors Revenue



Harbors Budget FY22=\$4.30M



Docks & Harbors All Interdepartmental Fees



	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Interdepartmental	\$309,600	\$309,600	\$343,800	\$343,800	\$450,400	\$450,400	\$386,400	\$386,400	\$430,800	\$430,800
D&H Landscape			\$ 45,000	\$ 45,000	\$ 45,000	\$81,000	\$81,000	\$81,000	\$81,000	\$81,000
D&H Fleet Maint			\$15,807	\$24,318	\$28,322	\$60,836	\$48,527	\$51,300	\$85,500	\$85,500
	\$309,600	\$309,600	\$404,607	\$416,778	\$575,383	\$646,627	\$576,558	\$579,700	\$658,300	\$658,300



Docks & Harbors Capital Projects

Downtown Waterfront Improvements

- Security Checkpoint Stations – Complete
- Downtown Waterfront Improvements – Completion October 2020
- Small Cruise Ship Moorage Study – Completion December 2020
- Large Berth Shorepower Design – Completion April 2021

Statter Harbor Improvements

- For Hire Facility Phase III A – Completion October 2020
- For Hire Facility Phase III B – Completion May 2021
- For Hire Facility Phase III C – Completion May 2022

Douglas Harbor

- Pile Anode Installation – Complete

Harris Harbor

- Pile Anode Installation – May 2021

Aurora Harbor

- Phase III – TBD
- Demolition North End – Completion November 2020

