

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING AGENDA
For Thursday, January 19th, 2017

- I. Call to Order** (5:00 p.m. in the CBJ Assembly Chambers)
- II. Roll Call** (Tom Donek, Robert Mosher, David Seng, and Weston Eiler)
- III. Approval of Agenda**

MOTION: TO APPROVE THE AGENDA AS PRESENTED OR AMENDED
- IV. Public Participation on Non-Agenda Items** (not to exceed five minutes per person, or twenty minutes total)
- V. Approval of October 20th, 2016 Finance Committee Meeting Minutes**
- VI. Consent Agenda** - None
- VII. Unfinished Business** - None
- VIII. New Business** - None
- IX. Items for Information/Discussion**
 - 1. FY17 & FY18 Budget Overview
Presentation by the Port Director

Committee Discussion/Public Comment
- X. Staff & Member Reports**
- XI. Committee Administrative Matters**
 - 1. Next Finance Committee Meeting- **Thursday, February 16th, 2017**
- XII. Adjournment**

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FINANCE MEETING MINUTES
For Thursday, October 20th, 2016

- I. Call to Order** The Finance Committee Meeting was called to order at 5:00 p.m. in the CBJ Assembly Chambers.
- II. Roll Call** The following members were present: Tom Donek, Robert “Tim” Mosher, David Seng, and Weston Eiler.
Also present: Carl Uchytel – Port Director; David Borg – Harbormaster; Sam Muse – CBJ Accountant.
- III. Approval of Agenda**
MOTION: BY MR. TOM DONEK TO APPROVE THE AGENDA AS PRESENTED AND ASKED UNANIMOUS CONSENT.
Motion passed with no objections.
- IV. Public Participation on Non-Agenda Items** – None.
- V. Approval of March 24th, 2016 Finance Committee Meeting Minutes**
MOTION: BY MR. TOM DONEK TO APPROVE THE MARCH 24, 2016 FINANCE MEETING MINUTES AS PRESENTED AND ASKED UNANIMOUS CONSENT.
Motion passed with no objections.
- VI. Consent Agenda - None**
- VII. New Business - None**
- VIII. Items for Information/Discussion**
1. FY 2016 End of Year Summary
Presentation by the Port Director
 2. FY 2016 – Docks Enterprise Revenue & Expense
Presentation by the Port Director
 3. FY 2016 – Harbor Enterprise Revenue & Expense
Presentation by the Port Director
- Mr. Uchytel stated he will be presenting a proper overview of the FY16 financial report. He introduced the City Accountant, Sam Muse, who can assist in explaining the numbers. We will do an overview of the fund balance and where we are spending money. The packet attached to the agenda are the numbers as of August 30, 2016. The power point presentation are the most current numbers to follow along with instead of the ones attached to the agenda. (See updated financials attached to these meeting minutes)
- Mr. Uchytel stated one of the major changes in our financial reporting, is that we have never had to account for the pension liabilities for our harbor employees. It can be complicated to explain it. We have always been aware of it but have never had to report it. We are now required to

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include it in our budget. Presenting where we are at with Harbor side, our revenues have increased. A lot of that has to do with Dave Borg, the Harbormaster and Dolly Raster who manages the harbor offices enforcing a lot of the harbor rules as far as collecting revenue. Those are directly related to Dolly Raster coming on line. The FY15 revenue bump up is primarily from the wind fall we got from the Mount Roberts Tram Lease settlement. The expenditures have also gone up. We have increased personnel. The \$2.4M listed for FY16 expenditures has to do with unfunded pension liability. Essentially in this year we had a \$600,000 adjustment to our expenditures so it shows a decrease. We are now adjusting for the pension liability but it is more for just on paper and does not affect our current bottom line. It is important for our accountants but not for Docks & Harbors operating standpoint. We also have reductions from our fund balance over the years that go to our capital projects like rebuilding our harbors such as Aurora, Douglas, and Statter. These are considered investments in our CIP funds rather than deductions. We also have our debt payments listed. This is the overview of where we are at and shows how our funds are trending. The bottom line is that this is the balance we have acquired over the years to use for future investment in projects.

Committee Questions/Discussion –

Mr. Eiler asked if the addition of the pension liability is the new way that CBJ is breaking down its pension liability within subunits of government. Is that the PERS liability assigned to our department and we just haven't broken it out before. What's the change.

Mr. Muse answered it stems from an accounting standard change. You had municipalities and governments like Detroit who had huge pension liabilities and were short on cash. They end up going bankrupt and cannot pay their pensions. They never had to put it on their books before. No government had to put their pension liability on their books before because it realistically represented a flow of cash very far in the future. Employees are not going to retire for 30 years so the city would not have to pay for another 30 years so it was never a rule to have to put the pension liability on the books. Because of all the recent events such as Detroit, the Governmental Accounting Standards Board came out with a rule that said as of FY15 it now has to be accounted for. In FY15 we booked \$984,611 just for Harbors and then for FY16 the expenditures decreased so we accounted for the extra amount we took out for FY15 and then adjusted amount for FY16. We show it added back in so that the department can see what can actually be spent.

Mr. Uchytel stated the take away is that even with the expenditures and the pension liabilities we are still operating in the black.

Mr. Eiler asked since the pension liability amount is listed the same for FY16 and what's is budgeted for FY17, is that the amount for active employees or retirees or both. Is that envisioned to be a stable number.

Mr. Muse answered it is the same because we have not received the actual number from the State. They provide that information to us. It is usually one giant number for CBJ and our finance department will divide it out to individual departments by using historical salary data.

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In the future we won't get a big reduction like we did this year. There are fluctuations each year because of interest.

Mr. Donek asked if \$2.3M listed in FY17 for Aurora Harbor Re-Build is the state grant or our match.

Mr. Uchtyl answered it is our match.

Mr. Donek asked if after our match for the project if we still have almost \$2M in our fund balance.

Mr. Uchtyl answered yes.

Mr. Donek asked if the debt payments are for the Bond payments.

Mr. Uchtyl answered yes. In the past it has been \$750,000 per year. Now the finance department has broken out the payments. They sold some bonds to refinance and lower some payments.

Mr. Donek asked if Mr. Uchtyl can remind us what bonds we are paying off.

Mr. Uchtyl answered the two remaining 30 year bonds we are paying on are for Douglas Harbor and the ABLF. We will be paying those until about 2027.

Mr. Eiler asked if we know the total bond debt we have.

Mr. Uchtyl answered he does not.

Mr. Eiler requested if we can have that at a future meeting.

Mr. Mosher asked if the pension is in or out at this point. Do we owe it.

Mr. Muse answered it is accounted for but added back in so we can spend it because it is not owed for 30 years.

Mr. Mosher asked where the money comes from for the people that are being paid now.

Mr. Muse answered that is coming out of the current contributions that we pay now. We pay in to it now. So if we over pay or under pay for any future amount owed it will be adjusted according to the calculations from the State Actuaries. So what you are reading is the unfunded amount so far.

Mr. Mosher asked when that will be due.

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Mr. Muse answered hopefully never. As of right now the city is catching up paying in to the state system. All the governments are adding to it and paying in to catch up.

Mr. Eiler stated there are a lot of variables but the State is hoping to catch up by 2039.

Mr. Eiler asked Mr. Uchytel to define what the Other Financing Sources represent on the Harbor Fund budget overview.

Mr. Uchytel answered it includes capital expenditures, capital contributions, and financial reclassifications.

Mr. Muse answered in any given year depending on CIPs or grants or contributions you can have changes in unrestricted funds balance. If you have decrease in salaries that would be an example of additions to the fund balance that can be used. Other funds can be restricted on what they can be used for.

Mr. Eiler asked if the financial summary for the Docks & Harbor department brings to light any surprises or changes that staff found. Is there anything that looks better or worse or anything we want to watch for moving forward.

Mr. Uchytel answered we are fairly healthy as a Harbor. We have not had the stresses that the broader city has with their general funds. Every year we end up getting a lease payment that pads the numbers. In the past we just wrote off bad debt. So we can explain the peaks and valleys of our fiscal years for our Harbors.

Mr. Uchytel stated now moving on to the Docks funds. Our revenues are exceeding our expenditures. These funds do include the Marine Passenger Fees that we get awarded. We have the same outlier with the Pension Liabilities. Our revenues were down but now we are doing better with our Vendor Booth permits. We've also over the years, if we can legitimately assign revenues to the Harbor side such as moorage fees collected at the IVF then we have moved over those fees. We transferred \$1.5M from the dock funds to the CT dock project. We have about \$3M in our fund balance to move forward with any CIP projects for Docks.

Mr. Uchytel stated the third handout shows the Port Development Fees we collect for the City and those funds usually transfer in to the 16B cruise ship terminal project and moving forward the funds will be used to pay down the bond on the 16B project for the next 25 years. The \$5,500.00 amount listed under the expenditures is actually a positive. It's the fee we receive for processing and handling the port development funds we receive.

Mr. Uchytel stated we also have a Lawson report that shows the detailed list of revenues and expenditures for each fiscal year for Docks and Harbors. It lists all of our charges for services and all our expenses for both Docks & Harbors sides. This Lawson report provides a quick overview of all the details and I would be happy to answer any questions for the Board.

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Mr. Eiler stated he thinks this is a good overall view of the budget for both new and old board members to go over.

Public Comment –

Mr. William Quayle – Juneau, AK

Mr. Quayle stated this is really a minor compared to all these numbers you've throw up here it's only about a \$300.00 charge. What I am trying to do is that Pedi cabs are not treated like they are autos. They do that when it comes to the system and that. Also when I was running for assembly, the brokers pay \$30,000 to be able to sell during the course of the season. In the mid part of the season eleven started then come about July three of them were out of business. They charge so much they can't really make any money. I understand why you are trying to hold back the money. It'd be good if you had a situation where you charged just a brokers bond it is only charging about 20% of what that \$30,000 is. I know you are trying to protect the public in case they run off with the money but if you charge a brokers bond and they run off with the money you got your money. Then they don't have to pay as much and they are still satisfying the requirement. That way you can keep people going in business. You don't want a situation where they are not around. You got a situation where you got a lot of people going out of business. You are charging way too much and when I was running for assembly and that a lot of these people signed my thing to go in the ballot so I'm sort of obligated to let it be known. But it's really really important to let it know there is another Pedi cab business we can drive right up to the gate and that is where Pedi cabs are really cool. If you lessen it to \$150.00 that way we can get more people to the businesses. A lot of time we have situations where these people are not ambulatory and by us picking them up right when they get off the boat and we can take them to places where the cabs can't. I have had situations where they just want to go a block or two just for shopping and I have to turn them down because I am fighting with city when it comes to their fees. This is one part of it. When it comes to the brokers you would really do a service to cutting those back and keep businesses going. Some days they don't get money at all. I do that by observing them. You can do them a favor. You can't put this off. You don't want to cause people to go out of business and you are doing it now.

Mr. Eiler said thank you to Mr. Quayle.

Mr. Dennis Watson – Juneau, AK

Mr. Watson stated that I have been coming to these meetings since 2006 and one of my pet peeves was why can't we get a decent financial report out of the Harbors. Since Carl Uchytel took over and Bob Bartholomew came aboard it is so much better than what we had in years past. I just want to thank Carl and the board. It's very professional. As a member of the public and being very vocal about non-collectible debt it is great to see the debt drop from over \$150,000 to \$41,000 and it makes me feel better about how you all are operating the Harbors. I do have a question about the fish tax and how the state reports fish tax, it kind of transcends two fiscal years. It appears it still does that so it's hard to get the exact amounts for what will be collected. I do have a comment about the "On-Behalf" state contributions to the Public Employee Retirement Systems. It is at a record low. I've just recently done budgets for the State and School district, it is about as low as I have ever seen. You can count on it to be on the rise. It must be in relation to the Governors \$1B deposit in to the state retirement fund. I know it will

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go up. The last comment I have is that Harbors has done the most improvements over the years compared to any other city environment. It sure would be nice to see the net value of all of these improvements. The city has to show the value of these for tax purposes and for equipment. It would be great to see the dollar amount that has been contributed to the community since we have never seen that.

Mr. Eiler said to Mr. Watson thank you, those are very helpful comments.

Mr. Dennis Harris – 12th Street Taxis & Tours, Juneau, AK

Mr. Harris stated it is great to see the level of professionalism with the Docks & Harbor Department. I'm a member of the Airport board and we go through the same budget review and in both cases both boards are now dealing with better financial information and reporting. In the last 2 ½ years we have had a great improvement working with Bob Bartholomew and the CBJ accounting staff. I noticed you have money in a Fleet Replacement reserve which is good and I noticed you did not do much fleet replacement this year. And fleet gasoline consumption has gone way down partly because of the drop in fuel prices. It is my hope we can get the city to purchase hybrid vehicles and as other equipment moves towards electric with better battery power that you look in to those. The airport is working on getting away from petroleum based fuel vehicles and I hope Mr. Uchytel guides Docks & Harbors in that direction.

Mr. Eiler said to Mr. Harris thank you, it is nice to have a comparative perspective from another board. We appreciate it.

Mr. Uchytel stated he wanted to address some of the public comments. He stated we are in the process of working on the value of our assets. Also the raw fish tax was a calendar year tax and the money is not released until November. We would then have to back date it to the previous fiscal year. We changed that process so we now operate with cash on hand and it is listed during the fiscal year that we actually receive it. We did just recently purchase a new truck but it will be on FY17.

Mr. Borg stated it was a Ford F150 and it is more fuel efficient.

IX. Staff & Member Reports - None

XI. Committee Administrative Matters

1. Next Finance Committee Meeting- **Thursday, November 10th, 2016.**

Mr. Uchytel asked the board if they want to have a meeting since it is in two weeks' time. The budget does not start until January.

Mr. Eiler asked what the budget cycle is.

Mr. Uchytel answered we receive the spreadsheets from finance in January and then in March we present to the harbor board first then the assembly. The Assembly has to approve all budgets by May 1st. Typically our budgets are always approved. By December 31st each year we do have to submit to the city manager what we want to be considered for when we request a portion of

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the marine passenger fees. We usually ask for the operations costs for the building and staff for downtown Port Field Office.

Mr. Donek stated since we are on a compressed schedule with the holidays we should consider canceling the Nov 10th meeting.

Mr. Eiler said he will speak with Mr. Uchytel and Chair Donek later about the meeting schedules.

XII. Adjournment

The Finance Committee Meeting adjourned at 5:55pm.

CBJ PORT DEVELOPMENT FEE FUND (Updated October 20, 2016)

	FY12	FY13	FY14	FY15	FY16	FY17 Budgeted
Revenues:	2,634,080	2,825,479	2,864,578	2,868,633	2,940,285	3,040,000
Expenditures:	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)
Other Financing Uses:	(7,310,000)	(2,800,000)	(2,925,000)	(403,900)	(4,838,900)	(2,095,300)
Net Change Fund Bal (FB):	(4,681,420)	19,979	(65,922)	2,459,233	(1,904,115)	939,200
BEGINNING FB:	4,743,047	61,627	81,606	15,684	2,474,917	570,802
END FB:	61,627	81,606	15,684	2,474,917	570,802	1,510,002
Cruise Ship Passenger						
Counts:	878,027	941,826	954,859	956,211	980,095	1,013,333

Note - The "Other financing uses" starting in FY12 was to transfer fund revenues to the Cruise Ship Berth Expansion project. The future proceeds will either until be transferred to the project (Dock Fund) or debt service fund until any revenue bonds are paid off.

CBJ DOCKS FUND (Updated October 20, 2016)

Dock Fund Operations

	FY	FY12	FY13	FY14	FY15	FY16	FY17
Revenues:		1,611,158	1,618,477	1,423,890	1,796,999	1,445,443	1,561,900
Expenditures:		(1,333,681)	(1,244,368)	(1,264,917)	(1,436,105)	(1,025,008)	(1,482,000)
Transfers to Capital Projects		(4,000,000)	-	-	-	(1,500,000)	-
Other Financing Sources (Uses):		401,937	391,012	464,848	287,894	305,815	277,600
Increase (decrease) in Fund Bal (FB):		(3,320,586)	765,121	623,821	648,788	(773,750)	357,500
Beg Unrestricted FB		5,462,705	2,142,119	2,907,240	3,531,061	3,461,412	2,687,662
Prior Period Adjustment (Pension Liab.)		-	-	-	(718,437)	-	-
Ending UnRestr FB, including Pension Liab.:		2,142,119	2,907,240	3,531,061	3,461,412	2,687,662	3,045,162
Pension Liability		-	-	-	698,113	347,934	347,934
Ending UnRestr FB, not including Pension Liab:		2,142,119	2,907,240	3,531,061	4,159,525	3,035,596	3,393,096

Other Financing sources (uses) include: capital expenditures, transfers in from the Marine Passenger Fee Fund, capital contributions, and financial reclassifications.

CBJ HARBOR FUND (Updated October 20, 2016)

Harbor Fund Operations

	FY12	FY13	FY14	FY15	FY16	FY17 Budgeted
Revenues:	3,154,885	3,408,570	4,075,009	5,065,783	4,297,815	4,047,900
Expenditures:	(2,434,329)	(2,948,161)	(3,252,863)	(3,709,463)	(2,420,575)	(2,957,300)
Transfers to Capital Projects	(600,000)	(1,500,000)	-	(800,000)	(1,300,000)	(2,333,000) ***
Debt Payments	(260,000)	(270,000)	(285,000)	(295,000)	(310,000)	(718,400)
Other Financing Sources (Uses):	162,579	229,749	(219,805)	689,778	-	(10,000)
Increase (decrease) in Fund Bal (FB):	23,135	(1,079,842)	317,341	951,098	267,240	(1,970,800)
Beg Unrestricted FB	3,950,123	3,973,258	2,893,416	3,210,757	3,148,579	3,415,819
Prior Period Adjustment (Pension Liab.)	-	-	-	(1,013,276)	-	-
Ending UnRestr FB, including Pension Liab.:	3,973,258	2,893,416	3,210,757	3,148,579	3,415,819	1,445,019
Pension Liability	-	-	-	984,611	494,337	494,337
Ending UnRestr FB, not including Pension Liab:	3,973,258	2,893,416	3,210,757	4,133,190	3,910,156	1,939,356

Other Financing sources (uses) include: capital expenditures, capital contributions and financial reclassifications.

*** Includes the transfer of funds for the following projects:

FISCAL YEAR 2017		
DOCKS AND HARBORS ENTERPRISE FUND		
DEPARTMENT	PROJECT	
Harbors	Aurora Harbor Rebuild	\$ 2,000,000
Harbors	Statter Harbor Breakwater Safety Improvements	333,000
	Docks and Harbors Enterprise Fund Total	\$ 2,333,000