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

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, David Seng, and Weston Eiler.
Absent: Robert Mosher
Also present: Carl Uchytil – Port Director; David Borg – Harbormaster; Teena Larson – Administrative Officer; Mary Becker – Assembly Liason, and John Bush – Docks & Harbors Board Member.

III. Approval of Agenda

MOTION BY MR. SENG: TO APPROVE THE AGENDA AS PRESENTED.

Motion passed with no objections.

IV. Public Participation on Non-Agenda Items

William Quayle- Juneau, AK

Mr. Quayle has a pedicab business and he is asking the Board not to raise the loading zone permit rates. He would like his rate lowered because he does not carry as many passengers as a cab and he is being treated like a cab. Instead of charging more for permit fees, he suggested the Board charge more for water. His pedicab fees are $10-$15 and sometimes he only takes people three blocks. He offers a service from one end of the dock to the other without charging an arm and a leg. He doesn't want to charge people $35 just to go from the docks to Juneau Drugs. He also has the City (Juneau Police Department) to contend with, and they want $1,500 from him. He is asking the Board to lower the rate for pedicabs to $200. He is not the only business in Juneau that does this and he's trying to make it so others can afford to get in business. He is a senior citizen and he has limited funds. He would like a rate for seniors. He wants Docks & Harbors to get some money but he doesn't want to be paying his pension.

V. Approval of October 20th, 2016 Finance Committee Meeting Minutes

MOTION BY MR. DONEK: TO APPROVE THE OCTOBER 20TH, 2016 FINANCE MEETING MINUTES AS PRESENTED AND ASKED UNANIMOUS CONSENT.

Motion passed with no objections.

VI. Consent Agenda **-** None

VII. Unfinished Business - None

VIII. New Business - None

IX. Items for Information/Discussion

1. FY17 & FY18 Budget Overview

Mr. Uchytil presented an overview of the budget process. He said the City runs a biennial budget cycle, and we are on the second year of that cycle. Docks & Harbors is required by the charter to have a budget approved by the Assembly by the early part of May every year. The Finance Department helps us with the documents that the Assembly, through the Board, has to approve. We'll sit down with our budget analyst and our accountant, and Ms. Larson will put together all the documents. At some point, Bob Bartholemew will schedule a time for Docks & Harbors to present the budget to the Assembly. We'll give a Powerpoint presentation and the Assembly will typically approve the budget without question because the Board has already looked at it. Docks & Harbors actually has two budgets: the Docks budget and the Harbors budget. They don't change much from year to year. We look at how much we spent the year before and update our numbers. At the end of the fiscal year, as long as we're operating in the black and meeting our bond debts, whatever we have left over our expenses rolls into our fund balance. We've been successful the last few years of having a surplus. We also have the opportunity to adjust the current fiscal year after 5 months of data. Right now we're already into the 7th month of the fiscal year and often times we do adjust it.

Mr. Uchytil presented the Docks Staffing detail page. Money spent in FY16 for staffing was $768,500. We're proposing $10,000 more for FY17. The Docks staff includes about 11 full time employees. For FY18, the change is mostly only CPI adjusted for salaries. Salaries charged to Capital Projects are essentially the Port Engineer and Deputy Port Engineer's salaries. Ten percent of their time goes to harbor-type projects, but 90% of their salary comes through CIPs like Douglas Harbor or the 16B project.

Mr. Uchytil presented the Docks Revenue and Docks Expense pages. The projected total expenditures for FY17 is $1.4 million and the projected revenue is $1.7 million, so in FY17 we're projecting almost a $300,000 surplus for the Docks. We expect to have more revenue from the Alaska Steamship dock when it's complete, with ships there practically every day during the cruise season. The fiscal year runs from July to the end of June, so we split our year right at the peak of our season. Mr. Uchytil highlighted some takeaways from the revenue page. The interest is $75,900 and we get that number from the accountants. User fees are primarily for water. Cruise ship dock fees are the $3 per linear foot. Port Maintenance Fees are the $0.055 per net registered ton. Permit revenues are from loading zones and vendor booths. Marine Passenger Fees are what we ask from the City Manager every year, and that supports about 11% of our operations, plus money for the Port Customs Building and the Visitor's Center.

Mr. Eiler asked Mr. Uchytil to explain the salary adjustments from CPI. Are those part of collective bargaining terms or are those automatic year to year?

Mr. Uchytil said in the last round of negotiations there were no salary step increases or cost of living adjustments, but there was a $950 lump sum payment for full time employees and half that for seasonal employees. Employees also still get scheduled salary increases due to longevity.

Mr. Uchytil presented the FY17 and FY18 Staffing Schedules. These show the employees' pay ranges and steps. Ms. Larson reviews staffing schedules to predict step increases for the budget. Any windfall due to positions being vacant rolls into the revenues exceeding expenditures and goes into the fund balance. For example, the Aurora Harbor Operations Maintenance Supervisor (OMS) position has been vacant for nine months. Those types of vacancies are hard to account for but they're real.

Mr. Uchytil referred to the Docks Expense page. Every department has some of the same categories such as salaries, overtime, accrued leave, benefits, and workers comp. About 50% of our expenses for both the Docks Enterprise and Harbors Enterprise are for labor, and the various other expenses are listed.

Mr. Eiler asked if there are any spikes or drivers that are forcing expenses up? Is there anything putting upward pressure on the budget that the Board should be aware of?

Mr. Uchytil said we try to catch those types of things. We've tried to keep up with the growing demand for refuse disposal at Statter Harbor over the years. If we see that we exceeded the budgeted amount by 25%, we increase it for the following year. Interdepartmental fees increased by $53,300 between FY16 and FY17. These are fees that Docks & Harbors pays the City for access to Law, HR, the Clerks, etc. The fees are determined by the Finance department. The $225,200 appears in the Harbors Expense as well, so we're paying $450,400 annually for access to CBJ resources.

Mr. Eiler asked what Spec & Prop is?

Mr. Uchytil answered that is specialty and property insurance, and the City gives us that number. He pointed out the Fleet Replacement Reserve. Every year we place $9,000 from the Docks enterprise and $18,000 from the Harbors enterprise into a pot of money to recapitalize our vehicles. We've replaced a lot of old vehicles in the last couple of years with this reserve money. We have also talked about whether we should have a deferred maintenance account. The Board can go through the Assembly and request to set aside money from the fund balance. We currently budget for $50,000 for Repairs and $40,000 for Contractual Services, which is for term contracts with Anchor Electric, North Pacific Erectors, etc. We've gotten by the last few years doing it this way. Mr. Uchytil said we are very cognizant about not spending money on advertising and special events. Trade magazines call all the time wanting us to advertise our facilities. We have never budgeted for it, but some harbors do. For ribbon cutting ceremonies and other community events we like to provide hot dogs, chips, and drinks. We just pass the hat for those expenses, but we could budget for it if the Board thought there was value in that.

Mr. Eiler asked what is the size of our fleet?

Mr. Borg said we have eight pickups and four boats. We sold a boat last year and we put that money back into the fleet reserve. Anything we're selling on surplus goes into our fleet reserve fund so we have a good savings account.

Mr. Eiler asked where the funds go for repossessed vessels?

Mr. Borg said the funds go toward the balance on the account first. If there's anything beyond the account balance it goes to the Law Department, and they dispurse it to the owner of the vessel. Rarely does that happen, we rarely get as much as they owe.

Mr. Uchytil asked Mr. Borg to talk about the process for collections.

Mr. Borg said we are estimating a little over $50,000 in accounts we've sent to the CBJ Collections Department this year. We pay a certain amount for the service they provide us, and we are working on figuring out how much we get back if a harbor customer goes to the City Collections office to pay their bill. The debt falls off after seven years, but we still maintain it on our books so if an individual comes into the harbor office after several years, we can collect the money at the counter. Our computer records go back to 2006, and once in awhile we get some money back.

Mr. Uchytil presented the Harbors Staffing detail. We have about 18 full time employees. The total expense was $1,687,300 in FY16 and we're projecting $1.7 million for FY17. It may be less than that because the Aurora Harbor OMS position has not been filled. The total Harbor revenues in FY16 were $4,277,685 and we've projected about $4 million for FY17. We've collected $1.7 million to date. We're projecting $4.1 million for FY18. The total expenditures for Harbors in FY16 were $3,183,044 and we're projecting $3.3 million for FY17. We made $1,094,641 last year, and we're projecting about $700,000 for this fiscal year. Part of that is a windfall we had due to refinancing a bond. Mr. Uchytil pointed out the State Shared Revenues on the Harbors revenue page. The projected $312,000 for FY17 is the raw fish tax we have received this fiscal year, which is down from $364,624 the previous year. We get that revenue from Alaska Glacier Seafoods and Taku Smokeries because they process fish at those locations. He pointed out Bad Debt and said it is a revenue because we write it off the books. We sent $41,804 to collections in FY16. A few years ago we wrote off approximately $250,000 because we had past due accounts lingering for 6-7 years. Our books are much better now. Mr. Uchytil said the categories for Harbors expenses are the same as the categories for Docks expenses.

Mr. Eiler asked Mr. Uchytil to explain Bank Card Fees.

Mr. Uchytil said we pay 2-3% for the ability to accept credit cards.

Mr. Bush asked if we add that to the customer's fee?

Mr. Uchytil said we do not, that's the cost of customer service.

Mr. Eiler asked what are Materials and Commodities?

Mr. Uchytil said that's a catch-all category. When somebody buys lumber, paint, etc. they categorize what it is and usually either call it commodities or repairs. That's one aspect of the accounting system that's not well defined yet.

Mr. Borg said we are working hard to narrow that down and see these numbers improve.

Mr. Uchytil said we have implemented an asset management tool called Lucity in the last year, and within that we're establishing better controls on what it costs to maintain a float and how much time we're spending plowing North Douglas. All those things will help us have greater insight in where our costs are. Erich Schaal, the Deputy Port Engineer can come give the Board an update on Lucity.

Mr. Eiler asked what the process will ge going forward. Will this be back before the committee?

Mr. Uchytil said we will meet with our accountant in the Finance department and update the numbers. We don't expect the budget will change much. It will come back to the Finance Committee and then go to the full Board for approval in February. Bob Bartholomew will schedule an Assembly Finance Committee meeting for final approval.

Mr. Seng said he understands conceptually what Interdepartmental Expenses are about. Is Maintenance- Software separate from the CBJ MIS Department?

Mr. Uchytil said yes, that would be the CAD programs, the Lucity program, our keycard system, and other applications that MIS does not provide to us. We have certain unique software programs that are not standard throught the CBJ.

Committee Discussion/Public Comment

William Quayle- Juneau, AK
Mr. Quayle asked if the Board is going to do anything about the pedicab situation?

Mr. Eiler said this agenda item is regarding the budget.

Mr. Quayle said pedicabs are part of the budget because people are paying for fees. Docks & Harbors is getting plenty of money already. If we want more money we should charge $0.50 more for water.

X. Staff & Member Reports

Mr. Uchytil said it's been a successful couple of days of open studio at the Yacht Club and we've got a lot of good input from many sectors of the maritime public. We will tie it up tonight at 6:30pm. We'll give a brief at the Board Meeting next week. We're going to do a tour of the new cruise ship dock project next Wednesday. It will start at 11:15am and be done by noon so we can move right into the next Harbor Fee Review Committee Meeting. The intent is to get the

Assembly to understand all the great things we do in Docks & Harbors. On the 6th of February at 6:00pm there is a scheduled Committee of the Whole Joint Meeting with the Assembly. We'll talk about several items, but primarily the City Manager wanted to invite UAS so we can talk about the application for the Auke Bay Marine Station.

XI. Committee Administrative Matters
Next Finance Committee Meeting- **Thursday, February 16th, 2017**

XII. Adjournment **-** The Finance Committee Meeting adjourned at 5:50pm.