CBJ DOCKS & HARBORS BOARD
FINANCE MEETING MINUTES
For Thursday, February 18th, 2016

I. Call to Order Mr. David Lowell called the Finance Committee meeting to order at 5:02 p.m. in the CBJ Assembly Chambers.

II. Roll Call Members present: Tom Donek, Weston Eiler, Tom Zaruba-via phone, and David Lowell
Also present: Carl Uchytil-Port Director; David Borg-Harbormaster; John Bush-Board Member

III. Approval of Agenda

MOTION: BY MR. WESTON EILER TO APPROVE THE AGENDA AS PRESENTED AND ASKED UNANIMOUS CONSENT.
Motion passed with no objection.

IV. Public Participation on Non-Agenda Items - None

V. Approval of January 21st, 2016 Finance Committee Meeting Minutes
MOTION: BY MR. TOM DONEK TO APPROVE THE JANUARY 21, 2016 FINANCE MEETING MINUTES AND ASKED UNANIMOUS CONSENT.
Mr. Uchytil stated there was one minor spelling correction "core".
Motion passed with no objection.

VI. Consent Agenda - None

VII. Unfinished Business - None

VIII. New Business

1. FY17-18 Budget
   Presentation by the Port Director

Mr. Uchytil stated he will be presenting the FY17 & FY18 Biennial Budget to the Full Harbor Board and then forward it on to the City Assembly Finance Committee in April 2016. Mr. Uchytil presented a power point presentation as well as a hand out. In the past Docks & Harbor department has stated it does not receive funds from the City and Borough of Juneau, AK although different Mayors have asked we clarify what the exact definition of Enterprise is. We have two enterprises that we operate, the Harbors & the Docks(Port). We operate with funds primarily from user charges and we also receive money from bonds and grants. We have a Biennial Budget and we are currently on the second year. We are now creating the FY17 & FY18 Biennial Budget to be approved by the Assembly. We are allowed to make any adjustments for FY16 although we do not have any changes at this time. Our expenses are flat. The funding sources show that the revenues will exceed our expenses by about $373,000 and in the next couple years it is

projected to exceed it by about $420,000. The board approved to transfer funds of $1.5M of the Dock Funds to the 16B project. This will happen when the Assembly approves it at their next meeting.

Committee Questions
Mr. Lowell asked Mr. Uchytil to explain the equity from the fund balance.

Mr. Uchytil answered the total expenses and the funding sources must be equal. We have to be profitable.

Mr. Zaruba asked is there any reason to think the Assembly will not approve the fund transfer from Docks.

Mr. Uchytil answered he cannot think of any reason why they would not approve it. The budget for Docks is $1.4M. Half of our cost are personnel costs and the other is operating expenses. Revenues for the Docks include wharf fees, licenses & permits, vendor booths and this year we only have 9 out of 11, we submitted a request for a portion of the marine passenger fees, we collect head tax and get paid for the service we provide from the city, and fund balance interest. The budget for FY17 & FY18 are basically the same for Docks.

Mr. Eiler asked about the interest and what the rate is.

Mr. Uchytil answered the Finance Director handles the investment portfolio. We receive the numbers from the Finance Dept.

Mr. Uchytil stated the Harbor side budget is the same template as the Docks side and Harbors will be at $414,000 surplus for FY16. The budget shows that $800,000 from FY15 as an expenses but it was actually allocated for Statter Harbor project. We were able to refinance our Bonds so that we can save about $50,000 a year. Our lease rentals have increased. We have estimated our moorage income. We have to have a certain reserve in our funds over our expenses to meet our bond covenant.

Mr. Zaruba asked if the fund balance reflects what we earmarked for Douglas Harbor project.

Mr. Uchytil answered it does not. We need to have the Assembly to approve the transfer first. After that we will have a $2.2M in the fund balance. With the bond requirements there is about $750,000 not available for spending.

Mr. Donek asked how long do we have to pay off the bonds.

Mr. Uchytil answered that they are 30 year bonds. One started in approximately 2005 & the other around 2009. We have had a deferred maintenance account for $3.5M since we

were pretty confident we would do the Douglas Harbor Re-build and the other one was for the ABLF.

Mr. Eiler asked what the full count of staff is.

Mr. Uchytil answered we have the equivalent of 28 full time employees. Our expenses are 60% personnel and 40% expenses. The Harbors charge for services to cover our expenses and the profit on the Harbor side is the income from tideland leases. We maintain a flat operating expense. We have some future projects although we will probably not put them in the Assembly Finance Committee packet yet.

Mr. Uchytil stated we have received our bids for the Douglas Harbor and it appears it will be awarded to Trucano Construction as lowest bidder.

Mr. Zaruba asked if we can transfer less than what is needed for Douglas Harbor if the bid was lower and how much lower was the bid.

Mr. Uchytil answered we would move forward with the original transfer amount since we can always transfer it back. The bid came in about $600,000 lower than the Engineers estimate from Trucano's. The additive alternative came in a little higher than estimated.

Mr. Uchytil presented the staff budget to include total wages and benefits for FY17 & FY18.

Mr. Zaruba asked about FY16 & FY17 being virtually the same.

Mr. Uchytil answered the union MEBA negotiations have not started yet so we do not have the figures if there will be raises.

Mr. Eiler asked what amount of figures do you get from Finance Department and what amount does Docks & Harbors provide.

Mr. Uchytil answered it is really a partnership from both sides to create the budget.

Mr. Lowell asked where on the FY17 & FY18 budget does it show the personnel expenses. There appears to be a difference that does not add up.

Mr. Zaruba stated the figures are about $300,000 to $400,000 off.

Mr. Uchytil answered he will bring in the Accountants for the next meeting. The Engineers are paid out of different accounts therefore it won't take from the bottom line.

Mr. Lowell stated that the vacant positions are also not going to affect the bottom line.

Public Comment
Mr. Dennis Watson, Juneau, AK
Mr. Watson stated that this is governmental accounting and it is different that private accounting in the fact that it is reversed. Negatives are positives and positives are negatives. Mr. Watson said he assumes the bad debt is considered in the bottom line and is taken out of the revenue. He also stated the legislature is working on the passenger fees and considering having the state take them back over instead of the city.

Committee Discussion/Action
Mr. Uchytil answered the charges show as revenues even though we may not collect.

Mr. Zaruba asked what the $35.00 passenger fee is.

Mr. Uchytil answered it is a commercial passenger excise tax and it is $34.50. It used to be $50.00. Historically the state would share that with the communities. We have used our portion to help with the 16B Cruise Ship Terminal Project.

Mr. Dennis Watson stated he believes the fees are prorated back to communities based on how many passengers visit each city.

MOTION: BY MR. EILER TO FORWARD THE FY17 & FY18 BUDGET TO THE FULL BOARD FOR CONSIDERATION AND ASKED FOR UNANIMOUS CONSENT.
Motion passed with no objections.

2. Auke Bay Loading Facility Minor Maintenance
   Presentation by the Harbormaster

Mr. Borg presented a memo for a proposal to allow the ABLF Commercial Boat Launch ramp permit holders to be able to haul out for minor maintenance or inspection.

Committee Questions - None

Public Comment - None

Committee Discussion/Action
Mr. Zaruba asked if vessels can still use the grid for cleaning and painting.

Mr. Borg answered yes the Harris Grid can still be used for that.

MOTION: BY MR. LOWELL TO FORWARD THE PROPOSAL TO THE FULL BOARD FOR CONSIDERATION.
Motion passed with no objections.

3. Enforcement Regulation for User Fee Collection
   Presentation by the Harbormaster

Mr. Borg stated we have had a serious issue with the passenger for hire fees not being reported or paid on time. The honor system has not been working. The amount of administrative time of trying to enforce the honor system and track down the paperwork and payment is unacceptable.

Committee Questions
Mr. Zaruba asked if this is the charter and whale watching and what happens now if they don't comply.

Mr. Borg answered yes it is and basically nothing at this time because we do not have anything in regulation.

Mr. Zaruba asked if they can still use our facilities and load and unload passengers even when they don't report and pay and they are delinquent.

Mr. Borg answered at this point yes.

Mr. Zaruba asked if we going to stop them from operating at our facilities if we do not have the reports and payments.

Mr. Lowell asked how are you going to enforce it.

Mr. Uchytil stated there is nothing that addresses non-compliance. He stated we do not want to make a scene and stop them from operating. If we have it in regulation we can figure out how to make them comply.

Mr. Zaruba stated we need to just turn the vessels away.

Mr. Uchytil asked what would it look like to stop them from operating.

Mr. Zaruba answered it will look like they don't pay their bills and we can do a lien on their vessels.

Mr. Borg stated we do have a $100.00 reinstatement fee per vessel.

Mr. Zaruba stated can we just charge them for every seat every day.

Mr. Borg answered some boats have multiple trips a day so it is not always easy to estimate.

Mr. Zaruba stated we should have a meeting with all operators and present these new compliance regulations.

Mr. Lowell asked what will prevent them from operating if we do revoke their permit.

Mr. Borg answered they could go to an alternate dock. We do not want to hurt the business we just want compliance.

Mr. Zaruba said this is the honor system too so how do we check it.

Mr. Borg said we do spot checks and will do passenger counts.

Mr. Donek asked if we get partial payment up front.

Mr. Borg answered they would not have the capital upfront in the season.

Mr. Zaruba asked how many still owe and how much.

Mr. Borg answered we are down to just one last company and they still owe us $8,000.00 and the late fees are minimal.

Public Comment
Mr. Dennis Harris – 12th Street Taxi, Juneau, AK
Mr. Harris stated he owns a taxi service and he has to come up with one third of the fees in order to operate at the visitor's center otherwise he cannot operate his taxi service there. There are some other tools to consider. One is to not issue the permit unless these companies are also compliant with other city departments. You can also put it in the Newspaper if companies are delinquent. Companies need to pay their bills and permits on time just like my company does. If these companies are getting away with not paying on time then it needs to stop.

Committee Discussion/Action
Mr. Donek stated these companies should have enough money to pay a portion up front.

Mr. Zaruba stated we could advise the cruise lines of the companies that are not compliant and the cruise line will not work with the operators.

Mr. Eiler stated that is an interesting idea. We need to give staff the tools to enforce the rules.

Mr. Lowell stated if we do have operators that are going to be obstinate then we may need stricter rules to enforce.

Mr. Donek stated I would like to staff to write up the actual regulation change then we can speed up the process.

Mr. Uchytil said we have a process to follow and it will go though CBJ law, we will have a meeting with the local charters, we will have the board approve it, we are required to advertise the changes in the paper for 21 days, then back to the board and finally we can

take it to the Assembly. The one company that does not pay on time always shows up in May and finally pays from the year before.

Mr. Eiler asked if we are thinking of requiring pre-payment are we going to have time to let the operators know.

Mr. Uchytil asked if we want to go in the direction of pre-payment being required.

Mr. Zaruba stated we can have the changes in effect for this year and plan for the pre--payment to take effect for next season so the operators have plenty of notice.

Mr. Lowell said we can forward and discuss this at the next full board meeting.

Mr. Uchytil stated he will proceeed with the draft that will be sent to law and also extend an invitation to the operators to attend the next meeting so they can weigh in on the proposed changes.

IX. Items for Information/Discussion

1. Marine Power Cord Safety Replacement Program
   Presentation by the Harbormaster

Mr. Borg presented a memo with the marine power cord replacement program. We requested AKOSHA to come and inspect our harbors. We are 95% compliant with the AKOSHA inspection report we received. One of the major issues we were facing was the inadequate power cords that presented a major hazard for patrons and our employees. This is one of the issues that the Harbor Department did not stay current with and we feel some responsibility to help get all vessels up to par with the requirements. We are going to offer a 50/50 cost share program. We will then stay on top of all future AKOSHA requirements. The boat shelters will need an approved plan for the best way to reach their pedestals through the actual shelter.

Mr. Zaruba asked if the cords are all 50 feet.

Mr. Borg answered yes.

Mr. Lowell stated it is very generous of the department to do the 50/50 cost share.

Mr. Borg said we need to take some responsibility that we never let the patrons know they were not safe in the past. Moving forward we will have a plan in place and if the correct cords are not used we will deny power usage. We were able to find a local vendor to meet our lowest bid from a price quote from a down south vendor.

Committee Discussion/Public Comment – None.

X. Staff & Member Reports

Mr. Uchytil presented a memo from the City Manager for the Marine Passenger Fees allocation. It is a draft at this point but it looks like Docks & Harbors was able to get funds to go towards items such as Docks & Facilities Operations for cruise ship passenger, pay phones, visitor center, tug assist for AJ dock, real weather monitoring system, and the Marine Park Sheet pile wall.

Mr. Lowell asked about the tug assist at the Franklin Dock and is it for ships coming in to the new dock.

Mr. Uchytil answered we are not sure what may be needed on the high wind days.

Mr. Dennis Harris asked to comment on the AJ-Dock. He stated he objects any money going to the AJ-Docks when they do not take bids for any other cab companies. There is a perpetual contract with Juneau Taxi and they never take bids for other companies.

XI. Committee Administrative Matters

1. Next Finance Committee Meeting- **Thursday, March 24th, 2016.**

XII. Adjournment

The Finance Committee Meeting adjourned at 6:52pm.