



**MEMORANDUM**

**DATE:** April 21, 2023

**TO:** Assembly Finance Committee

**FROM:** Alexandra Pierce, Tourism Manager

**SUBJECT:** Marine Passenger Fee Proposal – Amendments and Supplemental Information on Commercial Recreational Use Funding

This memo describes the additional Marine Passenger Fee funding request discussed at the April 3, 2023 Committee of the Whole meeting. The Committee recommended approval of two planning efforts: finishing the Trails Plan and a Commercial Recreational Use Strategy. The Trails Plan is an infrastructure plan, and should be a General Fund expense. The \$80,000 to finish the plan should be placed on the pending list.

The original proposal recommended moving \$120,000 from the Seawalk to fund the Commercial Recreational Use project. The Finance Director has since advised that we have sufficient MPF funds available to cover both projects as budgeted.

Staff also recommends two additional amendments to the original proposal. The first amendment increases the cruise ship passenger survey budget from \$35,000 to \$100,000 to reflect higher anticipated project cost and a provision for economic analysis and spending data. The second amendment reallocates \$50,000 for seasonal workforce housing planning from a third-party visitor services Assembly grant to the Tourism Management operating budget to provide more flexibility on project terms and scope.

The following information was already provided to the Committee of the Whole, but it is a good refresher on the context around these additional needs:

The U.S. Forest Service also bases its trail permitting off the Juneau Trails Working Group, and all of its commercially permitted trails are within the Mendenhall Glacier Recreation Area. The glacier currently sees 700,000 visitors per year, and the USFS has conducted an extensive planning process over the past six years to expand this capacity. The final product is likely several years away and funding is uncertain.

CBJ's 2022 Tourism Survey results are evenly split on whether to spread visitors out across the borough or to confine visitor operations to a few known areas. Regardless of the direction the Assembly takes on dispersion versus condensation, Juneau appears to be nearing the point where shore excursion capacity does not meet demand. Without new opportunities, we will continue to see growth in markets that already feel 'full' (i.e. whale watching). If the Eaglecrest gondola is constructed in the next few years, we can expect approximately 70,000 visits in the first year. The gondola certainly represents an opportunity for disbursement, but even at full projected capacity, it will not scale up enough to make a major

difference. Shore excursion growth should be strategic. New activities should happen in locations supported by public process.

We conduct surveys because we typically hear from the people who feel disproportionately affected, either positively or negatively, by the visitor industry. It's valuable to hear from a random sample of residents. However, each time there is a proposal for tourism activity in a new area, we hear from people who are concerned about being displaced. Based on the recommendations of the VITF and the recent Assembly discussion about the Pioneer Road, staff proposes using Marine Passenger Fees to fund a public process around commercial use throughout the borough. The policy component should be fairly straightforward, building on the work of the VITF, but we need a focused public process about the best areas of town for visitor industry activity and that has not yet taken place.

<b>FY24 Passenger Fee Proposal – Amended</b>			
	<b>Direct Cost</b>	<b>Overhead</b>	<b>Total</b>
<b>Debt Service: Juneau Cruise Terminal Docks</b>	<b>\$ 2,026,500</b>	<b>\$ -</b>	<b>\$ 2,026,500</b>
<b>CBJ Municipal Services</b>			
Police Support	\$ 1,289,600	<del>\$ 47,800</del> <b>\$ 45,100</b>	<del>\$ 1,337,400</del> <b>\$ 1,334,700</b>
Ambulance/EMS Support	\$ 591,500	<del>\$ 21,900</del> <b>\$ 20,700</b>	<del>\$ 613,400</del> <b>\$ 612,200</b>
Seawalk, Open Space and Restroom Maintenance	\$ 426,100	<del>\$ 15,800</del> <b>\$ 14,900</b>	<del>\$ 441,900</del> <b>\$ 441,000</b>
Street Cleaning/Repair	\$ 192,900	<del>\$ 7,100</del> <b>\$ 6,700</b>	<del>\$ 200,000</del> <b>\$ 199,600</b>
D&H - Port Management	\$ 275,000	<del>\$ 10,200</del> <b>\$ 9,600</b>	<del>\$ 285,200</del> <b>\$ 284,600</b>
D&H - Port Customs Office Building Maintenance	\$ 142,000	<del>\$ 5,300</del> <b>\$ 5,000</b>	<del>\$ 147,300</del> <b>\$ 147,000</b>
D&H - Access Control Security	\$ 300,000	<del>\$ 11,100</del> <b>\$ 10,500</b>	<del>\$ 311,100</del> <b>\$ 310,500</b>
Tourism Management	\$ 229,000	<del>\$ 8,500</del> <b>\$ 8,000</b>	<del>\$ 237,500</del> <b>\$ 237,000</b>
CBJ Resident Tourism Survey	\$ 35,000	\$ 1,300	\$ 36,300
Cruise Ship Passenger Survey	<del>\$ 35,000</del> <b>\$ 100,000</b>	<del>\$ 1,300</del> <b>\$ 3,600</b>	<del>\$ 36,300</del> <b>\$ 103,600</b>
General Economic Analysis	\$ 40,000	<del>\$ 1,500</del> <b>\$ 1,400</b>	<del>\$ 41,500</del> <b>\$ 41,400</b>
Seasonal Workforce Housing Planning	<b>\$ 50,000</b>	<b>\$ 1,700</b>	<b>\$ 51,700</b>
Commercial Recreational Use Strategy	<b>\$ 120,000</b>	<b>\$ 4,200</b>	<b>\$ 124,200</b>
<b>Total City Services</b>	<del><b>\$ 3,556,100</b></del> <b>\$ 3,791,100</b>	<b>\$ 132,700</b>	<del><b>\$ 3,688,800</b></del> <b>\$ 3,923,800</b>
<b>Third-Party Visitor Services by Assembly Grant</b>			
Travel Juneau - Crossing guard program	\$ 294,200	\$ -	\$ 294,200
Travel Juneau - Visitor services program	\$ 165,200	\$ -	\$ 165,200
Tourism Best Management Practices (TBMP)	\$ 26,000	\$ -	\$ 26,000
Downtown Business Association Ambassador Program	\$ 90,000	\$ -	\$ 90,000
AJ Dock - Access Control Security	\$ 130,000	\$ -	\$ 130,000
AJ Dock - Restroom Maintenance	\$ 30,000	\$ -	\$ 30,000
Franklin Dock - Access Control Security	\$ 130,000	\$ -	\$ 130,000
Franklin Dock - Restroom Maintenance	\$ 30,000	\$ -	\$ 30,000
Seasonal Workforce Housing Planning	<del>\$ 50,000</del>	<del>\$ -</del>	<del>\$ 50,000</del>
<b>Total 3rd Party Services</b>	<del><b>\$ 945,400</b></del> <b>\$ 895,400</b>	<b>\$ -</b>	<del><b>\$ 945,400</b></del> <b>\$ 895,400</b>

	<b>Direct Cost</b>	<b>Overhead</b>	<b>Total</b>
<b>Capital Investments</b>			
Capital Civic Center	\$ 1,000,000	\$ -	\$ 1,000,000
Marine Park Improvements	\$ 2,000,000	\$ -	\$ 2,000,000
Homestead Park Improvements	\$ 1,000,000	\$ -	\$ 1,000,000
Wastewater Improvements	\$ 950,000	\$ -	\$ 950,000
Informational Signage	\$ 75,000	\$ -	\$ 75,000
Circulator Plan	\$ 20,000	\$ -	\$ 20,000
Seawalk Expansion	<del>\$ 10,000,000</del> <b>\$ 5,000,000</b>	\$ -	<del>\$ 10,000,000</del> <b>\$ 5,000,000</b>
<b>Shore Power</b>	<b>\$ 5,000,000</b>		<b>\$ 5,000,000</b>
<b>Total Capital Investments</b>	<b>\$ 15,045,000</b>	\$ -	<b>\$ 15,045,000</b>
<b>Total Proposed FY24 Passenger Fee Expenditures</b>	<del><b>\$ 21,573,000</b></del> <b>\$ 21,758,000</b>	\$ 132,700	<del><b>\$ 21,705,700</b></del> <b>\$ 21,890,700</b>