



## **MEMORANDUM**

**DATE:** March 24, 2025

**TO:** Assembly Finance Committee

**FROM:** Alexandra Pierce, Visitor Industry Director

**SUBJECT:** Marine Passenger Fee Budget

This memo provides an overview of the passenger fee process. There are three components to what we collectively refer to as “passenger fees”: CBJ’s \$5 Marine Passenger Fee and \$3 Port Development Fee and the State \$5 Commercial Passenger Vessel Excise Tax (CPV). This is actually a \$34.50 tax, of which Juneau receives a \$5 allocation. Not all ports collect passenger fees, but the first seven ports of call for a ship over 250 passengers receive \$5 in State CPV.

All ports fund tourism infrastructure through a combination of passenger and port fees. When we talk about passenger fees, we tend to lump all these pots of money together, but both the lawsuit and public process focus on MPF only. CBJ’s ordinance requires staff to solicit MPF suggestions in December and then put the proposed budget out for public review before it goes to the Assembly for adoption along with the Manager’s budget.

Southeast Alaska visitor numbers will stay relatively flat between 2024 and 2026, largely as a result of Juneau’s ship and passenger limits. The scheduled lower berth capacity is estimated to be 1.63 million visitors for the summer 2025 season.

### **Using Passenger Fees under the settlement agreement**

In 2019, CBJ and CLIA settled a lawsuit over CBJ’s use of passenger fees. The settlement agreement, included in the packet, provides guidance on where and how passenger fees are used. Under the settlement agreement, fee usage is dependent on proximity to the ship and determined by a mapped area. We are able to use passenger fees in Zone A for services and infrastructure. In Zone B, we are required to discuss passenger fee usage at an annual meeting with CLIA. Projects outside Zone B are also subject to consultation with CLIA.

The settlement agreement requires us to meet annually to “discuss in good-faith any new proposed projects and services for which Fees are sought to be expended in the following Fiscal Year with the ultimate decision resting with the Assembly.” We have agreed to settle disputes over expenditures of fees through direct discussions, escalating to non-binding mediation before resorting to mitigation. This year, CLIA proposed a timeline and process for review, rather than a formal meeting. CBJ granted this request. A budget was submitted to CLIA in January, and a response was received on February 14. The response is included in the packet.

## Funding

Here is how that forecast for visitation translates to passenger fee revenue in FY25 and FY26:

		<b>PAX</b>	<b>MPF</b>	<b>PDF</b>	<b>State CPV*</b>	<b>Total</b>
CY2024 Jul/Aug/Sept	FY2025	990,000	\$ 4,950,000	\$ 2,970,000	\$ 8,250,000	\$ 16,170,000
CY2025 April/May/June	FY2025	660,000	\$ 3,300,000	\$ 1,980,000		\$ 5,280,000
CY2025 Jul/Aug/Sept	FY2026	990,000	\$ 4,950,000	\$ 2,970,000	\$ 8,250,000	\$ 16,170,000
CY2026 April/May/June	FY2026	660,000	\$ 3,300,000	\$ 1,980,000		\$ 5,280,000

*\*State CPV receipts remitted to CBJ approximately eight months after they are received*

**FY25 Passenger Fee Total \$ 21,450,000**

**FY26 Passenger Fee Total \$ 21,450,000**

The below chart lists the projects that staff is proposing to fund for FY25. A compilation of all requests received is included in attachments B and C. Note that the funded amounts in the budget don't all align with the passenger fee requests. In many cases, especially for internal projects, staff collaborated on either phasing projects over multiple years or reducing the project costs.

## FY26 Passenger Fee Proposal

	Direct Cost	Overhead	Total	Available Balance in CIP
<b>Debt Service: Juneau Cruise Terminal Docks</b>	<b>\$ 2,027,900</b>	<b>\$ -</b>	<b>\$ 2,027,900</b>	<b>\$ -</b>
<b>CBJ Municipal Services</b>				
Police Support	\$ 1,265,600	\$ 10,400	\$ 1,276,000	\$ -
Ambulance/EMS Support	\$ 781,500	\$ 6,500	\$ 788,000	\$ -
Seawalk, Open Space and Restroom Maintenance	\$ 875,400	\$ 7,300	\$ 882,700	\$ -
Street Cleaning/Repair	\$ 321,900	\$ 2,700	\$ 324,600	\$ -
Capital Transit	\$ 1,041,600	\$ 8,700	\$ 1,050,300	\$ -
Pulse Point Emergency Notifications App	\$ 34,000	\$ 300	\$ 34,300	\$ -
D&H - Port Management	\$ 275,000	\$ 2,300	\$ 277,300	\$ -
D&H - Port Customs Office Building Maintenance	\$ 142,000	\$ 1,200	\$ 143,200	\$ -
D&H - Access Control Security	\$ 300,000	\$ 2,500	\$ 302,500	\$ -
D&H - Covered Staging Area	\$ 45,000	\$ 400	\$ 45,400	\$ -
Tourism Management	\$ 443,400	\$ 3,700	\$ 447,100	\$ -
<b>Total City Services</b>	<b>\$ 5,525,400</b>	<b>\$ 46,000</b>	<b>\$ 5,571,400</b>	<b>\$ -</b>
<b>Third-Party Visitor Services by Assembly Grant</b>				
Travel Juneau - Visitor services program	\$ 213,925	\$ -	\$ 213,925	\$ -
Travel Juneau - Crossing guard program	\$ 358,825	\$ -	\$ 358,825	\$ -
Tourism Best Management Practices (TBMP)	\$ 46,965	\$ -	\$ 46,965	\$ -
AJ Dock - Access Control Security	\$ 150,000	\$ -	\$ 150,000	\$ -
AJ Dock - Restroom Maintenance	\$ 30,000	\$ -	\$ 30,000	\$ -
Franklin Dock - Access Control Security	\$ 150,000	\$ -	\$ 150,000	\$ -
Franklin Dock - Restroom Maintenance	\$ 30,000	\$ -	\$ 30,000	\$ -
Clean Technology Revolving Loan Program (Org TBD)	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
<b>Total 3rd Party Services</b>	<b>\$ 1,979,715</b>	<b>\$ -</b>	<b>\$ 1,979,715</b>	<b>\$ -</b>
<b>Capital Investments</b>				
Shore Power	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 10,300,000
Dock Safety Cameras	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
Wastewater System Upgrades	\$ 3,000,000	\$ -	\$ 3,000,000	Various
Water System Upgrades	\$ 100,000	\$ -	\$ 100,000	Various
Downtown Piling Inspection	\$ 200,000	\$ -	\$ 200,000	\$ -
Marine Park Improvements	\$ 2,500,000	\$ -	\$ 2,500,000	\$ 3,400,000
Covered Bus Stop at Mendenhall Loop Rd.	\$ 70,000	\$ -	\$ 70,000	\$ 300,000
Wayfinding Signage Improvements	\$ 50,000	\$ -	\$ 50,000	\$ 30,000
Public Wi-Fi	\$ 771,500	\$ -	\$ 771,500	\$ 200,000
Seawalk	\$ 2,000,000	\$ -	\$ 2,000,000	\$ 5,200,000
<b>Total Capital Investments</b>	<b>\$ 12,691,500</b>	<b>\$ -</b>	<b>\$ 12,691,500</b>	<b>\$ 19,430,000</b>
<b>Total Proposed FY26 Passenger Fee Expenditures</b>	<b>\$ 22,224,515</b>	<b>\$ 46,000</b>	<b>\$ 22,270,515</b>	<b>\$ 19,430,000</b>

### **Using Passenger Fees:**

Passenger fee funding for all CBJ municipal services and the related overhead is calculated by a third-party cost allocation consultant (Matrix Consulting) in compliance with applicable federal standards and industry best practices. Capital investments and third-party visitor services are funded based on the settlement agreement and on discussions with CLIA as described therein.

### **Capital Investments:**

Shore Power: Several parties requested additional funding towards shore power. At some point, the Assembly will need to discuss whether to support a revenue bond package supported by either dockage or passenger fees. This amount includes additional funds needed for the Franklin Dock Transformer that was funded several years ago and is now complete and ready for installation.

Dock Safety Cameras: Requested by Docks and Harbors, this expense is for safety cameras for the downtown seawalk to be used in conjunction with security services. If this request is funded, the expectation is that we will continue this project on future phases of the seawalk if constructed.

Wastewater System Upgrades: This project covers upgrades to surge tank infrastructure for cruise ship waste discharge.

Water System Upgrades: This project covers design for water system upgrades for cruise ship operations.

Downtown Piling Inspection: The seawalk infrastructure around the CBJ-owned cruise ship docks is aging and will require maintenance in coming years. This first step is an engineer's inspection of downtown dock pilings and recommendations for maintenance and/or replacement.

Marine Park Improvements: The Marine Park renovation already in process was not adequately funded at the project onset. This will fund the project to completion.

Covered Bus Stop at Mendenhall Loop Road: Capital Transit use by visitors has increased dramatically over the past several years and has required additional use of passenger fees. This would fund a covered bus stop at a location heavily used by visitors.

Public Wi-Fi: The downtown Wi-Fi system will require annual maintenance. This will be an annual expense.

Seawalk: The seawalk has long been an Assembly priority. Past passenger fee philosophy has been to fund a general seawalk CIP annually. There may be a future need for a revenue bond when a large project like the Franklin to AJ connection or Huna Totem Dock to Gold Creek connection materializes. This provides additional funding for design and early development planning.

### **Other Notable Expenses:**

Private Dock Restrooms and Security: In January, the Assembly Finance Committee advanced an ordinance that would increase dockage fees substantially for CY26 and directed staff to no longer fund maintenance, restrooms, and security for private facilities and CBJ Docks & Harbors once the increase goes into effect. This ordinance has not yet been heard by the Assembly. In order to accomplish the Assembly's preliminary direction, full funding is still represented herein because private docks submit

actuals and are reimbursed. If the Assembly wishes to discontinue this funding for CY26, Finance will draft the funding MOAs accordingly.

Crossing Guards: Travel Juneau manages the contract for crossing guards. This is currently funded at the same level as last year when Goldbelt held the contract and did not fulfill contractual obligations. As a result, Travel Juneau put the crossing guard contract out to bid.

Pulse Point: This project provides supplemental services for CCFR. Pulse point is an app-based program that alerts off-duty medical personnel or first responders to augment additional medical support services needed in summer. This was a public submission based on concern for visitors and residents cut off from timely emergency care due to seasonal traffic. CCFR supports this expense.

**Attachments:**

**Attachment A – Combined Passenger Fee Requests Table**

**Attachment B – FY25 Passenger Fee Requests**

**Attachment C – Passenger Fee Projection**

**Attachment D – Memorandum of Agreement (Amendment 1) – settlement agreement between CBJ and cruise lines**

**Attachment E – Maritime Industry Zones map**

**Attachment F – CLIA response to CBJ Passenger Fee Budget**