

Docks & Harbors Proposed 9% Rate Increase Public Outreach

Taku Harbor



Downtown Cruise Ship Docks



Docks & Harbors Governance

Board Members

- Don Etheridge (Chair)
- Debbie Hart (Vice Chair)
- Mark Ridgway (Ops-Planning Chair)
- David Larkin (Ops-Planning Vice)
- Annette Smith
- Paul Grant
- Jim Becker
- Matt Leither
- Vacant [Your name here]

Staff Members

- Carl Uchtyl (Port Director)
- Matt Creswell (Harbormaster)
- Jeremy Norbryhn (Statter Harbor Supervisor)
- Kevin Dugan (Downtown Harbors Supervisor)
- Scott Hinton (Port Supervisor)
- Teena Larson (Admin Officer)
- Matthew Sill (Port Engineer)



Basic Problem (Broadly Speaking)

- Existing Fund Balances are insufficient to sustain robust harbor and port facilities;
- Revenues collected are limited to fee-based services which are provided by Docks & Harbors;
- Harbors Fees have not been raised since 2008;
- Docks Fees have not be raised since 2005;



Docks & Harbors Proposed Rate Increase

- 2021 – Commenced series of Finance Sub-Committees Meetings
 - One goal was to mitigate losses because of the pandemic
 - Another goal was to financially account for rent increase at UAS property
 - Board elected to hire a consultant for a Rate Study
- 2022 (January) – Contract awarded to HDR-Alaska
- 2022 (February) – Assembly approved CPI adjustment for most fees
 - Harbor moorage has been subject to annual CPI since 2008
- 2022 (November) – Board received final briefing from HDR-Alaska
- 2023 (February) – Board voted "To accept the findings of the HDR Report & begin a process to raise fees 9% across the Docks & Harbors Enterprises"



Harbor Rate Adjustment Outreach Schedule & Milestones

- April 4th – Public Outreach @ Mendenhall Valley Library at 6pm
- April 18th – Public Outreach @ Yacht Club at 6pm
- May 17th – Docks & Harbors Operations-Planning Meeting
 - Considers public input & makes recommendation to increase rates on time certain schedule
- May 25th – Docks & Harbors Regular Board Meeting
 - Finalizes execution plan
- August 31st – Docks & Harbors Regular Board Meeting
 - Commence 21-Day Public Notice for Regulation Changes
- September 28th – Docks & Harbors Board
 - Hold Public Hearing on Regulation Changes
- October 23rd – Assembly takes action on Board recommendations



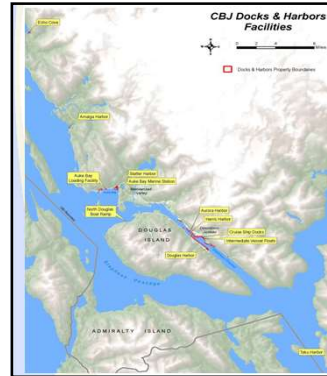
"Enterprise" Funded CBJ Department

- The Enterprise Funds are operated and financed in a manner similar to private business.
- The intent of the governing body is to provide goods and services to the general public on a continuing basis and be financed or recovered primarily through user charges.
- The acquisition and improvement of the facilities have been financed from existing cash resources, issuance of revenue and general obligation bonds, and state and federal grant funds.



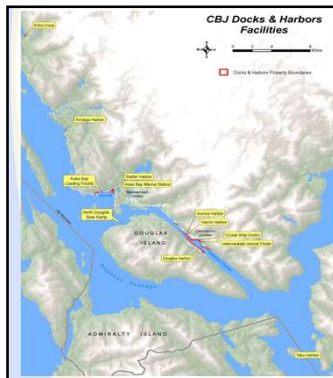
Cliff Notes Enterprise Funded Departments

- Two Enterprises – Fiscally Separated
 - Docks Enterprise – for Cruise Ship Docks & Supporting Uplands
 - Eligible for Passenger Fee funding support
 - Harbor Enterprise – for Small Boat Harbors & Launch Ramps
- No money received from CBJ Sales Tax or Property Tax for annual operating expenditures for either Docks or Harbors
- Can compete for 1% Sales Tax Initiative every 5 years
 - 2017 – Received \$1.5M for Aurora Harbor Phase III
 - 2022 - Received \$5M for Aurora Harbor; \$750K for Taku Harbor; and \$750K to dredge Wayside Park Float



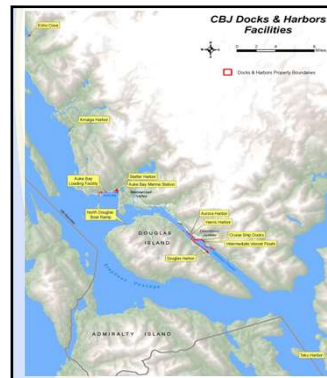
Managing Infrastructure

- Small Boat Harbors
 - Mike Pusich Douglas Harbor
 - Harris Harbor
 - Aurora Harbor
 - Don D. Statter Harbor Facilities
- Launch Ramp Facilities
 - Douglas Harbor
 - North Douglas Launch Ramp
 - Harris Harbor
 - Statter Harbor Launch Ramp
 - Amalga Harbor
 - Echo Cove



Managing Infrastructure

- Cruise Ship Docks
 - Alaska Steamship (AS Dock)
 - Cruise Ship Terminal (CT Dock)
 - Inside Cruise Ship Terminal (ICT)
- Port Field Office (PFO) Float
- Intermediate Vessel Float (IVF)
- National Guard Dock
- Seadrome Dock (reservations only)
- Taku Dock (licensed to Taku Smokeries)



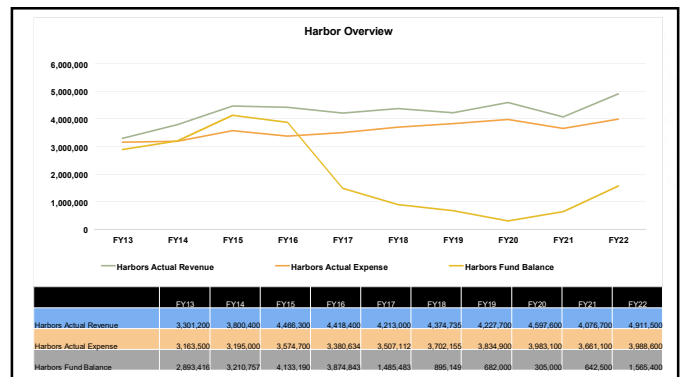
Managing Infrastructure

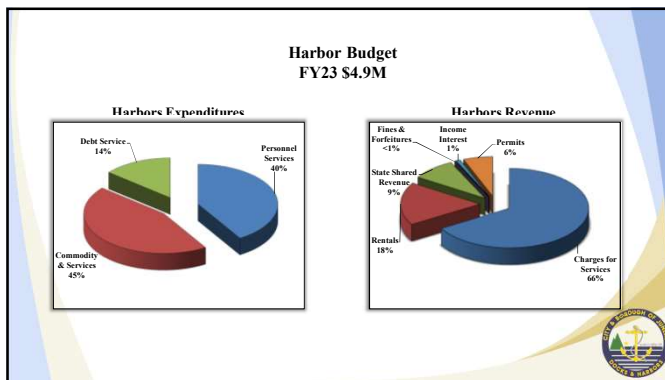
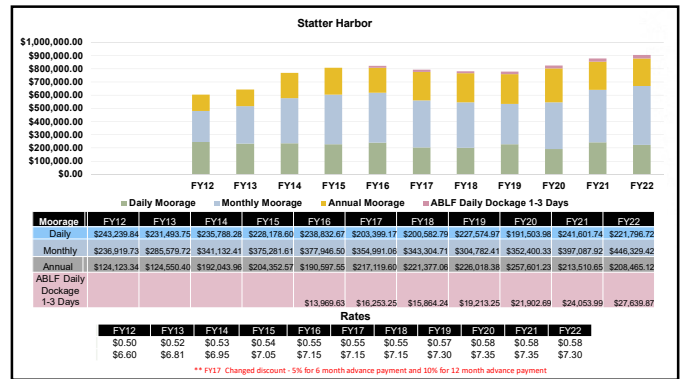
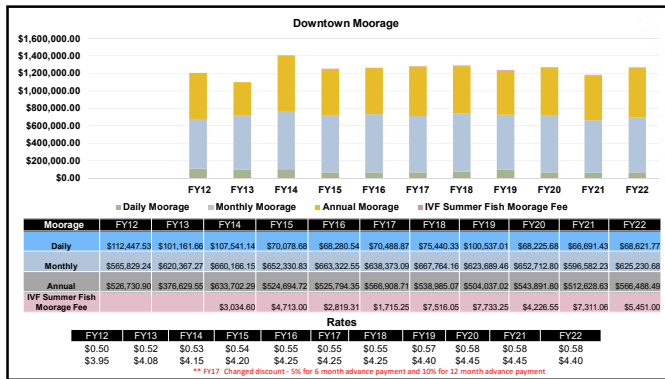
- Taku Harbor
- Auke Bay Marine Station
- Auke Bay Loading Facility
- Wayside Park Fishing Float
- Associated Uplands & Tidelands
- Plant replacement value estimated \$250M
- Only Juneau School District & CBJ Water Utilities have more infrastructure value



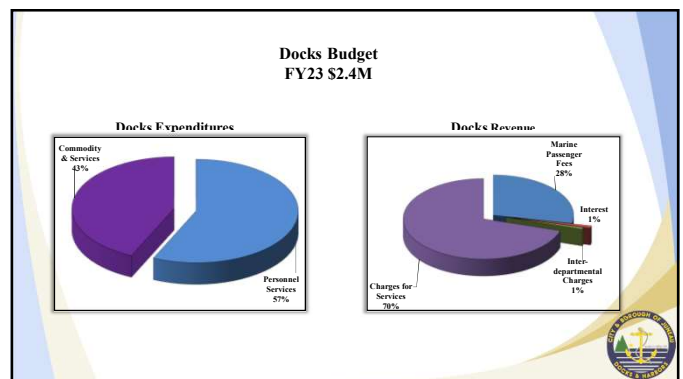
| Docks & Harbors - Harbors OVERVIEW | | | | | |
|---------------------------------------|---------------------|---------------------|------------------------|----------------------|---------------------|
| | FY22 Actuals | FY23 Amended Budget | FY23 Projected Actuals | FY24 Approved Budget | FY24 Revised Budget |
| EXPENDITURES | | | | | |
| Personnel Services | \$ 1,774,400 | 2,001,200 | 2,023,300 | 1,900,200 | 2,108,600 |
| Commodities and Services | 1,560,300 | 2,053,200 | 2,198,400 | 2,061,900 | 2,311,500 |
| Capital Outlay | - | - | - | - | 370,000 |
| Debt Service | 665,900 | 740,900 | 686,600 | 741,700 | 683,600 |
| Support to Capital Projects | - | - | - | - | - |
| Total Expenditures | 4,000,600 | 4,795,300 | 4,908,300 | 4,712,800 | 5,103,700 |
| FUNDING SOURCES | | | | | |
| Charges for Services | - | - | - | - | 3,705,000 |
| Licenses, Permits, and Fees | - | - | - | - | 360,000 |
| Rentals and Leases | - | - | - | - | 900,000 |
| State Shared Revenue | - | - | - | - | 370,000 |
| Federal Revenue | - | - | - | - | - |
| Fines and Penalties | - | - | - | - | 10,000 |
| Investment and Interest Income (Loss) | - | - | - | - | 197,000 |
| Support from | - | - | - | - | - |
| Pandemic Response | 116,500 | - | - | - | - |
| Capital Projects | - | - | - | - | - |
| Total Funding Sources | 4,783,000 | 5,012,600 | 5,154,600 | 5,032,600 | 5,432,700 |
| FUND BALANCE | | | | | |
| Debt Reserve | - | - | - | - | - |
| Beginning Reserve Balance | 791,900 | 791,900 | 791,900 | 791,900 | 791,900 |
| Increases (Decreases) in Reserve | - | - | - | - | - |
| End of Period Reserve | \$ 791,900 | 791,900 | 791,900 | 791,900 | 791,900 |
| As available Fund Balance | 1,051,400 | 1,813,300 | 1,813,300 | 2,080,100 | 2,680,800 |
| Beginning of Period | 782,400 | 217,100 | 246,300 | 319,800 | 320,000 |
| Increases (Decreases) in Fund Balance | - | - | - | - | - |
| End of Period As Available | \$ 1,833,800 | 2,030,400 | 2,059,600 | 2,399,900 | 2,499,100 |
| STAFFING | 16.53 | 16.83 | 16.83 | 16.83 | 17.47 |

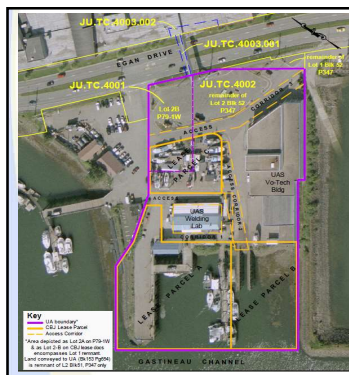
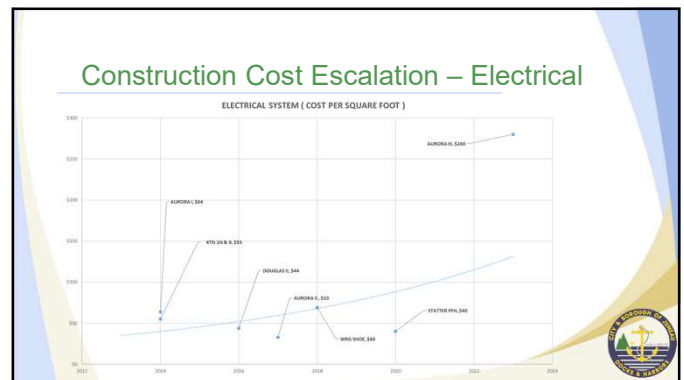
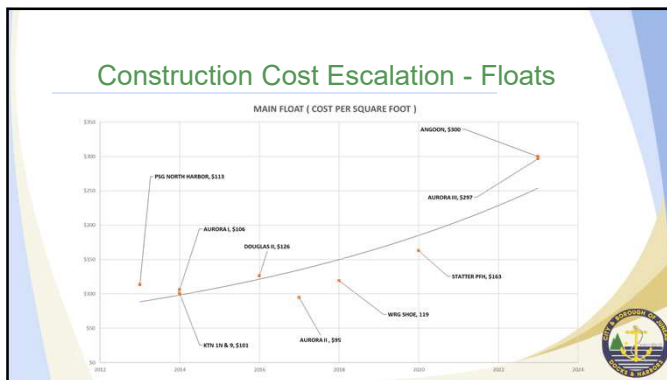
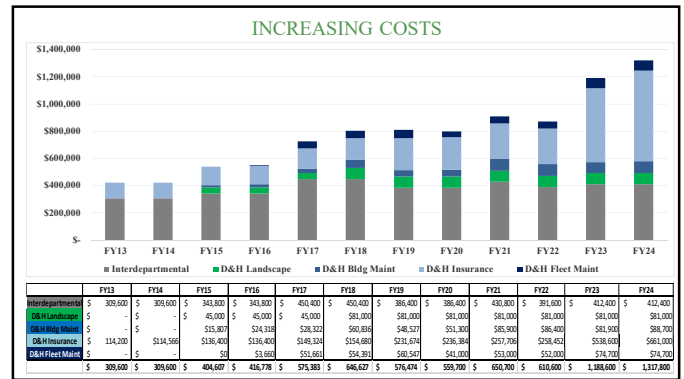
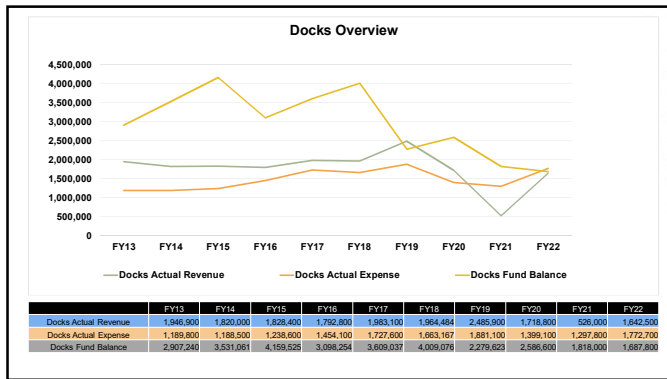
Ending Fund Balance on June 30th does not include \$500K transferred to Aurora Harbor Phase III. Anticipated Harbor Enterprise Fund balance will be \$1.5M.





| Docks & Harbors - Docks | | | | | |
|---------------------------------------|---------------------|---------------------|------------------------|----------------------|---------------------|
| OVERVIEW | | | | | |
| | FY22 Actuals | FY23 Amended Budget | FY23 Projected Actuals | FY24 Approved Budget | FY24 Revised Budget |
| EXPENDITURES | | | | | |
| Personnel Services | \$ 1,061,900 | 1,283,700 | 1,379,500 | 1,313,000 | 1,428,500 |
| Commodities and Services | 716,800 | 992,000 | 1,052,500 | 976,800 | 1,074,100 |
| Capital Outlay | - | - | - | - | - |
| Support to: | | | | | |
| Marine Passenger Fee | - | - | - | - | - |
| Capital Projects | - | - | - | - | - |
| Total Expenditures | 1,778,700 | 2,265,700 | 2,392,000 | 2,289,800 | 2,502,600 |
| FUNDING SOURCES | | | | | |
| Interdepartmental Charges | 15,100 | 15,100 | 15,100 | 15,100 | 40,200 |
| Charges for Services | 1,177,600 | 1,760,000 | 1,760,000 | 1,760,000 | 1,800,000 |
| Licenses, Permits, and Fees | - | - | - | - | - |
| Rentals and Leases | 1,500 | - | - | - | - |
| Investment and Interest Income (Loss) | (36,400) | 21,900 | 24,300 | 21,300 | 67,100 |
| Support from: | | | | | |
| Public Revenue | - | - | - | - | - |
| Marine Passenger Fees | 448,500 | 717,000 | 717,000 | 717,000 | 717,000 |
| Port Development Fees | - | - | - | - | - |
| State Marine Passenger Fees | - | - | - | - | - |
| Capital Projects | - | - | - | - | - |
| Total Funding Sources | 1,605,500 | 2,485,400 | 2,536,400 | 2,513,400 | 2,624,300 |
| FUND BALANCE | | | | | |
| Beginning of Period | 1,819,200 | 1,649,800 | 1,649,800 | 1,794,200 | 1,794,200 |
| Income (Expense) in Fund Balance | (160,400) | 117,700 | 184,800 | 233,600 | 121,700 |
| End of Period Fund Balance | \$ 1,649,800 | \$ 1,767,500 | \$ 1,794,200 | \$ 2,017,800 | \$ 1,915,900 |
| STAFFING | 13.74 | 19.20 | 19.20 | 19.20 | 19.24 |





UAS Property Lease

- Juneau Fisheries Terminal considered critical for commercial fishermen & boatyard activity;
- Since 1988, CBJ has enjoyed favorable lease rent with UA at ~\$12K/year;
- Lease expires May 5th, 2023
- UA willing to enter into new 4 year lease at \$100K/year
- Fair Market Value of leased property is \$230,400/year

HDR-Alaska Rate Study Process

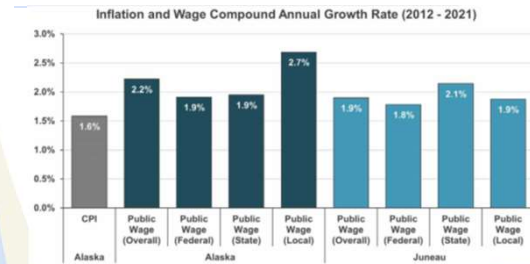
- Conducted review of applicable documents related to current tariffs, facilities, users, and D&H budget.
- Facilitated stakeholder outreach to tenants, key stakeholders, and other user groups.
- Reviewed of D&H's current rate structure with an emphasis on potential pricing anomalies and rates creating potential market distortions.
- Developed a rate methodology for proposed types of adjustments to rates to address revenue objectives to recoup costs (operating and future capital projects to maintain assets in a state of good repair and for any improvements).
- The rate methodology is founded on a "replacement reserve" type of analysis to identify the level of annual cashflow needed to appropriately maintain D&H's assets.

HDR-Alaska Report

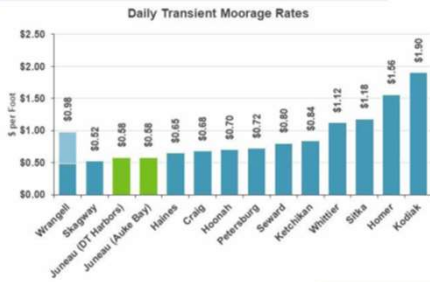
- Based on anecdotal information provided by stakeholders selected by D&H, overall Rates are a small fraction of users' overall costs
- The use of the consumer price index for rate indexing should be re-assessed. Wage rates, which represent about one half of D&H expenditures, have greatly outpaced CPI over the last decade. The current indexation may be inadequate to keep up with cost pressures for D&H.
- To ensure alignment with the established rate setting principles, D&H's rates should be increased to ensure D&H assets are maintained in a state of good repair. Existing reserve balances are inadequate to maintain these assets.
- Overall Rates are a small fraction of users' overall costs which suggests a 9 percent rate increase could be obtained without any deleterious user impacts.



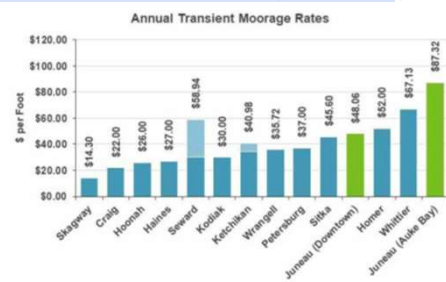
CPI vs Annual Wage Growth



HDR-Alaska Daily Transient Moorage Rates (2020)



HDR-Alaska Annual Transient Moorage Rates (2020)



From Statter 2012...



To Statter in 2022



Statter Award Winning Launch Ramp



Mike Pusich Douglas Harbor



Aurora Harbor Phase I



Aurora Harbor Phase II



Auke Bay Loading Facility



US Customs/Port Field Office



Cruise Ship Terminal Staging Area



From 2015...



To 2017



Visitor's Center



Visitor's Center Kiosk



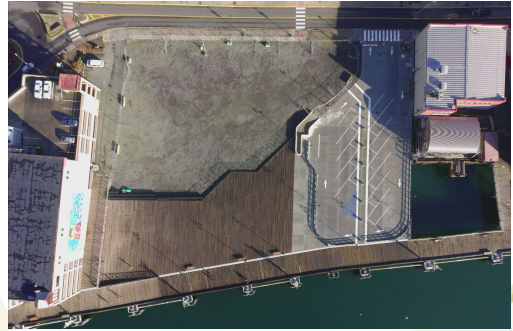
Security Shelters @ AS & CT Approach Docks



Before Peratrovich Plaza



Peratrovich Plaza



What has Docks & Harbors Done for you over the past dozen years?

Harbors Enterprise (\$82M)

- Aurora Harbor \$20M
- Douglas Harbor \$5M
- Statter A&B Floats \$10M
- Statter Launch Ramp \$17M
- Statter For Hire \$15M
- Auke Bay L'd Facility \$15M

Docks Enterprise (\$99M)

- Cruise Ship Berths \$60M
- US Customs/Port Field Office \$4M
- CT Staging Area \$10M
- Peratrovich Plaza \$15M
- Visitor Center/Kiosk \$4M
- Marine Park Deckover \$2.5M
- Taku Dock \$1.5M
- Security Stations \$700K
- Current & Wx Stations \$100K



Additional Harbor Investments since 2012 (not included in previous slide)

- Douglas Harbor Floating Breakwater - \$8M
- Douglas Harbor – Army Corps dredging \$6M
- Harris & Aurora Harbors – Army Corps maintenance dredging & Breakwater Repairs - \$4M
- Harris Harbor Bathrooms - \$300K
- Year round sewage pump out at each harbor - \$300K
- Douglas & Harris Anode installation - \$250K
- Security Cameras (various locations) - \$100K
- Safety Ladders (Downtown harbors) - \$50K
- Acquisition of Auke Bay Marine Station – valued ~ \$6M



So what's left to accomplish?

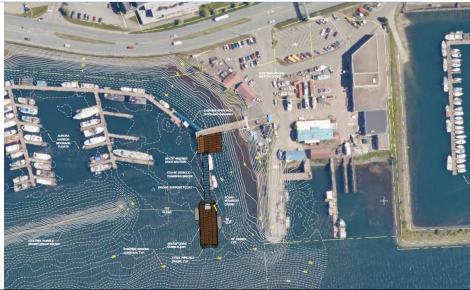
- Aurora Harbor & Aurora Harbor Office Rebuild
- Enhance Marine Services & Commercial Fisheries opportunities (Haul-outs, cranes & drive down floats)
- Small Cruise Ship Infrastructure
- Expand launch ramp facilities (North Douglas)
- Improve marina-like amenities (restrooms, showers, laundry)
- Landscaping, lighting, & paving harbor parking lots
- Maintenance, including maintenance dredging at Wayside Float and float replacement at Taku Harbor
- Safety Rails along the downtown Seawalk
- Recapitalization of [Statter Breakwater](#)



Juneau Fishermen's Terminal



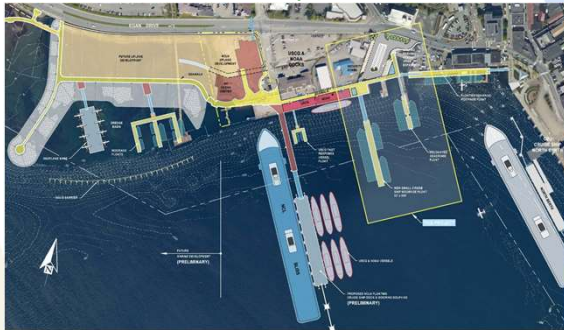
Proposed Drive Down Float Grant Submission



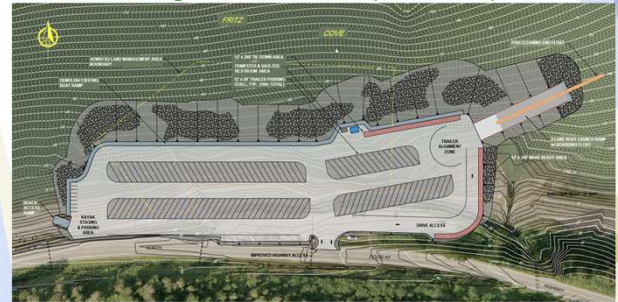
Marine Services – Haul Out Facilities



Small Cruise Ship Infrastructure



North Douglas Launch Proposed Expansion



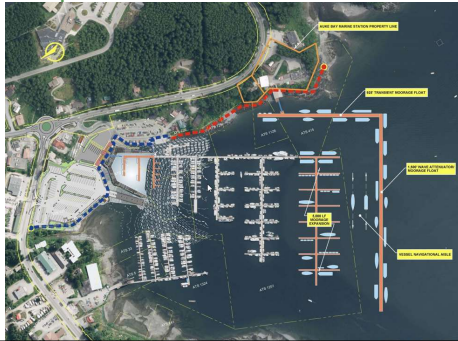
Wayside Dock Maintenance & Dredging and Taku Harbor Approach Float Replacement



Douglas Harbor
Paving, Landscaping & Lighting



Recapitalization of Statter Breakwater



Safety Rails along Seawalk



Summary

- Docks & Harbors is financially solvent;
- Docks Enterprise will have \$1.8M in Fund Balance at the end of the fiscal year;
- Harbors Enterprise will have \$1.25M in Fund Balance;
- Docks & Harbors is impacted by unnegotiable fees (CBJ Inter-departmental use fees, Insurance, UA lease rent, trash, construction escalation costs, etc.)
- Docks & Harbors has been successful in recapitalizing facilities over the past dozen years with nearly \$200M in projects completed;
- An outside consultant has recommended Docks & Harbors raise rates to stay even with costs and to meet patron expectations;
- The Docks & Harbors Board is considering a 9% increase across all fees and is soliciting public input.