



MEMORANDUM

DATE: January 2, 2025
TO: City and Borough of Juneau Assembly Finance Committee
FROM: Alexandra Pierce, Visitor Industry Director
SUBJECT: Dockage Fees

Over the past several years, the Assembly has periodically discussed raising dockage fees for large cruise ships. Currently, CBJ charges \$0.065 per registered ton and \$3.58 per lineal foot for vessels over 250 passengers. The desire to raise dockage fees is based on the assumption that CBJ is not charging market rates compared to the private docks. Without knowing how much the private docks charge, benchmarking rates can be a challenge. Docks & Harbors completed a [rate study](#) in 2022 for both dock and harbor facilities. The rate study focused mostly on harbor facilities and recommended a 9% increase across the board with an annual adjustment for CPI. For docks, the study focused on other regional port fees for municipally owned infrastructure, but the study author was unable to obtain pricing data for private facilities.

Public and private ports throughout the country charge dockage fees in different ways. Currently, CBJ charges by the vessel's length and weight. Another approach is to charge by ship capacity, which also follows the size of the ship. The number of lower berths (measured as double occupancy cabins) is the industry standard for measuring ship capacity. These two options for increasing dockage fees would have different effects on different types of ships. For example, the lineal foot/registered ton approach is more costly per passenger for smaller luxury ships, which tend to have more space per individual passenger. The attached spreadsheet provides a breakdown of how this would translate to a sample of two very different cruise ships currently in the Alaska market.

Fortunately, another regional port has recently made an attempt to charge more competitive rates. In 2024, Skagway created a new port tariff, charging \$8/passenger for private docks and \$13/passenger for public docks. Note that Skagway does not have a marine passenger fee like Juneau but collects state Commercial Passenger Vessel Excise Tax (CPV) at \$5/passenger. This translates to a total charge of \$18/passenger at public docks and \$13/passenger at private docks. Juneau's proposed increases were developed in the context of Juneau's other fees and charges.

As a reminder, at all docks, CBJ collects a combined \$13 in Marine Passenger Fees (MPF), Port Development Fees (PDF), and State CPV (collectively referred to as "passenger fees"). Below are several options for increasing dockage fees, based on regional market conditions.

Per lower berth:

- Increasing dockage fees to **\$5/lower berth** based on ship capacity at CBJ docks would benchmark Skagway's public docks and provide \$18 in total income per lower berth passenger combining dockage and passenger fees.
- Increasing dockage fees by \$2 over Skagway at **\$7/lower berth** based on ship capacity would generate \$20 per lower berth passenger in total CBJ income in combined dockage and passenger fees.

Per lineal foot/ton:

- Doubling CBJ fees to **\$0.13/registered ton and \$7.16/lineal foot** would be consistent with other regional ports for very large ships but would drastically increase fees for small luxury ships.

Currently, dockage fees are adjusted for CPI annually. We would not expect this to change.

When the Assembly receives the Passenger fee budget this year, members will see at least one public request to raise the MPF. Passenger fees are constitutionally restricted. Dockage fees are part of the docks enterprise, which is currently supplemented by passenger fees, including a \$750,000 annual subsidy for port maintenance. In 2024, the docks enterprise collected \$2.5 million in dockage and lightering fees. By raising dockage fees, we can make docks self-supporting and generate additional funds for other needs.

Assembly action:

- Provide direction on whether to raise dockage fees
- Provide direction on charging per lower berth or per lineal foot/registered ton
- Provide direction on amount of fee increase

Private Docks

As a reminder, Juneau has two private docks, the Franklin (Princess) Dock and the A.J. (Rock Dump) Dock, with a third private dock proposed by Huna Totem. Private docks have had differing levels of passenger fee support over the years. The most recent iteration has involved providing all docks (public and private) with funding for restroom maintenance and security. This is with the understanding that these are port-wide functions that serve a broader community need. Private docks have advocated for increased funding for maintenance because CBJ provides dock maintenance funding to its own enterprise fund. These arguments are often based off a 2011 memo by then-Mayor Bothello (attached) explaining the legal rationale for passenger fee use at private docks for funding port operations for both public and private infrastructure.

Raising CBJ dockage fees could effectively harmonize the way all docks are funded (through their own revenue) and provide a foundation for an Assembly discussion to rationalize passenger fee funding between public and private docks. This is a decision for the passenger fee budget process, but this issue presents an opportunity to start the discussion.

Assembly action:

Assuming that CBJ raises dockage fees, provide input on the following options:

- Increase dockage fees and fund the docks operational budget with dockage fees. Continue to fund restrooms and security for all docks with passenger fees
- Fund the docks operational budget with dockage fees but do not provide any passenger funding for restrooms and security to any dock
- Fund the docks operational budget with dockage fees and provide all docks with restrooms and security plus a set maintenance fee

Outstanding Issues

- The eventual ordinance may need to differentiate between large cruise ships and other large vessels (i.e. USCG) using CBJ docks.
- There will likely be issues and concerns identified by the Docks & Harbors Board. Staff has elected to get general direction from the Assembly before sending a draft ordinance to the Board for review.
- CLIA has requested a year's notice before increasing rates. Honoring this request would make the rates go into effect for the 2026 cruise season.

Next Step:

Submit draft ordinance to Docks & Harbors Board for review and comment