

# DOCKS AND HARBORS OPERATIONS-PLANNING COMMITTEE AGENDA

October 19, 2022 at 5:00 PM

City Hall Conf. Room 224/Zoom Webinar

<https://juneau.zoom.us/j/83593446371> or (253) 215-8782 Webinar ID: 835 9344 6371 Passcode: 882737

## A. CALL TO ORDER

B. **ROLL CALL:** James Becker, Lacey Derr, Don Etheridge, Paul Grant, Debbie Hart, Matthew Leither, Annette Smith, David Larkin and Mark Ridgway

## C. PORT DIRECTOR REQUESTS FOR AGENDA CHANGES

D. **PUBLIC PARTICIPATION ON NON-AGENDA ITEMS** (not to exceed five minutes per person, or twenty minutes total time)

## E. APPROVAL OF MINUTES

1. September 21st, 2022 Minutes

## F. UNFINISHED BUSINESS

2. Harbor Rate Study  
Presentation by Harbormaster

Committee Questions

Public Comment

Committee Discussion/Action

### **MOTION: TBD**

3. CBJ Legislative Priorities List  
Presentation by Harbormaster

Committee Questions

Public Comment

Committee Discussion/Action

### **MOTION: TBD**

## G. NEW BUSINESS

4. AELP Grant Agreement – Load Tap Changer Transformer @ Franklin Dock  
Presentation by the Port Engineer

Committee Questions

Public Comment

Committee Discussion/Action

**MOTION: TO RECOMMEND THE ASSEMBLY APPROVE AN AELP GRANT AGREEMENT FOR PURCHASE AND INSTALLATION OF A LOAD TAP CHANGER TRANSFORMER FOR THE FRANKLIN DOCK SUBSTATION.**

5. Resolution in Support of Full Funding for the FY24 ADOT Harbor Facility Grant

Presentation by the Harbormaster

Committee Questions

Public Comment

Committee Discussion/Action

**MOTION: TO RECOMMEND THE ASSEMBLY ADOPT A RESOLUTION IN SUPPORT OF FULL FUNDING FOR THE FY24 ALASKA DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES – HARBOR FACILITY GRANT PROGRAM.**

**H. ITEMS FOR INFORMATION/DISCUSSION**

6. Auke Bay Speed Restriction – Proposal

Presentation by Harbormaster

Committee Discussion/Public Comment

7. Omnibus Regulations Changes with Fiscal Notes - Update

Presentation by the Harbormaster

Committee Discussion/Public Comment

8. Board Strategic Planning

Presentation by Board Member Lacey Derr

Committee Discussion/Public Comment

9. Board 2023 Calendar

Presentation by Teena Larson

Committee Discussion/Public Comment

10. Working Waterfronts Framework

Presentation by Harbormaster

Committee Discussion/Public Comment

**I. STAFF, COMMITTEE AND MEMBER REPORTS**

**J. HARBORMASTER'S REPORT**

**K. BOARD ADMINISTRATIVE MATTERS:**

Special Docks & Harbors Board Meeting - Friday, October 21th, 2022 @ 5 pm

**L. ADJOURNMENT**

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org.

**CBJ DOCKS & HARBORS BOARD**  
**OPERATIONS/PLANNING COMMITTEE MEETING MINUTES**

**For Wednesday, September 21<sup>th</sup>, 2022**

In the Port Director's Conference Room  
and via Zoom meeting.

**A. Call to Order** – Mr. Larkin called the meeting to order at 5:05pm in the Port Directors conference room and via Zoom. Due to technical difficulties, this meeting moved from CBJ Room 224 to the Port Director's Conference room.

**B. Roll Call** – The following members attended the meeting in person or via zoom meeting: James Becker, Lacey Derr, Don Etheridge, Paul Grant, Matthew Leither, and David Larkin.

Absent - Annette Smith, Debbie Hart and Mark Ridgway

Also in attendance – Carl Uchtyl – Port Director, Matthew Creswell – Harbormaster, Erich Schaal – Port Engineer, and Teena Larson – Administrative Officer.

**C. Port Director Request for Agenda Changes**

Hearing no changes, the agenda was approved as presented.

**D. Public Participation on Non-Agenda Items - None**

**E. Approval of Minutes**

1. August 17<sup>th</sup>, 2022 Operations/Planning Meetings Minutes.

Hearing no objection, the August 17<sup>th</sup> meeting minutes were approved as presented.

**F. Unfinished Business**

2. Land Management Plan – 85.02.063

Mr. Uchtyl said this was approved at the last Board meeting. On page 37 in the packet is an email he sent to the Board due to the Board remaining ambiguous to the policy of tideland disposal. If this Committee wants to make changes you can do so at this time and it can be put on the consent agenda for the Board next week. Ordinances are recommendations from the full Board that go to the Assembly and the Assembly takes action with public notice. This will go to the Assembly Lands, Housing & Economic Development Committee on Monday before going to the Assembly.

On page 39 in the packet are recommended changes from Mr. Grant. Mr. Uchtyl said he wants the Committee members to review the proposed language in the draft put together by the City Attorney and make sure it is what the Committee wants.

Committee Questions

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Mr. Grant asked if we had one more meeting to vote on this?

Mr. Uchytel said this will go on the consent agenda for the full Board and it can be pulled from the consent agenda for changes. Another note is the Board can recommend changes at any time it will just go through the process again.

Public Comment - None

**Committee Discussion/Action**

Mr. Grant said he sent some thoughts to Mr. Uchytel. His concern is in 85.02.063 (b) (4). His first question is –

- Is “tidelands” an appropriate word to use for lands under the jurisdiction of the Docks & Harbors Board because we manage other property not just tidelands?
- Should the word “should” be “shall”.
- Should it read, “shall not be sold unless...”, and we list some unless options showing rules.

This is key to our mission and should be given a lot of thought.

Mr. Becker said it is going to the Assembly now and after reviewing your letter wouldn’t you think that the Assembly would change things?

Mr. Grant said he would doubt they would want to get in the weeds that far. We have momentum on this ordinance and it makes sense to make the changes now.

Mr. Uchytel said on page 34 (b)(4) is the language Mr. Grant is referring to. The language “shall be guided” is a qualifier as well but if you just focus on (4), that is only part of the story. The way this has been historically written is that this was intended at one time to be somewhat open ended. It was never intended to have “shall” is how he would interpret it.

Ms. Derr said she likes the suggestion from Mr. Uchytel to possibly change “Tidelands” to “Property that Docks & Harbors has jurisdiction over” to make this a little more broad. These are guiding principles and meant to be not so strict to meet the needs of the time. She would be in favor of updating Tidelands to reflect the Docks & Harbors property that we have jurisdiction over. She said she does like shall and believes these are guiding principles and would be in favor of moving forward.

Mr. Larkin suggests not to put in language too restrictive down the road. He likes in paragraph (b) “shall be guided” and a change from “Tidelands” to something more encompassing for all of our properties. He would like to use the word “should” because it allows some flexibility. He goes back to the presentation a few meetings ago that had a goal number one of returning public lands back to the public. We should be following that. This will allow future Boards some flexibility so you do not have to go back and change the ordinance.

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**MOTION By MR. GRANT: TO REPLACE IN SECTION (b)(4) OF 85.02.063 “TIDELANDS” TO “ANY PROPERTY OVER WHICH DOCKS AND HARBORS HAS JURISDICTION”.**

**Mr. Becker seconded the motion.**

**MOTION PASSED WITH NO OBJECTION**

**3. Omnibus Regulations Changes with Fiscal Notes**

Mr. Uchytel said on page 42 is the proposed regulation changes for 11 regulation changes. We went through a public hearing and when staff was preparing this with the legal team to include in the Assembly packet to take action, it was pointed out that we failed to meet the fiscal note requirement. This will need to be publically noticed again with the fiscal note attached. The intent is to show how it will affect staff and also the fee payers. The fiscal note is prepared by the Finance Director.

**Committee Questions**

Mr. Grant asked if this has to go in front of the Board again and then the Assembly?

Mr. Uchytel said it is following the same process as before. It is introduced at the Operations/Planning meeting tonight. If it is approved here, it will go on the consent agenda for next week’s Board meeting. If approved at the Board staff will start the minimum 21 day public notice period including the fiscal notes. He also wanted to point out the staff received a comment from a harbor patron on page 50 in the packet. Mr. Uchytel recommended going over all the proposed regulation changes again.

Mr. Etheridge recused himself for the discussion on the inactive management

**MOTION BY MR. GRANT: TO ACCEPT ALL THE REGULATION CHANGES WITH ZERO FISCAL NOTES AND GO OVER THE REST WITH POSITIVE FISCAL NOTES.**

**Mr. Becker seconded the motion**

Motion passed with no objection

Mr. Uchytel went over the regulations with positive fiscal notes.

**The Reservation charges** - This is not a new fee. Staff is requiring someone that makes a reservation for more than seven days to pre-pay everything and could forfeit that entire amount if they did not show. This could impact patrons.

**Crane Use Fee** – Previously patrons were required to pre-pay. We now have a fob activation fee that is \$10.

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Mr. Creswell said there is no pre-pay and patrons are invoiced for the crane usage at the end of the month.

**Storage Fees** – The recommendation is to delete a person who maintains a reserved moorage assignment may store one personal item of up to 200 sq/ft for \$.25 per sq/ft per calendar month, or portion thereof. So this will increase to \$.50 for those patrons. There are 16 patrons this will affect and they have all been notified and we have not received any comment.

Mr. Grant asked where the storage areas are located?

Mr. Creswell said next to the Harbormaster's office, the Douglas Parking Lot, and at the Auke Bay Loading Facility.

**Parking Lot Fees** – With trying to be fair and equitable on how we manage parking passes at Statter Harbor it was recommended to do away with \$100 per month parking in the summer and \$50 per month from October 1 through April 30<sup>th</sup>. This is not adding a fee but it could be an added burden on a Harbor Patron. This could have a potential to bring in an additional \$2,000 monthly for the Harbor.

**Summer Management** – This is an attempt to encourage compliance with the 10 day rule movement of transient vessels. This is not a new fee but this would work out to be \$.61/LF/day in lieu of the monthly discounted charge of \$.26/LF/day if someone was not in compliance.

Mr. Grant wanted to add to the fiscal note after the word "compliance", "with transient harbor requirements". It would be clearer with a reference to the transient requirements.

Mr. Larkin asked if it would work if after "compliance" add "with 05CBJAC25.060"

Mr. Grant said that works if someone wants to go look up what that number means but since this is not going in the regulation he said he does not have a problem with that.

Mr. Leither asked if this goes on the consent agenda at the next meeting. Will the consent agenda be that we accept the fiscal notes or is it to accept all of the regulation changes?

Mr. Uchytel said he still needs to see what the Finance Director wants but the Board is approving the intent of the fiscal notes. If you want to pull anything from the consent agenda to change the proposed language you can do that.

Mr. Leither said he would not like to approve one of these changes and does not want to be on record supporting something he does not.

Mr. Etheridge said it will go in as a package like it did the last time on the consent agenda to go out for a public hearing and then during the public hearing the Board will go through each regulation change and at that time you can request changes.

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Public Comment - None

Committee Discussion/Action

**MOTION By MR. GRANT: MOVE TO APPROVE ALL THE FISCAL NOTES PRESENTED BY STAFF AND ASK UNANIMOUS CONSENT.**

**Motion passed with no objection.**

**Mr. Grant amended his motion.**

**MOTION By MR. GRANT: TO RECOMMEND THE BOARD DIRECT STAFF TO EXECUTE PUBLIC NOTICE FOR PROPOSED REGULATION CHANGES INCLUDING FISCAL NOTES AND ASK UNANIMOUS CONSENT.**

**Motion passed with no objection.**

**G. Items for Information/Discussion**

4. Juneau-Douglas North Crossing – PEL (Planning and Environmental Linkages)  
Mr. Uchtyl said Jennifer Holt and Kate Silver are on Zoom from Dowl Engineering out of Anchorage. They are the contractors under the Alaska Department of Transportation looking into a second crossing. They are wanting information from the Board regarding vision, ideas, and topics regarding development along Douglas Highway.

Kate Silver said she is the land use planner with Dowl. She is looking into the implications of a potential second crossing to NW Douglas Island. The project she is working on is a sub-area study of NW Douglas to gather information about land holders in the area and potential ways that development could change in the future if there were to be a second crossing. Part of the study we are identifying different stake holders around Juneau and Douglas that we are interviewing to gather information for the PEL study and at the end of the study we will prepare a high level land use map that shows where housing might develop or commercial development or those types of things if there was to be a second crossing to NW Douglas. There are a few open ended questions that she would like to ask to hear the Docks & Harbors perspective.

- What in the D&H opinion is the status of harbors and associated services in Juneau? Do you see a need for changes in the future, and what might those be or are there opportunities that are on the horizon.

Committee Discussion -

Mr. Becker said years ago when he talked to the property owners, they did not want the second crossing because they thought their property value would go down. He would recommend talking to the property owners again. He believes there is a need for the second crossing.

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Mr. Grant commented that he hears the focus is more on what the benefits would be for development in N. Douglas.

Ms. Silver said that is correct. The PEL study is looking at social, environmental, and public input around a potential crossing and if there were a crossing how would that change things in NW Douglas. We have heard about the housing shortage and the difficulty accessing Eaglecrest from the Valley. In terms of Docks & Harbors are there any changes that you anticipate related to a second crossing?

Mr. Etheridge said the one item he can see is the launch ramp at N. Douglas. He foresees more people from the Valley area using the N. Douglas launch ramp and the facility currently is undersized for the need at this point. There is a plan we are looking at for expanding the N. Douglas launch ramp but it will be in the future. His concern is if it is easier to get from the Valley to N. Douglas launch ramp it will increase the rate of use.

Mr. Leither said he was thinking opposite. People from N. Douglas would drive to Auke Bay to launch because of N. Douglas launch ramp not meeting their needs.

Mr. Etheridge said he believes people would go to N. Douglas because it is closer to the fishing grounds and a lot of the smaller boats will do that.

Mr. Becker said he thought it would alleviate some of the congestion in Auke Bay if the Whale Watching boats could go out of N. Douglas.

Mr. Larkin said his personal opinion of a second crossing is that we need a second crossing for emergency management. Just having one bridge, and if something happened to the bridge, it cuts off emergency services, access to the hospital, stores, etc.

Mr. Uchytel said DOWL is looking at what could be on the backside of Douglas. Juneau is long, linear, and steep and we do not have a lot of industrial property for harbors and harbor services. If the second crossing did happen, it would provide an opportunity for harbor-type needs. This will be a long way out but maybe even another cruise ship dock. There are economic opportunities that could be developed that we do not have on the Juneau side.

Mr. Grant said this would also open up access to the Goldbelt property which is now served by a small pioneer road off the end of the Douglas Highway. They may have plans for low income housing that could be enhanced.

Ms. Silver said they plan to have an interview with Goldbelt about their potential plans for N. Douglas. We talked to the Eaglecrest General Manager today and various groups that may have development plans. For now they will continue to gather input.

Public - None



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**5. UAS Property Conveyance**

Mr. Uchytel said on page 51 is a memo dated September 16th to the Board providing options for consideration. The UA Land Management direction from the Board of Regents, and the President and the Chancellor is not to sell the property but find some other lease mechanism. There is still the \$2M commitment from the Assembly and one of the option in the September 16<sup>th</sup> memo was to use the \$2M to buy down the lease rent. On page 55 of the packet is the letter to Robert Barr requesting the buy down option but Mr. Watt has indicated that will not be an option for the use of the \$2M. We are back to the other options. There is a commitment from the Mayor and UAS representative to meet and figure out a path forward. Paying \$230,000 annually for our operations is significant and we need to do what is in our best financial interest and for our harbor patrons.

**Committee Discussion**

Mr. Becker asked if UAS has an updated appraisal?

Mr. Uchytel said we are still working off the Horan appraisal from January 2020. The value is if they start selling parcels they diminish the overall value of the entire 5.3 acres. They are looking at what is in the best interest of the University. Splitting the property up could impact potential sale in the future.

Mr. Larkin asked if the current lease now expires May 4<sup>th</sup>, 2023?

Mr. Uchytel said that is correct but it may be figured out by the end of the year.

**Public Comment - None**

Mr. Grant said he sent his thoughts to Mr. Uchytel which is on page 64 of the packet. We have four choices. He said he would like to propose at some point to walk away. There is no other way to approach this. The Assembly gave us \$2M to buy this and we were prepared to raise the rest. The advance rent is pouring money down the same rat hole and he does not see any of the options significantly changing the balance of what we pay out for subsidizing the marine services versus what we receive from the users of those services. We should walk away and figure out what to do with our \$2M.

Mr. Etheridge said he knows Ms. Smith also would like to walk away. He said we need to continue discussions until we get to a point there are no more discussions. We need to see what is on the table. We know we are not able to lease this area for \$230,000 but he wants to hear from the University and not cut off communication.

Mr. Grant said he does not see anything else on the table that is financially feasible or palatable.

Ms. Derr said she does feel we are running out of options. She does support having another discussion with UAS but our position needs to be clear that what is proposed is

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outlandish. We provide a service and do not make any money on this. This service is provided for the livelihood of the Juneau community but it is not a money making endeavor. If UAS is not going to change their views and work with us we are doing nothing but throwing money and time and our breath at something that will not change. She would like clear communication with UAS that this is our limit and if UAS is not intending to work with us we will need to walk away.

Mr. Becker said he is not willing to walk away yet and would like to have more discussions with UAS.

Mr. Larkin said he suggest to continue discussion with UAS but does believe we will probably end up walking away. This is a great service for Juneau and we should not look at everything as a money maker but a service that is needed for the public. At the same time we should start exploring other options or are there other entities that could pick up these services to offer.

Mr. Uchtyl said he was asked by the Mayor to reach out to Trucano to see if that was a suitable boatyard and he asked one of the partners and they do not want to do a boatyard because there is no money in it. We do have plans for a Marine Services Center but at a cost of \$30M to \$50M but we don't have anywhere to expand.

Mr. Grant said he would strongly discourage entering into any type of lease extension on any terms. We need an end point. When this expires he would not advocate to stretch this out.

Mr. Becker said Mr. Duvernay who runs the Juneau Marine Services Boat Yard should be in this process.

Public – None

**6. NOAA Dock Conveyance – Coast Guard Authorization Act (CGAA)**

Mr. Uchtyl said on page 70 of the packet is senate language that was approved by the Senate Commerce Science and Transportation Committee on September 14<sup>th</sup>. This is a 500 page bill but he pulled the section germane to our discussion. This is a transfer that allows the Secretary of Commerce to convey the 2.4 acres NOAA Dock to CBJ at fair market value. This is under the Coast Guard Authorization Act. This needs to be reconciled with the House version of the Coast Guard Authorization Act. Our lobbyists are pretty confident this will pass congress and signed into law. This is the language that would allow us to pursue obtaining this dock. His vision for this area would be to have NOAA vessels brought back to Juneau. Norwegian Cruise Lines have said they will make room for Coast Guard vessels on their docks.

**Committee Discussion**

Mr. Becker asked about the extensive repairs needed on the dock currently?

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Mr. Uchtyl said we will need to incur them.

Mr. Grant said the repairs will be reflected in the appraisal.

Mr. Uchtyl said we may be able to use head tax because this is the area where the plan for the small cruise ship project is. He said this is very positive but we will only have three years to execute the deal. He said if we do not move forward with the purchase of the UAS property perhaps we roll the \$2M into these negotiations or the recapitalization of the facility.

Mr. Grant commented that this may not be a bad place for a boatyard.

Mr. Larkin asked what fair market value would be for this area?

Mr. Uchtyl said he does not know.

Public Comment - None

**7. Harbor Rate Study**

Mr. Uchtyl said this is the HDR rate study and he can answer questions.

**Committee Discussion**

Mr. Etheridge said this is the only rate study from HDR that is meaningful. He suggest to the members to review HDR's study in detail so when this comes back to the Committee there can be better discussion.

Public Comment - None

**8. Statter Phase IIIC (Bathroom) – Update**

Erich Schaal went over the slides in the packet from page 94 to 98 put together by Matthew Sill. Today staff had a 90% review meeting with the design consultants. Staff is still anticipating a project cost of less than \$2M. We have 50% design estimate from a design consultant at \$1.5M but with volatility of the Juneau Contractor pool we believe it will be higher because everyone is still so busy. We are still planning on a May 31<sup>st</sup> completion date. The project goal is to provide a much needed ADA accessible facilities for our visitors as well as locals using it in the winter. These would be heated and insulated and used by a key fob system. The schedule for the project is the design consultants will send us the bid package in two parts. We expect the completed specifications early next week Monday and submit the signed drawings on September 29<sup>th</sup> with the anticipated start date September 30<sup>th</sup>. This will give bidders 21 days to prepare a bid. The pre-bid will be held on October 11<sup>th</sup> providing an opportunity for contractors to ask questions and then the bids will be due on October 21<sup>st</sup>. We will open the bids in the morning and prepare the bid documents that show what bids we received and how they rank for low bid and then we will bring that information to a Special Board meeting in the evening of October 21<sup>st</sup> for approval so it can go to the Assembly on October 24<sup>th</sup> for final approval.

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Mr. Uchtyl said we will be asking the Board to hold a Special Board meeting on Friday October 21st. We have been pushing this hard and want to get it done so it does not impact the charter operations in May of 2023. We are required to advertise bids for 21 days. This will go before the Board on Friday the 21<sup>st</sup> and the Assembly on Monday the 24<sup>th</sup>.

**Committee Discussion**

Mr. Larkin asked on the angle of the roof, what snow load is it rated for?

Mr. Schaal said it will meet normal building codes which is a 50 pound snow load. It will have a rubber membrane roof. One of the reasons for the gull design so the snow does not shed on people walking by.

Mr. Larkin asked if this building can still have a second story if that was wanted in the future and if so is there room in the pipe chase for the electrical for that second floor?

Mr. Schaal said this design does not have any provisions for a second floor.

Mr. Grant asked if we could push putting it out to bid by two days earlier so we could have this approved at our October 19<sup>th</sup> meeting.

Mr. Uchtyl said he has asked that question and it is not possible.

Mr. Leither said he has a prior obligation on October 21<sup>st</sup>.

**Public Comment – None**

**9. Legislative Priority List**

Mr. Uchtyl said this came up today. On page 122 in the packet describes what the Legislative Priority List is. These are the priorities approved by the Assembly. Most of this document was from last year but he is using it as an example for the Board for your consideration. This will go to the Public Works and Facilities Committee for process on Monday and he is asked to update the Docks & Harbors projects wording by tomorrow and based on the schedule there will be time for soliciting input from the various Board and Commissions. He wants the Board members to be thinking about what projects we want to send for Legislative priority for the Assembly. There is a process. These projects will be included and vetted through the Assembly. Very rarely do any of these get funded. He will bring it back to the Board next month for more discussion.

**Committee Discussion - None**

**Public Comment - None**

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**H. Staff, Committee & Member Reports**

Mr. Grant said he received a comment from a Douglas resident to get on with paving the Douglas Harbor parking lot. The person said they do not need a complete development but if there could be some asphalt on the area's around the ramps and the parking areas it would be a big amenity.

**I. Port Engineer's Report** – Mr. Schaal said he had nothing to report. He said this is his last meeting and his last day will be Friday.

**J. Harbormaster's Report** – Mr. Creswell reported

- The season is ending. It has been a difficult but successful season.
- Staff is now getting ready for winter and snow.
- Derelict vehicles are continuing to go away.
- Staff is in the process of identifying vessels that have not moved. There are 16 vessels in Douglas Harbor that has not moved in over two years. We sent letters out to set up sea trials. We are half way completed. We also identified some in Statter. We will start the process again in the spring starting at Harris Harbor.

**K. Port Director's Report** – Mr. Uchytel reported;

- Staff holds pre and post meetings for the vendor, bus companies, and charter operators. They were all well attended and all in all very positive with good feedback. He is estimating 1.15M passengers which is a good number.
- Staff changes – Scott Hinton left D&H and Kevin Dugan was hired for his replacement.
- For Docks Enterprise, we will need a supplemental noting that we exceeded our budgetary authority. Harbor Enterprise we will end up in the black.

**L. Assembly Liaison Report** - None

**M. Board Administrative Matters**

Next Regular Board Meeting – September 29<sup>th</sup>, 2022 – Mr. Uchytel said he will be in Anchorage at the AAHPA conference but will call in.

Next Operations-Planning Committee meeting – October 19<sup>th</sup>, 2022

Next Special Board Meeting (to approve bid award) October 21<sup>st</sup>, 2022

**N. Adjournment** – The meeting adjourned at 7:04PM



# Port of Juneau

155 S. Seward Street • Juneau, AK 99801  
(907) 586-0292 Phone • (907) 586-0295 Fax

**From:** Port Director

**To:** Docks & Harbors Board

**Date:** October 12<sup>th</sup>, 2022

**Re:** SUMMARY OF RATE SETTING PROJECT REPORT

1. At the September 29<sup>th</sup>, 2022 regular Board meeting, I was directed to provide a summary of the HDR Rate Setting Project report dated September 1<sup>st</sup>, 2022. To provide context to the requested summary, it may be helpful to review the process. Early in 2021, Docks & Harbors staff proposed increases to certain fees in anticipation of significant future lease expenditure from the UAS property. Staff's recommendations included rate increases for resident surcharge which apply to live aboards and dockage charges which assesses fees to vessels for berthing at the Steamship Wharf, the Cruise Ship Terminal, the Intermediate Vessel Float, the Port Field Office Float, and the Inside of the Cruise Ship Terminal. The genesis to pursue an outside consultant was due, partially, from the Board not advancing fee increase recommendations as well as the Assembly failing to adopt recommended fee increase regulations.

2. Key chronological timeline of the project include:

- April-September, 2021 – Board, Committee & Sub-Committee discuss merits of outside consultant for harbor rate study
- September 30<sup>th</sup>, 2021 – Board Approval for solicitation of RFP for Rate Study
- November 9<sup>th</sup>, 2021 – Three consulting companies submitted RFP for consideration
- November 18<sup>th</sup>, 2021 – Board approval of Docks & Harbor Rate Setting Policy
- November 24<sup>th</sup>, 2021 – Selection Team short-lists two consultants for oral interviews
- December 9<sup>th</sup>, 2021 – Selection Team completes oral interviews
- December 9<sup>th</sup>, 2021 – Posting Notice issued selecting HDR as the successful proposer
- December 13<sup>th</sup>, 2021 – Port Director begins contract negotiation with HDR
- January 14<sup>th</sup>, 2022 – Port Director/HDR sign contractual agreement
- January 27<sup>th</sup>, 2022 – Board approves contract execution with HDR-Alaska, Inc with requirement for HDR representation at Board meetings to answer questions
- February 24<sup>th</sup>, 2022 – HDR representative at regular Board meeting
- March 31<sup>th</sup>, 2022 - HDR representative at regular Board meeting
- April 5<sup>th</sup>, 7<sup>th</sup> & 8<sup>th</sup> – HDR Conducts interviews with seven port/harbor user groups

- April 28<sup>th</sup>, 2022 - HDR representative at regular Board meeting
- May 26<sup>th</sup>, 2022 - HDR representative at regular Board meeting
- June 3<sup>rd</sup>, 2022 – First Rate Study iteration submitted
- August 5<sup>th</sup>, 2022 – Second Rate Study iteration submitted
- September 1<sup>st</sup>, 2022 – Third Rate Study iteration submitted
- September 21<sup>st</sup>, 2022 – Port of Juneau – Docks & Harbors Rate Setting Project posted on Operations-Planning Committee Agenda

3. The intended purpose of the study, as stated in the Request for Proposal (RFP) was:

*The purpose of this document is to solicit proposals from qualified consultants to enter into a contract to conduct a study of the Docks & Harbors rate fee structure. The intent is to determine a sustainable, equitable rate structure based on the existing facility infrastructural and services to support commercial and recreational users of the harbor facilities. In addition to validating the financial planning for the Harbor Enterprise, the consultant will conduct a market study for the fees associated with the CBJ owned cruise ship docks.*

The HDR/CBJ agreement signed on January 14<sup>th</sup>, 2022 agreed to a contract for \$36,169.

**CONTRACTUAL RELATIONSHIP.** *The parties intend that an independent Consultant/City relationship will be created by this Contract. City is interested only in the results to be achieved, and the conduct and control of the work will lie solely with the Consultant. Consultant is not considered an agent or employee of City for any purpose, and the employees of Consultant are not entitled to any benefits that City provides for City's employees.*

4. Specific Consultant tasks include:

TASK	DESCRIPTION	STATUS
Task 1 Project Management	Consultant will provide general project management activities. This includes allocating and coordinating appropriate labor resources, maintaining project financials and scheduling, and preparing monthly invoices.	On going
Task 2 Stakeholder Interviews	Consultant will conduct up to eight interviews with City general management, tenants/ user groups, and other key stakeholders (e.g., cruise lines) as identified by City. These interviews will provide stakeholder input for subsequent tasks such as the tariff review (i.e., CBJ Docks and Harbors fees and rates recognizing that CBJ does not have a formal tariff document) and proposed adjustments to tariffs.	Complete
Task 3 Document Review	Consultant will conduct a review of applicable documents related to current tariffs, facilities, users, and City budget. This task will assist in the review of the tariff structure and recommendation of types of adjustments in later tasks.	Complete

<b>Task 4 Tariff Review</b>	Consultant will conduct a review of City's current tariff structure, including rates and provisions. HDR will give special emphasis to comparisons to general industry standards. Based on this analysis, Consultant will recommend adjustments in Task 5 to benefit City and meet their objectives.	Complete
<b>Task 5 Rate Methodology</b>	Consultant will recommend types of adjustments to tariffs. This will provide a basis for determining what essential changes should be made to meet City's financial objectives (revenues and to recoup costs). Targets will include meeting desired annual operating expenses to support Enterprise budgets. Special consideration will be given to market rates that cruise lines can pay	
<b>Task 6 Draft Report and Review</b>	Consultant will prepare a draft report for review by CBJ officials and key stakeholders selected by them. Consultant will respond to comments on the written draft and to those provided during the presentation. As part of this task, consultant will develop key messaging and talking points to explain the methodology, findings, and recommendations. Consultant will also provide handouts and a PowerPoint presentation to the Board and the Port Director and prepare staff for meetings.	Report received for review; Pending Consultant PowerPoint Presentation
<b>Task 7 Final Report</b>	Consultant will address comments on the draft report and produce a final report within seven days following receipt of comments.	Pending
<b>Task 8 As-Needed Tasks</b>	Consultant will provide as-needed tasks to support additional requests from CBJ such as facilitation of conversations with applicable Municipal leadership and during presentations to the Board and coaching to CBJ staff to present and in preparation to answer all potential questions related to the report and recommendations. Work under this task will be invoiced as Time and Materials and will only be performed with written approval from City. Consultant shall be compensated a lump sum amount of Amount for satisfactory performance of professional services described in this contract and in accordance with the Consultant's Fee Proposal.	This includes HDR representation at Docks & Harbors regular Board meeting.



4. The Executive Summary provides the consultant's findings. Based on those comments, I make the following observations:

- a. The consultant's interviews with seven user groups revealed that Juneau stakeholders would not be sensitive to modest rate increases. Broadly speaking, this seems accurate as Juneauites are dependent on marine access whether for recreation or for small business operations. The facilities which Docks & Harbors manages, although not a monopoly within the Borough, does provide maritime services which are typically better maintained and at a lower cost to user groups when compared to private like-facilities. Certainly, it makes sense that those individuals interviewed would be willing to pay more when compared with alternatives including the private Juneau marinas or other SE Alaska community options.
- b. Harbor rates are a small fraction of vessel ownership is indeed a true statement. This could have been made stronger with examples but the contractor is not obligated to do so. Whether it be commercial fishermen with costs associated with vessel loans, fish permits, fuel, gear, crew, insurance, bait, maintenance & operating costs, moorage is a relatively small component. The same would be true for charter operators or recreational launch ramp users. In 2022, fuel costs most likely drove the vessel ownership costs over any other expenditure. From a rational mind (or public policy perspective), harbor rates will generally yield contentious public discussion. This is due to other operating costs generally being discretionary whereas harbor rates are known to be influenced by the local voting citizens.
- c. The identification that enacting CPI will not result in a sustainable revenue over time is correct. As salaries are half of all annual operating costs, adjusting fees simply for inflation will not keep pace with raising personnel costs. This is primarily due to longevity pay and triannual wage negotiations which typically outstrip CPI.
- d. Funding should be allocated to ensure Docks & Harbors assets are maintained in state of good repair. Over the past decade, emphasis has been placed on recapitalization of facilities which exceeded 50 years and were well-past useful life. With the future completion of Aurora Harbor, a majority of all small boat harbor floats will be have recently replaced. Next in line for replacement will be old Statter floats at 35-years in service with Harris Harbor and old Douglas Harbor floats at both at 20-years in service. During this past decade efforts have been made to extend the useful life of facilities: increasing the freeboard of floats, high quality material and installation of sacrificial zinc anodes will all contribute to a durable and long-lasting product. When Aurora Harbor is finished, the Harbor Enterprise should consider a healthy maintenance fund to keep harbor floats from falling into disrepair as well as upland needs such as parking lot lighting and paving.
- e. The magnitude of rate increase is proportionate to the desired capital expansion. As long as there are ideas for expanding new/repurposed marine infrastructure there will be projects. Future "new-start" projects do not necessitate having full funding availability as there currently are grant opportunities for municipalities. It is always helpful to have, say 10% of an estimated new CIP available for planning, permitting and design as well as demonstrating commitment with local grant match.

- f. Maintaining Replacement Reserve Analysis (RRA). The study encourages \$1.9M per year as a benchmark, collectively for Docks Enterprise and Harbors Enterprise. This number is derived from 40 years of annual replacement of existing infrastructure, estimated at \$195M and assuming availability of grant or passenger fee for recapitalization. This reserve would provide a capital plan to assist in the maintenance and future investment requirements. The report acknowledges that Docks & Harbors currently does not generate sufficient revenue to reach that benchmark and suggests increasing rated or additional funding from CBJ. As an Enterprise operations, Docks & Harbors should not expect to receive additional fiscal support from the Assembly.
- g. The consultant proposes a 9% increase across all fees could be obtained without user impact. This modest fee increase could increase revenues approximately \$700K. The consultants reviewed pre-COVID revenues which suggested \$1.2M as the net positive income flow. Although it may have been beneficial to have recommendations for specific, individual fees from the consultant, the contractual language of the agreement is met. From a pragmatic perspective, an increase of all fees managed by Docks & Harbors is cumbersome. Perhaps increasing the largest of our fees should be increased (moorage, dockage, launch ramp, residential surcharges) with the smaller generated revenues (vessel salvage, passenger for hire, electrical fees, etc) be raised to effect public policy goals.

#

Encl: Port of Juneau – Docks & Harbors Rate Setting Project dated September 1, 2022



# Port of Juneau – Docks & Harbors Rate Setting Project

City and Borough of Juneau

September 1, 2022

## Executive Summary

The City and Borough of Juneau Docks and Harbors (D&H)<sup>1</sup> contracted HDR Engineering Inc. (HDR) to conduct a study of the D&H enterprise's rate fee structure and on the impact of any potential rate changes to D&H stakeholders.

Key findings include:

- Stakeholders are not likely sensitive to modest changes in rates.
- 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.
- The magnitude of the required rate increases is dependent on D&H's future capital program for expansion / new assets. The greater the capital requirements, the higher the rate increase.
- Docks and Harbors should maintain a replacement reserve analysis and forward-looking capital plan to determine the degree to which Funds balances and rates are sufficient to deal with ongoing maintenance and future capital investment requirements.
- Future increases would be tied to any needs identified by the ongoing replacement reserve analysis plus reflect any investments in new assets.
- Based on the replacement reserve analysis conducted through this study, current D&H funding is insufficient to maintain assets in a state of good repair.
- The funding gap could be narrowed or eliminated in at least two different ways:
  1. Additional funding from CBJ.
  2. Increasing rates – D&H rates would have to increase about 9 percent to eliminate the gap.
  3. Some combination of the above.
- 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.

<sup>1</sup> D&H will be used in this report

## 1

## Introduction & Purpose

The City and Borough of Juneau Docks and Harbors (D&H) is an Assembly administered Enterprise that serves recreational users, commercial fishers, commercial charter operators, live-aboard vessels, commercial boat yard use, and cruise ship passengers and crews. D&H oversees several harbors and the two downtown cruise berths.

The Docks enterprise oversees the cruise ship terminal docks. The primary stakeholders are the cruise lines that visit Juneau. The Harbors enterprise is responsible for several harbors used by commercial, recreational, and live-aboard vessel owners. These include Douglas Harbor, Harris Harbor, Aurora Harbor, and Statter Harbor. Users at these harbors include recreational vessels, commercial fishing vessels, and live-aboard vessel owners. Charter operators also use Statter Harbor, Auke Bay, and the downtown facilities. Harbor enterprise assets also includes launch ramps for vessels, parking, and other revenue generating assets.

D&H contracted HDR Engineering Inc. (HDR) to conduct a study of D&H Enterprise's rate fee structure. The current rates cover the full range of services, including permits (e.g., loading permits and tour sales permits), dockage, port maintenance, port development, moorage, passenger, and several other fees. D&H receives little support from other sources (e.g., state) so the revenue from these rates needs to cover current operating expenses as well as future capital expenditures. D&H faces a potential revenue shortfall as costs have increased in recent years and assets need to be maintained in a state of good repair in future years. Consequently, D&H will need to explore both mitigating expenditures and augmenting revenues.

As part of this effort, HDR considered both cost-based (i.e., based on costs of providing services) and market-based approaches. The latter includes both looking at market comparable metrics, as well as marked demand-based approaches (e.g., increasing rates in cases where demand outstrips supply). HDR performed the following services.

- Conducted a thorough 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. Meetings provided insights to sensitivity to rate changes and the potential effects of those changes on usage. Meetings also provided information for later tasks such as the tariff review and proposed harbor rate schedule.
- Review of D&H's current tariff 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). Per discussions with D&H, HDR was to focus on the largest revenue generating user categories, generally those revenue sources that accounted for about 80 percent of total revenues.
- 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 to ensure they are maintained in a state of good repair and additional reserves are available for new capital assets.<sup>2</sup> The details of the analysis are documented in an MS Excel proforma financial model that is provided as a project deliverable. The model can be updated over time to ensure that sufficient reserves are available in the future.

<sup>2</sup> Based on cost information provided by D&H as opposed to an independent assessment of needs as would be the case in a rigorous replacement reserve analysis.

# 2

## D&H Revenues & Expenditures<sup>3</sup>

### Revenues

D&H has revenue streams for each of the Docks Enterprise and Harbor Enterprise. Revenues are not commingled between Docks and Harbors. Revenues for Docks in fiscal year (FY) 2021 was historically low due to COVID and its impact on the cruise line industry worldwide. Juneau is the Southeast Alaska cruise hub and the largest cruise destination for the state. 99% of all cruise visitors in the region visit Juneau compared to 90 percent for Ketchikan.<sup>4</sup> Historically, revenues have been nearly \$2 million per year, with a positive spike in FY2019. Dock revenue comes from moorage and vessel weight-based charges for cruise ships. Head tax related charges for cruise passengers do not accrue to D&H but rather are received by D&H from CBJ to fund projects and to cover dock related debt service. Cruise related charges for the passenger head tax are lower than that of Ketchikan, the next largest cruise destination.

Revenues for Harbors were nearly \$4.1 million in FY2021 and in the previous five years were between \$4.2 and \$4.6 million. Harbors revenues come from a more diverse set of sources and user groups. The largest sources of revenue by vessel user groups include recreation vessels, commercial fishing, luxury charters, launch ramp users, and the live-aboard community. At about \$1.7 million, recreational vessels are the largest source of revenue by far. Other important user groups include commercial leases, vendor booth permits, and parking.<sup>5</sup>

COVID-19 had a major impact on the distribution of D&H revenues by source. Examining pre-COVID revenues (2019 CY (calendar year)) provides a better picture for rate planning purposes. Revenues derived from recreational vessels and cruise ships accounted for 56.6 percent of total D&H revenues in 2019. Commercial leases are the next largest source at 16.1 percent. More than 80% of D&H revenues are concentrated from recreation vessels, cruise ships, commercial leases, commercial fishing, and vendor booth permits. A myriad of other revenues sources comprises the remaining revenue base.

For the vessel user groups, revenue from moorage fees at the four primary harbors (Statter Harbor, Douglas Harbor, Harris Harbor, and Aurora Harbor) are the largest source of revenues. D&H does not differentiate between user types but does set differential charges for daily, monthly, bi-annual, and annual. One can also pay for reserved space at Statter Harbor. In addition to moorage fees, there is also a residence surcharge for live-aboard users. Launch ramp users pay for either a daily or annual permit and D&H has different rates for recreational and commercial users.

An important issue to note is that there is common usage at many of the harbors thus D&H is not able to differentiate charges by type of user. It is also not certain based on our financial review if costs of providing services (especially at Douglas Harbor, Harris Harbor, and Aurora Harbor) are different at each of the relevant harbors. This would also apply to different ramps used by ramp users.

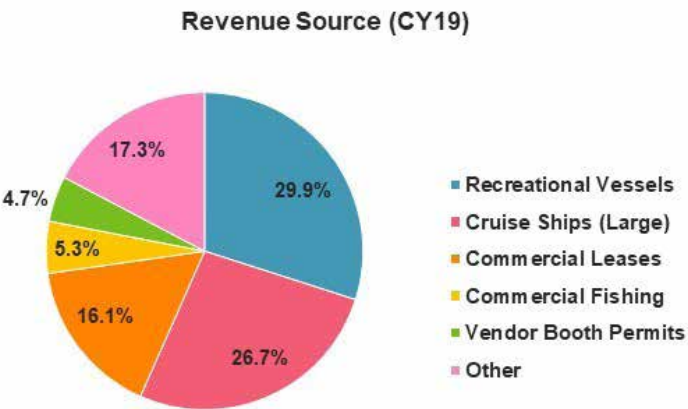


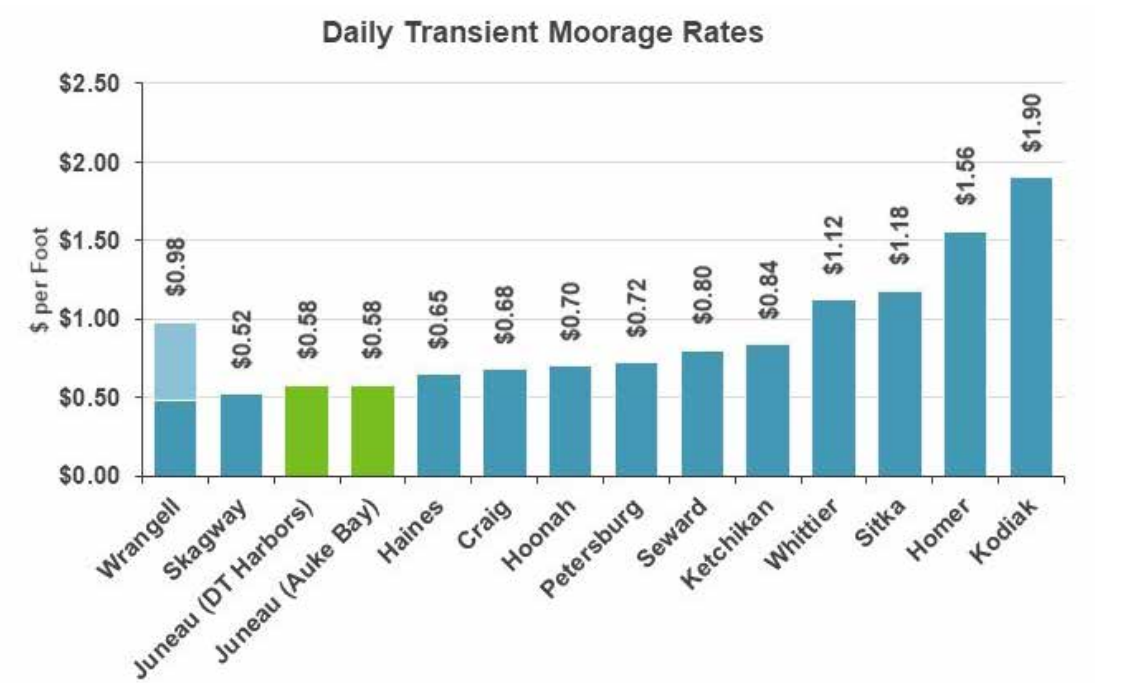
Figure 1. Distribution of CBJ Revenues, 2019 CY

<sup>3</sup> Revenue and expenditure data provided by D&H to HDR on December 15, 2021, email attachments "Docks Funds Balance Overview" and Harbor Fund Balance Overview'.

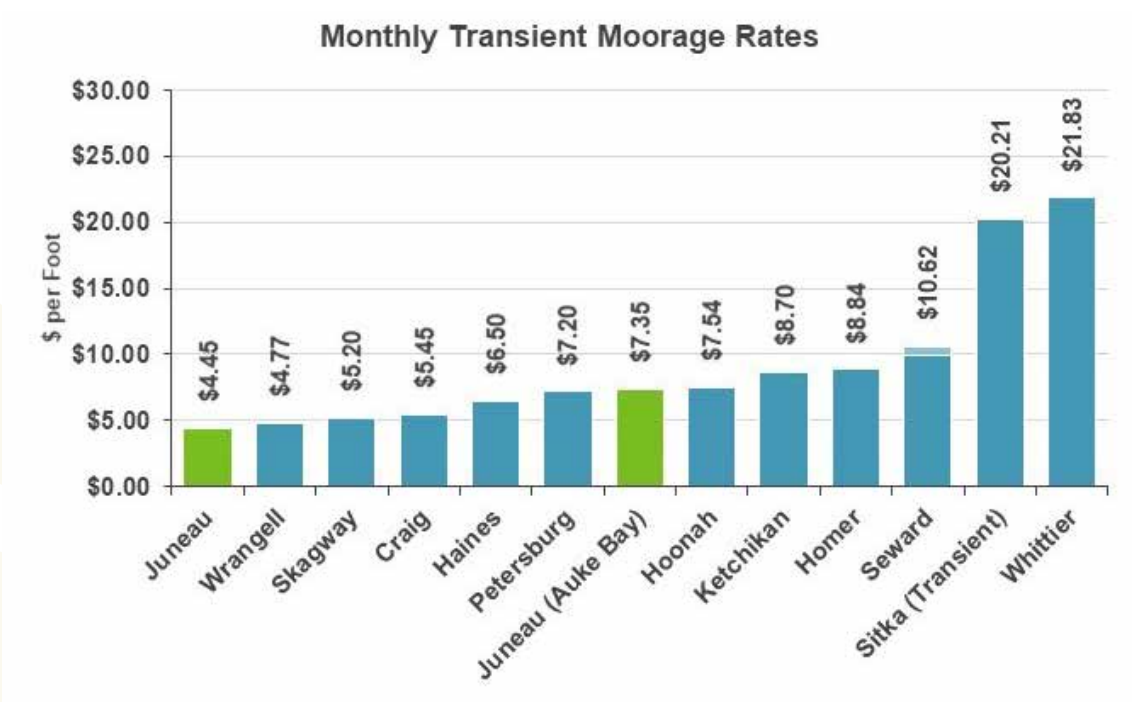
<sup>4</sup> Economic Impact Report, Cruise Lines International Association – Alaska. <https://akcruise.org/economy/economic-impact-by-region/>

<sup>5</sup> An October 8, 2021, memo from the Port Director to the Dock and Harbors Finance Sub-Committee (Defining Docks & Harbors User Groups) lists revenues by user groups.

D&H moorage rates for daily and monthly are in general much lower than that from other Alaska port facilities (see [Figure 2](#) and [Figure 3](#)). D&H differentiates moorage rates by facility for monthly (and annual) for downtown harbors versus Auke Bay which is remote.



**Figure 2. 2020 Comparison of Daily Moorage Rates, dollars per foot, 2020**  
Light blue area reflects the difference between the pre-paid rates at Wrangell (\$0.48/foot) and the invoiced rates at Wrangell (\$0.98/foot)

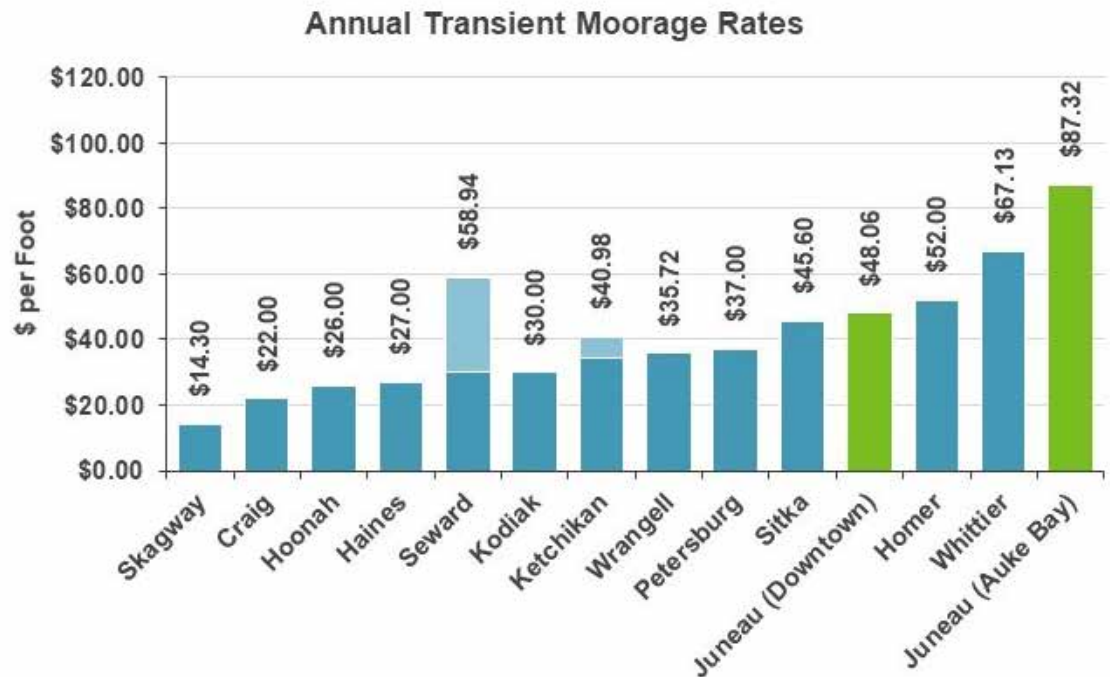


**Figure 3. Comparison of Monthly Moorage Rates, dollars per foot, 2020**  
Light blue area reflects the difference between the reserved rates at Seward (\$9.97/foot) and the transient rates at Seward (\$10.92/foot)



When annual moorage rates are examined, D&H downtown rates are higher than most other facilities, with the exception of Homer, Whittier and D&H’s Auke Bay facility.

In general, about half of D&H moorage revenues for both downtown harbors and Statter Harbor are based on the monthly tariff. For downtown, less than 10 percent of revenues are based on the daily tariff whereas for Statter Harbor, about 27% of revenues are based on the daily tariff.<sup>6</sup>



**Figure 4. Comparison of Annual Moorage Rates, dollars per foot, 2020**  
Light blue area for Seward reflects the difference between the reserved rates at Seward (\$26.97/foot) and the transient rates at Seward (\$58.94/foot). Light blue area for Ketchikan reflects the difference between the Inside City rates at Ketchikan (\$34.48/foot) and the Outside City rates at Ketchikan (\$40.98/foot).

## Port Expenditures

Use of revenues from Docks and Harbors users is not commingled and goes to providing services and maintaining assets in a state of good repair for each area, respectively.

COVID had a significant negative impact on cruise ship passenger counts which form the basis of revenues for Docks. Pre-COVID, the budgeted expenses for Docks were \$1.95 million and actual expenses were \$1.71 million. In the previous five years actual expenses ranged from about \$1.19 million to about \$1.73 million. While in most years actual expenses were less than budgeted expenses, there was a shortfall in FY 2021. Combined with reduced revenue due to COVID, the Docks funds balance decreased substantially in FY 2021. The FY 2021 fund balance is about \$1.82 million. The Dock Fund balance in 2021 is less than half of 2018 levels due to COVID-19 and capital investments in 2019.

COVID did not have much of an impact on Harbor revenues as most of the user base is local. As noted above, revenues have been steadily increasing from about \$3.4 million in FY 2013 to nearly \$4.6 million in FY 2021. During this time, budgeted expenses have also gone up proportionally with actual expenses increasing somewhat less. Harbors fund balances have also declined materially since 2013, amounting to \$1.4M at the end of FY2021, of which \$791,900 is restricted for debt service. The drawdown in balances mainly relates to capital outlays of about \$7.4M over that time-period. As with Docks, Harbors needs to set aside these funds for future contingencies. Unlike Docks, Harbors serve a wider range of stakeholders. As such, there is a more diverse set of possible issues to deal with in the future.

<sup>6</sup> Based on 2019 fiscal year data.



D&H needs to set aside these funds for future contingencies. This includes years with poor financial results (2021) and years when D&H incurs additional costs to maintain assets in a state of good repair. As assets age, these expenses can increase exponentially. This is especially so for higher valued assets used for servicing cruise vessels. As such, it is especially important to maintain a robust funds balance to be able to service and replace assets at their scheduled time.

Almost half<sup>7</sup> of D&H expenditures (excluding capital) are related to personnel. While D&H rates are now indexed to inflation, we have seen that general wage inflation has far exceeded that of the Consumer Price Index. If these trends continue, the indexation of D&H rates will likely be insufficient to keep up with changes to labor rates. Other measures of inflation may be more suitable for indexing D&H rates.

Figure 5 and Figure 6 provide a summary of revenue, expenditure, and fund balances from 2013 to 2021.

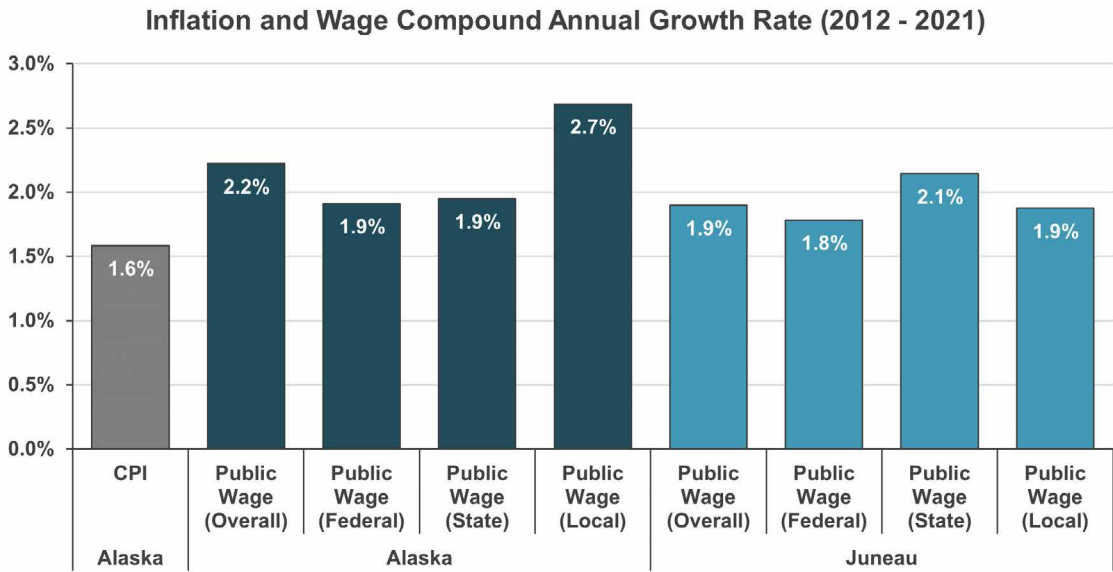


Figure 5. Wage versus CPI Inflation, 2012 - 2021

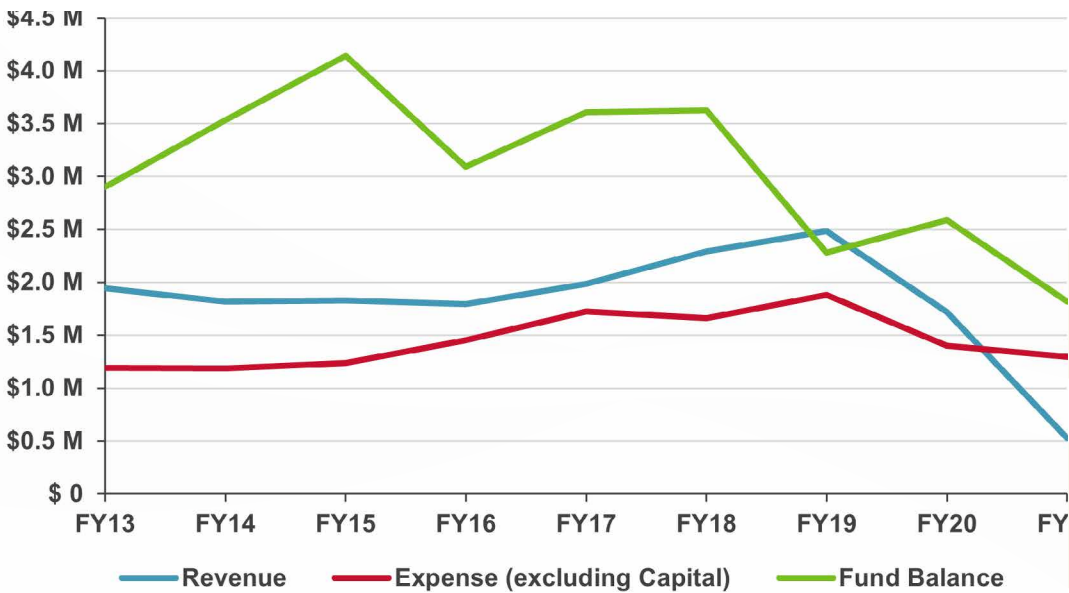
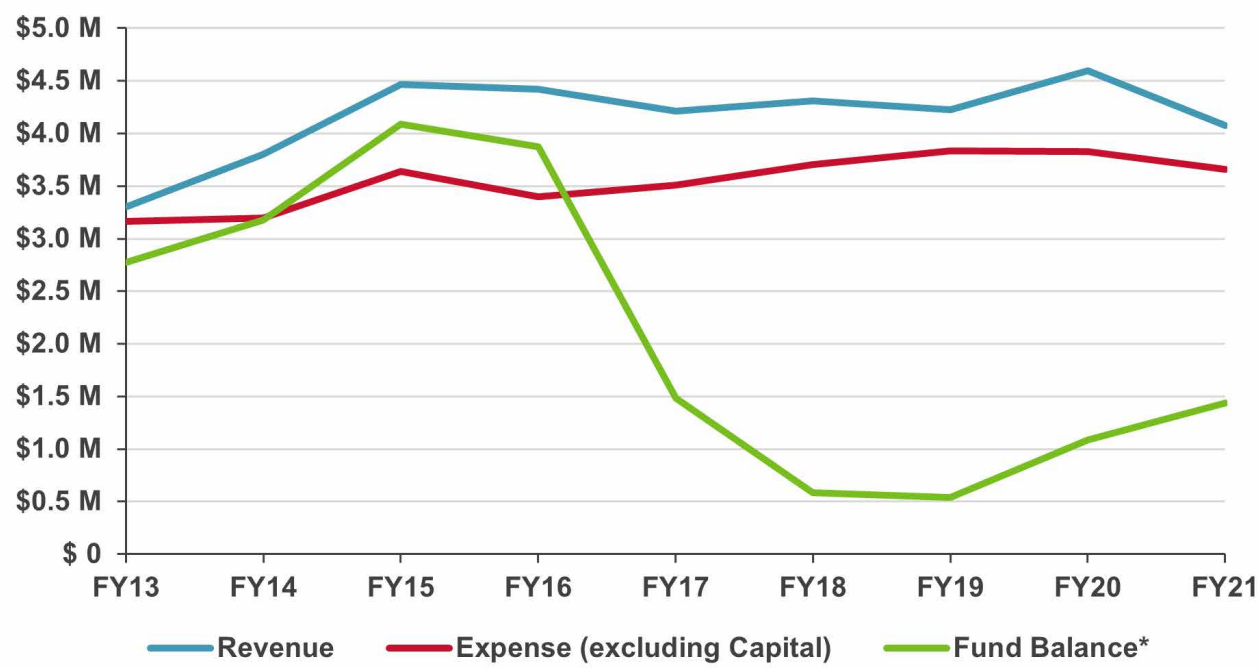


Figure 6. CBJ Docks Fund Balance, 2013 to 2021

<sup>7</sup> From FY2013 to FY 2021, personnel expenditures were 48% of non-capital expenditures. This data was provided by D&H for 2013-2021.

# Harbors Fund



*\*Portion of the balance is reserved for debt repayment*

Figure 7. CBJ Harbors Fund Balance, 2013 - 2021

Expenditures for both Docks and Harbors consist of fixed personnel and building costs and some generally fixed operations and maintenance costs. As noted above, maintaining assets in a state of good repair also requires variable costs that occur every few years and can result in spikes in expenditures.<sup>8</sup> Additionally, some of the variable costs will be for major rehabilitation and even entire replacement of assets that require a significant infusion of funds that require setting aside money in reserves. This would also apply to any proposed new assets.

As such, HDR recommends that D&H maintain a rigorous replacement reserve analysis to determine the amount of funds needed to deal with these state of good repair issues. This would allow D&H to establish rates to accumulate adequate reserves every year to have these funds (i.e., escrow funds annually to pay for major expenses when they occur). Part of this exercise would include assigning annual cost schedules for each of the facilities D&H maintains. Some of the costs are specific to maintaining the infrastructure and others are shared costs (e.g., general D&H personnel costs). Having a better idea of future expenditures is essential for establishing the revenues required to fund these expenditures. Once that is established, it also provides a better framework for establish rates to meet these revenue targets.

Through this rate setting project, HDR developed a financial model to estimate to establish a replacement reserve analysis that can be used to determine the level of rates required to maintain D&H's assets in a state of good repair and to provide for future capital needs. Using D&H asset and cost inputs<sup>9</sup>, HDR has estimated the rate increase necessary to fund D&H's financial needs.

<sup>8</sup> A November 19, 2021, memo from the Port Director to the Board and City Manager (FY2021 Review - Docks & Harbors Operations) highlights several recent projects (see item #5).

<sup>9</sup> The cost information was exogenous to this study and provided by D&H. HDR has not independently validated these inputs.

# 3

## Stakeholder Perspectives

Between April 5th and 9th, 2022, HDR conducted outreach with different D&H user groups. HDR conducted the outreach to ascertain sensitivity to any changes in rates and services and how any changes might affect their business model (commercial users) and harbor usage (non-commercial users). The responses are confidential and as such are not included in the report.<sup>10</sup>

Outreach User Group participants were:

- Cruise Lines
- Charter Operators
- Recreation Boaters
- Launch Ramp Users
- Live-Aboard Community
- Commercial Fishing

General points raised during the outreach included:

### Docks

- Alaska is a world class cruise line destination and the stop at Juneau is an integral part of the cruise (e.g., taking in a whale watching charter).
- Current cruise related taxes and fees (D&H, state, etc.) are a small part of total Cruise trip costs for passengers (cruise, airfare to Seattle, charters, and other expenses). Any modest changes to these taxes are not likely to alter a decision to take a cruise to Alaska.
  - » However, D&H needs to take into consideration any rate change at other ports.
- Cruise lines would value certainty in any potential rate increase and would prefer any increase to be set 12 to 18 months in advance to adequately incorporate into their business model and itineraries.

### Harbors

- For recreational boaters in general, the fees paid to D&H are only a small component of the total costs of boating. The major cost drivers include the costs of the boat, fuel, insurance, etc. Boating is a way of life for recreational boaters. The more price sensitive recreational boaters may opt for using launch ramps instead of paying moorage, but this also implies that they bear the costs of storing and transporting the boat (truck, and trailer chassis). In some cases, a recreational boater may both moor a vessel and use launch ramps depending on a variety of circumstances.
- There are not many substitutes to the services D&H offers recreational boaters and most are pleased with existing service levels. Given this and that D&H related costs are not a large component of total costs, recreational boaters would not likely change their behavior much if there were a modest fee increase.
- Nearly all charter boat customers are out-of-state visitors disembarking from cruise lines. The Juneau cruise is often an integral component of their trip. If you take a cruise to Alaska, you are likely going to take a charter in Juneau unless price points change drastically for them.
- Moorage is not one of the top cost drivers for charter operators. That being said, typical charter rates range from \$140-\$200 so there is relatively more price sensitivity to D&H rates than for cruise lines. This presents more of an issue if the rate in question were a head tax rather than a moorage rates; the latter being a small component

<sup>10</sup> Responses are not to be interpreted as results from a census of all users, but rather responses from groups of individuals selected by D&H.

of total costs for charter operators.

- D&H related costs are not a top cost driver for commercial fishing vessels. Primary cost drivers are vessel costs, crew, fuel, etc. However, they may be price takers (i.e., accept what processors offer) and their ability to pass along costs may depend as much on general prices for their products increasing. In the case of vertically integrated fisheries/processors this is less of an issue.
- The live-aboard community use their vessels as both house boats and for recreational boating. Boating is more than just a way of life (i.e., primary hobby) but also where they live. Since there is also a monthly residence surcharge (in addition to moorage), D&H fees make up a higher share of costs than for purely recreation vessels. However, as these vessels are also house boats, D&H fees not only need to be put in context of recreational vessels costs but also costs of housing. As such, one can consider D&H related fees as a percentage of recreational boating and housing costs. In many cases, these house boats are somewhat larger than a purely recreational vessel and entail greater operational costs than a purely recreational vessel due to their dual purpose. The live-aboard option represents a lower-cost housing option for the community which may be in the interest of the municipality. However, the community shares and competes for space with other users and as such are not any different from that standpoint to D&H with respect to setting fair and equitable rates for D&H services.
- The demand for parking at Statter Harbor is greater than supply.
- The demand for reserved spaces is greater than supply.
- Nearly all stakeholders would rather not have a cut in service levels, and many would be willing to pay a modest amount more to maintain or increase service levels.

# 4

## Perspectives on Changing Rates and Elasticity of Demand

When setting rates (and any prices in general), gauging the sensitivity of users to price changes is paramount. The economic term for this sensitivity is “price elasticity.” Changes that reduce output less (less elastic) are more economically efficient than those that lead to larger changes in the demand for services. Often this entails charging different prices for different users or differential pricing based on quantity or quality. This exercise becomes more challenging when pricing for shared facilities so differential pricing by group is not practical and often politically risky. D&H’s current rate structure does provide for discounts based on quantity, or to be precise duration (daily, monthly, semi-annual, and annual). Moving forward there are a few points to consider that are useful in providing rate recommendations.

- The more substitutes are available for a product or service, the more “elastic” or sensitive demand is to changes in prices. Conversely, when fewer substitutes are available prices are less elastic.
- When the cost of the service in question is only a small component of total user costs, changes in the costs of that service matter less to the overall usage of the overall service (e.g., costs of state license plates as a ratio of costs to operating a vehicle).
- A product or service is currently underpriced if demand for it is greater than the available supply.
- Products or services that provide more value should be priced higher than services that provide less value.
- Differential pricing (by group, quantity, or quality) that increases overall demand the most is more economically efficient. Conversely, rate increases that decrease output the least are more efficient than rate increases that decrease output more.
- Economically efficient differential pricing is based on charging lower elasticity groups relatively more. This is the essence of “Ramsey pricing” that is used in rate setting by utilities and other similar entities.
- Providing better (lower per unit) pricing when buying in bulk or for longer-term contracts makes economic sense if it increases demand more than uniform pricing.
  - » However, these discounts need to be put in context of the user. For example, if the longer-term contract also provides more value (over and above the price break) to the user (e.g., improved certainty of having a parking spot in your office building’s garage) then D&H needs to be cautious in providing too large a price break.
  - » Similarly, longer-term users may be less price elastic to changes in rates since the overall service (e.g., less uncertainty on finding a space, less hassle compared to getting daily permits, etc.) is of great value. As above, D&H needs to exercise caution in setting too large a price break. Further, given the likelihood of the group being less price elastic to changes in rates, one would expect to see less changes to demand than with changes to relatively more elastic daily users.
  - » A review of moorage rates shows that in many cases the implied daily rate of paying monthly (assuming you use the service daily) is only about a  $\frac{1}{4}$  of the daily rate. This appears to be a steep discount. For launch ramp users the implied daily rate is much lower.

# 5

## Rate Setting Principles

When reviewing potential rate setting actions, it is critical to review and understand not just the users of the service but also the principles or objectives that the rate setter has established. It is important to note that the D&H Enterprise funds are operated and financed in a manner similar to private business with the objective to provide goods and services to the general public on a continuing basis and be financed or recovered primarily through user charges.

D&H Docks and Harbors has a well-articulated set of principles/criteria and are documented in the **Docks & Harbors - Rate Setting Policy** that we summarize and paraphrase below. Any rate changes or restructuring must be aligned with these principles.

4. Rates must be fair and reasonable – a defined and consistent approach and striving to allocate an equitable share of the cost to every user.
5. Rates must be consistent - establishing this rate setting policy we will have a consistent approach to every rate and rate change.
6. Rates must be supported by data and an explanation of how the data justifies the rate.
7. Rates must be sufficient to support the operations of docks and harbors.
8. Rates must replace capital investments.
9. Rates must build reserves for contingencies and future growth.
10. Where currently significant disparity exists between the cost allocation to user groups these need to be adjusted in a fair and appropriate manner.

The rate setting policy is quite robust and broadly consistent with policies applied in other ports. The policy is set with a focus of the D&H Enterprise to operate as a business entity and not as a public entity with broader societal objectives; that purpose rests at the municipality itself. The D&H Enterprises must set rates to cover operational costs, maintain existing assets and to build reserves to fund future growth. In establishing new rates, care must be taken to ensure that the rates are fair, consistent, and equitable across user groups.

In assessing how the current rates align with the **Docks & Harbors - Rate Setting Policy**, we offer the following:

1. Rates must be fair and reasonable:
  - a. Passenger head tax rates for Docks apply to cruise passengers are lower than that charged at Ketchikan but higher than that charged at Skagway. Juneau is the featured Alaska cruise destination and has the largest number of cruise visitors per year than any other Alaska destination. The rates are in general a very small share of a passenger's total cost for that cruise.
  - b. Rates for Harbors are established without differentiation between individual user groups and can therefore be considered fair. The equity and value of having such large discounts provided for longer term users relative to daily users is an issue worth exploring further. Overall Harbor rates are a small portion of any one user's total usage cost.
2. Rates must be consistent.
  - a. D&H have now established rates to be inflation adjusted going forward to facilitate consistency. Existing rates are now indexed to consumer inflation. Other inflation indices may be better aligned with port related cost drivers and should be considered.

3. Rates must be supported by data and an explanation of how the data justifies the rate.
  - a. From a market-oriented viewpoint existing rates are well supported.
  - b. Rates are a small fraction of users' overall costs.
  - c. Facility utilization is high.
  - d. There are no real competitive alternatives.
  - e. Users have indicated that they are not sensitive to modest price changes which is consistent with the evidence in a-to-d above.
  - f. From a cost orientation viewpoint, there is not well documented evidence of the cost by service or a projection of the future costs for asset renewal and new infrastructure.
4. Rates must be sufficient to support the operations of docks and harbors.
  - a. Rates currently do cover annual operational expenses for Harbors and pre-COVID covered Docks operational expenses.
5. Rates must replace capital investments.
  - a. It is unclear from existing financial data and reports that existing rates are sufficient to build reserves to fund new assets and existing asset replacement. Existing fund balances for both Docks and Harbors are significantly lower than previous levels. The replacement reserve analysis that follows indicates that existing rates are not sufficient.
6. Rates must build reserves for contingencies and future growth.
  - a. It is unclear from existing financial data and reports that existing rates are sufficient to build reserves to fund new assets and existing asset replacement. Existing fund balances for both Docks and Harbors are significantly lower than previous levels. The replacement reserve analysis that follows indicates that existing rates are not sufficient.
7. Where currently significant disparity exists between the cost allocation to user groups these need to be adjusted in a fair and appropriate manner.
  - a. For Harbors, the rate approach does not distinguish between user groups. There is a large price differential between daily rates versus the implicit daily rate associated with the longer-term rates. This equity related to this disparity should be explored further.

The following observations/reservations are based on the above:

1. D&H should continue to view their rate setting philosophy with a business-oriented philosophy.
2. D&H could raise rates from existing levels without any deleterious impacts on users or any negative competitive consequences for Docks and Harbors.
3. D&H should assess the relative price differentials and implied "volume" discounts between daily and long-term moorage rates.
4. D&H should set future rates to augment fund balances so that funds are available to maintain existing infrastructure and support the acquisition of future assets.
5. The reserve analysis that follows indicates that current rates are inadequate to maintain assets in a state of good repair and support future growth.
6. D&H should consider other mechanisms for indexing rates as opposed to consumer inflation.



# 6

## Replacement Reserve Analysis (RRA)

A replacement reserve analysis is a long run capital planning process that will help D&H anticipate the financial requirements for the repair and replacement of port facilities and the acquisition of additional assets. The output of the replacement reserve analysis is an estimate of the annual reserve that should be set aside to maintain D&H’s facilities in a state of good repair.<sup>11</sup>

To conduct the RRA, the following inputs are required for each D&H facility:

- Average remaining life of the facility;
- The replacement cost of the facility; and,
- The potential external funding available for the asset replacement from non-D&H funding sources.

These inputs were collected for all D&H facilities and documented in the financial model provided as a project deliverable.<sup>12</sup> The total replacement value in 2022 dollars for all D&H facilities is estimated to be \$195.2 million.

The annual profile of the required replacement expenditures over the next 40 years is provided below. These estimates are net of potential external funding that could be used to fund the facility replacements at least partially. These external funding sources include but are not limited to federal discretionary grant funding, passenger fees and ADOT Harbor Grants.

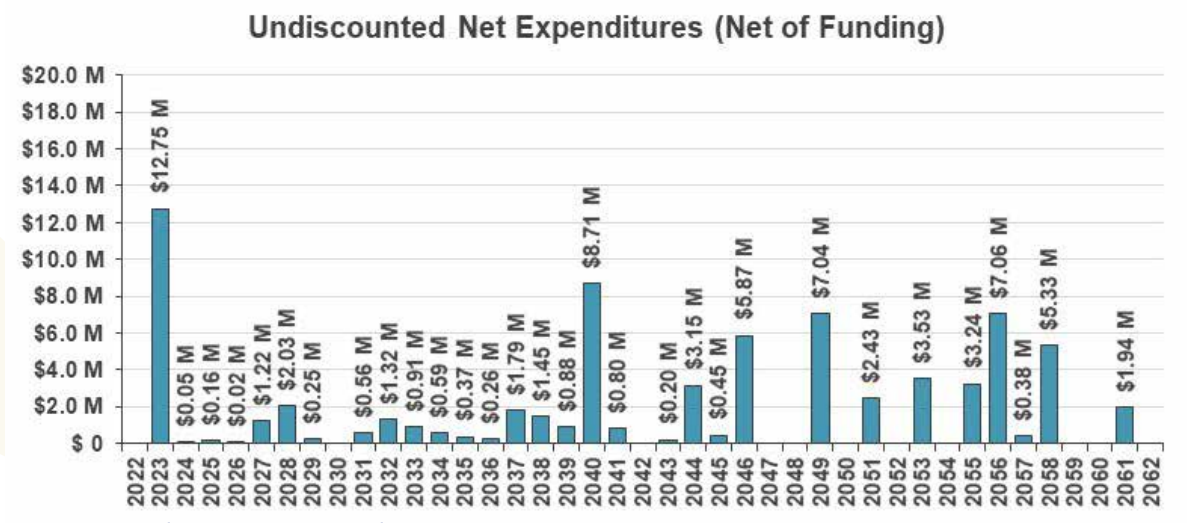


Figure 8. Annual reserve requirements by year, 2020

The RRA assumes that when an asset reaches the end of its “average remaining life”, it is fully replaced and therefore funding is required. As illustrated in Figure 8, there are some years in which there are no assets reach the end of their remaining life and no replacement expenditures required. In other years, some assets do reach the end of their remaining life and they are assumed to be replaced with large funding requirements such as in 2040 where \$8.7M is required.

The total reserve requirement by facility is provided below in 2022 dollars. Some of the replacements will receive funding from external sources and are therefore for D&H, the net expenditure estimates are the most relevant.

<sup>11</sup> HDR discussed the need to have such an analysis during monthly Board meetings. This exercise is a result of those suggestions and discussions with D&H during the development of the report.

<sup>12</sup> The data was provided by D&H staff. HDR did not independently verify these data.



	GROSS EXPENDITURES	FUNDING	NET EXPENDITURES
Statter	\$31.0 M	\$15.2 M	\$15.8 M
S Aurora	\$24.3 M	\$11.6 M	\$12.7 M
Douglas	\$13.9 M	\$6.6 M	\$7.3 M
Harris	\$13.4 M	\$6.4 M	\$7.0 M
ABLF	\$7.0 M	\$ 0	\$7.0 M
N Aurora	\$7.2 M	\$3.6 M	\$3.6 M
Wayside Park Float	\$3.1 M	\$ 0	\$3.1 M
ABLF Uplands	\$3.0 M	\$ 0	\$3.0 M
Statter Uplands	\$2.4 M	\$ 0	\$2.4 M
Taku Harbor	\$4.3 M	\$2.1 M	\$2.3 M
ABMS	\$1.6 M	\$ 0	\$1.6 M
Seawalk	\$31.3 M	\$29.8 M	\$1.5 M
Norway Point Float	\$1.4 M	\$ 0	\$1.4 M
National Guard Dock	\$1.3 M	\$ 0	\$1.3 M
Port of Juneau Uplands	\$19.2 M	\$18.3 M	\$0.9 M
Harris Harbor Uplands	\$0.7 M	\$ 0	\$0.7 M
Amalga	\$2.2 M	\$1.6 M	\$0.6 M
AS Pontoon	\$11.8 M	\$11.2 M	\$0.6 M
CT Pontoon	\$10.0 M	\$9.5 M	\$0.5 M
N Douglas Boat Launch	\$0.8 M	\$0.4 M	\$0.4 M
Echo Cove	\$0.5 M	\$0.3 M	\$0.3 M
Aurora Harbor Uplands	\$0.3 M	\$ 0	\$0.3 M
Douglas Harbour Uplands	\$0.2 M	\$ 0	\$0.2 M
IVF	\$2.6 M	\$2.5 M	\$0.1 M
PFO	\$1.6 M	\$1.5 M	\$0.1 M
<b>TOTAL</b>	<b>\$195.2 M</b>	<b>\$120.4 M</b>	<b>\$74.7 M</b>

The RRA converts the 40 years of annual replacement related expenditures to an equivalent annual amount. To do this, the 40 years of expenditures are discounted to a present value using a real discount rate of 3%.<sup>13</sup> Then, this present value is converted into an annual equivalent amount reflecting the 40-year planning horizon.

The annual amount required to maintain D&H facilities in a state of good repair going forward is \$1.9M. That is, to maintain D&H's existing facilities, D&H revenues must exceed expenditures by \$1.9 M per year to be able to establish reserves that can be used to maintain and replace assets once they reach the end of their asset life. This \$1.9 M estimate excludes any capital needs for new facilities or other assets.

If we examine the three years prior to COVID-19, D&H revenues exceeded non-capital expenditures by about \$1.2 M (in 2022\$) per year which is about \$0.7M less than that identified through the RRA. Existing fund balances can be used to contribute to the replacement of assets, but the total fund balance is only \$3.3M at the end of fiscal 2021 which is equivalent to only \$0.1 million per year over a 40-year horizon. D&H's funding gap, excluding any net capital investment in new infrastructure, is about \$0.6M a year. Any planned capital projects would have to also be funded which would add to this shortfall.

The RRA was conducted for the combined assets of D&H. Managing D&H assets and rates from a holistic perspective would provide D&H management greater flexibility in financial planning.

The details (e.g., data inputs, assumptions, and methods) of the RRA are provided as a separate deliverable – the D&H Financial Model coded in MS Excel.

<sup>13</sup> See OMB Circular A-4 p.33 [https://www.whitehouse.gov/wp-content/uploads/legacy\\_drupal\\_files/omb/circulars/A4/a-4.pdf](https://www.whitehouse.gov/wp-content/uploads/legacy_drupal_files/omb/circulars/A4/a-4.pdf)

# 7

## Rate Recommendations

Setting rates is a policy issue that must be determined by D&H. It must reflect D&H's rate setting principles, policy objectives and future capital program. If we re-examine, D&H's rating principles we note that it is core to principles that rates must be sufficient to support the operations of docks and harbors, rates must replace capital investments, and that rates must build reserves for contingencies and future growth.

We find that based on the RRA, D&H's existing funding is inadequate to achieve these objectives. To meet D&H's policy objectives, additional funding is required to provide sufficient reserves to fund asset replacement to fund any capital investment in new infrastructure. The additional funding could come from: direct new funding from D&H, through increasing D&H rates, or through any combination of the above.

To eliminate the funding gap solely through D&H rates, an average increase of about nine percent would be required. We do believe that a rate increase of that magnitude would not have any deleterious impacts on D&H users.

HDR makes the following recommendations:

1. D&H make a one-time increase for all rates to meet their capital replacement requirements as well as their future capital program. Based on the Replacement Reserve Analysis, the magnitude of the increase would have to be nine percent to for asset replacements. The actual rate increase should also reflect their capital plan for new infrastructure investments.
2. D&H provide an advance notice to users of the one-time increase of 12 months.
3. D&H maintain the indexation of rates and fees. However, using consumer inflation to adjust rates is not entirely reflective of D&H Docks and Harbors cost pressures (e.g., rising wage rates greater than the CPI) and alternative cost indices more reflective of the D&H operating environment should be explored.
4. D&H should consider removing the firewall between docks and harbors to provide greater flexibility in meeting financial obligations (i.e., balancing financial statements).
5. For the purposes of this study, HDR is proposing an across-the-board increase. In the future, D&H may wish to differentiate increases by source (facility) but that is outside the scope of this report.



Port of Juneau Rate Setting Project  
City and Bureau of Juneau  
September 1, 2022

City and Borough of Juneau  
FY2024 LEGISLATIVE PRIORITIES DEVELOPMENT SCHEDULE

ACTION	TIME FRAME
PWFC approval of schedule & process	September 26, 2022
Issue solicitation for input from CBJ Advisory Boards and Commissions with clear instructions, including on how to propose new projects.	October, 2022
Input for new draft requested by	December 1, 2022
Presentations to Boards and Commissions	
	Planning Commission Introduction October 25, 2022; Planning Commission Final Approval November 8, 2022
	Systemic Racism Review Committee 1 <sup>st</sup> Review: November 22, 2022
Administrative review and compilation	December 1- 9, 2022
SRRC 2 <sup>nd</sup> Review (with board/commission input and new projects)	December 13, 2022
PWFC for review	December 19, 2022
Homework: Assembly ranks priorities	Due December 29, 2022
Finance Committee	January 4, 2022
Assembly Adoption (COW)	January 23, 2023
CAPSIS Deadline	February 1, 2023
Distribution of Priorities	February

# FY2023 Legislative Priority List

Rank	Project Name:	Purpose:	Amount:	Goal:	Page #
1	Lemon Creek Multimodal Path	Design, Permitting, Property	\$2M	Advance Long-term Goal of a New Non-Motorized Route	6
2	Second Channel Crossing	Economic Impact Analysis and/or PEL Study	\$7M	Economic Development	7
3	Pederson Hill Development	Development	\$3M	Increase housing and development opportunities	8
4	New City Hall	Partial Funding	\$5M	Reduce CBJ Operating Cost, Free up/create housing	9
5	Shore Power at Dock 16B	Final design and construction	\$25M	Reduce emissions, improve air quality and economic development.	10
6	Capital Civic Center	Partial Funding	\$5M/\$30M	Support Convention and Visitor Economy	11
7	West Douglas Extension	Future Development	\$3M	Long Term Development Support	12
8	Eaglecrest Expansion and Summer Operations Development	Phase one construction of new Gondola	\$6.5M	Economic development/tourism diversification.	13
9	Telephone Hill	Site work	\$2M	Prepare for Redevelopment	14
10	North State Office Building Parking	Partial Funding	\$5M	State/legislative Parking, Auke District infill Development	15
11	Mendenhall River Community School Renovation	Major Renovation	\$21M	Renovate to facilitate delivery of high quality education	16
12	Marie Drake Renovation	Major Renovation	\$31M	Renovate to facilitate delivery of high quality education	17
13	Aurora Harbor Phase III	Design, Permitting	\$250K	Replace critical infrastructure and support maritime economy	18
14	Auke Bay New Breakwater	Match Potential Federal Funding	\$5M	Increase Moorage and Renovate old Economic Development	19
15	North Douglas Boat Ramp Expansion	Planning, research, permitting	\$250K	Improve safety and expand boating access and transportation	20
16	Waterfront Juneau Douglas City Museum	Partial Funding	\$1M	Reduce CBJ Operating Cost, Expand Capital Campus	21
17	Trail Maintenance and Development	Improve trail network in CBJ	\$5M	Support health and wellness with local recreation for trails community connection.	22
18	Auke Bay Seawalk	Design, Permitting, Property	\$250K	Improve Non-Motorized Route	23

**DRAFT**

Will be updated after adoption of list.



# SHORE POWER AT DOCK 16B

**AMOUNT REQUESTED: \$22.5M**

**TOTAL PROJECT COST: \$25M**

**PROJECT DESCRIPTION & UPDATE:** The project would provide the final design and construct the electrical infrastructure (substation, load tap changer transformer, feeder cables, etc.) and shore power infrastructure (submarine cables, power connection floats, cable positioning devices) at the two CBJ-owned cruise ship docks. The electrical infrastructure could also service ground transportation as it transitions to electric vehicles.

The project benefits the community by improving air quality and reducing noise pollution from cruise ships that connect to shore power while hoteling in port, and by upgrading the electrical infrastructure at Juneau’s waterfront. The elimination of ship GHG emissions furthers the community’s climate action goals of switching from fossil fuels to renewable hydropower as well as enables the cruise lines to better meet their sustainability goals. The project benefits the tourism sector of the community.

**TIMELINE:** CBJ has appropriated \$2.64M in FY2023 to this project. Docks & Harbor applied for a FY22 RAISE grant which was unsuccessful. Grant results for the FY22 Port Infrastructure Development Program (PIDP) have not yet been released. Docks & Harbors will pursue other grant opportunities under the Inflation Reduction Act as appropriate. Construction phase to be completed by 5/2027.

**WHO WILL MAINTAIN AND OPERATE?** CBJ

**GOAL OF PROJECT:** Reduce emissions, improve air quality and economic development.



# AURORA HARBOR PHASE 4

**AMOUNT REQUESTED: \$1M**

**AMOUNT SECURED: \$0**

**TOTAL PROJECT COST: \$7M**

**PROJECT DESCRIPTION:**

Request for funding to continue the reconstruction of the Aurora Harbor Facility. Past work has been divided into segments. This request would continue preliminary design and begin permitting tasks.

**PUBLIC PROCESS:**

The project has been through a long term planning process with community outreach. It is the 4th phase of the larger reconstruction plans.

**TIMELINE:**

Once funding is secured, 18-24 month design and construction timeline.

**WHO WILL MAINTAIN AND OPERATE? CBJ**

**GOAL OF PROJECT:** Replace critical infrastructure and support maritime economy.



Photo Credit: Cathy Mahnke

# AUKE BAY NEW BREAKWATER

**AMOUNT REQUESTED: \$5M**

**AMOUNT SECURED: \$0**

**TOTAL PROJECT COST: unknown**

**PROJECT DESCRIPTION:**

The requested funding would allow for the preliminary planning and design phases, including permit acquisition. This opens the opportunity for the construction of a new breakwater at the end of the Statter Harbor. The current facility has reached it’s useful life and needs to be replaced. The new facility would allow for more moorage and provide economic stimulus to the community. CBJ would be the local sponsor for the US Army Corps of Engineers, who is federally responsible for the feasibility analysis, design and construction of the breakwater. Local match is required under federal law.

**PUBLIC PROCESS:** Identified as a Legislative Priority for FY2022

**TIMELINE:**

Once funding is secured, 3 year design and construction timeline.

**WHO WILL MAINTAIN AND OPERATE?** CBJ

**GOAL OF PROJECT:** Increase Moorage and recapitalization of aging infrastructure.





# NORTH DOUGLAS BOAT RAMP EXPANSION

**AMOUNT REQUESTED: \$250,000**

**TOTAL PROJECT COST: \$20M**

**PROJECT DESCRIPTION:**

Requested funding would accomplish the first steps to expanding the North Douglas Launch Ramp Facility. These include planning, research and permitting to initiate the project.

**PUBLIC PROCESS:** Docks and Harbors has solicited public input on the concept.

**TIMELINE:**

Once funding is secured, 18-24 month design and construction timeline.

**WHO WILL MAINTAIN AND OPERATE?** CBJ

**GOAL OF PROJECT:** Improve safety and expand boating access & transportation.



# AUKE BAY BAYWALK

**AMOUNT REQUESTED: \$250,000**

**TOTAL PROJECT COST: \$30M**

**PROJECT DESCRIPTION:**

The requested funding would accomplish the initial steps to build a Baywalk in Auke Bay. These include planning, research and property identification and examining the potential of providing a non-motorized link from the Auke Bay Ferry Terminal to the Auke Bay Harbor or the center of the Auke Bay Planning Area.

**PUBLIC PROCESS:**

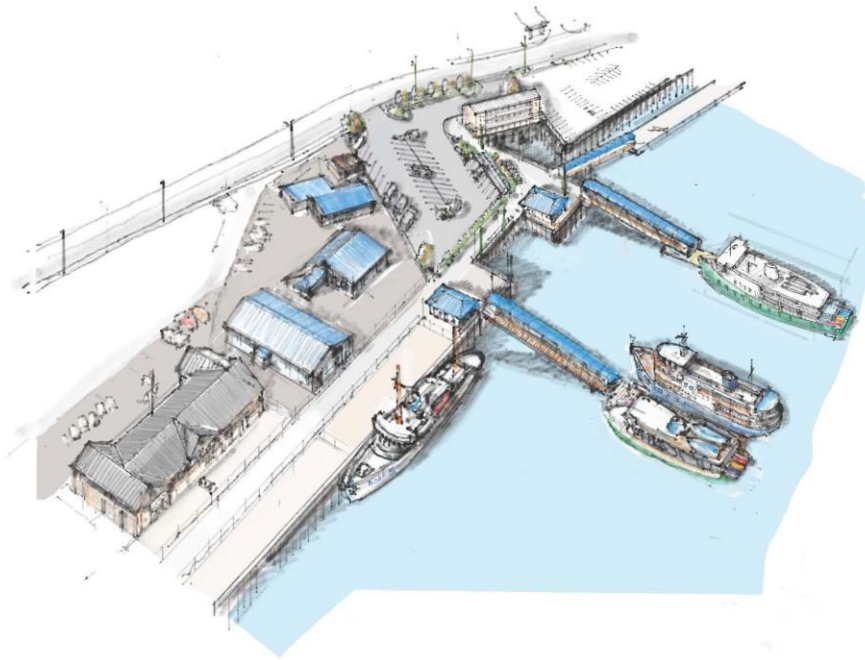
These items were identified during the creation of the 2015 Auke Bay Area Plan adopted into the Comprehensive Plan.

**TIMELINE:**

Once funding is secured, within 24 months of start date.

**WHO WILL MAINTAIN AND OPERATE? CBJ**

**GOAL OF PROJECT: Improve Non-Motorized Route**



## Small Cruise Ship Infrastructure

AMOUNT REQUESTED: \$30M

AMOUNT SECURED: \$0

TOTAL PROJECT COST: \$30M

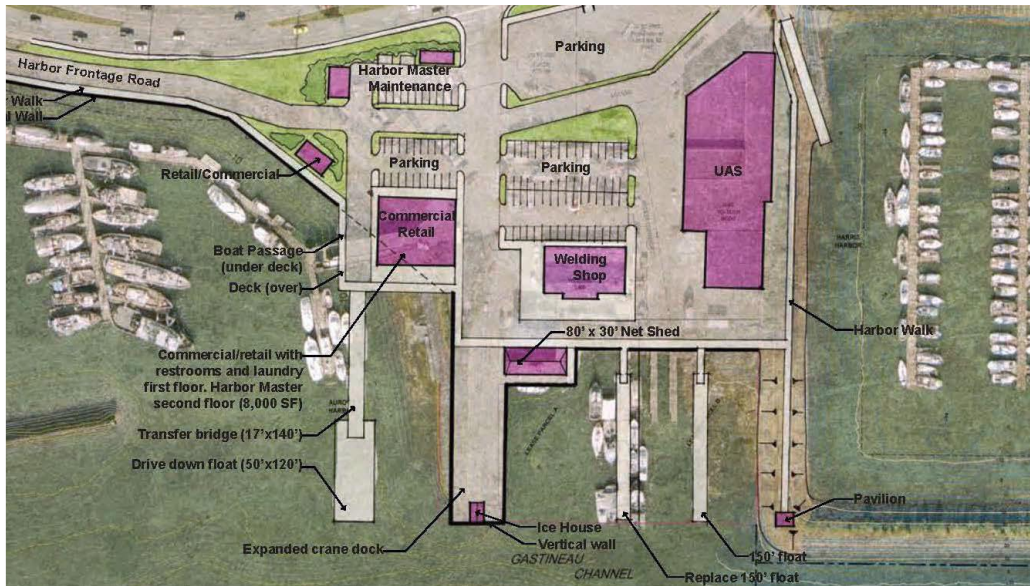
**PROJECT DESCRIPTION:** This project would provide the necessary improvements to construct a new 350-foot concrete float which would expand opportunities for small, American flagged cruise ship to operate more efficiently and to maximize Juneau as a turn-around port. These improvements will include structural repairs to the adjoining NOAA Dock. The plan encourages greater economic diversity for businesses serving the cruise industry by providing local goods/services (i.e. groceries/seafood, fuel, ship provisioning/repairs, etc).

**PUBLIC PROCESS:** [Small Cruise Ship Infrastructure Master Plan Public Meeting Nov 10, 2020](#)

**TIMELINE:** Once funding is secured, 18-24 month design and construction timeline.

**WHO WILL MAINTAIN AND OPERATE?** CBJ

**GOAL OF PROJECT:** Expand economic opportunities for Juneau small business in support of niche cruise vessel.



## Juneau Fisherman's Terminal

AMOUNT REQUESTED: \$35M

AMOUNT SECURED: \$0

TOTAL PROJECT COST: \$35M construction

**PROJECT DESCRIPTION:** This project will expand harbor amenities to benefit the commercial fishing industry by constructing a drive-down repair/logistical float and doubling the linear foot capacity of the crane dock. The project also envisions creating upland improvement by providing a net repair shed and shoreside services such as bathrooms, showers, washer/dryers.

**PUBLIC PROCESS:** Four public meeting held in support of the [2017 - Downtown Harbors Uplands Master Plan - Bridge Park to Norway Point](#)

**TIMELINE:** Once funding is secured, 18-24 month design, permitting and construction timeline.

**WHO WILL MAINTAIN AND OPERATE?** CBJ

**GOAL OF PROJECT:** Improve efficacy of commercial fishermen maintaining vessels and gear in Juneau.



## Douglas Harbor Uplands Improvements

AMOUNT REQUESTED: \$5M

AMOUNT SECURED: \$0

TOTAL PROJECT COST: \$5M

**PROJECT DESCRIPTION:** This project will expand Douglas Harbor amenities to include new bathrooms with showers, curb/cutter/paving and modest landscaping to improve the functionality and aesthetics at this facility. The proposed improvements will bring Douglas Harbor to a level enjoyed by the other three small boat harbors.

**PUBLIC PROCESS:** Numerous members of the Douglas community have testified, as well as the Douglas Advisory Committee, to encourage uplands improvements at this facility.

**TIMELINE:** Once funding is secured, 18-month design and construction timeline.

**WHO WILL MAINTAIN AND OPERATE?** CBJ

**GOAL OF PROJECT:** To raise Douglas Harbor to a standard to include restrooms/showers and to make the facility more visually attractive to users as well as those who pass by.





## New Aurora Harbor Office Building (Potential Public-Private Partnership w/Marine Exchange of Alaska)

AMOUNT REQUESTED: \$3M

AMOUNT SECURED: \$0

TOTAL PROJECT COST: \$3M

**PROJECT DESCRIPTION:** This project recapitalizes the existing harbor office with facilities appropriate to meet the Docks & Harbors' mission. The existing 2000 sf building is a repurposed former garage and does not serve the best interest of the community. In addition to significant wood rot and carpenter ant infestation, sewage will back-up into the existing restroom at least twice per year. The vision of the new building would provide improved accessibility by the public as well having sufficient IT support/technology for employees to leverage 21st century tools. The building would also seek to include modern restrooms, showers with commercial washers/dryers.

**PUBLIC PROCESS:** Four public meeting held in support of the [2017 - Downtown Harbors Uplands Master Plan - Bridge Park to Norway Point](#) which indicates the need to recapitalize the existing Aurora Harbor Office Building with a new Harbormaster Facility.

**TIMELINE:** Once funding is secured, 18-24 month design and construction timeline.

**WHO WILL MAINTAIN AND OPERATE?** CBJ

**GOAL OF PROJECT:**



## Marine Services Yard – Little Rock Dump

AMOUNT REQUESTED: \$50M

AMOUNT SECURED: \$0

TOTAL PROJECT COST: \$50M

**PROJECT DESCRIPTION:** This project would develop approximately 5 acres of industrial property at the Little Rock Dump in support of boatyard repair and maintenance. Juneau is the top port in Alaska for vessels over 25 feet. However, Juneau does not have the capacity to haul out and service vessels much larger than 35 tons. This means that approximately 15% of Juneau's fleet cannot be hauled out locally. Moreover, these larger vessels tend to be commercial vessels that spend significantly more on vessel maintenance and repair work. The current facility in the project area is extremely small — less than half an acre — and does not have electricity or running water, which limits activities considerably. In other words, despite the importance of the maritime sector to the local economy, Juneau does not currently have the infrastructure to serve the needs of its own fleet. A significant amount of economic activity is leaving the community on an annual basis to use vessel lifts located in Washington State or in other Alaska communities.

**PUBLIC PROCESS:** Four public meeting held in support of the [2017 - Downtown Harbors Uplands Master Plan - Bridge Park to Norway Point](#) which includes a requirement to expand boatyard/marine services in Juneau. In 2018, a study was conducted by Docks & Harbors to consider placing the marine service facility at the CBJ owned Little Rock Dump.

**TIMELINE:** Once funding is secured, 36-month design and construction timeline.

**WHO WILL MAINTAIN AND OPERATE?** CBJ

**GOAL OF PROJECT:** Economic development for the maritime industry and to provide local opportunity for shipwrights/boat repair.

## MEMORANDUM OF AGREEMENT

This is a Memorandum of Agreement (“MOA”) between the City and Borough of Juneau (“CBJ”), located at 155 S Seward Street, Juneau, Alaska, and Alaska Electric Light and Power Company (“AELP”), an Alaska corporation located at 5601 Tonsgard Court, Juneau, Alaska. CBJ will provide AELP with two million two hundred sixty thousand dollars (\$2,260,000) in grant funding to support the replacement of the existing transformer at AELP’s South Franklin Street substation with one that includes and integrated Load Tap Changer (“LTC”), hereafter the “Project”. The grant award covers the period November 1, 2022, through October 31, 2026.

### SCOPE OF WORK

CBJ funding for the Project was authorized by **CBJ Ordinance No. 2022-XX enacted on DATE** to support the work described in AELP’s request for Marine Passenger Fees submitted to CBJ on December 31, 2021.

Under this Project, the existing transformer will be replaced by one with an integral LTC, which will allow for voltage adjustment at the transformer itself, leaving the remainder of the system in a typically steady state. The new LTC transformer will have a different footprint than the existing transformer, and installing it will require some or all the modifications to the substation indicated here:

- Disconnection of all high and low voltage connections to the existing transformer
- Removal of a quantity of transformer oil to reduce weight and make the transformer safe to move
- Removal of the existing transformer from the site, which will require a crane and semi-truck
- Disposal of used insulating oil and transformer
- Modification to existing transformer foundation
- Modification to transformer oil containment
- Transformer testing
- Rerouting of conduits for low voltage wiring
- Installing and terminating low voltage wiring
- Modifications to high voltage bus and connections between the transformer and the circuit switcher and breakers
- Connections to the ground grid
- Updating of site-specific plans and documentation

If the dimensions of the new transformer require relocation of the existing circuit switcher, the following additional work will be required:

- Disconnection and disassembly of the circuit switcher
- Removal of steel supporting structures from the foundation
- Relocation of foundation
- Relocation of low voltage conduits
- Reinstallation of circuit switcher and steel support structure
- Installation of high voltage bus between circuit switcher and transformer
- Installing and terminating low voltage wiring



- Connections to the ground grid
- Relocation of 69kV transmission pole
- Relocation of fence
- Re-termination of 69kV lines

### **PAYMENT TERMS**

AELP will submit progress reports and invoices to CBJ as it incurs costs associated with the scope of work. Progress reports will include information related to Project milestones such as the status of design, procurement, schedule, and construction. CBJ will reimburse AELP within thirty (30) days of receipt of a detailed invoice.

The primary cost component of the project is the LTC transformer. AELP currently understands that procurement of the LTC transformer will require progress payments as follows: 30% due upon order acceptance, 30% due upon completion of shop drawings, 30% due upon completion of factory acceptance testing, and 10% due upon shipment. The currently anticipated lead time is approximately thirty-six (36) months from order acceptance.

### **CHANGES**

AELP and CBJ, without invalidating this MOA, may agree to changes to the scope of work, term, or grant amount. All such changes shall be authorized by written agreement signed by AELP and CBJ.

### **NOTICE**

The following addresses will be used for all written communications:

If to AELP:	Bryan Farrell Alaska Electric Light and Power Company 5601 Tonsgard Court Juneau, Alaska 99801
If to CBJ:	Carl Uchytel CBJ Docks and Harbors 76 Egan Drive Juneau, Alaska 99801

### **COMPLIANCE WITH LAWS AND REGULATIONS**

AELP shall, at AELP’s sole cost and expense, comply with all applicable requirements of federal, state, and local laws, ordinances, and regulations now in force, including safety, environmental, immigration, and security enactments, or which may be subsequently enacted. AELP warrants that it has obtained and is in full compliance with all required licenses, permits, and registrations regulating the conduct of business within the State of Alaska and CBJ, and shall maintain such compliance during the effective term of this MOA.

### **CONFLICT OF INTEREST**

AELP warrants that it has not solicited any prohibited action, favor, or benefit from any employee or officer of CBJ, and this it will not do so as a condition of this MOA.

### **EQUAL EMPLOYMENT OPPORTUNITY**

As a condition of receiving funds under this MOA, AELP will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, age, disability, sex, sexual orientation, gender identity, gender expression, and marital status, changes in marital status, pregnancy or parenthood. AELP will include these provisions in any agreement relating to the work performed under this MOA with contractors or subcontractors.

### **INDEMNIFICATION**

AELP agrees to defend, indemnify, and hold harmless CBJ, its employees, volunteers, consultants, and insurers, with respect to any action, claim, or lawsuit arising out of or related to AELP's performance or activities pursuant to this MOA, without limitation as to the amount of fees, and without limitation to any damages, cost or expense resulting from settlement, judgment, or verdict, and includes the award of any attorneys' fees even if in excess of Alaska Civil Rule 82. This indemnification agreement applies to the fullest extent permitted by law and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against CBJ relating to this MOA. The obligations of AELP arise immediately upon actual or constructive notice of any action, claim, or lawsuit. CBJ shall notify AELP in a timely manner of the need for indemnification, but such notice is not a condition precedent to AELP's obligations and is waived where AELP has actual notice.

### **FORCE MAJEURE**

Neither party shall be responsible for delays or failure in the performance of any part of this MOA caused by factors beyond their reasonable control, including but not limited to delays because of strikes, lockouts, work slowdowns or stoppages, accidents, fire, earthquake, flood, avalanche, explosion, riot, war, terrorism, or failure of any governmental or other regulatory authority to act in a timely manner ("Force Majeure Event"); provided, however, if a Force Majeure Event occurs, the affected party shall, as soon as practicable: (a) notify the other party of the Force Majeure Event and its impact on performance under this Agreement, and (2) use reasonable efforts to resolve any issues resulting from the Force Majeure Event and perform its obligations hereunder.

### **PROHIBITION ON LOBBYING**

No part of any funds paid under this grant shall be used for the purpose of any lobbying activities before the Alaska State Legislature or the City and Borough of Juneau Assembly.

### **PUBLIC RECORDS**

AELP acknowledges and understands that CBJ is subject to CBJ Code 01.70.010 (Public Records) and to the Alaska Public Records Act (AS 40.25.120) and that all documents received, owned, or controlled by CBJ in relation to this MOA must be made available for the public to inspect upon request, unless an

exception applies. It is AELP’s sole responsibility to clearly identify any documents AELP believes are exempt from disclosure under the Public Records Act by clearly marking such documents “Confidential.” Should CBJ receive a request for records under CBJ Code or the Alaska Public Records Act applicable to any document marked “Confidential” by AELP, CBJ will notify AELP as soon as practicable prior to making any disclosure. AELP acknowledges it has five (5) calendar days after receipt of notice to notify CBJ of its objection to any disclosure, and to file any action in the Superior Court for the State of Alaska at Juneau as AELP deems necessary in order to protect its interests. Should AELP fail to notify CBJ of its objection or to file suit, AELP shall hold CBJ harmless for any damages incurred by AELP as a result of CBJ disclosing any of AELP’s documents in CBJ’s possession. Additionally, AELP may not promise confidentiality to any third party on behalf of CBJ, without first obtaining express written approval by CBJ.

**SAFETY**

AELP will comply with applicable federal, state, and local laws and regulations and will retain responsibility for its own compliance and that of its contractors or other designated third-party agents, with all applicable federal, state, and local laws and regulations, including without limitation applicable occupational health and safety laws. AELP shall be solely liable for, and shall independently undertake to defend, any and all unfair labor practice charges, grievances, judicial action, or other employee or union claims, as well as general liability and personal liability, related in any way to AELP’s performance pursuant to this grant. AELP agrees to comply with all federal, state, and local procedures and restrictions related to COVID mitigation. AELP acknowledges that these procedures and restrictions may change after the effective date of this MOA and agrees to comply with the procedures following any such changes.

**IN WITNESS WHEREOF**, the parties have executed this MOA on the date last set forth below.

**ALASKA ELECTRIC LIGHT AND  
POWER COMPANY**

**CITY AND BOROUGH OF JUNEAU**

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Signed

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



## RESOLUTION xxxx

### **A RESOLUTION OF THE CITY & BOROUGH OF JUNEAU SUPPORTING FULL FUNDING (\$8,236,815) FOR THE STATE OF ALASKA MUNICIPAL HARBOR FACILITY GRANT PROGRAM IN THE FY 2024 STATE CAPITAL BUDGET.**

**Whereas**, the majority of the public boat harbors in Alaska were constructed by the State during the 1960s and 1970s; and

**Whereas**, these harbor facilities represent critical transportation links and are the transportation hubs for waterfront commerce and economic development in Alaskan coastal communities; and

**Whereas**, the harbor facilities in Alaska are ports of refuge for ocean going vessels, and serve as essential transportation hubs to coastal Alaskan communities for supplies, trade in goods and services and connections to the world market for our exports and imports; and

**Whereas**, the State of Alaska over the past nearly 30 years has transferred ownership of most of these State-owned harbors, many of which were at or near the end of their service life at the time of transfer, to local municipalities; and

**Whereas**, the municipalities took over this important responsibility even though they knew that these same harbor facilities were in poor condition at the time of transfer due to the state's failure to keep up with deferred maintenance; and

**Whereas**, consequently, when local municipal harbormasters formulated their annual harbor facility budgets, they inherited a major financial burden that their local municipal governments could not afford; and

**Whereas**, in response to this financial burden, the Governor and the Alaska Legislature passed legislation in 2006, supported by the Alaska Association of Harbormasters and Port Administrators, to create the Municipal Harbor Facility Grant program (AS 29.60.800); and

**Whereas**, the Department of Transportation and Public Facilities utilizes a beneficial administrative process to review, score and rank applicants to the Municipal Harbor Facility Grant Program, since state funds may be limited; and

**Whereas**, for each harbor facility grant application, these municipalities have committed to invest 100% of the design and permitting costs and 50% of the construction cost; and

**Whereas**, the municipalities of the Sitka, Whittier, and Wrangell/Meyers Chuck have committed to contribute \$8,236,815 in local match funding for FY2024 towards harbor projects of significant importance locally as required in the Harbor Facility Grant Program; and

**Whereas**, completion of these harbor facility projects is dependent on the 50% match from the State of Alaska's Municipal Harbor Facility Grant Program; and

**Whereas**, during the last fifteen years the Municipal Harbor Facility Grant Program has only been fully funded twice; and

**Whereas**, a survey done by the Alaska Municipal League of Alaska's ports and harbors found that from the respondents, the backlog of projects necessary to repair and replace former State-owned harbors has increased to at least \$500,000,000; and

**Whereas**, given that Alaska is a maritime state and that our harbors are foundational to both our way of life and the economy of this great State it is in the public's best interest to maintain this critical infrastructure by using State, Local and Federal funds to recapitalize the crucial harbor moorage infrastructure statewide.

**Now therefore be it resolved** that the Assembly of the City & Borough of Juneau urges full funding in the amount of \$8,236,815 by the Governor and the Alaska Legislature for the State of Alaska's Municipal Harbor Facility Grant Program in the FY 2024 State Capital Budget to ensure enhanced safety and economic prosperity among Alaskan coastal communities.

Passed and approved by the Assembly of the City & Borough of Juneau on this 21th day of November, 2022.

\_\_\_\_\_  
Beth Weldon, Mayor

ATTEST:

\_\_\_\_\_  
Elizabeth McEwen

**From:** [Michael](#)  
**To:** [Harbor Board](#)  
**Subject:** Riederer Proposal  
**Date:** Saturday, October 8, 2022 3:51:34 AM  
**Attachments:** [Tell-it-to-the-Docks-Harbors-Board.pdf](#)

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**EXTERNAL E-MAIL: BE CAUTIOUS WHEN OPENING FILES OR FOLLOWING LINKS**

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Summertime boat traffic in Auke Bay has increased as more travelers choose to visit Juneau and use a marine vessel for any number of reasons: whale watching tours, kayaking, commercial fishing, sport fishing, yacht moorage, etc.

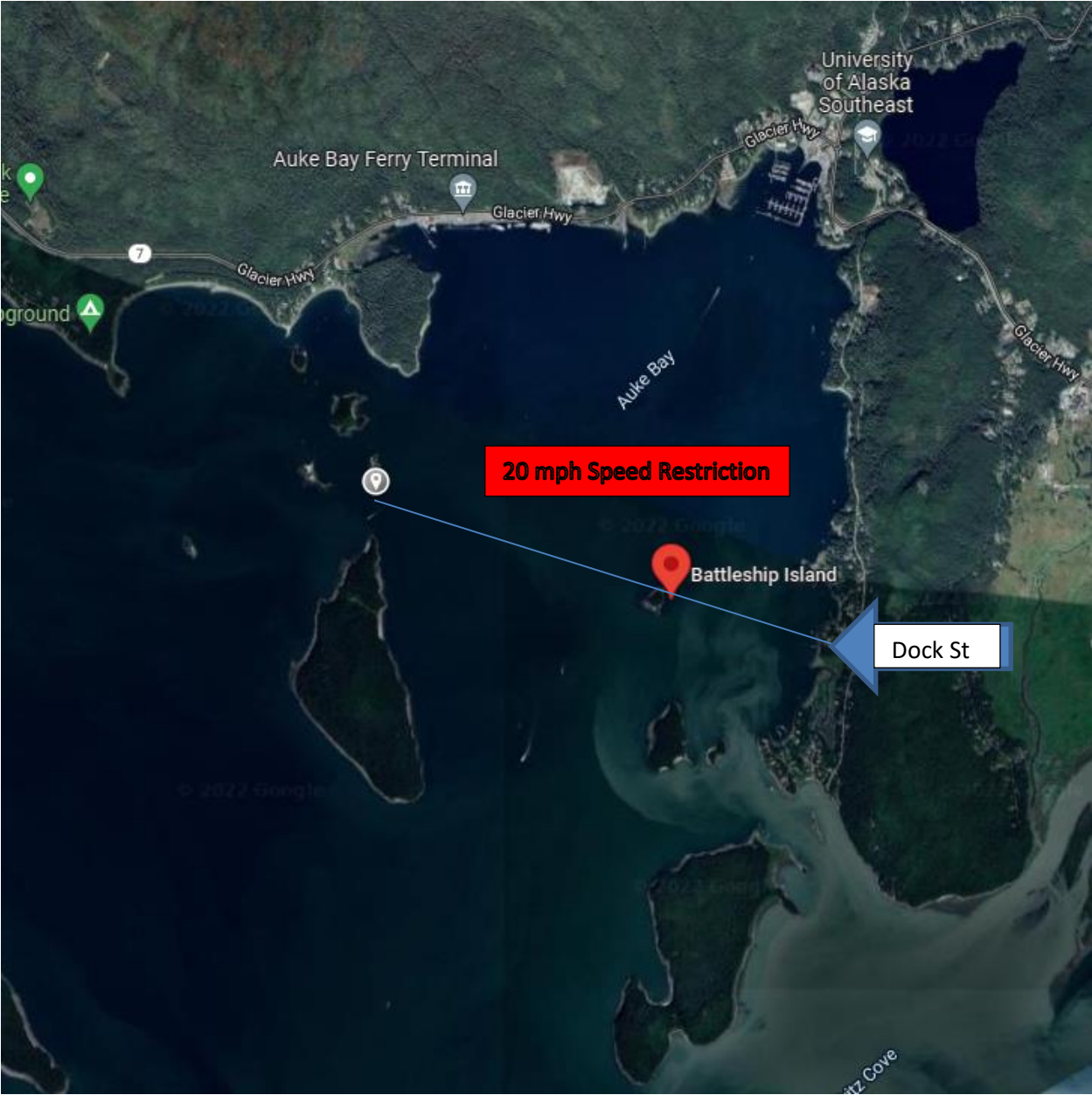
Auke Bay has become the place for each of these user groups to arrive in the bay and this is exceptionally evident during the month of July.

In order to address past and undoubtedly future conflicts between user groups, I propose doubling the size of the no-wake zone and creating a bay speed limit of 20mph. This proposed slow-speed area would encompass the waters north of a line between a shoal at 58.3626455 N, 134.7188488 W and Battleship Island at 58.3594233 N, 134.6649827 W (extending to the shoreline at Dock St).

Thank you and please reach out if there is a way to discuss this with the Assembly for a public discussion.

Regards,

-Michael Riederer





# Port of Juneau

155 S. Seward Street • Juneau, AK 99801  
(907) 586-0292 Phone • (907) 586-0295 Fax

## NOTICE OF PROPOSED CHANGES TO REGULATION Amendment of Title 05, Chapters 07, 15, 20 & 25

DOCKS & HARBORS BOARD IS PROPOSING TO AMEND THE FOLLOWING REGULATIONS. THE PROPOSED CHANGES ARE SHOWN BELOW.

### 05 CBJAC 07.010 Inactive vessel management.

(b) *Moorage areas designated for inactive vessels.* – The proposed change is to add the National Guard Dock location.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would not impose new costs on persons subject to the regulation, and thus requires no estimate of costs pursuant to CBJ Code 01.60.220(b).

### 05 CBJAC 15.035 Reservation charge policy.

(d) *Reservation confirmation and changes.* – The proposed change is to have all reservations made for a period of more than seven days paid in full at the time of reservation.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). While this proposed change would not directly impose new costs on persons subject to the regulation, patrons who reserve moorage for greater than seven days would forfeit reservation payments, as an estimate of costs pursuant to CBJ Code 01.60.220(b).

### 05 CBJAC 20.050 Residence surcharge.

(b) *Residence surcharge period and duty to report.* – The proposed change is to add language that Any rental or leasing of a vessel by its owner must be for a period of no less than six months, subject to prior written approval by the Harbormaster. Rental for any period of less than six months and subleasing are not permitted.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would not impose new costs on persons subject to the regulation, and thus requires no estimate of costs pursuant to CBJ Code 01.60.220(b).

### 05 CBJAC 20.060 Recreational boat launch fees.

(a) *Launch ramp permit required.* – The proposed change is to add the use of the Kayak Launch Ramp at Statter Harbor is free and does not require a launch ramp permit.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would not impose new costs on persons subject to the regulation, and thus requires no estimate of costs pursuant to CBJ Code 01.60.220(b).



**05 CBJAC 20.090 ~~Statter Boat Harbor Bus Lower Parking Lot permit fee.~~** – The proposed change is to remove “lower parking” from this regulation.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would not impose new costs on persons subject to the regulation, and thus requires no estimate of costs pursuant to CBJ Code 01.60.220(b).

**05 CBJAC 20.110 Crane use fees.**

(b) *Crane use requirements.* – The proposed change is to add the language that charges shall be assessed through an electronic key card issued by Docks and Harbors.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would not impose new costs on persons subject to the regulation, and thus requires no estimate of costs pursuant to CBJ Code 01.60.220(b).

**05 CBJAC 20.130 Storage fees.** – The proposed change is to remove the option to store personal item up to 200 sq/ft.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would impact individuals who store property by increasing payment for 1000 square feet from \$250 per month to \$500 per month in each of the next three fiscal years, as an estimate of costs pursuant to CBJ Code 01.60.220(b).

**05 CBJAC 20.160 Parking lot fees.** – The proposed change is to remove all other parking fees and options other than the \$1.00 per hour or \$5.00 per 24 hour.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would not impose new costs on persons subject to the regulation, and thus requires no estimate of costs pursuant to CBJ Code 01.60.220(b).

**05 CBJAC 20.190 ~~Auke Bay Loading Facility—Drive Down Float Fee~~ Reserved.** The proposed change is to remove this item.

**05 CBJAC 25.060 Summer management.** –The proposed change is to add that Vessels which do not clear the facility for at least six consecutive hours after any ten-day period shall be assessed the daily fee in accordance with 05 CBJAC 20.070.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would impact individuals who fail to move their vessels every ten days, who would be charged \$0.61/LF per day in lieu of the monthly discounted charge of \$0.26/LF per day, as an estimate of costs pursuant to CBJ Code 01.60.220(b).

**05 CBJAC 25.080 Winter management.** – The proposed change is to let patrons know that they will be assigned hot berth moorage in the order an application is received.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would not impose new costs on persons subject to the regulation, and thus requires no estimate of costs pursuant to CBJ Code 01.60.220(b).

The above regulation changes are proposed for adoption pursuant to CBJ's 01.60 and CBJ 85.02.060, and CBJ 85.02.100. Interested persons may obtain a full copy of the proposed regulation at any of the harbor offices, at the CBJ libraries, at the CBJ Clerk's Office, online at [www.juneau.org/harbors/proposed\\_regulations.php](http://www.juneau.org/harbors/proposed_regulations.php) or obtain more information by calling the Harbormaster at 907-586-5255.

The Board is holding a public hearing and intends to take final action on the proposed changes at a Special Board meeting on **November 9<sup>th</sup>, 2022 at 5 pm in CBJ Room 224 and via zoom meeting**. If this is approved by the Board it will move to the Assembly for their final approval. Written comments may also be submitted to the Port Director's Office by fax at (907) 586-0295, by hard copy at 76 Egan Drive, and online by web form at the above web address until 4:30 p.m. on November 9th.

#

# A REGULATION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

## ADOPTION OF REGULATION AMENDMENTS

### Title 05 Chapter 07 – Inactive Vessel Management

### Title 05 Chapter 15 – Fees and Charges

### Title 05 Chapter 20 – Small Boat Harbor Fees and Charges

### Title 05 Chapter 25 – Statter Harbor Management Regulations

PURSUANT TO AUTHORITY GRANTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, THE DOCKS AND HARBORS BOARD PROPOSES TO ADOPT THE FOLLOWING AMENDMENT TO REGULATIONS:

**Section 1. Authority.** These regulations are adopted pursuant to CBJ Ordinance 01.60, 85.02.060, and 85.02.100.

**Section 2. Adoption of Regulations.** The City and Borough of Juneau Administrative Code is amended at 05 CBJAC 07 Inactive Vessel Management, to read:

#### 05 CBJAC 07.010 Inactive vessel management.

...

- (b) *Moorage areas designated for inactive vessels.* Certain moorage within Douglas, Harris, and Aurora Small Boat Harbors and at the National Guard Dock is designated as moorage eligible for use by inactive vessels. This Mmoorage includes the east side of the head float in Aurora Harbor, ~~the area along the east side of the head float in Harris Harbor, and the west side of the area along the head float in Douglas Harbor, and the National Guard Dock.~~ Maps showing the moorage designated for inactive vessels are available at any of the harbor offices.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would not impose new costs on persons subject to the regulation, and thus requires no estimate of costs pursuant to CBJ Code 01.60.220(b).

...

**Section 3. Amendment of Regulation.** The City and Borough of Juneau Administrative Code is amended at 05 CBJAC 15 Fees and Charges, to read:

...

#### 05 CBJAC 15.035 Reservation charge policy.

...

- (d) *Reservation confirmation and changes.* Payment is required for the first day of moorage for each visit at the time of reservation confirmation and is non-refundable. Cancelling a reservation will result in forfeiture of the reservation fee. Reservation dates can be adjusted until May 1 in the year of requested moorage at no additional charge if space is available. Starting May 1, reservation payments cannot be transferred to other dates; any change in dates will require forfeiture of the original reservation payment, and payment of an additional non-refundable reservation fee for the amended first day(s) of moorage. Failure to arrive within 24 hours after a reservation begins will result in cancellation of the remainder of the reservation and forfeiture of the reservation fee. Reservation payments are not transferrable between Downtown and Statter Harbor. All reservations made for a period of more than seven days will be paid in full at the time of reservation. The director may impose moorage terms and conditions that are reasonable and necessary to effectuate the purposes of CBJ Code of Ordinances Title 85 and CBJ Administrative Code Title 5.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). While this proposed change would not directly impose new costs on persons subject to the regulation, patrons who reserve moorage for greater than seven days would forfeit reservation payments, as an estimate of costs pursuant to CBJ Code 01.60.220(b).

...

**Section 4. Amendment of Regulations.** The City and Borough of Juneau Administrative Code is amended at 05 CBJAC 20 Small Boat Harbor Fees and Charges, to read:

...

#### **05 CBJAC 20.050 Residence surcharge.**

...

- (b) *Residence surcharge period and duty to report.* The residence surcharge will be assessed on a calendar month basis. The owner of the vessel is responsible for paying the residence surcharge. The owner of the vessel is responsible for immediately notifying the Harbormaster when their vessel is ~~being occupied and used by any person as a residence, dwelling, or abode, rented, or leased as a place of residence.~~ Any rental or leasing of a vessel by its owner must be for a period of no less than six months, subject to prior written approval by the Harbormaster. Rental for any period of less than six months and subleasing are not permitted. Once a vessel is in used as a residence, dwelling, or abode the Docks and Harbors Department will continue to assess the residence surcharge until the owner of the vessel gives written notice to the Harbormaster that the vessel is no longer used ~~for~~ as a residence, dwelling, or abode.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would not impose new costs on persons subject to the regulation, and thus requires no estimate of costs pursuant to CBJ Code 01.60.220(b).

...

#### **05 CBJAC 20.060 Recreational boat launch fees.**

Regulations of Docks & Harbors

Amending 05 CBJAC 07; 05 CBJAC 15; 05 CBJAC 20; and 05 CBJAC 25

- (a) *Launch ramp permit required.* A boat trailer owner or vehicle owner (when launching vessels without a trailer) will obtain any and all necessary launch ramp permits for using one or more of the Douglas Harbor Boat Launches, the Harris Harbor Boat Launch, the North Douglas Boat Launch, the Statter Harbor Boat Launch, the Amalga Harbor Boat Launch, and the Echo Cove Boat Launch to launch and recover recreational vessels. Use of the Kayak Launch Ramps at Amalga Harbor and Statter Harbor is free and does not require a launch ramp permit.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would not impose new costs on persons subject to the regulation, and thus requires no estimate of costs pursuant to CBJ Code 01.60.220(b).

...

#### **05 CBJAC 20.090 Statter ~~Boat~~ Harbor Bus Lower Parking Lot permit fee.**

- (a) *Definition.* The fee assessed to the owner of a vehicle for picking-up and discharging passengers for passenger-for-hire activities at the Statter Harbor Bus Lower Parking Lot.
- (b) *Requirements.* The owner of a vehicle using the Statter Harbor Bus Lower Parking Lot to pick-up and discharge passengers for passenger-for-hire activities must apply to and obtain a permit from the Harbormaster. Applications are available at any of the Docks and Harbor Department Offices. The Harbormaster is authorized to issue permits with reasonable conditions concerning insurance, operations, and payment of fees.
- (c) *Fees.* The Harbormaster shall assess permit fees to the owner of a vehicle using the Statter ~~Boat~~ Harbor Bus Lower Parking Lot to pick-up and discharge passengers for passengers-for-hire activities as follows:

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would not impose new costs on persons subject to the regulation, and thus requires no estimate of costs pursuant to CBJ Code 01.60.220(b).

...

#### **05 CBJAC 20.110 Crane use fees.**

...

- (b) *Crane use requirements.* A person must obtain approval from the Harbormaster before using a hydraulic crane. ~~Crane use fees must be paid in advance. A person may reserve use of the crane. Charges shall be assessed through an electronic key card issued by Docks and Harbors. Payment of the crane use fee is required to obtain a reservation. The Harbormaster will require a person using the crane to post a bond or other guaranty before using a crane when the Harbormaster believes such security is necessary.~~

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would not impose new costs

on persons subject to the regulation, and thus requires no estimate of costs pursuant to CBJ Code 01.60.220(b).

...

#### 05 CBJAC 20.130 Storage fees.

- (a) A person may apply to the Harbormaster for use of long-term storage space in designated areas. Except as provided herein, the fee for use of this space is \$0.50 per square foot per calendar month, or portion thereof. ~~A person who maintains a reserved moorage assignment may store one personal item of up to 200 square feet for \$0.25 per square foot per calendar month, or portion thereof.~~ The Harbormaster is authorized to issue permits and develop written procedures to implement this section.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would impact individuals who store property by increasing payment for 1000 square feet from \$250 per month to \$500 per month in each of the next three fiscal years, as an estimate of costs pursuant to CBJ Code 01.60.220(b).

...

#### 05 CBJAC 20.160 Parking lot fees.

...

- (2) From May 1 through September 30 each year, the fee to park in designated pay spaces at Don D. Statter Harbor Facilities shall be \$1.00 per hour or portion thereof, or \$5.00 per 24 hours or portions thereof, ~~or \$100.00 per calendar month or portion thereof. The number of monthly parking permits shall be managed and issued by the Port Director or representative. From October 1 through April 30, the off season monthly fee shall be \$50.00 per calendar month or portion thereof.~~ The applicable fee must be paid in advance.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would not impose new costs on persons subject to the regulation, and thus requires no estimate of costs pursuant to CBJ Code 01.60.220(b).

...

#### 05 CBJAC 20.190 ~~Auke Bay Loading Facility Drive Down Float Fee~~ Reserved.

~~Auke Bay Loading Facility Drive Down Float shall be accessed at a fee of \$5.00 per vehicle/truck occurrence. Charges shall be assessed through an electronic key card issued by Docks and Harbors.~~

**Section 5. Adoption of Regulations.** The City and Borough of Juneau Administrative Code is amended at 05 CBJAC 25 Statter Harbor Management Regulations, to read:

...

#### 05 CBJAC 25.060 Summer management.

Except for a loading zone, from May 1 through September 30 each year, a vessel may moor at the Regulations of Docks & Harbors  
Amending 05 CBJAC 07; 05 CBJAC 15; 05 CBJAC 20; and 05 CBJAC 25

facility, including the breakwater, for up to ten consecutive calendar days, after which the vessel must clear the facility, under its own power, for at least six consecutive hours. Vessels which do not clear the facility for at least six consecutive hours after any ten-day period shall be assessed the daily fee in accordance with 05 CBJAC 20.070. A vessel owner may request an exception to this rule by submitting a request in writing to the Harbormaster, who may grant the request in writing upon a showing of exigent circumstances by the vessel owner. Unless directed otherwise by the Harbormaster in accordance with procedures established under this regulation, all moorage during this period shall be on a first-come, first-serve basis.

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would impact individuals who fail to move their vessels every ten days, who would be charged \$0.61/LF per day in lieu of the monthly discounted charge of \$0.26/LF per day, as an estimate of costs pursuant to CBJ Code 01.60.220(b).

...

#### **05 CBJAC 25.080 Winter management.**

- (a) From October 1 through April 30 each year, the Harbormaster may assign moorage to vessels for all or part of this period. Moorage will be assigned as follows:
- (1) During the month of ~~August~~ September each year, a person wishing to obtain a moorage assignment may submit a request for moorage via email or apply on an application form provided by the Harbormaster. ~~The person shall submit a \$100.00 application fee, refundable if the person does not receive a moorage assignment and creditable towards docks and harbor department charges;~~
  - (2) ~~During~~ Before the end of the month of September each year, the Harbormaster, with consideration to vessel size and space availability, shall assign moorage in the order in which applications were received ~~by lottery~~ until all of the designated spaces are ~~is~~ assigned or all of the applications are processed.
  - (3) ~~After assigning moorage by lottery, the Harbormaster may assign moorage if space is available at the facility.~~
- (b) No person, other ~~then~~ than the moorage assignee, shall moor in an assigned space without Harbormaster approval. Moorage assignments under this section will terminate if the assignee does not pay all applicable fees on a timely basis. Moorage assignees shall notify the Harbormaster of departure and arrival times as required by 05 CBJAC 40.020(d).

**Fiscal Note/Cost Estimate:** This regulation would not require an increased appropriation, and requires no fiscal note pursuant to CBJ Code 01.60.220(a). This proposed change would not impose new costs on persons subject to the regulation, and thus requires no estimate of costs pursuant to CBJ Code 01.60.220(b).

...

**Section 6. Notice of Proposed Adoption of a Regulation.** The notice requirements of CBJ 01.60.200 were followed by the agency. The notice period began on \_\_\_\_\_, 2022, which is not less than 21 days before the date of adoption of these regulations as set forth below.

### Adoption by Agency

After considering all relevant matter presented to it, the agency hereby adopts these regulations as set forth above. The agency will next seek Assembly review and approval.

Date: \_\_\_\_\_

\_\_\_\_\_  
Carl Uchytel, P.E.  
Port Director

### Legal Review

These regulations have been reviewed and approved in accordance with the following standards set forth in CBJ 01.60.250:

- (1) Consistency with federal and state law and with the charter, code, and other municipal regulations;
- (2) Existence of code authority and the correctness of the required citation of code authority; and
- (3) Clarity, simplicity of expression, and absence of possibility of misapplication.

Date: \_\_\_\_\_

\_\_\_\_\_  
Benjamin Brown  
Assistant Municipal Attorney

### Assembly Review

These regulations were presented to the Assembly at its meeting of \_\_\_\_\_. They were adopted by the Assembly.

Date: \_\_\_\_\_

\_\_\_\_\_  
Elizabeth J. McEwen  
Municipal Clerk



### Filing with Clerk

I certify, as the clerk of the City and Borough of Juneau, that the following statements are true:

1. These regulations were accepted for filing by the office of the clerk at\_\_\_\_:\_\_\_\_a.m./p.m. on the\_\_\_\_day of\_\_\_\_\_,\_\_\_\_\_.
2. After signing, I will immediately deliver or cause to be delivered copies of this regulation to the attorney and the director of libraries.
3. A permanent file of the signed originals of these regulations will be maintained in this office for public inspection.
4. Effective date:\_\_\_\_\_.

Date: \_\_\_\_\_

\_\_\_\_\_  
Elizabeth J. McEwen  
Municipal Clerk



## Working Waterfronts Framework

### A Plan to Grow and Support Alaska's Coastal and River Communities

U.S. Senator Murkowski and her team have traveled across the state to learn about the successes and forward-looking needs of Alaskans. Amid the issues we have heard about, opportunities to enhance our coastal and river communities call out for greater consideration and emphasis. These communities face common challenges with regard to access, infrastructure, workforce, renewable energy, and growing the blue economy—but new federal policy and avenues of support can help Alaskans pursue projects that enable them to grow and thrive.

According to the National Oceanographic and Atmospheric Administration (NOAA), 83 percent of Alaskans live in coastal areas. Working waterfronts are the beating heart of those areas, providing access to nourishing marine resources for commercial, recreational, and subsistence users. They can also be the most vulnerable to nature's power, as we saw recently during powerful storms in Western Alaska.

With the release of this document, Senator Murkowski is announcing her draft Working Waterfronts Framework to solicit feedback and ideas from Alaskans. She and her team are focused on the policy topics discussed below and will incorporate the feedback received to develop Working Waterfront-themed legislation to be introduced next Congress. Please share your responses to the following questions at [Working\\_Waterfronts@Murkowski.Senate.Gov](mailto:Working_Waterfronts@Murkowski.Senate.Gov) by December 2, 2022. [Note: See framework components on pages 2-4]

- *Are there ideas in the Framework that you particularly like and have suggestions to improve?*
- *Are there ideas in the Framework that you disagree with?*
- *Do you have other ideas that the Senator should add to her Framework?*

## Framework Components

**Young Fishermen** – Alaska’s young fishermen contend with barriers to entry that previous generations did not face. The costs of gear, access, and fishing platforms continue to increase while climate change, pollution, and geopolitical disagreements inject further uncertainty into their chosen livelihood. The ‘graying of the fleet’ is a challenge to the industry, but also an opportunity for mentorship and workforce development. Senator Murkowski cosponsored the Young Fishermen’s Development Act (YFDA), which established the first-ever federal workforce development program for young fishermen and authorized \$2 million per year for the education and training of young and rising fishermen. She has also appropriated funds to stand up the YFDA in FY22 and FY23. The Senator proposes renewing the YFDA beyond 2026, increasing its authorization level to \$20 million, and including young mariculturists to promote diverse opportunities in our working waterfronts.

**Domestic Seafood Marketing and Promotion** – The majority of seafood *caught* in the U.S. is exported, while the majority of seafood *consumed* in the U.S. is imported from other countries. One avenue to correct this is to bolster marketing and promotion efforts for U.S. seafood. The Saltonstall-Kennedy (S.K.) Promotion and Development account was created for this purpose. However, only a small percentage of S.K. account funds support marketing and promotion of U.S. seafood, while the lion’s share support science and research at NOAA. The Senator proposes to increase the percentage of funds that are used for marketing of domestic seafood by amending the Saltonstall-Kennedy Act of 1954.

**Small-Scale Community Processing** – The Senator proposes to increase support for community infrastructure such as cold storage, cooperative processing facilities, and mariculture/seaweed processing facilities and equipment. She would do this through competitive grants and cooperative agreements for pilot projects for new seafood and mariculture processing infrastructure that would be offered the Department of Commerce and the Department of Agriculture.

**Crop-Insurance for Fisheries** – The fisheries disaster process is not working for anyone. Commercial, recreational, and subsistence users are not able to access relief funding for years after disaster strikes. The multi-year process is nearly useless for fishermen and communities experiencing a stock collapse as federal relief comes too little, too late to save vulnerable fishing operations. The Senator proposes to look at the federal crop insurance process used by the agricultural sector as a model to develop a new approach to fisheries disaster relief.

**Accounting for Subsistence Users in the Fisheries Disaster Process:** Existing fisheries disaster recovery programs do not adequately address the impacts on families that rely on subsistence fishing for food security, and those programs also fail to account for impacts on traditional practices and culture. The current fisheries disaster process ties relief to economic losses in the commercial fishery and does not attend to the unique needs of subsistence users. Many impacted communities are paying more for food than ever before and are unable to operate the subsistence economies on which their communities and culture depend. Subsistence users may be eligible to receive assistance, if Congress appropriates funds, under Section 312 of the Magnuson-Stevens Act (MSA) if they are part of the affected fishing community or under MSA

Section 315, which explicitly allows for other parts of the fishing community beyond commercial fisheries to receive assistance if a catastrophic regional fishery disaster is determined by the Secretary. It is time that subsistence users be qualified for fisheries disaster assistance in their own right. The Senator proposes language to create a statutory change to ensure relief for subsistence users.

**USDA Loan Guarantees for Fishing and Mariculture Businesses:** Young fishermen and fledgling to mid-size processors face significant barriers to entry into fisheries and mariculture, in part because of a lack of infrastructure to support new businesses. USDA implements loan programs for meat and poultry producers and food supply chain infrastructure. Opening those programs to fishing and mariculture businesses would improve access to needed food security and economic opportunities for coastal residents and businesses.

**Shellfish Mariculture:** Alaskans have subsisted on shellfish for millennia but changing ocean conditions make hazards like paralytic shellfish poisoning more prevalent each year. The Senator proposes to increase shellfish testing capacity to support shellfish mariculture and expand access for subsistence and recreational harvesters. This would be accomplished through competitive grant funding for innovative methods that increase the efficiency and effectiveness of shellfish testing in rural and remote areas. She also proposes to provide grant opportunities for hatchery water treatment to remediate ocean and coastal acidification impacts on production, and for the development of local and climate-resilient broodstock.

**Coastal Vegetation Inventory and Pilot Program:** The Senator has heard from Alaskans that the last seaweed inventory in the state was done by rowboat in the early 1900s. It is time for an update. She proposes a nationwide inventory of coastal vegetation and a pilot program to investigate uses of coastal vegetation for erosion control and carbon sequestration.

**Ocean and Coastal Acidification Research and Monitoring:** As our oceans warm, acidification of our waters presents an additional challenge for marine life. The Senator proposes to provide research and monitoring funds for local, Tribal, and regional ocean and coastal acidification work, including low-cost observing tools for community science and mariculture operations.

**Coastal Energy:** Coastal renewable energy can be a catalyst for economic growth in rural and remote communities that currently depend on expensive diesel generation. More affordable energy can bring down costs and enable new businesses to operate and grow. The Senator proposes grant support for technologies like hydro, tidal, and transmission infrastructure.

**Workforce Development for Maritime Trades:** There is a nationwide workforce shortage and the impacts are strongly felt in coastal Alaska, where maritime businesses have shared that they need for reliable, skilled labor in the marine trades sector. Federal support to train those who are interested in the maritime trades – including welders, fabricators, electricians and mechanics – is currently lacking outside of the traditional maritime academy pipeline. At present, there is not a coordinated federal/state approach to the maritime workforce pipeline and as a result, fewer training opportunities are available to people who want to enter these trades. The Senator proposes to modify the Maritime Administration’s Center of Excellence program designation for

Domestic Maritime Workforce Training and Education to include access to federal grant funding for maritime workforce development.

**Fishing Vessel Electrification Pilot Program:** Fishermen are increasingly focused on the future of vessel propulsion to reduce fuel bills and carbon footprints. Current research and development funding programs do not include fishing vessel electrification in their eligibility guidelines. The Senator proposes to expand the National Electric Vehicle Infrastructure Formula Program from the bipartisan infrastructure bill, and the activities undertaken within the Vehicle Technology Office at the Department of Energy, to include research and development funding for fishing vessel conversions.

**Tourism:** Many of Alaska's cruise destination ports do not have the electrical generation capacity to handle the vessels that visit them. In some cases, large cruise ships need to run their engines while in port to power their operations. The FY 2022 solicitation of the Port Infrastructure Development Program (PIDP) allowed applicants to utilize funding for dock electrification projects, but this eligibility was only made available for FY 2022. The Senator proposes to modify the PIDP program for a period of 10 years to allow for shore-side electrification and associated intertie improvements. This modification would open up an avenue for Alaska communities to upgrade their shore-side infrastructure and reduce emissions. Additionally, the Senator plans to reintroduce her Cruising for Alaska's Workforce Act.

**Small Boat Harbors/Boat Ramps:** The Maritime Administration's mission and current suite of grant programs do not align well with the projects sought by smaller port and harbor communities that do not have robust cargo volumes. Coastal Alaska communities that are primarily oriented around recreational, sportfishing, or smaller-scale commercial operations have a difficult time accessing funding from existing programs for activities that are not under the umbrella of Army Corps responsibilities, which only include dredging and navigational improvements. The types of projects Alaska coastal communities are seeking funding for include boat haul-out ramps, docks, storage or warehouse facilities located in the port, powerhouses, cold storage or other uplands improvements. Federal programs like PIDP require applicants to have a draft of at least 20 feet to apply. To address this gap, Senator Murkowski secured an additional \$5 million in the Senate's draft FY 2023 appropriations bills for the Denali Commission to fund waterfront projects. The Senator plans to seek additional funds for the Denali Commission to fill this gap in working waterfronts support for Alaska.