



DOCKS AND HARBORS BOARD RETREAT AGENDA

November 13, 2024 at 5:00 PM

Port Director's Conference Room/Zoom Webinar

<https://juneau.zoom.us/j/81569794359> or (253)215-8782 Webinar ID: 815 6979 4359 Passcode: 612073

A. CALL TO ORDER

B. ROLL CALL: James Becker, Tyler Emerson, Clayton Hamilton, Debbie Hart, Matthew Leither, Nick Orr, Annette Smith, Shem Sooter and Don Etheridge.

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. ITEMS FOR INFORMATION/DISCUSSION

1. Continuation of Board Retreat from November 12th

F. ASSEMBLY LIAISON REPORT

G. BOARD ADMINISTRATIVE MATTERS

a. November Operations-Planning Committee Meeting immediately follows adjournment.

H. 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.gov.

2024 Docks & Harbors Board Retreat

November 12th & 13th

Goals:

1. Board members' background, philosophy and strategic vision
2. Prioritization of Capital Improvement Projects (CIP) and Docks & Harbors "needs"

Tuesday, November 12th

30,000 Foot View

- 1700 Call to Order – Opening Remarks by Chair Etheridge/Port Director/Assembly Liaison
- 1710 Introduction of each Board Member (4 minutes) each
 - a. Background
 - b. Motivation to serve on Board
 - c. Desired course for Board (the good, the bad and otherwise)
- 1800 Port Director – Fund balances, fee increases, resources & execution
- 1815 Commercial Fisheries Brainstorming
 - a. Port Director on past accomplishment
 - b. Fishermen's Perspective: Board members Becker/Hamilton/Emerson
 - c. SWOT analysis (Strength, Weakness/Opportunity/Threats)
- 1845 Commercial Property Policy Position – Port Director
- 1915 2018 Strategic Retreat Project List and Board guidance for November 13th
- 1930 Law 101

Wednesday, November 13th

Sea Level View (\pm 20 foot tidal range)

- 1700 Call to Order – Opening Remarks by Chair Etheridge/Port Director/Assembly Liaison
- 1710 Docks & Harbors – Project Efforts – Port Engineer
- 1800 Docks & Harbors – Internal/public improvements - Harbormaster
- 1830 Priorization
 - a. CIP
 - b. Legislative Priorities
 - c. MPF
 - d. Projects (maintenance/legislative/other)
- 2000 Adjournment

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Section E, Item 1.

Recording District 101 Juneau

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Page 1 of 25



Juneau Recording District

THIS COVER SHEET HAS BEEN ADDED TO THIS DOCUMENT TO PROVIDE SPACE FOR THE RECORDING DATA. THIS COVER SHEET APPEARS AS THE FIRST PAGE OF THE DOCUMENT IN THE OFFICIAL PUBLIC RECORD.

DO NOT DETACH

RECEIVED
OCT 04 2014
HR - Risk Division

AFTER RECORDING RETURN TO: Carl Uchtyl, Port Director
City and Borough of Juneau
155 S. Seward Street
Juneau, AK 99801

FUEL DOCK LEASE AND LICENSE AGREEMENT

PART I. PARTIES. This lease and license agreement is between the City and Borough of Juneau, Alaska, a municipal corporation in the State of Alaska, hereafter "CBJ," or "Lessor," and Petro 49, Inc. f/k/a Harbor Enterprises, Inc. d/b/a Petro Marine Services, hereafter "Petro" or "Lessee," a corporation organized under the laws of the State of Alaska.

PART II. LEASE ADMINISTRATION. All communications about this lease shall be directed as follows, and any reliance on a communication with a person other than that listed below is at the party's own risk.

CBJ: Carl Uchtyl, PE
Port Director
City and Borough of Juneau
155 S. Seward Street
Juneau, AK 99801
Phone: (907) 586-0292
Fax: (907) 586-0295

Lessee: Petro 49, Inc. f/k/a
Harbor Enterprises, Inc.
d/b/a Petro Marine Services
P.O. Box 389
Seward, AK 99664
Phone: (907) 224-3190
Fax: (907) 224-6255



PART III. LEASE AND LICENSE DESCRIPTION. This agreement is identified as: Fuel Dock Lease and License Agreement (hereinafter "Lease," "Contract," or "Agreement.") The following appendices, as well as anything incorporated by reference or attached to those appendices, are attached hereto and are considered to be part of this Lease Agreement.

- Appendix A: Property Description & Additional Lease Provisions
- Appendix B: Lease Provisions Required by CBJ Chapter 53.20
- Appendix C: Standard Provisions
- Appendix D: Maps of Property

If in conflict, the order of precedence shall be: this document, Appendix A, B, and then C.

PART IV. LEASE EXECUTION. CBJ and Lessee agree and sign below. This lease is not effective until signed by the CBJ. Lessee represents that the person signing below on its behalf has the authority to do so and that it is a valid and binding lease enforceable in accordance with its terms.

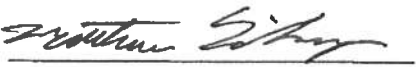
City and Borough of Juneau:

Lessee: Petro 49, Inc.
f/k/a Harbor Enterprises, Inc.
d/b/a Petro Marine Services

Date: 10/20/2014

Date: 10/1/2014

By: 
Carl Uchytel,
Port Director

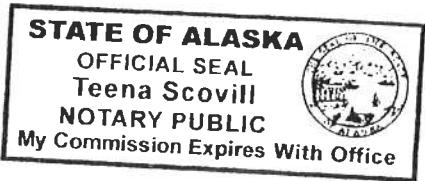
By: 
Matthew Lindsey,
Executive Vice President

CITY and BOROUGH ACKNOWLEDGMENT

STATE OF ALASKA)
) ss:
FIRST JUDICAL DISTRICT)

This is to certify that on the 20th day of October, 2014, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Carl Uchytel to me known to be the Port Director of the City and Borough of Juneau, Alaska, a municipal corporation which executed the above foregoing instrument, who on oath stated that he was duly authorized to execute said instrument on behalf of said corporation; who acknowledged to that that he signed the same freely and voluntarily on behalf of said corporation for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in the certificate first above written.



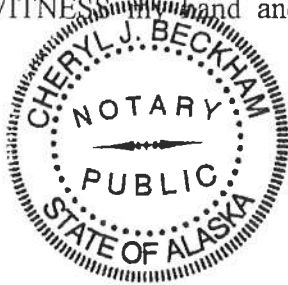
Teena Scovill
Notary Public in and for the State of Alaska
My Commission Expires: with office

LESSEE ACKNOWLEDGMENT

STATE OF ALASKA)
) ss.
THIRD JUDICAL DISTRICT)

This is to certify that on the _____ day of Oct, 2014, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Matthew Lindsey to me known to be the identical individual described in and who executed the foregoing instrument for and on behalf of Petro 49, Inc. f/k/a Harbor Enterprises, Inc. d/b/a petro Marine Services, as Lessee, which executed the above and foregoing instrument; who on oath stated that he was duly authorized to execute said instrument; who acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in the certificate first above written.



Cheryl J. Beckham
Notary Public in and for the State of Alaska
My Commission expires: 4/1/2017

Risk Management Review: [Signature] 10/16/14 Risk Manager

Approved as to Form: [Signature] 10/16/14, Law Department

Approved as to Content: [Signature] 10/20/14, Docks & Harbors

APPENDIX A:
PROPERTY DESCRIPTION & ADDITIONAL PROVISIONS

1. DESCRIPTION OF PROPERTY AND AUTHORIZED USE

The property subject to this agreement is generally referred to as “the Premises” or “the Property.” References to the “lease premises” or “lease property” are intended to include the area on which the licensed activity will occur, and references to “lease,” such as the “lease term,” are intended to include the license as well. The Premises are described as follows (as depicted in Exhibit A to Ordinance 2013-08(b), attached):

- a. The uplands area where the Lessee has its fuel storage tanks and associated equipment;
- b. A license extending from the fuel storage tank uplands area to the Lessee’s fuel float in the harbor allowing the Lessee to install, maintain, and operate fuel lines, electrical lines, and communication lines;
- c. Authorization to attach Lessee’s fuel float to the end of CBJ’s main float including the installation of piling required to stabilize the Lessee’s fuel float, provided such use does not interfere with the operation of the CBJ’s facilities that are adjacent to the fuel dock; and

A copy of Ordinance 2013-08(b) is attached to and made a part of this agreement by this reference. If in conflict, the terms and conditions contained in Ordinance 2013-08(b) shall be controlling. Exhibit A to Ordinance 2013-08(b) is attached as Appendix D and incorporated into this Lease.

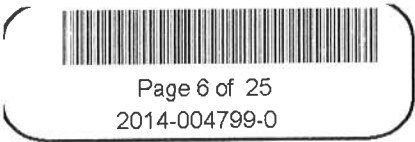
Lessee shall submit to the CBJ an as-built legal description within 1 year of executing the Lease. Upon completion of the as-built legal description, and approval by the CBJ, Petro shall record both this lease and a separate document entitled “License,” which shall include the as-built legal description.

2. AUTHORITY

This Lease is entered into pursuant to the authority of Ordinance 2013-08(b), CBJ Code Section 85.02.060(a)(5) and CBJ Chapter 53.20.

3. TERM AND RENEWAL OPTION

The effective date of this Agreement shall be the date this Agreement is signed by the CBJ. The term of the Lease is 35 years, commencing on the effective date of this Lease Agreement, unless sooner terminated.



The CBJ grants Lessee an option to renew this Lease and license for one, successive period of 35 years, subject to CBJ approval of the renewal. Lessee shall exercise this option, if at all, by written notice given to the CBJ during the first six months of the last year of the underlying Lease term.

4. LEASE and LICENSE PAYMENTS AND ADJUSTMENTS

From the effective date through the initial seven years of this Lease, Lessee shall pay rent in the amount of \$0.05 for each gallon of fuel sold at the facility, plus CBJ sales tax if applicable. On the first seven year anniversary and every seven year interval thereafter, the rent shall be reviewed and may be adjusted as (1 + The Anchorage CPI for the cumulative 5 year period immediately preceding the renewal as reported by the Alaska Department of Labor) multiplied by the rent currently in effect.

Lessee shall determine fuel sales from daily meter readings and keep records of these readings for a period of no less than one year from the date of the reading. The CBJ may inspect, in the manner and at reasonable times it considers appropriate, Lessee’s daily meter reading records.

5. AUTHORIZED USE OF PREMISES

Lessee may use the leased premises only for fuel sales and the sale of other products customarily sold by the Lessee. The Leased Premises may be used for other purposes only with the written consent of the CBJ, which consent shall not be unreasonably withheld. The Lessee shall notify the CBJ of any seasonal or other closure of the facility no later than ten (10) days prior to closure.

6. INSURANCE REQUIREMENTS

The Lessee shall provide a certification of proper insurance coverage to the City and Borough of Juneau. All insurance required under this contract shall name the CBJ as an additional insured, except with respect to any required Professional Liability or Workers Compensation policies. At least 30 days prior to the cancellation, non-renewal or reduction in the amount of coverage, contractor shall provide written notice to the CBJ’s Risk Management. The Lessee’s insurance shall be primary and any insurance maintained by the CBJ shall be non-contributory. If the Lessee maintains higher limits than shown below, the CBJ shall be entitled to coverage for the higher limits maintained by the Lessee.

Lessee agrees to maintain insurance as follows at all times while this contract is in effect, including during any periods of renewal.

Commercial General Liability Insurance. The Lessee must maintain Commercial General Liability Insurance in an amount it deems reasonably sufficient to cover any suit that may be brought against the Lessee. This amount must be at least one million dollars (\$1,000,000.00) per occurrence, and two million dollars (\$2,000,000.00) aggregate. The CBJ will be named

as additional insured on this policy.

Marine General Liability. The Lessee must maintain Marine General Liability Insurance in an amount it deems reasonably sufficient to cover any suit that may be brought against the Lessee. This amount must be at least one million dollars (\$1,000,000.00) per occurrence, and two million dollars (\$2,000,000.00) aggregate. The CBJ will be named as additional insured on this policy.

Comprehensive Automobile Liability Insurance. The coverage shall include all owned, hired, and non-owned vehicles to a one million dollar (\$1,000,000.00) combined single limit coverage. The policy shall contain a MCS 90 Endorsement. The CBJ will be named as additional insured on this policy.

Workers Compensation Insurance. As required by Alaska Statute (AS 23.30), the Lessee must maintain Workers Compensation Insurance to protect the Lessee from any claims or damages for any personal injury or death which may arise from services performed on the Leased Premises. This requirement applies to the Lessee’s firm, any subcontractors or assignees, and anyone directly or indirectly employed to perform work by the Lessee on the Leased Premises. The Lessee must notify the CBJ as well as the State Division of Workers Compensation immediately when changes in the Lessee’s business operation affect the Lessee’s insurance status. Statutory limits apply to Workers Compensation Insurance. The policy must include employer’s liability coverage of one hundred thousand dollars (\$100,000.00) per injury and illness, and five hundred thousand dollars (\$500,000.00) policy limits. Lessee also agrees to provide evidence of Longshore and Harbor Worker’s Insurance and Jones Act coverage if applicable to the Lessee’s use of the Leased Premises. The policy shall be endorsed to waive subrogation rights against the CBJ.

Pollution Legal Liability. The Lessee must maintain Pollution Legal Liability coverage, applicable to the Lessee’s use of the Leased Premises, with a limit no less than two million dollars (\$2,000,000.00) per occurrence and two million dollars (\$2,000,000) aggregate per annual policy period. CBJ will be named as additional insured on this policy.

Deductibles and Self-Insured Retentions. Any deductibles and self-insured retentions must be declared to the CBJ. The CBJ may require the Lessee to provide proof of ability to pay losses and related investigations, claim administration and defense expenses within the retention.

Claims Made Policies. If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be declared and must be before the effective date of the Lease.
2. Insurance must be maintained and evidence of insurance must be provided *for at least one (1) year after expiration or termination of the Lease*.
3. If coverage is canceled or non-renewed, and not replaced with another claims

-made policy form with the Retroactive Date prior to the Lease’s effective date, the Lessee must purchase “extended reporting” coverage for a minimum of one (1) year after termination of the Lease.

7. SPECIAL CANCELLATION PROVISION.

This provision applies only during the initial Lease term, and only if CBJ terminates the Lease because CBJ, due to its own actions, is unable to provide the Lessee with either the Leased Premises listed in this Lease or alternate Leased Premises acceptable to the Lessee. If the Lease is terminated due to these factors, CBJ will compensate the Lessee in an amount equal to the initial capital investment made by the Lessee minus depreciation (calculated by a 35 year straight line method) and any residual salvage value at the time of termination. If this provision is exercised, Lessee will provide CBJ with documentation, satisfactory to the CBJ establishing Lessee's initial capital investment. This documentation will form the basis for the depreciation calculation.

8. REQUIRED HOURS OF OPERATION

Lessee intends to provide fuel dock service on a year-round basis. During the boating season (April 1 to September 30), Lessee intends to operate seven days per week. Hours of operation shall be prominently posted at the fuel dock office and made available to the Statter Harbor Office. During the off-season (October 1 to March 31), Lessee intends to operate the fuel dock service on a periodically scheduled and/or appointment basis with hours of operation and contact number prominently posted at the fuel dock office.

9. LEASEHOLD IMPROVEMENTS

The Lessee shall obtain the prior, written approval from the CBJ before installing any improvements to the Leased or licensed Premises. Improvements made to Lessee-owned equipment or facilities do not need prior approval, unless such improvements will impact or interfere with the CBJ’s use or operation of the licensed areas. The CBJ shall not unreasonably withhold approval.

10. MAINTENANCE

Lessee shall be responsible for maintaining all improvements made to the Leased Premises in good working order. The CBJ shall be responsible for maintaining all areas adjacent to the Leased and licensed Premises in good working order.

11. UTILITIES AND SERVICES

The Lessee shall be responsible for electricity, communications, and janitorial services at their facilities. The Lessee may use the CBJ’s solid waste dumpster. The CBJ will provide water service to the fuel float during the boating season (April 1 – September 30).

12. PARKING

The CBJ will designate one (1) parking space for use by the Lessee’s employees.

13. FUEL DELIVERY

The Lessee shall, to the extent possible, schedule fuel deliveries to replenish the upland tanks so as not to conflict with peak use of the CBJ’s facilities. During peak activity periods, it may be necessary to make multiple deliveries per day and assistance from the Statter Harbor staff may be necessary to accomplish this. Lessee shall, where possible, notify Lessor 24 hours in advance if such conditions are expected to occur.

14. LICENSE

The CBJ grants a non-exclusive license to the Lessee for the purposes outlined in Section 3 of Ordinance Serial No. 2013-08(b) and Section 1, above. The License granted to Lessee by CBJ shall not be revocable unless and until (1) the Lease expires; (2) the Lease is cancelled pursuant to Section 7 of Appendix A; or (3) the Lease is cancelled, forfeited or breached pursuant to Section 6 of Appendix B. Therefore, barring one of the three reasons provided, the license – unlike the common legal definition of a license – cannot be revoked by CBJ.

**APPENDIX B:
LEASE PROVISIONS REQUIRED BY
CBJ CHAPTER 53.20 and CBJ CHAPTER 50**

1. RESPONSIBILITY TO PROPERLY LOCATE ON LEASED PREMISES.

As required by CBJ 53.20.160, it shall be the responsibility of Lessee to properly locate Lessee's improvements on the Leased Premises and failure to so locate shall render Lessees liable as provided by law.

2. APPROVAL OF OTHER AUTHORITIES.

As required by CBJ 53.20.180, the issuance by the CBJ of leases, including this Lease, under the provisions of CBJ Title 53 does not relieve Lessees of responsibility for obtaining licenses, permits, or approvals as may be required by the CBJ or by duly authorized state or federal agencies.

3. TERMS AND CONDITIONS OF LEASES REQUIRED BY CBJ 53.20.190.

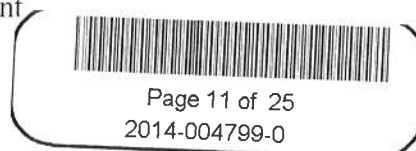
As required by CBJ 53.20.190, the following terms and conditions govern all leases and are incorporated into this Lease unless modified by the Assembly by ordinance or resolution for this specific Lease. Modifications of the provisions of this Appendix B applicable to this specific Lease, if any, must specifically modify such provisions and be supported by the relevant ordinance or resolution to be effective.

(1) **Lease Utilization.** The Leased Premises shall be utilized only for purposes within the scope of the application and the terms of the Lease, and in conformity with the provisions of CBJ code, and applicable state and federal laws and regulations. Utilization or development of the Leased Premises for other than the allowed uses shall constitute a violation of the Lease and subject the Lease to cancellation at any time.

(2) **Adjustment of Rental.** Lessee agrees to a review and adjustment of the annual rental payment by the Port Director not less often than every seventh year of the Lease term beginning after completion of the initial term.

(3) **Subleasing.** Lessee may sublease Leased Premises or any part thereof leased to Lessee hereunder; provided, that the proposed sub-lessee shall first apply to the CBJ for a permit therefore; and further provided, that the improvements on the Leased Premises are the substantial reason for the sublease. Leases not having improvements thereon shall not be sublet. Subleases shall be in writing and be subject to the terms and conditions of the original Lease; all terms, conditions, and covenants of the underlying lease that may be made to apply to the sublease are hereby incorporated into the sublease.

(4) **Assignment.** Lessee may assign its rights and obligations under this Lease, provided that the proposed assignment shall be approved by the CBJ prior to any assignment. Approval of assignment will not unreasonably be withheld. The assignee shall be subject to all of the provisions of the Lease. All terms, conditions, and covenants of the underlying lease that may be made applicable to the assignment are hereby incorporated into the assignment.



(5) **Modification.** The Lease may be modified only by an agreement in writing signed by all parties in interest or their successor in interest.

(6) **Cancellation and Forfeiture.**

(a) The Lease, if in good standing, may be cancelled in whole or in part, at any time, upon mutual written agreement by Lessee and the CBJ.

(b) The CBJ may cancel the Lease if it is used for any unlawful purpose.

(c) The CBJ shall provide written notice if Lessee shall default in the performance or observance of any of the Lease terms, covenants or stipulations thereto, or of the regulations now or hereafter in force, without remedy by Lessee of the conditions warranting default within 30 days of receipt of notice. The CBJ may subject Lessee to appropriate legal action including, but not limited to, forfeiture of the Lease. No improvements may be removed by Lessee or other person during any time Lessee is in default.

(d) Failure to make substantial use of the land, consistent with the proposed use, within one year shall in the discretion of the CBJ with approval of the Assembly constitute grounds for default.

(7) **Notice or Demand.** Any notice or demand, which under terms of a lease or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address of record. However, either party may designate in writing such new or other address to which the notice or demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed delivered when deposited in a United States general or branch post office enclosed in a registered or certified mail prepaid wrapper or envelope addressed as hereinbefore provided.

(8) **Rights of Mortgage or Lienholder.** In the event of cancellation or forfeiture of a Lease for cause, the holder of a properly recorded mortgage, conditional assignment or collateral assignment will have the option to acquire the Lease for the unexpired term thereof, subject to the same terms and conditions as in the original Lease.

(9) **Entry and Reentry.** In the event that the Lease should be terminated as hereinbefore provided, or by summary proceedings or otherwise, or in the event that the demised lands, or any part thereof, should be abandoned by Lessee during the term, the CBJ or its agents, servants, or representative, may, immediately or any time thereafter, reenter and resume possession of lands or such thereof, and remove all personals and property there from either by summary proceedings or by a suitable action or proceeding at law without being liable for any damages therefore. No reentry by the CBJ shall be deemed an acceptance of a surrender of the Lease.

(10) **Lease.** In the event that the Lease should be terminated as herein provided, or



by summary proceedings, or otherwise, the CBJ may offer the lands for lease or other appropriate disposal pursuant to the provisions of CBJ code.

(11) **Forfeiture of Rental.** In the event that the lease should be terminated because of any breach by Lessee, as herein provided, the rental payment last made by Lessee shall be forfeited and retained by the CBJ as partial or total damages for the breach.

(12) **Written Waiver.** The receipt of rent by the CBJ with knowledge of any breach of the Lease by Lessee or of any default on the part of Lessee in observance or performance of any of the conditions or covenants of the Lease, shall not be deemed a waiver of any provision of the Lease. No failure on the part of the CBJ to enforce any covenant or provision therein contained, nor any waiver of any right thereunder by the CBJ unless in writing, shall discharge or invalidate such covenants or provisions or affect the right of the CBJ to enforce the same in the event of any subsequent breach or default. The receipt, by the CBJ, of any rent or any other sum of money after the termination, in any manner, of the term demised, or after the giving by the CBJ of any notice thereunder to effect such termination, shall not reinstate, continue, or extend the resultant term therein demised, or destroy, or in any manner impair the efficacy of any such notice or termination as may have been given thereunder by the CBJ to Lessee prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by the CBJ.

(13) **Expiration of Lease.** Unless the Lease is renewed or sooner terminated as provided herein, Lessee shall peaceably and quietly leave, surrender and yield up to the CBJ all of the leased land on the last day of the term of the Lease.

(14) **Renewal Preference.** Any renewal preference granted to Lessee is a privilege, and is neither a right nor bargained for consideration. The Lease renewal procedure and renewal preference shall be that provided by ordinance in effect on the date the application for renewal is received by the designated official.

(15) **Removal or Reversion of Improvement upon Termination of Lease.** Improvements owned by Lessee shall within sixty calendar days after the termination of the Lease be removed by Lessee; provided, such removal will not cause injury or damage to the lands or improvements demised; and further provided, that the CBJ may extend the time for removing such improvements in cases where hardship is proven. Improvements owned by Lessee may, with the consent of the CBJ, be sold to the succeeding Lessee. All periods of time granted Lessee to remove improvements are subject to Lessee's paying the CBJ pro rata lease rentals for the period.

(a) If any improvements and/or chattels not owned by the CBJ and having an appraised value in excess of five thousand dollars as determined by the assessor are not removed within the time allowed, such improvements and/or chattels on the lands, after deducting for the CBJ rents due and owning and expenses incurred in making such sale. Such rights to proceeds of the sale shall expire one year from the date of such sale. If no bids



acceptable to the Port Director are received, title to such improvements and/or chattels shall vest in the CBJ.

(b) If any improvements and/or chattels having an appraised value of five thousand dollars or less, as determined by the assessor, are not removed within the time allowed, such improvements and/or chattels shall revert to, and absolute title shall vest in, the CBJ.

(16) **Rental for Improvements or Chattels not Removed.** Any improvements and/or chattels belonging to Lessee or placed on the Lease during Lessee's tenure with or without his permission and remaining upon the premises after the termination date of the Lease shall entitle the CBJ to charge Lessee a reasonable rent therefor.

(17) **Compliance with Regulations Code.** Lessee shall comply with all regulations, rules, and the code of the City and Borough of Juneau, and with all state and federal regulations, rules and laws as the code or any such rules, regulations or laws may affect the activity upon or associated with the leased land.

(18) **Condition of Premises.** Lessee shall keep the premises of the Lease in neat, clean, sanitary and safe condition.

(19) **Inspection.** Lessee shall allow an authorized representative of the CBJ to enter the Lease land for inspection at any reasonable time and upon reasonable notice.

(20) **Use of Material.** Lessee of the surface rights shall not sell or remove for use elsewhere any timber, stone, gravel, peat moss, topsoils, or any other materials valuable for building or commercial purposes; provided, however, that material required for the development of the leasehold may be used, if its use is first approved by the CBJ.

(21) **Rights-of-Way.** The CBJ expressly reserves the right to grant easements, licenses, or rights-of-way across leased land if it is determined in the best interest of the CBJ to do so. If CBJ grants an easement, license, or right-of-way across the leased land, Lessee shall be entitled to damages for all Lessee-owned improvements destroyed or damaged. Damages shall be limited to improvements only, and loss shall be determined by fair market value. Rent may be adjusted to compensate Lessee for loss of use.

(22) **Warranty.** The CBJ does not warrant by its classification or leasing of land that the land is ideally suited for the use authorized under the classification or lease and no guaranty is given or implied that it shall be profitable to employ land to said use.

(23) **Lease Rental Credit.** When authorized in writing by the CBJ prior to the commencement of any work, Lessee may be granted credit against current or future rent; provided the work accomplished on or off the leased area results in increased valuation of the leased or other city and borough-owned lands. The authorization may stipulate type of work, standards of construction and the maximum allowable credit for the specific project.



Title to improvements or chattels credited against rent under this section shall vest immediately and be in the CBJ and shall not be removed by Lessee upon termination of the Lease.



APPENDIX C:
STANDARD PROVISIONS

(1) **Holding Over.** If Lessee holds over beyond the expiration of the term of this Lease and the term has not been extended or renewed in writing, such holding over will be a tenancy from month-to-month only.

(2) **Interest on Late Payments.** Should any installment of rent or other charges provided for under the terms of this Lease not be paid when due, the same shall bear interest at the rate established by ordinance for late payments or at the rate of 12 percent per annum, if no rate has been set by ordinance.

(3) **Taxes, Assessments, and Liens.** During the term of this Lease, Lessee shall pay, in addition to the rents, all taxes, assessments, rates, charges, and utility bills for the Leased Premises and Lessee shall promptly pay or otherwise cause to be discharged, any claim resulting or likely to result in a lien, against the Leased Premises or the improvements placed thereon.

(4) **Easements.** Lessee shall place no building or structure over any portion of the Leased Premises where the same has been set aside or reserved for easements.

(5) **Encumbrance of Parcel.** Lessee shall not encumber or cloud the CBJ's title to the Leased Premises or enter into any lease, easement, or other obligation of the CBJ's title without the prior written consent of the CBJ; and any such act or omission, without the prior written consent of the CBJ, shall be void against the CBJ and may be considered a breach of this Lease.

(6) **Valid Existing Rights.** This Lease is entered into and made subject to all existing rights, including easements, rights-of-way, reservations, or other interests in land in existence, on the date of execution of this Lease.

(7) **State Discrimination Laws.** Lessee agrees, in using and operating the Leased Premises, to comply with applicable sections of Alaska law prohibiting discrimination, particularly Title 18 of the Alaska Statutes, Chapter 80, Article 4 (Discriminatory Practices Prohibited). In the event of Lessee's failure to comply any of the above non-discrimination covenants, the CBJ shall have the right to terminate the Lease.

(8) **Unsafe Use.** Lessee shall not do anything in or upon the Leased Premises, nor bring or keep anything therein, which will unreasonably increase or tend to increase the risk of fire or cause a safety hazard to persons or obstruct or interfere with the rights of any other tenant(s) or in any way injure or annoy them or which violates or causes violation of any applicable health, fire, environmental or other regulation by any level of government.



(9) **Hold Harmless.** Lessee agrees to defend, indemnify, and hold harmless the CBJ and its employees, volunteers, consultants, and insurers, with respect to any action, claim, or lawsuit related to or arising out of the use, operation, maintenance and occupancy of the Leased Premises or improvements by Lessee, including any further development of the leased premises or improvements by Lessee. This agreement to defend, indemnify, and hold harmless is without limitation as to the amount of fees, and without limitation as to any damages resulting from settlement, judgment or verdict, and includes the award of any reasonable attorneys fees even if in excess of Alaska Civil Rule 82. The obligations of Lessee arise immediately upon notice to the CBJ of any action, claim, or lawsuit. The CBJ shall notify Lessee in a timely manner if the need for indemnification, but such notice is not a condition precedent to Lessee's obligations and may be waived where Lessee has actual notice. This agreement applies, and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against the CBJ.

(10) **Successors.** This Lease shall be binding on the successors, administrators, executors, heirs, and assigns of Lessee and the CBJ.

(11) **Choice of Law; Venue.** This Lease shall be governed by the law of the State of Alaska. Venue shall be in the State of Alaska, First Judicial District at Juneau.



APPENDIX D:
MAP(S) OF THE PROPERTY and AS-
BUILT (attached)



Presented by: The Manager
Introduced: 03/04/2013
Drafted by: J.W. Hartle

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2013-08(b)

An Ordinance Authorizing the Port Director to Negotiate and Execute a Lease With Harbor Enterprises, Inc., d/b/a Petro Marine, for Upland Areas at the Don Statter Harbor Facility, Including a License for Fuel Lines Extending Through City and Borough Property to Connect Fuel Storage Tanks to the Fuel Float.

WHEREAS, on March 1, 2001, a Fuel Dock Lease was executed by and between Deharts Auke Bay Store, Inc., d/b/a Deharts Marina and Petro Marine Services, with a termination date of March 14, 2006, and an option to extend; and

WHEREAS, on June 4, 2004 a lease addendum was executed between the parties extending the original Fuel Dock Lease until February 28, 2014; and

WHEREAS, on July 1, 2005, a Tri-Party Agreement was executed between the City and Borough, Deharts Marina, and Harbor Enterprises, Inc. d/b/a Petro Marine, with the City and Borough assuming the terms and conditions of the original Fuel Dock Lease and incorporating an Addendum dated July 1, 2005; and

WHEREAS, in 2005, the City and Borough purchased Deharts Marina; and

WHEREAS, the Addendum to the original Fuel Dock Lease, dated July 1, 2005, was executed between City and Borough, as successor to Deharts Auke Bay Store, Inc., d/b/a Deharts Marina and Harbor Enterprises, Inc., d/b/a Petro Marine Services, and reconfirmed the initial term extended to end February 28, 2014, and amended the option to extend to three (3) five-year terms, subject to renegotiation of the lease rate, with the option to purchase/right of first refusal deleted, and new language added recognizing Petro Marine's use of a new fueling facility with consideration given for any unamortized capital investment; and

WHEREAS, the Port Director recommended a new lease be approved, under the terms and conditions in accordance with City and Borough ordinances and regulations with Harbor Enterprises, Inc., d/b/a Petro Marine Services; and

WHEREAS, the Docks and Harbors Board at its November 30, 2012 regular meeting approved a new fuel float lease at the Don Statter Harbor Facility with Harbor Enterprises, Inc., d/b/a Petro Marine Services; and

WHEREAS, the parties now desire to enter into a new lease agreement as recommended by the Docks and Harbors Board; and



WHEREAS, the Board is authorized in CBJ 85.02.060(a)(5) to lease lands as provided in CBJ Chapter 53.20, and any action required by CBJ Title 53 of the City Manager may be performed by the Port Director; and

WHEREAS, CBJ 53.20.020 authorizes the lease of lands owned by the City and Borough, including tidelands and submerged lands, by ordinance under such procedure and minimum terms and conditions as set forth in the ordinance; and

WHEREAS, as recommended and approved by the Docks and Harbors Board, the parties now desire to enter into a Fuel Dock Lease Agreement for the lease of the subject property hereinafter referred to as "the Leased Premises."

NOW, THEREFORE, BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Authorization to Lease. The Port Director is authorized to negotiate and execute a lease on behalf of the City and Borough (LESSOR) to Harbor Enterprises, Inc., d/b/a Petro Marine Services (LESSEE), of the Leased Premises, containing approximately 1,100 square feet of City and Borough-owned uplands and will include a license allowing Lessee to run fuel lines through City and Borough property, including the City and Borough-owned floats, as generally depicted on "Exhibit 1. Leased Premises" attached to this ordinance.

Section 3. Minimum Essential Terms and Conditions. The lease is subject to the following minimum essential terms and conditions:

(A) The leased property shall be used by Lessees for the following purpose(s):

- (1) The uplands area where the Lessee has its fuel storage tanks and associated equipment;
- (2) A license extending from the fuel storage tank uplands to the Lessee's fuel float in the harbor allowing the Lessee to install, maintain, and operate fuel lines, electrical lines, and communication lines;
- (3) Authorization to attached Lessee's fuel float to the end of City's main float including the installation of piling required to stabilize the Lessee's fuel float, provided such use does not interfere with the operation of the City's facilities that are adjacent to the fuel dock.

(B) The lease shall be for a term of thirty-five years, beginning on the date the lease agreement is signed by the City and Borough, with one thirty-five year renewal option, subject to City and Borough approval of any renewal. Lessee shall exercise this option, if at all, by written notice given to the Lessor during the first six months of the last year of the underlying lease term.

(C) From the effective date through the initial seven years of this Lease, Lessee shall pay rent in the amount of \$0.05 for each gallon of fuel sold at the facility, plus CBJ sales tax if applicable.



(D) On the first seven year anniversary and every seven year interval thereafter, the rent shall be reviewed and may be adjusted as $(1 + \text{The Anchorage CPI for the cumulative 5-year period immediately preceding the renewal as reported by the Alaska Department of Labor})$ multiplied by the rent currently in effect.

Lessee shall determine fuel sales from daily meter readings and keep records of these readings for a period of no less than one year from the date of the reading. The City may inspect, in the manner and at reasonable times it considers appropriate, Lessee's daily meter reading records.

(E) Lessees shall be responsible for obtaining all necessary permits and approvals for any further development of the leased property or improvements. In addition, Lessees are required to obtain approval of any development plans from the City and Borough Docks and Harbors Board prior to any further development of the leased property or improvements.

(F) Lessees shall indemnify, defend, and hold harmless the City and Borough and its officers and employees for any claims related to or arising out of Lessees' use, operation, or maintenance of the leased property, equipment, and improvements, including any further development of the leased property or improvements by Lessees.

(G) The lease shall include all provisions of the standard City and Borough land lease form not in conflict with this ordinance, and any other provisions that the Port Director determines to be in the public interest.

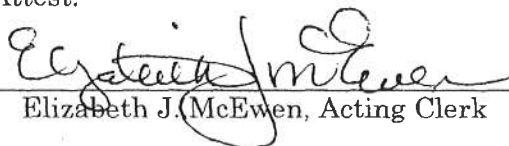
Section 4. Execution. The lease authorized by this ordinance may be enforced according to its terms notwithstanding any procedural or substantive deviations or differences from CBJ Title 53.

Section 5. Effective Date. This ordinance shall be effective 30 days after its adoption.

Adopted this 1st day of April, 2013.


Merrill Sanford, Mayor

Attest:


Elizabeth J. McEwen, Acting Clerk



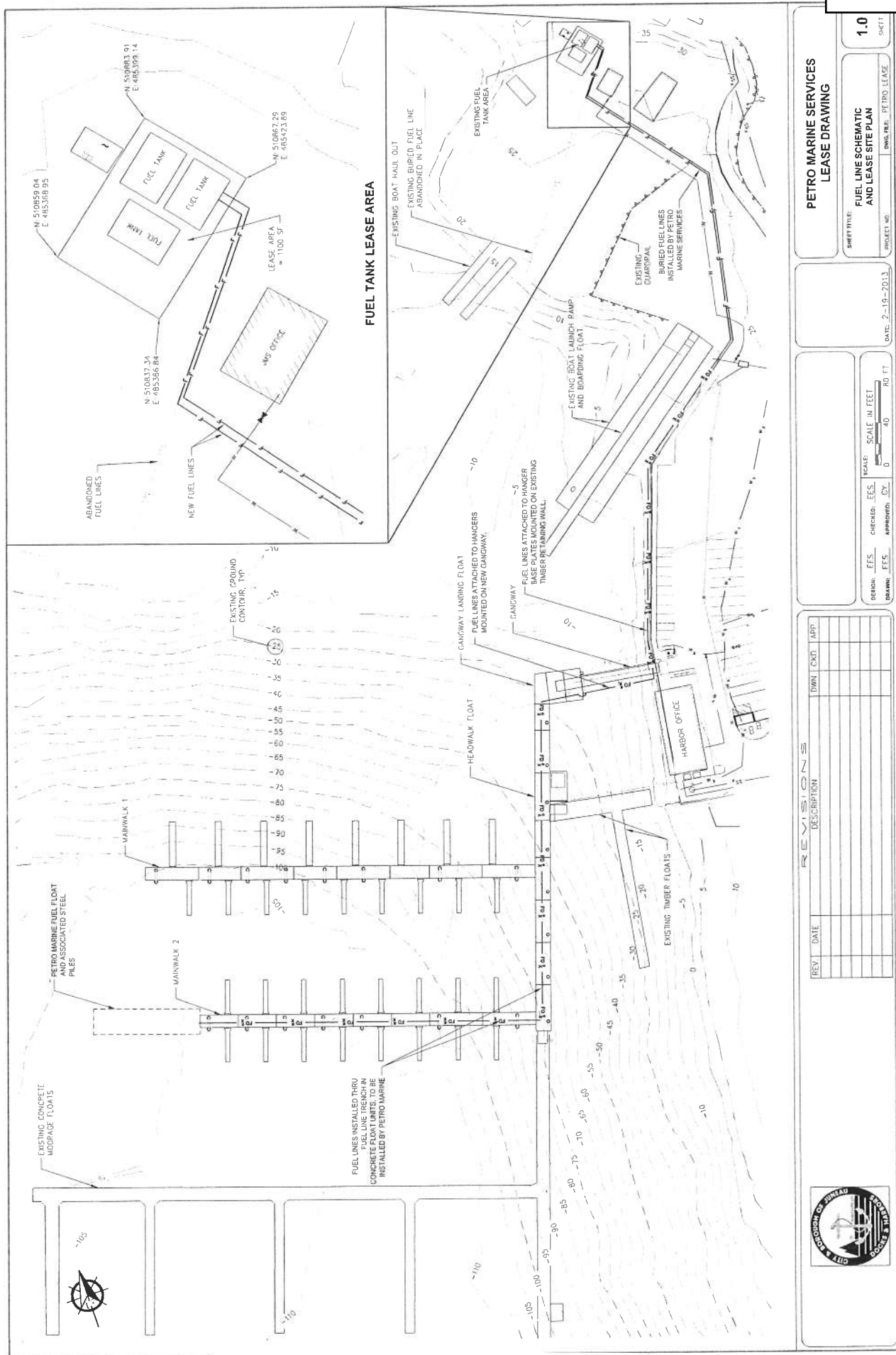


Exhibit A



CERTIFICATE OF LIABILITY INSURANCE

Section E, Item 1.

DATE (MM/DD/YYYY)
10/16/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Marsh & McLennan Agency LLC 1031 W. 4th Avenue P: (907) 276-5617 Suite #400 F: (907) 276-6292 Anchorage, AK 99501 Attn: Kim Thomas 101346-KAT-GAWP-14-15	CONTACT NAME:	FAX (A/C, No):	
	PHONE (A/C, No, Ext):	E-MAIL ADDRESS:	
INSURED Petro 49, Inc. (formerly known as Harbor Enterprises, Inc.) Petro Marine Services Alaska Oil Sales P.O. Box 389 Seward, AK 99664	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A : National Union Fire Insurance Company		19445
	INSURER B : Axis Surplus Insurance Company		26620
	INSURER C : New Hampshire Insurance Company		23841
	INSURER D : Chubb Custom Insurance Company		38989
	INSURER E :		
INSURER F :			

COVERAGES **CERTIFICATE NUMBER:** SEA-002331961-41 **REVISION NUMBER:** 8

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC	X	GL4406399	03/01/2014	03/01/2015	EACH OCCURRENCE	\$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000
						MED EXP (Any one person)	\$ 25,000
						PERSONAL & ADV INJURY	\$ 1,000,000
						GENERAL AGGREGATE	\$ 2,000,000
						PRODUCTS - COMP/OP AGG	\$ 2,000,000
							\$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> MCS90	X	CA4982762	03/01/2014	03/01/2015	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
							\$
B	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION S		ELU720468012014	03/01/2014	03/01/2015	EACH OCCURRENCE	\$ 1,000,000
						AGGREGATE	\$ 1,000,000
							\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> Y <input type="checkbox"/> N/A	WC15884229	03/01/2014	03/01/2015	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
						E.L. EACH ACCIDENT	\$ 1,000,000
						E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
						E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
D	Pollution Legal Liability Deductible \$100,000		37313876	08/01/2014	08/01/2016	Each Occurrence	2,000,000
						Aggregate	2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Maritime Employer's Limit - \$1,000,000

RE: Auke Bay Marina fuel float lease/Auke Bay Marina fuel float lease

Where required by contract, Certificate Holder is an Additional Insured on the General Liability, Auto Liability and Pollution Liability policies, subject to the terms, conditions and limitations of said policies and the additional insured endorsement.

CERTIFICATE HOLDER

City & Borough of Juneau
158 South Seward Street
Juneau, AK 99801

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
of Marsh USA Inc.

Kirk C. Leadbetter

Kirk C. Leadbetter

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AGENCY CUSTOMER ID: 101346
LOC #: Anchorage



ADDITIONAL REMARKS SCHEDULE

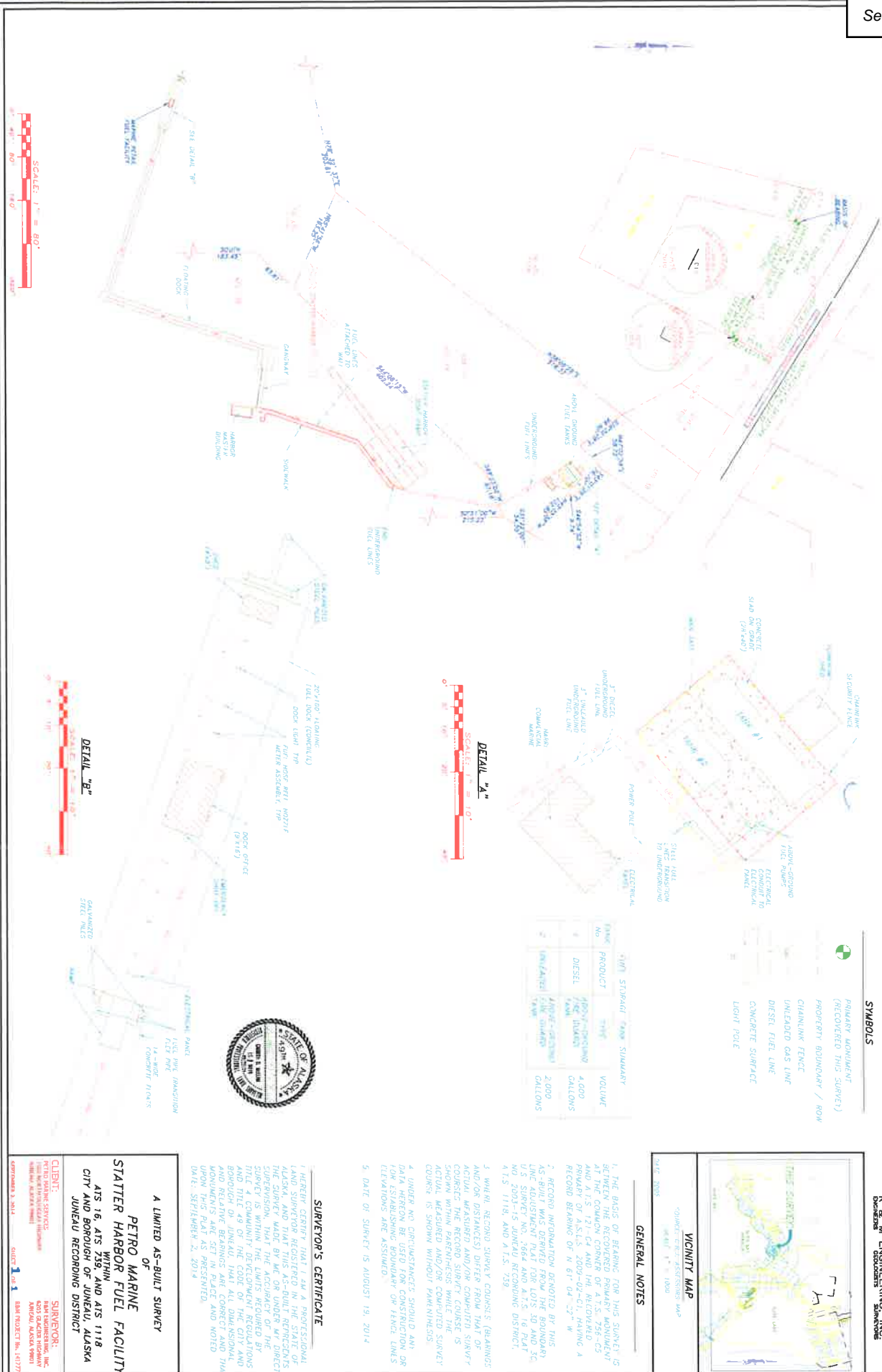
AGENCY Marsh & McLennan Agency LLC		NAMED INSURED Petro 49, Inc. (formerly known as Harbor Enterprises, Inc.) Petro Marine Services Alaska Oil Sales P.O. Box 389 Seward, AK 99664
POLICY NUMBER		
CARRIER	NAIC CODE	
EFFECTIVE DATE:		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: 25 FORM TITLE: Certificate of Liability Insurance

This is evidence of insurance procured and developed under the Alaska Surplus Lines Law, As 21.34. It is not covered by the Alaska Insurance Guaranty Association Act, AS 21.80. This insurance was placed through the following Surplus Lines Brokers: Marsh & McLennan Agency, LLC. Regarding Company "B" and "D" only.





JUNEAU DISTRICT RECORDER
400 WILLOUGHBY AVE
STE 300
JUNEAU, AK 99801
907-465-3449

JUNEAU DISTRICT RECORDER
0017340000252752101700

Date: 10/22/2014 01:42:08 PM

CREDIT CARD SALE

CARD NUMBER: *****6901 S
TRAN AMOUNT: \$142.00
APPROVAL CD: 094939
RECORD #: 001
CLERK ID: NROCMFU
CUST CODE: 6901
SALES TAX: \$0.00

Thank you!

Customer Copy

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
JUNEAU RECORDER'S OFFICE
400 WILLOUGHBY, 3RD FLOOR
JUNEAU, AK 99801
(907) 465-3449/465-3425

REC DATE	RECEIPT NUMBER	RECEIPT DESCRIPTION
10/22/2014	3873026	RECORDERS OFFICE FEE

BANK CD/CK NUMBER: 6901 RECORDING RECEIPT AMOUNT: \$142.00

SERIAL NUMBER INFORMATION
YEAR:2014 BEGINNING NUMBER : 4799 ENDING NUMBER : 4799

TOTAL PAGES : 25

RECORDING FEES	:	\$140.00	FILING FEES	:	
COPY FEES	:		CONFORMED COPY FEES	:	\$2.00
PLAT FEES	:		CERTIFICATION FEES	:	
PLAT COPY FEES	:		OVER SIX NAMES FEES	:	
NON REFUNDABLE	:		COPY SEARCH FEES	:	
OTHER FEES	:		INFORMATION SEARCH FEES	:	
NON STANDARD DOCUMENT:	:				
MYLAR COPY FEES	:				

REMITTER: TEENA SCOVILL
155 S SEWARD
JUNEAU AK 99801

COMMENTS: CBJ

RECEIPT - DO NOT PAY

TO VIEW RECORDING INFORMATION ON THE INTERNET - PLEASE VISIT OUR WEB SITE AT:
WWW.RECORDER.ALASKA.GOV

NOTE: ORIGINAL RECORDED DOCUMENTS WILL BE RETURNED FROM
MICROFILMING IN 4-6 WEEKS.



Port of Juneau

155 Heritage Way • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

From: Carl Uchytel
Port Director

To: Docks & Harbor Board

Via: Operations-Planning Committee

Date: September 16th, 2024

Re: POTENTIAL COMMERCIAL USE WITHIN STATTER HARBOR

At a recent Docks & Harbors board meeting, a member of the public spoke on a non-agenda item asking for permission to operate a commercial business within the boundaries of Statter Harbors. I am redacting the specifics of his request for proprietary reasons. He indicated a desire to operate a floating business on which he would cater to pedestrians passing by enroute to their vessels. The consensus of the board was positive and directed me to meet and discuss with the individual.

Myself, Harbormaster Creswell and Deputy Harbormaster Norbryhn met with the individual at Statter Harbor on September 3rd. The individual explained his seasonal business plan and we asked him questions. Here is a bulletized summary of that conversation:

- Individual would build 16 foot by 16 foot to be moored within the skiff zone of Statter Harbor
- The float would support a small building structure for his envisioned business
- After checking with the USCG, individual indicated that the float does not require Coast Guard inspection or approval because it would never leave the harbor
- Individual would like power and water but could provide small generator and hand carry water, if need be.
- After individual checked with ADEC, there are no sanitary requirement needing special attention.

After code review, the following are relevant to the discussion:

85.25.050 - Commercial operations.

No moorage space shall be sublet or rented to any firm or individual for the purpose of conducting any commercially oriented business enterprises at the facilities unless specifically authorized by the state and by the terms of the lease of the facilities from the state to the City and Borough, except that charter vessels, including aircraft, may pick up and discharge passengers at any space rented to such vessel or aircraft, but may not pick up or discharge cargo at any space or any other part of the facilities of the boat harbor, except as authorized by the port director pursuant to section [85.15.010](#).

05 CBJAC 01.030 - Permit required.

(a) No person may conduct commercial activities on docks and harbors department lands and facilities subject to these regulations except as authorized by a permit issued by the director. A permit under this

chapter is not required for activities conducted under a permit issued pursuant to other chapter title.

(b) The director may issue a permit for commercial activities within a docks and harbors department land or facility as subject to such conditions as the director may impose and only upon a determination that the use as proposed:

- (1) Will not unreasonably impact the resources and facilities of the docks and harbors department;
- (2) Will not endanger the public health, safety, and welfare; and
- (3) Is not inconsistent with the docks and harbors department master plan and all subsidiary plans.

(c) A permit may contain conditions reasonably required for the protection and use of the docks and harbors department land or facility for which the permit is granted, including limitations as to time, area, equipment, user loading, traffic, parking, discharges, noise, and other factors.

(d) The director may deny a proposed use upon a reasonable determination that the use, alone or in combination with other uses, would exceed the carrying capacity of the area. The director shall determine the carrying capacity of an area taking into account the nature and extent of the use, the number of users, and the impacts likely to result from the use, including traffic, noise, public access, loading, the availability of parking and other factors. The director shall find that the carrying capacity of an area would be exceeded if it were more likely than not that the proposed use would unreasonably impact the resources and facilities of the docks and harbors department.

If the cumulative impact of proposed uses would exceed the carrying capacity of the area, the director shall not award any permits for that area until the following procedure is followed:

- (1) The director shall notify all members of any group of applicants whose applications, taken together, propose uses in excess of the carrying capacity of an area. The notice shall identify the nature and extent of the impacts exceeding the carrying capacity, and shall invite the applicants to confer among themselves for the purpose of negotiating a resolution to the excess impacts issues.
 - (2) The applicants may re-submit their applications which shall be granted if the director finds that the excess impact issues have been resolved and the applications otherwise meet the requirements of this section. If excess use issues remain unresolved, the director shall grant permits by lottery to the extent that such uses do not exceed the carrying capacity of the area.
- (e) A permit is transferable only with the permittee's entire business interest in activities conducted under the permit and only to a person who has successfully completed the permit application process. No credit will be given for any permit payments made by the previous holder of the permit.

05 CBJAC 10.020 - Prohibitions.

(a) A person shall not conduct any commercial activity within the downtown waterfront area except as authorized by a permit issued under this chapter by the director. Except as authorized by a permit, a person shall not within the downtown waterfront area:

- (1) Sell or offer to sell goods or services,
- (2) Construct, maintain, or use any structure, or
- (3) Use any loading zone.

(b) Solicitation, advertisement, sales, use of loading zones or any other commercial activities without a permit issued pursuant to this chapter is a violation of CBJ 85.25.090 (11).

(c) A person delinquent in the payment of fines, taxes, judgments or other monies owed to the city may not receive a permit.

(d) No permit may be issued or reissued to any person whose prior permit hereunder was revoked.

My staff and I are generally very support of enterprises which drive economic development within the City & Borough; however, we are also very prescriptive to the use of our facilities when it impacts primary users.

Pros:

- Opportunity for private entrepreneur to open new business

- Provided service may be well received by harbor patrons

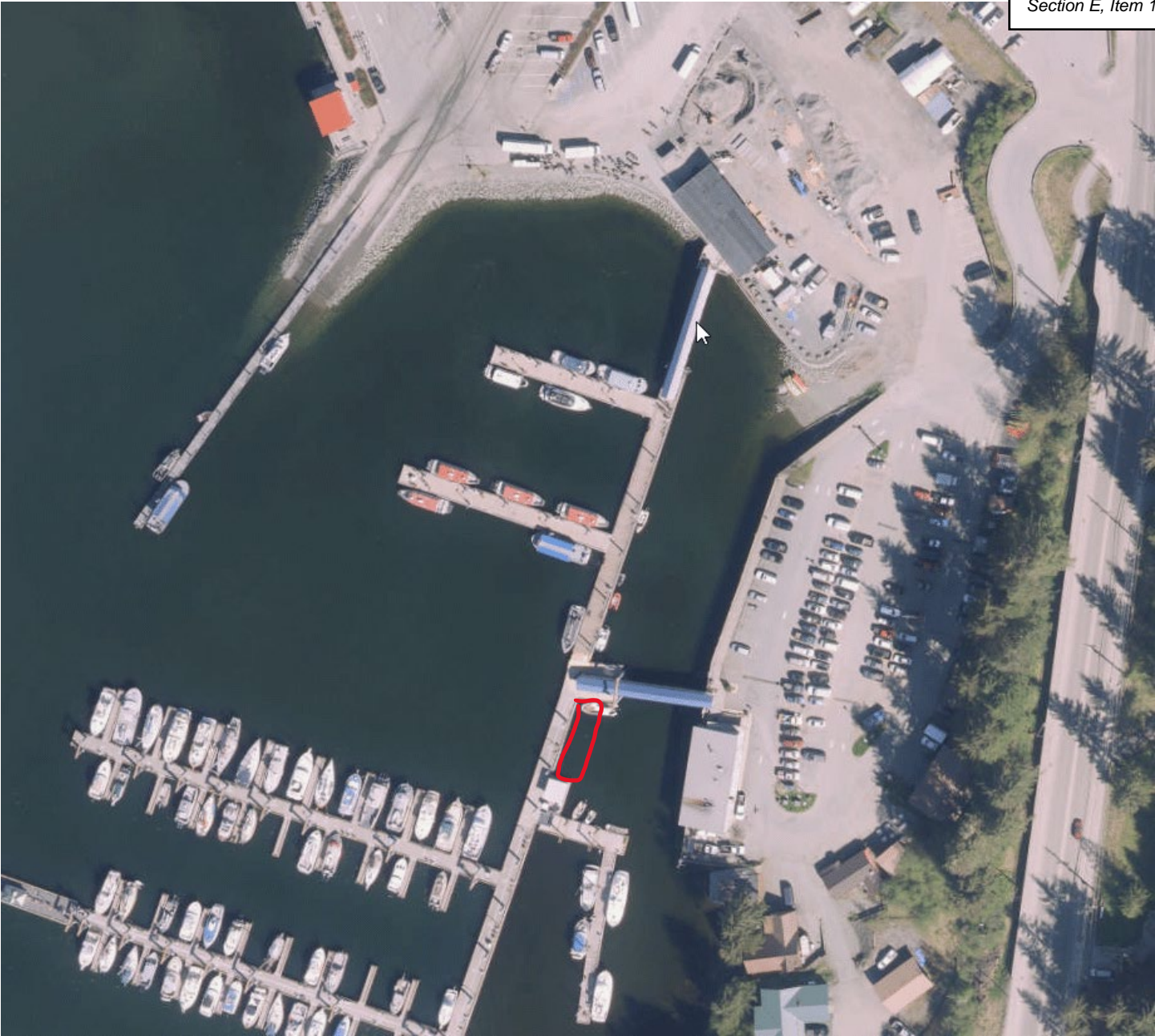
Cons:

- Precedent setting
- Loss of moorage
- Potential pedestrian congestion
- Inability to provide power & water to business
- Should provide open & fair opportunity for other businesses to compete (i.e. not sole source)
- Need to determine methodology for permit fee

In summary, Docks & Harbors staff sees more challenges in the management of Statter Harbor than the net benefit to the Harbor Enterprise or benefit to harbor patrons.

#

Encl (1): Statter Harbor map





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)¹ 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.

¹ 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.² 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.

² 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 & Expenditures³

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.⁴ 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.⁵

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.

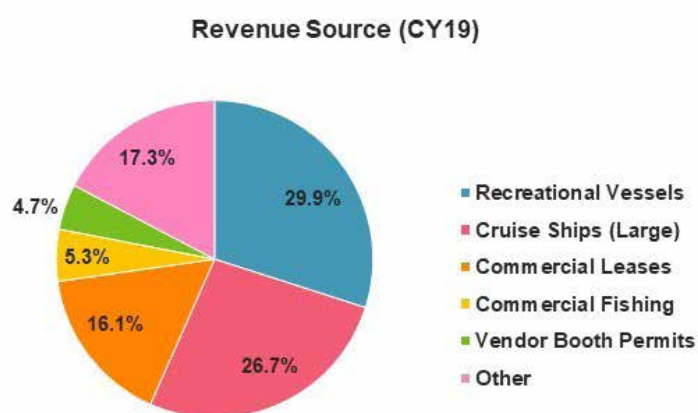


Figure 1. Distribution of CBJ Revenues, 2019 CY

³ 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'.

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

⁵ 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.

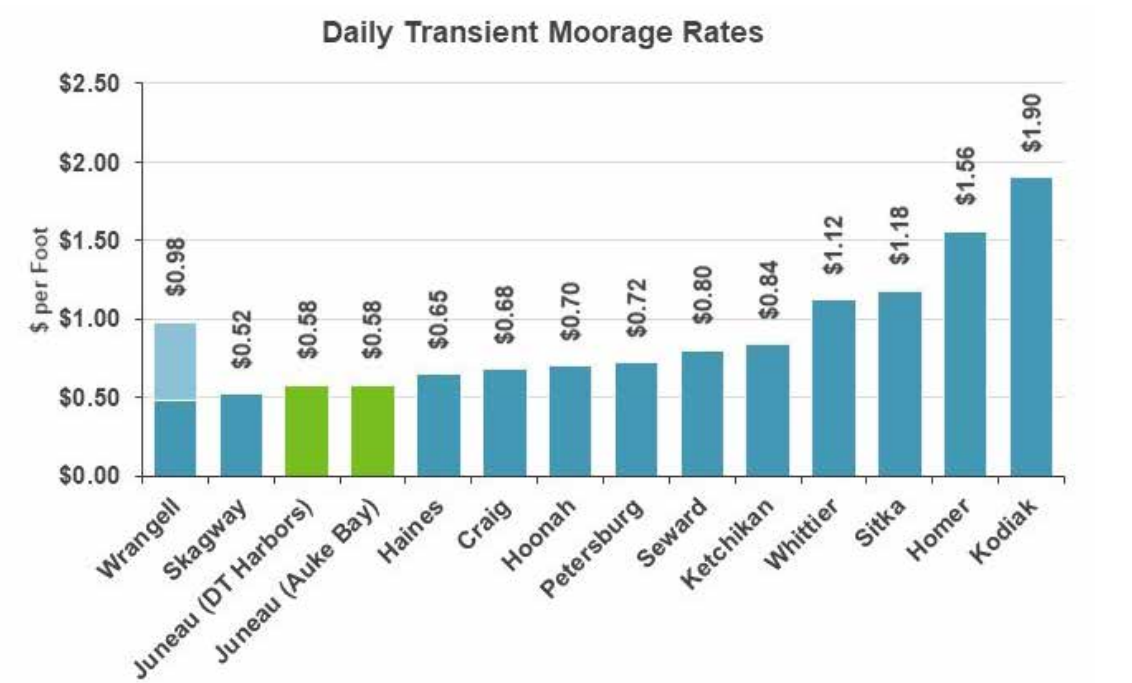


Figure 2. 2020 Comparison of Daily Moorage Rates, dollars per foot, 2020
Light blue area reflects the difference between the pre-paid rates at Wrangell (\$0.48/foot) and the invoiced rates at Wrangell (\$0.98/foot)

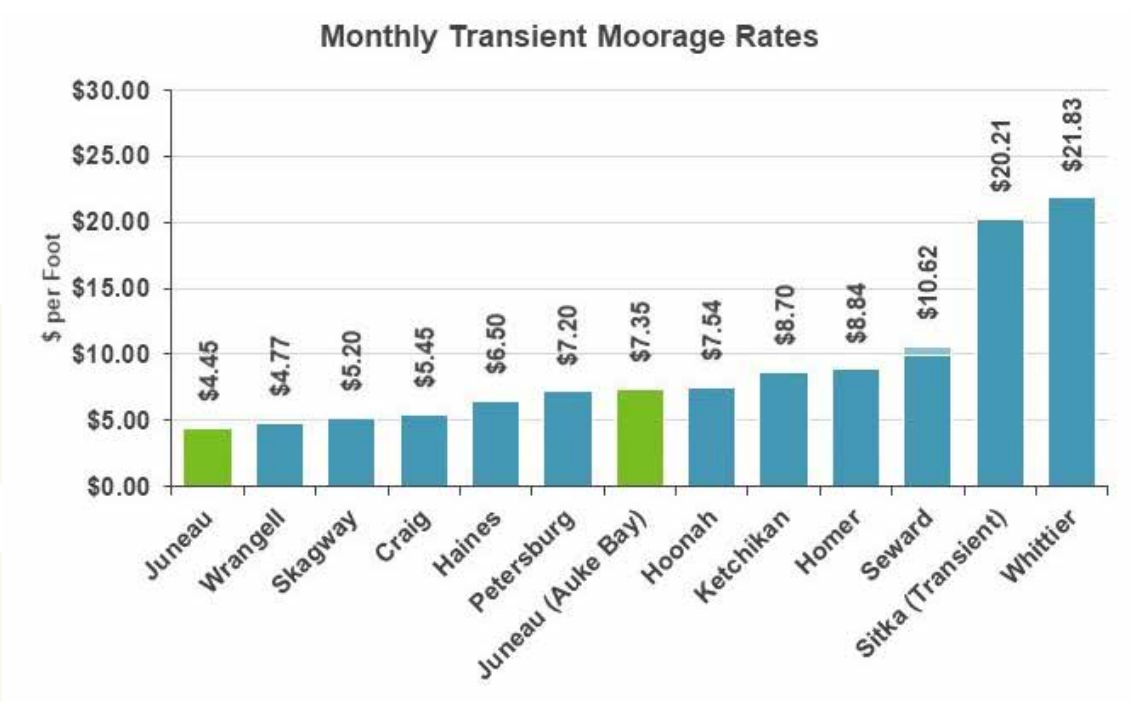


Figure 3. Comparison of Monthly Moorage Rates, dollars per foot, 2020
Light blue area reflects the difference between the reserved rates at Seward (\$9.97/foot) and the transient rates at Seward (\$10.92/foot)

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.⁶

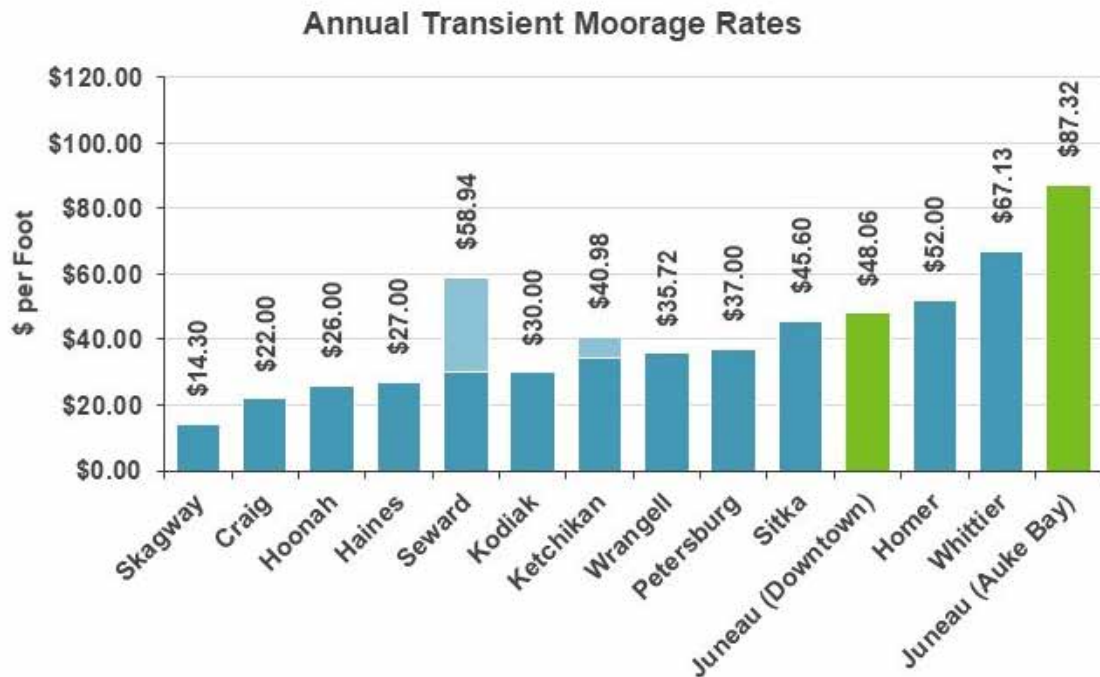


Figure 4. Comparison of Annual Moorage Rates, dollars per foot, 2020
Light blue area for Seward reflects the difference between the reserved rates at Seward (\$26.97/foot) and the transient rates at Seward (\$58.94/foot). Light blue area for Ketchikan reflects the difference between the Inside City rates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

⁶ 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 half⁷ 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.

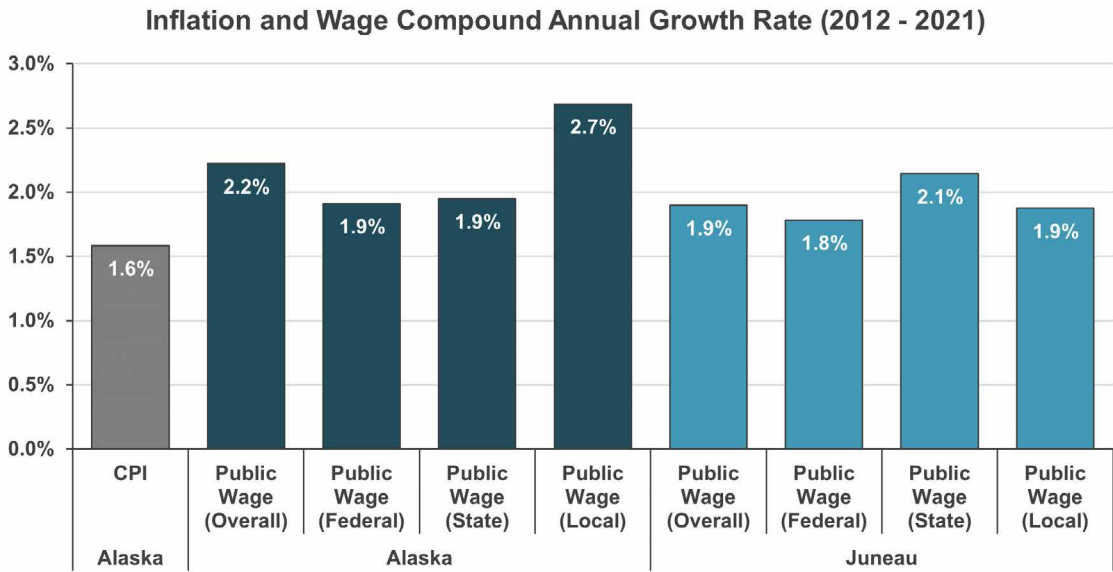


Figure 5. Wage versus CPI Inflation, 2012 - 2021

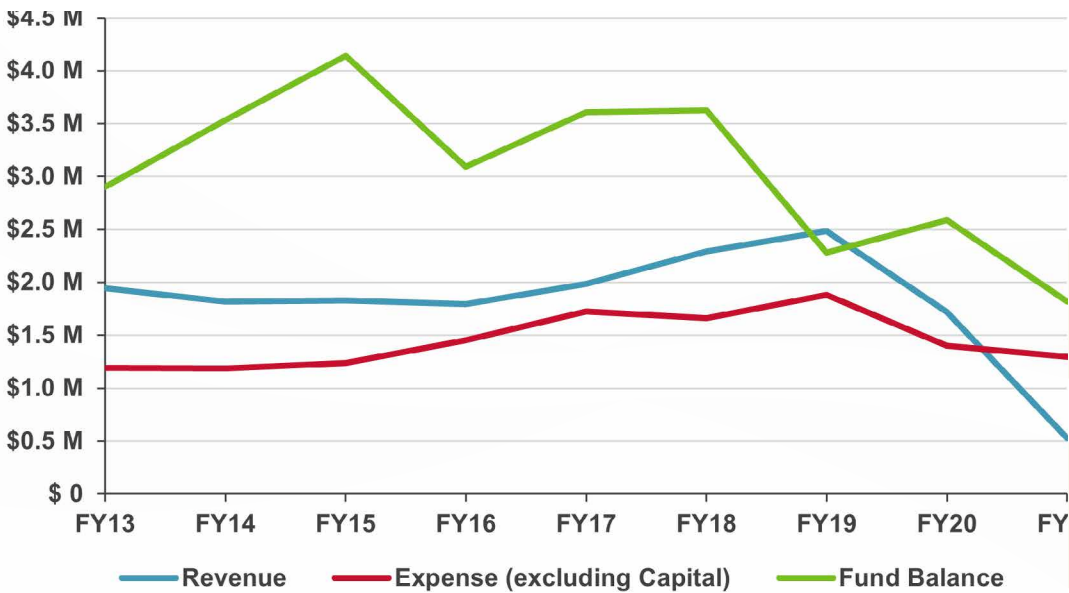
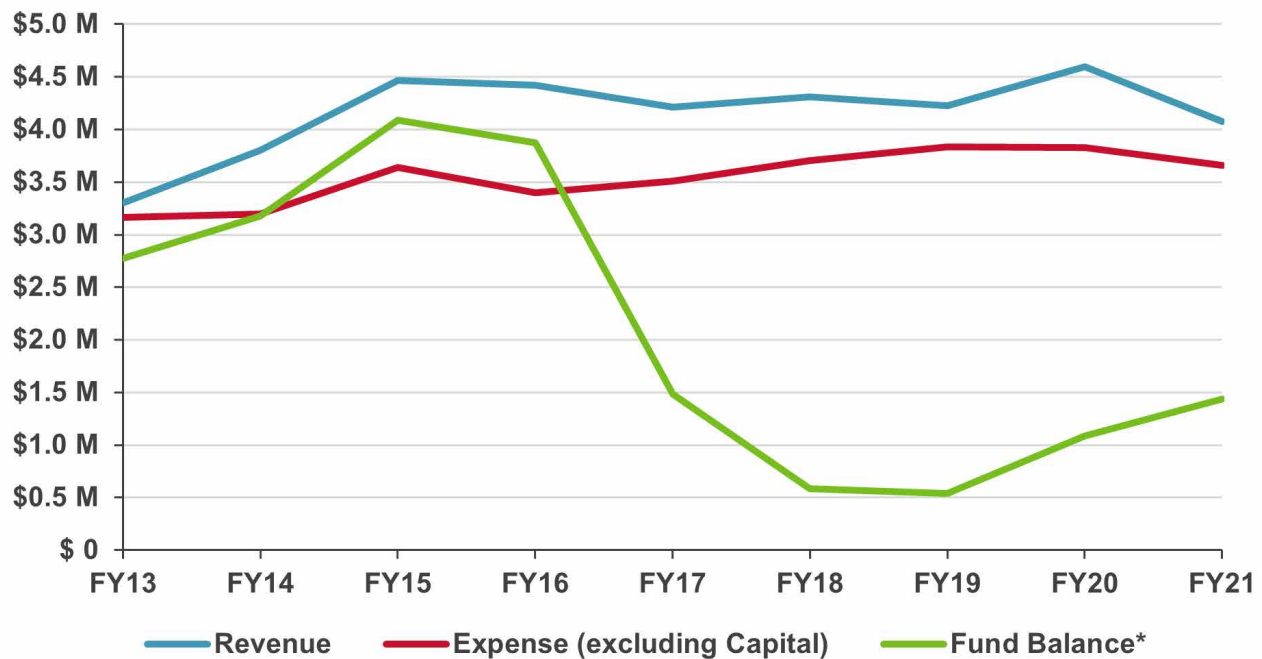


Figure 6. CBJ Docks Fund Balance, 2013 to 2021

⁷ 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.⁸ 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 inputs⁹, HDR has estimated the rate increase necessary to fund D&H's financial needs.

⁸ 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).

⁹ 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.¹⁰

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

¹⁰ 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.¹¹

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.¹² 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.

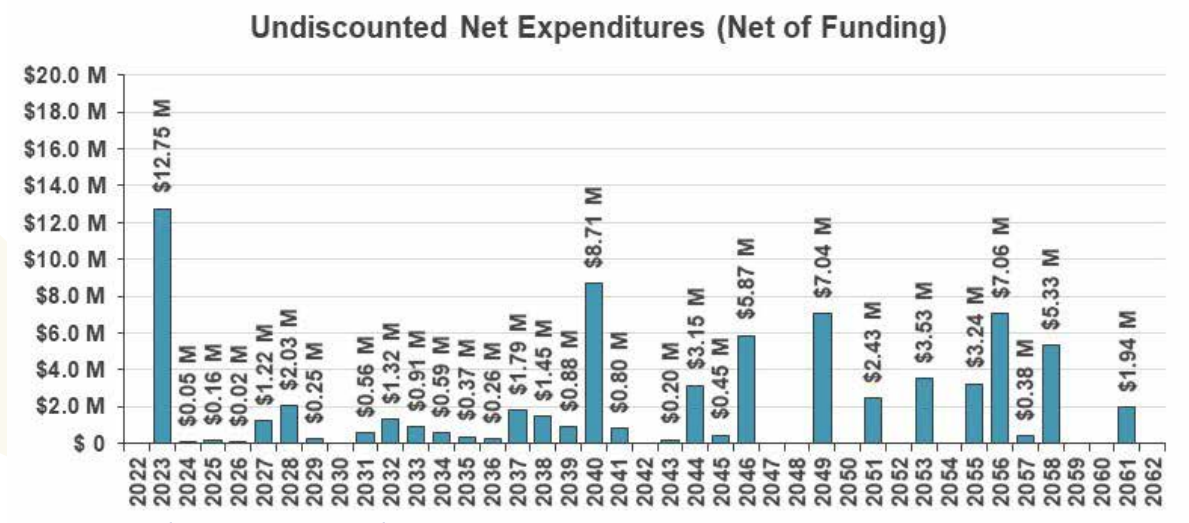


Figure 8. Annual reserve requirements by year, 2020

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.

¹¹ 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.

¹² 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
TOTAL	\$195.2 M	\$120.4 M	\$74.7 M

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%.¹³ 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.

¹³ See OMB Circular A-4 p.33 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



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 12th, 2022

Re: SUMMARY OF RATE SETTING PROJECT REPORT

1. At the September 29th, 2022 regular Board meeting, I was directed to provide a summary of the HDR Rate Setting Project report dated September 1st, 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 30th, 2021 – Board Approval for solicitation of RFP for Rate Study
- November 9th, 2021 – Three consulting companies submitted RFP for consideration
- November 18th, 2021 – Board approval of Docks & Harbor Rate Setting Policy
- November 24th, 2021 – Selection Team short-lists two consultants for oral interviews
- December 9th, 2021 – Selection Team completes oral interviews
- December 9th, 2021 – Posting Notice issued selecting HDR as the successful proposer
- December 13th, 2021 – Port Director begins contract negotiation with HDR
- January 14th, 2022 – Port Director/HDR sign contractual agreement
- January 27th, 2022 – Board approves contract execution with HDR-Alaska, Inc with requirement for HDR representation at Board meetings to answer questions
- February 24th, 2022 – HDR representative at regular Board meeting
- March 31th, 2022 - HDR representative at regular Board meeting
- April 5th, 7th & 8th – HDR Conducts interviews with seven port/harbor user groups

- April 28th, 2022 - HDR representative at regular Board meeting
- May 26th, 2022 - HDR representative at regular Board meeting
- June 3rd, 2022 – First Rate Study iteration submitted
- August 5th, 2022 – Second Rate Study iteration submitted
- September 1st, 2022 – Third Rate Study iteration submitted
- September 21st, 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 14th, 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

Task 4 Tariff Review	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
Task 5 Rate Methodology	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	
Task 6 Draft Report and Review	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
Task 7 Final Report	Consultant will address comments on the draft report and produce a final report within seven days following receipt of comments.	Pending
Task 8 As-Needed Tasks	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.

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

SIX-YEAR DEPARTMENT IMPROVEMENT PLANS

Division - Project	Priority	FY25	FY26	FY27	FY28	FY29	Future
Parking Garage	32						\$ 75,000,000
Relocate/Construct FAA ATCT	33						\$ 50,000,000
Airport Total:		\$ 4,300,000	\$ 14,250,000	\$ 7,700,000	\$ 4,900,000	\$ 21,150,000	\$ 317,150,000
BRH							
Deferred Maintenance	1	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	
Bartlett Emergency Department (ED) Renovation/Expansion	2	\$ 12,000,000					
BRH Total:		\$ 15,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ -
Docks & Harbors							
Aurora Harbor Phase IV	1	\$ 8,500,000			\$ 600,000		
Aurora Harbor Improvements	2	\$ 1,500,000					
Cost Share w/ACOE - Statter Breakwater Feasibility Study	3	\$ 500,000	\$ 500,000	\$ 500,000			
Shore Power at 16B	4	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 30,000,000
Statter Harbor Phase IIID - Paving (Docks Enterprise)	5		\$ 2,500,000	\$ 1,500,000			
Deck Over People's Wharf/USS JUNEAU Memorial (Docks)	6		\$ 6,000,000				
Echo Cove Float Addition	7		\$ 250,000				
Small Cruise Ship Infrastructure (Docks Enterprise)	8			\$ 25,000,000			
Reestablishment: Emergency Vessel Loading Float(Docks)	9				\$ 1,000,000		
Downtown Piling Inspection/Recapitalization (Docks)	10				\$ 5,000,000		
Cruise Ship Docks - Zinc Anode Replacement (Docks)	11					\$ 4,000,000	
Statter Breakwater Replacement	12			\$ 20,000,000			
Aurora Harbor Drive Down Float	13		\$ 1,000,000				
North Douglas Boat Ramp Design/Permitting	14		\$ 250,000				
North Douglas Boat Ramp Improvements	15				\$ 20,000,000		
Marine Services Facility (Haul-out)	16						\$ 25,000,000
Aurora Harbor Security Gates	17		\$ 150,000				
Aurora Harbor Restroom	18		\$ 150,000				
Douglas Harbor Uplands	19					\$ 5,000,000	
Douglas Harbor Security Gates	20			\$ 100,000			
Statter Harbor Shop/Garage/Storage Facility	21						\$ 1,500,000
Statter Harbor Security Gates	22				\$ 100,000		
Aurora Harbor Dredging - Tug Slips	23						\$ 30,000,000

SIX-YEAR DEPARTMENT IMPROVEMENT PLANS

Division - Project	Priority	FY25	FY26	FY27	FY28	FY29	Future
Juneau Fisheries Terminal	24						\$ 25,000,000
Auke Bay Non-Motorized Coastal Transportation Link	25						\$ 12,500,000
Fish Sales Facility - Harris Harbor	26						\$ 1,000,000
Docks & Harbor Total:		\$ 15,500,000	\$ 15,800,000	\$ 52,100,000	\$ 31,700,000	\$ 14,000,000	\$ 95,350,000
Eaglecrest Ski Area							
New Septic System for Campus	1	\$ 200,000					
Brown Maintenance Shop Fortification Engineering	2	\$ 50,000					
Fish Creek Lodge Covered Deck Engineered Solution	3	\$ 30,000					
Fish Creek Lodge Kitchen Improvements and Misc. Repairs	4	\$ 35,000	\$ 100,000				
Trail Maintenance Labor	5	\$ 35,000					
Porcupine Lodge Retail Shop Expansion Engineered Design	6		\$ 30,000	\$ 250,000			
Black Bear Chair Drive Terminal Enclosure Engineered Design	7		\$ 30,000				
Snowmaking Airline Expansion & Improvements	8		\$ 70,000				
Weather Station Automation	9		\$ 10,000				
Parking Lot Repair and Expansion Planning	10		\$ 200,000		\$ 400,000		
Hooter Chair	11			\$ 50,000			
Lift Parts	12		\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	
Black Bear Chair Drive Terminal Enclosure Construction	13			\$ 100,000			
Eaglecrest Employee & Tourism Workforce Housing	14						\$ 12,000,000
Porcupine Chair Weather Cover	15		\$ 10,000				
Patrol Locker Room Expansion	16			\$ 30,000			
Summer Road Upgrades	17				\$ 200,000		
Porcupine Chair Haul Rope	18		\$ 30,000				
Care Taker Residence Rebuild	19					\$ 150,000	
Ptarmigan Replacement	20						\$ 4,000,000
Hooter Replacement	21					\$ 3,000,000	
Eaglecrest Ski Area Total:		\$ 350,000	\$ 495,000	\$ 445,000	\$ 615,000	\$ 3,165,000	\$ 16,000,000



Port of Juneau

155 Heritage Way • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

From: *Carl Uchytel*
Carl Uchytel, P.E.
Port Director

To: Alexandra Pierce
Tourism Manager

Via: (1) Docks & Harbors Operations-Planning **reviewed 12/20**
(2) Docks & Harbors Board **approved 12/28**

Date: December 29th, 2023

Re: FY 2025 Marine Passenger Fee (MPF) Request

1. Attached for your consideration is a list of FY25 Marine Passenger Fee requests from Docks & Harbors. This list was discussed by the Docks & Harbors Operations-Planning Committee at its December 20th meeting and approved at its December 28th, 2023 regular board meeting.

2. Docks & Harbors is very appreciative of the financial support received thorough this process. Please know that the MPF generously provided to the Docks Enterprise provides approximately one-third of all revenue collected. In November, the Assembly approved a 9% Docks Enterprise fee increase in 2024. Broadly speaking, this is the first fee increase since 2007; however, MPF will remain an important revenue source to the financial health of this Enterprise.

3. Please contact me should you have questions at 586-0282.

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Encl: (1) FY25 Docks & Harbors Marine Passenger Fee Request

Copy: City Manager
Parks & Recreation
Finance Department

CBJ Docks and Harbors Board
FY2025 Marine Passenger Fee Request

Section E, Item 1.

Statter Harbor Phase IIID
(Curb, gutter, paving & Baywalk)

Descriptions: Docks & Harbors has been diligently and methodically building out the Statter Harbor infrastructure since 2011. Statter Phase III is specifically designated to provide services to assist in passengers embarking on charter vessel excursions. Phase IIID would provide curb, gutter, paving and Baywalk amenities to complete the improvements for the charter operators. The November 2022 estimate for this work was \$3.5M and the existing CIP has \$1.5M available.

Marine Passenger Fee Funds Requested (FY25): \$2,500,000 (Total estimated project cost \$4M)

Benefits: This project would provide a clean and finished appearance at Statter Harbor, including the continuation of the Baywalk through the various Statter Harbor facilities (launch ramp, bus staging, bathroom and Harbor Office) .

Maintenance and Operation Responsibility: Docks & Harbors is responsible for all ongoing maintenance and operating expenses and will use Enterprise funds for these expenses.

Project Contact: Matthew Sill, Port Engineer, or Carl Uchytel, CBJ Port Director 586-0292.

CBJ Docks and Harbors Board
FY2025 Marine Passenger Fee Request

Section E, Item 1.

Area Wide Port Operations

Descriptions: CBJ's cruise ship docks and associated infrastructure are run as an enterprise fund established by local ordinance. All expenses and revenues associated with operating and maintaining CBJ's cruise ship docks and associated infrastructure are accounted within this fund. The CBJ Assembly has placed these assets under the responsibility of the Docks and Harbors Board. CBJ Ordinance Title 85 requires the Board to be self-supporting, generating revenues sufficient to meet the operating costs of the Docks Enterprise. The Board has established a number of fees to generate revenues from users of the assets. The Board has calibrated these fees to assure the overall revenue generated by the enterprise equals the overall cost of running the enterprise.

Many of the uplands assets are used by entities which it is not possible, feasible, or acceptable to charge fees. As a result, users paying fees are subsidizing users that do not pay fees. The services provided to these users are area wide in nature benefiting the general public and cruise ship passengers of private docks. As part of this fee request, the Board identified services that are area wide in nature.

Board identified the following services:

1. Year round maintenance and monitoring of Marine Park.
2. Maintenance and operation of public parking at the Columbia Lot and seasonal public parking at the Steamship Wharf Plaza and the Visitor's Center Lot.
3. Maintenance and operation of unrestricted pedestrian access along the waterfront at the public docks.
4. Year round maintenance and monitoring of Peratrovich Plaza.
5. Costs associated with landscape maintenance services throughout the Downtown Waterfront.
6. Providing area wide port security. Of note are new Coast Guard requirements to validate credentials of passengers and crew returning to the cruise ships. New security structures have provided greater efficiencies but the resultant is greater staff responsibilities to meet the Facility Security Plan. [Note an additional \$300K MPF request for "Port of Call" access control is included in this year's request.]
7. Billing and collecting CBJ area wide fees for all docks.
8. Maintenance & repairs of Visitor's Kiosk.

The Board reviewed its FY22 budget and apportioned expenses associated with these services. Based on its review, it estimates that about 20% of the annual docks budget is attributable to area wide services.

Marine Passenger Fee Funds Requested (FY25): \$275,000

Benefits: This approach is supported by the cruise ship industry since it is more equitable than raising dockage fees, although Docks & Harbors is considering fee increases. This approach meets the intent of the marine passenger fee since the services benefit all cruise ship passengers, not just the passengers at the public docks. This approach allows the Docks and Harbors Board to direct part of the dock lease revenues to the much needed rebuild effort of the small boat harbors reducing the need for fee increases at the harbors.

Maintenance and Operation Responsibility: CBJ is responsible for all ongoing maintenance and operating expenses and will use local Docks enterprise funds for these expenses.

Project Contact: Teena Larson, Admin Officer or Carl Uchytel, CBJ Port Director 586-0292.

CBJ Docks and Harbors Board
FY2025 Marine Passenger Fee Request

Section E, Item 1.

Port-Customs and Visitor Center Buildings Maintenance Support

Project Descriptions: The Port-Customs and Visitor Center buildings are located on the downtown Juneau waterfront, an area that serves in excess of one and a half million cruise ship passengers each year. Docks and Harbors, an enterprise operation, is responsible for costs associated with operating the Port-Customs and Visitor Center Buildings. Expenses include all utilities (water, sewage, electrical, alarm monitoring) and facility support (parking lot, plaza, snow removal, janitorial and general maintenance). The two buildings comprise approximately 4450 square feet in area. Maintenance costs are estimated at \$2.66 per square foot per month equaling \$142,000.

Marine Passenger Fee Funds Requested (FY25): \$142,000

Project Review: The Port-Customs Building was completed in May 2011 with the Visitor Center completion in June 2012. The project which included the buildings, infill dock construction, covered shelters, landscaping and plaza cost approximately \$9M and was funded with Marine Passenger Fees. The Port-Customs Building is occupied by the US Customs and Border Protection (CBP) and Docks and Harbors staff. CBP claims to be exempt from any costs associated with their operations within a port. The Visitor Center Building is occupied by the Travel Juneau, a non-profit organization for the purpose of supporting cruise passenger inquiries. The Travel Juneau budget does not support maintenance of the building. This leaves the Docks enterprise funds fully exposed to the costs of maintaining and servicing these buildings.

Benefits: By establishing a Port-Customs and Visitor Center Buildings maintenance fund Docks & Harbors can effectively manage and maintain the properties entrusted under their responsibilities. Passenger fees have been granted for this purpose since FY2013.

Maintenance and Operation Responsibility: CBJ Docks and Harbors is responsible for all ongoing maintenance and operating expenses of these two buildings and associated upland support facilities.

Project Contact: Matthew Sill, CBJ Port Engineer or Carl Uchtyl, CBJ Port Director 586-0292.

CBJ Docks and Harbors Board
FY2025 Marine Passenger Fee Request

Section E, Item 1.

Safety Rail along Dock Face

Project Descriptions: The project would be located along the downtown Juneau waterfront, an area that services over one and a half million cruise ship passengers each year. The project consists of constructing a new guardrail along the face of the existing dock.

Marine Passenger Fee Funds Requested (FY25): \$1,500,000

Project Review: This project would construct a new pedestrian guardrail along the existing dock face from Marine Park to the South Berth approach dock. The existing dock face only features an eighteen inch bullrail at the edge. For pedestrian safety a forty two inch high guard rail would be constructed. The proposed guardrail would be designed in the same character as other guardrails along the Seawalk.

Project Time-Line: This project would begin as soon as funding is allocated. The first step would be to design the guardrail and prepare construction bid documents. Upon award of a contract to the lowest qualified bidder construction would begin. The plan would be to have the guardrail installed by the end of the 2024 season, provided full funding is obtained.

Maintenance and Operation Responsibility: CBJ is responsible for all ongoing maintenance and operating expenses. Maintenance and operations expenses for the guardrail would be minimal.

Project Contact: Matthew Sill, CBJ Port Engineer or Carl Uchtyl, CBJ Port Director 586-0292.

CBJ Docks and Harbors Board
FY2025 Marine Passenger Fee Request

Section E, Item 1.

Dock Electrification

Descriptions: Docks & Harbors has been pursuing funding for cruise ship dock electrification for many years. Efforts for RAISE and PIDP grants have not realized success. On December 1st, a \$1.5M EPA DERA grant was submitted and we anticipate submission of an EPA Clean Port grant in the spring. The latest update to the Assembly was provided in a [memo dated August 31st, 2023](#). The purpose of this request is to augment the existing CIP with funds to construct a shoreside electrical system allowing cruise ship to connect to clean renewable power while moored.

Marine Passenger Fee Funds Requested (FY25): \$5M. In the EPA DERA grant application, the total project estimate to electrify both the AS & CT Docks is \$53M. Of which, \$5.3M is currently in a CIP. The project can be scaled to separate the construction into providing power to only one berth, as funding allows.

Benefits: This project seeks to reduce carbon emissions/greenhouse gases and has been a priority since the completion of the 16B project in 2017.

Maintenance and Operation Responsibility: Docks & Harbors has been working in concert with AELP to develop planning and design efforts to move forward in an efficient manner. Most likely, Docks & Harbors will be responsible for maintenance and operations of the constructed system via future Marine Passenger Fees. Docks & Harbors is hopeful to have a MOA crafted with AELP early in 2024 outlining design responsibilities and funding commitments.

Project Contact: Carl Uchytel, CBJ Port Director 586-0292.

CBJ Docks and Harbors Board
FY2025 Marine Passenger Fee Request

Section E, Item 1.

Additional Personnel for “Port of Call” Access Control

Description:

After two years of cruise ship inactivity due to the pandemic, CY23 rebounded with 1.65M arriving passengers which was a record number. The CY24 schedule calls for an equally busy season for the AS/CT Docks and at the PFO lightering dock. The 2020 Coast Guard requirements described below is a non-funded federal mandate that must met to remain compliant with our approved Federal Security Plan. Docks & Harbors has provided briefings to determining the financial resources necessary to meet this requirement.

On December 18th, 2020 Coast Guard Sector Juneau released a Marine Safety Information Bulletin clarifying the regulatory requirements for Maritime Transportation Security Act (MSTA) regulated facilities which receive large foreign passenger vessels (i.e. cruise ships). The Consolidated Cruise Ship Security final rule, published on March 19th, 2018 defined the differences between a “cruise ship terminal” and a “port of call”. The final rule also prompted a conversation between USCG Sector Juneau and SEAK industry stakeholders, including the Port of Juneau. Previously, SEAK industry stakeholders (including the Port of Juneau) interpreted Title 33, Code of Federal Regulations (CFR), Section 105.255(d)(4) as a list of documents which could serve as personal identification irrespective of criteria in 33 CFR 101.515. As such, facility security personnel (including the Port of Juneau) were allowing individuals with only a vessel boarding pass or room key to gain access to the secure area adjacent to the cruise vessel.

The resultant clarification in the MSIB is that, effective April 1st, 2021, facility security personnel must use a two-prong approach to ensure proper identification and valid purpose:

1. Check the personal identification meeting the criteria in 33 CFR 101.515; and,
2. Confirm the purpose for access by examining at least one document listed in 33 CFR 105.255(d)(4).

Although this may seem like a minor additional task to validate an ID with a boarding pass, we believe the impact will greatly impede the flow of passengers returning to their vessel. The above mentioned two-prong requirement will be similar to what one experiences at an airport TSA checkpoint. The extra time required to ensure each boarding pass matches the government issued ID has the potential to create delays when excess of 1000 passengers/hour attempt to embark their vessels during the waning time in Juneau. Additionally, passengers who do not have government issued ID will need to be escorted by port facility security to the vessel security officer which will only exasperate those waiting in the queuing line.

Marine Passenger Fee Funds Requested (FY25): \$300,000 (17 Part Time Limited Harbor Technicians)

Benefits: By funding an additional 17 PTL Harbor Technicians positions, Docks & Harbors will recruit seasonal employees who will augment the standing Docks security force enabling greater redundancy for properly checking credential in accordance with Coast Guard guidance.

Maintenance and Operation Responsibility: CBJ Docks & Harbors, as the facility manager for the AS and CT Docks, has uplands security requirements required under MTSA regulations.

Project Contact: Matt Creswell, CBJ Harbormaster or Carl Uchtyl, CBJ Port Director 586-0292.

CBJ Docks and Harbors Board
FY2025 Marine Passenger Fee Request

Section E, Item 1.

Purchase of Archipelago Property, LLC Uplands

Description: Purchase the upland property in private ownership adjoining Peratrovich Plaza. This 0.777 acre parcel is owned by Archipelago Property, LLC is assessed at \$9.5M. Docks & Harbors completed the [Marine Park to Taku Dock Urban Design Plan in 2018](#) which provided direction for expanding the use of the along the Juneau waterfront. This plan lead to a sophisticated land swap/sale with the private owner to achieve beneficial use.



Board identified the following: The Marine Park to Taku Dock Urban Design Plan envisioned the *terra firma* property to be developed with private capital for retail purchase. The plan was also a catalyst for identifying a future, undefined waterfront attraction on the wooden deck. The CBJ Manager has identified a project to relocate the Juneau-Douglas City Museum to the waterfront.

Marine Passenger Fee Funds Requested (FY25): \$10M

Benefits: Docks & Harbors believes the best use of the waterfront would be to purchase the uplands and develop the museum along Franklin Street. This would leave Peratrovich Plaza, including the Peratrovich mural, to have view planes protected along the Seawalk and to Juneau Harbor.

Maintenance and Operation Responsibility: As this is request is for property transaction only there is no maintenance and operational costs.

Project Contact: Carl Uchytel, CBJ Port Director 586-0292.

**CBJ Docks and Harbors Board
FY2025 Marine Passenger Fee Request**

Section E, Item 1.

Lone Sailor Statue

Description: Alaska Pioneers (Igloo 6) are in the initial planning stages to erect a [Lone Sailor Statue](#) in Juneau. There are currently 17 Lone Sailor Statues around the world. Discussion with the Navy Memorial, which oversee the program, indicates that a sponsor would need to fundraise \$350,000 and provide a suitable location for display. The sailor is 7' 4" tall and made of bronze.



Marine Passenger Fee Funds Requested (FY25): \$100K

Benefits: This is a non-profit civic organization's efforts to bring art and vitality to Juneau. There is a connection to the USS JUNEAU and the Lone Sailor mission. The Lone Sailor is an iconic symbol of the Navy Memorial's mission to *Honor, Recognize, and Celebrate* the men and women of the Sea Services, past, present, and future; and to Inform the public about their service.

Maintenance and Operation Responsibility: Should a suitable location be found on CBJ property, the appropriate CBJ department could maintain the bronze statue. Else, the sponsoring organization could retain this responsibility.

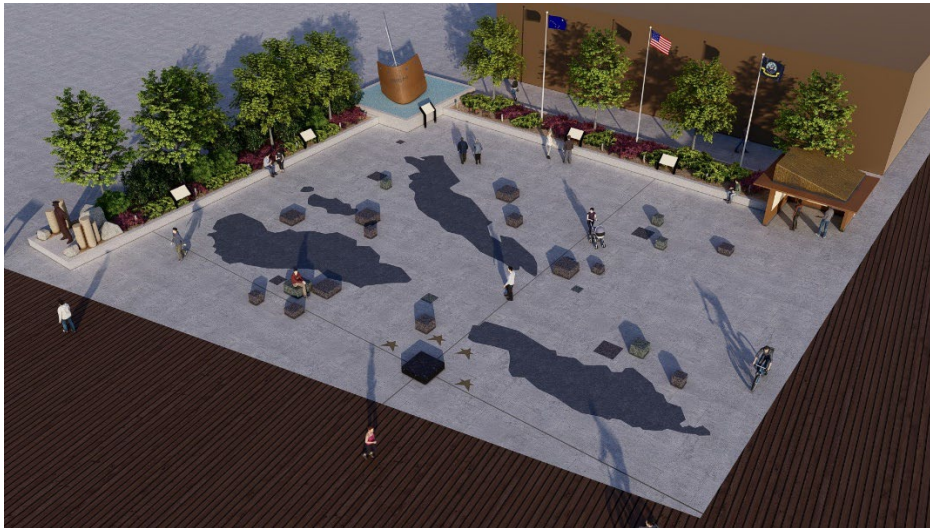
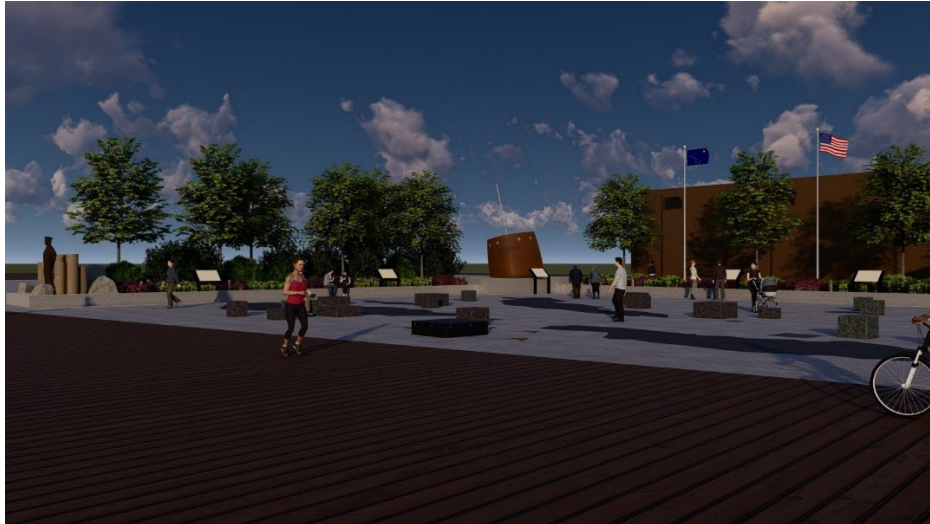
Project Contact: Carl Uchtyl, CBJ Port Director 586-0292.

**CBJ Docks and Harbors Board
FY2025 Marine Passenger Fee Request**

Section E, Item 1.

USS JUNEAU MEMORIAL - EXPANSION

Description: In the [Marine Park to Taku Dock Urban Design Plan in 2018](#) an option was explored to create a larger and more significant USS JUNEAU memorial along the Seawalk. The USS JUNEAU memorial is currently revered at its location; however, it lacks interpretive information on the Battle of Guadalcanal and the five Sullivan brothers. A well designed memorial could enhance the visitor experience and honor a local namesake.



Marine Passenger Fee Funds Requested (FY25): \$6M

Benefits: This project could expand the useable width of the Seawalk, provide an historical educational display and honor those in the sea going services.

Maintenance and Operation Responsibility: CBJ is responsible for all ongoing maintenance and operating expenses of CBJ owned facilities and will use local Docks enterprise funds or future Marine Passengers Fees for these expenses.

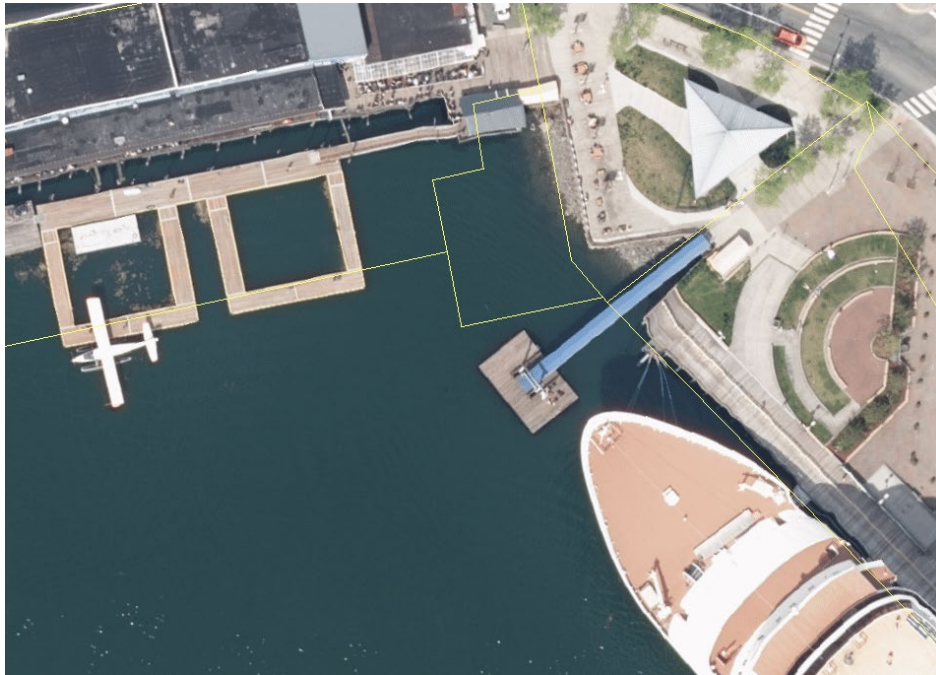
Project Contact: Carl Uchtyl, CBJ Port Director 586-0292.

**CBJ Docks and Harbors Board
FY2025 Marine Passenger Fee Request**

Section E, Item 1.

Reestablishment of Emergency Vessel Loading Float

Description: With the construction of the new downtown cruise ship docks, the former lightering float became a risk to the float planes and was removed.



Marine Passenger Fee Funds Requested (FY25): \$1M

Benefits: This project, at a yet to be determined location, would contribute to providing a secondary emergency vessel mooring location to offload cruise ship passenger in the result of a mishap.

Maintenance and Operation Responsibility: Docks & Harbors would be responsible for all ongoing maintenance and operating expenses for this CBJ owned facility and will use local Docks enterprise funds or future Marine Passengers Fees for expenses.

Project Contact: Carl Uchtyl, CBJ Port Director 586-0292.

BOARD RETREAT 2024 - STRAWMAN

Section E, Item 1.

NAME	SUMMARY	COST RANGE	FUNDING SOURCE	Grant	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Statter Breakwater Study	USACE Feasibility Study	\$2M Local + \$2M Federal	Harbor Fund + Earmark		\$600K	\$600K	\$800K				
Statter Breakwater Construction	Statter Breakwater Replacement	80% Federal + 20% Local	Harbor Fund + Federal	1% Sales + ADOT				\$20M			
Wayside Park Dredging	Under contract	\$797K	Harbor Fund	1% Sales	\$900K						
Taku Harbor	Bid February 2025	\$1.6M	Harbor Fund + ADFG Grant	1% Sales	\$400K						
Secure Storage Little Rock Dump	Creating secure storage for commercial use	\$150K-\$500K	Harbor		\$50K	\$300K					
Statter Harbor Bldg Roof	Leaks needs replacement	\$250K-\$500K	Harbors		\$300K						
Statter Zinc Anodes	Board priority	\$1M	Harbor Fund	ADOT		\$500K					
Statter Phase IIID	Curb Gutter & Paving for upla	\$3M	Docks Fund		\$3.5M						
Aurora Phase IV	Finish Aurora Rebuild	\$10M-\$12M	Harbor + 1% +ADOT	1% + ADOT	\$11.5M						
Aurora Drive Down Float	Commercial fisheries & marine transportation need	\$12M-\$14M	PIDP \$11.1M +Harbor \$2.3M	PIDP + ADOT	\$300K	\$2M					
Aurora Harbormaster Office	Old garage - past useful life	\$3M-\$5M	Harbor			\$250K	\$4M				
Douglas Landscaping & paving	Douglas request	\$3M-\$6M						\$4M			
Heated Showers/Restrooms Douglas	Amentity	\$1M	25% Local + 75% Federal	BIG		\$250K					
Heated Showers/Restrooms Aurora	Amentity	\$1M	25% Local + 75% Federal	BIG			\$250K				

BOARD RETREAT 2024 - STRAWMAN

Section E, Item 1.

Echo Cove Launch Ramp Float Installation	Used by hunters & Goldbelt ferry to Kenningston	\$500K - \$1M	25% Local + 75% Federal	Hunter Access		\$200K					
Amalga Launch Ramp Float Extension	Was declined by Assembly in 2017	\$500K - \$1M	25% Local + 75% Federal	Sportfish Grant			\$200K				
North Douglas Launch Ramp Expansion	Existing infrastructure inadequate	\$20M-\$30M		Sportfish + ADOT		\$100K	\$500K		\$25M		
Purchase UAS Property	Existing lease expires 2026	\$3M-\$9M		1% Sales				\$4M			
Marine Services Expansion	Board priority	\$10M-\$75M		MARAD Boatyard						\$50M	