

DOCKS & HARBORS FINANCE SUB-COMMITTEE MEETING MINUTES

Wednesday, April 12th, 2022
CBJ Room 224 and Zoom Meeting

- I. Call to Order** – April 12th, 2022 at 5:30 pm in CBJ – Room 224.
- II. Roll Call** – The following members were in attendance in CBJ Room 224 or via zoom. Lacey Derr, Matthew Leither, Mark Ridgway, Don Etheridge and Bob Wostmann)

Absent - James Becker, and David Larkin.

Also present: Carl Uchtyl – Port Director, and Teena Larson – Administrative Officer

III. Approval of Agenda

MOTION By MR. ETHERIDGE: TO APPROVE THE AGENDA AS PRESENTED AND ASK UNANIMOUS CONSENT.

IV. Public Participation on Non-Agenda Items - None

- V. Approval of Wednesday March 22nd, 2022 Finance Sub-Committee Meetings Minutes.** Hearing no objection, the March 22nd, 2022 Finance Sub-Committee minutes were approved as presented.

VI. Items for Information/Discussion

1. Budget Preparation for Assembly Finance Committee (AFC)

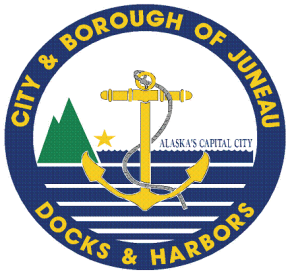
Mr. Uchtyl said in the packet is the power point presentation for the Assembly Finance Committee meeting for next Wednesday April 20th. Next Wednesday is also the Special Board meeting at 5:00 pm for the public hearing for the Dockage Special that will allow the small size cruise ships to operate with the same dockage fee as last year because they pay marine passenger fees. At the Operations meeting immediately following the Special Board, the only item for discussion would be future Board meeting times and dog waste that Ms. Derr would like to present.

Mr. Uchtyl went over his presentation for Assembly and requested members provide feedback.

Committee Discussion

Mr. Wostmann asked on the Harbors Fund Overview what were the projects the fund balance was spent on?

Mr. Uchtyl said Aurora Harbor Phase II, Statter Harbor, Harris Harbor, and Douglas Harbor.



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Mr. Ridgway recommended to say what our target fund balance is?

Mr. Wostmann said he felt more comfortable with a higher fund balance than \$800,000.

Mr. Ridgway suggested to say Docks & Harbors is responsible for operations and maintenance of in excess of ¼ billion dollars in assets.

Mr. Uchytel said based on our property insurance we have a replacement plan for over \$122M dollars. With everything including property, it could be a quarter of a billion. He is not sure if we want to say the value of our property is over \$122M.

Mr. Wostmann wanted to ask HDR what an appropriate reserve would be for our fund balance.

Mr. Uchytel said you will get a different answer from who you ask. Finance will say you need four months of operations. Asking someone else you may get a different answer.

Mr. Ridgway commented asking an appropriate fund balance is a very complex question and where is the money going to come from, we do not know. It is not realistic to have our fund balance pay for projects. The Board should indicate what our targeted fund balance is.

Mr. Uchytel commented that this is a biennial budget and not about what our fund balance should be.

Mr. Uchytel continued with going over the presentation. Finishing his presentation he said over 17% of all Docks & Harbors revenue goes back to CBJ for maintenance, interdepartmental fees, fleet, and property insurance. This year our insurance cost \$137,000 for both Docks and Harbors Enterprises. Next year we have a 210% increase to \$426,000 and we cannot pass \$300,000 on to our user groups. Between of that increase and the potential lease payments to UAS these are huge challenges for Docks and Harbors. He wanted to point out from FY16 to FY21 Docks & Harbors only had \$8,100 in claims. This year we will have a storm damage claim of \$300,000. The premium is based on \$122M replacement value. He showed a slide on the inflation from 2013 to 2021. Looking at this data, it shows our expenses increased by 1.8% annually but our revenues have decreased by 9% annually over the same time period.

Mr. Ridgway said he does not believe this slide will fit with the budget presentation.



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Mr. Wostmann said since we enacted the CPI, this is not the picture going forward, and he is not sure this slide is useful for anything.

Mr. Uchytel said what he is hearing from the Board is to remove the slide showing inflation and just keep with the basic budget slides.

The members agreed to just show the basic budget slides in the Assembly budget presentation and the CPI information can be discussed in a later joint meeting with the Assembly.

Public Comment - None

2. Harbor Rate Study – Selected User Group Discussion

Mr. Wostmann said the meeting with the User Groups have already happened and he asked to have this on the Agenda. He believes the rate study is determined on the quality of data that is taken in. It is important to find out now if there are some major issues or questions that should be asked.

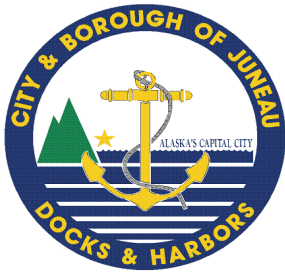
Committee Discussion

Mr. Etheridge said a lot of the information at the user group meetings went beyond the question being asked. This is really hard to look at this and say we need to ask this or that because the users added a lot more information.

Mr. Wostmann asked in viewing the attached questions are there any major concerns.

Mr. Ridgway commented with the question asking, “if an user would pay more for more services”, he is not sure if that is where we are at necessarily. This study is to find out if we can charge enough to keep status quo. It is a separate issue that if Docks & Harbors discovers they are not making enough money to cover what the current services are, would they support increasing fees. It is more a status quo. This is really saying, if your fees are increased, there will be more services and that is not the case. We need to cover the deferred maintenance, continued operations and keep the stuff we have floating. He does not know if we have enough money to maintain what we currently have. Not raising the rates for the last 15 years makes him doubt we are charging enough. If he was one of these users he would ask “okay if my fees go up, where is the increase in services”?

Mr. Wostmann recommended to bring this up at the next Board meeting and ask Mr. Homan if the data he has been gathering has insight to that.



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Mr. Leither said he was in one of the user group meetings and everyone had a lot to say until that question came up and that was not what everyone was thinking. His thought was to maintain what we already have and that question took him by surprise.

Mr. Ridgway said the question does not separate between maintenance of facilities and services and increases versus status quo.

Mr. Etheridge said one of the things he noticed was none of the users knew what services they actually got.

Mr. Leither said that was what the rant in his group.

Mr. Etheridge said people do not see the maintenance but they see the lack of maintenance. This is a problem because we need to do maintenance.

Mr. Wostmann said with the question asking for more money but not to keep the status quo question in that context, most of the people said "yes". What do they want the money spent on is another question?

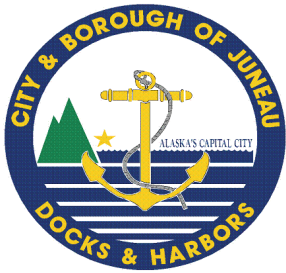
Mr. Etheridge said the only group that did not want to pay more for services was the live-aboard group.

Mr. Ridgway asked if there was any feedback on the increased services for the night patrol?

Mr. Etheridge said there were several people that spoke up and said they would pay additional for those type services increased.

Mr. Uchytel said Mr. Homan was trying to flush out how elastic the prices were for the various user groups. Does an increase cause any angst? He was surprised the Commercial Fisherman said they would pay more with better facilities. The launch ramp users did not like that we pay to maintain Taku Harbor and that we do not receive any revenue from that facility. The cruise ship user group felt the fees are high and the Charter operators felt they were coming out of a pandemic and they did not want the fees raises.

Mr. Wostmann suggested bring this question to the Board to ask Mr. Homan and if the whole Board is unhappy with the answer we could take some action at that time.



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Mr. Etheridge said the one take away he had from listening to all the user group meetings is no one uses water or garbage.

Public Comment – None

VII. Next Meeting – April 27th, 2022 @ 5:00pm

VIII. Adjournment – The meeting adjourned at 6:26pm.