

DOCKS & HARBORS FINANCE SUB-COMMITTEE MEETING MINUTES

Wednesday, January 26th, 2022
Via Zoom Meeting

- I. Call to Order** – Mr. Wostmann called the meeting to order at 5:00 p.m. on January 26th, 2022.
- II. Roll Call** – The following members were in the Port Director's conference room or via Zoom; Lacey Derr, James Becker, David Larkin, Matthew Leither, Mark Ridgway, Don Etheridge and Bob Wostmann.

Also Present: Carl Uchtyl – Port Director, Matthew Creswell – Harbormaster, Teena Larson – Administrative Officer, Nichole Benedict – Administrative Assistant I.

III. Approval of Agenda

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

Motion passed with no objection.

IV. Public Participation on Non-Agenda Items – None

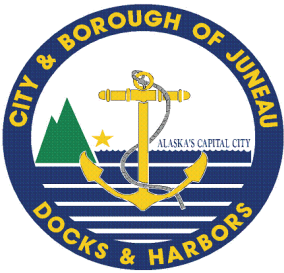
- V. Approval of Wednesday January 12th, 2022 Finance Sub-Committee Meetings Minutes.** Hearing no objections, the January 12th, 2022 Finance Sub-Committee meeting minutes were approved as presented.

VI. Items for Information/Discussion

1. Proposal by Mr. Leither – Statter Harbor Moorage Fee Surcharge

This proposal can be found on page eleven in the agenda packet. The proposal is for a 25% surcharge for permanent slip holders at Statter Harbor, in addition to their regular moorage.

- Possession of a permanent slip offers multiple benefits over transient moorage, and costs should reflect this.
- Demand greatly outstrips supply for permanent slips in Statter Harbor.
- In the current system, patrons with permanent slips have the opportunity to pay less in total harbor fees than those in transient moorage.
- If patrons with permanent slips are unwilling or unable to pay the proposed surcharge, there remain opportunities for moorage in the transient section of the harbor.
- Based on current rates (pre-rate study), this additional surcharge would generate \$47,367 per year.



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Committee Questions

Mr. Etheridge asked Mr. Leither if he calculated in the addition money made when people pull their boats out in the winter and we sell those stalls again as hot berths. He said we are charging for the same stall twice in this scenario.

Mr. Leither said he did not include that and does not see how that would impact patron's ability to hot berth in the winter. He said he would assume we would make more money.

Mr. Ridgway said he appreciates all the work Mr. Leither put into this presentation. He spoke about the comments from Mr. Leither on the law of supply and demand and if that should effect rates. He said he is not sure we have a good case to raise rates just because demand is high. He believes rates should be more geared to our operational cost and future differed maintenance costs.

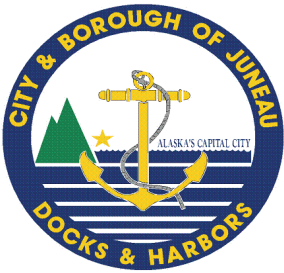
Mr. Larkin said he supports the idea of increasing rates but what bothers him is the term "surcharge". He said it sounds like a tax for the rich type of thing, maybe it is a wording issue. He was not sure he followed the logic on the electricity part of Mr. Leither's presentation and why those paying for actual use would warrant a higher rate. He does support increasing rates to make them more realistic. Maybe the term "supply and demand" is not the correct wording to use.

Mr. Leither said in his mind the ability to have a permanent stall in a transient harbor is a luxury. He feels treating it as a luxury and charging it as so is reasonable. He also said he completely agrees with Mr. Larkin about the electricity. He is not trying to say to charge people more because they are paying what is proper in electricity. His thought was it is just another luxury they have being a permanent stall holder.

Public Comment

Mr. Craig Dahl – Auke Bay, Alaska

Mr. Dahl is a permanent stall holder in Statter Harbor and has been a patron for many years. He said as a general observation, no matter what you call it, having a 25% increase without a ramp-up period is not good. This is a significant change in philosophy, especially from an economic standpoint. He will not argue with any of the comments about convenience that is why he waited in line for five years to get his stall. He said he pays regularly, every month like clockwork. You are able to rely on your cash flow from your permanent stall holders. The revenue coming in from transient verses permanent stall holders is notable. In the winter months this open transient space is not collecting any money but the permanent stall holders continue to pay. He feels about 40% of the permanent stall holders pull their boats and you are able to hot berth and collect double the money for the same stall. He feels you have a reliable source of income and loyal



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group of patrons. He can agree with one comment about charging for the length of the stall instead of the length of boat. He also feels after looking at other harbors up and down the coast a long waiting list for permanent moorage is very common. He does not feel that is a reason to isolate or discriminate a group. He understands the need to look at revenues, but this “surcharge” idea is out of left field and needs a lot more discussion.

Mr. Dennis Watson – Juneau, Alaska

Mr. Watson just heard about this proposal a couple of days ago. He has been reaching out to other harbor patrons with concerns. He feels we can anticipate a much more robust group of people commenting on this. Mr. Watson said this is about the most ludicrous thing he has ever seen. To single out one marina for this kind of stuff on top of the \$7.35 price already. We are already paying more than anyone else in Juneau for our moorage. He feels this larger price for Statter Harbor was due to poor judgement from the Harbor Board way back in 2005. We have all lived with it and supported the rate, and the increases every year that come from the CPI. He feels there is no reason for this increase, if you want additional money he suggested increasing the rates at the other Juneau marinas. He feels this is absolutely unsatisfactory. He spoke about how the Docks & Harbor patrons worked very hard to petition the State of Alaska to get funds to put these projects together. He would like the Board to take another look at this, he feels it is abusive and unnecessary.

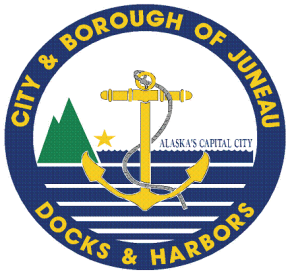
Committee Discussion

Ms. Derr asked staff about the waiting list and how no one has given up a stall in Statter for so long.

Mr. Uchtyl said they are on the waiting list for seven years. There is usually a turnover of three or four stalls each year. The person at the top of the list has been waiting for seven years to get from 45th to the top.

Mr. Creswell said last year we had quite a bit of turnover, especially with the 32’ stalls. He said they also had a couple of the 42’ stalls turn over.

Mr. Ridgway brought up the Rate Setting Policy in the agenda packet and asked if this “surcharge” would meet criteria two, “Is it Consistent”. Criteria number three in the policy state, “is the rate supported by data and justifies the rate”. He does not know if a 25% increase meets this criteria set out in the policy. He thinks it would be another income stream, but is it needed to support operations. He said he heard a member of the public tonight mention there is probably a billion other things we should be taking a look at as well.



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Mr. Larkin thanked Mr. Watson for speaking tonight and spreading the word to the public about this proposal. We do not always like some of the input from the public, but we absolutely need it for the betterment. The Board represents the public and we cannot work in a vacuum without your input. He asked the Harbormaster about the discounts patrons receive for paying six months or a year at a time. He also wanted to know about space at Statter Harbor for transients during the summer.

Mr. Creswell said the discounts are five percent off if you pay six months in advance, and ten percent off if you pay by the year. He said he did not have exact numbers but the discount is substantially used by our patrons. It is good for patrons and us, limiting administrative time processing payments. Statter Harbor is incredibly busy in the summer and it is common to see boats rafted several deep at side-tie sections.

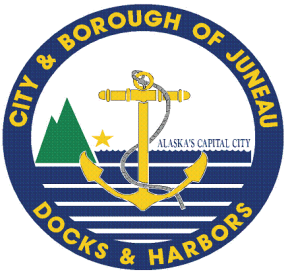
Mr. Ridgway asked if the rarity of the commodity ever came in to play with rate setting in the past.

Mr. Uchtyl spoke about taking over Deharts and the 1984 Thanksgiving storm that did significant damage and the decision to rebuild as a transient harbor.

Mr. Etheridge said we have never used the “commodity rarity” to set a rate. When we set the Statter Harbor rate it was due to being sought after and buying and taking over the private docks. We were taking patrons from a private and secure area and moving them to a public dock. When we found out what kind of rates they were paying at the private dock we decided to increase ours to make it closer to what they were used to paying. Other private dock owners were also on our case for not charging enough for the area.

Mr. Wostmann said he also appreciated the effort by Mr. Leither on his proposal. He has some concerns with the proposal but most were echoed by other members already. One being the criteria we set for coming up with a rate. The 25% increase seems fairly arbitrary. He hopes the rate study will take into consideration the permanent stalls and if there is justification to make them worth more. He said maybe we can pass along the comments and Mr. Leither’s proposal to the consultants. He does not feel this proposal is ready to be sent to the Operations/Planning Committee for further action. He would rather suggest this stay with the Finance Committee if we feel further discussion is needed. He asked if any other member had suggestions on how to proceed with the proposal going forward.

Mr. Ridgway said regarding the Statter Harbor waitlist, every harbor in Juneau has a multi-year waitlist for permanent moorage. He was curious about the topic of supply and



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demand and asked if it was something we could bring up to the consultants doing the rate study.

Mr. Wostmann asked if any other member felt it was necessary to forward on this proposal to the consultants doing the rate study. He asked Mr. Uchytel if he could see any issues with submitting the proposal.

Mr. Uchytel said there is no problem forwarding it on. He offered his opinion that forwarding this on with no real justification for the 25% increase might be a problem, the number was picked from the air. He is unsure what the consultants would do with that.

Mr. Wostmann said he would like to ask the consultants if there are harbors where open slips and permanent slips have a different rate. If they find this is common he would like to know the standard difference in those rates. He agreed the 25% seemed very arbitrary at this point.

2. Wordsmithing - Justification Criteria for CPI Fee Linkage

Mr. Uchytel asked members to see page thirteen in the agenda packet. He mentioned criteria seven had some negative comments made about it at the last Operations/Planning Committee meeting. He wanted to give the committee an opportunity to review this document and do some wordsmithing before it goes to the next Board meeting.

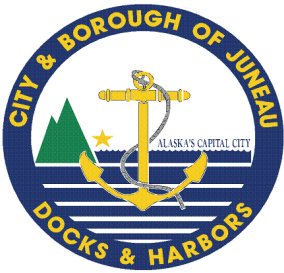
Mr. Wostmann said the consensus at the last Operations/Planning Committee meeting was criteria number seven was premature. His proposal is to say “to be determined” or possibly to be deleted entirely.

Committee Discussion

Mr. Leither said he likes the way this looks, he is happy to see everything listed out and questions answered.

Mr. Larkin said he likes this document. He feels it is missing a mission statement type paragraph in the beginning. He would like people to understand why we charge fees.

Mr. Ridgway said he would like to see something about the city tasking staff with paying for all operations out of the rates we charge. He spoke about how hard it is to come up with an operations budget when we do not know if we will receive grants or use CIP's.



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Public Comment – None

3. QA - Regulation Changes for Consumer Price Index (CPI) Update
We would like to move this to the Regular Board meeting for tomorrow. Starting on page 15 of the agenda is a draft from the Law Department.

Committee Discussion – None

Public Comment – None

VII. Sub-Committee Action Items

1. Provide Mr. Uchytel with any CPI linkage criteria changes or suggestions.
2. Give more thought on Mr. Leither's proposal.

VIII. Good of the Order

1. Reminder - The Assembly Committee of the Whole meeting is on Monday. The City Manager has brought back the dockage fee increases for the IVF, PFO, ICT and the Statter Harbor Breakwater for non-cruise ships under two hundred feet.

IX. Next Meeting – February 9th, 2022

X. Adjournment – The meeting adjourned at 6:07 p.m.