

DOCKS & HARBORS FINANCE SUB-COMMITTEE MEETING MINUTES

Wednesday October 16th, 2019

I. Call to Order – October 16th at 3:00 pm in CBJ Room 224.

Mr. Wostmann called the Finance Sub-Committee meeting to order October 16th at 3:00 pm.

II. Roll Call

The following members were present: James Becker, Chris Dimond, Mark Ridgway, and Bob Wostmann.

Also present were the following: Carl Uchtyl – Port Director, Dave Borg – Harbormaster, Tiara Ward – CBJ Finance Accountant, Angelica Lopez-Campos – CBJ CIP Accountant, and Don Etheridge Docks & Harbors Board Chair.

III. Approval of Agenda

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

Motion passed with no objection.

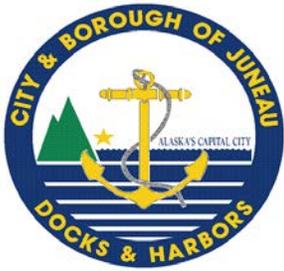
IV. Public Participation on Non-Agenda Items - None

V. Items for Information/Discussion

1. Review 2019 budget

Mr. Wostmann said he wants the committee to review the numbers in the documents provided in the packet and get an understanding from Mr. Uchtyl of how the numbers are structured and where the department is standing. He wanted the Committee to keep in mind in this review that with the lack of certainties the future brings and the changes taking place, the Committee needs to be thinking where we can identify cost savings as well as areas to create additional revenues. He said he does not anticipate any conclusions today but to look for those things. He also wants to support staff with the upcoming budget cycle. He asked staff to let the Committee know where they can help with the budget process and financial aspects of Docks & Harbors.

Mr. Uchtyl said one of the challenges in our budget cycle is staff brings figures to the Board starting January with the expectation the Board approves everything for the next biennial budget within a month or two. Our approved Board budget is then presented to the Assembly for their approval and it gets all truncated in January and February. He is in favor of starting presenting budget numbers in October and November so it is not as



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foreign as just seeing the numbers in January and asking for approval. Mr. Uchytel said Docks and Harbors are two separate enterprises.

Mr. Uchytel went over the Harbors revenue and expense projections through FY23 on page two of the packet. He said FY19 will not be complete until sometime in December. He pointed out Harbors revenue is not keeping pace with Harbors expense.

Mr. Wostmann asked if the Capital Outlay's line item is a purchase of a capital item and support to Capital Projects is a transfer from our fund balance to a project?

Mr. Uchytel said yes. He said page three of the packet is the most updated numbers and went over those numbers. At the end of the year, revenue that exceeds expenditures goes into our fund balance. However, due to our obligation for the bond covenant, we are required to keep a reserve of \$749,500 in our fund balance but it is non-expendable funds. This is in case we do not make any money the following year it will cover the bond payment.

Mr. Wostmann asked what happens when we do not have enough in the Harbors reserve?

Ms. Lopez-Campos said you should budget so you do not go over.

Mr. Ridgway said the information on page 3 shows we went over by \$65,000. What are the consequences for that?

Ms. Ward said she will look into what happens if you do not have enough money in your reserve.

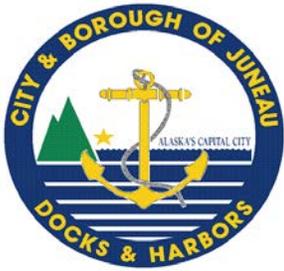
Mr. Uchytel said the first year he was Port Director, Harbors did not have sufficient revenue and received a letter from the bond bank letting us know we need to do better. The bottom line here is Harbors does not have money to spend on things we want to do.

Mr. Uchytel went over the GL298 revenue report for Harbors starting on page 5 in the packet.

Mr. Wostmann asked what Lawson is?

Ms. Ward said it is CBJ's accounting system.

Discussion followed on the interest income received on bond revenue.



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Mr. Etheridge asked how we know how much is left on the bond?

Ms. Lopez-Campos said the bond has an amortization schedule and staff can request a copy from treasury.

Mr. Uchytel said the bad debt is from impounded vessels and is over what was budgeted because it included 2017, 2018 and 2019 bad debt.

Mr. Becker asked if the number will start decreasing now that there has been so many boats impounded.

Mr. Borg said he is not seeing that it is decreasing yet.

Ms. Lopez-Campos said the bad debt also includes people that do not pay their stall fees.

Mr. Uchytel went over the line items in the GL298 expense report for Harbors starting on page 7 in the packet.

Mr. Uchytel said on page 11 shows the Dock fund operation from FY13 to FY19 and on page 12 are the most current numbers.

Mr. Uchytel went over the GL298 for Docks revenue on page 14 in the packet and he said the docks fund balance has a healthy amount.

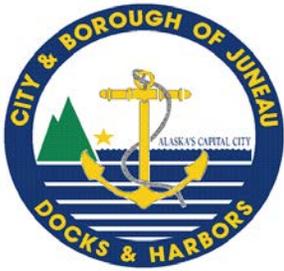
Mr. Uchytel went over the line items on the GL298 for Docks expense on page 16 in the packet.

Mr. Ridgway asked how the interdepartmental fees are figured out?

Mr. Uchytel said the interdepartmental fees are fees paid to other CBJ departments for support to Docks & Harbors. They are split in half between Docks and Harbors expense. He is not sure if they should be split 50/50. Staff could look at changing the split amount if there is more interdepartmental work on Docks or Harbors.

Mr. Uchytel said on page 20 shows the Port Development Fees revenue and page 21 is the Marine Passenger fees. Every December the City Manager asks Departments and other businesses that are impacted by cruise passengers to submit an ask for the marine passenger fees for projects. Docks typically receives \$287,000 for Docks operations.

Mr. Becker said it looks like Harbors does not have any money for any projects.



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Mr. Uchtyl said that is correct. Staff submits grant application when there are opportunities.

Mr. Ridgway asked what is the balance required from the Finance Department for the Docks funds to have?

Mr. Uchtyl said the Docks is \$1M and the Harbors is \$750,000.

Mr. Ridgway asked what the current fund balance is for Docks?

Mr. Uchtyl said Docks has \$2.388M.

Ms. Lopez-Campos and Ms. Ward left the meeting at 4:28pm.

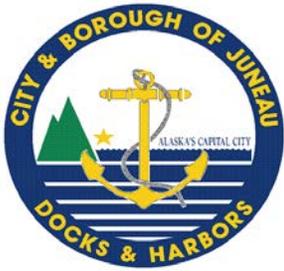
2. Preparation for 2020/21 budget and milestones

Mr. Wostmann suggested to decide if this Committee needed to meet again to be prepared for the strategic retreat and the upcoming budget cycle.

Mr. Uchtyl said the Finance Department is still auditing the FY19 books and should be finished around December 1st. The first part of January is when they give us the spreadsheet on personnel.

Ms. Larson said she already updated the organization chart from H.R. that shows how many FTE's Docks & Harbors has. Next she said she will get the Fleet replacement schedule. The Fleet replacement is where staff lists all our vehicles and we schedule out when to replace a vehicle. Money is added in our budget every year to go into our replacement schedule so we have enough money set aside when a vehicle replacement is due. When staff replaces a vehicle, we sell the old one in surplus and the money from the sale is put into the replacement funds. Ms. Larson said she will receive the budget paperwork next with all the line items in the GL298 to update with the projected numbers. She said she meets with the Harbormaster, Deputy Harbormaster, Harbors Operations Supervisor, and the Administrative Assistant III to get their recommendations or known changes on revenue and expense projections. Ms. Larson said some of the numbers are a guessing game because there are a lot of things that can change without any notice.

Mr. Wostmann said that is also where the Sub-Committee can help with insight on what they know might be happening. He asked Ms. Larson when it would be a good time for the Sub-Committee to help with the budget numbers.



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Ms. Larson said just after the New Year.

Mr. Borg said staff will be finished with the staffing study at that time as well.

Mr. Uchytel said with the turn over with the Docks staff this year, staff wanted to look at if there is a better way to schedule staff for the Docks operations. Harbors staff turns over very slowly.

Mr. Ridgway said he believes the Committee is looking at ways to help in the bigger broader terms and not minuscular things.

Mr. Wostmann said he recommended to include percentage differences on the right side of the budget documents to better see the changes.

3. Next Meeting – Next meeting was scheduled for Thursday November 7th at 3:00 pm.

Mr. Wostmann said with the final budget numbers not going to be out until mid December, he is not sure how much preparation can be accomplished before the strategic retreat on November 12th to help with the decision making.

Mr. Uchytel said looking at pages 2 and 11 in the packet it shows Harbors and Docks funds are stable. However, Harbors revenue is not keeping pace with our expenditures and at some point this will need to change. The rates have not really increased in the last 10 years.

Mr. Wostmann asked to have a report showing the fees over the last 10 years.

Mr. Uchytel said he would like to look at trends on different items and will have staff work on those reports for the next meeting.

VI. Adjournment – The Finance Sub-Committee Meeting adjourned at 4:44 pm