



**DOCKS & HARBORS
FINANCE SUB-COMMITTEE
MEETING**

Thursday, December 12th, 2019
3 pm in CBJ Room 224

- I. Call to Order** – December 12th at 3:00 pm in CBJ Room 224.
- II. Roll Call** (James Becker, Chris Dimond, Mark Ridgway, and Bob Westmann)
- III. Approval of Agenda**
- IV. Approval of November 7th, 2019 Finance Sub-Committee Minutes**
- V. Public Participation on Non-Agenda Items** (not to exceed five minutes per person, or twenty minutes total time)
- VI. Items for Information/Discussion**
 - 1. Loading Zones and Vendor Booth – Trends**
 - 2. Preparation for FY2021 & FY2022 Budget and milestones**
 - 3. Strategic Planning Retreat Odd & Ends**
 - 4. Next Meeting**
- VII. Adjournment**



**DOCKS & HARBORS
FINANCE SUB-COMMITTEE
MEETING MINUTES**

Thursday November 7th, 2019

I. Call to Order – November 7th, at 3:00 pm in CBJ Room 224.

Mr. Wostmann called the Finance Sub-Committee meeting to order November 7th, at 3:00 pm.

II. Roll Call

The following members were present: James Becker, Chris Dimond, Mark Ridgway(arrived at 3:09 pm), and Bob Wostmann.

Also present were the following: Carl Uchtyl – Port Director, Dave Borg – Harbormaster, Jennifer Sims – Administrative Assistant III, and Tiara Ward – CBJ Finance Accountant

III. Approval of Agenda

Mr. Uchtyl requested to move 2b under items for information to the top of that section so Ms. Ward can answer any questions and would be able to leave after that item.

MOTION By MR. BECKER: TO APPROVE THE AGENDA AS AMENDED AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

IV. Approval of October 16th, 2019 Finance Sub-Committee Minutes –
Hearing no objection the minutes of October 16th, 2019 are approved as presented.

V. Participation on Non-Agenda Items - None

VI. Items for Information/Discussion

1. Identifiable Docks & Harbors Financial Trends

Mr. Uchtyl showed a presentation showing fund trends for Harbors and Docks funds.

Harbor Revenue Trends - Mr. Uchtyl pointed out the revenue and expense lines are moving together. This means the expense is out weighing the revenues and it will not be long before we need to increase fees to help pay for the expense. He said about 55% of all expense is related to personnel costs. The personnel cost is keeping up with inflation but the revenues are not keeping up with inflation. The Harbor moorage fees have been tied to the Anchorage CPI but because of the rounding there was a rate increase this last July but prior to that there was only one other time since 2013. Our fund balance is so low at this time because of all the projects we have completed we are at a position that we can not draw on that anymore for projects until it gets built back up.

Docks Revenue Trends – Mr. Uchtyl said the revenue and expense is fairly flat with a slight rise. Our personnel expense has increased but there is more area to maintain now.



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Thursday November 7th, 2019

Mr. Becker asked how money gets put in the fund balance?

Mr. Uchytel said any revenue left over after expenses goes into our fund balance.

Mr. Dimond asked what is the ideal amount to be kept in the fund balance?

Mr. Uchytel said the Finance Department says \$1M and we are at that limit currently.

Mr. Uchytel went over the following slides in the packet from page nine to 20 showing trends.

State Shared Revenue – This is a raw fish tax we receive from the state that is an important part of our income. Harbors receives between \$350,000 to \$400,000 annually. Next year we may see less because of the bad fish year. In FY13 it looks like we received a lot less but the accounting for this money was changed to the actual fiscal year the money was received in. The \$80,000 was moved to FY13 from FY14 so we had enough money in our budget to meet our bond requirements.

Uninspected vessel revenue - These are the six pack vessels that provide tours.

Inspected vessel revenue – This is the bulk of the whale watching charters.

Crane fee revenue – This is revenues from cranes at Aurora and the Auke Bay Loading Facility. We are changing our key card system for the crane operations in mid -December and we should start to generate more revenue when the new system is installed.

Lease revenue – This is \$900,000 in revenue for managing our leases.

Mr. Wostmann asked if we have done market analysis on these leases to see if the rates are competitive?

Mr. Uchytel said all our leases have an appraisal done every five years.

Petro Marine fuel dock revenue – This revenue is the fuel sold at Statter Harbor.

Parking revenue – These revenues are the parking for the Statter Harbor and the Downtown Taku lot area.

Mr. Wostmann asked if there has been discussion to charge for parking at Harris and Aurora?

Mr. Uchytel said staff has the authority to do so but he has elected not to at this time.

Mr. Ridgway asked if this included the loading zone permits?



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Mr. Uchytel said no.

Live-aboard revenue - This is the live-aboard fees collected from Statter and downtown harbors.

Downtown Moorage revenue – This revenue shows the revenue collected from skiff, daily, monthly, and annual moorage.

Statter Harbor Moorage revenue – This revenue shows the revenue collected from skiff, daily, monthly, and annual moorage.

Launch Ramp Permits revenue – This separates the daily, annual, and commercial annual launch ramp permit revenue.

Reserved Moorage revenue – This shows the Auke Bay breakwater and downtown IVF, PFO and ICT reserved moorage revenue.

2. Preparation for FY2021 & FY2022 budget and milestones.

a. Fleet Replacement Schedule – Mr. Uchytel said this is part of the budget process. In the Docks budget every year we include \$10,000 in the fleet replacement and \$20,000 per year in the harbors budget. This is money we draw on when we need to replace a vehicle or piece of equipment.

Ms. Larson said this is updated except for adding the 2019 surplus sales.

b. Harbor Bond Amortization – Mr. Uchytel said on page 26 in the packet was the managers report from 2006 where the Assembly approved the bonds for Old Douglas Boat Harbor, Auke Bay Loading Facility and DeHart's Marina note refinancing. The total for the bonds was \$10,620,000. In 2015, the bonds were reissued and on page 21 in the packet shows repayment schedule until 2034.

Mr. Wostmann said he did not understand what “coupon interest” and “interest expense” was in the schedule?

Ms. Ward said interest expense will end up on your books at the end of the year. Coupon interest is the payment that we send.

Mr. Dimond asked if the coupon interest, the interest expense, and the principal is the annual payment?

Ms. Ward said the principal and the coupon interest is the annual payment. The amount you see on the books is the principal and interest expense with the difference being the premium amortized.



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Mr. Becker asked if the bond is all the debt Harbors has?

Ms. Ward said she believes that is correct.

Mr. Wostmann noted that the bond started at over \$10M and we are down to approximately \$7.5M. He asked if there is room for more bonds?

Ms. Ward said she would ask the Finance Director.

Mr. Uchytel said he has heard in the past that there is capacity with the pay down of the bonds for more bonds. This is something the Board should be thinking as more and more State and Federal grant funding is going away. If we are serious about recapitalizing our facilities we will need to ask the Assembly for a GO bond or Revenue bond in the future. He believes fiscally the City is in a position that we could take on more debt.

Mr. Becker asked if the bond rates are favorable now?

Ms. Ward said she assumed they were close to what they were in 2015 when the bond was refinanced, but she can look into the current rate.

Mr. Wostmann said that would be good to know for future planning.

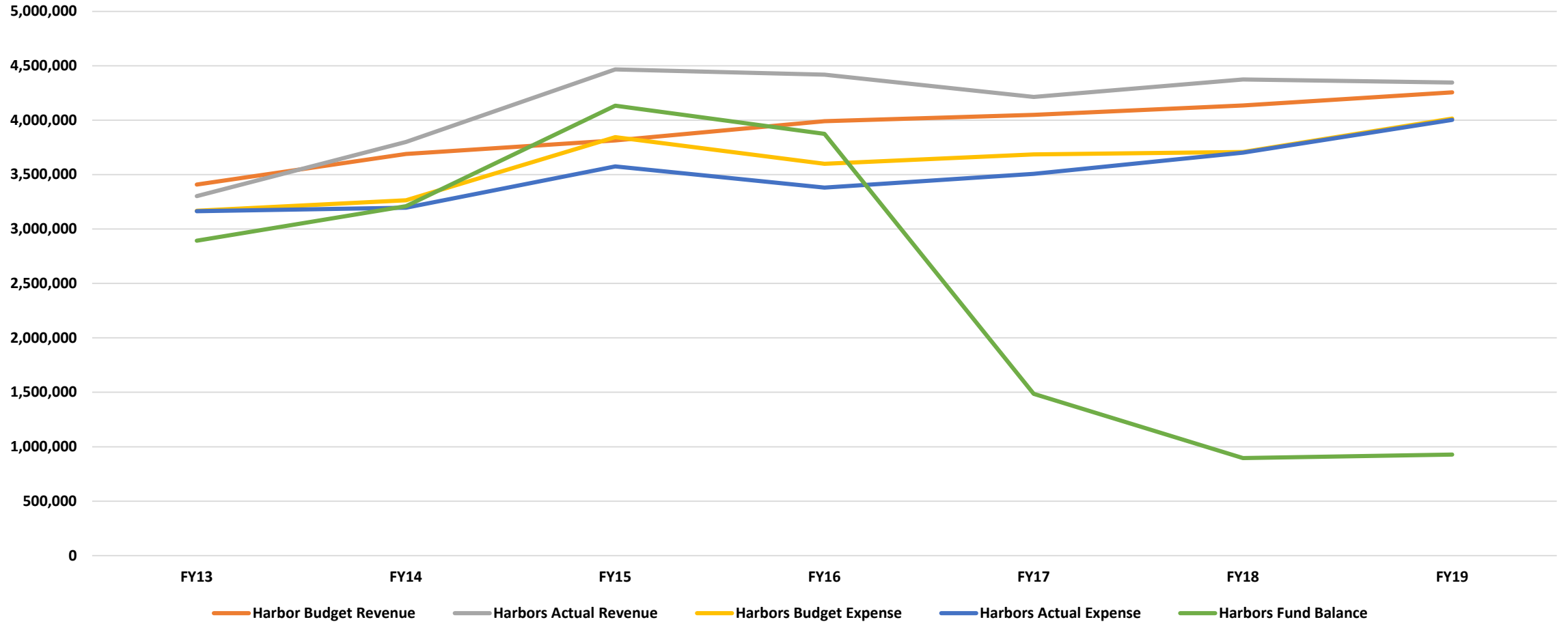
Mr. Ridgway asked what assets would be used for the recapitalization?

Mr. Uchytel said the match for the wave attenuator at Statter Harbor, the North end of Aurora Harbor, and the North Douglas launch ramp project. There is possible funding available but nothing is reliable as a bond.

3. Next Meeting – Next meeting was scheduled for Thursday December 12th, at 3:00 pm. The agenda items to be defined from the Strategic Retreat.

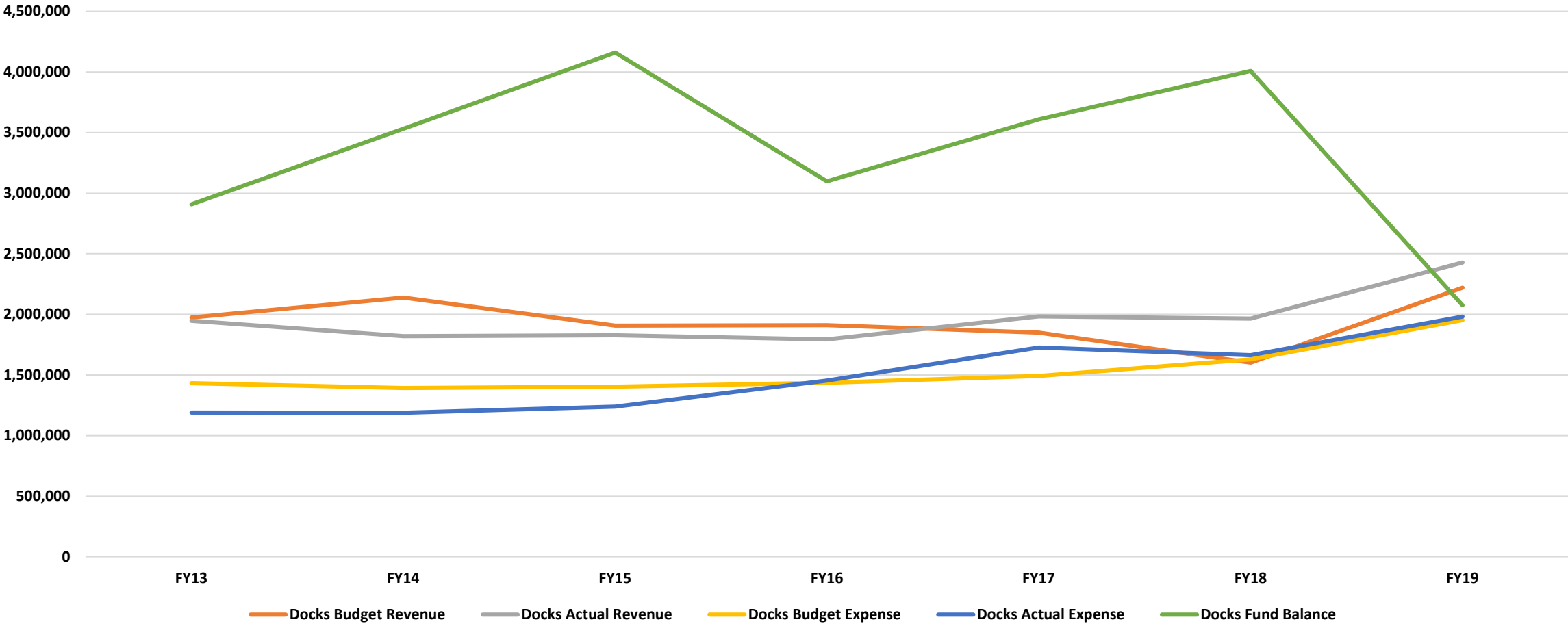
VI. Adjournment – The Finance Sub-Committee Meeting adjourned at 4:52 pm

Harbors Funds Overview



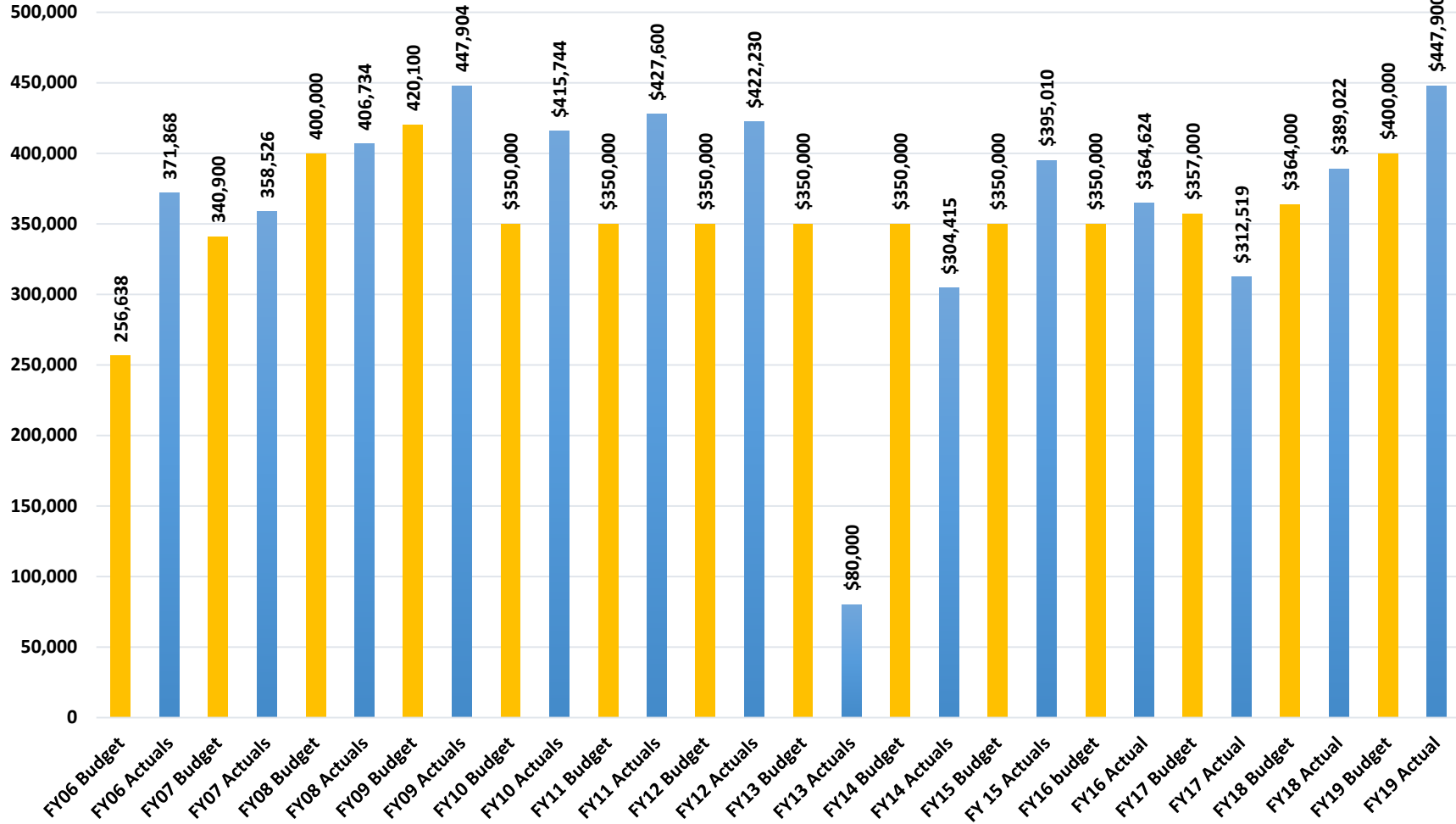
	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Harbor Budget Revenue	3,408,942	3,689,400	3,813,300	3,990,400	4,047,900	4,134,900	4,254,900
Harbors Actual Revenue	3,301,200	3,800,400	4,466,300	4,418,400	4,213,000	4,374,735	4,345,600
Harbors Budget Expense	3,168,590	3,264,000	3,843,800	3,598,600	3,685,700	3,707,100	4,015,500
Harbors Actual Expense	3,163,500	3,195,000	3,574,700	3,380,634	3,507,112	3,702,155	4,002,700
Harbors Fund Balance	2,893,416	3,210,757	4,133,190	3,874,843	1,485,483	895,149	926,900

Docks Funds Overview

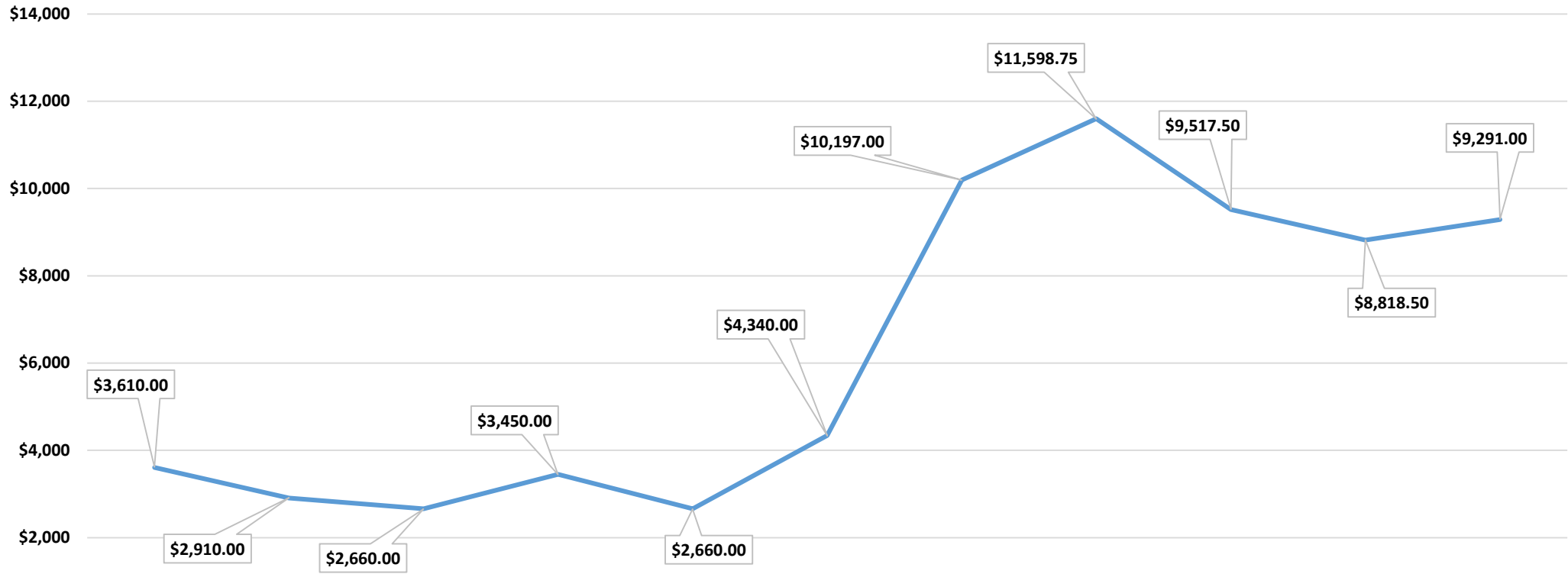


	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Docks Budget Revenue	1,974,600	2,139,400	1,906,600	1,911,500	1,849,500	1,601,900	2,220,200
Docks Actual Revenue	1,946,900	1,820,000	1,828,400	1,792,800	1,983,100	1,964,484	2,428,400
Docks Budget Expense	1,431,592	1,392,300	1,403,500	1,436,800	1,492,000	1,629,300	1,952,000
Docks Actual Expense	1,189,800	1,188,500	1,238,600	1,454,100	1,727,600	1,663,167	1,982,400
Docks Fund Balance	2,907,240	3,531,061	4,159,525	3,098,254	3,609,037	4,009,076	2,075,400

State Shared Revenue



Uninspected Vessels Revenue



	18 (26)	13 (19)	11 (17)	15 (23)	10 (19)	13 (24)	16 (40)	12 (30)	10 (22)	11 (25)	10 (26)
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019

Boat Fee	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$100	\$150	\$151	\$156
*Passenger Fee	\$15	\$15	\$15	\$15	\$15	\$15	\$1.00	\$1.25	\$1.50	\$1.50	\$1.50

The amounts in () is total boats.

- Prior to 2015, uninspected vessels were charged an annual fee of \$15 per seat in lieu of the daily passenger fee.
- 2015 - 2019 is a fee per passenger.

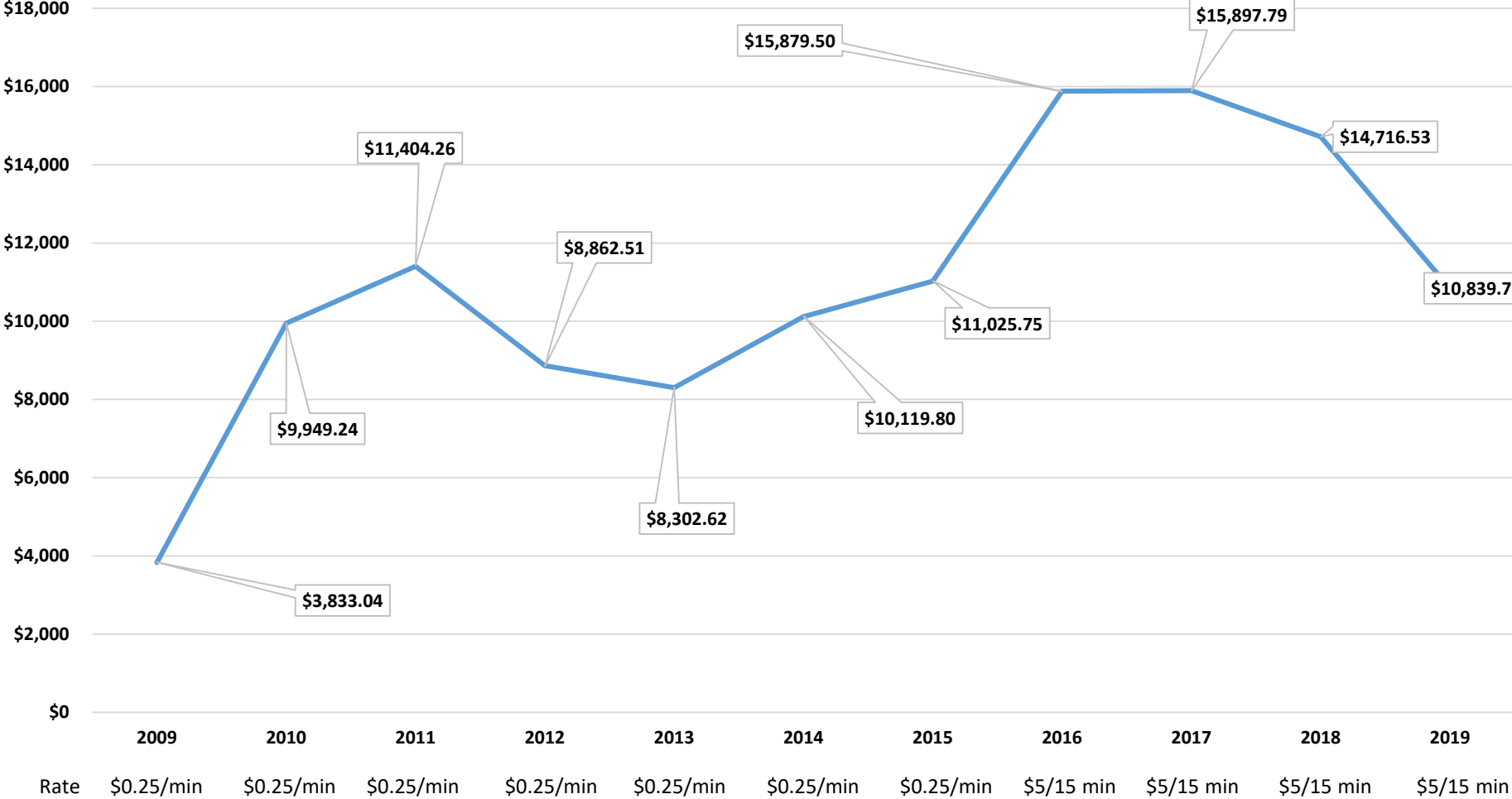
Inspected Vessels Revenue



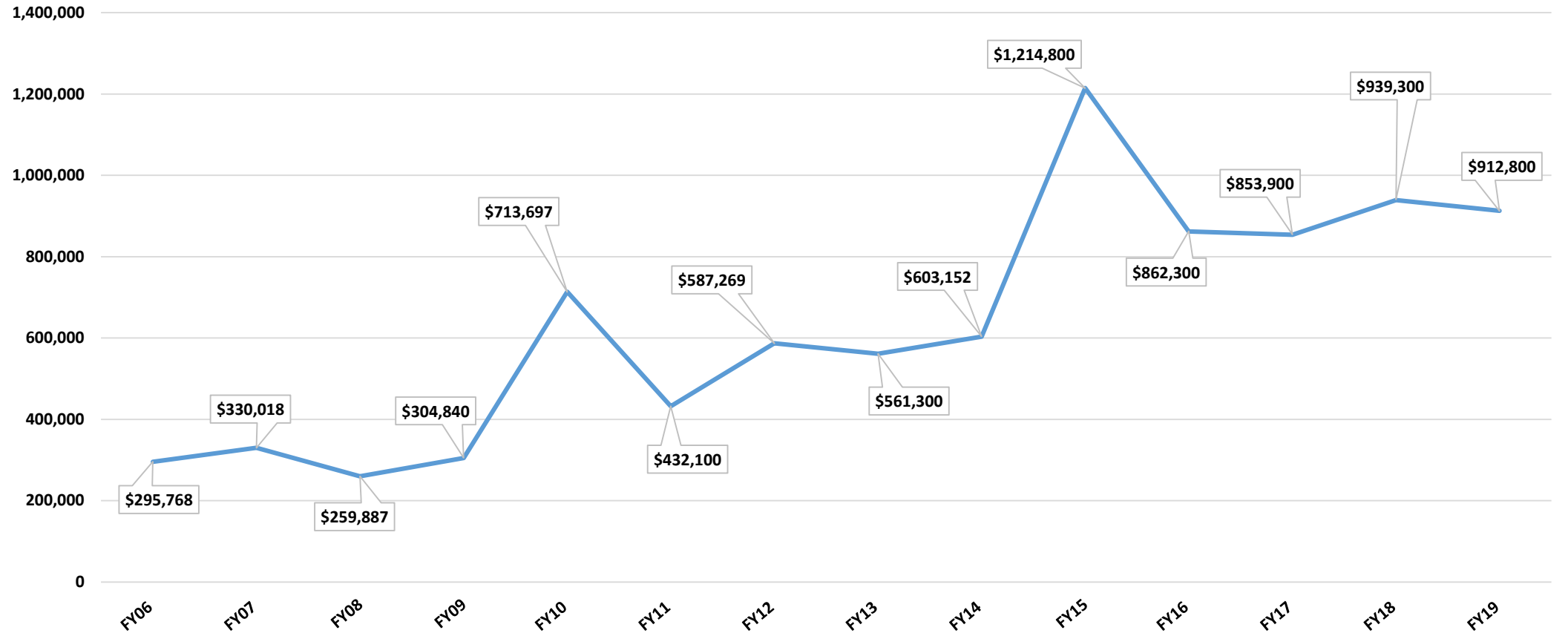
	8 (13) 2009	9 (27) 2010	5 (17) 2011	7 (21) 2012	7 (19) 2013	7 (19) 2014	7 (25) 2015	7 (29) 2016	8 (32) 2017	9 (35) 2018	10 (41) 2019
Boat Fee	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$400	\$500	\$518	\$518
Passenger Fee	\$1.00	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.25	\$1.50	\$1.50	\$1.50	\$1.50

The amounts in () is total boats.

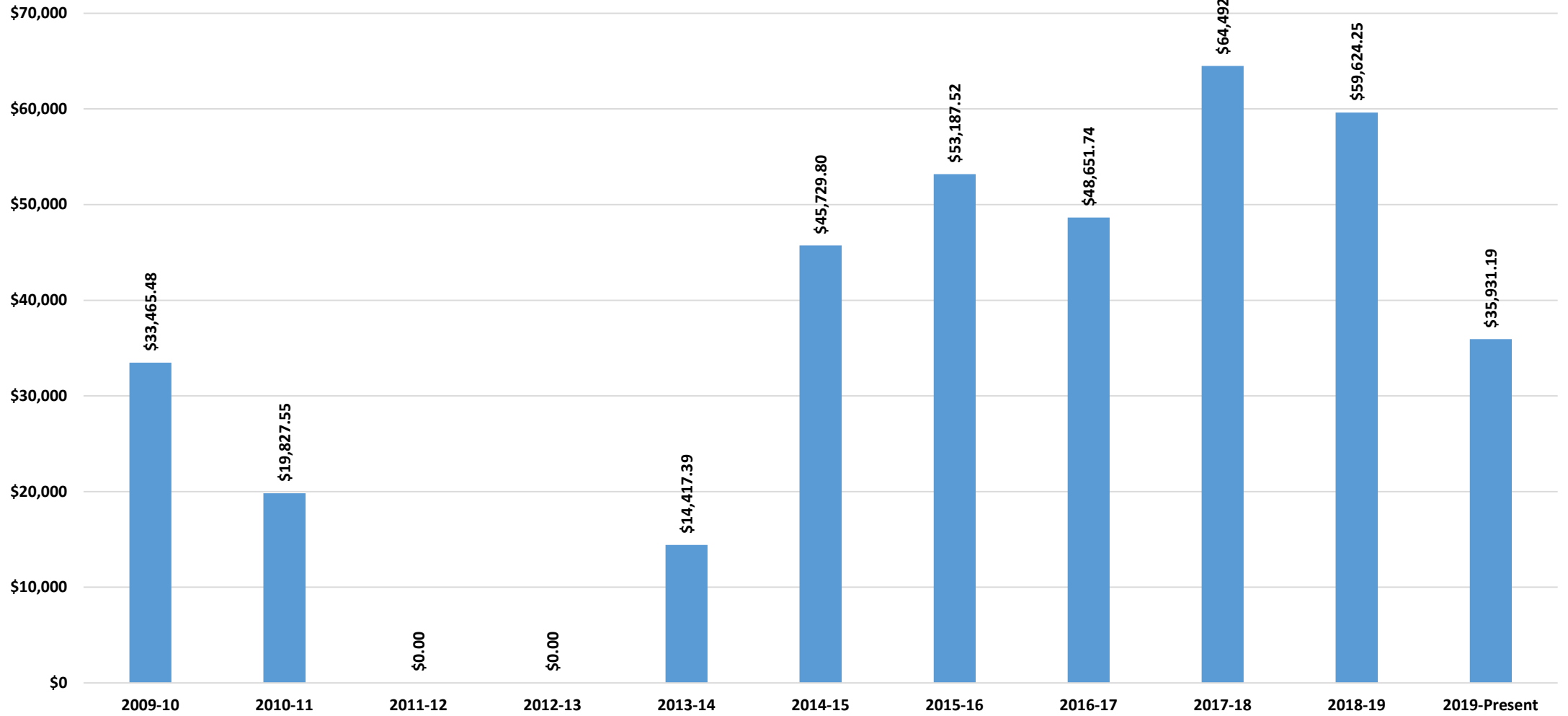
Crane Fee Revenue



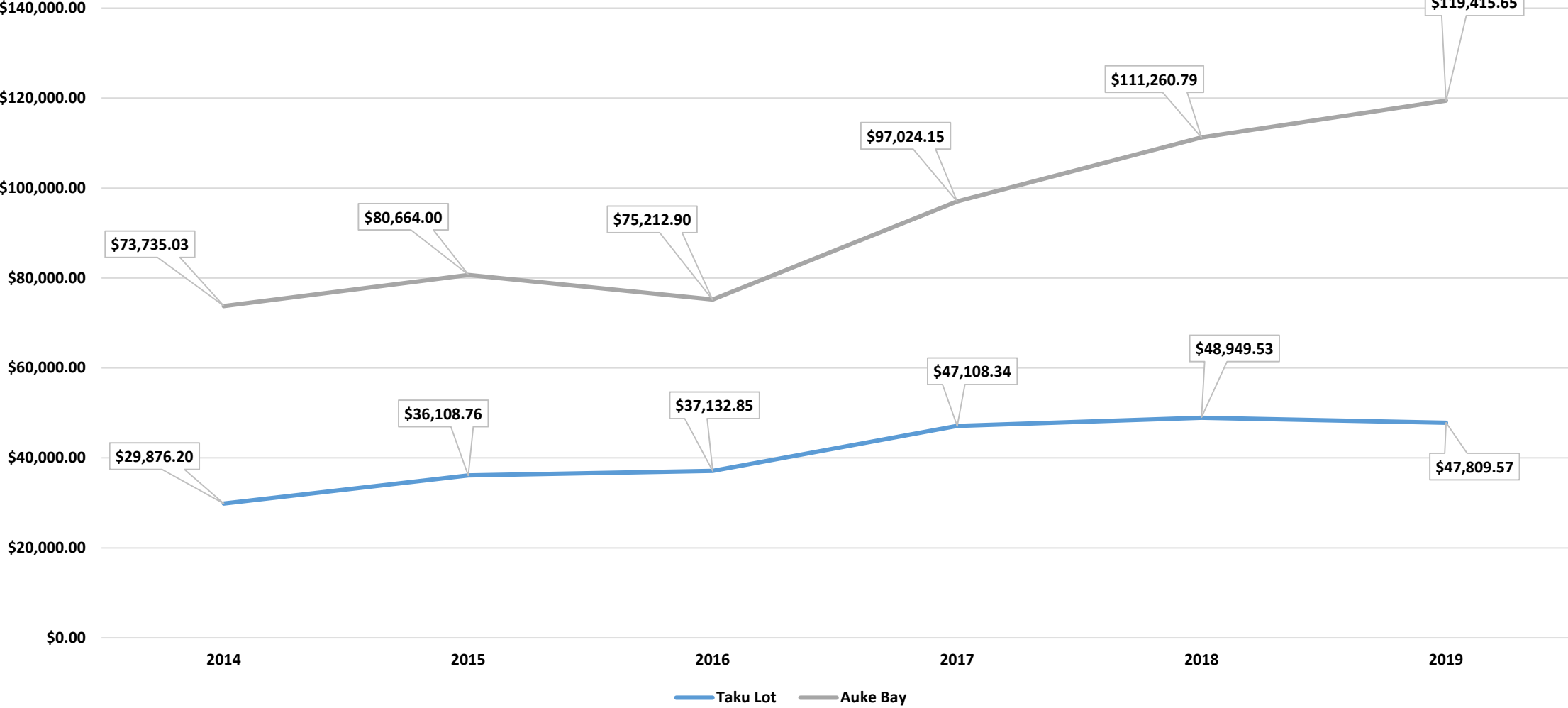
Lease Revenue Trends



Petro Marine Dock Lease Revenue - Rate \$.05/gal

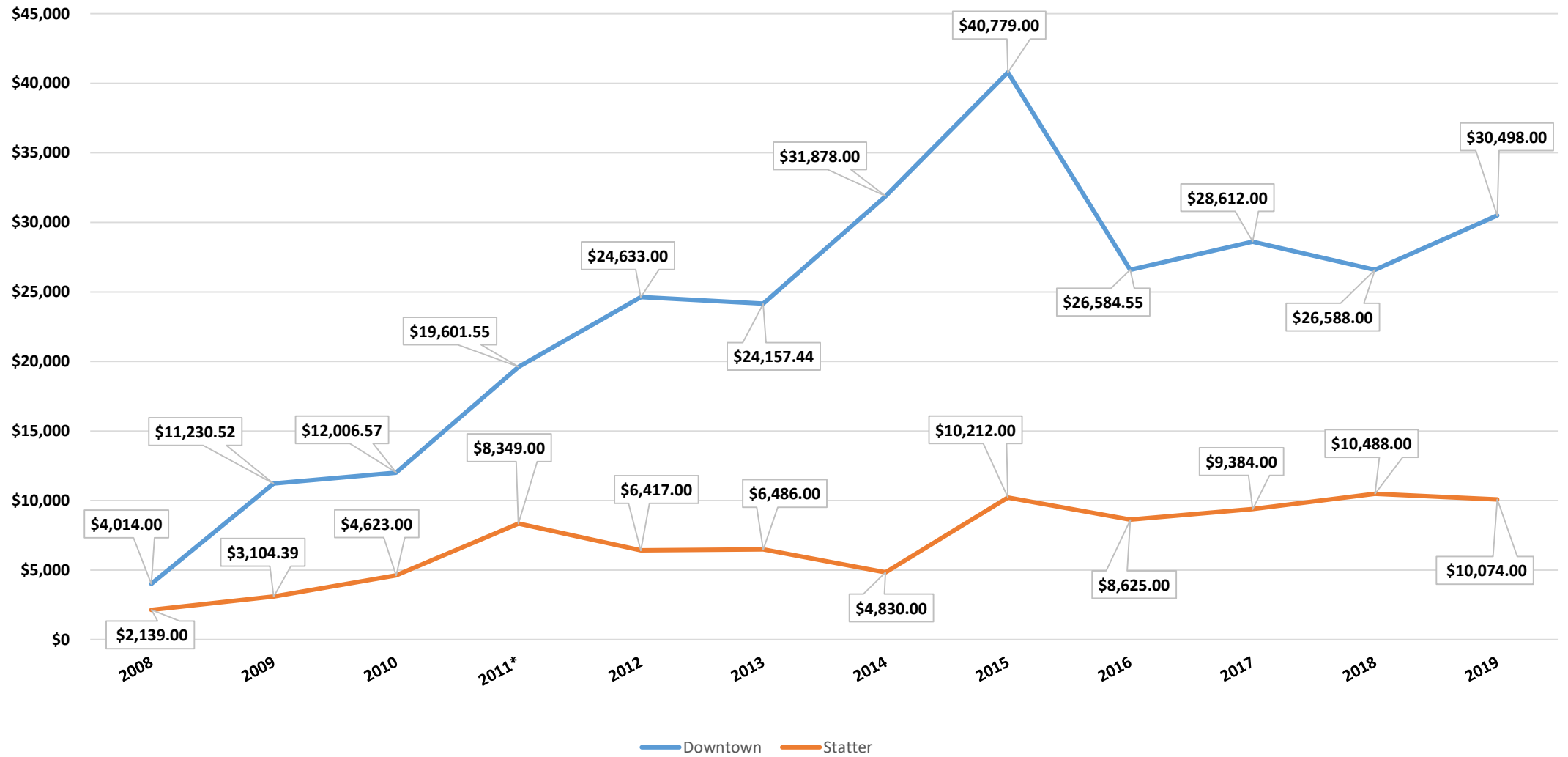


Parking Revenue



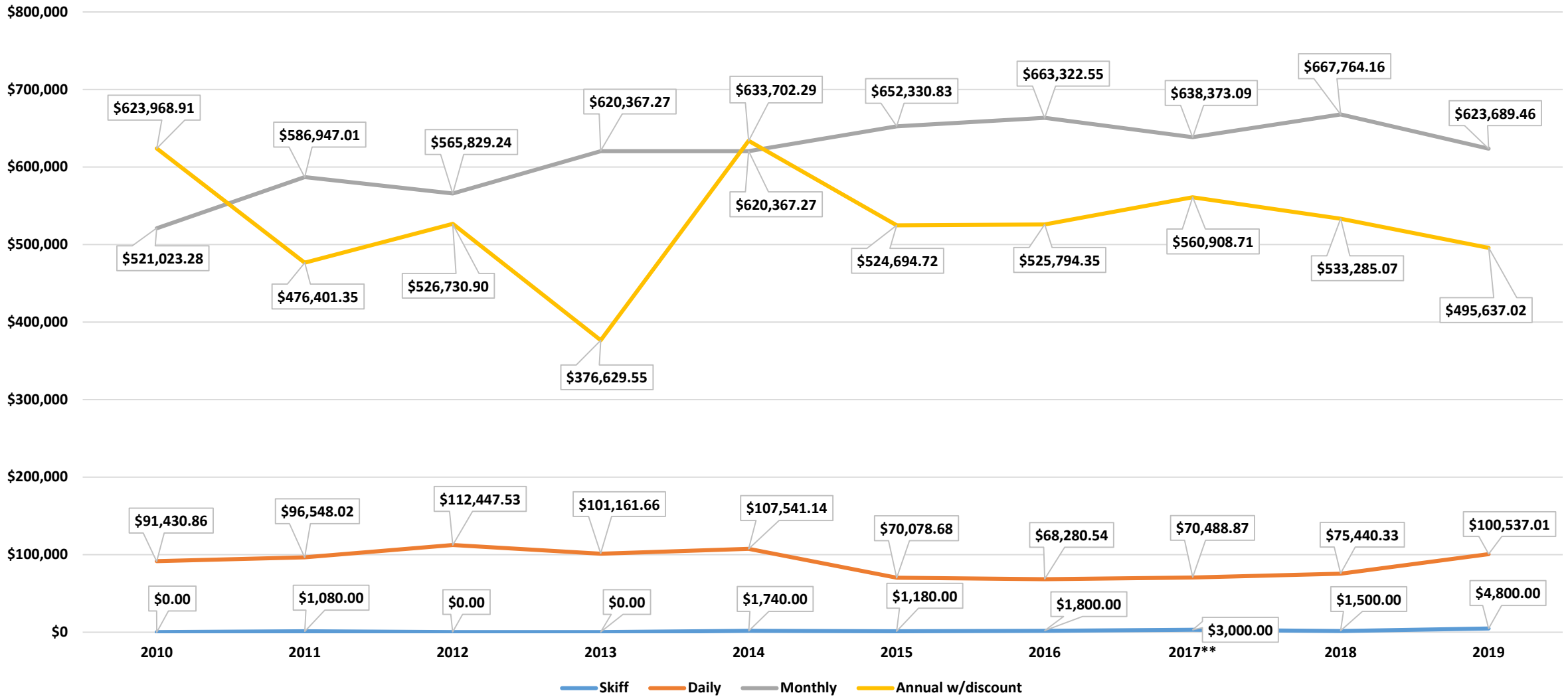
Downtown Rates	\$2/hr	max 3 hrs
Auke Bay Rates	\$1/hr	\$5/day

Liveboard



2008 to current Liveboard fee has remained the same at \$69. *FY11 There was an additional Liveboard fee of \$23 implemented for over four people living on a boat. The additional fee generated \$391 in FY17, \$322 in FY18, and \$276 in FY19 and only in the downtown harbors.

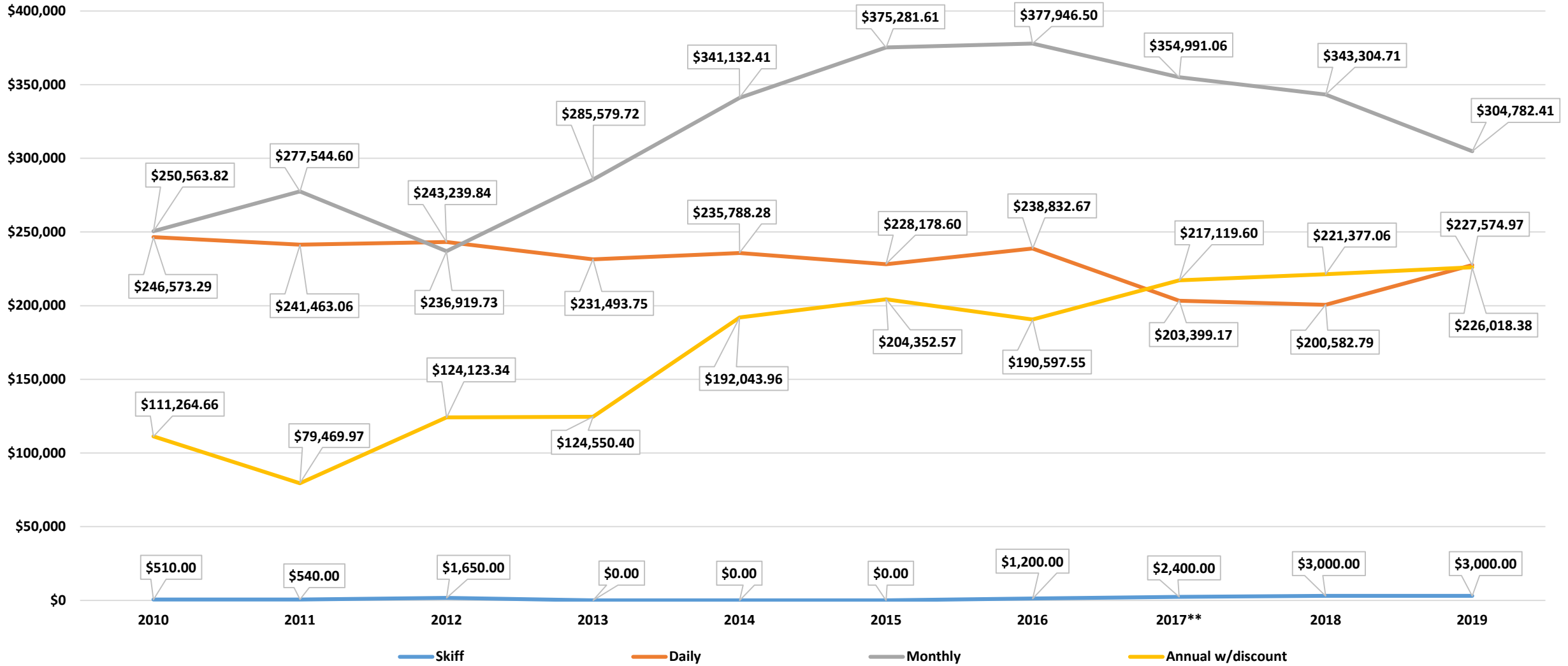
Downtown Moorage



** FY17 Changed discount - 5% for 6 month advance payment and 10% for 12 month advance payment

Rates	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
Skiff	\$500.00	\$510.00	\$535.00	\$540.00	\$550.00	\$568.00	\$580.00	\$590.00	\$600.00	\$300.00	\$300.00	\$300.00
Daily	\$0.45	\$0.46	\$0.48	\$0.49	\$0.50	\$0.52	\$0.53	\$0.54	\$0.55	\$0.55	\$0.55	\$0.55
Monthly	\$3.60	\$3.70	\$3.85	\$3.90	\$3.95	\$4.08	\$4.15	\$4.20	\$4.25	\$4.25	\$4.25	\$4.25

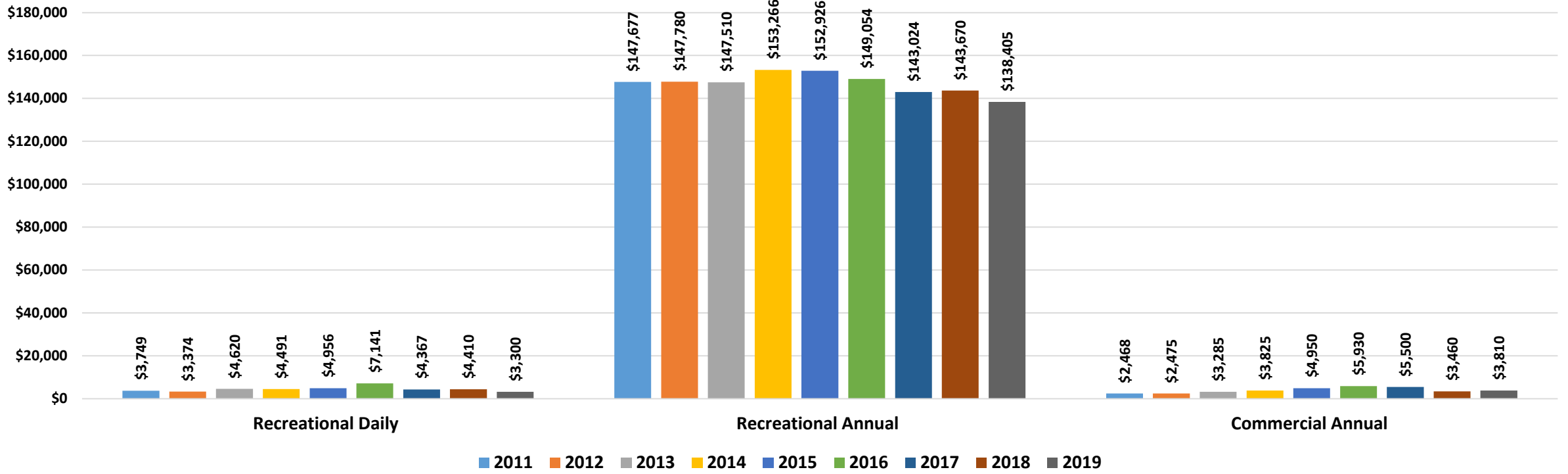
Statter Moorage



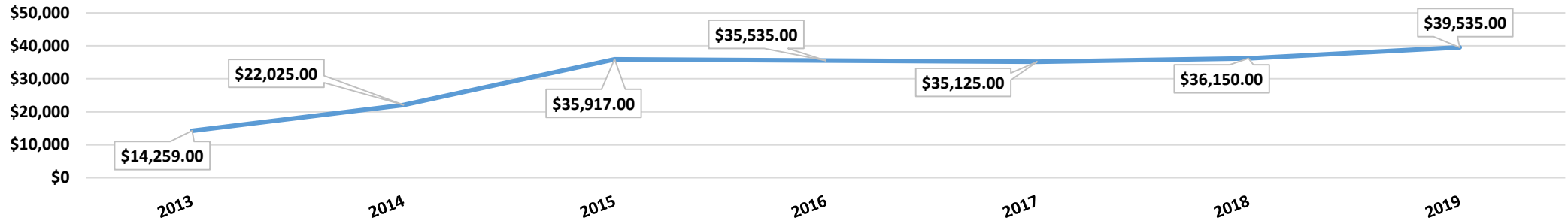
Rates	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
Skiff	\$500.00	\$510.00	\$510.00	\$540.00	\$550.00	\$568.00	\$580.00	\$590.00	\$600.00	\$300.00	\$300.00	\$300.00
Daily	\$0.45	\$0.46	\$0.46	\$0.49	\$0.50	\$0.52	\$0.53	\$0.54	\$0.55	\$0.55	\$0.55	\$0.55
Monthly	\$6.00	\$6.15	\$6.15	\$6.50	\$6.60	\$6.81	\$6.95	\$7.05	\$7.15	\$7.15	\$7.15	\$7.15

** FY17 Changed discount - 5% for 6 month advance payment and 10% for 12 month advance payment

Launch Ramp Permits

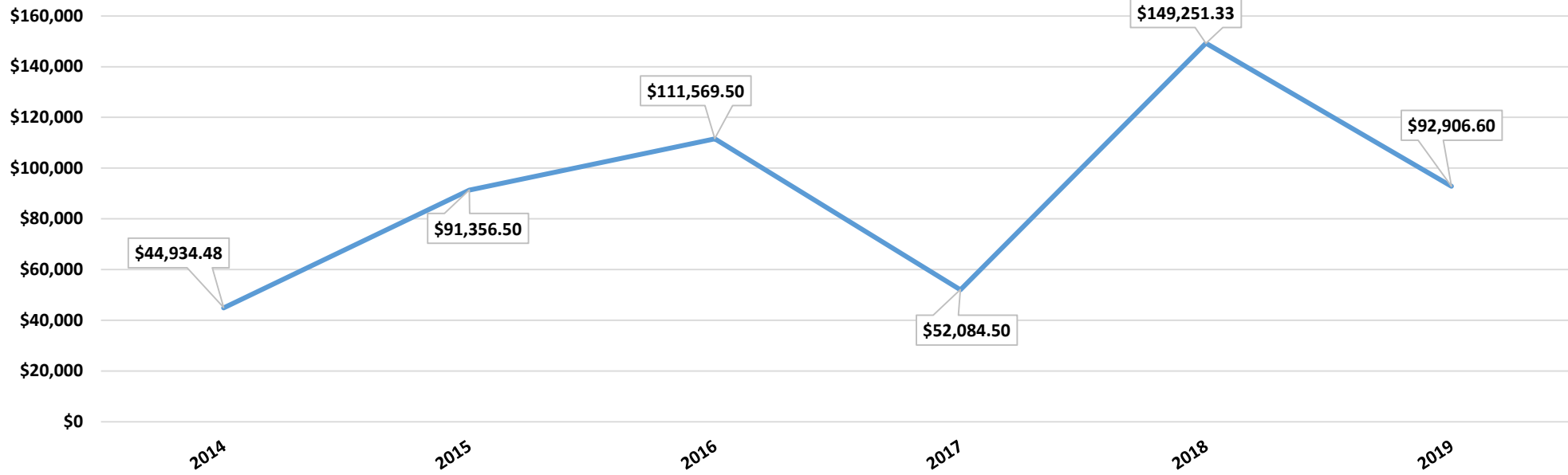


Online Permit Purchases



Years	Daily Rate	Annual Rate	Commercial Annual Rate
2011-2015	\$14.00	\$90.00	\$225.00
2016-2019	\$15.00	\$90.00	\$250.00

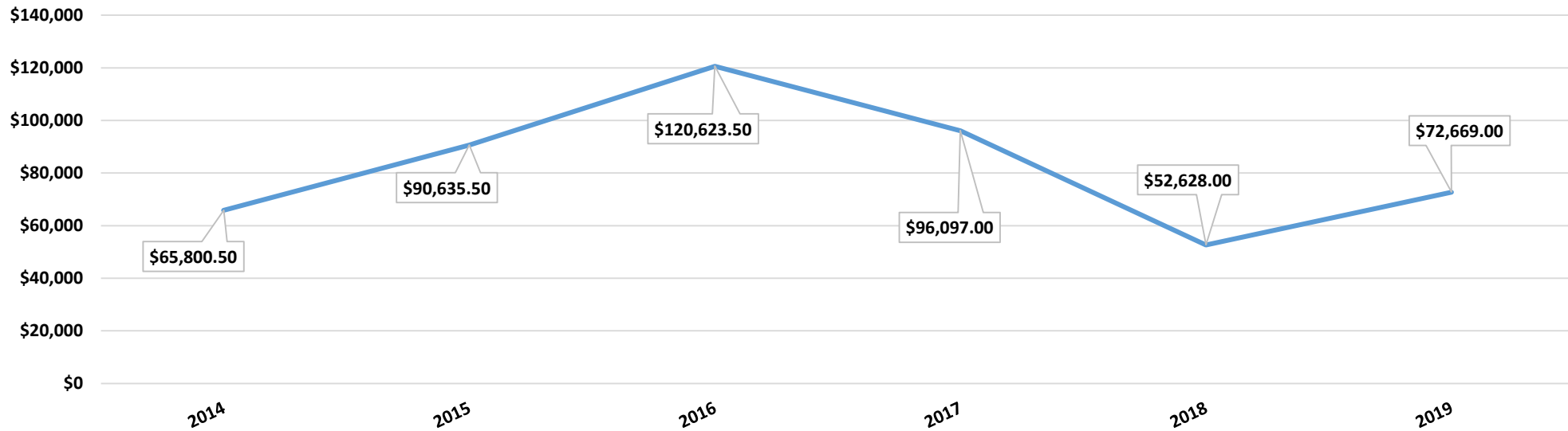
Auke Bay >65' Reserved Moorage



Auke Bay Reservation rates

<65'	\$1.50 per foot
>65'	\$2.50 per foot
>200'	\$3.00 per foot

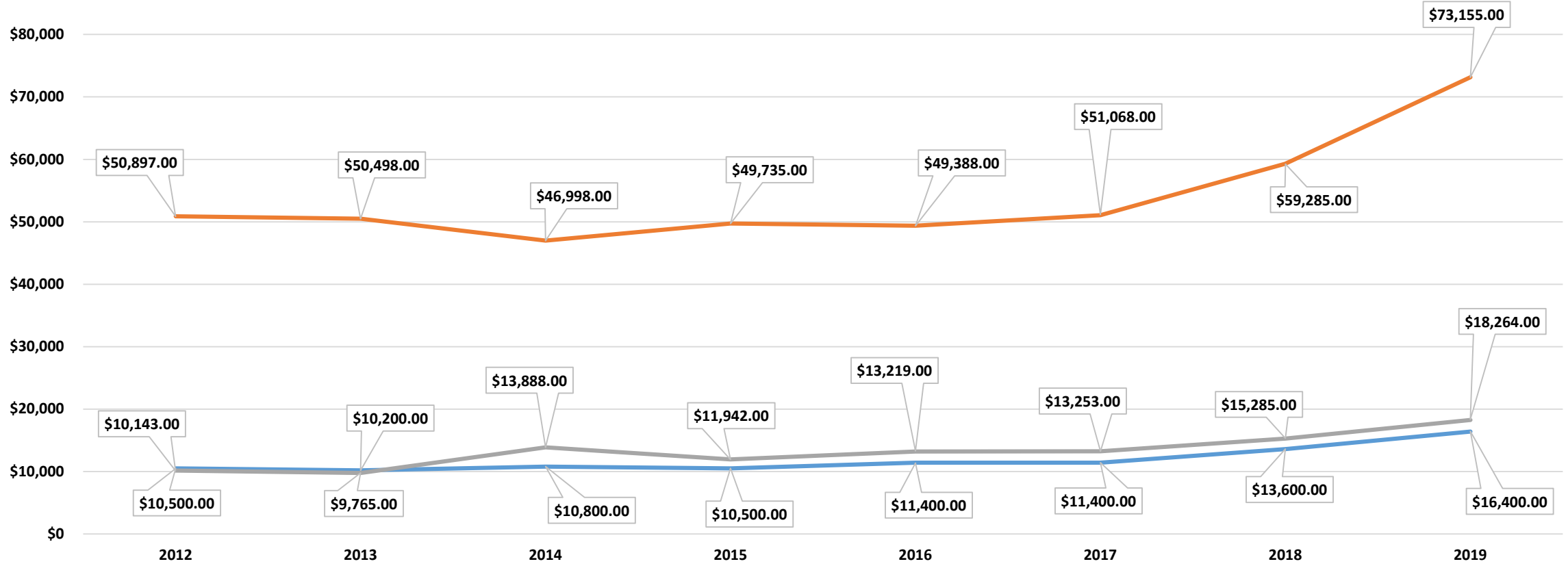
Downtown >65' Reserved Moorage



Downtown Reservation rates

< 65'	\$1.50 per foot
> 65'	\$2.50 per foot
>200'	\$3.00 per foot

Downtown Loading Zones



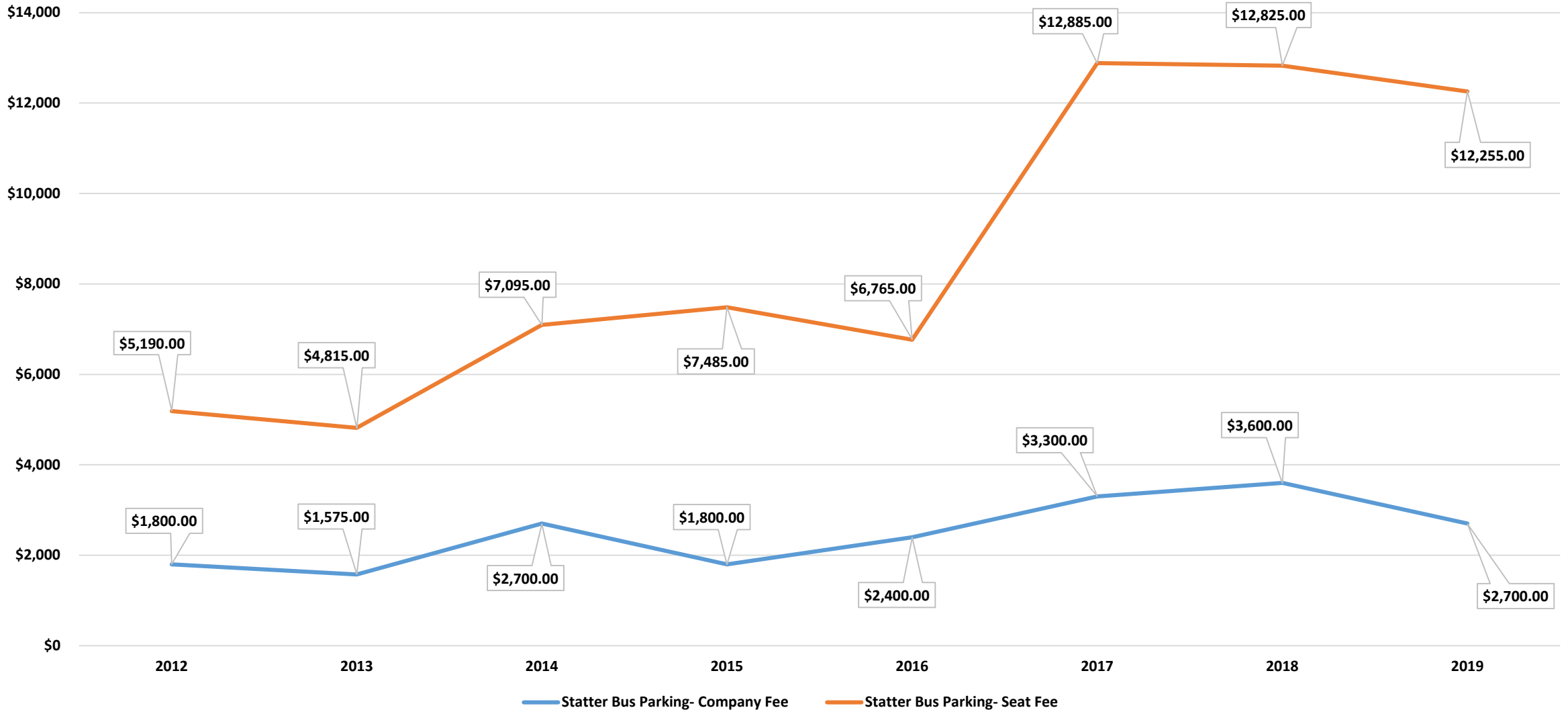
— Loading Zone Permit- Company Fee
 — Loading Zone Permit- "A" Seat Fee
 — Loading Zone Permit- "B" Seat Fee

2012-2017 Rate
\$300 per year
\$7 per seat

2018 Rate
\$350 per year
\$8 per seat

2019 Rate
\$400 per year
\$9 per seat

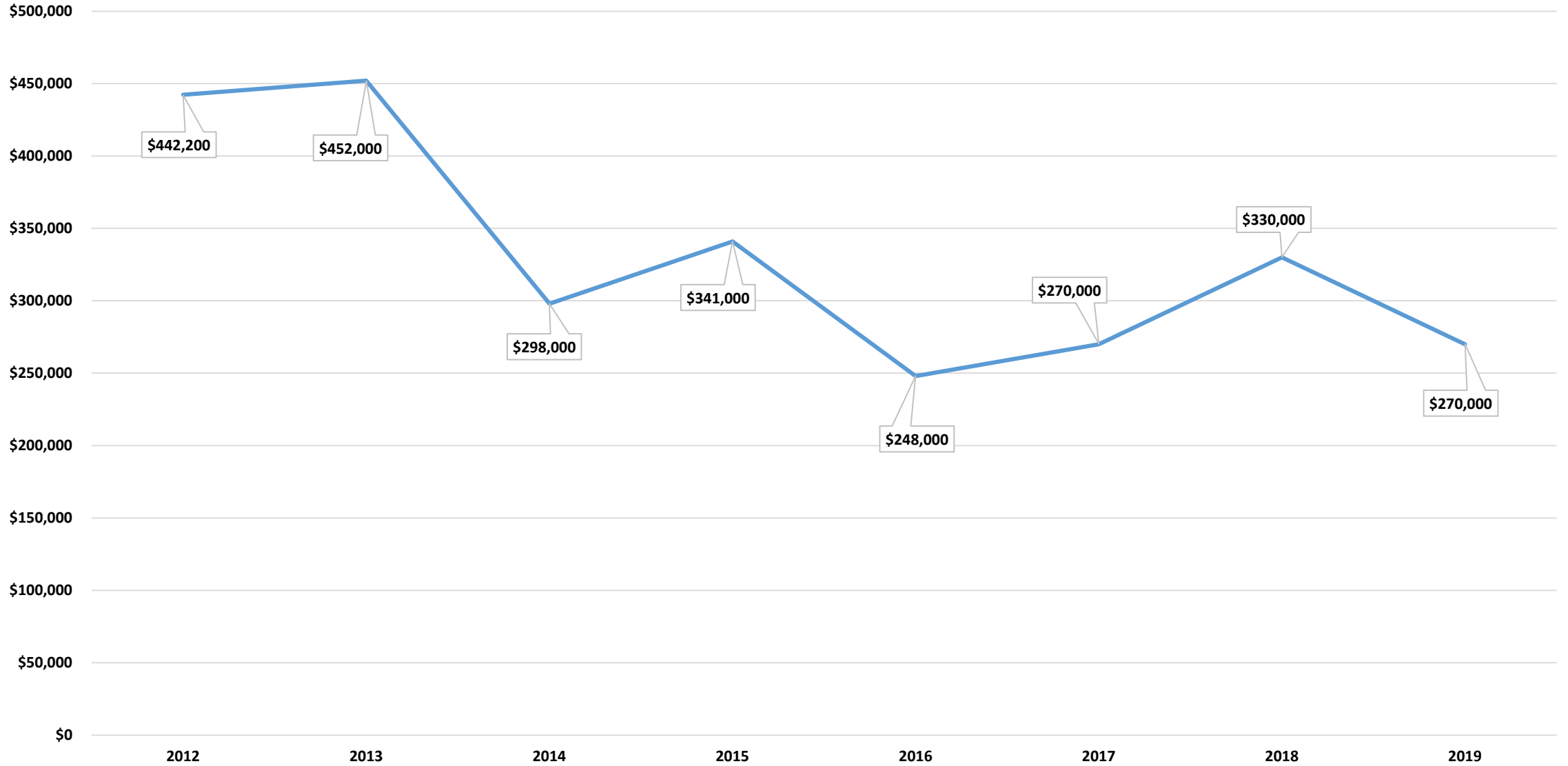
Statter Harbor Loading Zone



\$300 per company

\$15 per seat

Vendor Booth Permits



Prior to 2015 bids started at \$5,000 min

2013 permits ranged from \$62,000 down to \$8,000

*current minimum bid as of 2015, \$30,000