

**h. Tourism Report: CBJ Passenger Fee Use**

TRANSMITTAL MEMORANDUM

9h

TO: The Honorable Mayor & City Council

Initials:



FROM: Delilah A. Walsh, City Manager

File #: MGR24-788

DATE: December 12, 2024

Mtg. #: 12/19/24 MRh

RE: **Tourism Report: CBJ Passenger Fee Use**

Enclosed is a report submitted by Laurie Booyse, Tourism Manager, which outlines the City and Borough of Juneau's (CBJ) recommended uses of Marine Passenger Fees (MPF) and Commercial Passenger Vessel Excise Taxes (CPV). This report was prepared in response to the City Council's request during the December 5, 2024, meeting for detailed information on how CBJ allocates these fees and insights into potential applications for Ketchikan's fee structures.

The report includes:

1. An overview of CBJ's procedures for soliciting and prioritizing passenger fee expenditures.
2. Historical allocations for fiscal years 2020 through 2025.
3. Recommendations from CBJ's ordinances and public engagement processes.
4. Exhibit A, which details MPF expenditure memos for FY20–FY25.

This document illustrates the framework CBJ employs to balance community needs, infrastructure support, and visitor services. It may serve as a useful reference for our ongoing discussions regarding Ketchikan's wharfage fee use policies.



**MEMORANDUM**

**To:** Delilah Walsh, City Manager

**From:** Laurie Booyse, Tourism Manager

**Date:** December 10, 2024

**Subject:** CBJ passenger fees recommended use

**File#:** TM24-0012

Per the request of the City Council, the Tourism Department has compiled a list of the City & Borough of Juneau's (CBJ) recommended use of their Marine Passenger Fees (MPF) and Commercial Passenger Vessel Excise Tax (CPV). The CBJ recommendation combines both revenue fees to one sum for their annual recommendation.

By CBJ ordinance, staff is required to solicit suggestions for MPF from Juneau residents in December each year, then place the proposed budget out for public review before it goes to the Assembly for adoption in the annual budget. Included below are staff suggestions for fee use for FY20 through FY25. Bear in mind that not all of these projects were ultimately funded.

Exhibit A – CBJ MPF expenditure memos FY20-25

**FY25**

	Direct Cost	Overhead	Total
<b>Debt Service: Juneau Cruise Terminal Docks</b>	<b>\$ 2,026,600</b>	<b>\$ -</b>	<b>\$ 2,026,600</b>
<b>CBJ Municipal Services</b>			
Police Support	\$ 1,067,600	\$ 12,300	\$ 1,079,900
Ambulance/EMS Support	\$ 656,700	\$ 7,600	\$ 664,300
Seawalk, Open Space and Restroom Maintenance	\$ 831,500	\$ 9,600	\$ 841,100
Street Cleaning/Repair	\$ 339,200	\$ 3,900	\$ 343,100
D&H - Port Management	\$ 275,000	\$ 3,200	\$ 278,200
D&H - Port Customs Office Building Maintenance	\$ 142,000	\$ 1,600	\$ 143,600
D&H - Access Control Security	\$ 300,000	\$ 3,500	\$ 303,500
Tourism Management	\$ 342,400	\$ 3,900	\$ 346,300
<b>Total City Services</b>	<b>\$ 3,954,400</b>	<b>\$ 45,600</b>	<b>\$ 4,000,000</b>
<b>Third-Party Visitor Services by Assembly Grant</b>			
Travel Juneau - Visitor services program	\$ 171,000	\$ -	\$ 171,000
Travel Juneau - Crossing guard program	\$ 358,800	\$ -	\$ 358,800
Tourism Best Management Practices (TBMP)	\$ 44,200	\$ -	\$ 44,200
<del>Downtown Business Association</del>	<del>\$ 90,000</del>	<del>\$ -</del>	<del>\$ 90,000</del>
JEDC - Mobile Data Purchase	\$ 100,000	\$ -	\$ 100,000
AJ Dock - Access Control Security	\$ 150,000	\$ -	\$ 150,000
AJ Dock - Restroom Maintenance	\$ 30,000	\$ -	\$ 30,000
Franklin Dock - Access Control Security	\$ 150,000	\$ -	\$ 150,000
Franklin Dock - Restroom Maintenance	\$ 30,000	\$ -	\$ 30,000
<b>Total 3rd Party Services</b>	<b>\$ 1,124,000</b>	<b>\$ -</b>	<b>\$ 1,124,000</b>
<b>Capital Investments</b>			
Shore Power	\$ 5,000,000	\$ -	\$ 5,000,000
Overstreet Park and Canoe Statue Lighting		\$ -	\$ -
Downtown Bearproof Garbage Cans	\$ 100,000	\$ -	\$ 100,000
NOAA - Blubber Cortisol Study	\$ 160,000	\$ -	\$ 160,000
NOAA - Statter Harbor Signage	\$ 25,000	\$ -	\$ 25,000
Marine Park Improvements	\$ 2,000,000	\$ -	\$ 2,000,000
Triangle Project (Claw Back)	\$ 1,000,000	\$ -	\$ 1,000,000
Capital Transit	\$ 1,000,000	\$ -	\$ 1,000,000
Warner's Wharf Beautification	\$ 200,000	\$ -	\$ 200,000
Public Wi-Fi	\$ 1,000,000	\$ -	\$ 1,000,000
Archipelago Museum	\$ 500,000	\$ -	\$ 500,000
Revolving Loan Program	\$ 1,000,000	\$ -	\$ 1,000,000
<b>Total Capital Investments</b>	<b>\$ 11,985,000</b>	<b>\$ -</b>	<b>\$ 11,985,000</b>
<b>Total Proposed FY24 Passenger Fee Expenditures</b>	<b>\$19,090,000</b>	<b>\$ 45,600</b>	<b>\$19,135,600</b>

## FY24

<b>FY24 Passenger Fee Proposal</b>			
	<b>Direct Cost</b>	<b>Overhead</b>	<b>Total</b>
<b>Debt Service: Juneau Cruise Terminal Docks</b>	<b>\$ 2,026,500</b>	<b>\$ -</b>	<b>\$ 2,026,500</b>
<b>CBJ Municipal Services</b>			
Police Support	\$ 1,289,600	\$ 47,800	\$ 1,337,400
Ambulance/EMS Support	\$ 591,500	\$ 21,900	\$ 613,400
Seawalk, Open Space and Restroom Maintenance	\$ 426,100	\$ 15,800	\$ 441,900
Street Cleaning/Repair	\$ 192,900	\$ 7,100	\$ 200,000
D&H - Port Management	\$ 275,000	\$ 10,200	\$ 285,200
D&H - Port Customs Office Building Maintenance	\$ 142,000	\$ 5,300	\$ 147,300
D&H - Access Control Security	\$ 300,000	\$ 11,100	\$ 311,100
Tourism Management	\$ 229,000	\$ 8,500	\$ 237,500
CBJ Resident Tourism Survey	\$ 35,000	\$ 1,300	\$ 36,300
Cruise Ship Passenger Survey	\$ 35,000	\$ 1,300	\$ 36,300
General Economic Analysis	\$ 40,000	\$ 1,500	\$ 41,500
<b>Total City Services</b>	<b>\$ 3,556,100</b>	<b>\$ 132,700</b>	<b>\$ 3,688,800</b>
<b>Third-Party Visitor Services by Assembly Grant</b>			
Travel Juneau - Crossing guard program	\$ 294,200	\$ -	\$ 294,200
Travel Juneau - Visitor services program	\$ 165,200	\$ -	\$ 165,200
Tourism Best Management Practices (TBMP)	\$ 26,000	\$ -	\$ 26,000
Downtown Business Association Ambassador Program	\$ 90,000	\$ -	\$ 90,000
AJ Dock - Access Control Security	\$ 130,000	\$ -	\$ 130,000
AJ Dock - Restroom Maintenance	\$ 30,000	\$ -	\$ 30,000
Franklin Dock - Access Control Security	\$ 130,000	\$ -	\$ 130,000
Franklin Dock - Restroom Maintenance	\$ 30,000	\$ -	\$ 30,000
Seasonal Workforce Housing Planning	\$ 50,000	\$ -	\$ 50,000
<b>Total 3rd Party Services</b>	<b>\$ 945,400</b>	<b>\$ -</b>	<b>\$ 945,400</b>
<b>Capital Investments</b>			
Capital Civic Center	\$ 1,000,000	\$ -	\$ 1,000,000
Marine Park Improvements	\$ 2,000,000	\$ -	\$ 2,000,000
Homestead Park Improvements	\$ 1,000,000	\$ -	\$ 1,000,000
Wastewater Improvements	\$ 950,000	\$ -	\$ 950,000
Informational Signage	\$ 75,000	\$ -	\$ 75,000
Circulator Plan	\$ 20,000	\$ -	\$ 20,000
Seawalk Expansion	\$ 10,000,000	\$ -	\$ 10,000,000
<b>Total Capital Investments</b>	<b>\$ 15,045,000</b>	<b>\$ -</b>	<b>\$ 15,045,000</b>
<b>Total Proposed FY24 Passenger Fee Expenditures</b>	<b>\$ 21,598,000</b>	<b>\$ 132,700</b>	<b>\$ 21,730,700</b>



## FY23

	<b>Total</b>
<b>Debt Service: Juneau Cruise Terminal Docks</b>	<b>\$ 2,028,400</b>
<b>CBJ Municipal Services</b>	<b>\$ 3,588,700</b>
<b>Third-Party Visitor Services by Assembly Grant</b>	
Travel Juneau - Crossing guard program	\$ 373,800
Travel Juneau - Visitor services program	\$ 148,000
Tourism Best Management Practices (TBMP)	\$ 24,700
Downtown Business Association	\$ 75,000
AJ Dock - Access Control Security	\$ 200,000
AJ Dock - Restroom Maintenance	\$ 30,000
Franklin Dock - Access Control Security	\$ 160,000
Franklin Dock - Restroom Maintenance	\$ 30,000
<b>Total 3rd Party Services</b>	<b>\$ 1,041,500</b>
<b>Capital Investments</b>	
Circulator Plan (Juneau Commission on Sustainability)	\$ 100,000
Real-Time Weather Monitoring Stations	\$ 55,000
Dock Electrification	\$ 2,640,000
Seawalk Expansion	\$ 1,000,000
Refillable Water Bottle Stations	\$ 50,000
Marine Park Improvements Planning and Design	\$ 250,000
<b>Total Capital Investments</b>	<b>\$ 4,095,000</b>
<b>Total Proposed FY23 Passenger Fee Expenditures</b>	<b>\$ 10,753,600</b>

## FY22

	<b>Direct Cost</b>	<b>Overhead*</b>	<b>Total</b>
<b>Debt Service: Juneau Cruise Terminal Docks</b>	<b>2,093,600</b>		<b>2,093,600</b>
<b>CBJ Municipal Services</b>			
Ambulance/EMS Support	842,300	69,300	911,600
Police Support	883,300	72,700	956,000
Seawalk, Open Space and Restroom Maintenance	405,500	33,400	438,900
Street Cleaning/Repair	215,000	17,700	232,700
D&H- Port Management & Landscaping	315,000	25,900	340,900
D&H- Port Customs Office Bldg Maint	133,500	11,000	144,500
<b>Third-Party Visitor Services by Assembly Grant</b>			
Travel Juneau - Crossing Guards	363,400		363,400
Travel Juneau - Visitor Information Services	150,000		150,000
DBA - Downtown Security Program	67,000		67,000
TBMP - Best Management Practices Support	15,000		15,000
Franklin Dock Enterprises (Security, Restrooms)	170,000		170,000
AJ Juneau Dock, LLC (Security, Restrooms)	179,800		179,800
<b>Total Proposed FY22 Passenger Fee Expenditures</b>	<b>5,833,400</b>	<b>230,000</b>	<b>6,063,400</b>

\*Proportional allocation of CBJ overhead costs for management, administration, finance, and legal support

**FY21**

<b>Municipal Service Provided</b>	<b>Direct Cost</b>	<b>CBJ Overhead *</b>	<b>Total</b>
Ambulance/EMS Support	805,200	43,200	<b>848,400</b>
Police Support	740,650	39,700	<b>780,350</b>
Seawalk, Open Space and Restroom Maintenance	359,800	19,300	<b>379,100</b>
Street Cleaning/Repair	208,300	11,200	<b>219,500</b>
Docks and Harbors - Port Management	315,000	16,900	<b>331,900</b>
Docks and Harbors - Port Customs Office Building Maintenance	133,500	7,200	<b>140,700</b>
<b>Total CBJ Cost</b>	<b>2,562,450</b>	<b>137,500</b>	<b>2,699,950</b>
<b>Grants for Contracted Services</b>	<b>Direct Cost</b>	<b>CBJ Overhead *</b>	<b>Total</b>
Travel Juneau - Crossing Guards	362,000	19,400	<b>381,400</b>
Travel Juneau - Visitor Information Services	149,600	8,000	<b>157,600</b>
DBA - Downtown Security Program	67,000	3,600	<b>70,600</b>
TBMP - Best Management Practices Support	20,000	1,100	<b>21,100</b>
Whalesense	100,000	5,400	<b>105,400</b>
Downtown Pay Phones	8,000	400	<b>8,400</b>
<b>Total Grants for Contracted Services</b>	<b>706,600</b>	<b>37,900</b>	<b>744,500</b>
<b>Operating Grants to Private Docks</b>	<b>Direct Cost</b>	<b>CBJ Overhead *</b>	<b>Total</b>
Franklin Dock Enterprises (Security, Restrooms)	120,000	6,400	<b>126,400</b>
AJ Juneau Dock, LLC (Security, Restrooms, Response Boat)	139,600	7,500	<b>147,100</b>
<b>Operating Grants to Private Docks</b>	<b>259,600</b>	<b>13,900</b>	<b>273,500</b>
<b>TOTAL MPF COSTS (non-capital)</b>	<b>3,528,650</b>	<b>189,300</b>	<b>3,717,950</b>
<i>*Proportional allocation of overhead costs for management, administration, finance, and legal support</i>			

**FY20**

**FY20 Draft Marine Passenger Fee Request & Recommendation**

**Operational Services:**

	<b><u>Provider:</u></b>	<b><u>Requested</u></b>	<b><u>Funding Recommendations for FY20</u></b>	
			<b><u>MPF</u></b>	<b><u>PDF</u></b>
Tourism Best Management Program	TBMP	15,000	15,000	
Crossing Guards	Travel Juneau	325,460	325,460	
Downtown Police Foot/Bike Patrol	CBJ	197,378	197,378	
Downtown Restrooms	CBJ	105,000	105,000	
Visitor Information Services	Travel Juneau	148,300	148,300	
Downtown Cleaning	CBJ	103,400	103,400	
Downtown Security Program	DBA	65,000	65,000	
Additional BLS Ambulance	CBJ	226,600	226,600	
Port Operations	Docks Enterprise	225,000	0	225,000
Port/Customs Building	Docks Enterprise	133,500	0	133,500
Pay Phones	CBJ	10,000	10,000	
Seawalk Maintenance	CBJ	45,000	45,000	
Weather/Current Monitoring	Marine Exchange of Alaska	30,000	30,000	
Program Services Overhead/Full Cost Allocation	CBJ	1,400,000	1,400,000	
Shipping Congestion Mitigation (Pilot Project)	Contract	30,000	30,000	
Updated Cost Allocation Plan	Contract	50,000	50,000	
Legal Fees to CLIA		1,500,000	1,500,000	
Legal Fees to CBJ (Transfer to Statter)		450,000	450,000	

**Total Operational Services Requests:**      **5,059,638**      **4,701,138**

**Capital Projects/Grants to Private Docks:**

Seawalk Major Maintenance	CBJ	85,000	85,000	
Seawalk Permitting/Planning/Design	CBJ		46,062	
Seadrome Shore Power	Goldbelt Seadrome Dock	300,000	0	
Large Berth Shore Power Feasibility/System Impact Analysis	Docks Enterprise	3,500,000	250,000	
Powerlift Gurney	CBJ	45,000	45,000	
Electric EMS Response Vehicle	Docks Enterprise	25,000	25,000	
Dock Face Guardrail	Docks Enterprise	2,000,000	0	
Security Checkpoint Queuing Structure Phase II	Docks Enterprise	200,000	200,000	
Ship Security/Safety/Training	AJ Dock	139,800	139,800	
Mooring Bollard Addition	AJ Dock	2,950,000	0	
Response Boat Operations	AJ Dock	19,600	19,500	
Safety Fencing	AJ Dock	68,500	68,500	
Security and Screening Facility (Architecture/Design)	AJ Dock	300,000	0	
Restrooms	AJ Dock	25,000	25,000	
Dock Security	Franklin Dock	85,000	85,000	
Restrooms	Franklin Dock	25,000	25,000	
Dock Maintenance & Refurbishment	Franklin Dock	39,000	0	
Dock Maintenance & Upgrade (Big Fender Reimbursement)	Franklin Dock	285,000	285,000	
Shore Power Infrastructure Upgrades	Franklin Dock	290,000	0	
Seawalk/Staging Area Maintenance	Franklin Dock	30,000	0	

**Total Capital Projects/Grant Requests:**      **10,411,900**      **358,500**

**Grand Total all Requests:**      **15,471,538**      **\$6,000,000**      **\$358,500**



**Exhibit A – CBJ MPF expenditure memos FY20-25**

# MEMORANDUM

CITY/BOROUGH OF JUNEAU

City & Borough Manager's Office  
155 S. Seward St., Juneau, Alaska 99801

Rorie.Watt@juneau.org

Voice (907) 586-5240

Fax (907) 586-5385



DATE: March 28, 2019

FROM: Duncan Rorie Watt  
City and Borough Manager

SUBJECT: FY20 Passenger Fee Proceeds Recommendations - DRAFT

Based on our latest projection of passengers expected to visit this summer, the amount of revenue available in FY20 is anticipated to be \$6,000,000. Attached to this cover are the recommendations for funding. A few notes on changes from past years and next steps that I intend to pursue:

1. Due to the impact of the legal fees on this year's allocation, the Port Operations and Port Building costs are allocated to Port Development Fee. I expect this to revert back to Marine Passenger Fee in FY21.
2. In accordance with MOA with CLIAA, we will perform a cost allocation plan to evaluate the budgeting of indirect costs.
3. A new idea is the Congestion Mitigation Pilot project. Cruise industry and tourism members support an attempt to minimize heavy truck traffic during peak tourism activity times. The details are not worked out on this idea. I am unsure if this pilot idea may be able to be put in place this summer. Conceptually, staff and AML are attempting to come up with a pilot project that would reduce conflict between the trucking of goods and busy tourist times. There are many details that would have to be resolved, including whether this program would be available to other shippers.
4. Now that the litigation has been completed, we have several projects that will get greater attention:
  - a. Role of public fund for capital improvements at the private docks. In FY19 we provided funds for "Public/Private Port Infrastructure Planning."
  - b. "Small Cruiseship Moorage Master Planning." Funding was also provided in FY19.
5. Exactly related to 4A above, I have included some level of funding for infrastructure at the two private docks in this year's proposed allocation. This is a change from recent years. This recommendation will similarly trigger the conversation on the role of the public fees at the private docks.

## **FY20 Draft Marine Passenger Fee Request & Recommendation**

### **Operational Services:**

	<u><b>Provider:</b></u>	<u><b>Requested</b></u>	<u><b>Funding Recommendations for FY20</b></u>	
			<u><b>MPF</b></u>	<u><b>PDF</b></u>
Tourism Best Management Program	TBMP	15,000	15,000	
Crossing Guards	Travel Juneau	325,460	325,460	
Downtown Police Foot/Bike Patrol	CBJ	197,378	197,378	
Downtown Restrooms	CBJ	105,000	105,000	
Visitor Information Services	Travel Juneau	148,300	148,300	
Downtown Cleaning	CBJ	103,400	103,400	
Downtown Security Program	DBA	65,000	65,000	
Additional BLS Ambulance	CBJ	226,600	226,600	
Port Operations	Docks Enterprise	225,000	0	225,000
Port/Customs Building	Docks Enterprise	133,500	0	133,500
Pay Phones	CBJ	10,000	10,000	
Seawalk Maintenance	CBJ	45,000	45,000	
Weather/Current Monitoring	Marine Exchange of Alaska	30,000	30,000	
Program Services Overhead/Full Cost Allocation	CBJ	1,400,000	1,400,000	
Shipping Congestion Mitigation (Pilot Project)	Contract	30,000	30,000	
Updated Cost Allocation Plan	Contract	50,000	50,000	
Legal Fees to CLIA		1,500,000	1,500,000	
Legal Fees to CBJ (Transfer to Statter)		450,000	450,000	

<u><b>Total Operational Services Requests:</b></u>	<u><b>5,059,638</b></u>	<u><b>4,701,138</b></u>
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### **Capital Projects/Grants to Private Docks:**

Seawalk Major Maintance	CBJ	85,000	85,000	
Seawalk Permitting/Planning/Design	CBJ		46,062	
Seadrome Shore Power	Goldbelt Seadrome Dock	300,000	0	
Large Berth Shore Power Feasibility/System Impact Analysis	Docks Enterprise	3,500,000	250,000	
Powerlift Gurney	CBJ	45,000	45,000	
Electric EMS Response Vehicle	Docks Enterprise	25,000	25,000	
Dock Face Guardrail	Docks Enterprise	2,000,000	0	
Security Checkpoint Queuing Structure Phase II	Docks Enterprise	200,000	200,000	
Ship Security/Safety/Training	AJ Dock	139,800	139,800	
Mooring Bollard Addition	AJ Dock	2,950,000	0	
Response Boat Operations	AJ Dock	19,600	19,500	
Safety Fencing	AJ Dock	68,500	68,500	
Security and Screening Facility (Architecture/Design)	AJ Dock	300,000	0	
Restrooms	AJ Dock	25,000	25,000	
Dock Security	Franklin Dock	85,000	85,000	
Restrooms	Franklin Dock	25,000	25,000	
Dock Maintenance & Refurbishment	Franklin Dock	39,000	0	
Dock Maintenance & Upgrade (Big Fender Reimbursement)	Franklin Dock	285,000	285,000	
Shore Power Infrastructure Upgrades	Franklin Dock	290,000	0	
Seawalk/Staging Area Maintenance	Franklin Dock	30,000	0	

<u><b>Total Capital Projects/Grant Requests:</b></u>	<u><b>10,411,900</b></u>	<u><b>358,500</b></u>
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<u><b>Grand Total all Requests:</b></u>	<u><b>15,471,538</b></u>	<u><b>\$6,000,000</b></u>	<u><b>\$358,500</b></u>
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# **OPERATIONS**

## **Tourism Best Management Practices Support**

This provides funding for printing, public notices, advertisements, and a contractual amount to the Tourism Best Management Practices (TBMP) effort. TBMP is a voluntary industry-managed program, designed to provide services to vessel passengers and address impacts, including safety issues, of tourism on local residents. Travel Juneau administers the program with the funding provided by Marine Passenger Fee proceeds.

## **Travel Juneau - Crossing Guards**

The purpose of this program is to facilitate safe traffic flow in the downtown area, encourage pedestrians to stay on the sidewalks, increase pedestrian safety, and control the crossing locations where summer pedestrians can cross the streets. This will fund crossing guards during the summer visitor season and during peak traffic times. The crossing guards will staff the Cruise Ship Terminal, People's Wharf, Marine Park Plaza, and at Taku Smokeries. This funding also provides for some limited equipment purchases, general training, scheduling, and deployment of the crossing guards. This program is currently administered by Travel Juneau.

## **JPD - Downtown Foot/Bike Patrol**

This provides additional foot and bike patrol presence by Juneau Police Department (JPD) officers in the downtown area during the summer. JPD's presence is important to ensure the safety of visitors, provide assistance and direction, and mitigate problems that can occur between some of the regular downtown locals and summertime visitors.

## **Downtown Restroom Maintenance**

This provides contractual services (labor and materials) required to increased and/or seasonal cleaning of the public restrooms in City Hall, Marine Parking Garage, Juneau Library, Overstreet Park and the Downtown Transportation Center, seven days a week, six times per day, for five months during the summer.

## **Visitor Information Program**

Travel Juneau provides summer visitors with information, directions, and assistance. Program expenses include administrative support for training and supervision of 130 volunteers, managing the cruise ship terminal visitor center and Marine Park kiosk, two paid seasonal visitor information positions, and printed materials.

## **Downtown Road Cleaning and Maintenance**

Due to heavy summer use by visitors, the downtown sidewalks require extra cleaning and litter/garbage removal to keep them clean and safe. This funding provides for two summer seasonal employees to keep the sidewalks clean, empty downtown garbage containers and perform other services as needed on a daily basis to maintain the downtown core area in a presentable manner for our visitors.

## **Downtown Security Program - Downtown Business Association**

Funding for this program supports two uniformed security officers that patrol the downtown area on foot from May through September. These security officers assist visitors with information, directions, and patrol the downtown area for loitering, panhandling, public intoxication, and other



public nuisances potentially impacting summer visitors and local residents. With regard to public safety issues and infractions of the law, the security officers refer these issues to JPD to handle. This program is provided through a private contract administered by the Downtown Business Association.

#### **CCFR - Seasonal BLS/Firefighter Program**

This funding pays for six seasonal EMTs from April to October. This funds the seasonal EMT's and the safety equipment, uniforms, fuel costs, consumable medical supplies, and training for the seasonal employees.

#### **Port of Juneau - Port Operations**

The Docks and Harbors Board has requested funding to offset the costs and impacts of providing area wide services and support to cruise ship passengers. The Board reviewed its budget and apportioned expenses associated with those services and estimated that approximately 9% of the annual docks budget will be attributed to providing area wide service to cruise ship passengers.

#### **Customs Building Maintenance**

The Port-Customs building will be occupied by the Department of Homeland Security-Customs Border Protection year-round and Docks and Harbors staff from April through October. Funding for this project also includes support for the new Visitors Center, which will be managed by the Travel Juneau. Docks and Harbors is responsible for the year-round maintenance and operation of the facility, which includes all utilities, alarm monitoring, winter snow removal, janitorial, maintenance of the parking lot, and general maintenance of the facility.

#### **Downtown Pay Phones**

To meet telephonic communications demands from cruise ship passengers and cruise ship crew, the City and Borough of Juneau (CBJ) continues to maintain pay telephones in the downtown corridor. We believe that this practice may end in the next couple years, but the phones still get used.

#### **Seawalk Maintenance**

This provides partial support for Parks and Facilities Maintenance to maintain the waterfront park grounds, empty trash, maintain the park and seawalk structures.

#### **Weather/Current Monitoring System Operations and Maintenance**

This funding would provide annual operations and maintenance for valuable real time weather and water current information to mariners that access the downtown Juneau waterfront including the four cruise ship berths (private and public), and the Taku Dock (serving Taku Fisheries). The system provides wind and current monitoring sensors at various locations to offer real time information for navigation purposes. The system disseminates via a phone app, internet, or other public media commonly available to mariners in the immediate area.

#### **Program Services Overhead/Full Cost Allocation Identified Government Operations**

In 2000, the Assembly Finance Committee approved a formula that reflects cruise ship passenger impacts on specific government services and is used to determine an amount of Marine Passenger Fee (MPF) proceeds to be used in support of identified government operations. As part of the settlement of the CLIAA litigation, CBJ and CLIAA have agreed that there would be no objection

to continuing to use the historic formula for another year and that CBJ would revisit the cost allocation after this season and implement the results in the coming years.

### **Shipping Congestion Mitigation (Pilot Project)**

Truckers, tour operators and dock operators are concerned about the ability to efficiently move people through town during the peak congestion periods. This project would fund a pilot project to experiment with off-peak hour trucking to alleviate some of the congestion issues. There are many details that would have to be worked out, but CBJ should decide whether to intervene or not in this area and if so whether to do so by regulation or by inducements.

### **Updated Cost Allocation Plan**

In accordance with the CLIAA/CBJ MOA, these funds would be used to revisit CBJ's cost allocation approach.

### **Legal Fees**

In accordance with the CLIAA/CBJ MOA, these funds would be used to partial funding to both parties legal fees. CBJ's portion would be redirected to the Statter Harbor Passenger for hire project.

## **Capital Projects/Grants**

### **Waterfront Seawalk: Major Maintenance**

This CIP would be used to battle the ongoing settlement issues that occur at the interface of the seawalk and the land. The seawalk is pile supported and does not settle, but adjacent filled land areas on public and private property continue to settle, causing potential tripping hazards. Installation of landscaping barriers provides one solution to this problem.

### **Waterfront Seawalk: Continued Planning/Permitting**

Funds will be used for continued efforts on next phase(s) of the seawalk. Activities will include surveying, geotechnical investigations, property appraisals and negotiations, cost estimating, permitting and preparation of conceptual and detailed design plans. CBJ's goal continues to be a seawalk from the rock dump to the bridge.

### **Large Berth Shore Power Feasibility/System Impact Analysis**

These funds would be used to determine the feasibility of the installation of more shore power connections at the CBJ docks and/or the AJ Dock. Currently, the Franklin Dock is the only cruise ship dock that is equipped for shore power. These funds would accomplish the Assembly goal of figuring out the necessary steps to connect more ships to shore power.

### **Powerlift Gurney**

These funds would be used to purchase a powerlift gurney for CCFR. The gurney would allow two people to safely move a patient into an ambulance, without risk of dropping the person or injury to CCFR staff. This gurney will reduce the practice of deploying the fire engine to medical calls.

**Electric EMS Response Vehicle**

These funds would be used to purchase an electric emergency medical service response vehicle. The vehicle would be used in tandem with the powerlift gurney, allowing for more efficient transfers of patients into the ambulances.

**Port of Juneau – Security Checkpoint Queuing Structure Phase II**

These funds would be used for the construction of a security structure at the top of the gangway at the CBJ berths. Recent upgraded Homeland Security protocols require the CBJ to monitor the flow of passengers as they return to the cruise ships.

**AJ Juneau Dock, LLC – Security and Safety: Training, Equipment/Maintenance, Etc.**

This project includes training, equipment, supplies, maintenance, signage, credentials, exercises and operations related to the safety and security of the cruise ship facility. This request will fund annual security cost requirements and enhancements to achieve compliance with the U.S. Coast Guard required/approved facility security plan as well as facility safety, spill response, incident management, drills and exercises.

**Juneau Port Security and Short-Range Response Boat**

The Department of Homeland Security awarded the AJ Dock with a port security and short range response boat that conducts port security patrols, at-sea deliveries to cruise ships in port (some items cannot go across the docks for security reasons). It is designed to accommodate medevacs, spill response, salvage operations, and on-scene support for emergency or law enforcement issues when ships are at anchor or at sea. This request is solely to cover the manning, maintenance, and operational expenses related to this vessel.

**AJ Dock Safety Fencing**

These funds would be used to support the cost of upgrading barrier fencing at the AJ Dock. Fencing is required as part of the Dock's port security requirements.

**AJ Juneau Dock, LLC - Restroom Cleaning and Maintenance**

This provides funding for restroom cleaning and maintenance supplies for cruise ship passenger public restrooms located at the AJ Dock.

**Franklin Dock Enterprises, LLC - Dock Security**

Security exercises and training for all personnel with security related duties and security related expenses, along with security personnel enclosures/equipment to achieve compliance with US Coast Guard required/approved security plan.

**Franklin Dock Restroom Cleaning and Maintenance**

This provides funding for restroom cleaning and maintenance supplies for cruise ship passenger public restrooms located at the Franklin Dock.

**Franklin Dock Maintenance/Upgrade Bigger Fender Reimbursement)**

These funds would be used to reimburse the purchase of 10' wide yokohama fenders that are necessary to allow berthing of the larger vessels that are being deployed to the Juneau market.



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DATE: February 5, 2020  
TO: Chair Jones and Assembly Finance Committee  
FROM: Rorie Watt, City Manager  
RE: Draft Passenger Fee CIPs, Operations and Grant Appropriations

This memo discusses this year's budget and recommendations for the expenditure of passenger derived fees (CBJ \$5 Marine Passenger Fee, \$3 Port Development Fee and \$5 State Commercial Passenger Vessel Fee).

The recommendations are made in accordance with the MOA that was reached with CLIA in March of 2019 and are designed to provide services and solve community issues related to cruise ship tourism. Recall that the MOA and litigation was about the two CBJ fees (MPF and PDF) but not the State fee (CPV).

**1. Cruise Ship Dock Shore Power – (\$1.0M PDF)**

Docks and Harbors is just beginning work on making recommendations to the Assembly on shore power installations. I caution proponents that shore power is extremely complicated from both policy and technical perspectives. This funding would add to a CIP goal that, if implemented, is likely to cost in the tens of millions. To proceed with a project, the Assembly will need to spend considerable time considering project options and financial vehicles.

**2. Safety Guardrail Along Dock Face – (\$1.0M CPV)**

This project would extend a handrail/guardrail along the dock face, details would be similar to those used on the seawalk projects.

**3. Statter Harbor Phase III (For Hire Floats) – (\$1.5M MPF, \$1.5M CPV)**

In the MOA, CBJ negotiated 75% of the costs of this project with MPFs or PDFs. This funding will complete the passenger fees necessary to complete the roughly \$12M project which supports commercial boats operating out of Statter Harbor and reduces congestion and conflict with non-tour related boat activity. Local matching funds of \$1M+ are still required to complete the project funding.

**4. Marine Park Seawalk Infill (Lightering Float Area) – (\$1.5M CPV)**

These funds would fill in the seawalk area in the area where the Marine Park lightering float previously existed. The wharf continuation will eventually lead to the need for an improved cross walk at Seward Street and Marine Way.

**5. Waterfront Seawalk (\$1M MPF)**

Funds will be used to continue project development and advance concepts as property owners are ready to engage. Near term advancement of the seawalk from the Franklin Dock to the Nation Guard float seems the most likely next project. Longer term projects include an extension across the face of the Merchant's Wharf building, an extension through the subport uplands and an extension from the subport to Gold Creek. Depending on the timing of the completion of property negotiations, engineered plans



and the acquisition of permits, a financial vehicle may be necessary (similar to the bonds that were sold for the 16B project, which also included seawalk funding).

**6. South Franklin Street Pedestrian Safety/Capacity – (\$1.0M CPV)**

The project limits are between Manila Square (in front of the Red Dog Saloon) and Taku Fisheries, including the Warner's Wharf alley way. The scope includes pedestrian stanchions, and removal and replacement of large bulky obstructions (including light poles, signs, garbage cans, etc) to increase pedestrian capacity and safety.

**7. Wastewater Real Time Monitoring – (\$500,000 PDF)**

Several years ago, cruise ships did not anticipate much usage of the ability to discharge grey water/sewage into the CBJ system. That has not proved out to be accurate as annual summer discharge has grown from less than 10M gallons to over 20M gallons over the last five years. The numbers sound large, but are still a fraction of the JD treatment plant's typical daily flows of 2-3MGDs. None-the-less, plant operators need to know real time information about the strength and flow rate of the discharged liquids. This project would install instrumentation and control systems that will allow for efficient plant management, avoidance of permit violations, and proper customer billing (which is based on strength and volume). Revenues from cruise ship increased usage have been positive to the utility, rising from shy of \$400K in 2015 to over \$1M in 2019.

**8. Juneau Cruise Passenger Survey – (\$100,000 MPF)**

A survey would be conducted to better understand cruise ship passenger's views and spending habits in Juneau. Juneau citizens testify that over-crowding is leading to diminished passenger appreciation for port visits here, but cruise industry representatives advise that in their internal surveys that passengers rate their Juneau experience extremely highly (as compared to other global ports). Industry has requested that CBJ perform this study as it is more likely that the results will be accepted as unbiased. Additionally, this survey will seek to acquire much more granular information about passenger shopping and touring habits. Of great interest will be the variation in expenditure between passengers on big or small boats, boats that have long or short port visits (including hot berthing) and an effort will be made to quantify the variance between spending in the shoulder months and peak visitation months. Passengers will be queried about the quality of their visits, thus allowing both CBJ and cruise ship companies guidance on how to plan for services, infrastructure and growth.

**9. Transportation Study/Planning – (\$150,000 CPV)**

Your first reaction might be – "Oh no, not another study."

The growth in visitation has created many vehicle congestion and pedestrian conflict issues; there is significant opportunity for CBJ to play a role in a more efficient transportation system. No one should be surprised if tour operators object to CBJ proposing to consider entering into transportation issues that they may feel belong in the sphere of private sector activity. But the public road space and waterfront staging is limited and it is highly worth our while to try to optimize the current situation.

As an example of the inefficiency, around twenty different operators take passengers from the docks to the Mendenhall Glacier. A more efficient system (think of a National Park transportation concession – Denali for example) could result in a shuttle frequently going to the Glacier Visitors Center. Such a system would then lead to reduced parking needs on the waterfront and by reducing the need to match people and tour operator busses. There are many complexities in this idea (not least of which is how people go on other tours) and many potential benefits (including reducing the problems caused by tourists increasingly using Google Transit to figure out that a \$2 bus ride is a cost effective option).

Additionally, a downtown circulator that moves people around the waterfront should be considered. Private operators have suggested interest in a circulator in the past, but a tour is not the same as a transportation system and private operations have not materialized. CLIA and the USFS are supportive

of these initiatives. A new transportation system could be operated as a contracted service by a private operator or as an expansion of Capital Transit or another as yet undetermined business model.

**10. BLS Ambulance – (\$235,000, CPV)**

The existing ambulance used for seasonal BLS transports is beyond its useful life and it takes at least a year to procure a new one.

**11. Operational Services – (\$3.7M, MPF)**

Consistent with the MOA signed with CLIA, this budget proposal proposes to fund a variety of operational services similar to prior years, as follows:

<b>Municipal Service Provided</b>	<b>Direct Cost</b>	<b>CBJ Overhead *</b>	<b>Total</b>
Ambulance/EMS Support	805,200	43,200	<b>848,400</b>
Police Support	740,650	39,700	<b>780,350</b>
Seawalk, Open Space and Restroom Maintenance	359,800	19,300	<b>379,100</b>
Street Cleaning/Repair	208,300	11,200	<b>219,500</b>
Docks and Harbors - Port Management	315,000	16,900	<b>331,900</b>
Docks and Harbors - Port Customs Office Building Maintenance	133,500	7,200	<b>140,700</b>
<b>Total CBJ Cost</b>	<b>2,562,450</b>	<b>137,500</b>	<b>2,699,950</b>
<b>Grants for Contracted Services</b>	<b>Direct Cost</b>	<b>CBJ Overhead *</b>	<b>Total</b>
Travel Juneau - Crossing Guards	362,000	19,400	<b>381,400</b>
Travel Juneau - Visitor Information Services	149,600	8,000	<b>157,600</b>
DBA - Downtown Security Program	67,000	3,600	<b>70,600</b>
TBMP - Best Management Practices Support	20,000	1,100	<b>21,100</b>
Whalesense	100,000	5,400	<b>105,400</b>
Downtown Pay Phones	8,000	400	<b>8,400</b>
<b>Total Grants for Contracted Services</b>	<b>706,600</b>	<b>37,900</b>	<b>744,500</b>
<b>Operating Grants to Private Docks</b>	<b>Direct Cost</b>	<b>CBJ Overhead *</b>	<b>Total</b>
Franklin Dock Enterprises (Security, Restrooms)	120,000	6,400	<b>126,400</b>
AJ Juneau Dock, LLC (Security, Restrooms, Response Boat)	139,600	7,500	<b>147,100</b>
<b>Operating Grants to Private Docks</b>	<b>259,600</b>	<b>13,900</b>	<b>273,500</b>
<b>TOTAL MPF COSTS (non-capital)</b>	<b>3,528,650</b>	<b>189,300</b>	<b>3,717,950</b>
<i>*Proportional allocation of overhead costs for management, administration, finance, and legal support</i>			



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DATE: January 26, 2021  
TO: Chair Triem and Assembly Finance Committee  
FROM: Rorie Watt, City Manager  
RE: Draft FY22 Passenger Fee Proposal

This memo discusses my proposal for the expenditure of passenger fees (CBJ \$5 Marine Passenger Fee, \$3 Port Development Fee and \$5 State Commercial Passenger Vessel Fee).

This proposal is made in accordance with the MOA that was reached with CLIA in March of 2019 and is designed to provide services and solve community issues related to cruise ship tourism.

The cruise tourism industry holds a consensus view that sailings will resume to Southeast Alaska in the summer of 2021. This view is challenged by a number of factors including the CDC Framework for a Conditional Sailing Order, the ongoing closure of Canadian ports, and the technical implications of the Jones Act. Those factors introduce significant uncertainty.

In spite of that significant uncertainty, discussions with cruise tourism industry representatives indicate a reduced cruise season that starts late and ramps up later in the summer. Signals from the industry point to a visitation number on the order of 500,000 and 750,000 cruise visitors in 2021. For the purposes of budgeting, staff consensus best guess on a forecast points to 550,000 visitors this summer, with up to 100,000 visitors in May/June and 450,000 visitors in Jul/Aug/Sept. This forecast may or may not be conservative and is based on the overall concept that vaccination, testing, and therapeutic treatments will continue to improve. At this time and partially based on pent up demand, it appears that the cruise industry could make a strong return in the summer of 2022.

Here is how that forecast for visitation translates to passenger fee revenue in FY21 and FY22:

		PAX	MPF	PDF	State CPV*	Total
CY2020 Jul/Aug/Sept	FY2021	0	\$ -	\$ -		\$ -
CY2021 May/June	FY2021	100,000	\$ 500,000	\$ 300,000		\$ 900,000
CY2021 Jul/Aug/Sept	FY2022	450,000	\$ 2,250,000	\$ 1,350,000		\$ 4,050,000
CY2022 April/May/Jun	FY2022	500,000	\$ 2,500,000	\$ 1,500,000	\$ 2,750,000	\$ 7,250,000
CY2022 Jul/Aug/Sept	FY2023	800,000	\$ 4,000,000	\$ 2,400,000		\$ 7,200,000

*\*State CPV receipts remitted to CBJ approximately eight months after they are received*

**FY21 Passenger Fee Total \$ 900,000**  
**FY22 Passenger Fee Total \$ 11,300,000**

The FY21 Adopted Budget forecasts \$2.7 million of total passenger fees, which is considerably higher than the \$900,000 now forecast for the remainder of FY21. Likely, after the necessary FY21 expenditures, the two passenger fee funds will have deficit/negative fund balances. These negative balances could be self-corrected by surplus passenger fee receipts in FY22.

At this time and out of an abundance of caution, I propose that CBJ budget to expend passenger fees in FY22 only on items that are necessary to accommodate and welcome the passengers anticipated. If projections change, the budget can be adjusted.

	<b>Direct Cost</b>	<b>Overhead*</b>	<b>Total</b>
<b>Debt Service: Juneau Cruise Terminal Docks</b>	2,093,600		<b>2,093,600</b>
<b>CBJ Municipal Services</b>			
Ambulance/EMS Support	842,300	69,300	<b>911,600</b>
Police Support	883,300	72,700	<b>956,000</b>
Seawalk, Open Space and Restroom Maintenance	405,500	33,400	<b>438,900</b>
Street Cleaning/Repair	215,000	17,700	<b>232,700</b>
D&H- Port Management & Landscaping	315,000	25,900	<b>340,900</b>
D&H- Port Customs Office Bldg Maint	133,500	11,000	<b>144,500</b>
<b>Third-Party Visitor Services by Assembly Grant</b>			
Travel Juneau - Crossing Guards	363,400		<b>363,400</b>
Travel Juneau - Visitor Information Services	150,000		<b>150,000</b>
DBA - Downtown Security Program	67,000		<b>67,000</b>
TBMP - Best Management Practices Support	15,000		<b>15,000</b>
Franklin Dock Enterprises (Security, Restrooms)	170,000		<b>170,000</b>
AJ Juneau Dock, LLC (Security, Restrooms)	179,800		<b>179,800</b>
<b>Total Proposed FY22 Passenger Fee Expenditures</b>	<b>5,833,400</b>	<b>230,000</b>	<b>6,063,400</b>

*\*Proportional allocation of CBJ overhead costs for management, administration, finance, and legal support*

Passenger fee funding for all CBJ municipal services and the related overhead is calculated by a third-party cost allocation consultant (Matrix Consulting) in compliance with applicable federal standards and industry best practices.





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DATE: February 1, 2022  
TO: Chair Triem and Assembly Finance Committee  
FROM: Alexandra Pierce, Tourism Manager  
RE: FY23 Passenger Fee Proposal

This memo discusses my proposal for the expenditure of passenger fees (CBJ \$5 Marine Passenger Fee, \$3 Port Development Fee and \$5 State Commercial Passenger Vessel Fee). This proposal is made in accordance with the MOA that was reached with CLIA in March of 2019 and is designed to provide services and solve community issues related to cruise ship tourism.

The cruise tourism industry holds a consensus view that sailings will resume to Southeast Alaska in the summer of 2022. For budgeting purposes, we have estimated 1 million visitors for the summer 2022 season. This number is adjusted down slightly due to supply chain and labor uncertainties.

Here is how that forecast for visitation translates to passenger fee revenue in FY22 and FY23:

	PAX	MPF	PDF	State CPV*	Total
CY2021 Jul/Aug/Sept FY2022	0	\$ -	\$ -		\$ -
CY2022 April/May/Jun FY2022	400,000	\$ 2,000,000	\$ 1,200,000	\$ -	\$ 3,200,000
CY2022 Jul/Aug/Sept FY2023	600,000	\$ 3,000,000	\$ 1,800,000	\$ 5,000,000	\$ 9,800,000
CY2023 April/May/Jun FY2023	500,000	\$ 2,500,000	\$ 1,500,000		\$ 4,000,000

*\*State CPV receipts remitted to CBJ approximately  
eight months after they are received*

**FY22 Passenger Fee Total \$ 3,200,000**  
**FY23 Passenger Fee Total \$ 13,800,000**

The absent 2020 cruise season and slow 2021 season still incurred operating and debt service expenses. As a result, we are carrying a negative fund balance of \$3.2 million into FY23. With the current uncertainty around the 2022 season, we are budgeting for a slow finish to FY22 and to carry the negative balance into FY23. Additionally, new U.S. Coast Guard security requirements translate to increased security expenses of approximately \$150,000 per dock. These factors, combined with uncertainty about the degree to which the market will recover, limits the amount of funding available in FY23.

	<b>Total</b>
<b>Debt Service: Juneau Cruise Terminal Docks</b>	<b>\$ 2,028,400</b>
<b>CBJ Municipal Services</b>	<b>\$ 3,588,700</b>
<b>Third-Party Visitor Services by Assembly Grant</b>	
Travel Juneau - Crossing guard program	\$ 373,800
Travel Juneau - Visitor services program	\$ 148,000
Tourism Best Management Practices (TBMP)	\$ 24,700
Downtown Business Association	\$ 75,000
AJ Dock - Access Control Security	\$ 200,000
AJ Dock - Restroom Maintenance	\$ 30,000
Franklin Dock - Access Control Security	\$ 160,000
Franklin Dock - Restroom Maintenance	\$ 30,000
<b>Total 3rd Party Services</b>	<b>\$ 1,041,500</b>
<b>Capital Investments</b>	
Circulator Plan (Juneau Commission on Sustainability)	\$ 100,000
Real-Time Weather Monitoring Stations	\$ 55,000
Dock Electrification	\$ 2,640,000
Seawalk Expansion	\$ 1,000,000
Refillable Water Bottle Stations	\$ 50,000
Marine Park Improvements Planning and Design	\$ 250,000
<b>Total Capital Investments</b>	<b>\$ 4,095,000</b>
<b>Total Proposed FY23 Passenger Fee Expenditures</b>	<b>\$ 10,753,600</b>

Passenger fee funding for all CBJ municipal services and the related overhead is calculated by a third-party cost allocation consultant (Matrix Consulting) in compliance with applicable federal standards and industry best practices.

#### Capital Investments

Capital investments are limited by the negative fund balance carried forward from fiscal year 2022 and the likelihood of a slower than scheduled cruise season. CBJ received a number of worthy requests and we have budgeted funds to start some of the proposed projects, anticipating more funding in the coming years. Of note, the transformer purchase on behalf of AEL&P will allow for two electrified docks to operate simultaneously. This purchase has a two to three-year lead time between ordering and installation. Additional funds for bid-ready design documents for dock electrification will support multiple funding opportunities for a future capital project to electrify the docks. When the project is ready to bid, there are multiple options for financing including incurring debt. Other recommended infrastructure funding includes planning for a downtown circulator, and for seawalk and other infrastructure improvements.

The above proposal represents a conservative approach that meets our debt and negative fund balance obligations, and lays the groundwork for future infrastructure priorities.



**MEMORANDUM**

**DATE:** February 14, 2023

**TO:** Assembly Finance Committee

**FROM:** Alexandra Pierce, Tourism Manager

**SUBJECT:** Marine Passenger Fee Proposal

This memo discusses my proposal for the expenditure of passenger fees (CBJ \$5 Marine Passenger Fee, \$3 Port Development Fee and \$5 State Commercial Passenger Vessel Fee). This proposal is made in accordance with the settlement that was reached with CLIA in March of 2019 and is designed to provide services and solve community issues related to cruise ship tourism.

The cruise industry holds a consensus view that Southeast Alaska sailings will exceed pre-pandemic levels in the summer of 2023. The scheduled lower berth capacity is estimated to be 1.65 million visitors for the summer 2023 season.

Here is how that forecast for visitation translates to passenger fee revenue in FY23 and FY24:

			PAX	MPF	PDF	State CPV*	Total
CY2022 Jul/Aug/Sept	FY2023		600,000	\$ 3,000,000	\$ 1,800,000	\$ 5,000,000	\$ 9,800,000
CY2023 April/May/June	FY2023		660,000	\$ 3,300,000	\$ 1,980,000		\$ 5,280,000
CY2023 Jul/Aug/Sept	FY2024		990,000	\$ 4,950,000	\$ 2,970,000	\$ 8,250,000	\$ 16,170,000
CY2024 April/May/June	FY2024		660,000	\$ 3,300,000	\$ 1,980,000		\$ 5,280,000

*\*State CPV receipts remitted to CBJ approximately eight months after they are received*

**FY23 Passenger Fee Total \$ 15,080,000**

**FY24 Passenger Fee Total \$ 21,450,000**

The absent 2020 cruise season and slow 2021 season still incurred operating and debt service expenses. As a result, we carried a negative fund balance of \$3.2 million into FY23. This is eliminated for FY24 and we can expect to carry a positive fund balance into FY25. Additionally, new U.S. Coast Guard security requirements translate to increased security expenses of approximately \$150,000 per dock. This was new for FY23 but will continue indefinitely.

<b>FY24 Passenger Fee Proposal</b>			
	<b>Direct Cost</b>	<b>Overhead</b>	<b>Total</b>
<b>Debt Service: Juneau Cruise Terminal Docks</b>	<b>\$ 2,026,500</b>	<b>\$ -</b>	<b>\$ 2,026,500</b>
<b>CBJ Municipal Services</b>			
Police Support	\$ 1,289,600	\$ 47,800	\$ 1,337,400
Ambulance/EMS Support	\$ 591,500	\$ 21,900	\$ 613,400
Seawalk, Open Space and Restroom Maintenance	\$ 426,100	\$ 15,800	\$ 441,900
Street Cleaning/Repair	\$ 192,900	\$ 7,100	\$ 200,000
D&H - Port Management	\$ 275,000	\$ 10,200	\$ 285,200
D&H - Port Customs Office Building Maintenance	\$ 142,000	\$ 5,300	\$ 147,300
D&H - Access Control Security	\$ 300,000	\$ 11,100	\$ 311,100
Tourism Management	\$ 229,000	\$ 8,500	\$ 237,500
CBJ Resident Tourism Survey	\$ 35,000	\$ 1,300	\$ 36,300
Cruise Ship Passenger Survey	\$ 35,000	\$ 1,300	\$ 36,300
General Economic Analysis	\$ 40,000	\$ 1,500	\$ 41,500
<b>Total City Services</b>	<b>\$ 3,556,100</b>	<b>\$ 132,700</b>	<b>\$ 3,688,800</b>
<b>Third-Party Visitor Services by Assembly Grant</b>			
Travel Juneau - Crossing guard program	\$ 294,200	\$ -	\$ 294,200
Travel Juneau - Visitor services program	\$ 165,200	\$ -	\$ 165,200
Tourism Best Management Practices (TBMP)	\$ 26,000	\$ -	\$ 26,000
Downtown Business Association Ambassador Program	\$ 90,000	\$ -	\$ 90,000
AJ Dock - Access Control Security	\$ 130,000	\$ -	\$ 130,000
AJ Dock - Restroom Maintenance	\$ 30,000	\$ -	\$ 30,000
Franklin Dock - Access Control Security	\$ 130,000	\$ -	\$ 130,000
Franklin Dock - Restroom Maintenance	\$ 30,000	\$ -	\$ 30,000
Seasonal Workforce Housing Planning	\$ 50,000	\$ -	\$ 50,000
<b>Total 3rd Party Services</b>	<b>\$ 945,400</b>	<b>\$ -</b>	<b>\$ 945,400</b>
<b>Capital Investments</b>			
Capital Civic Center	\$ 1,000,000	\$ -	\$ 1,000,000
Marine Park Improvements	\$ 2,000,000	\$ -	\$ 2,000,000
Homestead Park Improvements	\$ 1,000,000	\$ -	\$ 1,000,000
Wastewater Improvements	\$ 950,000	\$ -	\$ 950,000
Informational Signage	\$ 75,000	\$ -	\$ 75,000
Circulator Plan	\$ 20,000	\$ -	\$ 20,000
Seawalk Expansion	\$ 10,000,000	\$ -	\$ 10,000,000
<b>Total Capital Investments</b>	<b>\$ 15,045,000</b>	<b>\$ -</b>	<b>\$ 15,045,000</b>
<b>Total Proposed FY24 Passenger Fee Expenditures</b>	<b>\$ 21,598,000</b>	<b>\$ 132,700</b>	<b>\$ 21,730,700</b>

**Using Passenger Fees:**

Passenger fee funding for all CBJ municipal services and the related overhead is calculated by a third-party cost allocation consultant (Matrix Consulting) in compliance with applicable federal standards and industry best practices. Third-party visitor services are funded based on the settlement agreement and on discussions with CLIA as described therein. Of note, CLIA is supportive of funding for a study on the visitor industry's impact on Juneau's housing market.

**Capital Investments:**

Capital investments were previously limited by the negative fund balance carried forward from fiscal year 2022 and the likelihood of a slower than scheduled cruise season. At the time, CBJ received a number of worthy requests and we have budgeted funds to start some of the proposed projects, anticipating more funding in the coming years. Attachment A shows CBJ's long-term visitor infrastructure needs.

Notably, this year's budget dedicates \$10,000,000 to the Seawalk, anticipating agreement on a Franklin to AJ Dock connection. Other recommended infrastructure funding includes funding for reconstruction of Marine and Homestead Parks, \$1 million towards the Capital Civic Center, wastewater improvements that were originally funded for FY21, improved signage, and extra funds to finish the circulator study. Note that dock electrification is being funded separately with a separate passenger fee-backed bond package.

The above proposal represents a conservative approach that meets our debt and negative fund balance obligations, and lays the groundwork for future infrastructure priorities.

**Attachments:**

**Attachment A – Passenger Fee Infrastructure Needs FY24-28**

**Attachment B – Combined Passenger Fee Requests Table**

**Attachment C – Consolidated FY24 Passenger Fee Requests**



## **MEMORANDUM**

**DATE:** February 21, 2024

**TO:** Assembly Finance Committee

**FROM:** Alexandra Pierce, Tourism Manager

**SUBJECT:** Marine Passenger Fee Philosophy

This memo provides an overview of the passenger fee process as well as staff's current philosophy behind passenger fee allocations and our strategic plan for the future. There are three components to what we collectively refer to as "passenger fees": CBJ's \$5 Marine Passenger Fee and \$3 Port Development Fee and the State \$5 Commercial Passenger Vessel Excise Tax (CPV). This is actually a \$34.50 tax, of which Juneau receives a \$5 allocation. Not all ports collect passenger fees, but the first seven ports of call for a ship over 250 passengers receive \$5 in State CPV.

All ports fund tourism infrastructure through a combination of passenger and port fees. When we talk about passenger fees, we tend to lump all these pots of money together, but both the lawsuit and public process focus on MPF only. CBJ's ordinance requires staff to solicit for MPF suggestions in December and then put the proposed budget out for public review before it goes to the Assembly for adoption along with the Manager's budget.

The cruise industry holds a consensus view that Southeast Alaska visitor numbers will stay flat between 2023 and 2025, largely as a result of Juneau's five ship limit. The scheduled lower berth capacity is estimated to be 1.65 million visitors for the summer 2024 season.

### **Using Passenger Fees under the settlement agreement**

The use of Marine Passenger Fees is outlined in the Tonnage Clause of the US Constitution. Essentially the expenditure of fees must support the vessel. Our settlement agreement with CLIA allows us to expend fees to support and provide services to passengers.

Under the settlement agreement, fee usage is dependent on proximity to the ship and determined by a mapped area. We are able to use passenger fees in Zone A for services and infrastructure. In Zone B, we are required to discuss passenger fee usage at an annual meeting with CLIA. Projects outside Zone B are also subject to consultation with CLIA.

The settlement agreement requires us to meet annually to "discuss in good-faith any new proposed projects and services for which Fees are sought to be expended in the following Fiscal Year with the ultimate decision resting with the Assembly." We have agreed to settle disputes over expenditures of fees through direct discussions, escalating to non-binding mediation before resorting to mitigation. This meeting took place on January 8.



## Funding

Here is how that forecast for visitation translates to passenger fee revenue in FY24 and FY25:

		PAX	MPF	PDF	State CPV*	Total
CY2023 Jul/Aug/Sept	FY2024	990,000	\$ 4,950,000	\$ 2,970,000	\$ 8,250,000	\$ 16,170,000
CY2024 April/May/June	FY2024	660,000	\$ 3,300,000	\$ 1,980,000		\$ 5,280,000
CY2024 Jul/Aug/Sept	FY2025	990,000	\$ 4,950,000	\$ 2,970,000	\$ 8,250,000	\$ 16,170,000
CY2025 April/May/June	FY2025	660,000	\$ 3,300,000	\$ 1,980,000		\$ 5,280,000

*\*State CPV receipts remitted to CBJ approximately eight months after they are received*

**FY24 Passenger Fee Total \$ 21,450,000**

**FY25 Passenger Fee Total \$ 21,450,000**

The absent 2020 cruise season and slow 2021 season still incurred operating and debt service expenses. As a result, we carried a negative fund balance of \$3.2 million into FY23. This was eliminated in FY24 and we will carry a positive fund balance into FY25.

The below chart lists the projects that staff is proposing to fund for FY25. A compilation of all requests received is included in attachments B and C.

	Direct Cost	Overhead	Total
<b>Debt Service: Juneau Cruise Terminal Docks</b>	<b>\$ 2,026,600</b>	<b>\$ -</b>	<b>\$ 2,026,600</b>
<b>CBJ Municipal Services</b>			
Police Support	\$ 1,067,600	\$ 12,300	\$ 1,079,900
Ambulance/EMS Support	\$ 656,700	\$ 7,600	\$ 664,300
Seawalk, Open Space and Restroom Maintenance	\$ 831,500	\$ 9,600	\$ 841,100
Street Cleaning/Repair	\$ 339,200	\$ 3,900	\$ 343,100
D&H - Port Management	\$ 275,000	\$ 3,200	\$ 278,200
D&H - Port Customs Office Building Maintenance	\$ 142,000	\$ 1,600	\$ 143,600
D&H - Access Control Security	\$ 300,000	\$ 3,500	\$ 303,500
Tourism Management	\$ 342,400	\$ 3,900	\$ 346,300
<b>Total City Services</b>	<b>\$ 3,954,400</b>	<b>\$ 45,600</b>	<b>\$ 4,000,000</b>
<b>Third-Party Visitor Services by Assembly Grant</b>			
Travel Juneau - Visitor services program	\$ 171,000	\$ -	\$ 171,000
Travel Juneau - Crossing guard program	\$ 358,800	\$ -	\$ 358,800
Tourism Best Management Practices (TBMP)	\$ 44,200	\$ -	\$ 44,200
<del>Downtown Business Association</del>	<del>\$ 90,000</del>	<del>\$ -</del>	<del>\$ 90,000</del>
JEDC - Mobile Data Purchase	\$ 100,000	\$ -	\$ 100,000
AJ Dock - Access Control Security	\$ 150,000	\$ -	\$ 150,000
AJ Dock - Restroom Maintenance	\$ 30,000	\$ -	\$ 30,000
Franklin Dock - Access Control Security	\$ 150,000	\$ -	\$ 150,000
Franklin Dock - Restroom Maintenance	\$ 30,000	\$ -	\$ 30,000
<b>Total 3rd Party Services</b>	<b>\$ 1,124,000</b>	<b>\$ -</b>	<b>\$ 1,124,000</b>
<b>Capital Investments</b>			
Shore Power	\$ 5,000,000	\$ -	\$ 5,000,000
Overstreet Park and Canoe Statue Lighting		\$ -	\$ -
Downtown Bearproof Garbage Cans	\$ 100,000	\$ -	\$ 100,000
NOAA - Blubber Cortisol Study	\$ 160,000	\$ -	\$ 160,000
NOAA - Statter Harbor Signage	\$ 25,000	\$ -	\$ 25,000
Marine Park Improvements	\$ 2,000,000	\$ -	\$ 2,000,000
Triangle Project (Claw Back)	\$ 1,000,000	\$ -	\$ 1,000,000
Capital Transit	\$ 1,000,000	\$ -	\$ 1,000,000
Warner's Wharf Beautification	\$ 200,000	\$ -	\$ 200,000
Public Wi-Fi	\$ 1,000,000	\$ -	\$ 1,000,000
Archipelago Museum	\$ 500,000	\$ -	\$ 500,000
Revolving Loan Program	\$ 1,000,000	\$ -	\$ 1,000,000
<b>Total Capital Investments</b>	<b>\$ 11,985,000</b>	<b>\$ -</b>	<b>\$ 11,985,000</b>
<b>Total Proposed FY24 Passenger Fee Expenditures</b>	<b>\$19,090,000</b>	<b>\$ 45,600</b>	<b>\$19,135,600</b>

### **Using Passenger Fees:**

Passenger fee funding for all CBJ municipal services and the related overhead is calculated by a third-party cost allocation consultant (Matrix Consulting) in compliance with applicable federal standards and industry best practices. Third-party visitor services are funded based on the settlement agreement and on discussions with CLIA as described therein.

### **Capital Investments:**

Shore Power: staff is recommending \$5 million for shore power. This money may be used to purchase transformers for the 16B docks or may be used as a match for a grant.

NOAA: the blubber cortisol study will use baseline data collected during COVID to assess the effects of boat traffic on whales. NOAA has also requested funding for interpretive signage at Statter Harbor.

Marine Park: we completed design of the Marine Park renovation this summer. This funds construction.

Overstreet Lighting: Parks & Rec has a project planned to improve lighting along the Overstreet Park Seawalk. The artist who built the canoe sculpture put in a request to light the sculpture; this can be incorporated into the existing Parks & Rec project.

Capital Transit: there are two requests for bus service. One to formalize and fund what Capital Transit is currently doing and enhance service to the Valley. This request is included in the budget before the Committee. The second request is for a downtown circulator pilot project. The Circulator Study was before PWFC on January 29. Staff has reserved enough money to fund the circulator in fund balance pending Assembly adoption of the Study and direction on implementation.

Triangle Project: this is a passenger fee funded project that was completed using General Funds during the pandemic. The “claw back” makes the general fund whole.

Warner’s Wharf: this is a simple beautification and upgrade project for the Warner’s Wharf alleyway. Warner’s Wharf (next to Pier 49) is a key connection to the Seawalk.

Public Wi-fi: we received many complaints about the issues with internet service with cruise ships in town. Wi-fi throughout downtown is an effort to address those issues and take some of the load off our local network. There is still work to do with the providers, but this is something that CBJ can do quickly to address the problem.

Waterfront Museum: under the current plan, the museum would include public restrooms and some visitor amenities.

Revolving Loan Program: this program would establish a low interest loan for tourism operators to invest in cleaner energy equipment. Examples include low emission bus or boat engine conversions. CBJ successfully implemented a similar program in the early 2000s to convert to quieter float plane engines. This project reimagines that program to help tour operators adopt cleaner technologies. The loans would be administered by JEDC.

Seawalk: staff will likely approach the Assembly with a debt financing package for the Seawalk in the coming months. This provides additional funding for design.

**Attachments:**

**Attachment A – Passenger Fee Infrastructure Needs FY24-28**

**Attachment B – Combined Passenger Fee Requests Table**

**Attachment C – Consolidated FY25 Passenger Fee Requests**

**Attachment D – Memorandum of Agreement (Amendment 1) – settlement agreement between CBJ and cruise lines**

**Attachment E – Maritime Industry Zones map**