



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator *Sara Peterson, Acting*

Date: March 17, 2025

Subject: Commercial Passenger Vessel Excise Tax Fund Annual Analysis

Background

On August 12, 2008, Ordinance 2008-29 was passed to establish a Marine Passenger Fee Fund, the uses allowed from the proceeds the CBS receives from the State of Alaska, and the procedures to appropriate such proceeds as allowed by law.

On August 22, 2022, Ordinance 2023-17 was passed to:

- a. change the nomenclature of the fund and the excise tax to be consistent with the state of Alaska; and
- b. clarify and streamline the process by which the fund is administered.

The changes also instituted a public proposal process if the Assembly determines there is a sufficient amount of funding available to initiate a call for public proposals.

Analysis

In accordance with SGC 4.55.030:

- A. No later than the second regular assembly meeting in March of every calendar year, the administrator will notify the assembly of the projected balance available in the CPV excise tax fund for the upcoming fiscal year after operational expenses consistent with SGC 4.55.020 have been incorporated.
- B. Upon approval of the assembly, the administrator will initiate a call for public proposals consistent with the use of CPV excise tax funds per SGC 4.55.020.
- C. By September 30th of every calendar year, the administrator will present to the assembly proposals consistent with the use of CPV excise tax funds per SGC 4.55.020. The assembly will review and select proposals for funding.
- D. Project funds shall be transferred or expended from the CPV excise tax fund only to the extent approved by the assembly.

A Commercial Passenger Fund Application has been developed and is attached to this

memo to outline the proposal process if the Assembly decides to initiate a call for public proposals.

Fiscal Note

The table below outlines the projected available fund balance:

Projected CPV balance available	FY2025
Balance prior to FY25 disbursement/expenses	3,349,623.00
Disbursement (March 2025)	2,959,515.00
Expenses through 12/31	(1,221,805.10)
Projected through 6/30	(425,000.00)
Upcoming FY Budget Direct and Indirect	(1,867,500.00)
Other projects (Assembly directed or via proposal process)	
Available balance	2,794,832.90

Recommendation

Considering the fund’s balance and objectives, the Assembly is advised to choose one or a combination of the following options:

- Direct the Administrator to pursue special Assembly projects.
- Opt to retain the fund balance for future, larger-scale projects and/or to cover unanticipated needs.
- Direct the Administrator to initiate a call for public proposals per SGC 4.55.020, encouraging community engagement.

This approach offers flexibility in fund utilization, ensuring that allocations reflect both immediate needs and long-term ambitions for CBS.