


# CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

## MEMORANDUM

**To:** Mayor Eisenbeisz and Assembly Members

**From:** John Leach, Municipal Administrator 

**Date:** March 1, 2024

**Subject:** Commercial Passenger Vessel Excise Tax Fund Annual Analysis

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### 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:

<b>Projected CPV balance available</b>	
Balance prior to FY24 disbursement/expenses (@2/28/24)	1,996,104.00
FY24/CY23 disbursement (pending @ 2/28/24)	2,698,670.00
Expenses through 12/31/23	(1,186,737.73)
Projected through 6/30/24	(245,000.00)
FY25 Direct and Indirect	(1,591,300.00)
Other projects (Assembly directed or via proposal process)	
<b>Available balance</b>	<b>1,671,736.27</b>

**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.



**Commercial Passenger Vessel (CPV) Fund Application**

**INSTRUCTIONS:** Email completed application AND detailed project proposal to [administrator@cityofsitka.org](mailto:administrator@cityofsitka.org) by August 15 of the year in which the Assembly has approved requests for public proposals.

Applicant Name	<input type="text"/>	Primary Contact	<input type="text"/>	Phone number	<input type="text"/>
Email address	<input type="text"/>			Applicant Type	<input type="text"/>
Physical Address (Street, City, State, Zip)	<input type="text"/>				

1. What section of **SGC 4.55.020 Use of Proceeds** does this project address?

**SGC 4.55.020(A)** For the design, construction, operation and maintenance of municipally owned port and harbor facilities engaged in interstate and foreign commerce and interstate marine passenger transportation;

**SGC 4.55.020(B)** For the design, construction, operation and maintenance of municipally owned facilities with the exclusive purpose of enhancing the safety and efficiency of interstate and foreign commerce and interstate marine passenger transportation;

**SGC 4.55.020(C)** To pay for personnel, supply, equipment, and rental costs which enhance the safety and efficiency of interstate and foreign commerce and interstate marine passenger transportation if such costs are directly and exclusively related to the safety and efficiency of interstate and foreign commerce and interstate marine passenger transportation, or, if such costs can be determined by an auditable allocation method which calculates the percentage of total costs which are attributable to interstate and foreign commerce and interstate marine passenger transportation;

**SGC 4.55.020(D)** For the municipal portion of the costs of the design and construction of facilities funded through a matching grant from state of Alaska commercial passenger excise tax proceeds and with the approval of the state of Alaska.

2. Brief project description, including anticipated costs and location. Reference the maps (Figures 2 & 3 attached) of the Sitka Cruise Cost Allocation Study to check this is in an area affected by annual visits.

3. How will this project benefit marine passengers?

4. How will this project contribute to addressing impacts caused by the marine passenger ship industry?

5. What are the future costs of this resource?

**DETAILED PROJECT PROPOSAL ATTACHED (up to 5 pages).**

<b>CBS USE ONLY - APPLICATION AND PROJECT PROPOSAL REVIEW</b>		<b>Date Received</b>
Department Head Signature _____	Date _____	
Municipal Administrator Signature _____	Date _____	

## Sitka Cruise Cost Allocation - Passenger Dispersion and Points of Interest

The maps below are Figures 2 & 3 from the Sitka Cruise Cost Allocation Study, which demonstrates areas of highest cruise ship passenger traffic.

