

POSSIBLE MOTION

I MOVE TO approve the proposed adjustments to the Gary Paxton Industrial Park (GPIP) Port Tariff Fee Schedule (Port Tariff #4) as recommended by the GPIP Board.



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Friday, February 12, 2021

MEMORANDUM

To: John Leach, CBS Administrator

From: Garry White, Director

Subject: GPIIP Port Tariff #4

Introduction

The GPIIP Board recently discussed and recommended changes to the GPIIP Port Tariff at its November, December, January, and February meetings. The GPIIP Board's recommended changes to the GPIIP Port Tariff are attached in the updated GPIIP Port Tariff #4.

The GPIIP Dock has seen an increase in use over the past few years and continues to receive bookings for the upcoming summer season. The City and Borough of Sitka (CBS) Harbor Department has received a request to moor a small cruise ship at the GPIIP Dock in the summer of 2021 and 2022. Additionally, the CBS has received requests for vessels to be haul out using the existing unimproved GPIIP Access Ramp and to be placed in the park for repair and maintenance work.

The updated GPIIP Port Tariff modifies some current tariff items and establishes a fee schedule for the proposed new uses of the dock based off similar fee schedules locally and regionally.

GPIIP Port Tariff

A Port Tariff is a document that contains published charges, rules, and requirements of the port, including docks and associated uplands. The Port Tariff is an implied contract that allows for rapid arrangements without the need for complicated agreements for use of the facility.

The GPIIP Port is a "landlord" Port, which means that the GPIIP will charge users for real estate and dock use and are responsible for maintenance, management and upkeep. The GPIIP Port Tariff covers all properties of the GPIIP uplands and tidelands.

The entire GPIIP Port Tariff #3 can be found at the following link:

<http://www.cityofsitka.com/government/departments/harbor/documents/MasterTariffNo.39-4-2018DRAFT-3.pdf>

Background

The GPIIP Board recommended and the City and Borough of Sitka Assembly approved the first GPIIP Port Tariff #1 in February 2018. The GPIIP Port Tariff #1 was drafted, with input by the

GPIP Director, GPIP Board, and by Parrish, Blessing, & Associates Inc. (PBA), a regulatory and economics consulting firm from Anchorage. PBA has experience in port tariff development, having worked with the Port of Alaska (formerly port of Anchorage) on its port tariff development and financial management.

The GPIP Board discussed the need to monitor the fee schedule and to adjust if need be over time when the tariff was established. The tariff (Port Tariff #2) was adjusted in July 2018 to accommodate incidental use of the facility and to lower wharfage rates to promote more use of the facility. The tariff (Port Tariff #3) was adjusted again in September 2018 to accommodate the movement and storage of fishing gear over the dock and the GPIP uplands.

Based off conversations with potential future users of the facility, the GPIP Director proposed the following adjustments to the fee schedule.

Recommended Adjustments to the GPIP Port Tariff Fee Schedule (Port Tariff #4)

- *Please note that in the GPIP Tariff #4 adjustments to the tariff are notated with the symbols outlined on page 4 of the tariff.*
- The GPIP Board has recommended approval of a GPIP Marine Repair Facility Policies and Best Management Practices, a GPIP Marine Repair Facility User Agreement, and a GPIP Marine Repair Vendor Agreement. The agreements and manual outline liability, insurance, and environmental concerns with vessel repairs on the uplands and dock. These documents are undergoing internal review and will be presented to the Assembly at a future meeting for discussion and approval. These documents will be incorporated into the GPIP Port Tariff under Item 166 – Facility Use Agreement (Page 19).

1. Item 200 – Dockage

Item 200 sets the definitions and schedule of charges for docking or mooring a vessel to the GPIP Dock.

The current tariff schedule below has been adjusted to include items discussed by the Board. Rates for all vessel lengths have been adjusted to show a 3% increase annually.

Recommended change to current tariff schedule: (Page 31)

Vessel Length (feet)	DOCKAGE RATE					
	In Dollars					
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0 – 50 feet – rate per foot	\$0.89	\$0.94	\$0.97	\$1.00	\$1.03	\$1.06
51 – 149 feet – rate per foot	\$1.12	\$1.19	\$1.23	\$1.27	\$1.31	\$1.35
150 - 199	\$445	\$472	\$486	\$501	\$516	\$531
200 - 299	\$665	\$705	\$726	\$748	\$770	\$793
300-399	\$998	\$1,028	\$1,059	\$1,091	\$1,124	\$1,158
400	\$1,272	\$1,310	\$1,349	\$1,389	\$1,431	\$1,474

Note: 400' is the largest vessel that can be accommodated at the GPIIP Dock.

2. Item 200 – Dockage - Monthly Transient Permits

The GPIIP Board previously discussed including long term moorage rates into the tariff but decline as the intent of the GPIIP dock is for short term work and transfer of items across the dock.

The GPIIP dock does not see much activity during the winter months and there have been requests for monthly moorage of the facility during slower times of use at the dock. The GPIIP Director is recommending that a Monthly Transient Permit fee schedule be established to accommodate the requests and to generate additional revenues.

The Monthly Transient Permits will be managed by the GPIIP Port Director or Harbor Master. Language will be included in the tariff allowing the Harbor Master or Port Director to adjust month permits if demand increases.

Recommended addition to current tariff schedule: (Page 32)

Monthly permits (30 days):

- \$21.22 per foot of overall length up to 150'
- \$31.82 per foot of overall length for 151' and up

3. Item 200 – Dockage - Fee for Incidental Use of Dock

The moorage rates were adjusted in 2018 to allow for an incidental use fee for vessels less than 200 feet in the attempt to increase use of the GPIIP Dock

- The current fee is \$25/hr for up 4 hours.

Recommend to increase this fee to \$35/hr for up to 4 hours. (Page 32)

4. Item 215 - Terminal Operator Permit

Item 215 allows the CBS to issue permits to business that wish to operate on the GPIIP Dock and GPIIP upland properties. Operators/Vendors would be considered agencies/entities performing petroleum transfer operations; general cargo operations; dry bulk cargo operations; offloading of cargo from first place of rest within Port transit areas; vessel servicing; fish handling operations; and, passenger operations.

Currently, the CBS harbor system does require operators/vendors to obtain a Marine Trades Permit in the general harbor. The GPIIP Marine Repair Facility Vendor Agreement will be required to be signed by operators in the GPIIP.

Recommend addition to the current tariff schedule: (Page 37)

- Vendor Permit - \$150 per calendar year

5. **Item 250 – Wharfage – Definition Changes**

Item 250 sets the definitions and schedule for any freight, cargo, or goods moved over the GPIIP Dock (Wharf) or GPIIP property.

(b) Application:

The GPIIP Board discussed charging wharfage fees on every items that moves across the face of the dock. After a discussion with the Harbor Master, the Board recommended not charging wharfage on fishing gear and other small consumable items for vessels that fish for local processors.

Recommended addition to the current tariff schedule: (Page 40)

- No wharfage shall be charged for fishing gear and consumables under 30 square feet in area for vessels that fish for local processors.

(h) Security Surcharge:

The GPIIP Director recommended removing the security surcharge from the current tariff. The security surcharge is an appropriate fee for large container ports, but due to the low volume of containers and large cargo, it is an inefficient accounting requirement for the GPIIP Port Tariff.

Recommended revision to current tariff schedule: (Page 41)

- Delete Item 250 (h) Security Surcharge

6. **Item 256 – Passenger Vessel Fee**

The CBS Harbor Master has received a Berthing Application for a small cruise ship to call on the GPIIP Dock this summer. To accommodate small cruise ships and other foreign flagged vessels the GPIIP Dock facility needs to establish a Facility Security Plan (FSP) as required by the Office of Homeland Security. A FSP has been drafted and is currently being reviewed for submission to the USCG.

Many ports in Southeast Alaska have established their own passenger vessel fee for passengers using their facilities. The fee is based on the number of passengers on the vessel. The GPIIP Director recommended a \$4 per head fee for passenger vessels using the GPIIP Dock based off similar fees in the area.

Recommended additional to current tariff schedule: (Page 42)

- \$4 per passenger registered on vessel

7. **Commodity – Port Security Passenger Fee**

The Commodity section of the wharfage section of the tariff addresses fees associated with port security measures as required by the Office of Homeland Security.

The current fee schedule contains a per person fee for passengers crossing the GPIIP Dock to cover port security expenses. The listed fee for 2021 is \$1.39 per passenger. The original per passenger fee schedule was established when the GPIIP Dock was considering expanding to accommodate a larger passenger vessels.

The GPIIP Director is recommending that a flat fee of \$850 be charged for each passenger vessel to cover the cost of security personnel and for more efficient accounting.

Recommended change to current tariff schedule: (Page 45)

- \$850 per docking vessel.

8. Item 260 - Charges for Miscellaneous Services

Item 260 is a new addition to the GPIIP Port Tariff to cover various miscellaneous services offered as the GPIIP Port expands.

(b) Access Ramp Fee

The GPIIP Board has recently heard requests to use the access ramp at the GPIIP. The access ramp has been used by tenants of the park in the past without a published fee structure.

The GPIIP Director recommended a fee of \$1.50/ft/calendar day. The fee structure is based off the Homer Marine Repair center which resembles the current GPIIP infrastructure.

Recommended addition to current tariff schedule: (Page 47)

- \$1.50 per foot per calendar day.

(c) Upland Vessel Dry Dock Fee

The GPIIP Board has recently heard request to use the uplands of the GPIIP properties for vessel work.

The GPIIP Director recommended a two tiered fee for different types of dry dock use. The fee structure is based off the Homer Marine Repair center which resembles the current GPIIP infrastructure.

Recommended addition to current tariff schedule: (Page 47)

- For short term projects
 - \$1.95/ft/day
- For longer term projects

- \$0.20/SF/month for vessels with a Sitka moorage account
- \$0.23/SF/Month for vessels without a Sitka moorage account
 - Upland Dry dockage footprint calculations – Charges are calculated as square feet and are based on the overall length and beam of vessel, plus a ten foot perimeter on all sides. If additional equipment is on site, it will be added to the total square footage.
 - \$50/month Dry Dock Administrative Fee
 - After 4 months the fee will double each month without GPIIP Port Director written approval to stay past 4 months.

Action

- Assembly approval of GPIIP Board recommendations to the proposed adjustments to the GPIIP Port Tariff Fee Schedule (Port Tariff #4).