

Port Asset Organization Structure and Harbor Rate Study Project

Final Report

City and Borough of Sitka, Alaska
June 14, 2024

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Contents

1	Executive Summary	1
2	Introduction	4
3	Facilities Overview	5
	3.1 Introduction	5
	3.2 CBS Harbors	6
	3.3 Gary Paxton Industrial Park	9
4	Rate Analysis – CBS Harbors	11
	4.1 Rate-Setting Considerations	11
	4.2 Rate Recommendations	18
	4.3 Tariff Recommendations	20
5	Land Use (Property)	33
	5.1 Harbors	33
	5.2 Gary Paxton Industrial Park	33
6	Governance	42
	6.1 General	42
	6.2 Recommendations	46
7	Summary and Recommendations	47

Tables

Table 1. Stalls by Length in CBS Harbors	8
Table 2. GPIIP Land Use and Blocks	36

Figures

Figure 1. User Group Breakdown, 2023	1
Figure 2. Annual Moorage Across Harbors in Alaska	2
Figure 3. Sitka Harbor and Approaches	5
Figure 4. ANB Harbor	7
Figure 5. Crescent Harbor	7
Figure 6. Eliason Harbor	7
Figure 7. Sealing Cove	7
Figure 8. Thomsen Harbor.....	7
Figure 9. Stalls by CBS Harbor and Length.....	8
Figure 10. Work Floats	9
Figure 11. Bridge (left) and Crescent Harbor (right) Tender Docks	9
Figure 12. GPIIP Location.....	10
Figure 13: Gary Paxton Industrial Park Dock.....	10
Figure 14. User Group Breakdown, 2023.....	12
Figure 15. Utilization Rates Across the Sitka Harbors.....	13
Figure 16: Wait List for Permanent Moorage, Percent of Total Demand for Stalls	13
Figure 17. Annual Moorage Across Harbors in Alaska.....	14
Figure 18. Average Daily Transient Moorage Rates (\$ per foot per day) Up to 80 Feet.....	14
Figure 19. Average Daily Transient Moorage Rates (\$ per foot per day) Above 80 Feet	15
Figure 20. Annual Moorage Comparisons	16
Figure 21. Gary Paxton Industrial Park Site in Early Development Stage.....	34
Figure 22. GPIIP Plots	35
Figure 23. Silver Bay Seafoods Pier and Shed.....	37
Figure 24. GPIIP Site.....	38
Figure 25. GPIIP Site Plan.....	39
Figure 26. Proposed Haul Out Facility.....	40

Appendices

Appendix A – Harbor Rates (as of May 10, 2024)

Appendix B – Replacement Reserve Analysis

Acronyms and Abbreviations

BOP	Business Operator’s Policy
CBS	City and Borough of Sitka
CCC	Care/Custody/Control of Cargo
CTPA	Connecticut Port Authority
FMC	Federal Maritime Commission
FMT	Federal Marine Terminals, Inc.
GPIP	Gary Paxton Industrial Park
GT	gross tonnage
HDR	HDR Engineering, Inc.
LOA	length overall
MTO	Marine Terminal Operator
NBPA	New Bedford Port Authority
NT	net tonnage
RRA	replacement reserve analysis
WTS	Waterson Terminal Services



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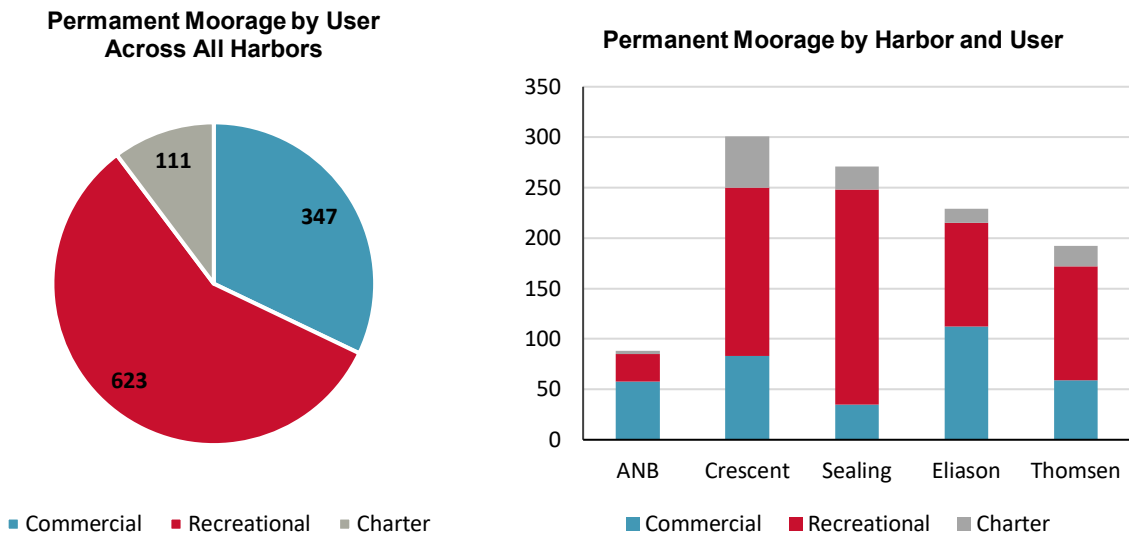
1 Executive Summary

The City and Borough of Sitka (CBS) has engaged HDR Engineering, Inc. (HDR), to conduct a Port Asset Organization Structure and Harbor Rate Study Project to provide guidance on (i) harbor rates to ensure that they are competitive and equitable across various types of users; (ii) the best approach to organize and manage its port facilities; and (iii) appropriate governing structures for managing CBS’ maritime (and other transportation) assets.

Harbor revenues from user fees are predominantly moorage, which accounted for 93 percent of total operating revenues over the last 8 years.¹ In the Fiscal Year ending June 30, 2023, CBS Harbors moorage revenues totaled \$2.8 million. Approximately 86 percent of this revenue was generated by permanent moorage, with the remainder being transient moorage. In addition to user revenues, CBS allocates to CBS Harbors the state funding from the raw fish tax, which was \$1.5 million in 2023.

There are three user groups that use CBS Harbors: recreational, commercial fishing, and charter operators (see Figure 1). Each user group is represented at each of the five harbors. Overall, recreational is the largest user group, with 58 percent of overall permanent moorages. Commercial fishing is the next largest with 32 percent of permanent moorages, and charter operators represent 10 percent.

Figure 1. User Group Breakdown, 2023



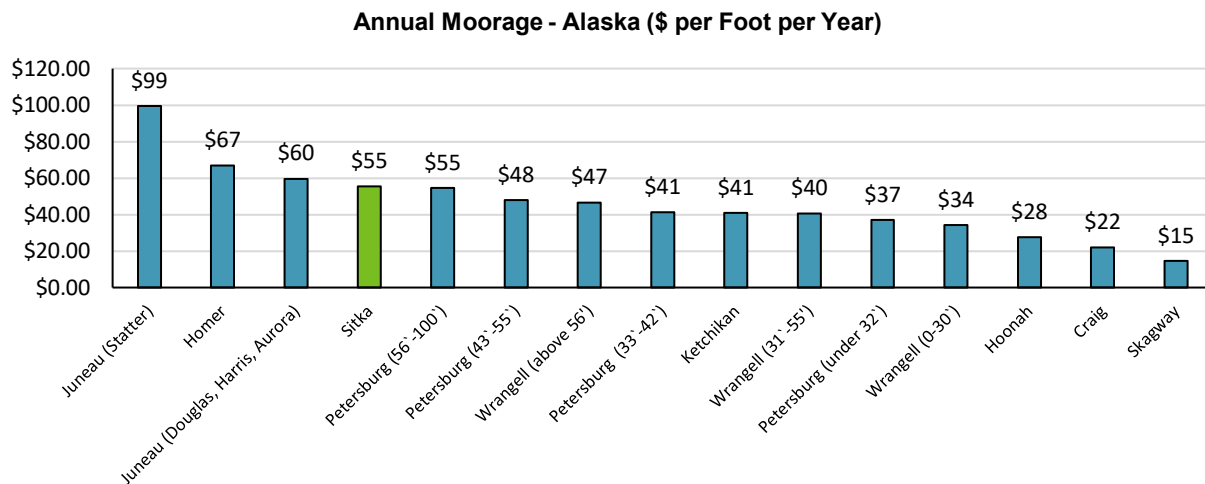
While CBS Harbors’ utilization rates are not reported, the harbors are highly utilized. Overall utilization for CBS Harbors is 85 percent and exceeded 90 percent at both Crescent and Eliason harbors. While overall utilization at CBS Harbors is high, utilization rates vary significantly by slip

¹ HDR calculations from fiscal year 2016–2023 CBS Harbors financial data.

length. For slips of 20 feet, utilization is only 59 percent. For all other slips, utilization averages more than 90 percent.²

The permanent moorage rates, which represent most of CBS Harbors' operating revenues, are above average relative to other Alaska harbors. However, they are not the highest in the state (see Figure 2). While moorage rates for CBS Harbors are above average relative to other Alaska ports, they are quite low compared to Washington State ports.

Figure 2. Annual Moorage Across Harbors in Alaska



The analysis completed through this project indicates that without new revenue streams, harbor moorage rates will have to continue to increase in real terms that are annually consistent with CBS's recent moorage rate change history.

The CBS port assets—CBS Harbors and the Gary Paxton Industrial Park (GPIP)—are critical to the economic and social well-being of the community. These assets facilitate recreational, tourism, and commercial fishing activities that are the foundation of the local economy. The maintenance and future development of these assets will provide a critical foundation for future economic growth in CBS. It will be difficult to effectively maintain and grow these assets with such a heavy reliance on moorage revenues through annual real rate increases.

To ensure that these Port assets have the financial resources and operational efficiencies and authority required for growth and expansion, the following is recommended:

- Leverage new revenue opportunities for services or asset utilization where CBS Harbors currently does not charge a fee. For example, establish a fee for any "revenue passenger" using harbor facilities to access a charter boat or a cruise ship. This charge would apply to passengers using the Crescent Harbor and O'Connell Bridge lightering floats. This charge would also apply to any charter passenger accessing charter boats at any of the five harbors or at the lightering docks. Also, establish a fee for the use of the

² Based on data provided by CBS Harbors on June 4, 2024.

work floats to help fund the need for significant major maintenance required at these facilities.

- Implement one tariff for all Port-related activities, including a rate schedule that is applicable to both CBS Harbors and the GPIIP. Include in the tariff the specific insurance requirements for users of these facilities.
- Combine CBS Harbors and the GPIIP into a single entity with a new governance structure such as a Port Commission. Employ a single manager, a development director, and support staff for the new entity. The Port Commission could be expanded to include other transportation assets such as the airport terminal and seaplane base.
- Undertake a development plan and functionality assessment for the GPIIP and CBS Harbors areas that incorporate new pier capacity, optimize GPIIP properties, and provide effective access to the combined facilities.

The implementation of these recommendations will help maximize the use of and the associated economic benefits from these assets.

2 Introduction

The City and Borough of Sitka (CBS) consists of 2,870 square miles and is located in the panhandle of southeast Alaska. Sitka is remote, accessible only by airplane or boat, and has a population of approximately 8,500 people. The coastal climate contributes to the significant amount of annual precipitation, with an average of 131 inches and prolonged overcast conditions.

CBS port facilities support fishing, recreation, and charter vessels as well as commercial and recreational aviation. During the summer months, the harbor facilities will support large yachts and small cruise ships.

The CBS Harbor Department (CBS Harbors) consists of five boat harbors, Crescent Harbor, Sealing Cove Harbor, ANB Harbor, Thomsen Harbor, and Eliason Harbor; a tidal grid; a gear work float; and a Marine Service Center seawall including a 1,500-pound hoist. The Gary Paxton Industrial Park (GPIP) is located approximately 6 miles south of town around at the 4500 block of Sawmill Creek Road. The industrial park consists of a deep-water dock and upland land for lease. CBS also operates the Airport Fund, which includes an airport terminal serving commercial airlines that is on land leased from the State of Alaska and an aging seaplane base, which is in line for significant grant funding to be replaced and relocated.

CBS has engaged HDR Engineering, Inc. (HDR), to conduct a Port Asset Organization Structure and Harbor Rate Study Project to provide guidance on (i) harbor rates to ensure that they are competitive and equitable across various types of users; (ii) the best approach to organize and manage its port facilities; and (iii) appropriate governing structures for managing CBS' maritime (and other transportation) assets.

To provide guidance to CBS, HDR conducted a detailed analysis of the financial and operational information available on CBS Harbors and GPIP assets. HDR also conducted an analysis of other jurisdictions' harbor rates and governance structures to identify alternative rate and management approaches, as well as opportunities for revenue generation and enhanced management structures. Finally, HDR conducted interviews of harbor users, industrial park users, and CBS management to acquire additional perspectives on CBS Harbors and GPIP.

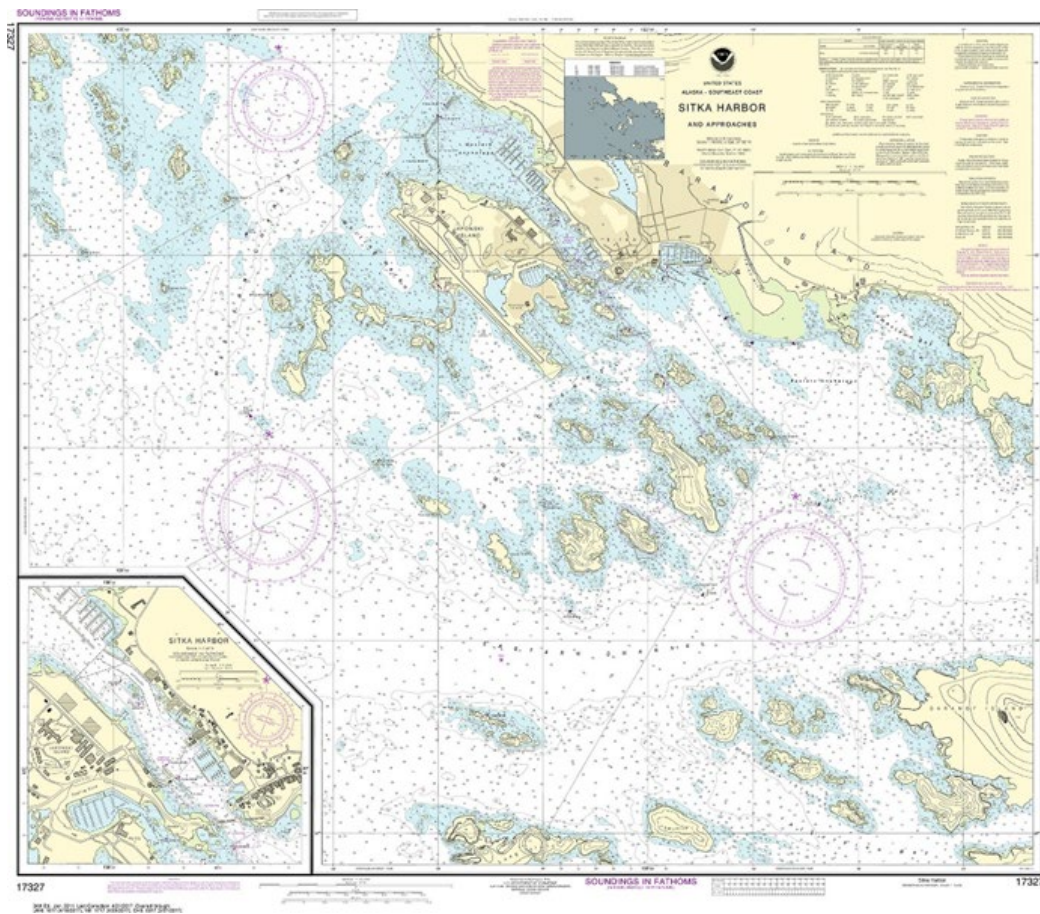
This report summarizes HDR's analysis and recommendations. The balance of the report is structured as follows: Section 3 provides an overview of the CBS Harbors and the GPIP facilities. Section 4 includes a discussion of harbor rates and tariffs including moorage rates comparisons, user feedback, and rate recommendations. Section 5 outlines the current and future property considerations for CBS Harbors and GPIP. Section 6 reviews the existing governance and provides recommendations for enhancements. Section 7 concludes with a summary overview and HDR conclusions and recommendations.

3 Facilities Overview

3.1 Introduction

Sitka is situated on Baranof Island, on the outer coast of the Alexander Archipelago in Southeast Alaska (see Figure 3). Sitka has deep and well-protected harbors with depths sufficient to handle large cruise ships as well as commercial and recreational fishing vessels. Sitka has several deep channels, several deep anchorages, and is well protected by a series of islands and breakwaters. Currents are minimal, and the weather is least favorable in the winter. U.S. Customs has a presence in Sitka, and there are numerous wharves and berthing areas for vessels. Considered a full-service port, CBS Harbors hosts fueling, provisions, utilities, stores, and repair services for vessels calling. Overall, Sitka is favorable for marine activities and is popular in the commercial and recreational fishing industries.

Figure 3. Sitka Harbor and Approaches



The tidal range for the harbor is, on average, 12.8 to 13.2 feet.³ Tides are semi-diurnal (two highs and two lows daily). Harbor depth is considerable; inner harbor depths in most areas are more than 25–30 feet, and outer harbor depths exceed 50 feet and in some areas are over 100

³ NOAA Tidal Data 2024

feet. Sitka has excellent navigation aids maintained by the U.S. Coast Guard. The harbor is well protected and is ideal for recreational and commercial fishing moorage.

According to the State of Alaska, Sitka is ranked the #14 fishing port in the United States by weight and the #11 port by value, with annual landings of 89 million pounds of seafood worth \$71.3 million. Most of the favorite edible seafood species found in Alaska can be harvested in Sitka waters, including ling cod, shrimp, scallops, herring, and various varieties of crab. The Port also hosts one of the largest and key recreational fishing areas in the state of Alaska and the Northwest United States. A large amount of recreational fishing is managed by charter boats operating out of the CBS Harbors' facilities.

In addition, Sitka is a prominent cruise port for port-of-call operations, originating primarily in the continental Pacific Northwest. Major companies such as Norwegian Cruise Lines, Carnival, Princess Cruises, Holland America Line, Viking, Seven Seas, Celebrity, Seabourn, and Royal Caribbean call on the port, mostly at the Sitka Sound Cruise Terminal, a privately operated facility. The Port hosted nearly 600,000 passengers in 2023.⁴

3.2 CBS Harbors

CBS Harbors is divided into five key harbor areas including Crescent Harbor, Thomsen Harbor, Sealing Cove Harbor, Eliason Harbor, and ANB Harbor. Crescent Harbor averages around 360+ vessels ranging in size between 17 and 75 feet. The harbor has concrete and timber floats, utilities, and approximately 1.2 acres of parking space in support of the float area. Thomsen Harbor has 220+ vessels ranging from 20 to 82 feet and flats with some utilities and some parking. Sealing Harbor has 390+ vessels, ranging between 16 and 40 feet, with utilities and 2.0 acres of parking. Eliason Harbor has 240+ vessels ranging between 30 and 150 feet. The floats have utilities and 1.9 acres of supporting parking spaces. ANB Harbor has 100+ vessels ranging from 17 to 50 feet, and floats have utilities and supporting parking of 0.05 acre.⁵ Vessel berthing in 2023, which consumed most of the CBS Harbor's capacity, included 364 commercial vessels, 618 recreational vessels, and 108 charter vessels.⁶

CBS' five harbors have more than 1,200 mooring stalls and more than 40,000 linear feet of moor-able dock. Figure 4 through Figure 8 provide an overview of the stall infrastructure at each harbor.

⁴ <https://alaskapublic.org/2024/01/22/sitkans-take-to-mic-to-share-thoughts-on-cruise-traffic/>

⁵ CBS Harbor System Master Plan - Condition Inventory & Moorage Rate Recommendations, May 2012.

⁶ Data from CBS Harbor Department.

Figure 4. ANB Harbor



Figure 5. Crescent Harbor



Figure 6. Eliason Harbor



Figure 7. Sealing Cove

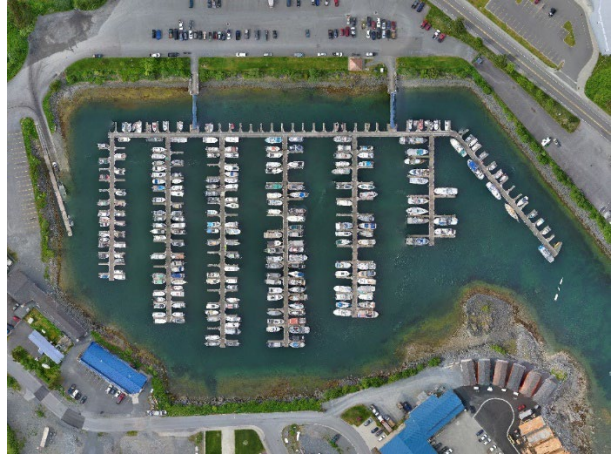


Figure 8. Thomsen Harbor

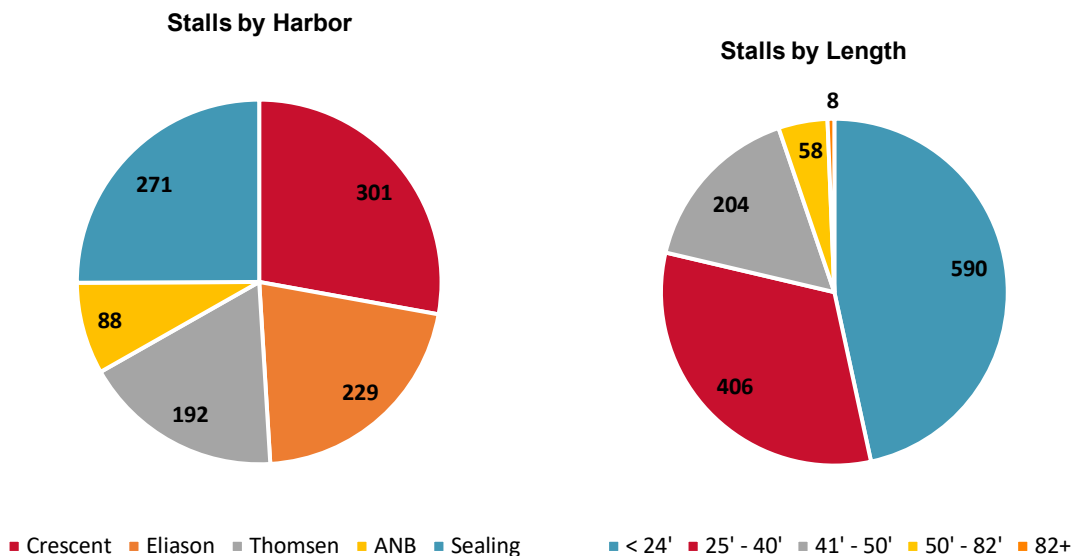


A detailed overview of the CBS Harbors stalls by length is provided in Table 1. While there are some stalls in excess of 100 feet, 47 percent of the stalls are 24 feet or under, and 95 percent of the stalls are 50 feet or under (see Figure 9).

Table 1. Stalls by Length in CBS Harbors

Stall Length	Crescent		Eliason		Thomsen		ANB		Sealing		Total	
	#	LF	#	LF	#	LF	#	LF	#	LF	#	LF
18	66	1,188					26	468			92	1,656
20					50	1,000			140	2,800	190	3,800
24	95	2,280			86	2,064			127	3,048	308	7,392
30									100	3,000	100	3,000
32	62	1,984	50	1,600	62	1,984	13	416			187	5,984
38			58	2,175							58	2,175
40	20	800			28	1,120			13	520	61	2,440
42	18	756									18	756
43							28	1,204			28	1,204
45							7	315	6	270	13	585
50	43	2,150	102	5,100							145	7,250
55							10	550			10	550
56					1	56					1	56
62	9	558									9	558
63			16	1,000							16	1,000
74					1	74					1	74
75	12	900	8	600							20	1,500
82					1	82					1	82
100			6	600							6	600
125			1	125							1	125
150			1	150							1	150
Total	325	10,616	242	11,350	229	6,380	84	2,953	386	9,638	1,266	40,937
Transient stalls	33	555		4,134		272		454		-	33	5,415
Load Zone				330								330
Unmoorable dock		3,144		3,211		2,271		1,562		2,944		13,132
Total linear footage		14,315		19,025		8,923		4,969		12,582		59,814

Figure 9. Stalls by CBS Harbor and Length



CBS Harbors facilities also have available tender docks, a tidal grid, gear work floats, and a Marine Service Center seawall including a 1,500-pound hoist (see Figure 10 and Figure 11).

Figure 10. Work Floats



Figure 11. Bridge (left) and Crescent Harbor (right) Tender Docks

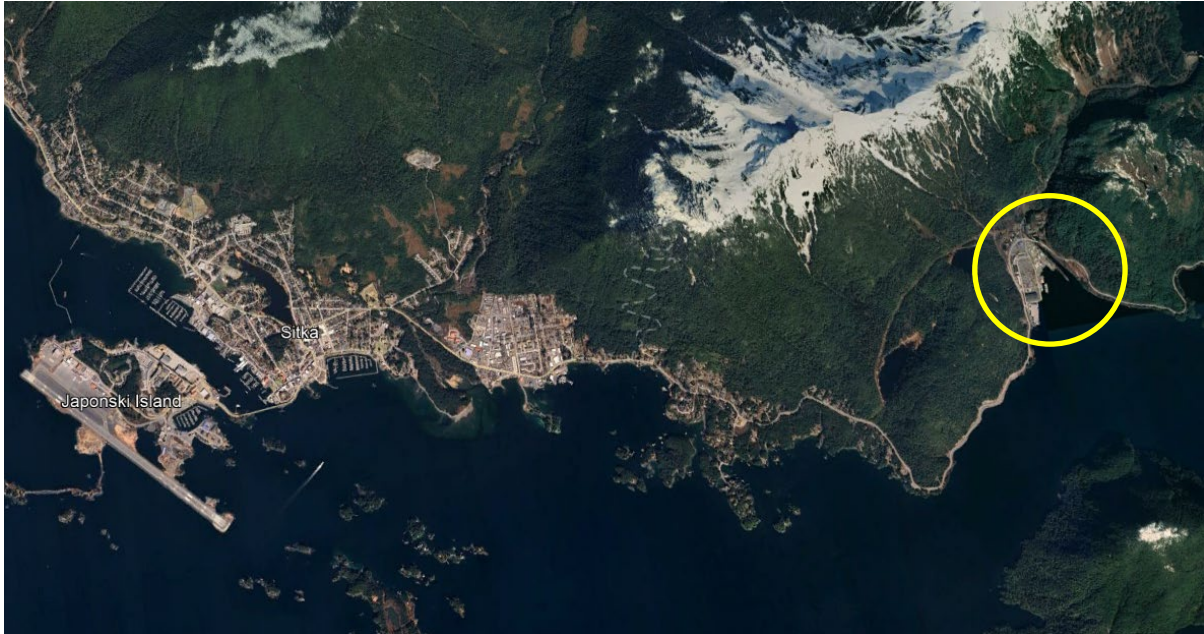


3.3 Gary Paxton Industrial Park

The GPIIP is located approximately 6 miles south of Sitka around at the 4500 block of Sawmill Creek Road and consists of a deep-water dock and upland land for lease. The reconstruction of Sawmill Creek Road by the Alaska State Department of Transportation and Public Facilities was completed in 2015 in order to accommodate increased traffic to and from the industrial site. In 2017, CBS constructed a multi-purpose deep water dock, making the GPIIP a true access point for land-to-sea markets. The site offers deep water, adequate room for approach and departure maneuvers for ocean-going vessels, and upland lots for marine service industries. Overall, the GPIIP is a 26-acre park, of which 16 acres are privately held and 10 belong to CBS.⁷

⁷ GPIIP Interview

Figure 12. GPIIP Location



Source: Extracted from Google Maps, April 2024

Figure 13: Gary Paxton Industrial Park Dock



4 Rate Analysis – CBS Harbors

There are many considerations when setting harbor rates, including but not limited to the diversity of revenues, types of users, availability of and rates for alternative facilities, price sensitivity of users, and harbor utilization.

These considerations are discussed below.

4.1 Rate-Setting Considerations

4.1.1 Rate Schedule

The existing rate schedule for CBS Harbors facilities (see Appendix A for the full schedule) contains rates for different types of moorages (e.g., permanent, transient, liveaboard), vessel wait lists, work floats, and miscellaneous fees and services. There is no associated tariff for CBS Harbors facilities.

4.1.2 Revenues

Harbor revenues from user fees are predominantly moorage, which accounted for 93 percent of total operating revenues over the last 8 years.⁸ In the Fiscal Year ending June 30, 2023, CBS Harbors moorage revenues totaled \$2.8 million. Approximately 86 percent of this revenue was generated by permanent moorage, with the remainder being transient moorage. In addition to user revenues, CBS allocates to CBS Harbors the state funding from the raw fish tax, which was \$1.5 million in 2023.

4.1.3 Rate History

In terms of a rate-setting philosophy, CBS has increased harbor moorage rates in real terms (e.g., in excess of inflation) annually to ensure that there is sufficient working capital to maintain and operate the existing harbor assets over the long term. CBS maintains long-term financial projections of revenues, expenses, and capital requirements for harbors in a “harbor fiscal model” to facilitate the analysis of rate setting.

HDR conducted a “**replacement reserve analysis**” or RRA to assess whether CBS Harbors’ rates would have to continue to increase in real terms (e.g., in excess of inflation) over the long run to ensure that harbor facilities have the financial resources to be appropriately operated and maintained. To conduct the RRA assessment, the following inputs were taken from the CBS Harbors fiscal model: net capital costs of planned state of good repair projects; inflation and escalation rates; operating costs; and other revenue sources.⁹ The RRA indicated that rates would have to increase in real terms annually unless new sources of revenue are identified. Refer to Appendix B for additional details on the RRA assessment.

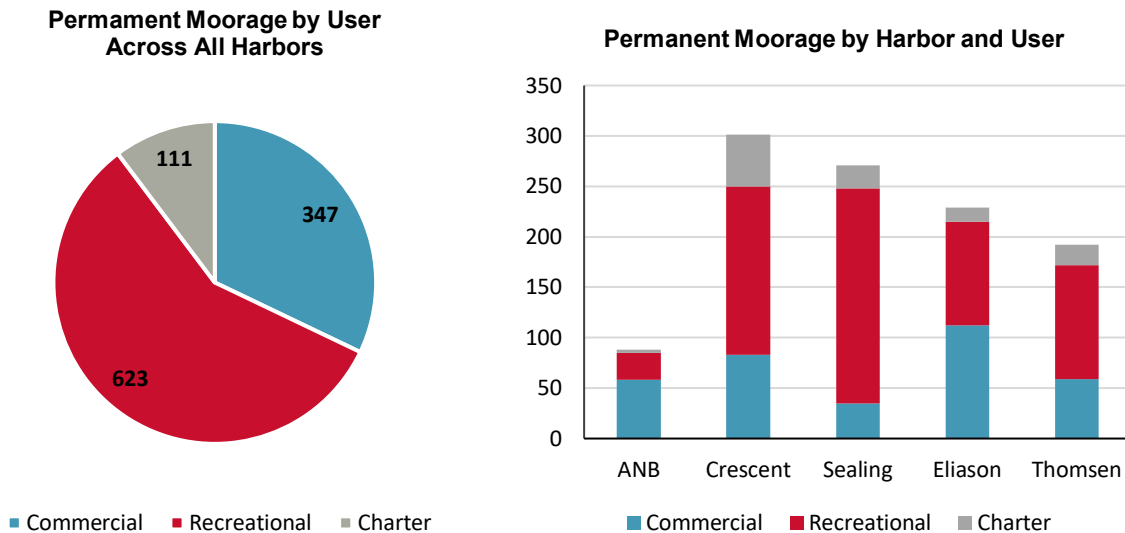
⁸ HDR calculations from fiscal year 2016–2023 CBS Harbors financial data.

⁹ The RRA leveraged the assumptions contained in CBS’ “Harbor’s Fiscal Model.” HDR did not independently validate each assumption in the CBS Harbors’ Fiscal Model.

4.1.4 User Groups

There are three user groups that use CBS Harbors: recreational, commercial fishing, and charter operators (see Figure 14). Each user group is represented at each of the five harbors. Overall, recreational is the largest user group, with 58 percent of overall permanent moorages. Commercial fishing is the next largest with 32 percent of permanent moorages, and charter operators represent 10 percent.

Figure 14. User Group Breakdown, 2023

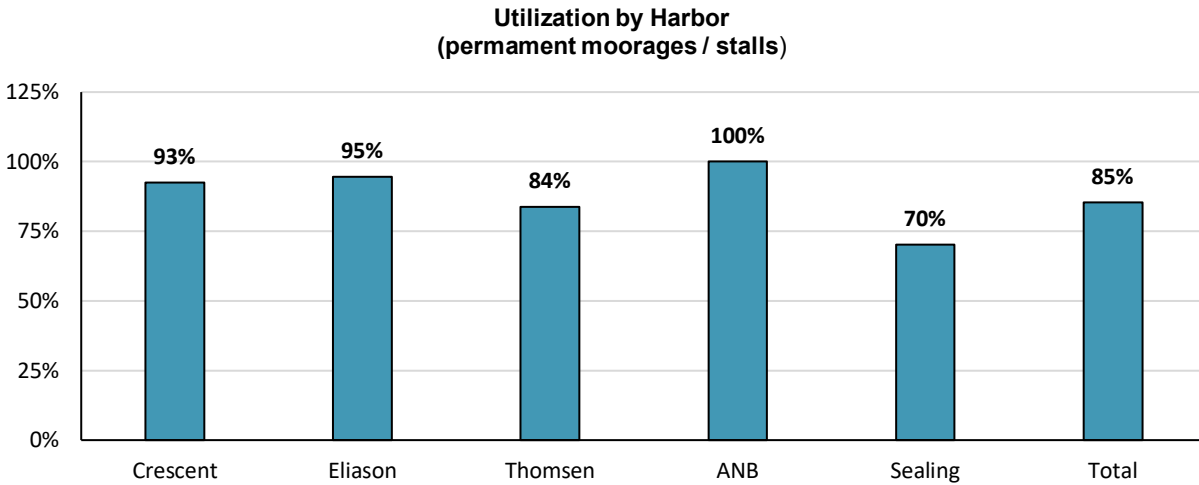


Source: CBS Harbor Department data.

4.1.5 Utilization

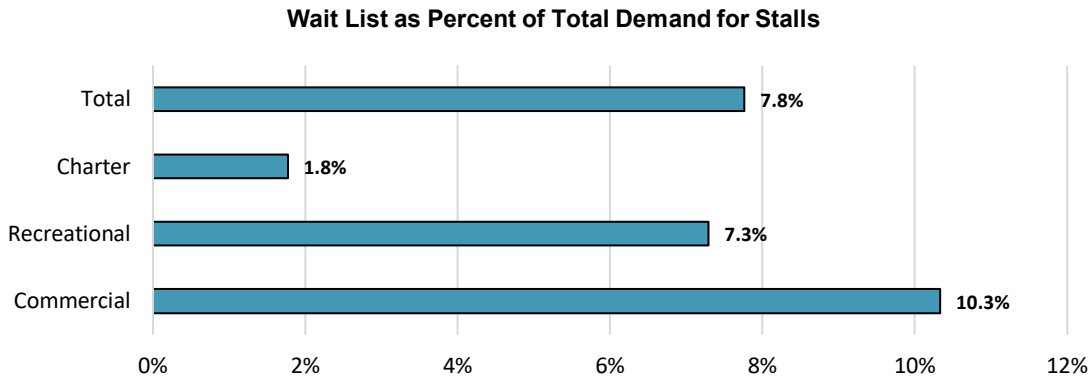
While CBS Harbors' utilization rates are not reported, the harbors are highly utilized. Based on harbor data provided by CBS Harbors, HDR derived a measure of utilization to confirm stakeholder input. The utilization metric is the number of permanent moorages divided by the number of harbor stalls. Overall utilization for CBS Harbors is 85 percent and exceeded 90 percent at both Crescent and Eliason harbors (see Figure 15).

Figure 15. Utilization Rates Across the Sitka Harbors



There is also a wait list for permanent moorage. The current wait list is 216, with 91 having quarterly billing at the dock. Commercial users tend to be overrepresented on the wait list (see Figure 16).

Figure 16: Wait List for Permanent Moorage, Percent of Total Demand for Stalls



While overall utilization at CBS Harbors is high, utilization rates vary significantly by slip length. For slips of 20 feet, utilization is only 59 percent. For all other slips, utilization averages more than 90 percent.¹⁰

4.1.6 Moorage Rate Comparisons

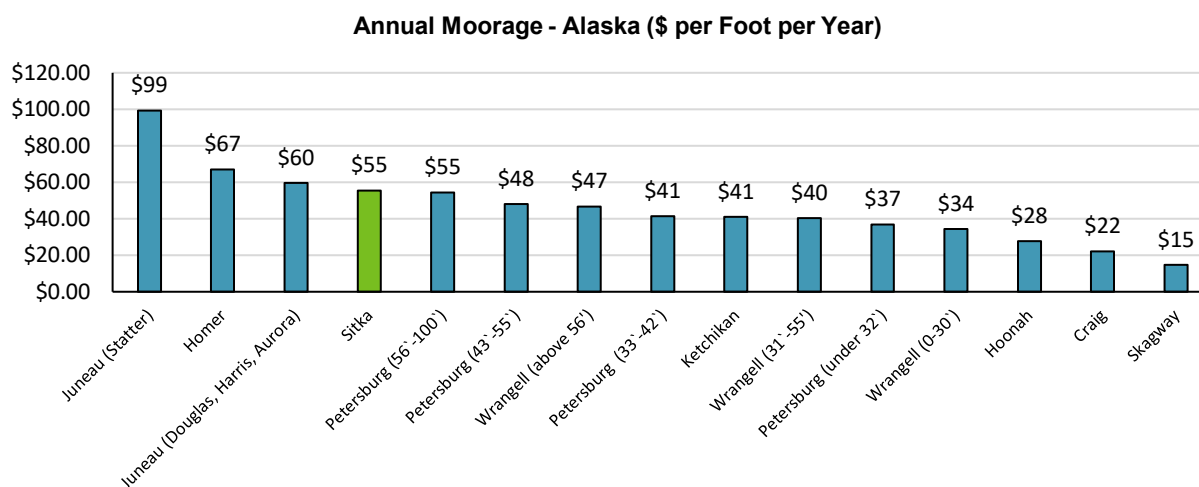
There is no rate differentiation by user group at CBS Harbors, which is consistent with other Alaska harbors. To develop a rate comparison, moorage rates were extracted from each respective port’s official website, based on what is currently available. Rates are provided at the per-foot level, but there was some variation in the rates reporting, including in the vessel size categorization. Furthermore, for the ports that provide permanent moorage only at the monthly

¹⁰ Based on data provided by CBS Harbors on June 4, 2024.

level, the annual permanent moorage was calculated using this value and multiplying by 12 months.

The permanent moorage rates, which represent most of CBS Harbors' operating revenues, are above average relative to other Alaska harbors. However, they are not the highest in the state (see Figure 17).

Figure 17. Annual Moorage Across Harbors in Alaska



To compare transient moorage rates most easily across harbors, the daily transient rates were separated into vessels up to 80 feet and vessels greater than 80 feet. Average rates are calculated for instances where there is overlap in the provided vessel size or there is a breakdown between commercial and recreational vessel usage.

CBS Harbors' transient moorage rates are above average relative to other Alaska harbors. However, they are not the highest in the state (see Figure 18 and Figure 19).

Figure 18. Average Daily Transient Moorage Rates (\$ per foot per day) Up to 80 Feet

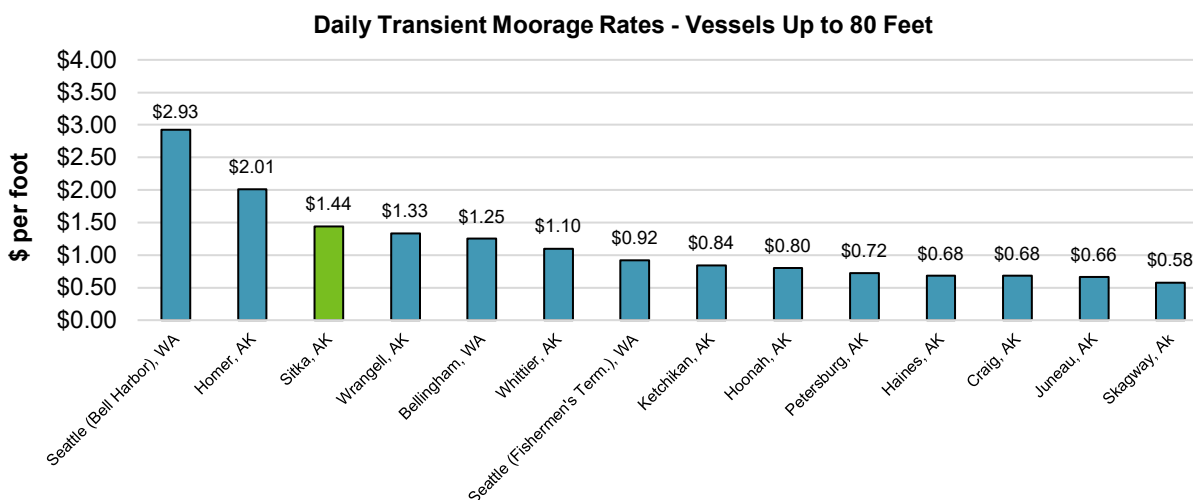
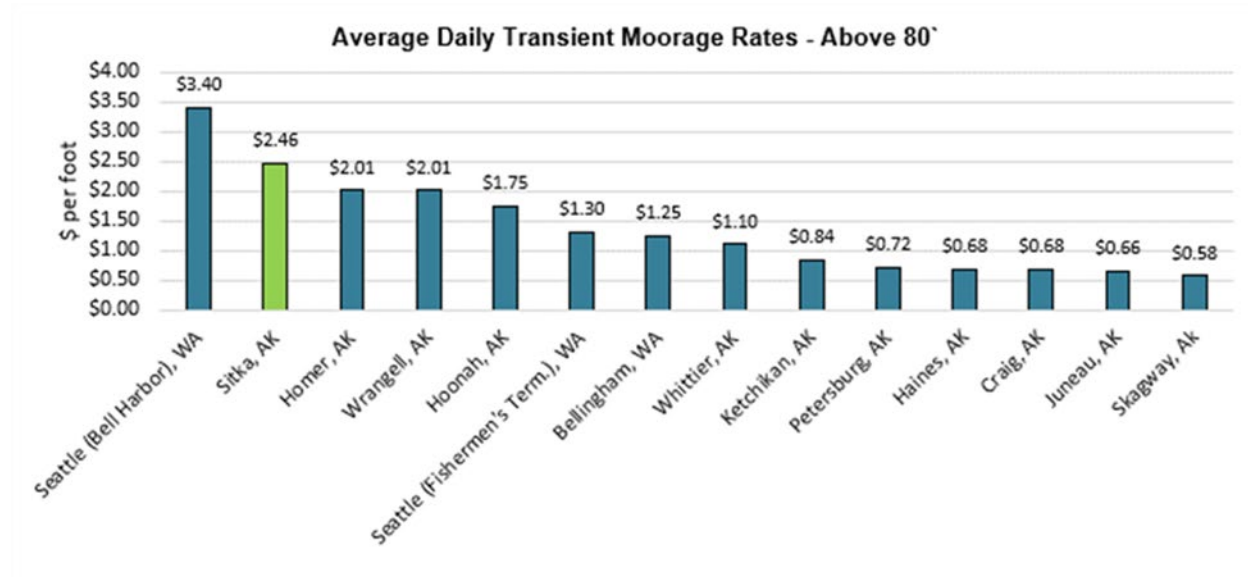
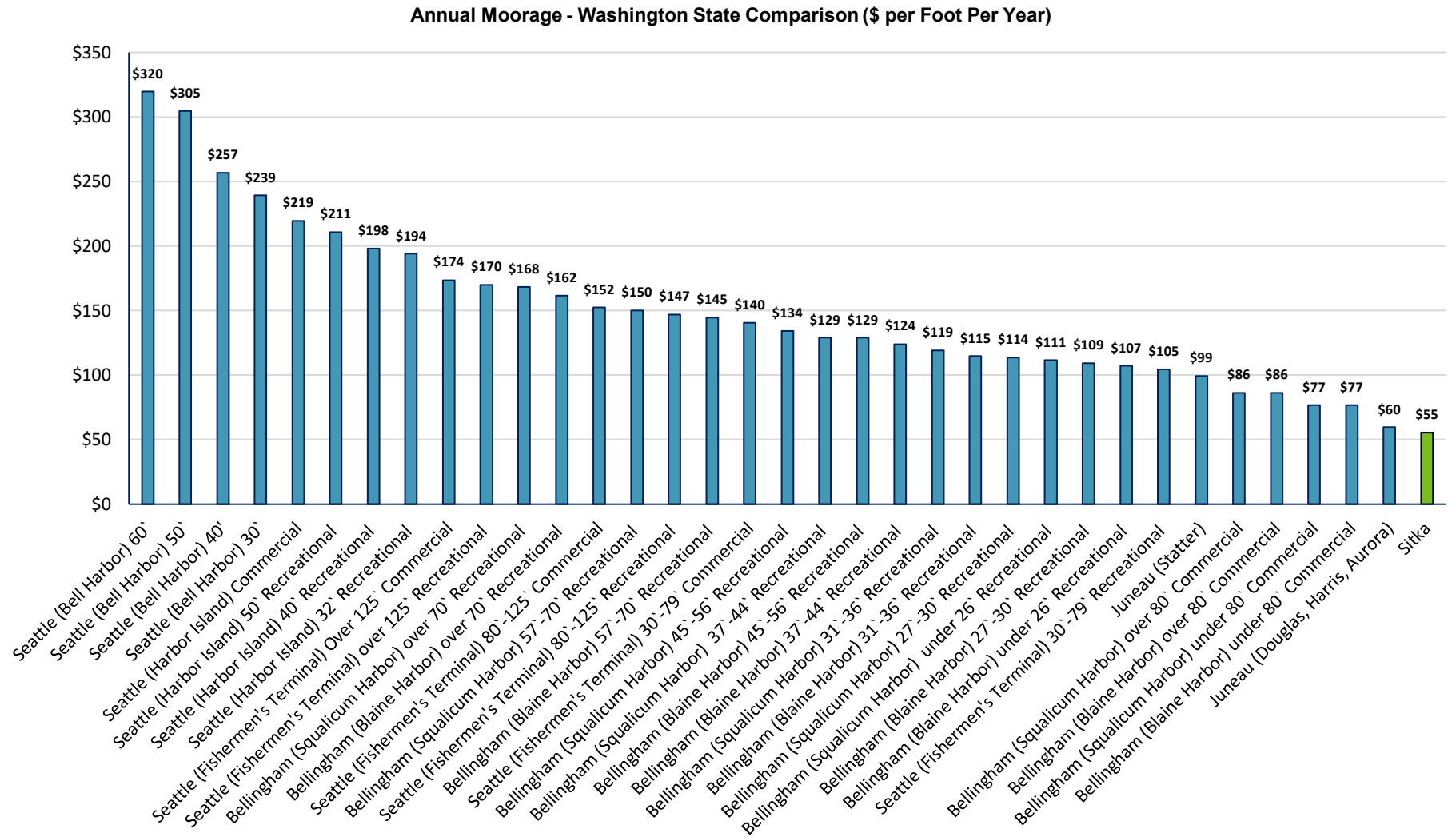


Figure 19. Average Daily Transient Moorage Rates (\$ per foot per day) Above 80 Feet



While moorage rates for CBS Harbors are above average relative to other Alaska ports, they are quite low compared to Washington State ports. Also, some Washington State ports vary moorage rates by type of user, with commercial user rates being much lower (30 percent to 40 percent) than recreational user rates. Figure 20 highlights the full breakdown of vessel size and types for Washington harbors and compares annual rates to those for Juneau and CBS Harbors. Seattle, Bellingham, Juneau, and Sitka have monthly permanent moorage rates that were used in this analysis to extrapolate the full year's rates.

Figure 20. Annual Moorage Comparisons



4.1.7 Interview Feedback on Rates

HDR interviewed harbor users to get their general perspectives on harbor rates and to gauge their potential response to the possibility of any future rate increases.

In general, users did not regard moorage rate changes as a major concern. Harbor users acknowledged that moorage rates are a small portion of overall boating-related costs and that reasonable rate adjustments would not result in a behavioral change (e.g., for them to stop using CBS Harbors facilities). Furthermore, users indicated that there was not a practical competitive alternative to CBS Harbors.

Users also recognized the importance of maintaining the harbor facilities and emphasized their high degree of satisfaction with the services provided and the harbor staff. In addition to moorage, users consume other services at CBS Harbors facilities, including electricity, garage disposal, and similar services.

4.1.8 Rate Elasticity

One important consideration when changing rates is the sensitivity of users to rate changes or the elasticity of demand with respect to price. If users are sensitive to rate changes, revenues realized from any rate changes could be diminished by a decrease in the level of demand for the service.

Sufficient information is not available to formally assess the price sensitivity of harbor users to rate changes. However, several things point to CBS Harbors users not being that sensitive to marginal annual rate changes:

- Anecdotally, rate increases in recent years have led to no reduction in demand. Revenues have generally increased by the magnitude of the moorage rate adjustments.
- The users interviewed indicated that they were not overly sensitive to rate changes, recognizing that moorage is a small portion of overall boating-related costs and that there is no practical alternative to CBS Harbors facilities.
- Utilization at the harbors is quite high, and there is a wait list for permanent moorage.
- Some users, such as charter operators, may have the ability to pass price increases on to their customers.

For these reasons, minimal behavioral response to any marginal rate increases is anticipated.

4.1.9 Equity and User Cost Considerations

EQUITY

CBS Harbors rates are not differentiated by user type; recreational, commercial fishing, and charters all pay the same per-foot rate for permanent moorage. This is consistent with other Alaska port facilities. However, this is in contrast to some Washington State port facilities that charge lower rates to commercial fishing users.

Through the user interview process, some stakeholders raised the issue that commercial fishing may be treated inequitably, as they contribute to harbor financials through both moorage and through the Alaska raw fish tax. The raw fish tax is a State-levied tax for landings in a community that is distributed back from the State to communities. CBS transfers these funds to the Harbor Enterprise Fund to support harbor operations. Other communities do not necessarily transfer some or all of these funds back to their port or harbor facilities.

From a harbor rate perspective, all users are being charged the same rate and, from that perspective, are being treated equally through harbor rates. How CBS uses State of Alaska funding should not factor into the user equity discussion.

From a community and/or harbor benefit perspective (both economic and fiscal), different user groups may have differential impacts (per moorage). For example, it is likely that commercial fishing provides the greatest amount of community benefit through direct and indirect employment and wages. Similarly, it may also be the case that commercial fishing has the greatest income and therefore the greatest ability to pay. Whether to factor that into specific rate decisions would be a policy choice.

USER COST

Another possibility in rate setting is to set rates higher for those user groups that drive the highest cost. The Federal Highway Administration has used this philosophy—a “cost-occasioned approach”—to allocate costs and set levies for different highway user types. Heavy trucks cause greater damage to highway facilities than automobiles, and therefore they pay higher levies. There is precedent for using such an approach to differentiate rates by harbor user group.

A clear difference in the cost of serving a particular user group would be a strong rationale for implementing differential rates by user. Again, whether to factor that into specific rate decisions would be a policy choice.

4.2 Rate Recommendations

4.2.1 General

Rates for services such as moorage can be used as a policy instrument or to achieve specific outcomes other than cost recovery. For example, targeted rate changes for a particular user group, type of service, or size of moorage could be made to help achieve a specific policy objective. If there is no specific policy objective to be achieved through targeted rate adjustments, general “across the board” increases can be sufficient.

Targeted rate adjustments could be implemented if CBS had concerns with the (perceived) equity across user groups, if some user groups drive harbor costs more than others, or if there is a desire to realize growth from some user groups at the expense of another (e.g., freeing up harbors’ recreational-use stalls for commercial fishing).

ADMINISTRATIVE OR IMPLEMENTATION COST

One additional consideration in setting a new tariff rate or increasing existing rates is the cost of implementing these rate changes. The incremental revenue from these rate changes should be well in excess of related costs (e.g., labor, equipment) to justify implementing the changes.

4.2.2 Revenue Opportunities

The analysis completed through this project indicates that without new revenue streams, harbor moorage rates will have to continue to increase in real terms that are annually consistent with CBS's recent moorage rate change history.

Based on the HDR review, the greatest revenue opportunities for harbors relate to charging for the use of harbor assets where there are currently no direct usage charges. These revenue opportunities are summarized as follows:

1. Establish a charge for any “revenue passenger” using harbor facilities to access a charter boat or a cruise ship. This charge would apply to passengers using the Crescent Harbor and O’Connell Bridge lightering floats. This charge would also apply to any charter passenger accessing charter boats at any of the five harbors or at the lightering docks. The specific charge could be applied per passenger or blended into moorage rates (e.g., for charter operators). Other Alaska ports such as the Port of Ketchikan have such a revenue passenger charge.¹¹
2. Establish a charge for use of the work floats. Significant major maintenance is required at these facilities.
3. Establish a parking charge for vehicles that park at harbors’ parking lots.
4. Differentiate rates by user type as a means of generating additional revenues in alignment with broader CBS policy objectives. An example is charging a moorage premium for certain user types like some other Washington State ports.
5. Incentivize the use of slips of 20 feet to increase utilization (from the current utilization of percent). While a reduction in the moorage rate for a 20-foot slip may increase utilization, it is unclear whether this would result in a net increase in revenues.
6. Establish a moorage rate premium or surcharge for high-cost services provided at the harbors such as garbage removal. Such rates would include the cost of infrastructure, provision of service, administration, and percent of return for providing the service. Examples include:
 - a. Garbage: Garbage fees can be applied on a per container basis with containers provided to each vessel if the room allows. Fees can also be attached to per bag

¹¹ Ketchikan: Passenger ships that lighter passengers to a wharf or port facility owned by the city or any private entity will be imposed a passenger wharfage fee of \$8.00 per passenger (April 1, 2024). <https://www.ketchikan.gov/media/Port%20&%20Harbors/Port/Custom%20Service%20Materials/Port%20Rate%20Web%20Page%201.19.24.pdf>

which is more complicated to track. The most effective rate is to provide trash receptacles such as dumpsters and add the total cost to the city as a surcharge to each vessel mooring at the facilities. It can be set up as a graduated rate based on the length of the vessel or the length of the berth so smaller vessels do not pay the same as higher vessels. The simplest way is to have each vessel responsible for their own trash disposal without involving the borough. Where recycling is required, this should be considered for separation of materials. While absolute control of garbage receptacles is near impossible, dumpsters for example can be locked and those with slip rentals provided a key (marked do not duplicate) and sign a form not to lend it out with a replacement fee attached.

- b. Water: Water provided by the port is resold to the vessels based on a per gallon charge. This can be done with individual meters for larger vessels and per berth grouping for smaller vessels with a common charge applied to the vessels berthing in that group.
- c. Sewage: The city should have designated pump out berths with connections into the local sewage system and a per gallon fee applied for each occasion of pump out regardless of vessel size.
- d. Power: Power, like water, can be resold to larger vessels on a metered basis per kilowatt hour. For smaller vessels, a common power fee should be applied to grouped vessels.

4.3 Tariff Recommendations

4.3.1 General Guidance on Port or Terminal Tariffs

Sitka has two documents that provide information on fees, terms, and conditions associated with the use of harbor berthing and separate use of the GPIP. CBS Harbors only provides their fees and does not have a tariff document. The GPIP document is more comprehensive but does not extend its coverage to the harbor.

A port or terminal tariff is a policy document approved by the governing authority of a port or corporation. It is an implied contract established for marine terminals that is designed to include all terms, conditions, and rates for using a specific facility or various facilities under control of a single port management authority. The port tariff is applied to ocean carriers, shippers, and vessels that use marine facilities. Tariffs are established to allow for rapid conclusions of agreement between the port/terminal operator and a vessel operator or shipper. The tariff is established under the authority of the port or terminal operator and dictates all of the terms and conditions a vessel and the vessel's shippers must comply with when using the terminal.

The tariff system was designed to eliminate complex and diversified contracts. Tariffs have a long history of being upheld in international admiralty courts. When a tariff is published, the vessel operator agrees to all of the terms and conditions when the vessel ties up at the facility. Tariffs contain a great deal of specific information including, but not limited to:

- Scope and applicability
- Facility owner's rights
- Insurance requirements
- Control of the facility, vessels, and cargo
- Prohibited cargo
- Protection for the terminal operator, including inspections
- Payment of charges
- Loss of or damage to the facility
- Complaint processes
- Additional provisions as the terminal operator determines appropriate
- Rates and charges

Tariffs apply equally to all vessels and cargo handled at the terminal and do not allow for preferential treatment. They can include incentive rates and provisions for agreements outside of the tariff. Under U.S. Federal Maritime Commission rulings, such agreements must be available to all parties using the port or terminal.

The tariff is designed to provide an optimal amount of protection for the port/terminal operator as recognized by international law. A key advantage is that the tariff may be updated easily without having to reopen individual contracts. It can also be designed for shorter terms and can be modified regularly as conditions or circumstances dictate. Tariffs also allow for the adjustment of rates charged for terminal services as the market or revenue requirements of the terminal operator change. In addition to terms and conditions, the tariff contains all rate structures that apply to the vessel and cargo.

Many facilities also have terminal rules and regulations that address specific operational, safety, and security issues on site that are applicable to staff, vessel crews, and other persons using the terminal. These are established under the authority of the tariff, and provisions and changes are managed by port staff. Tariffs also provide for the establishment of special agreements such as incentives and leaseholds outside of the tariff under the authority of the port or terminal management.

RATE STRUCTURES AND DEVELOPMENT

Most marine terminals categorize rate structures into the following key areas:

- a. Dockage
- b. Wharfage
- c. Demurrage

- d. Terminal handling
- e. Leaseholds
- f. Security
- g. Miscellaneous fees

Not all marine terminals base their rate structures on the same methodology. The development of rates is typically a two-step process. First, it involves the determination of actual operating cost vs. potential revenue and then a second step that adjusts the rates based on market comparisons. The primary component is determined by the terminal's actual operating and capital cost applied to the potential revenue for an average year and then projected forward for increased costs as improvements or restoration/repair costs are phased in. This study is related to comparative market costs as well as requirements for meeting investment needs. While components vary for each terminal, the basic framework is described in the following paragraphs.

Dockage - A fee that is applied to the vessel for use of a pier, wharf, or berth at a facility. The fee is intended to cover the cost of maintenance and capital improvements to the portion of the terminal where the ship is moored. It is determined by the annual maintenance and operating costs and amortized cost of past, current, or future capital improvements applied to potential revenue. The capital improvements include the cost of piers, aprons, support, and pier structures; fendering systems; and berth dredging. Marine terminals use a length overall (LOA) measurement, gross tonnage (GT) or net tonnage (NT) method to determine the total cost, which is applied on a 24-hour basis or portion of that period. The LOA standard is easy to calculate; however, the other standards are used for larger vessels. Many consider LOA to be more realistic in compensating a terminal for maintenance requirements due to the dynamic force of a ship operating against a pier. The operator of the vessel pays the dockage fee. Measurements for dockage are as follows:

- Overall length (LOA) of a vessel - based on LOA measured in feet or meters applied to the longest continuous point from the bow of the vessel to the stern of the vessel. This is the most common method and is used by CBS.
- Gross tonnage (GT) - based on the cubic capacity of a vessel including all internal spaces. The cubic capacity is converted to metric tons and varies depending on the construction of the vessel as well as the classification society used for tonnage certification.
- Net tonnage (NT) - based on the cubic carrying capacity of a vessel with certain spaces removed from the calculation such as engine rooms or living spaces, which are typically included in the GT. The net tonnage is provided on a vessel's survey certificate as determined by a classification society. NT can vary dramatically between 50 and 80 percent of the GT, depending upon the type of vessel and how it was certified.

Wharfage - Wharfage is a fee that is applied to the cargo and is paid by the cargo owner or shipper. It is determined by the annual cost of terminal facilities including operating costs, utilities, insurance, personnel, equipment, administration, security, and other costs associated

with the operation of the terminal applied to potential cargo volume. The rate also includes an operational contingency percentage and profit margin. Fees are applied to units, barrels, or weight in tons handled to and from a vessel. Unit fees are applied to cargo contained in intermodal containers for equipment or automobiles. Tonnage rates are applied to dry bulk cargoes such as coal, aggregate, salt, fish, seafood, or agricultural products. Per-barrel rates are applied to liquid bulk cargoes. Rates are commonly broken down by commodities based on the type of cargo a port or terminal handles. Rates are applied as follows:

- Per unit - cost per unit based on loaded or empty, or on a value per unit basis. Generally applied to containers.
- Per ton - based on short tons, equal to 2,000 pounds per ton; long tons, equal to 2,240 pounds per ton; or metric tons, the most common international standard, equal to 2,204 pounds or 1,000 kilograms per ton.
- Per-barrel rate - based upon the specific gravity of the liquid measured at 60 degrees Fahrenheit.

Demurrage – Demurrage is a fee per unit or per ton, applied to cargo that exceeds a specific number of allotted free days for storage at the terminal. Terminal operators utilize demurrage fees to reduce terminal congestion and prevent a customer from “warehousing” at the terminal.

Security - Security fees are an assessment applied by terminals to cover the cost of requirements as set forth under the Marine Transportation Security Regulations in Canada or the Marine Transportation Security Act of 2002 (MTSA 02) in the United States. It is a universal charge that applies to all vessels and terminal users and is designed to cover the cost of terminal security including personnel, surveillance equipment, and access controls. Supplemental security fees are applied when escorts for vessel crews are provided by the terminal or if a particular cargo has a hazardous nature. These fees are based on a per-unit or per-ton rate structure, may be a flat fee per vessel call or for specialized operations, or may be contractor cost plus a port/terminal administrative margin.

Miscellaneous - Miscellaneous fees are developed by terminal operators to cover any unique terminal requirements or services that may be required for vessels or cargo handling. These can include use of over-the-road trucking fees (also called gate fees) or fees for cargo handling equipment, fenders, gangways, ground vehicles, vendor services, utilities, water, sewage, or any other service that is provided. Some ports include pilot fees and harbor fees in their tariffs or in similar separate documents, depending on the level of control the port has over these charges. Not all terminals offer the same services and include them in the tariff. Some examples of miscellaneous fees include:

- Passenger fees
- Live or harvested seafood landing fees
- Anchoring (mooring) fees

- Over-the-road fees for cargo entering the terminal not conveyed over wharves
- Equipment hire - per hour
- Gangways - per day
- Search and Rescue fees
- Ground vehicles - per unit per hour by type
- Vendor services - annual or temporary licenses
- Utilities - electrical per kilowatt hour plus administrative fee
- Water - per ton or gallon
- Sewage - per ton or gallon
- Hookup fees - per man hour, straight or overtime, plus benefits and management
- Labor
- Administrative fees

4.3.2 Port Insurance

Ports and port facilities have two areas of insurance related to normal operations. They consist of insurance for commercial activities, which includes cargo and fishing vessels, excursion, and boat rentals, and insurance for recreational activities. In either case, the burden for insurance is never on the port but on the user of port facilities. To protect the port, all users should provide the port with copies of insurance certificates and, if necessary, policy summaries to ensure that the user has adequate coverage in all areas. This should be a standard for all vessel owners. If necessary, the port may ask to be named as co-insured or additionally insured for unique operations such as fueling activities. The insurance policies may be all-encompassing with riders attached, but in general should include the coverage as listed in each category below. In addition to the vessel operator, the port and terminal should carry their own coverage for their own protection.

Insurance as stated is the responsibility of the vessel owner or operator. In no case, if proof of insurance is not provided, should a vessel be permitted to dock at CBS Harbors facilities. The policies are for specific terms.

Included in the insurance tariff should be provisions to protect the port that apply to all categories of vessels. These would include:

- Rates, charges, rules/regulations, and the services offered or provided by the Port **do not include insurance of any kind.**

- The terminal reserves the right to **request insurance certificates** for operators in the port or on the terminal to confirm they have the required levels.
- The port or the terminal can specify additional or co-insurance and be named as additionally or co-insured for operations or terminal users.
- Certificates of insurance shall be provided at the beginning of the term of the insurance policy, and new certificates shall be provided when insurance coverage is altered or renewed.
- The port or terminal **MUST** be notified if at any time the insurance lapses, and the port or terminal reserves the right to order a vessel to vacate any of the port's facilities for failure to maintain insurance coverage.

RECREATIONAL INSURANCE

Recreational vessels can be additionally problematic given the wide range of types of boats and owners. Recreational vessels are specifically defined as vessels owned or operated by a single user for the benefit of that owner or operator as utilized for personal recreational activities.

An owner or operator should be required to keep a vessel seaworthy and capable of being moved by operating under its own power. If a vessel is undergoing repairs, specific periods should be provided for such vessel to be repaired by the port. If the port believes that a vessel is unseaworthy, a report of same is received by another operator, or if it is determined through inspection by the port, the owner or operator must provide evidence of seaworthiness from a licensed marine surveyor. When a vessel is undergoing repairs, the vessel owner shall keep the port informed as to the status of the work being undertaken.

Overall, recreational vessels should carry each of the following insurances based on size and type of vessel: general liability insurance, pollution coverage, and wreck removal coverage.

VESSELS FOR HIRE INSURANCE

Vessels for hire include vessels that are leased for use by third parties or that provide passenger services or excursion activities. These include vessels that provide passenger hire services, tours, ferries, vessels for lease, or similar operations. The owner or operator who leases a port berth must maintain liability insurance for the vessel owner, owner's employees, invitees, guests, and passengers covering bodily injury and property damage related to the vessel's operations or business activities.

These operators should have each of the following types of insurance:

- Liability insurance including Hull Protection and Indemnity
- General liability insurance
- Professional liability insurance for a recreational boat rental business
- Product liability insurance

- Commercial insurance
- Commercial vehicle insurance for the recreational boat rental business
- Tools and equipment insurance
- Commercial property insurance
- Temporary insurance by month, week, or day for the recreational boat rental business
- Business Owner's Policy (BOP) for the recreational boat rental business
- Workers' Compensation insurance for recreational boat rental business employees
- Wreck removal coverage
- Pollution coverage

COMMERCIAL VESSEL ACTIVITIES INSURANCE

This category of insurance is related to vessels that handle cargo or fish product. These operators should have each of the following types of insurance:

- Liability insurance including Hull Protection and Indemnity
- General liability insurance
- Professional liability insurance for commercial activities for type of operations
- Product liability insurance
- Commercial insurance
- Tools and equipment insurance
- Commercial property insurance
- BOP for the commercial operation
- Workers' Compensation insurance for vessel employees (supplemental to Jones Act requirements for U.S. flag cargo or passenger vessels)
- Wreck removal coverage
- Pollution coverage
- Hazmat and Dangerous Cargo coverage

PORT AND TERMINAL INSURANCE

These types of insurance cover Terminal/Port operational liability for Care/Custody/Control of Cargo (CCC) and for liability associated with fishing activities. These are carried by the port or terminal for their protection. These types of insurance include:

- Wharfinger (General Commercial Liability), which affords coverage to a wharf or pier owner and covers exposures encountered during business
- CCC coverage for the damage to vessels and the vessels' cargo while moored at the facility
- Property and Equipment Policy
- Warehouse Legal Liability for cargo not in transit but in longer-term storage
- Terminal Operator's Legal Liability
- Pollution Coverage Insurance

COVERAGE RATES

All insurance coverage is based on the type of vessel, category of operations, vessel size, crewing, and potential risk associated with those operations. General liability is the one level that is consistent with most insurances. Coverage rates are as follows:

- **Recreational:** At a minimum, coverage for property damage related to vessel mooring or operations should be at least \$500,000 per occurrence for recreational vessels. Other levels are based on size and type of vessel.
- **Vessels for hire:** If a vessel carries passengers for hire or is engaged in similar for-hire services, the general liability insurance should be in an amount not less than \$1,000,000 per occurrence. Other levels are based on the vessel size and type.
- **Commercial vessels:** If a vessel is engaged in commercial cargo operations or fishing activities, the general liability insurance should be in an amount not less than \$1,000,000 per occurrence. Other levels are based on the vessel size and type as well as the type of commodity handled. Hazmat and dangerous cargoes should have separate riders and the port and terminal co-insured.
- **Port and terminal insurance:** The port and its terminal should carry coverage based on its size, type of activities, potential risk, and other areas as previously mentioned. General liability is normally a minimum of \$1,000,000 per occurrence but may be higher based on the level of activity at the port's facilities. All other levels are based on what is being insured. CBS's insurance provider will indicate appropriate levels for the Port's activities and property.

MINIMUM INSURANCE REQUIREMENTS – CBS MARINE FACILITIES

The primary reason for insurances related to marine operations is to minimize the risks associated with the unique operations related to port facilities. Most port operators have a base standard of insurances they arrange for annually to cover general port facility operations. If the port has unique operations, such as handling hazardous or explosive cargoes, then additional and specialized insurances would be required. In general, Sitka's insurance portfolio should cover each of the following at a minimum for its port properties:

- **Wharfinger Insurance:** Wharfinger legal liability coverage is a type of marine insurance that affords coverage to a wharf or pier owner-operator for the liability exposures encountered during normal business. The policy provides care, custody, and control coverage to the owner-operator for the damage to vessels and the vessels' cargo while moored at the owner-operator's facility for which the owner-operator is legally liable.
- **Terminal Property Insurance:** Marine insurance covers damage by a covered peril to movable property like tools, equipment, and building materials. It also covers high-value items that are not adequately insured (or are not covered at all) under your commercial property or business liability policy. With the port's barge used as the handling area, this should be noted in the property insurance coverage and specified for damage that could arise on the barge and associated property. If CBS goes into any warehousing activity, then a warehouse liability policy would be added to general property insurance which covers the warehouse and the contents.
- **Pollution Liability Insurance:** The pollution legal liability insurance policy provides coverage for clean-up costs, bodily injury, property damage (including natural resource damage) and legal expenses for new and/or historical pollution conditions on, at, under, or migrating from or through a covered location or an indoor contaminant condition at a marine facility or from a vessel. This affords protection to the facility should a pollutant be allowed to enter the marine environment. The US Coast Guard and other federal and state agencies will require the cleanup of the pollutant, e.g., oil or chemicals, by those causing the pollution. In some cases, vessels will abandon barrels of oil or fuel, and these may enter the waterway without the knowledge of the port and the persons responsible cannot be located.
- **Wreck Removal:** This policy can be linked to the property policy if the submerged lands and berths are owned or managed by Sika. It is carried to ensure that if a vessel is abandoned and the owner not located or covered by their own insurance. It provides the financial assistance needed for wreck removal and potential pollution and may be tied to the property insurance. This insurance level is determined by the port's wreck removal and abandonment history. It is the best way to mitigate what could be a substantial cost, however it should be required that all parties leasing berth space carry this insurance.

In general, the insurances required for marine activities can differ from general liability and property protection carried by a municipality. CBS should work with their insurance providers to

ensure the unique nature of the port's activities and facilities are covered under existing policies and costs built into the port's lease rates and berthing fees.

MINIMUM REQUIREMENTS - VESSELS USING CBS PORT FACILITIES

The obligation for carrying insurance for all types of vessels is the responsibility of the vessel owner and operator, not the port. While communities have often assumed responsibility for such things as abandoned vessels, it is the responsibility of the port to ensure that the vessel carries the insurance necessary to protect their activities as well as the port's property. In the case of accidents or pollution, the vessel is required to ensure the port is made whole and short- or long-term damage mitigated, and facilities restored to their pre incident condition. Each vessel should provide to the port a valid insurance certificate with the coverage specifically noted and the levels of coverage available. As deemed appropriate for some activities, such as handling fuels, passengers or hazmat material, the port should be named or additionally insured in the vessel's insurance certificate. These certificates should be provided when the mooring arrangement is made and the requirement for the certificates to be provided is contained in the port tariff. No vessel should be allowed to berth on a rental, leasehold, or regular use basis without providing these certificates. For transient berthing, less than a few hours, this should be left to the discretion of the port manager based on any regular use.

Vessel insurance is based on the size and type of vessel and is the obligation of the vessel owner/operator, paid for by them. These include fire and legal liability, hull protection and indemnity, pollution coverage, liability for special operations such as passenger handling or fueling, and wreck removal.

Levels of insurance coverage should be recommended by CBS' insurance provider and is based on costs incurred for the average number of incidents annually and is established by vessel type, regardless of size. In every situation, it is the obligation of the port's users, not CBS to incur costs that are related to vessels using port facilities.

IMPLEMENTATION

Since the CBS fiscal year begins July 1, the recommendation is that the insurance requirements be approved and instituted on a Calendar Year basis beginning January 1, 2025. It is not recommended they be phased in but established and implemented with notification given to all current and potential users. The requirements should also be included in the Port's tariff and approved by the CBS Assembly. Normally, 30-45 days is a common notification period before implementation.

It should be noted that owning and operating a vessel is little different than owning and operating a private or commercial vehicle. Insurance coverage is a standard practice in the cost of doing business or owning a private recreational vessel. CBS should not bear the burden of incidents, accidents, or abandonment. Requirements should be posted and adjusted annually as required in the port's tariff and not berthing should be allowed if the vessel owner or operator does not provide the required proof of insurance when arranging for berthing. In addition, if the port maintains offshore mooring, the requirements should be the same.

PORT AND TERMINAL RULES AND REGULATIONS

Port and terminal rules and regulations are developed by a port or terminal's marine manager and apply to persons or firms using marine facilities. The rules and regulations are established to promote safety, enhance security, and address various operational needs of facilities. In the case of the Port of Sitka, the Rules and Regulations are incorporated into the GPIIP tariff document for facility users but do not exist for other mooring areas such as berths for yachts or live aboard vessels.

4.3.3 Tariff Evaluation and Findings

Our evaluation of the Sitka Tariff was comprehensive. A review of the documents including the Industrial Park tariff and the harbor berthing fee list was conducted. CBS regards the terminal at the GPIIP as its own entity, given what is stated in CBS Tariff Number 5:

Rates, charges, rules, and regulations provided in this tariff will apply only to merchandise received at or shipped from the facilities or properties operated under the jurisdiction and control of the Port of Sitka, and specifically to City and Borough Terminals, appurtenant structures thereto and waterways under the management of the Port Director, City and Borough of Sitka. Vessel charges and assessments provided in this tariff are applicable to all vessels, self-propelled or other than self-propelled, when such vessels are provided with dockage services or other vessel services named in this tariff.

The tariff structure views the GPIIP berth and dock as a separate commercial activity where the protective provisions are limited to only the commercial dock. This tariff should be extended to cover all available berthing at CBS Harbors, including individual harbor areas as well as the off-waterfront properties at the GPIIP. The following tariff-related recommendations are provided:

1. The existence of two separate rate schedules and tariff documents is inconsistent with how other ports operate. Normally, under a port tariff, all properties, piers, docks, berths, and support areas are included in the tariff. The provisions in the GPIIP tariff should be enhanced and the harbor rates and GPIIP terms included in a single comprehensive document.
2. Protections for CBS should be enhanced in the new tariff document. Such protections should include the recommended levels of insurance as outlined in the previous section based on the normalized rates for the Sitka region. These provisions should be implemented, along with other protections, at the earliest possible time. All of these insurances are essential to protect the port. They are particular to each type of vessel. No vessel should tie up at the port's facilities without coverage and all of them as specified are included in their policies.
3. The tariff should be published, updated annually, and restructured for easier use.
4. Although it does not handle international cargo yet, CBS should apply to the Federal Maritime Commission (FMC) for a designated FMC number. It is realistic to assume that

eventually, firms will use the GPIIP dock to export fish and seafood product by water like what is done in Dutch Harbor.

5. A formal set of rules and regulations should be established under the manager's authority through a tariff provision granting such authority for users of all facilities to reference. The tariff is primarily for commercial activities related to commercial vessels and shippers where the rules and regulations are easier to apply for persons using City facilities.
6. CBS Harbors should institute a formal berth application process for all vessels using the GPIIP dock as well as all berthing for fishing vessels, yachts, cruise ships, and other vessels. CBS Harbors should ensure that the berthing application be accompanied by a copy of the Port Rules and Regulations tailored to the specific berthing area and should also include the provision of insurance certificates indicating coverage and type, which should also be included in the tariff.

The key consideration of the tariff is a broad spectrum of protection for CBS Harbors. As marine operations become more complex and business activities diversify, staff must have flexibility to address operational concerns and situational changes. Most governing boards focus on key protections as well as rates, changes, and payment requirements in their tariffs, which are policy documents. In most cases, the many additional provisions needed to address operational requirements are relegated to professional staff.

A governing board always retains the right to adjust or alter supplemental documents established under the tariff. For ease of application as well as user simplicity, many provisions are placed into component documents applicable to various segments of the Port's business sectors. All documents are posted now on websites for easy access by Port users.

In regard to FMC requirements, tariffs are required by Marine Terminal Operators (MTOs) that provide wharfage, dock, warehouse, or other marine terminal facilities to ocean common carriers moving cargo in the ocean-borne, foreign commerce of the United States. MTOs include:

- Public Port authorities that own and maintain the docks and other facilities and sometimes directly operate the marine terminal used by ocean common carriers.
- Private terminal operators, which are companies that lease terminals from a public port authority (which acts as a landlord) and operate the leased terminals as a private business.

Under the requirements, ports and terminals no longer need to file tariffs with the FMC. They are required to file service agreements with carriers and are required to notify the Commission of where tariffs and applicable regulation documents are posted. Once the tariff is approved, the port will need to notify the FMC using form FMC-1 as to the posting location. An MTO organization number will be assigned. For reference, see the FMC website, and for a list of MTOs, see: www2.fmc.gov/FMC1Users/scripts/ExtRePorts.asp?tariffClass=mt0.

4.3.4 Tariff Posting and Maintenance

Since this tariff has undergone changes, it is suggested that CBS Harbors hold a public meeting for users 30 days before the tariff is envisioned to go into effect. A copy should be provided to the stakeholders, specifically those who use the facilities. Tariffs are typically circulated 30 days before going into effect. The additional period for this initial publishing would be helpful to users.

Upon receiving comments, staff can make any changes and submit the tariff to the CBS Assembly for final approval. The tariff should be published and made effective on the first date of CBS's fiscal year annually. Staff should review the tariff annually for fee adjustments to keep current with industry rates and adjust those provisions that need to be modified or added as industry standards change. Proposed changes should be published 30 days in advance for comment and the modified document submitted for approval, after which rate and provision adjustments should be approved annually by the CBS Assembly and then implemented. In most cases, annual approval of new rates by the CBA Assembly would be required if rates change.

5 Land Use (Property)

5.1 Harbors

As discussed in Section 3, CBS Harbors operates and maintains five boat harbors and has a range of properties spread out between the waterfront and the GPIIP. CBS Harbors' waterfront property, excluding the berths for vessels, is allocated mostly to parcels used primarily for vehicle parking and is situated at each of the harbor areas in support of vessel berths. Based on harbor user interviews, the condition of the parking areas has changed little since the Master Plan was completed and recommendations made for paving improvements. Indications were that there were insufficient funds allocated to cover the cost of paving or lot improvements as recommended. The parties interviewed noted that there was sufficient room for transient parking and that additional space near the berths for storage would be useful. The parking areas are constrained regarding expansion and there is a need to develop increased parking capacity.

5.2 Gary Paxton Industrial Park

The GPIIP dock is a floating barge approximately 250 feet by 70 feet and is used for commercial fishing boat landings as well as small cruise ships (see Figure 21). In addition, Silver Bay Seafoods has a dock and processing facilities at the site, which includes 34,500 square feet of the former pulp dock warehouse. They also own 187,252 square feet of property in the GPIIP including a 75,000-square-foot building where they process fish and the adjacent former wastewater treatment plant. GPIIP has limited financial resources, with fiscal year 2023 revenues of \$0.2 million.¹²

¹² Source: City and Borough of Sitka, Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.

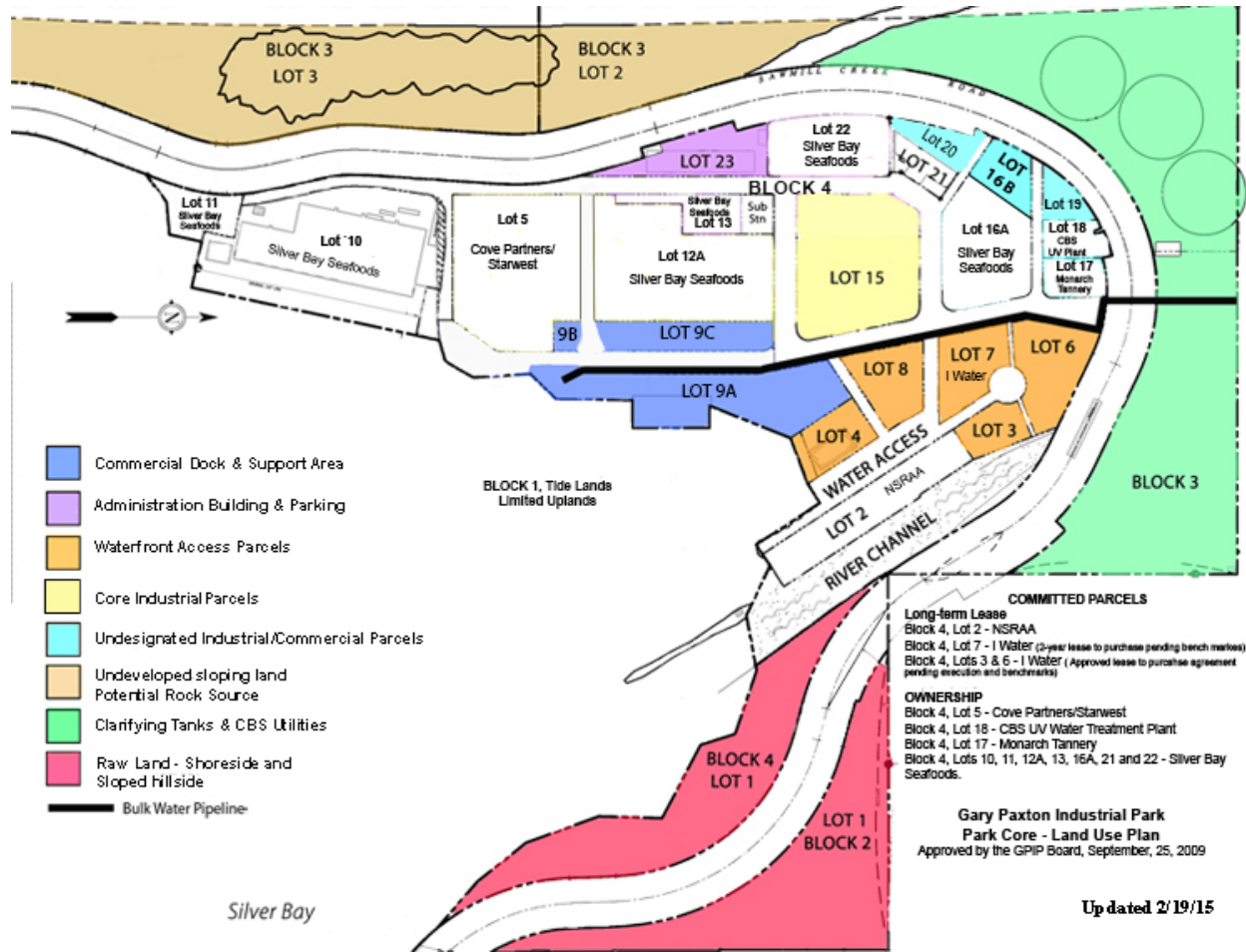
Figure 21. Gary Paxton Industrial Park Site in Early Development Stage



The GPIIP provides the most available area for expansion of industrial activities. The 26-acre park, of which 16 acres are privately held and 10 belong to CBS,¹³ is undergoing a re-emphasis of the type of activities conducted there. Encompassing both municipal property and private property, the park provides for the clustering of similar businesses (see Figure 22 and Table 2). While several business activities there have changed over the years, the property is becoming more utilized for support of the fishing industry. Over time, parcels have been sold by the municipality to private interests, which has resulted in the park splitting between public and private interests. The GPIIP represents the last area for industrial expansion near the waterfront.

¹³ GPIIP interview.

Figure 22. GPIIP Plots



Source: GPIIP.

Table 2. GPIIP Land Use and Blocks

Block	Lot	Square Footage	Acres	Notes
2	1	222,869	5.12	Raw property covered in forest. Small capped landfill.
4	1	291,418	6.69	Capped landfill - development issues.
	3	17,150	0.39	Long term lease to NSRAA
	4 (building)	6,900	0.16	Building
	4 (land)	19,131	0.44	Land
	Water access	45,922	1.05	Haul out
	6	41,028	0.94	North ship yard location
	7	32,879	0.75	North ship yard location
	8	32,362	0.74	Haul out support, bulk water line meter shack
	9a	151,506	3.48	Northern portion only
	9b	7,583	0.17	Undetermined
	9c	34,636	0.80	Haul out
	12a	117,608	2.70	Silver Bay Seafoods
	13	20,810	0.48	Silver Bay Seafoods
	15	113,369	2.60	Future west ship location
	16a	20,135	0.46	Silver Bay Seafoods
	16b	66,491	1.53	Undetermined
	17	16,997	0.39	CBS Filter Plant
	18			
	19	12,669	0.29	Leased to Fortress of the Bear
	20	13,088	0.30	Leased to sawmill

Source: GPIIP

Silver Bay Seafoods is the largest user of the park, with about 400 people employed. They process pink Pacific salmon, herring, and other harvested seafood for canning. They use their own dock (see Figure 23) but often use the GPIIP dock for overflowing fishing vessels, and they handle some 30 to 65 million pounds of product per year. The company owns 70 boats and has 20 additional boats on contract. The final product is shipped out of Sitka in containers and handled by Alaska Marine Line barges. During the fishing season, from March to September, vessels are constantly using the berth. There is shore power and water available but no fuel at their dock. The GPIIP dock does not have water but has some utilities. For the most part, Silver Bay Seafoods is not planning additional expansion, and the GPIIP dock is convenient for their operations. If a cruise ship is at the GPIIP dock, it conflicts with their needs if they have overflow demand.¹⁴ There is sufficient deep water at both the Silver Bay and GPIIP docks for handling their vessels at tidal stages.

Figure 23. Silver Bay Seafoods Pier and Shed



5.2.1 Future Property Considerations and General Recommendations

While there is limited property available, other than parking areas at CBS Harbors, the GPIIP provides the best potential for more effective revenue development and services needed by the fishing community. CBS has, in the past, sold off key pieces of property, which should not be a future consideration. CBS retains 10 acres of property that would best benefit the community by being developed through public-private partnerships and long-term leaseholds. Given the Port's capability as a recognized fishing port with rich fishing grounds near the community, the further development of support industries would be appropriate and consistent with the character of the community. There is a combination of commercial fishing and charter fishing activities that could expand with additional shore-based support facilities (see Figure 24 and Figure 25).

¹⁴ Silver Bay Seafoods interview, March 11, 2024.

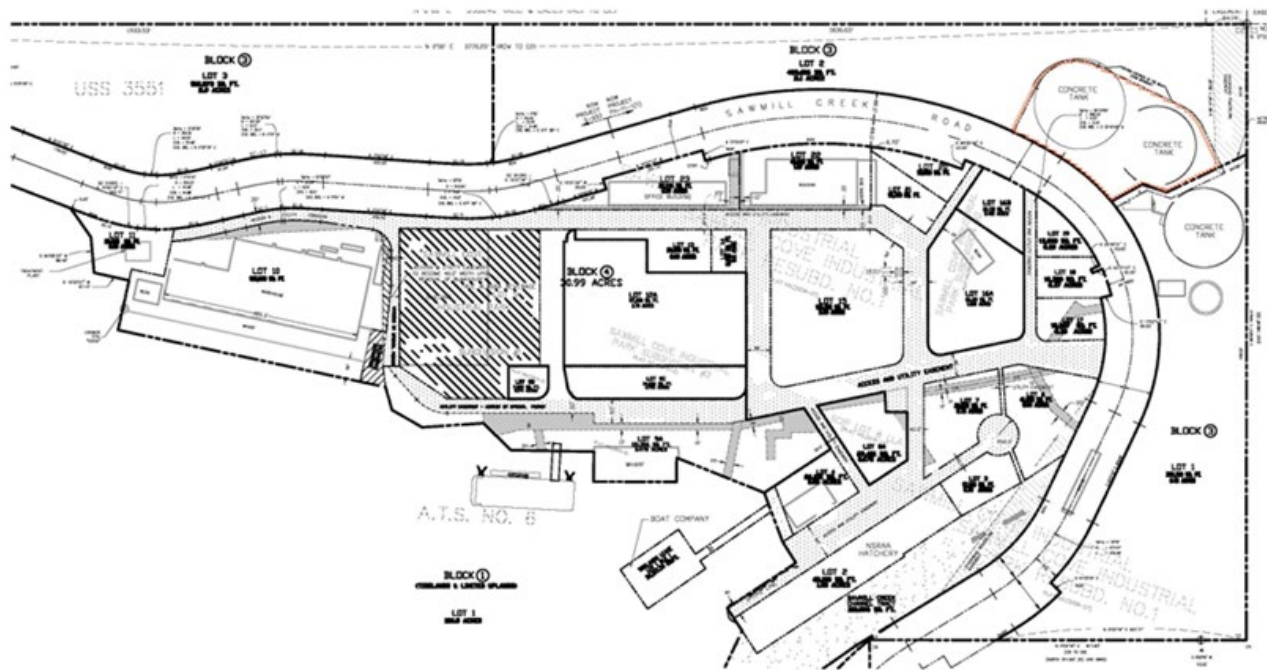
A functionality assessment of the GPIIP should be undertaken to optimize land utilization, minimize traffic patterns, enhance storage, and expand revenue. The area is small but can be optimized through careful reorientation by including considerations for future growth in the planning. The property can be better organized, and CBS should ensure that zoning protects the industrial nature of the park and related waterfront.

Figure 24. GPIIP Site



Source: 2012 Master Plan.

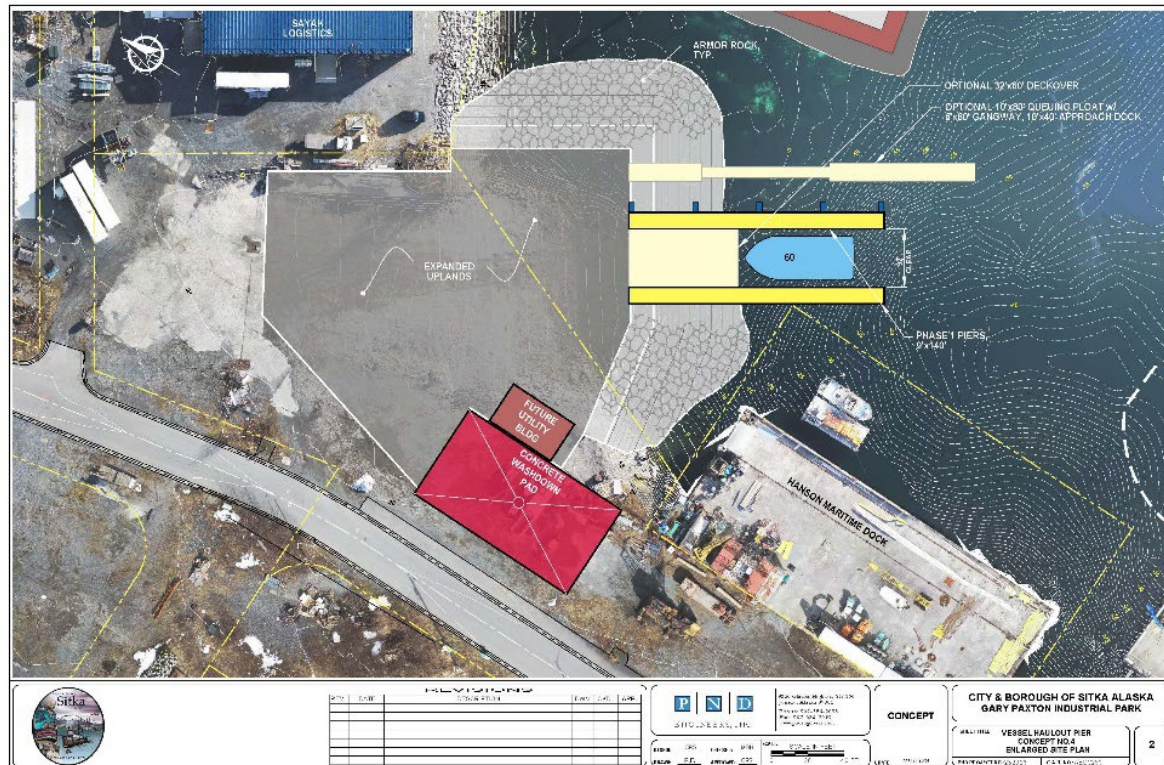
Figure 25. GPIP Site Plan



Source: CBS Harbor Department.

If the required funds for future development are to be realized, the effective leasing of remaining property, along with enhanced waterfront infrastructure, will be required. The property should be maintained by CBS and a leasehold undertaken on a long-term basis. Projects such as the new haul out facility (see Figure 26), as recognized in CBS' earlier planning, were noted in several interviews as an essential addition to the Port's capabilities. The haul-out facility should also include a maintenance and lay dock for vessels requiring repairs. This could be accomplished by a series of finger piers, which would maximize berthing capacity while minimizing shoreline use. Adding additional berthing tied to the GPIP would allow for better utilization of the park and enhance revenue generation. In addition, water, and utilities to the floating (barge) dock owned by CBS at the park, as well as any new or existing piers managed by CBS, should be restored or improved.

Figure 26. Proposed Haul Out Facility



Source: 2012 Master Plan.

As plans for the GPIIP evolve, strong consideration should be given to clustering similar industries to minimize conflicts. Since fishing is an important industry in the community, the shore-based activities should revolve around shore-based industrial firms that process fish and seafood, support vessel operations and repair, fueling, utilities, layberthing, and other various activities that support fleet operations. This could potentially displace cruise activities.

The Port enjoys the benefit of a weekly barge service that provides for the export of processed fish products, which is a major attribute of the Port. It should be noted that multiple Alaska ports such as Dutch Harbor have marine cargo services that take raw and processed product as far as the U.S. East Coast. The use of the Port's commercial pier could accommodate these direct shipments in addition to what is handled by containers.

A major property consideration, however, is management. While GPIIP management and Port management function adequately and enjoy cooperation, the management of both operations would be more efficient as part of a single entity—most effectively, a Port commission. This would include combining the Port's existing tariffs to cover the entire Port and all of its berths including the GPIIP, future haulout facility, and all recreational and charter berths throughout all harbors in the community. This would expand protections for CBS, create a uniform and stable rate structure, articulate insurance requirements, establish a berth request system and use procedures, and solidify the GPIIP's and Port's development potential.

5.2.2 Recommendations for CBS Marine Properties

The key to developing financial resources for CBS marine facilities and related properties without exceeding acceptable market rates is the establishment of a diversified portfolio of revenue-generating activities and appropriate management. To optimize the properties and related revenue generation, as well as to meet potential demand in CBS, the following are recommended:

1. Combine CBS Harbors and GPIIP into a single entity with a new governance structure (see the Section 6 for details).
2. Employ a single manager, development director, and support staff for the new entity. Undertake an appropriate staffing plan that includes a business development director and customer management system.
3. Create a development plan and conduct a functionality assessment for the GPIIP and waterfront areas that incorporate new pier capacity, optimize GPIIP properties, and provide effective access to the combined facilities.
4. Designate the park and barge pier for industrial use only.
5. Develop a policy that includes a consistent lease structure, encourages clustering of industries, and prohibits the sale of public property.
6. Seek a commercial entity that would handle bulk seafood products, which would open CBS to federal grant money related to freight and focus on potential Marine Highway partnerships. This would allow for the designation of CBS as part of a Marine Highway corridor and make it eligible for Marine Highway Grant funding.
7. Complete the proposed haul out facility and identify potential locations for additional pier space for vessels.
8. Develop a tax incentive financing district to facilitate property leasing incentives.

6 Governance

6.1 General

CBS is governed similarly to most other Alaska communities with an assembly overseeing a municipal manager, who in turn is responsible for various departments within the community. Classified as a city-borough, CBS manages the city's social services along with GPIIP and CBS Harbors. Considered a municipal port, CBS has two separate structures for management of CBS Harbors and GPIIP. This is a unique situation and is not effective in a small municipal organization.

In discussions with stakeholders, there appeared to be no objections to modifying the current arrangements with CBS Harbors and GPIIP. It was suggested that these two entities be consolidated into a single department. There was also some suggestion that they be managed through a Port Authority or Port Commission structure.

Ports are a public asset and a public trust and should be set up to be successful. Characteristics of successful ports throughout North America include proper planning, professional management, financial responsibility, development of innovative investment resources, reliability in service offerings and claims, diverse economic business activities and revenue streams, regional partnering for economic development, and support of private business development.

There are multiple structures related to how small communities can manage their ports. Public entities ensure that infrastructure is protected and sustained to provide public benefit. Public dollars are invested to benefit public need and potential future utilization. Private entities are more efficient, and revenue driven, focusing on profit and long-term growth, but publicly owned property is entitled to a rate of financial return to meet public benefit goals. Ports must consider a wide range of competing interests, often not marine-based, and must work with other public agencies and the public to protect access and integrate development requirements. Competition for public financial resources and property is significant, and stakeholders must be engaged and educated early in any project process.

There are different port models in Alaska. CBS Harbors and GPIIP are considered a municipal port, which is most common in smaller or regional port areas. The local town or city provides management of public port facilities, and it is staffed within a department of the local government. Normally funded as part of the municipal budget, income and expenses can reside within an enterprise fund within the municipality. The advantages to this are cost-effective management and local control. The disadvantage is that the port competes for funding with schools and community services.

Alternative models include Port Commissions and Port Authorities that are designed to be competitive in the port industry, operating as quasi-governmental organizations but established under different frameworks of responsibility and autonomy.

Port Commissions are under the authority of a municipality or county, whereas Port Authorities are created to be independent agencies. They may be granted a level of independent authority

or may be organized with independent governance but under some elected governmental authority. The primary difference is that Port Commissions are under the responsibility and authority of a local governance structure such as a city or county, whereas Port Authorities have their own boards and are self-governing. In addition, the assets, bonding, and financial authority of a Port Commission are under the responsibility of the governing authority, while Port Authorities have their own assets and bonding authority. The terms Commission and Authority are often used interchangeably, and the structure of the agency determines its scope of responsibilities and authority.

Two examples of successful Port Commission and Port Authorities are described in the subsections below.

6.1.1 Municipal Port Commission

A Municipal Port Commission is created by an act of a municipal assembly or can be established by a State legislature. It has a form of separate governance or independence while still relying on the local government for bonding capability, asset value, and project approvals. In most cases, the commission is separate from the municipal government but still reports to the municipal assembly in a parallel governance structure. This allows local government entities to exert a level of control over waterfront property in a community. The advantage of this is the involvement of government in decision-making; the disadvantage is that waterfront issues can be so diverse that progress is often slow for industrial or commercial development.

PORT COMMISSION EXAMPLE: NEW BEDFORD, MASSACHUSETTS

The New Bedford Port Authority (NBPA) was formerly the Harbor Development Commission. It was created by the Massachusetts General Court under Chapter 762 of the Acts of 1957. The NBPA is not a department of the City of New Bedford but is an autonomous body charged with managing the port. Chaired by the Mayor, the Commission consists of seven members appointed by the mayor and approved by the City Council. The term of each Commissioner is 3 years. The New Bedford enabling legislation gives the NBPA all authorities of the Harbormaster and the responsibility to manage commercial and recreational vessel activities over all waters within the New Bedford city limits. An Executive Director head the Port.

The NBPA manages all City of Bedford-owned waterfront property. The NBPA also assigns moorings and enforces rules regarding use of piers, wharves, and adjacent parking areas under its jurisdiction, and issues permits for harbor events and for use of city-owned waterfront facilities. Port Authority staff are responsible for the maintenance of facilities and equipment, safety, security and emergency response, and management of parking on NBPA piers and wharves, as well as monitoring of fishing vessels tied up to NBPA piers and wharves. It is also the responsibility of the NBPA to enforce all laws, rules, and regulations governing the harbor.

The NBPA's primary charge is to support the Port of New Bedford through the implementation of best management practices regarding port resources and the development of economic growth strategies. The goals of the NBPA include maintaining the port as the #1 U.S. fishing port, expanding existing businesses related to marine activities, capitalizing on new opportunities that will maximize the Port's potential, and acting as an economic engine to create jobs and strengthen the New Bedford economy.

PORT COMMISSION EXAMPLE: PROVIDENCE, RHODE ISLAND

ProvPort, Inc., was created in 1994 for the dual purpose of holding and managing the asset formerly known as the Port of Providence (City of Providence Municipal Wharf), previously owned by the City of Providence. ProvPort was created as a 501(c)3 nonprofit organization chartered in Rhode Island and holds the operating rights through 2036, at which time the land and improvements return to the City of Providence.

ProvPort is overseen by the five-member Board of Directors. The City of Providence Mayor receives one appointment to the Board and the City Council receives a second appointment. Companies holding leasehold interests in the port are granted two seats, and one independent board member is chosen by the other four. In 2007, ProvPort entered into a Terminal Management Agreement designating Waterson Terminal Services (WTS) as the general manager of ProvPort and as the exclusive stevedore at the port. In its capacity as port manager, WTS takes on all responsibility for vessel scheduling, general management, safety, and capital improvements at the port.

ProvPort is a strategically located port anchored by a strong base of tenants, each of which utilizes the port as a distribution center within the New England area. Its tenants are primarily major companies with a long history at the port and in general. Providence is one of the busiest deepwater ports in New England and one of only two deep-water ports in New England. ProvPort is located at the convergence of Narragansett Bay and the Providence River. The ProvPort site exceeds 115 acres, and the facility offers in excess of 0.75 mile of linear berthing capable of working six vessels at any one time. The deep-water port provides both domestic and international bulk, break bulk, and project cargo clients. ProvPort's Port Operator and Manager handles bulk, break bulk, and project cargoes including the transfer of cargo from vessel to vessel, vessel to barge, and barge to barge. In its capacity as terminal manager, WTS takes on all responsibility for vessel scheduling, general management, safety, and capital improvements at the deep-water port.

6.1.2 Port Authority

Another option is the Port Authority, which is created or enabled by the legislative action of a governmental entity such as the State or the municipal assembly. It has independent management and bonding authority and focuses on commercial marine terminal activities. The enabling authority appoints a Board of Directors who manage the affairs of the Port Authority. Port Authorities often include other operations such as airports, marinas, real estate development, rail, and highway infrastructure. The advantage to this is that they can promote their business activities with limited involvement from local government processes. The disadvantage, however, is that they can have development policies that are different from those of their host communities. A Port Authority can take the burden of financial investment from the local government, but it also limits any revenue going back to the host community.

PORT AUTHORITY EXAMPLE: EASTPORT, MAINE

The Eastport Port Authority was established by act of the Maine State Legislature in 1977. In 1981, the partnerships between the Eastport Port Authority, Federal Marine Terminals, and the mill in Baileyville, Maine, were established. To date, over 8 million metric tons of pulp has been

exported through the Port of Eastport from “The Mill.” Other cargoes have included logs, rolled paper, windmill blades, cattle, and various other project loads.

The original Port Authority Charter specified that the board was to be composed of seven members: four elected members, the City Manager of Eastport, the President of the Eastport City Council, and a member of the Eastport Chamber of Commerce. As part of the 1993 revision of the charter, a representative appointed by the Maine Department of Transportation replaced the Chamber of Commerce representative.

Federal Marine Terminals, Inc. (FMT), handles cargo at the Port Authority, including steel products, project cargoes, containers, forest products, agricultural products, frozen foods, automobiles, and various dry and liquid bulk commodities. The Northeastern Longshoreman’s Association, NEA Local No. 1, works with FMT to handle products such as wood pulp, which exceeds 800 tons per gang hour on multi-lift vessels; they also operate a local trucking company. The Eastport Port Authority provides Eastport-based Husbandry and Boarding Agent Services.

PORT AUTHORITY EXAMPLE: NEW LONDON, CONNECTICUT

The Connecticut Port Authority (CTPA) is a quasi-public agency created in 2014 that is responsible for marketing and coordinating the development of the state’s ports and maritime economy. After creation, the Connecticut Port Authority took over port facilities from the Connecticut Department of Transportation and focused on the state’s port infrastructure to create jobs and attract private investment to the state. The Connecticut Port Authority was signed into law by Connecticut Governor Dannel Malloy in 2014. In May 2019, a partnership between the Connecticut Port Authority and Bay State Wind, a joint venture between Eversource and Ørsted, was entered into. The new partnership was formed to expand the State pier’s heavy-lift capacity, enabling the companies to assemble wind turbine generators at the port.

The responsibilities of the Connecticut Port Authority include, among other duties:

- Coordinate port development, focusing on private and public investments.
- Pursue State and federal funds for dredging and other infrastructure.
- Develop improvements to increase cargo movement through the ports and maintain navigability of all ports and harbors.
- Market the economic development of such ports and harbors.
- Work with the Department of Economic and Community Development and State, local, and private entities to maximize the ports and harbors’ economic potential.
- Support and enhance the overall development of maritime commerce industries.
- Coordinate the planning and funding of capital projects, promoting the development of the ports and harbors.

- Develop strategic entrepreneurial initiatives available to the State.
- Coordinate the State's maritime policy activities and serve as the Governor's principal maritime policy advisor.

The Port Authority is governed by a 21-member Board of Directors, 13 of whom are appointed and 8 of whom serve ex-officio including the State Treasurer; the Office of Policy and Management secretary; the chief elected officials of Bridgeport, New Haven, and New London; and the commissioners of transportation, energy and environmental protection, and economic and community development.

Although the CTPA primarily looks after its property in the City of New London where the current offshore wind development project is being undertaken, it has coordinating development oversight for the State's three deepwater ports of New Haven, Bridgeport, and New London. Each of the other ports also has its own governing authorities. The Port Authority has its own bonding authority in coordination with the State.

6.2 Recommendations

Based on review and analysis, the following area needs to be addressed:

Governance Recommendation 1:

The Assembly of Sitka formally create a Port Commission under its authority and appoint a Board of Advisors to guide the Assembly in CBS Harbors and Gary Paxton Industrial Park management. Other transportation assets including the Airport could also be managed under the Port Commission.

7 Summary and Recommendations

The CBS port assets—CBS Harbors and the GPIIP—are critical to the economic and social well-being of the community. These assets facilitate recreational, tourism, and commercial fishing activities that are the foundation of the local economy. The maintenance and future development of these assets will provide a critical foundation for future economic growth in CBS. It will be difficult to effectively maintain and grow these assets with such a heavy reliance on moorage revenues through annual real rate increases.

To ensure that these Port assets have the financial resources and operational efficiencies and authority required for growth and expansion, the following is recommended:

1. Leverage new revenue opportunities for services or asset utilization where CBS Harbors currently does not charge a fee. For example, establish a fee for any "revenue passenger" using harbor facilities to access a charter boat or a cruise ship. This charge would apply to passengers using the Crescent Harbor and O'Connell Bridge lightering floats. This charge would also apply to any charter passenger accessing charter boats at any of the five harbors or at the lightering docks. Also, establish a fee for the use of the work floats to help fund the need for significant major maintenance required at these facilities.
2. Implement one tariff for all Port-related activities, including a rate schedule that is applicable to both CBS Harbors and the GPIIP. Include in the tariff the specific insurance requirements for users of these facilities.
3. Combine CBS Harbors and the GPIIP into a single entity with a new governance structure such as a Port Commission. Employ a single manager, a development director, and support staff for the new entity. The Port Commission could be expanded to include other transportation assets such as the airport terminal and seaplane base.
4. Undertake a development plan and functionality assessment for the GPIIP and CBS Harbors areas that incorporate new pier capacity, optimize GPIIP properties, and provide effective access to the combined facilities.

The implementation of these recommendations will help maximize the use of and the associated economic benefits from these assets.



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Appendix A – Harbor Rates (as of May 10, 2024)

Permanent Moorage

Permanent moorage: \$4.64 per foot per month of vessel length or stall length (whichever is greater); i.e., a 43-foot vessel assigned a 45-foot stall will be billed at the stall length, or a 45-foot vessel in a 40-foot stall will be billed at the vessel length. Vessels 20 feet in length and under are \$3.23 per foot per month if owners pay in advance for 1 year.

Transient Moorage

Daily transient moorage: \$1.44 per foot, per day (0–80 feet); \$2.46 per foot, per day (81–150 feet); \$3.68 per foot, per day (150+ feet).

There is a 25% discount on daily rate for fishing vessels and tenders with a fish ticket from a Sitka plant only. Contact the Harbor Department for details.

Float plane rates

Permanent stall rate: \$305.04 per quarter; transient rate: \$27.67 per day (no charge if moored under 1 hour).

Liveaboard Vessels

Liveaboard vessels that have permanent moorage or are hot-berthed will pay the minimum residential user's fees for garbage, water, and sewer on a monthly basis if power is put in the owner's name.

Monthly Transient Permits

Monthly permits (30 days): \$24.66 per foot of overall length up to 150 feet; \$36.98 per foot of overall length for 151 feet and greater.

Reserved Moorage

Eliason Harbor end ties \$4.25 per foot, per day per vessel length or stall length, whichever is greater.

Vessel Wait List

Vessels on the wait list shall be charged \$4.64 per foot of the overall vessel length, per month, payable in advance, quarterly. The fee paid to get on the wait list is equal to a quarter's moorage, is non-refundable, and is not applied to moorage.

Transient Electricity

The fee for using an electrical meter other than a meter in the vessel owner's name will be \$7.00 per day for 30-amp service. For 50-amp single-phase service, \$15.00 per day up to 4 days; for 5 days and beyond, the fee will be as follows: \$10.00 in and a \$10.00 out meter reading fee, plus actual consumption; 100-amp three-phase: \$10.00 in and \$10.00 out meter reading fee, plus consumption.

Water from Port Facility

Water: \$0.92 per 1,000 gallons - 0 to 33,300 (\$25.00 minimum); \$0.85 per 1,000 gallons - 33,301 to 90,000; \$0.73 per 1,000 gallons - 90,001 to 270,000; \$0.61 per 1,000 gallons - 270,001 to 410,000; \$0.37 per 1,000 gallons - 410,001 to 800,000

Garbage - Commercial Dumpster: \$303.55 (upon request)

Harbor Staff Labor: \$56.00 per hour, ½ hour minimum. - \$51.25

Pumping: \$51.25

Towing: \$102.50 plus employee labor

Launch Ramp Fees: \$5.00 in, \$5.00 out, or a yearly permit is \$75.00 (calendar year)

Emergency Dewatering: \$51.25 (gas-operated pump or sump pump plus labor)

Dewatering Pump Rental: (110-volt sump) \$100.00 deposit, \$6.00 per day, not to exceed 3 days

Absorbent Materials: Oil pads - one bale, \$66.50 or \$0.70 each.

Sausage Boom: 5-inch x10-foot bale - \$118.00

Work Float and Eliason Harbor Loading Zone Fees

The charges for this work float and load zone are as follows: March 15–September 15, the first 24 hours will be free of charge for vessels on the waiting list or with a permanent stall. After 24 hours, the charges are as follows: vessels 50 feet in length or shorter - \$0.80 per foot, per day. Vessels 51 feet in length and above - \$1.00 per foot, per day. In addition to these fees, transient vessels will also be charged the transient daily rates. From September 16 to March 14, there are no additional fees.

Tidal Grid

Grid fees are as follows: vessels 50 feet in length or shorter - \$0.80 per foot, per day. Vessels 51 feet in length and above - \$1.00 per foot, per day. These charges are in addition to the permanent tenant quarterly moorage rates or daily transient fees.

City Hoist

Available by signing the waiver and obtaining the key. Fees are as follows: \$5.00 for 15 minutes or portion thereof, \$15.00 per hour, or \$75.00 for the day.

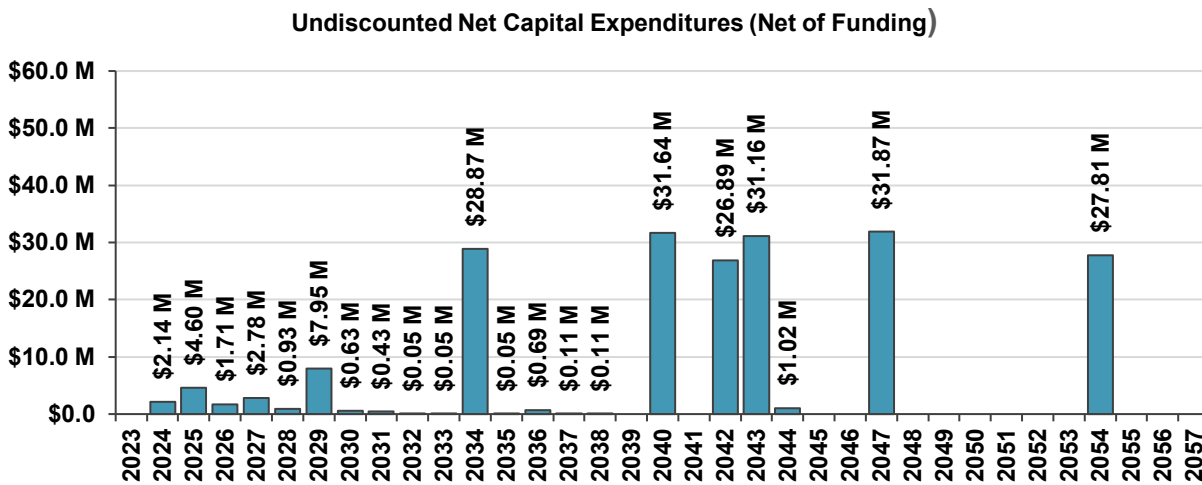
Appendix B – Replacement Reserve Analysis

The Replacement Reserve Analysis (RRA) is a long-run capital planning process that will help the City and Borough of Sitka (CBS) anticipate the financial requirements to operate, repair, and replace the CBS Harbor Department’s (CBS Harbors’) assets and (potentially) acquire additional assets. The output of the assessment is an estimate of the funding gap, based on current moorage rates, and the increases in moorage rates to eliminate the gap.

To conduct the assessment, the following inputs were taken from the CBS Harbors’ Fiscal Model: net capital costs of planned state of good repair projects, inflation and escalation rates, operating costs, and other revenue sources.

These inputs were extracted from CBS Harbors’ Fiscal Model; looking forward, CBS Harbors has an estimated \$201.5 million¹⁵ in planned capital expenditures (see Figure A-1).

Figure A-1. Undiscounted Expenditures by Year



The analysis was conducted over a 35-year timeframe. Specifically, the analysis considered the timeframe of fiscal years (FY) 2023 to 2057. Meanwhile, for revenues related to moorage, the analysis leveraged the FY 2023 moorage revenue levels. This approach was used to assess the minimum increase in moorage revenues required to cover the unfunded capital expenditures.

To convert the annual equivalent amount needed to cover the capital financing gap, the analysis discounted the future cashflows based on a financing rate of 5.0 percent to derive a present value of the net capital expenditures. This was then converted into an annual equivalent amount reflecting the 35-year horizon. To cover forecasted funding gaps, the RRA indicated that

¹⁵ Value reflects the net expenditures for CBS Harbor Department’s planning capital program, and the value reported already considers the additional funding sources for the various individual projects.

moorage revenues would have to increase by approximately 1.5 percent in excess of escalation.