

**MINUTES
NOME PORT COMMISSION
REGULAR MEETING
September 19, 2019**

The Regular Meeting of the Nome Port Commission was called to order at 6:30 pm by Vice-Chairman Lean in Council Chambers at City Hall, located at 102 Division Street.

ROLL CALL

Members Present: Smithhisler; Lean; Henderson; Sheffield; McLarty;

Absent: West; Rowe; (excused)

Also Present: Lucas Stotts, Harbormaster; Joy Baker, Port Director (telephonically)

In the audience: Sandra Medearis, Arctic News; Howard Farley; Randy Harper; Daniel Keese

APPROVAL OF AGENDA

Vice-Chairman Lean asked for a motion to approve the agenda:

Motion made by Henderson to approve the agenda, seconded by Sheffield;

At the Roll Call:

Ayes: Lean, Henderson, Sheffield, McLarty, Smithhisler

Nays:

Abstain:

The motion **CARRIED**.

APPROVAL OF MINUTES

August 15, 2019 Motion made by McLarty, seconded by Sheffield to approve minutes;
Regular Meeting

At the Roll Call:

Ayes: Henderson, Sheffield, McLarty, Smithhisler, Lean,

Nays:

Abstain:

The motion **CARRIED**.

CITIZENS' COMMENTS

Sandra Medearis advised that the link to the 2019 ship schedule on the website was not working. Randy Harper thanked the group for considering his request to position his jack up barge on the southeast side of the harbor for winter.

COMMUNICATIONS

- 19-08-22 With global warming and less sea ice – Seafood News
- 19-09-05 Topside Mining (Harper) Winter Storage Request
- 19-09-09 Interim City Manager Report (Handeland)
- 19-09-16 City Public Notice Calendar

Discussion:

Commissioners inquired on details regarding the Topside Mining request, and whether other potential vessels' winter plans. HM Stotts advised on the handout reflecting a similar request from Phoenix Marine. It was decided that the requests will be addressed under New Business.

Lean talked about an article in National Geographic showing a graph reflecting a straight shot over the pole from Bering Straits to Europe as being ice free by 2037. This is well ahead of what was previously projected as being ice free in 2050 – much faster than anyone suspected.

Sheffield commented that yesterday the sea ice edge was 410 miles north of Barrow, and based on information gathered by the research vessels, the bottom sea surface temps in the Chukchi were much warmer than previously recorded.

COMMISSIONERS' UPDATES

Sheffield indicated she joined the visiting VIP delegation on 20 Aug with Senator Wicker, Admiral Bell and Admiral Ray for a port tour and discussion.

HARBORMASTER'S REPORT *(Verbal)*

Harbormaster Stotts stated how having 3 cruise ships in port in 4 days was a bit challenging, but actually went very well. This was a good lesson as cruise ship traffic continues to increase. We are still awaiting the last fuel deliveries for all 3 tank farms later in the month, along with AML's last barge and the last rock barge. This leaves one more potential cargo barge before end of season. There has been a surge of sailboats this month, which is much better than last year. HM Stotts shared some photos of the laydown areas for large vessel storage, demonstrating the growing need to gain access to the old tank farm for more space.

Discussion:

Sheffield asked if there had been any fishing processor type vessels working the cod fishery. HM Stotts indicated we had 4 of those in port, and one deep-draft vessel offshore, but no product was discharged. Additional discussion ensued on managing space for large vessels.

PORT DIRECTOR REPORT (19-09-05 Written Reports)

PD Baker advised of another VIP visit on 27 Aug from NORAD/NORTHCOM General O'Shaughnessy and the Alaska Corps District Commander, Colonel Borders, for a port tour and discussion. The visit went very well and we were able to answer all of the General's questions regarding capability and capacity, along with design features that would accommodate his fleet.

Baker also indicated that the port expansion study team was rehashing some metrics associated with regional viability and economic benefits to strengthen the plan justification under the 2006 Remote & Subsistence Harbors authority.

STG has completed the primary work on the Westgold Dock Repair Project, with the closeout work anticipated to begin on Saturday, as survey has now shown settling of the fill to be complete. PND will send an inspector to observe the final work, and then the dock will be turned over to the Port.

Lastly, the CAP 107 project to deepen the Small Boat Harbor to -12' MLLW is moving forward with the Corps. I have received cost-share documents for review, and once the Corps Division team issues the Determination Letter, we can move forward with the required documents. This work will be funded through a portion of the DC-008 grant from the Alaska Dept. of Commerce.

Discussion: None

OLD BUSINESS

Fiscal Plan for Funding Major Asset Repair/Replacement & Capital Improvements for
Recommendation to Council

Discussion:

Extensive discussion occurred with various questions on the F19 revenue/expense report to bring clarity to the fiscal strategy discussion. Henderson asked numerous financial questions, which brought benefit to the group on revenue and expense trends. Henderson added that the ANC CPI adjustment essentially serves to inflation-proof the tariff structure. Lean stated that our strategy has been hit and miss over the years with 5% here and there, yet no plan beyond that, so this would be a more gradual way to address increases. McLarty said using the CPI adjustment as a baseline, but leave it as an option to be evaluated each year. Then talk about a long-range plan for some percent of annual increase that is necessary to support increasing costs of operations. Sheffield stated she thought evaluating the increase annually versus automatic was a good idea. Lean advised that his earlier suggestion to establish a fixed amount be set aside for repairs and maintenance, but he's changed his mind and agree that the CPI is a good idea. He also agrees with Derek that it should be considered every year before being applied. Henderson compared the CPI to a surcharge on fuel, which also flexes similar to the CPI being averaged over a 5 year period. The state's passenger vessel tax and fisheries business tax were discussed as revenues being minimal, but as cruise ship traffic grows, and fisheries develop, these revenues will increase.

PD Baker contributed options for the path forward; 1/implement the annual CPI adjustment, to be revisited annually, which could serve as a base layer to work from; 2/establish a separate account specific to capital improvements, maintenance and repairs and assign a percentage of net or gross each year; 3/continue to evaluate tariff rates annually. Henderson expressed concern about taking a percentage of gross, and recommends a percentage off the net (surplus). He suggested staff use the inspection report to establish a list for the group with some costs to evaluate and prioritize, and agrees that we have to start somewhere and soon. Smithhisler added that getting an overall picture of what the deferred maintenance needs are, then we can determine what the

percentage should be to begin building these accounts. Lean recommended that we continue this conversation in another meeting. A potential motion was discussed, but rescinded.

NEW BUSINESS

Winter Storage of Jack-Up Vessels – John Keeley and Randy Harper

Discussion:

McLarty reiterated the issue with limited space on land, and the ability of these vessels to safely jack up in the harbor he'd like to see these requests approved. He also suggested that we revisit the tariff and that we have some type of form protocol to evaluate these requests based on standard requirements, instead of the language precluding the winter storage in ice. Sheffield suggested specifying that the requests would be for the inner harbor. Lean indicated that the unit stored last year went well as it was firmly grounded and the platform elevated above high tideline. He believes that adding another unit does not have a large impact as there is space, but we should evaluate a long-term plan. Henderson agreed and suggested that the process be similar to what happens in the summer, so wouldn't need a vote of approval. McLarty and Lean both indicated that as long as the tariff precludes vessels wintering in ice, the Commission should address it. Sheffield added that if a request involves the outer harbor, then it becomes a larger discussion, to which Lean concurred yes, those requests would most likely be for vessels that are not jack-ups.

MOTION: Motion made by McLarty, seconded by Henderson to approve the requests from Phoenix Marine (John Keeley) and Topside Mining (Randy Harper) to jack-up in the Small Boat Harbor ice for the 2019/2020 winter season, in a location designated by the Harbormaster.

At the Roll Call:

Ayes: Sheffield, McLarty, Smithhisler, Lean, Henderson

Nays:

Abstain:

The motion **CARRIED**.

CITIZENS' COMMENTS

Randy Harper and John Keeley thanked the Commission for considering/approving the requests.

COMMISSIONERS' COMMENTS

S. Smithhisler – good discussion tonight about the repair needs, and looking forward to getting input from Commissioner Rowe, who was unable to join tonight. Also, posed a hypothetical question regarding if the cruise ship fee would be eligible to fund construction of the anticipated dock on the relocated east breakwater during the expansion.

C. Sheffield – saw the notice about the sewage release in the Small Boat Harbor, asking if that was corrected yet. Also inquired if the Parlow report was final and available.

C. Henderson – no comment.

McLarty – good discussion and appreciates the photos of the laydown area. He'd like to see the backlog of projects and costs, with a timeline needed for the work.

C. Lean – apologize for the meeting running too long, but finances are important.

SCHEDULE OF NEXT MEETING

The next meeting is SCHEDULED to October 17th, 2019.

ADJOURNMENT

Motion was made by Henderson and seconded by Smithhisler for adjournment – 8:27 pm.

APPROVED and **SIGNED** this 17th day of October 2019.



Charlie Lean, Vice-Chairman

ATTEST: 

Joy Baker, Port Director