

**MINUTES
NOME PORT COMMISSION
REGULAR MEETING
January 16, 2020**

The Regular Meeting of the Nome Port Commission was called to order at 6:47 pm by Chairman West in Council Chambers at City Hall, located at 102 Division Street.

ROLL CALL

Members Present: Smithhisler; Lean; West, Henderson, Rowe; Sheffield; McLarty;

Absent: (excused)

Also Present: Lucas Stotts, Harbormaster; Glenn Steckman, City Manager

In the audience: Ken Hughes; Sandra Medearis; Mark Johnson

APPROVAL OF AGENDA

Chairman West asked for a motion to approve the agenda:

Motion to approve made by Lean, seconded by Smithhisler.

At the Roll Call:

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

Nays:

Abstain:

The motion **CARRIED**.

APPROVAL OF MINUTES

November 21, 2019 Motion made by Sheffield, seconded by Lean to approve minutes;
Regular Meeting

At the Roll Call:

Ayes: West, Henderson, Rowe, Sheffield, McLarty; Smithhisler; Lean

Nays:

Abstain:

The motion **CARRIED**.

CITIZENS' COMMENTS

- Ken Hughes commented the following;
 - He uses the river facility periodically launching/removing his vessel each day but would like to get a harbor permit in the future and suggested the Port Office offer homeported daily and seasonal permits only. Ken stated his math suggests the break-even point in deciding between daily and

seasonal permits would be staying 24 days before switching to seasonal (vs daily) would increase to 27-28 days with the proposed rate changes.

- PC would be better raising the rates to maintain the facility then not to and have the facility suffer. Supports any increases that can increase trade or commerce around the facility but maintenance and care of the facility take priority.
- Users of the facility should be able to accept a small fee increase for these reasons.
- Users and non-users both should be able to request access to video recordings through city hall.

COMMUNICATIONS

- Maritime Executive – Rosatom; Shipping Up in the Arctic despite Env. Concerns
- Alaska Journal of Commerce – USACE Expands Plan for Nome Port
- Alaska Journal of Commerce, Anchorage – Assembly Approves Tariff Increase to Fund Port of Alaska Work
- AND – New Nome Port Expansion Plans Add Marine Animal Protection

Discussion:

- HM Stotts commented USACE Expanding Nome Port had good information.
- HM Stotts also noted that the Marine Safety Bulletin handout noted some upcoming changes for vessels that engage in towing for hire that could affect our local Vessels of Opportunity Program.
- PC Henderson commented on the Alaska Journal of Commerce, Anchorage – Assembly Approves Tariff Increase to Fund Port of Alaska Work article and that it shows how maintenance and the need to increase fees is hitting everyone around the state. Also noted how dramatic Anchorages tariff increase are going to be, specifically on fuel, with a 5-6 cent per gallon increase each year and up to a 50 – 60 cent increase over 10 years compared to Nome's 10% increase equaling less than a penny increase.

COMMISSIONERS' UPDATES

- Lean commented that Nome is making national news on climate change and the changing shipping in the arctic. Also noted that there are many reasons unscheduled Bering Sea Fishing Fleet vessels operating in the region may call on the Port of Nome without warning. Also feels that the USCG may start to have a bigger presence in the region in the upcoming seasons.
- West commented on recent discussions with the USACE on the Cswy bridge sediment buildup issues that they are working through options on the best way to remove excess material from the west and methodologies for doing so

HARBORMASTER'S REPORT *(Verbal)*

Harbormaster Stotts provided an update on day to day items around the port office, including;

- Obtaining vendor quotes for supplying spring facility operations, coordinating on returning staff, and facility asset testing, such as the pipeline.

- Contacting port customers with outstanding balances, and several on the impoundment list are making payments or have paid off their accounts.
- Working with the Marine Exchange and other regulatory agencies to update our Facility Security Plan (FSP) in preparation for the 2020 shipping season.

PORT DIRECTOR REPORT (19-12-16 Written Report)

PD Baker was traveling and not present but HM Stotts commented on her behalf that the Arctic Deep Draft Port- Modification Feasibility Study (MFS) was out for public comment and that we encourage anyone to participate, the City of Nome will be submitting comments as well.

Discussion:

- Smithhisler asked how many proposals were received on the Engineering Services RFP for the Barge Ramp project – response was, only one.

OLD BUSINESS

Develop Fiscal Plan to Adequately Support Operations & Set Aside Funds for Major Asset Repair /Replacement & Capital Improvements (per Council request)

- Draft F20 Port Ops & Capital Budget @ 12/31/19

Discussion:

There was discussion on various topics concerning potential tariff rate increases including;

- Offering only Daily and Seasonal docking permits for users at the Small Boat Harbor and Daily dockage only at the Causeway facility. Doing away with both Weekly and Monthly permit options.
 - Group came to a consensus on how the intent would benefit the facility.
- Henderson opened discussion that two major areas have potential changes;
 - Rate changes in the tariff – individual rates, or across the board increase.
 - Discussion of the revenue generated, how much should we set aside to fund the capital replacement projects?
- Discussion on revenue generated was chosen as the best place to start and sparked good discussion on how the Port of Nome is not currently allocating revenue for future repair and replacement projects; and there is no consistent surplus to build fund balance to cover specific projects.
 - It was suggested to start at \$100,000 of net revenue be set aside annually for reserve and replacement projects account. Pros and cons of setting a goal as a specific dollar amount instead of a percentage were discussed.
- City Manager Glenn Steckman commented that PD Baker and HM Stotts are currently working on the Port's F20 budget amendment, but thoughts on how much the Commission desires to set aside is needed, to fit within the budget.
 - Even setting aside \$100,000 each year, may not be enough to have an impact on the amount of projects that need to be accomplished soon.
 - The port budget as of now is around \$1.3 million annually and \$100,000 off that is around 6% - 7%, it was suggested that to set aside \$100,000 we would need to increase the ports budget to 1.4 million to fit that goal.

- Rowe suggested an average starting place be decided now, around \$100,000 - \$150,000 annually, with the knowledge that this will likely be revised in the future, after it is determined how this works out.

Motion to reserve \$100,000 annually, in a specific account to be used for capital improvements and maintenance projects at the Port made by Henderson, seconded by McLarty;

Discussion:

- McLarty discussed wanting to make sure the reserve account would be accessible only to the Port of Nome.
 - CM Steckman suggested it could be done by the Council agreeing and passing an ordinance to set up a specific account to set aside a specific amount of certain funds for that purpose.
- Henderson clarified that his motion was not based off net profits at the season's end, but instead a set amount to be reserved each year.

At the Roll Call:

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

Nays:

Abstain:

The motion **CARRIED**.

The Commission elected to now take up the issue of a rate increase in the following discussion;

Discussion:

- Henderson noted multiple options to consider;
 - Across the board tariff increase to all rates
 - Specific rate increases
 - Tie annual tariff increase to Anchorage CPI
 - Remove weekly and monthly permits
 - Cruise PAX head tax
- Lean noted we would also look at Cruise Ship PAX fees and other changes individually in the tariff that were discussed in the past.
- Henderson asked if the group would consider a percent increase to all tariff rates rather than individual rates, as that would avoid targeting specific groups.
 - There was consensus to consider a broad percent increase, although McLarty asked that we also look at rates to exclude from that increase.
- Rowe agreed that the following three items seemed to accomplish the group's goals; passenger head tax, across the board 10% tariff increase and restructuring of docking permits to exclude weekly and monthly.
- CM Steckman commented that tying a tariff increase to the CPI for the next several years helps inflation proof the tariff for increased costs and also removes the need for tariff adjustments to be reviewed each year.

- Henderson stated that an increase of 10% on all rates, and a CPI increase (around 2%) annually, should generate about \$150,000 in additional revenue.
- Rowe suggested we vote on tariff increases for this year and then tie in the CPI increase in subsequent years.

Motion to increase all existing tariff rates by 15% and an annual increase tied to the ANC CPI, of up to 4%, made by West, with no second.

The motion **FAILED** for lack of second.

Motion to increase tariff rates by 5% this year and another 5% next year, plus tie to ANC CPI in subsequent years, made by Henderson, and seconded by Rowe.

Discussion:

- Sheffield commented that 5% seemed too little and would not generate the revenue that the group was hoping to bring into the reserve account and asked if 10% across the board would be more fitting.
- Lean commented that he agrees with Sheffield and that we needed to go at least 10% and that we are sending a mixed message to the Council, that we need money in reserve account for maintenance but we don't want to increase rate by much.
- Henderson commented that we generated \$1.3 million from the tariff this FY and we had a surplus of \$161,000. If we had the same performance next year as this year we could still put away the target goal of \$100,000 per year without fee increases.
- CM Steckman commented that there are several facility improvement projects the PC wanted to accomplish, one being around \$250,000 and that the money is not there right now so only a 5% increase seemed too little.

Amendment to Henderson's original motion; Increase tariff rates across the board by 10% and reserve \$150,000 annually in a specific account for capital improvements and maintenance projects, plus tie to Anchorage CPI (5 year average) in subsequent years; amendment seconded by Rowe.

Discussion:

- Rowe commented that the discussion of putting \$100,000 or \$150,000 was not our end goal, it was just a starting minimum target to ensure we put some funds away each year, but targeting that number is not an end goal. We should put away as much as possible each year.
- Henderson added that he decided to amend his motion so he could confidently tell the public that we are reserving funds for specific projects that will benefit the users of the facility.

At the Roll Call:

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

Nays:

Abstain:

The motion **CARRIED**.

NEW BUSINESS

Proposed Port of Nome Tariff No. 16 (Recommend Adoption to Council)

Motion made by Henderson, seconded by Rowe, to recommend the Nome Common Council adopt Port of Nome Tariff No. 16 as presented, to replace all previously existing tariffs – changes include;

- Effective immediately, a 10% increase on all existing Tariff No. 15 rates.
- Effective Jan 1, 2021, annually adjust all tariff rates based on a 5-year average of the Anchorage CPI.
- Effective FY2020, set aside \$150K in a separate account, specifically for the purpose of funding Capital Improvements, Maintenance & Repair projects.
- Various rule and policy changes as drafted.

At the Roll Call:

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

Nays:

Abstain:

The motion **CARRIED**.

CITIZENS' COMMENTS

- Ken Hughes suggested that we use the Anchorage CPI 5 year average which was agreed upon by the PC.
- Mark Johnson noted that the City already uses reserve accounts in other areas and should not be an issue. Also agreed with Ken Hughes that the CPI tied to a 5 year average sound like a good idea.

COMMISSIONERS' COMMENTS

McLarty – Commented that he wished the group agreed on something more progressive like 5% this year and 5% next year, but also realizes the facility tariff needs to grow with the yearly costs.

Henderson- Commented that he got a lot out of the discussion and agreed that an annual tariff increase tied to the 5 year CPI average would smooth out the bumps in the future.

Sheffield – Noted it was a good meeting.

Smithhisler- Commented that the PC is just an advisory body and the Council could change what we have suggested. Noted that the Port is an enterprise fund and asked if this is how the Port of Seattle and Port of LA handle their accounts in relation with City Finance. Also posed would a future Port Authority in the region be beneficial or not?

Rowe- Noted that it was a good meeting and felt good to reach a consensus on the tariff. Also suggested other PC members attend the Council meeting to ensure our voices are heard at the first reading to answer questions and let the Council know our thoughts behind this.

Lean- Commented that he was satisfied with the meeting outcome, and that Port Authorities usually manage large areas, ports and airports, and doesn't feel we are there yet. Noted he has heard and feels some concerns of the closure of the Barge Ramp this upcoming summer season for repair and it feels like a long period out of service. Suggested to do more work to alternative haul out locations, such as the East Gravel Ramp.

West- Agreed that the PC is just a recommending body and the Council may agree, deny or change what we just suggested in the tariff but moderation is the best way to proceed, also encouraging anyone who can attend the Council meeting to do so.

SCHEDULE OF NEXT MEETING

The next Regular Meeting is SCHEDULED for February 20th, 2020.

ADJOURNMENT

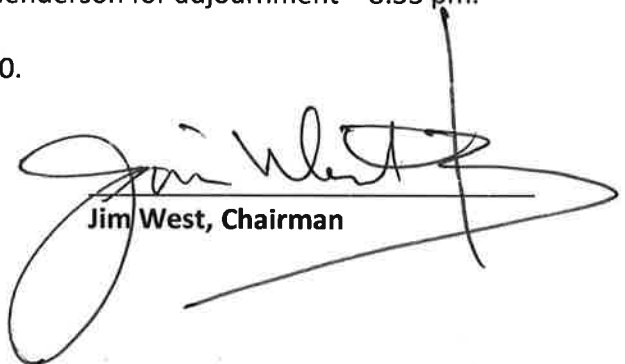
Motion was made by Smithhisler and seconded by Henderson for adjournment – 8:55 pm.

APPROVED and **SIGNED** this 20th day of January 2020.

ATTEST:



Joy Baker, Port Director



Jim West, Chairman

