

**City Manager**  
John K. Handeland

**Port Director**  
Joy Baker

**Harbormaster**  
Lucas Stotts



**Nome Port Commission**  
Jim West, Jr., Chairman  
Charlie Lean, Vice Chairman  
Derek McLarty  
Shane Smithhisler  
Scot Henderson  
Russell Rowe  
Gay Sheffield

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**NOME PORT COMMISSION  
WORK SESSION & REGULAR MEETING AGENDA  
THURSDAY, SEPTEMBER 19, 2019 @ 5:30/6:30 PM  
COUNCIL CHAMBERS IN CITY HALL**

**WORK SESSION – 5:30PM:**

PND Facility Inspections Report – Summary of Findings and Recommendations

**REGULAR MEETING – 6:30PM:**

- I. ROLL CALL**
- II. APPROVAL OF AGENDA**
- III. APPROVAL OF MINUTES**
  - 19-08-15 Regular Meeting
- IV. CITIZEN’S COMMENTS**
- V. COMMUNICATIONS**
  - 19-08-22 With global warming and less see 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
- VI. COMMISSIONER UPDATES**
- VII. HARBORMASTER REPORT**
  - Update on Operations, Repair & Maintenance
- VIII. PORT DIRECTOR REPORT/PROJECTS UPDATE**
  - 19-09-05 Port Director/Projects Status Report
    - NOAA/AOOS Port Entrance Camera (live on Port website)
    - Draft F19 Port Ops & Capital Funds (ending 6/30/19)
- IX. OLD BUSINESS**
  - Fiscal Plan to Fund Major Asset Repair/Replacement & Capital Improvements for Recommendation to Council
    - F16-F20 Fiscal Health Worksheet (Updated)
    - Shared Taxes w/State (Fisheries/Cruise Ship Passenger)
- X. NEW BUSINESS**
  -
- XI. CITIZEN’S COMMENTS**
- XII. COMMISSIONER COMMENTS**
- XIII. NEXT REGULAR MEETING**
  - October 17, 2019 - 5:30pm
- XIV. ADJOURNMENT**



# Port of Nome

## Port Facilities Inspection Reports 2019

### DRAFT



#### Prepared by:

PND Engineers, Inc.  
1506 West 36<sup>th</sup> Avenue  
Anchorage, AK 99503

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**APPENDIX A:**

**Port Facilities Design \ As-Built Drawings**

## **Executive Summary**

PND Engineers Inc. (PND) performed Nome Port Facilities inspections at the Port of Nome in June 2019. This investigation included above water inspection, ultrasonic thickness (UT) measurements, structure to seawater corrosion potential (CP) measurements, and mudline elevation measurements. PND provided inspection for the following waterfront facilities:

1. West Gold Dock
2. City Dock
3. Middle Dock
4. Fish Dock
5. Low Dock
6. High Ramp
7. Floats and Gangway at Small Boat Harbor
8. Nome Causeway Bridge Abutments
9. Causeway Revetment
10. Nome Seawall Revetment
11. Nome Barge Ramp

Above water investigation included inspection of finish grade/surfacing, bollards, cleats, ladders, face beams and fenders for all port facilities listed above for deficiencies which may affect normal operations. Any deficiencies observed were recorded and analyzed with a recommendation provided in this report.

Mudline elevation measurements, Cathodic Protection (CP) measurements, and Ultrasonic Thickness measurements (UT) were recorded for Facilities 1 through 6. Mudline elevation measurements were made using a Drop-Tape Measuring Device and recorded to observe current scour profiles. CP measurements were taken to observe the effectiveness of the cathodic protection systems to mitigate corrosion. These measurements were taken with a Cathodic Protection Measuring Device at various elevations below the waterline. UT measurements were taken to observe current sheet pile thickness which may have been lessened due to corrosion. These measurements were taken with an Ultrasonic Thickness Measuring device and recorded for present evaluation as well as for use in future inspections. A summary of the above observed measurements for Waterfront Facilities 1 through 6 are provided in this report.

## **Summary of Repairs**

The following table summarizes the 2019 notable immediate, short term, and long term recommended repairs upon inspection of the Nome Port Facilities. Each deficiency noted has been categorized based on urgency as;

- Immediate Action Needed (1-3 months)
- Short Term Action Needed (1-2 years)
- Long Term Action Needed (2 or more years)

Note: Recommendations in this table are general and may exclude full repair details, refer to each facility's inspection report for complete repair recommendations.

Nome Port Facilities Inspection  
July, 2019

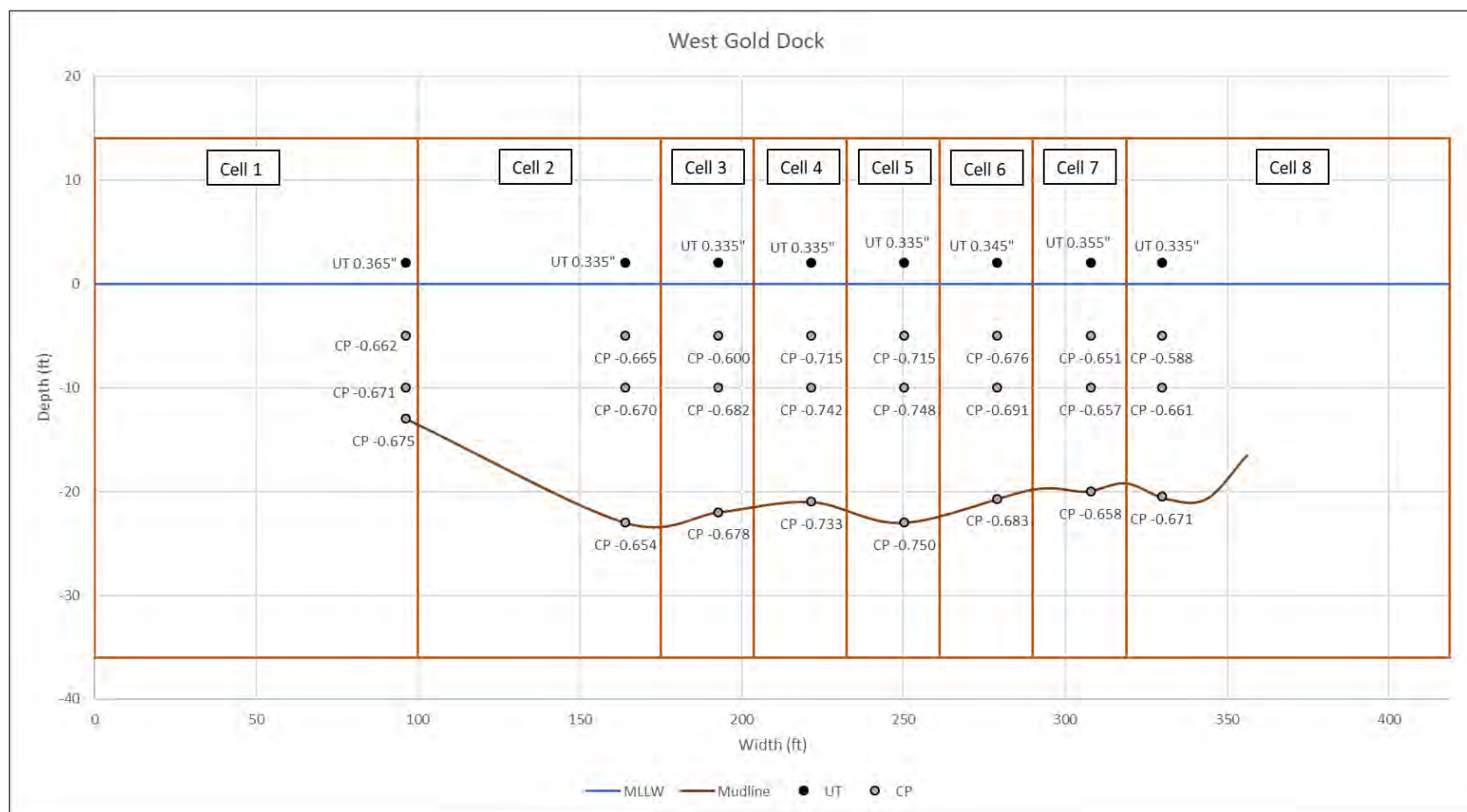
URGENCY	FACILITY	DEFICIENCY	RECOMMENDATION
Immediate	West Gold Dock	Crack in Wye 5-6.	Repair as per West Gold Dock Emergency Repairs provided by PND.
Short Term	West Gold Dock	Pitting and corrosion of the steel sheets in the splash zone.	Continue to monitor during future inspections.
		2.5' long vertical crack on Cell 4.	Drill a 2" diameter hole at bottom of crack and weld a steel plate across crack.
	City Dock	Anodes have passed their useful life.	Install additional anodes at regular intervals.
	Fish Dock	Fender completely missing near Wye 3-4.	Replace fender.
		Fender south connection bolt on Cell 3 completely sheared.	Replace galvanized steel bolt, washer, and nut.
	Floats and Gangway at Small Boat Harbor	Exposed bolt on east side of West Floating Dock.	Secure bolt.
		East Float Gangway U.H.M.W. skid guides no longer on bearing plates.	Adjust aluminum bearing plate next winter cycle when floats are removed.
	Nome Barge Ramp	Settlement and wear of concrete panels above and below MLLW.	PND is aware the City is procuring funding for a replacement project. No immediate action required.
Long Term	West Gold Dock	The ladder at Wye 3-4 is cracked and bent from impact damage.	Monitor during future inspections.
		Minor to moderate wear on rubber fenders (typical).	Monitor during future inspections.
		Large dent and horizontal cracking in Cell 8.	Monitor during future inspections.
		Cracking of bull rails is typical across the dock.	Monitor during future inspections.
	City Dock	The fender at Wye 5 is moderately damaged from impact.	Monitor during future inspections.
		Minor to moderate wear on rubber fenders (typical).	Monitor during future inspections.
		Minor scaring and denting on ladders (2) at Wyes 4 and 6.	Monitor during future inspections.
		Denting in Cell 2-3 due to impact.	Monitor during future inspections.
		Cracking of bull rails is typical across the dock.	Monitor during future inspections.
	Middle Dock	Minor damage to ladders (2) at Cell 4-5 and Wye 6.	Monitor during future inspections.

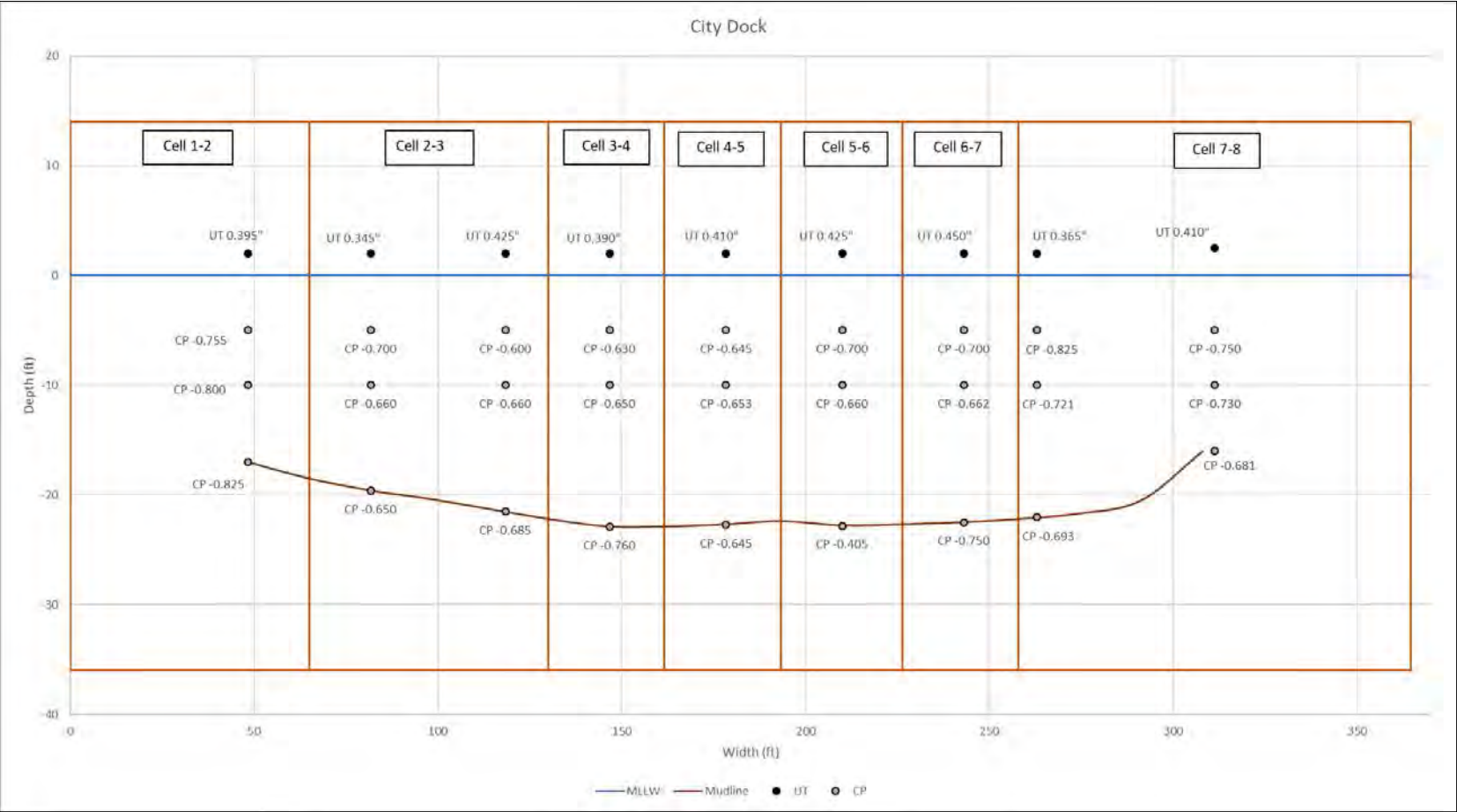
Nome Port Facilities Inspection  
July, 2019

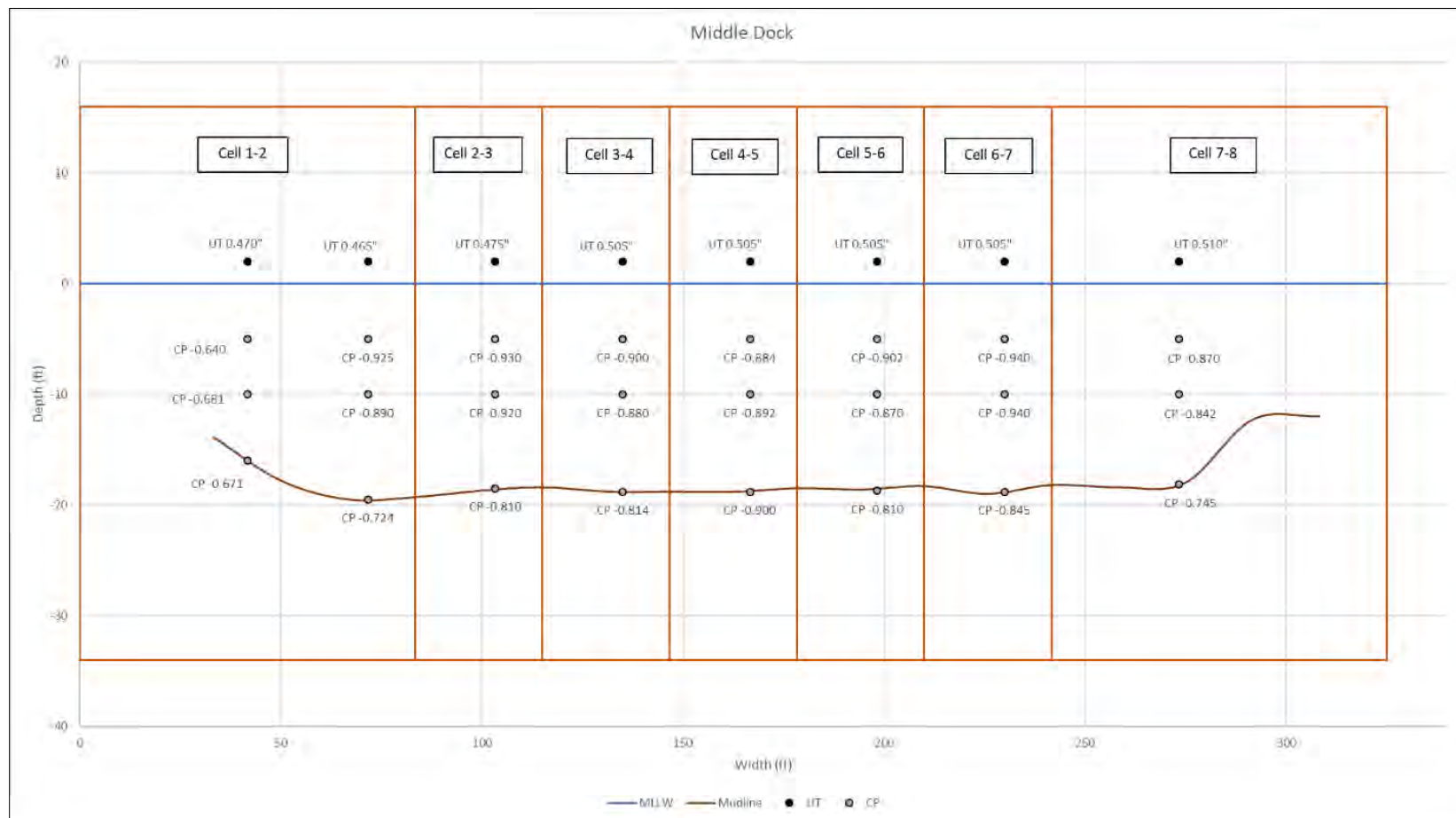
Long Term		Minor to moderate deterioration on fender rubber south of the ramp.	Monitor during future inspections.
	Fish Dock	Anodes pulled away from Wyes 5-6 and 6-7.	Monitor during future inspections. Investigate any cracking on welds and ensure it has not extended into the sheets.
		Patches and holes in face sheets.	Monitor during future inspections. Note if structural fill is being lost through holes.
		Typical minor cracking and efflorescence on concrete slab.	Monitor during future inspections.
		Minor concrete spalling on concrete bull rail near Cells 5, 12, and 13.	Monitor during future inspections.
		Damage of bull rails is typical across the dock.	Monitor during future inspections.
		Fender not plumb near Wye 14-15 and minor fender damage near Wye.	Monitor during future inspections.
	Low Dock	Minor potential erosion holes (2) at back of caps on Cell 3 and Cell 6.	Monitor during future inspections.
	High Ramp	Minor timber bull rail damage (typical).	Replace timber bull rails as necessary for operation.
		Dolphins (2) both have damaged fender to fender dolphin connections.	Monitor during future inspections. The City should plan to replace the interior rubber fender and bolts within the next five (5) years.
	Floats and Gangway at Small Boat Harbor	Minor bend in rubber mooring fender on west side of West Floating Dock between Cleats 4 and 5.	Monitor deformation and surrounding area for overstressed conditions during future inspections.
		Pile on the northeast corner of East Floating Dock not plumb.	Monitor during future inspections.
	Nome Causeway Bridge Abutments	Minor erosion hole forming on west side of South Nome Causeway Bridge Abutment.	Fill should be placed and compacted routinely.
	Nome Seawall Revetment	The 30-inch smooth steel pipe culvert at station 12+50 (approximately) is 80-percent filled with sand and inoperable.	Contact appropriate persons at the State of Alaska if the City wishes to pass along.
		The 12-inch smooth steel pipe culvert at station 14+00 (approximately) is completely buried in the beach and inoperable.	Contact appropriate persons at the State of Alaska if the City wishes to pass along.

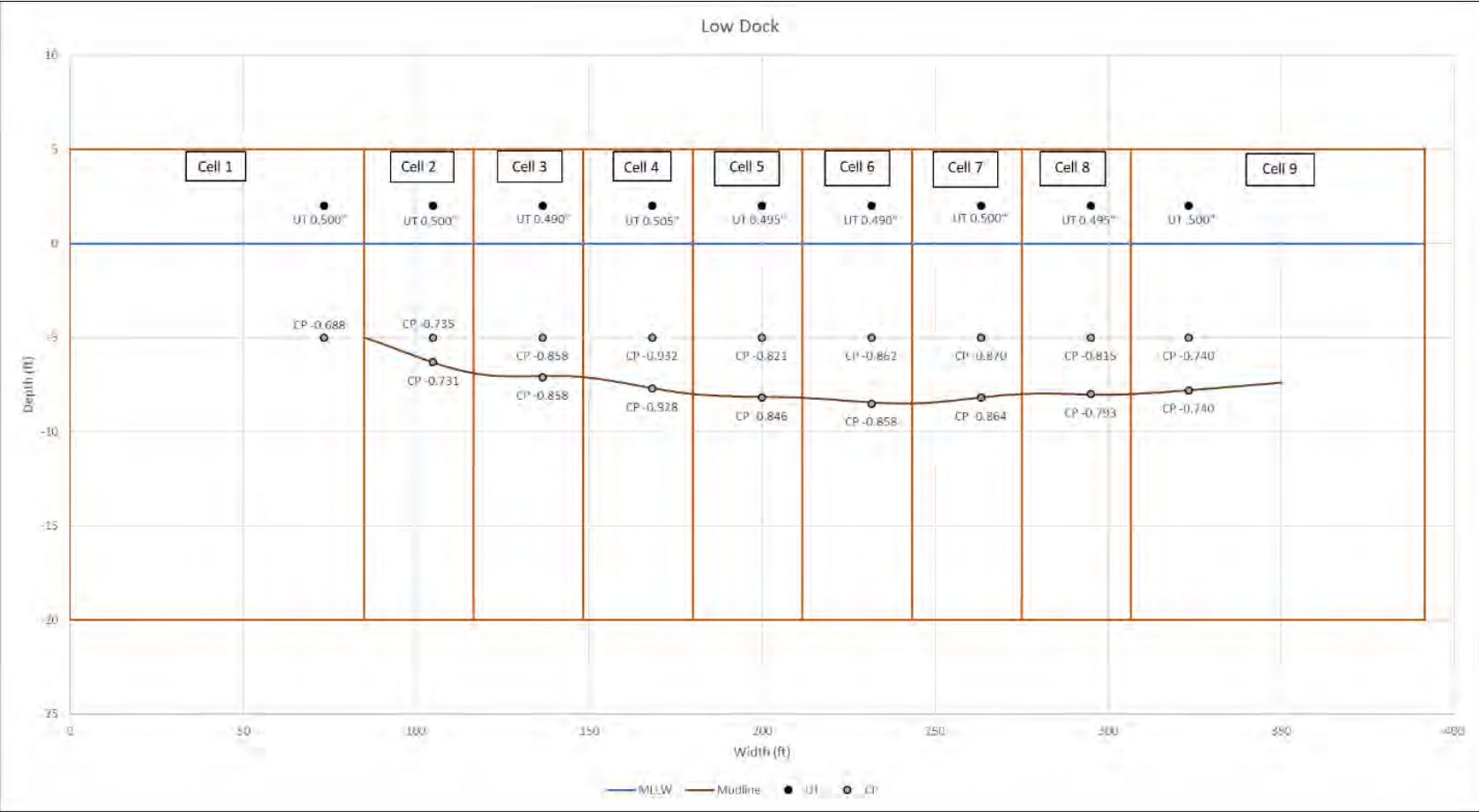
## Summary of CP, UT, and Mudline Measurements

The tables below summarize the measured cathodic protection, ultrasonic thickness, and mudline measurements taken during the 2019 Nome Port Facilities Inspections.

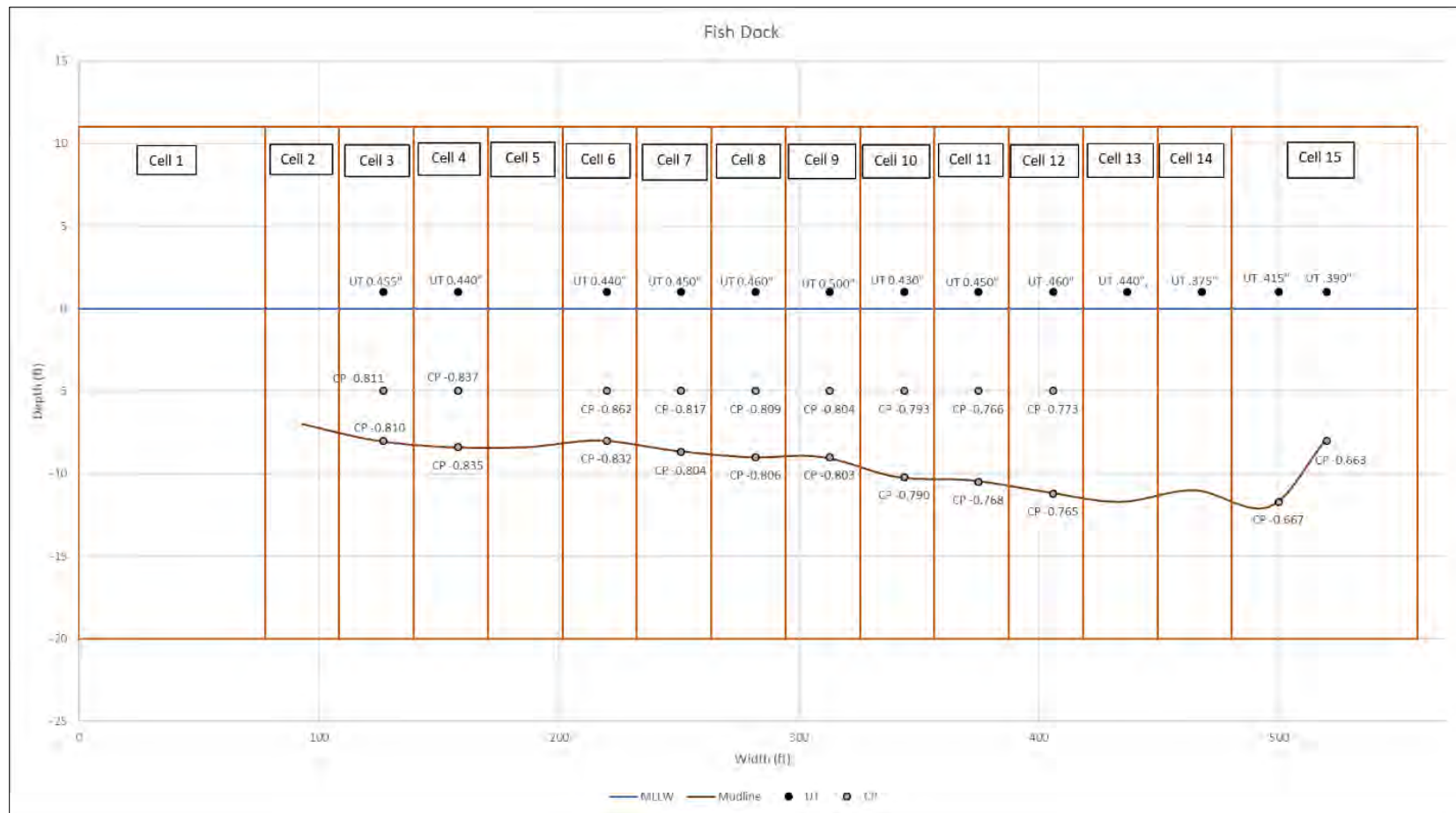




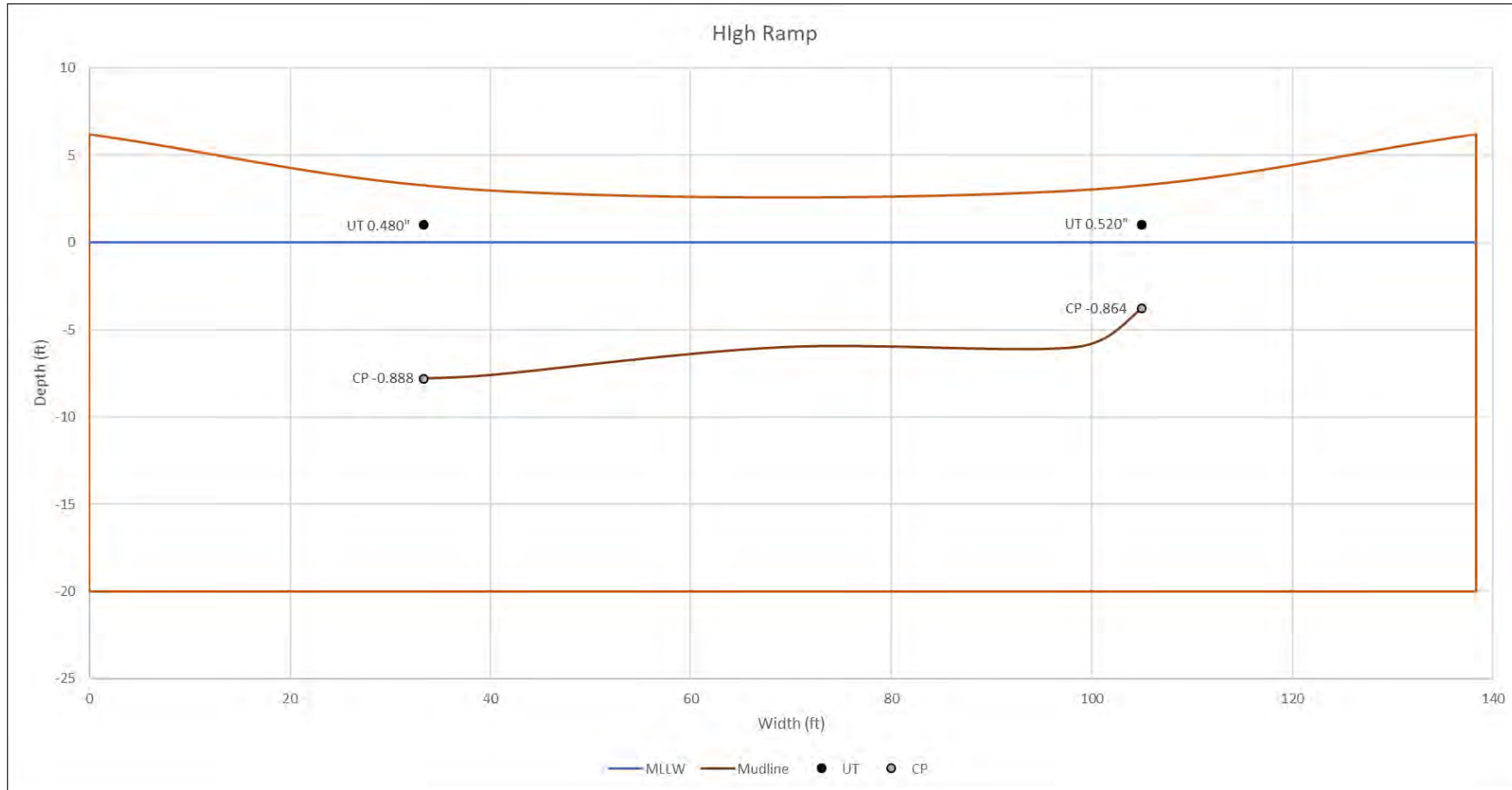




Nome Port Facilities Inspection  
July, 2019



Nome Port Facilities Inspection  
July, 2019



**MINUTES  
NOME PORT COMISSION  
REGULAR MEETING  
August 15<sup>th</sup>, 2019**

The Regular Meeting of the Nome Port Commission was called to order at 7:05 pm by Chairman West in Council Chambers at City Hall, located at 102 Division Street.

**ROLL CALL**

Members Present: Lean; West; Henderson (telephonically); Rowe; Sheffield; McLarty;

Absent: Smithhisler; (excused)

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

In the audience: James Mason, Nome Nugget; Emily Hofstadter, KNOM; Randy Harper;

**APPROVAL OF AGENDA**

Chairman West asked for a motion to approve the agenda:

Motion made by Lean to approve the agenda, seconded by Rowe;

At the Roll Call:

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

Nays:

Abstain:

The motion **CARRIED**.

**APPROVAL OF MINUTES**

June 20, 2019                      Motion was made by Lean, seconded by Sheffield to approve with two  
Regular Meeting                  corrections requested by McLarty.

At the Roll Call:

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

Nays:

Abstain:

The motion **CARRIED**.

**CITIZENS' COMMENTS**

Randy Harper commended the port design and how well it endured the recent storm. He also mentioned an email sent to Harbormaster Stotts (too late for meeting packet) requesting approval to store his jack-up rig in the harbor for winter.

## COMMUNICATIONS

- 19-06-24 UFA Alert – Vessel Registration Update
- 19-07-02 New US Senate defense bill requires Arctic Port – Arctic Today
- 19-08-08 As sea ice melts, momentum grows for Nome's port – Arctic Today
- 19-08-08 Port of Nome 2019 Ship Schedule

### Discussion:

Commissioner Sheffield indicated that the ice conditions in Beaufort/Chukchi are unprecedented as there is an immense amount of open water. Ice north of Barrow is about 300 miles away, and 200 miles away from Kaktovik. Also, Rick Thoman, has retired from the National Weather Service and is now working for UAF, is coming to Nome, and open to provide information to the Port on long-range ice forecasts.

## COMMISSIONERS' UPDATES

None

### **HARBORMASTER'S REPORT** *(Verbal)*

Harbormaster Stotts updated the group on traffic schedules, specifically congestion related with only having one dock. Line handling has increased with not only cruise ships requiring assistance but some research vessels also requesting services. Rock/gravel export is consistently moving across the Port, with staging coordination mixing with ship security and cargo staging but no issues thus far. No major in-house maintenance is underway, but staff is performing minor maintenance as time allows.

Stotts has also been in dialog with Andrew Lee regarding his winter plans, but has yet to get a solid answer on his plan for wintering his vessel. McLarty suggested establishing an email thread to get discussions in writing. PD Baker added that relying on other vessels of convenience isn't a good plan. His operation needs a dedicated towing vessel with enough power/size to control the barge.

### **PORT DIRECTOR REPORT** (19-07-18 and 19-08-04 Written Reports)

PD Baker highlighted a point in the report that the Corps study team has finally conceded to using sheet pile docks in concept design rather than caisson docks, which will save \$45M on the project.

PD Baker provided an update on the Cook Inlet Tug/Barge assist tug that was coming to Nome. CITB decided a better plan would be to ship the vessel from Barrow to Seward to have a new skin put on the belly (underside), and then ship it to Nome next summer.

Also, PND has finished drafting the Facility Inspections report, but we have asked for a summary of findings and recommendations, which will be brought to a September work session.

Commissioner Sheffield asked about the status of the Parlow shipping report and whether the group would be reviewing the final draft. PD Baker advised that several folks have been reviewing the latest draft. Sheffield requested an electronic copy of the latest.

Sheffield also asked if there was any new information available on the ship head tax – PD Baker replied that she is waiting for a reply from the state.

Discussion:

Discussion continued regarding winter anchorage, with suggestions of somehow incorporating this allowance into the next tariff update, and also marking a map to determine the number of spaces. A map will be brought to the September meeting, and interested parties invited to join in the discussion.

**OLD BUSINESS**

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

PD Baker highlighted new information on this issue with various expenses, including the Westgold Dock repair. As the audited information is being compiled, we should have an idea of where the Port stands fiscally in the Sept meeting, including what is owed to the City through the General Fund.

Discussion:

Discussion ensued regarding the status of the port's fiscal matters with PD Baker reiterating how the City pays all operating and non-grant project expenses up front, and it collects reimbursement from the Port as operational revenue is billed and collected. Considering the F19 numbers are still fluctuating, it was suggested that this issue be tabled again and pushed to the September meeting.

Motion was made by Henderson, seconded by McLarty to table this issue until updated F19 figures are available, to include a status of what funds the Port has on hand and the amount owed to the General Fund:

At the Roll Call:

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

Nays:

Abstain:

The motion **CARRIED**.

**NEW BUSINESS**

Northwest Arctic Transportation Plan – Draft Section on Arctic Shipping Trends

PD alerted the group of the recent meeting in Nome, put on by the State of Alaska DOT and PDC Engineers to gather input on the full draft plan, which can be found on the project website. Those that are interested in providing input can comment through early December by submitting those comments directly or submitting them today or in the next few months through the City.

**CITIZENS' COMMENTS**

Randy Harper inquired as to whether the City had a plan to incorporate stevedoring now or in the future, and if not, it would be worth considering in keeping down congestion and control access.

**COMMISSIONERS' COMMENTS**

S. Henderson – none

C. McLarty – it's helpful to have finance personnel to attend our discussions about finance and funding issues. Also, is there a plan to have a surplus or auction sale this fall?

C. Sheffield – heading to Kaktovik, and whaling is expected to start early this year so might miss the meeting. Also, is the AOOS wave buoy back in the water (yes)? Also, I've had difficulty finding the minutes on the port website – Baker indicated there is a glitch with the system in allowing those meeting materials being tagged to the different Commissions.

C. Rowe – none

C. Lean – read through the NWATP report and found some present day ice maps versus 25-30 years into the future. He believes we could be ice-free in 10+ years. Also, have been reading concerns about the port bringing changes in shipping and overcrowding to the region and affecting subsistence and commercial local use – but it's not the port expansion that's going to change use patterns. I want to be very clear about that – what's going to bring changes is climate change, ice retreat and international industry plying the waters. If Nome doesn't stand up behind the port, we're going to be behind the 8 ball, and I think impacts to subsistence and commercial fishing are going to be worse. If we're an active manager of that new transport/traffic then we have a better chance of controlling our destiny.

C. West – gravel export quantities have been significant this season and I believe it's only going to continue into the future, driving revenues for the Port/City. However, there is significant risk to mixing pedestrian and industrial traffic so it I am really glad to Corps is pursuing separation.

#### **SCHEDULE OF NEXT MEETING**

The next meeting is SCHEDULED to September 19<sup>th</sup>, 2019.

#### **ADJOURNMENT**

Motion was made by Sheffield and seconded by Lean for adjournment – 8:34 pm.

**APPROVED** and **SIGNED** this 19<sup>th</sup> day of September 2019.

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**Jim West, Jr., Chairman**

**ATTEST:**

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**Joy Baker, Port Director**

# With Global Warming and Less Sea Ice, Nome is Emerging as Strategic Port for the U.S.

August 22, 2019



Nome may be known for its Gold Rush history or the end point for the Iditarod Dog Sled Race, but the city's strategic location near the Bering Strait during global warming is changing its image as a gateway to newly navigable waters of the Arctic.

Last March, the US Army Corps of Engineers identified Nome as a logical site for the first US Arctic deepwater port. A draft plan includes extending the current 3,000 foot causeway further out into Norton Sound then turning 90 degrees to form a barrier from the open southwesterly winds and tides of the Bering Sea. An extension of an existing breakwater, which parallels the causeway to the southeast of the harbor, would enlarge an outer basin and make it far more protected for larger vessels. The plan also included dredging the basin to 40'.

Larger and more frequent vessel traffic is the expectation as the Bering Sea and Norton Sound warm, ice cover duration shortens and the ice is thinner, and interest in using the Arctic as a sea route for commercial, research, and recreational ships ramps up.

For Nome, construction of the new port facilities could begin in the mid-2020s, if needed Congressional action and appropriation occurs, along with financing of an estimated \$500 million is secured.

Congressional interest in the Arctic has been led by Alaska's senior Senator Lisa Murkowski. She has pointed to rapidly changing geopolitics in the Arctic, as well as the need for the United States and its allies to understand and respond to Russian and Chinese activity in the Arctic.

"I've been pressing the Defense Department to articulate its strategy for defending U.S. interests in the Arctic for years," Murkowski said in a statement. "We are beginning to see the Pentagon take our Arctic role seriously, but we need to know what it is that we are up against with both Russia and China increasing their interest and activity in the region."

As the closest port to the Bering Strait, and located on the northern shore of Norton Sound, Nome is a natural stop for Arctic-bound vessels.

"We are receiving 11 cruise ship calls this year (when 5-6 was the norm)" noted Port Director Joy Baker, "with about 14 projected for next year – so yes, traffic is increasing."

The local fishing fleet numbers 26 vessels and another 60-65 small/medium/large vessels use the inner harbor for offshore gold dredging. The current causeway offers three docks for port traffic, and there is an inner harbor basin for the smaller vessels.

"Mainline barges carry cargo and equipment to Nome for discharge at the port docks via crane or pass-pass ramps/forklifts," Baker explained, "which is then delivered to local residents/businesses, or trucked to the transshipment ramps in the harbor and loaded on landing crafts for delivery to regional coastal villages."

The design of a deeper port, Baker says, "is intended to accommodate deeper draft vessels presently unable to access the port, within an expanded basin protected from wave and current impacts.

"The intent is to be able to capture larger cruise ships, fuel tankers, icebreakers, and all other vessels presently required to anchor offshore," Baker said. "It will also increase capacity to provide refuge for vessels during storms, and for those that are mechanically disabled."

As the Bering Sea warms, scientists are finding commercial stocks of pollock and cod are migrating toward cooler waters, bringing a valuable fishery much closer to Nome, a city that has some processing facilities but nothing that compares with Dutch Harbor, a port that currently holds the top spot in overall volume processed in the U.S.

But Nome Harbormaster Lucas Stotts says he has been fielding inquiries from major fishing companies seeking information on Nome's services and amenities.

Ocean warming and the changes it brings to the marine ecosystem is happening faster than shore-based infrastructures can adapt. The speed of change has been unpredictable, as the phenomenon is so rare.

Port Commissioner Gay Sheffield, who works for Alaska's Sea Grant Marine Advisory Program in Nome, described the low levels of ice in the Beaufort and Chukchi Seas "unprecedented."

Sheffield has been working with UAF climatologist Rick Thoman who estimates that the earliest ice coverage for Nome this year will be Christmas, months later than normal. However, an extended fall storm season could see winter ice forming as late as January.

Research vessels and cruise ships are part of the increasing vessel traffic to Nome, but there will likely be more in the next decade. Already commercial shipping across the Arctic has happened.

Last September the the Maersk container ship *Venta Maersk* arrived at the Port of St. Petersburg, Russia, after successfully completing a trial passage of the Northern Sea Route. The vessel began its voyage in August 2018 from the Port of Vladivostok, running through the Bering Strait on the way to Bremerhaven. The vessel arrived in St. Petersburg 37 days after the voyage began.

The ship has a capacity of just over 3,500 Twenty-foot Equivalent Units (TEU) and is the fourth of seven ice-classed vessels built by Maersk for Baltic trade, according to the "Arctic Shipping: Conditions, Issues and Trends" a draft memorandum prepared for the Alaska Department of Transportation and Public Facilities last May.

In addition, Silversea Luxury Cruises has developed a number of Arctic itineraries for 2019. Another company, Hurtigruten Cruises, is planning three new 350-passenger ship cruises in the Arctic region. The vessels are designed with hybrid propulsion, which uses both electric and conventional fuel-based systems.

Photo Credit: [nomealaska.org](http://nomealaska.org)

Peggy Parker

SeafoodNews.com

1-781-861-1441

[peggyparker@urnerbarry.com](mailto:peggyparker@urnerbarry.com)

**From:** [Lucas Stotts](#)  
**To:** [Joy Baker](#)  
**Subject:** FW: New Horizon  
**Date:** Monday, September 16, 2019 9:27:58 AM

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**From:** Randy Harper <randy@topside.gold>  
**Sent:** Thursday, September 5, 2019 3:27 PM  
**To:** Lucas Stotts <LStotts@nomealaska.org>  
**Subject:** New Horizon

Topside Mining is asking for the ports permission to winter the New Horizon" jack up rig", in the harbor along the southeast wall.

Everything will be secured for the harsh winter. No fuel or fluids on deck.

Windows will be boarded up and doors all locked and screwed ship.

We will jack up high enough so that it's not tempting or even possible for the curious to get aboard.

Our legs will be clearly marked, so as to midigate the risk of someone running into them.

Randy Harper is the responsible party and can be reached at 503 849-5109, however a local contact can be reached until I get here, and after I leave Nome this fall.

Thank you for your flexibility and consideration.

Randy Harper  
28005 se 7th St Camas Wa  
98607.  
[randy@topside.gold](mailto:randy@topside.gold)  
503 849-5109.



**CITY OF NOME**  
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### **City Manager's Report**

**From:** John K. Handeland, City Manager (Interim)  
**To:** Nome Common Council  
**For Period:** August 24 –September 6, 2019

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- Community fall cleanup campaign is underway, running through September 14.
- Representatives of all three branches of the U.S. military visited Nome as they review Arctic strategic sites. We were specifically honored to have Air Force General O'Shaghnessy, Commander of NORTHCOM (Colorado), and Colonel Borders, Commander of the US Army Corps of Engineers Alaska District visit.
- City and Utility staff are participating in mandatory training this week on sexual harassment and building a civilized workplace. This training is spread over several sessions to allow all employees to participate.
- Further discussions on options for animal control and dog pound activities have been ongoing, with information still being evaluated.
- The building inspector has completed compilation of reports relating to potential structures for abatement proceedings. We will be circulating a packet to the Council later this week, and need to schedule a work session to review the information to advance the process.
- Over 40 vehicles, boats, trailers and other "treasures" have been identified in city right-of-way. While we're hopeful snow won't be hitting us for some time to come, steps are being taken to alert residents in hopes they will voluntarily relocate items to help crews more efficiently move snow...when it does arrive.
- Cruise ships continue their stops in Nome. One recent Nome port call was canceled due to weather, but two additional are planned to occur this week.
- With the concurrence of Chief Estes, I have appointed Mike Hintzelman as Deputy Chief of Police. Jerry Kennon, who rotates, is returning to investigations from a temporary assignment as Sergeant. Jonathan Jachim is joining the department as a new recruit, and we are working to identify at least one more "seasoned" officer to step in to the command structure.

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# CITY OF NOME PUBLIC NOTICE

## September/October 2019

KEY:  
NJUS: Nome Joint Utility System  
RFR: Richard Foster Room (RFR Bldg.)  
WS: Work Session

Updated: 09/16/19

 <b>Sunday</b>	 <b>Monday</b>	 <b>Tuesday</b>	 <b>Wednesday</b>	 <b>Thursday</b>	 <b>Friday</b>	 <b>Saturday</b>
15	16	17	18	19 Port 5:30PM-WS 6:30PM-MTG	20	21
22	23 City Council 7:00pm	24 NJUS 6:00PM-MTG	25	26	27	28
29	30	October 1 Election Day! OSJ 8AM-8PM	2	3	4	5
6	7	8 Planning Commission 7:00PM MTG	9 Planning Commission Open House 4PM-8PM OSJ	10	11	12

\*All meetings are scheduled in the Council Chambers unless otherwise stated



# Memo

To: John K. Handeland – Interim City Manager  
From: Joy L. Baker – Port Director *JLB*  
CC: Mayor & Common Council; Nome Port Commission  
Date: 9/5/2019  
Re: Port & Harbor Report/Projects Update – September 2019

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## **Administrative:**

The Port has had two cruise ships cancel operations in 2019 due to weather. First, the *Maasdam* on 21 July was unable to safely load passengers into their tenders offshore to lighter into the Small Boat Harbor, and therefore cancelled their ground tours in Nome. Second, and more recent, the Nat Geo ship, the *Orion II*, on 5 Sept had to divert their operations to Teller due to wind and swells off Nome. Each of these instances would most likely have been avoided if the port expansion, essentially the Causeway extension, was already in place. We are keeping the Corps apprised of these situations for inclusion in the analysis.

On 19 September, the Port Commission will hold a 5:30pm work session to review the PND Facility Inspection Report Summary on short, medium and long-term maintenance at the Port & Harbor. This discussion will be followed by the Regular Meeting that will continue to evaluate the Port's long-range fiscal health plan, as requested by the Council.

On 20 Aug 2019, the City/Port briefly hosted a contingent of visitors, to include Senator Wicker, the Chairman for the Commerce, Science & Transportation Committee (and staff), along with Admiral Ray, the Vice-Commandant of the USCG, and Admiral Bell, Commander of USCG D17 (and staff). The group traveled from Washington D.C. to see the community and port facility, and discuss various aspects of the Army Corps study to expand the Port. The group expressed sincere interest in the project, and enjoyment at the uniqueness of the community and people.

On 27 Aug 2019, the City/Port briefly hosted another contingent of visitors, to include General O'Shaughnessy, Commander of NORAD and NORTHCOM (and staff), in addition to Colonel Borders, Commander from the Alaska Corps District (and staff). The purpose of this visit was specific to the port facility regarding current operations and future capabilities after the port expansion. The visit was brief, but a great deal of information was conveyed.

The Alaska Legislature successfully passed the attached House Joint Resolution 014 last session, which has now been formalized through Governor Dunleavy's Administration. HJR014 is a great step forward for the City to once again partner with the Alaska Department of Transportation personnel for project support and technical assistance with design and coastal engineering elements within the Corps expansion study. The City is presently coordinating with ADOT for a teleconference to discuss the mechanics of the partnership.

**Causeway:****Arctic Deep Draft Port – Modification Feasibility Study (MFS):**

The Corps Project Delivery Team will hold their monthly meeting on 12 Sept 2019, on the following:

- Recent updates to project quantities/costs and how these changes and a recently discovered error with the HarborSym modeling program are negatively affecting the benefit/cost ratios (BCR's). We expect the updated BCR figures to be available during the meeting for discussing the path forward.

**West Gold Dock Sheet Pile Repair Project:**

STG has completed all of the primary work associated with the project and demobilized the majority of their equipment and crew to their next project. Per the PND design, there is a settling period for the compacted fill to ensure surface stability. STG has a surveyor taking periodic shots of control points to determine the settling rate, and once that subsides, the surfacing will be bladed, along with closeout tasks to install the bull rail and dock face support beams. The contractor has been paid for 93% of the project work, with funds for the remaining elements held for final completion, along with the retainage, which is typically released after paperwork is closed out.

**Harbor:****Inner Harbor Deepening to -12.5' MLLW (Section 107 Corps CAP Program):**

The Corps has provided a draft budget and scope on the project, along with draft cost-share agreement for review by the City. As this project has been separated from the larger expansion project, additional changes were required within the City's letter of interest that will be submitted in the next few days. Once the final letter has been transmitted to the Corps, the review team will authorize an official determination letter to be released. This will allow the District and the City to begin conferring on the study cost-share agreement.

**Concrete Launch Ramp Replacement Project:**

*An additional piece of information for the pending grant application was requested by EDA on 5 Aug 2019, and immediately provided. We anticipate an official award may be received sometime in the next few months.*

**Snake River Moorage & Vessel Haulout Facility:**

*In coordination with Cordova Consulting, the City submitted an application for funding to the U.S. DOT BUILD program on 13 July 2019 to fund the Snake River Moorage & Vessel Haulout Facility Project. Grant awards are anticipated to be announced in December 2019.*

**Port Industrial Pad:****West Nome Tank Farm (Property Conveyance):**

*After submitting another complaint on the continued delay of property transfer, a supervisor responded via email to indicate that several folks within the Real Estate Department have been assigned the task of expediting the transfer document, including the step-by-step breakdown of each party's responsibility in the transfer.*

**External Facilities:****Cape Nome:**

The City has been contacted by a new DHS staff member that has been assigned to address the remaining the Cape Nome Repair Project, and reconcile reports along with the pending reimbursement requests.

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*Italics reflects information with no change from last report. Additional information is available on request.*

# STATE OF ALASKA

## THE LEGISLATURE

2019

Source

HJR 14

Legislative  
Resolve No.

4



Urging the Alaska Congressional delegation to pursue infrastructure funding for a deep draft Arctic port in Nome; requesting the Department of Transportation and Public Facilities to send a letter from the state to the Alaska Congressional delegation supporting a deep draft Arctic port in Nome; and requesting the Department of Transportation and Public Facilities to work collaboratively with the City of Nome on a deep draft Arctic port in Nome.

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### BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

**WHEREAS** Alaska is the only state in the United States that borders the Arctic Ocean; and

**WHEREAS** the retreat of Arctic sea ice is increasing the seasonal navigability of the Arctic Ocean, which has resulted in an influx of marine traffic in the circumpolar Arctic; and

**WHEREAS** the other seven Arctic nations have been very proactive in addressing the changing situation in the Arctic and have begun to assert their interest in the region; and

**WHEREAS** the United States Army Corps of Engineers launched the Alaska Deep-

Draft Arctic Port System study in 2012 to evaluate potential locations for a deep draft Arctic port on the northern and western coasts of the state and determine the feasibility of constructing navigation improvements as part of a large system of port facilities in the Arctic and subarctic regions; and

**WHEREAS**, in 2015, the United States Army Corps of Engineers released a draft feasibility report and environmental assessment that selected the Port of Nome as the preferred site to establish a deep draft Arctic port; and

**WHEREAS** the state, the Alaska State Legislature, and the Arctic Policy Commission realize that access to newly open Arctic waterways is vitally important to the state; and

**WHEREAS** the Alaska State Legislature appropriated \$1,600,000 in the fiscal year ending June 30, 2017, and \$1,600,000 in the fiscal year ending June 30, 2019, to fund the City of Nome's 50/50 match requirement for the United States Army Corps of Engineers feasibility and design studies; and

**WHEREAS** the first year of the accelerated two-year study is almost complete, and the selection of a preferred project design alternative is scheduled for March 2019; and

**WHEREAS** the timeline for developing a deep draft Arctic port is fairly short, with construction potentially beginning in 2023 or 2024 if the project is authorized by Congress in 2020; and

**WHEREAS** the Alaska State Legislature recognizes the urgency of developing key infrastructure and defense capabilities in the Arctic;

**BE IT RESOLVED** that the Alaska State Legislature urges the Alaska Congressional delegation to pursue all infrastructure funding that recognizes the region's importance in addressing the nation's critical security concerns, vital energy supply, and significant opportunities to decrease intercontinental shipping distances; and be it

**FURTHER RESOLVED** that the Alaska State Legislature requests the Department of Transportation and Public Facilities to send a letter from the state to the Alaska Congressional delegation supporting a deep draft Arctic port in Nome; and be it

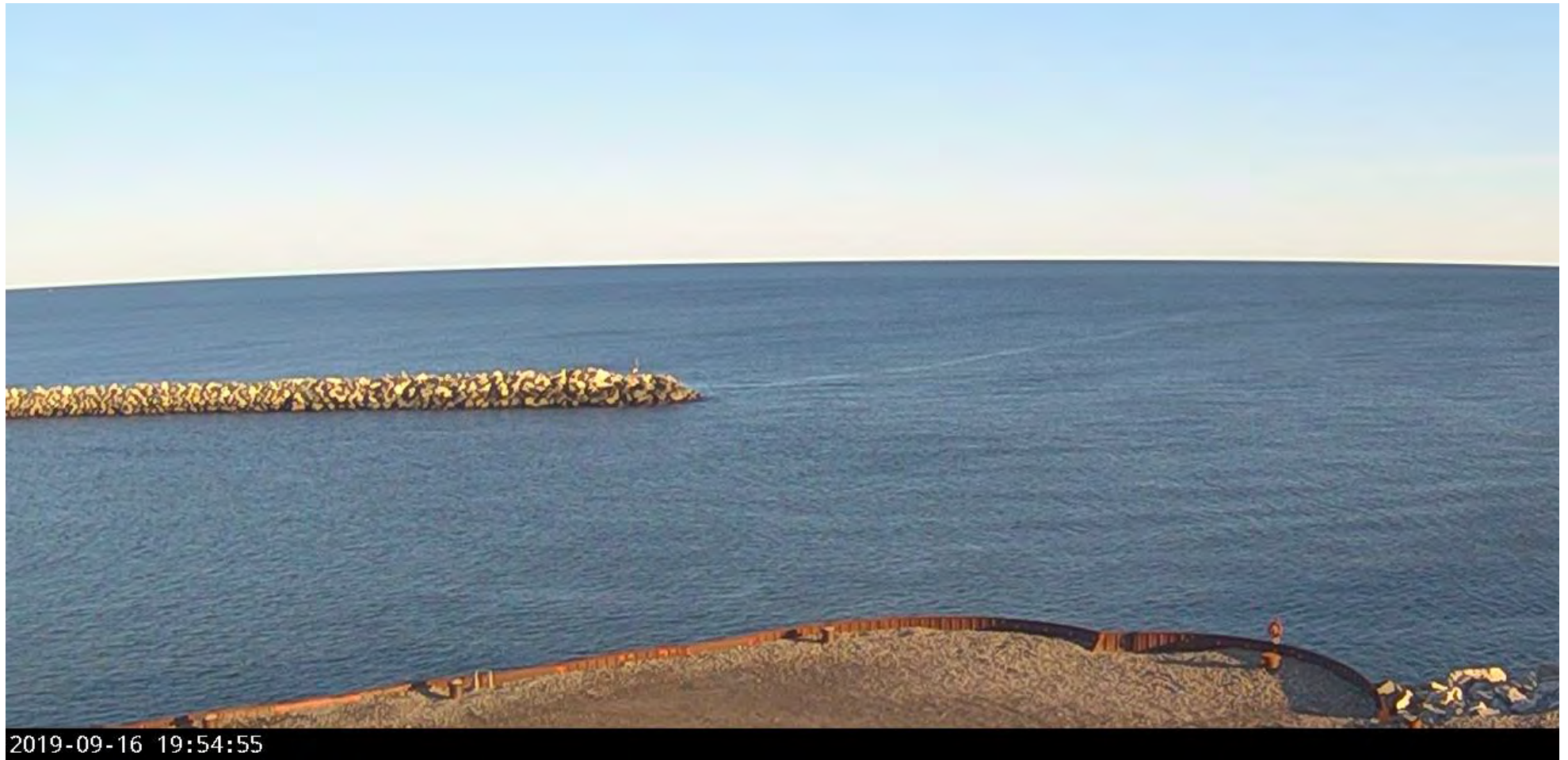
**FURTHER RESOLVED** that the Alaska State Legislature requests the Department of Transportation and Public Facilities to work collaboratively with the City of Nome to provide technical support through the completion of the feasibility and design phases of establishing a deep draft Arctic port and assist the City of Nome in developing innovative

funding strategies for the city's construction cost share.

**COPIES** of this resolution shall be sent to the Honorable Lisa Murkowski and the Honorable Dan Sullivan, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

## **Port Entrance** (Image reloads every 5 minutes)

(Courtesy of Alaska Ocean Observing System, Marine Exchange of Alaska & the Port of Nome)



City of Nome  
Revenues with Comparison to Budget  
For the 12 Months Ending June 30, 2019

PORT OPERATING FUND

		Budget	Period ACT	YTD ACT	Unearned	Pcnt
	<u>CAUSEWAY FACILITY</u>					
80.3111.2001	Causeway Dockage	90,000.00	.00	70,528.14	19,471.86	78.4
80.3111.2002	Causeway Wharfage - Dry	155,000.00	.00	191,514.37	( 36,514.37)	123.6
80.3111.2003	Causeway Wharfage - Fuel	280,000.00	.00	213,273.74	66,726.26	76.2
80.3111.2004	Causeway Wharfage - Gravel	80,000.00	.00	94,089.00	( 14,089.00)	117.6
80.3111.2005	Causeway Storage Rental	10,000.00	.00	3,569.60	6,430.40	35.7
80.3111.2006	Causeway Utility Sales	30,000.00	.00	13,080.34	16,919.66	43.6
80.3111.2007	Causeway Misc Term Revenue	65,000.00	.00	44,062.50	20,937.50	67.8
	Total CAUSEWAY FACILITY	710,000.00	.00	630,117.69	79,882.31	88.8
	<u>HARBOR FACILITY</u>					
80.3211.1001	Harbor Seasonal Dock Permit	120,000.00	.00	94,536.94	25,463.06	78.8
80.3211.2001	Harbor Dockage	85,000.00	.00	53,519.30	31,480.70	63.0
80.3211.2002	Harbor Wharfage - Dry	95,000.00	.00	83,271.17	11,728.83	87.7
80.3211.2003	Harbor Wharfage - Fuel	60,000.00	.00	67,074.74	( 7,074.74)	111.8
80.3211.2004	Harbor Wharfage - Gravel	30,000.00	.00	1,519.80	28,480.20	5.1
80.3211.2005	Harbor Storage Rental	35,000.00	.00	22,617.83	12,382.17	64.6
80.3211.2006	Harbor Utility Sales	8,000.00	.00	6,414.46	1,585.54	80.2
80.3211.2007	Harbor Misc Term Revenue	3,000.00	.00	1,365.00	1,635.00	45.5
80.3211.2008	Leases, Rentals, Land, Bldgs	45,000.00	.00	35,311.56	9,688.44	78.5
	Total HARBOR FACILITY	481,000.00	.00	365,630.80	115,369.20	76.0
	<u>INDUSTRIAL PARK FACILITY</u>					
80.3411.2005	Industrial Park Storage Rental	270,000.00	.00	273,139.80	( 3,139.80)	101.2
80.3411.2008	Leases, Rentals, Land, Bldgs	210,000.00	.00	188,256.72	21,743.28	89.7
	Total INDUSTRIAL PARK FACILITY	480,000.00	.00	461,396.52	18,603.48	96.1
	<u>OTHER MISC REVENUE</u>					
80.3511.0001	Copies, Fax, Pubs, Film Lcns	1,000.00	.00	1,202.00	( 202.00)	120.2
80.3511.0002	Banking / NSF Check Fee	50.00	.00	110.00	( 60.00)	220.0
80.3511.0003	Credit Card Service Fees	5.00	.00	.00	5.00	.0
80.3511.0004	Resale-Hats,Charts,Spills,Appl	2,500.00	.00	2,557.72	( 57.72)	102.3
80.3511.0005	Other Port Revenue	15,000.00	.00	4,159.13	10,840.87	27.7
	Total OTHER MISC REVENUE	18,555.00	.00	8,028.85	10,526.15	43.3

City of Nome  
Revenues with Comparison to Budget  
For the 12 Months Ending June 30, 2019

PORT OPERATING FUND

		Budget	Period ACT	YTD ACT	Unearned	Pcnt
	<u>INTEREST EARNINGS</u>					
80.3611.2001	Interest Earnings Port Op	4,500.00	.00	2,750.00	1,750.00	61.1
80.3611.2002	Interest Earnings Causeway	2,000.00	.00	1,711.12	288.88	85.6
80.3611.2003	Investment Earnings	10,000.00	.00	38,137.34	( 28,137.34)	381.4
	Total INTEREST EARNINGS	16,500.00	.00	42,598.46	( 26,098.46)	258.2
	<u>CONTRIBUTIONS/OTHER</u>					
80.3711.0001	StAK Employer On-Behalf PERS	13,000.00	.00	.00	13,000.00	.0
	Total CONTRIBUTIONS/OTHER	13,000.00	.00	.00	13,000.00	.0
	<u>TRANSFERS - INTERFUNDS</u>					
80.3888.8820	Transfers In - Other Funds	.00	.00	16,698.79	( 16,698.79)	.0
	Total TRANSFERS - INTERFUNDS	.00	.00	16,698.79	( 16,698.79)	.0
	<u>FUND BALANCE APPROPRIATION</u>					
80.3899.9999	Port of Nome Use Fund Balance	114,701.84	.00	.00	114,701.84	.0
	Total FUND BALANCE APPROPRIATION	114,701.84	.00	.00	114,701.84	.0
	Total Fund Revenue	1,833,756.84	.00	1,524,471.11	309,285.73	83.1

City of Nome  
Expenditures with Comparison to Budget  
For the 12 Months Ending June 30, 2019

PORT OPERATING FUND

	Budget	Period ACT	YTD ACT	YTD ENC	Unexpended	Pcnt
** CAUSEWAY FACILITY **						
80.6111.1101 Salaries - Causeway Maint	3,500.00	.00	1,487.94	.00	2,012.06	42.5
80.6111.1102 Salaries - Causeway Operations	11,958.00	.00	11,007.87	.00	950.13	92.1
80.6111.1103 Salaries - Causeway Admin	37,296.00	.00	25,791.45	.00	11,504.55	69.2
80.6111.1411 Accrued Personal Leave - Cswy	5,625.00	.00	7,342.73	.00	( 1,717.73)	130.5
80.6111.1421 Health Insurance - Cswy	13,108.00	.00	10,224.83	.00	2,883.17	78.0
80.6111.1431 Life Insurance - Cswy	198.00	.00	16.69	.00	181.31	8.4
80.6111.1441 FICA/Medicare - Cswy	4,191.00	.00	3,008.27	.00	1,182.73	71.8
80.6111.1451 ESC - Causeway	400.00	.00	930.62	.00	( 530.62)	232.7
80.6111.1461 PERS - Cswy	11,520.00	.00	8,627.85	.00	2,892.15	74.9
80.6111.1471 Workers' Comp Ins - Cswy	1,908.00	.00	1,345.97	.00	562.03	70.5
80.6111.1520 Vehicle/Boat Insurance	498.50	.00	498.50	.00	.00	100.0
80.6111.1530 Property/Building Insurance	28,025.00	.00	28,025.00	.00	.00	100.0
80.6111.1810 Audit/Accounting	15,750.00	.00	15,595.67	.00	154.33	99.0
80.6111.1820 Engineering/Architectural Svcs	50,000.00	.00	8,071.30	.00	41,928.70	16.1
80.6111.1830 Legal Services	1,500.00	.00	58.50	.00	1,441.50	3.9
80.6111.1840 Survey/Appraisal Services	3,000.00	.00	.00	.00	3,000.00	.0
80.6111.1870 Other Professional/Contract Sv	15,000.00	.00	2,675.70	.00	12,324.30	17.8
80.6111.2010 Communications	500.00	.00	.00	.00	500.00	.0
80.6111.2012 Computer Network/Hardware/Soft	500.00	.00	.00	.00	500.00	.0
80.6111.2040 Uniform/Clothing	50.00	.00	.00	.00	50.00	.0
80.6111.2071 Operating Supplies	1,500.00	.00	1,064.65	.00	435.35	71.0
80.6111.4010 Gas & Oil Supplies	500.00	.00	228.00	.00	272.00	45.6
80.6111.4020 Vehicle/Boat/Eq Parts & Supply	500.00	.00	145.40	.00	354.60	29.1
80.6111.4030 Vehicle/Boat/Eq Maintenance	3,000.00	.00	147.00	.00	2,853.00	4.9
80.6111.4050 Small Tools & Equipment	1,500.00	.00	306.48	.00	1,193.52	20.4
80.6111.4060 Tools & Eq Repair & Maint	1,000.00	.00	.00	.00	1,000.00	.0
80.6111.4080 Road Maintenance Materials	5,000.00	.00	.00	.00	5,000.00	.0
80.6111.4090 Docks & Foundations	5,000.00	.00	.00	.00	5,000.00	.0
80.6111.4100 Fuel Lines Maintenance	10,000.00	.00	8,338.73	.00	1,661.27	83.4
80.6111.7010 Bldg Maint Materials & Supply	1,200.00	.00	1,018.90	.00	181.10	84.9
80.6111.7011 Janitorial Services & Supplies	100.00	.00	.00	.00	100.00	.0
80.6111.7021 Utilities - Electric	3,300.00	.00	1,880.68	.00	1,419.32	57.0
80.6111.7023 Utilities - Sewer	1,500.00	.00	1,350.00	.00	150.00	90.0
80.6111.7024 Utilities - Garbage	5,500.00	.00	2,671.45	.00	2,828.55	48.6
80.6111.7026 Utilities - Resale	9,500.00	.00	.00	.00	9,500.00	.0
80.6111.7510 Debt Interest Payment	146,500.00	.00	154,327.62	.00	( 7,827.62)	105.3
80.6111.8030 Machinery & Equipment	5,000.00	.00	824.80	.00	4,175.20	16.5
Total ** CAUSEWAY FACILITY **	405,127.50	.00	297,012.60	.00	108,114.90	73.3

City of Nome  
Expenditures with Comparison to Budget  
For the 12 Months Ending June 30, 2019

PORT OPERATING FUND

	Budget	Period ACT	YTD ACT	YTD ENC	Unexpended	Pcnt
<b>** HARBOR FACILITY **</b>						
80.6211.1101 Salaries - Harbor	9,566.00	.00	2,314.03	.00	7,251.97	24.2
80.6211.1411 Accrued Personal Lv - Harbor	988.00	.00	1,162.65	.00	( 174.65)	117.7
80.6211.1421 Health Insurance - Harbor	3,023.00	.00	1,884.12	.00	1,138.88	62.3
80.6211.1431 Life Insurance - Harbor	23.00	.00	19.52	.00	3.48	84.9
80.6211.1441 FICA/Medicare - Harbor	983.00	.00	495.43	.00	487.57	50.4
80.6211.1451 ESC - Harbor	300.00	.00	147.35	.00	152.65	49.1
80.6211.1461 PERS - Harbor	2,562.00	.00	1,424.86	.00	1,137.14	55.6
80.6211.1471 Workers' Comp Ins - Harbor	1,128.00	.00	556.82	.00	571.18	49.4
80.6211.1520 Vehicle/Boat Insurance	498.00	.00	498.50	.00	( .50)	100.1
80.6211.1530 Property/Building Insurance	20,060.00	.00	20,118.50	.00	( 58.50)	100.3
80.6211.1820 Engineering/Architectural Svcs	15,000.00	.00	9,497.51	.00	5,502.49	63.3
80.6211.1870 Other Professional/Contract Sv	10,000.00	.00	12,447.48	.00	( 2,447.48)	124.5
80.6211.2010 Communications	500.00	.00	.00	.00	500.00	.0
80.6211.2040 Uniform/Clothing	150.00	.00	.00	.00	150.00	.0
80.6211.2071 Operating Supplies	5,000.00	.00	2,444.15	.00	2,555.85	48.9
80.6211.4010 Gas & Oil Supplies	500.00	.00	235.21	.00	264.79	47.0
80.6211.4020 Vehicle/Boat/Eq Parts & Supply	500.00	.00	51.98	.00	448.02	10.4
80.6211.4030 Vehicle/Boat/Eq Maintenance	2,500.00	.00	147.00	.00	2,353.00	5.9
80.6211.4050 Small Tools & Equipment	2,000.00	.00	3,306.52	.00	( 1,306.52)	165.3
80.6211.4080 Road Maintenance Materials	5,000.00	.00	.00	.00	5,000.00	.0
80.6211.4090 Docks & Foundations	5,000.00	.00	2,223.75	.00	2,776.25	44.5
80.6211.4100 Fuel Lines Maintenance	1,000.00	.00	.00	.00	1,000.00	.0
80.6211.7010 Bldg Maint Materials & Supply	5,000.00	.00	4,211.88	.00	788.12	84.2
80.6211.7011 Janitorial Services & Supplies	100.00	.00	.00	.00	100.00	.0
80.6211.7021 Utilities - Electric	6,500.00	.00	4,637.68	.00	1,862.32	71.4
80.6211.7022 Utilities - Water Meter	3,850.00	.00	3,759.68	.00	90.32	97.7
80.6211.7023 Utilities - Sewer	4,200.00	.00	4,378.04	.00	( 178.04)	104.2
80.6211.7024 Utilities - Garbage	16,500.00	.00	5,576.06	.00	10,923.94	33.8
80.6211.7025 Utilities - Heat	3,800.00	.00	2,402.38	.00	1,397.62	63.2
80.6211.7560 Payment in Lieu of Tax	14,137.00	.00	15,550.15	.00	( 1,413.15)	110.0
80.6211.8010 Land/Buildings	5,000.00	.00	.00	.00	5,000.00	.0
80.6211.8030 Machinery & Equipment	5,000.00	.00	4,824.78	.00	175.22	96.5
<b>Total ** HARBOR FACILITY **</b>	<b>150,368.00</b>	<b>.00</b>	<b>104,316.03</b>	<b>.00</b>	<b>46,051.97</b>	<b>69.4</b>

City of Nome  
Expenditures with Comparison to Budget  
For the 12 Months Ending June 30, 2019

PORT OPERATING FUND

		<u>Budget</u>	<u>Period ACT</u>	<u>YTD ACT</u>	<u>YTD ENC</u>	<u>Unexpended</u>	<u>Pcnt</u>
	<u>** CAPE NOME FACILITY **</u>						
80.6311.1820	Engineering/Architectural Svcs	2,500.00	.00	.00	.00	2,500.00	.0
80.6311.1830	Legal Services	1,500.00	.00	.00	.00	1,500.00	.0
80.6311.1870	Othe Professional/Contract Sv	2,000.00	.00	.00	.00	2,000.00	.0
		<u>6,000.00</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>	<u>6,000.00</u>	<u>.0</u>
	Total ** CAPE NOME FACILITY **						

City of Nome  
Expenditures with Comparison to Budget  
For the 12 Months Ending June 30, 2019

PORT OPERATING FUND

	Budget	Period ACT	YTD ACT	YTD ENC	Unexpended	Pcnt
<u>** INDUST PARK FACILITY **</u>						
80.6411.1101 Salaries - Industrial Park	2,392.00	.00	801.76	.00	1,590.24	33.5
80.6411.1411 Accrued Personal Leave - IP	247.00	.00	149.93	.00	97.07	60.7
80.6411.1421 Health Insurance - IP	756.00	.00	182.80	.00	573.20	24.2
80.6411.1431 Life Insurance - IP	6.00	.00	.00	.00	6.00	.0
80.6411.1441 FICA/Medicare - IP	246.00	.00	61.32	.00	184.68	24.9
80.6411.1451 ESC - Industrial Park	100.00	.00	19.00	.00	81.00	19.0
80.6411.1461 PERS - IP	641.00	.00	176.36	.00	464.64	27.5
80.6411.1471 Workers' Comp Ins - IP	282.00	.00	70.39	.00	211.61	25.0
80.6411.1530 Property/Building Insurance	665.00	.00	665.00	.00	.00	100.0
80.6411.1820 Engineering/Architectural Svcs	15,000.00	.00	2,870.25	.00	12,129.75	19.1
80.6411.1870 Other Professional/Contract Sv	5,000.00	.00	2,375.70	.00	2,624.30	47.5
80.6411.1940 Advertising	500.00	.00	.00	.00	500.00	.0
80.6411.2071 Operating Supplies	2,000.00	.00	1,609.01	.00	390.99	80.5
80.6411.4050 Small Tools & Equipment	500.00	.00	12.08	.00	487.92	2.4
80.6411.4080 Road Maintenance Materials	5,000.00	.00	.00	.00	5,000.00	.0
80.6411.4100 Fuel Lines Maintenance	10,000.00	.00	8,338.73	.00	1,661.27	83.4
80.6411.7011 Janitorial Services & Supplies	500.00	.00	.00	.00	500.00	.0
80.6411.7021 Utilities - Electric	4,500.00	.00	4,218.28	.00	281.72	93.7
80.6411.7023 Utilities - Sewer	1,500.00	.00	1,350.00	.00	150.00	90.0
80.6411.7560 Payment in Lieu of Taxes	41,488.00	.00	45,636.80	.00	( 4,148.80)	110.0
Total ** INDUST PARK FACILITY **	91,323.00	.00	68,537.41	.00	22,785.59	75.1

City of Nome  
Expenditures with Comparison to Budget  
For the 12 Months Ending June 30, 2019

PORT OPERATING FUND

		Budget	Period ACT	YTD ACT	YTD ENC	Unexpended	Pcnt
** PORT ADMIN OFFICE **							
80.6711.1101	Salaries - Port Admin	96,566.00	.00	85,144.43	.00	11,421.57	88.2
80.6711.1102	Salaries - Port Staff	246,720.00	.00	174,622.14	.00	72,097.86	70.8
80.6711.1201	Salaries - Overtime	9,500.00	.00	6,374.24	.00	3,125.76	67.1
80.6711.1301	Stipends - Port Commission	2,480.00	.00	3,040.00	.00	( 560.00)	122.6
80.6711.1411	Accrued Personal Lv - Port Adm	14,232.00	.00	5,573.16	.00	8,658.84	39.2
80.6711.1421	Health Insurance - Port Adm	51,541.00	.00	46,427.73	.00	5,113.27	90.1
80.6711.1431	Life Insurance - Port Adm	519.00	.00	354.84	.00	164.16	68.4
80.6711.1441	FICA/Medicare - Port Adm	26,545.00	.00	20,468.05	.00	6,076.95	77.1
80.6711.1451	ESC - Port Admin	.00	.00	611.66	.00	( 611.66)	.0
80.6711.1461	PERS - Port Adm	64,433.00	.00	52,800.29	.00	11,632.71	82.0
80.6711.1471	Workers' Comp Ins - Port Adm	9,124.11	.00	9,138.73	.00	( 14.62)	100.2
80.6711.1520	Vehicle/Boat Insurance	3,007.00	.00	3,007.00	.00	.00	100.0
80.6711.1530	Property/Building Insurance	197.00	.00	197.00	.00	.00	100.0
80.6711.1810	Audit/Accounting	15,800.00	.00	15,595.67	.00	204.33	98.7
80.6711.1820	Engineering/Architectural Svcs	10,000.00	.00	1,825.75	.00	8,174.25	18.3
80.6711.1830	Legal Services	1,500.00	.00	2,225.50	.00	( 725.50)	148.4
80.6711.1850	Lobbying	123,000.00	.00	109,409.12	.00	13,590.88	89.0
80.6711.1870	Other Professional/Contract Sv	15,000.00	.00	12,900.23	.00	2,099.77	86.0
80.6711.1940	Advertising	3,000.00	.00	2,626.50	.00	373.50	87.6
80.6711.1950	Buildings/Land Rental	7,200.00	.00	6,935.68	.00	264.32	96.3
80.6711.2010	Communications	4,100.00	.00	3,928.00	.00	172.00	95.8
80.6711.2012	Computer Network/Hardware/Soft	4,001.00	.00	5,074.54	.00	( 1,073.54)	126.8
80.6711.2020	Dues & Memberships	250.00	.00	231.24	.00	18.76	92.5
80.6711.2030	Travel, Training & Related Cost	15,000.00	.00	14,648.90	.00	351.10	97.7
80.6711.2070	Office Supplies	1,500.00	.00	763.36	.00	736.64	50.9
80.6711.2071	Operating Supplies	2,000.00	.00	2,898.31	.00	( 898.31)	144.9
80.6711.2073	Resale Supplies	3,500.00	.00	4,706.98	.00	( 1,206.98)	134.5
80.6711.3010	Sponsorship/Donation/Contrib	1,000.00	.00	.00	.00	1,000.00	.0
80.6711.4010	Gas & Oil Supplies	3,500.00	.00	4,013.82	.00	( 513.82)	114.7
80.6711.4020	Vehicle/Boat/Eq Parts & Supply	4,000.00	.00	4,214.68	.00	( 214.68)	105.4
80.6711.4030	Vehicle/Boat/Eq Maintenance	5,000.00	.00	5,759.52	.00	( 759.52)	115.2
80.6711.4040	Vehicle/Boat Regis & Permits	50.00	.00	10.00	.00	40.00	20.0
80.6711.7010	Bldg Maint Materials & Supply	8,000.00	.00	19,096.13	.00	( 11,096.13)	238.7
80.6711.7011	Janitorial Services & Supplies	200.00	.00	108.71	.00	91.29	54.4
80.6711.7540	Banking/Credit Card Fees	50.00	.00	22.00	.00	28.00	44.0
80.6711.7550	Bad Debt	3,000.00	.00	8,601.18	.00	( 5,601.18)	286.7
80.6711.8030	Machinery & Equipment	.00	.00	1,699.00	.00	( 1,699.00)	.0
Total ** PORT ADMIN OFFICE **		755,515.11	.00	635,054.09	.00	120,461.02	84.1

City of Nome  
Expenditures with Comparison to Budget  
For the 12 Months Ending June 30, 2019

PORT OPERATING FUND

		Budget	Period ACT	YTD ACT	YTD ENC	Unexpended	Pcnt
<u>  ** TRANSFERS - INTERFUNDS **  </u>							
80.6888.8820	Transfers Out - Other Funds	425,423.23	.00	588,356.85	.00	( 162,933.62)	138.3
	Total ** TRANSFERS - INTERFUNDS *	425,423.23	.00	588,356.85	.00	( 162,933.62)	138.3
	Total Fund Expenditures	1,833,756.84	.00	1,693,276.98	.00	140,479.86	92.3
	Net Revenue Over Expenditures	.00	.00	( 168,805.87)	.00	168,805.87	.0

City of Nome  
Revenues with Comparison to Budget  
For the 12 Months Ending June 30, 2019

PORT CAPITAL PROJECTS FUND

		<u>Budget</u>	<u>Period ACT</u>	<u>YTD ACT</u>	<u>Unearned</u>	<u>Pcnt</u>
<u>PORT GRANTS &amp; AWARDS</u>						
85.3811.0010	DR-4050-AK PW17 Cape Nome	2,829,967.00	.00	1,407,934.16	1,422,032.84	49.8
85.3811.0020	17-DC-005 Arctic DDP Design	1,306,719.00	.00	1,098,404.68	208,314.32	84.1
85.3811.0021	19-DC-008 Support Design ADDP	1,600,000.00	.00	.00	1,600,000.00	.0
85.3811.0023	NOAA-AOOS Weather Camera	.00	.00	4,162.77	( 4,162.77)	.0
	<b>Total PORT GRANTS &amp; AWARDS</b>	<u>5,736,686.00</u>	<u>.00</u>	<u>2,510,501.61</u>	<u>3,226,184.39</u>	<u>43.8</u>
<u>TRANSFERS - INTERFUNDS</u>						
85.3888.8820	Transfers In - Other Funds	425,423.23	.00	588,356.85	( 162,933.62)	138.3
	<b>Total TRANSFERS - INTERFUNDS</b>	<u>425,423.23</u>	<u>.00</u>	<u>588,356.85</u>	<u>( 162,933.62)</u>	<u>138.3</u>
	<b>Total Fund Revenue</b>	<u>6,162,109.23</u>	<u>.00</u>	<u>3,098,858.46</u>	<u>3,063,250.77</u>	<u>50.3</u>

City of Nome  
Expenditures with Comparison to Budget  
For the 12 Months Ending June 30, 2019

PORT CAPITAL PROJECTS FUND

		Budget	Period ACT	YTD ACT	YTD ENC	Unexpended	Pcnt
<b>PORT GRANTS &amp; AWARDS</b>							
85.6811.1100	DR-4050-AK PW17 Cape Nome	2,829,967.00	.00	1,391,235.37	.00	1,438,731.63	49.2
85.6811.1421	Health Insurance - Port Grants	2,000.00	.00	.00	.00	2,000.00	.0
85.6811.1431	Life Insurance - Port Grants	100.00	.00	.00	.00	100.00	.0
85.6811.1441	FICA/Medicare - Port Grants	1,500.00	.00	.00	.00	1,500.00	.0
85.6811.1461	PERS - Port Grants	4,500.00	.00	.00	.00	4,500.00	.0
85.6811.2100	19-DC-008 Support Design ADDP	1,600,000.00	.00	.00	.00	1,600,000.00	.0
85.6811.2200	17-DC-005 Arctic DDP Design	1,306,719.00	.00	1,098,404.68	.00	208,314.32	84.1
85.6811.2300	NOAA-AOOS Weather Camera	.00	.00	4,162.77	.00	( 4,162.77)	.0
85.6811.5000	14-DC-108 Port Improvements	344.50	.00	.00	.00	344.50	.0
85.6811.8002	Barge Ramp Lighting Improvmts	19,905.16	.00	19,263.56	.00	641.60	96.8
85.6811.8003	Garco Bldg Lighting Improvmts	6,690.57	.00	6,690.57	.00	.00	100.0
85.6811.8004	Bridge Fuel Line Replacements	54,906.00	.00	50,755.00	.00	4,151.00	92.4
85.6811.8005	Concrete Barge Ramp Repairs	300,000.00	.00	27,801.65	.00	272,198.35	9.3
85.6811.8006	Port Waste Reception Facility	5,000.00	.00	.00	.00	5,000.00	.0
85.6811.8008	DOT/Port Road Improvements	30,477.00	.00	30,477.00	.00	.00	100.0
85.6811.8009	WestGold Dock Emergency Repair	.00	.00	449,887.81	.00	( 449,887.81)	.0
85.6811.8010	Ramp Deadman Anchor Project	.00	.00	3,481.26	.00	( 3,481.26)	.0
<b>Total PORT GRANTS &amp; AWARDS</b>		<b>6,162,109.23</b>	<b>.00</b>	<b>3,082,159.67</b>	<b>.00</b>	<b>3,079,949.56</b>	<b>50.0</b>

City of Nome  
Expenditures with Comparison to Budget  
For the 12 Months Ending June 30, 2019

PORT CAPITAL PROJECTS FUND

		Budget	Period ACT	YTD ACT	YTD ENC	Unexpended	Pcnt
	<u>Department 6888</u>						
85.6888.8820	Transfers Out - Other Funds	.00	.00	16,698.79	.00	( 16,698.79)	.0
	Total Department 6888	.00	.00	16,698.79	.00	( 16,698.79)	.0
	Total Fund Expenditures	6,162,109.23	.00	3,098,858.46	.00	3,063,250.77	50.3
	Net Revenue Over Expenditures	.00	.00	.00	.00	.00	.0

**PORT & HARBOR  
FISCAL HEALTH STRATEGIES**

Per discussion at the Port Commission Work Session on Tuesday 11 June 2019, the following options are being presented for discussion:

**OPTIONS FOR 2020 OPERATING SEASON:**

1. Annual CPI Adjustment:

- Tariff rates to be adjusted annually per the applicable Anchorage CPI (see attached)

2. Asset Repair/Replace & Capital Improvements Fee:

- a. Setup new account – annually set aside funds to be authorized for specific use
  - A flat rate amount to be booked as an expense (\$100K suggested)
  - A percent of closing gross revenues or % of net surplus
    - F19 gross revenues are projected to close around \$1,525,000:

2%	3.5%	5%
\$30,500	\$53,375	\$76,250

3. Tariff Rate Increase:

- Evaluate specific rate adjustments for increased labor, utilities, insurance, taxes
- Establish an annual or bi-annual percentage of increase on all or specific rates
- Set aside percentage of annual depreciation

**OTHER REVENUE SOURCES**

State Shared Business Taxes:

- Commercial Passenger Vessel Tax – state collects \$34.50 per passenger (under specific criteria) and shares \$5 with each of the first 7 ports on the voyage (see attached detail)
  - Juneau charges a local head tax of \$5, plus a \$3 per pax port development fee.
  - Ketchikan charges a local head tax of \$7/dockside and \$4/lightered.
- Fisheries Business Tax – state collects from persons/business processing or exporting raw fish within the municipality limits and shares 50% of that revenue with that city (see attached detail)

Source: State of Alaska Department of Labor and Workforce Development  
<http://live.laborstats.alaska.gov/cpi/index.cfm>

	Urban Alaska					
Year	1st Half	Percent Change	2nd Half	Percent Change	Annual	Percent Change
2018	223.099	2.1	227.992	4	225.545	3
2017	218.616	0.7	219.131	0.2	218.873	0.5
2016	216.999	-0.1	218.66	0.9	217.83	0.4
2015	217.111	1.1	216.706	-0.1	216.909	0.5
2014	214.777	1.9	216.833	1.4	215.805	1.6
2013	210.853	2.7	213.91	3.5	212.381	3.1
2012	205.215	2.5	206.617	2	205.916	2.2
2011	200.278	2.8	202.576	3.6	201.427	3.2
2010	194.834	2.5	195.455	1	195.144	1.8
2009	190.032	1.3	193.456	1.1	191.744	1.2
2008	187.659	4.6	191.335	4.5	189.497	4.6
2007	179.394	1.5	183.08	2.9	181.237	2.2
2006	176.7	4.2	177.9	2.2	177.3	3.2
2005	169.6	2.4	174.1	3.8	171.8	3.1
2004	165.6	2.8	167.8	2.4	166.7	2.6
2003	161.1	2.3	163.9	3.1	162.5	2.7
2002	157.5	2	159	1.9	158.2	1.9
2001	154.4	2.9	156	2.7	155.2	2.8
2000	150	0.9	151.9	2.4	150.9	1.7

5-year average CPI	Annual
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2018 225.545 current year  
 2014 215.805 back five  
 1.948 difference divided by 5

PORT FISCAL HEALTH  
WORKSHEET

EXPENSE	FY15	FY16	FY17	FY18	FY19 - 6.30.19	DRAFT FY20	Notes
LABOR	\$ 697,788.68	\$ 601,089.36	\$ 676,355.76	\$ 663,942.44	\$ 483,805.83	\$ 623,033.00	
UTILITIES	\$ 33,451.97	\$ 34,496.95	\$ 50,822.55	\$ 50,679.33	\$ 32,224.25	\$ 60,650.00	
SUPPLIES	\$ 43,177.36	\$ 55,134.41	\$ 41,851.02	\$ 59,686.01	\$ 48,815.16	\$ 36,400.00	
INSURANCE	\$ 43,143.00	\$ 46,329.00	\$ 54,000.00	\$ 53,069.00	\$ 53,009.50	\$ 59,430.00	
PROF SERVICES	\$ 333,528.93	\$ 269,422.80	\$ 248,012.91	\$ 263,786.09	\$ 195,548.38	\$ 397,250.00	Proj \$\$ moved to Capital
REPAIRS/MAINT	\$ 189,945.42	\$ 143,251.25	\$ 40,525.62	\$ 9,590.75	\$ 33,924.40	\$ 145,000.00	Proj \$\$ moved to Capital
EQ RENTAL							
BAD DEBT	\$ 88,972.96	\$ 3,076.62	\$ (28,012.77)	\$ 8,744.92	\$ 8,601.18	\$ 5,000.00	
NOAA INTEREST	\$ 164,063.55	\$ 159,524.23	\$ 154,799.26	\$ 149,883.01	\$ 154,327.62	\$ 155,656.00	
OTHER/MISC	\$ 42,201.05	\$ 37,653.00	\$ 40,187.23	\$ 27,981.77	\$ 33,476.86	\$ 41,900.00	
PILOT	\$ 37,031.60	\$ 33,946.55	\$ 32,834.45	\$ 55,624.50	\$ 61,186.95	\$ 59,774.00	
SUBTOTAL	\$ 1,673,304.52	\$ 1,383,924.17	\$ 1,311,376.03	\$ 1,342,987.82	\$ 1,104,920.13	\$ 1,584,093.00	
TRANSFER OUT*	\$ -	\$ -	\$ -	\$ 204,217.79	\$ 588,356.85	\$ 128,103.00	
TOTAL EXPENSE	\$ 1,673,304.52	\$ 1,383,924.17	\$ 1,311,376.03	\$ 1,547,205.61	\$ 1,693,276.98	\$ 1,712,196.00	
TOTAL REVENUE	\$ 1,630,902.64	\$ 1,509,041.96	\$ 1,930,039.35	\$ 1,790,552.79	\$ 1,524,471.11	\$ 1,735,555.00	
SURPLUS/DEFICIT	\$ (42,401.88)	\$ 125,117.79	\$ 618,663.32	\$ 243,347.18	\$ (168,805.87)	\$ 23,359.00	
NOAA PRINCIPAL	\$ 113,945.89	\$ 118,607.42	\$ 134,624.00	\$ 123,459.66	\$ 128,510.40	\$ 133,767.77	

Transfer Out exported to Capital budget to cover non-grant related project expenses

NOAA Principal not part of annual budget expense, but paid out of Causeway Restricted account which must maintain a \$1M balance

## PORT UTILITIES BREAKDOWN

UTILITIES	FY16	FY17	FY18	FY19 - 6.30.19	CATEGORY TOTAL	% of Total	DRAFT FY20
Electric	\$ 5,464.42	\$ 10,486.48	\$ 10,605.97	\$ 10,736.64	\$ 44,432.19	24.63%	\$ 14,300.00
Water Meter	\$ 3,520.43	\$ 3,290.09	\$ 3,617.33	\$ 3,759.68	\$ 16,922.89	9.38%	\$ 3,850.00
Sewer	\$ 6,655.76	\$ 5,666.00	\$ 5,773.04	\$ 7,078.04	\$ 30,010.84	16.64%	\$ 7,200.00
Garbage	\$ 14,205.31	\$ 19,268.89	\$ 21,130.37	\$ 8,247.51	\$ 77,211.60	42.81%	\$ 22,000.00
Heat	\$ 2,010.19	\$ 2,565.46	\$ 2,274.88	\$ 2,402.38	\$ 11,794.89	6.54%	\$ 3,800.00
subtotal	\$ 31,856.11	\$ 41,276.92	\$ 43,401.59	\$ 32,224.25	\$ 180,372.41		\$ 51,150.00
Utilities - Resale	\$ 2,640.84	\$ 9,545.63	\$ 7,277.74	\$ -	\$ 21,302.64		\$ 9,500.00
Total	\$ 34,496.95	\$ 50,822.55	\$ 50,679.33	\$ 32,224.25	\$ 201,675.05		\$ 60,650.00

Awaiting billing

# Commercial Passenger Vessel Excise Tax Historical Overview

## AS 43.52.200 – 295

### Description

Alaska imposes an excise tax on travel on commercial passenger vessels (CPVs), typically cruise ships that have 250 or more berths and provide overnight accommodations in the state's marine waters. Passengers traveling on qualified commercial passenger vessels are liable for the tax.

### Rate

The commercial passenger vessel excise tax rate is \$34.50 per passenger, per voyage.

### Returns

Cruise ship companies and commercial passenger vessel owners file returns and pay taxes monthly. The due date is the last day of the month following the month in which the voyages ended.

### Exceptions

The CPV excise tax does not apply to passengers onboard a commercial passenger vessel that does not anchor or moor in state marine waters with the intent to allow passengers to disembark.

### Disposition of Revenue

The Department of Revenue's Tax Division deposits all proceeds from the CPV excise tax into the Commercial Vessel Passenger (CVP) tax account in the General Fund. Subject to appropriation by the Legislature from this account, the division distributes \$5 per passenger to each of the first seven ports of call in Alaska. The tax is further reduced by any municipal taxes imposed on each passenger that were in effect prior to Dec. 17, 2007.

### History

**2006** – The CPV excise tax was enacted by 2006 Primary Election Ballot Measure No. 2. The measure was approved by voters at the primary election of Aug. 26, 2006. The results of the election were certified Sept. 18, 2006, and the initiative's provisions became effective Dec. 17, 2006.

**2010** – During the 2010 legislative session, the CPV tax was reduced from \$46 to \$34.50 per passenger. The tax was further reduced by any municipal taxes imposed on a passenger that were in effect prior to Dec. 17, 2007. This legislation increased the number of ports of call that may receive \$5 per passenger from five to seven, and removed the provision that prohibited a port of call from sharing in the CPV revenue if it imposed its own tax. The legislation also repealed the Regional Cruise Ship Impact Fund. In addition, the 2010 amendment changed the definition of a voyage by adding, "on the state's marine water" following "more than 72 hours." These changes were effective for the 2011 cruise season.

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**Table 4**  
**Commercial Passenger Vessel (CPV) Excise Tax**

	<i>FY 2018</i>	<i>FY 2017</i>	<i>FY 2016</i>	<i>FY 2015</i>	<i>FY 2014</i>	<i>Total All Years</i>
<b>Municipality</b>						
Anchorage	59,900	53,870	54,110	26,200	2,975	197,055
Juneau	4,769,390	4,622,160	4,460,365	4,393,395	4,598,565	22,843,875
Sitka	405,115	309,510	218,350	157,340	302,985	1,393,300
Skagway	4,201,435	4,053,375	4,028,545	4,008,335	4,062,215	20,353,905
Wrangell	51,415	39,630	38,845	24,065	31,430	185,385
<b>Total Municipalities</b>	<b>9,487,255</b>	<b>9,078,545</b>	<b>8,800,215</b>	<b>8,609,335</b>	<b>8,998,170</b>	<b>44,973,520</b>
<b>Borough</b>						
Haines	224,270	185,095	206,430	144,020	140,635	900,450
Kenai Peninsula	489,698	486,380	474,225	361,658	307,578	2,119,539
Ketchikan Gateway	2,252,488	2,163,570	2,141,633	2,032,375	2,240,210	10,830,276
Kodiak Island	37,625	30,888	30,255	13,925	4,600	117,293
<b>Total Boroughs</b>	<b>3,004,080</b>	<b>2,865,933</b>	<b>2,852,543</b>	<b>2,551,978</b>	<b>2,693,023</b>	<b>13,967,558</b>
<b>City</b>						
Homer	31,533	27,630	27,055	13,925	33,542	133,685
Hoonah	788,005	771,595	722,575	688,980	626,225	3,597,380
Hooper Bay	0	0	0	0	0	0
Ketchikan	2,252,488	2,163,570	2,141,633	2,032,375	2,240,210	10,830,276
Kodiak	37,625	30,888	30,255	13,925	4,600	117,293
Nome	8,715	0	0	0	0	0
Seward	458,165	458,750	447,170	347,733	306,723	2,018,541
Unalaska	18,125	6,505	8,155	1,650	4,165	38,600
Valdez	1,710	0	0	0	1,265	2,975
Whittier	674,320	620,340	721,325	791,550	950,635	3,758,170
<b>Total Cities</b>	<b>4,270,685</b>	<b>4,079,278</b>	<b>4,098,168</b>	<b>3,890,138</b>	<b>4,167,365</b>	<b>20,496,920</b>
<b>Grand Total</b>	<b>16,762,020</b>	<b>16,023,756</b>	<b>15,750,926</b>	<b>15,051,451</b>	<b>15,858,558</b>	<b>79,437,998</b>
<b>Number of Communities Shared With</b>						
	<b>18</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>17</b>	<b>17</b>

# Fisheries Business Tax Historical Overview

AS 43.75

## DESCRIPTION

Alaska levies a fisheries business tax (also known as the “raw fish tax”) on fisheries businesses and persons who process fishery resources in, or export unprocessed fishery resources from Alaska. The tax is based on the price paid to commercial fishermen for the raw resource, or fair market value when there is no arms-length transaction prior to processing or export. The Division collects fisheries business taxes from processors and persons who export unprocessed fishery resources from Alaska.

## RATE

Fisheries business tax rates are based on the location and type of processing activity and whether a fishery resource is classified as “established” or “developing” by the Alaska Department of Fish and Game. Rates are as follows:

PROCESSING ACTIVITY	Rate
Established	
Floating	5.0%
Salmon Cannery	4.5%
Shore Based	3.0%
Developing	
Floating	3.0%
Shore Based	1.0%

## RETURNS

Fisheries businesses file calendar year returns that are due with payment on March 31 of the following year. After filing the calendar year return, taxpayers file returns to report post-season bonus payments made to fishermen. Returns for these payments are due with additional taxes by the last day of the month following the month of bonus payments.

## EXCLUSION

Commercial fishermen who process fish on board their vessels are excluded from the tax if they sell to a licensed processor.

## CREDITS

Various credits are available for use against the liability of this specific tax education, scholarship contributions, scholarship contributions, and salmon product development tax credits. For specific information concerning these credits, see the Description of Credits section.

## DISPOSITION OF REVENUE

The Division deposits all revenue derived from the fisheries business tax into the General Fund. The legislature may appropriate revenue from the tax for revenue sharing described below:

### PROCESSING ACTIVITY INSIDE MUNICIPALITY

The Division shares 50% of tax collected with the incorporated city or organized borough in which the processing took place. If an incorporated city is within an organized borough, the Division divides the 50% shareable amount equally between the incorporated city and the organized borough equally.

### PROCESSING ACTIVITY OUTSIDE MUNICIPALITY

The Division shares 50% of tax collected from processing activities outside an incorporated city or an organized borough through an allocation program administered by the Department of Commerce, Community and Economic Development.

**Table 6**  
**Fisheries Business Tax**

	<i>FY 2018</i>	<i>FY 2017</i>	<i>FY 2016</i>	<i>FY 2015</i>	<i>FY 2014</i>	<i>Total All Years</i>
<b>Municipality</b>						
Anchorage	53,269	92,250	122,012	202,096	181,607	651,234
Juneau	447,875	389,022	312,519	364,624	395,010	1,909,050
Sitka	1,279,885	953,324	879,793	1,009,033	1,127,772	5,249,807
Wrangell	307,405	314,455	233,563	392,076	329,987	1,577,486
<b>Total Municipalities</b>	<b>2,088,434</b>	<b>1,749,051</b>	<b>1,547,887</b>	<b>1,967,829</b>	<b>2,034,376</b>	<b>9,387,577</b>
<b>Borough</b>						
Aleutians East	1,887,896	2,093,687	1,606,523	1,835,070	1,769,278	9,192,454
Bristol Bay	3,820,480	2,705,606	1,004,436	2,809,548	2,010,471	12,350,541
Denali	0	0	0	0	0	0
Fairbanks North Star	98	101	196	0	195	590
Haines	352,884	128,174	121,208	212,855	438,390	1,253,511
Kenai Peninsula	860,097	771,171	541,757	629,725	919,123	3,721,873
Ketchikan Gateway	414,413	404,971	199,188	238,773	783,700	2,041,045
Kodiak Island	1,742,302	1,022,586	1,197,033	1,301,537	1,561,675	6,825,133
Lake and Peninsula	229,289	256,767	69,452	352,016	556,758	1,464,282
Matanuska-Susitna	151	127	181	254	112	825
Northwest Arctic	5,159	0	0	0	371	5,530
Petersburg*	889,855	877,158	336,848	820,118	1,249,730	4,173,709
Yakutat	226,992	218,773	198,800	191,216	250,998	1,086,779
<b>Total Boroughs</b>	<b>10,429,618</b>	<b>8,479,121</b>	<b>5,275,622</b>	<b>8,391,112</b>	<b>9,540,801</b>	<b>42,116,272</b>
<b>City</b>						
Adak	34,131	34,908	44,636	67,968	122,489	304,132
Akhiok	0	99	0	0	0	99
Akutan	999,031	1,090,445	973,202	943,814	877,450	4,883,942
Aleknagik	0	0	67	4,676	0	4,743
Atka	11,318	15,479	31,852	34,706	29,615	122,970
Bethel	0	0	0	0	2,632	2,632
Chefornak	0	0	0	0	1,823	1,823
Chignik	98,919	65,166	33,372	62,800	310,422	570,679

**Table 6**  
**Fisheries Business Tax**

	<i>FY 2018</i>	<i>FY 2017</i>	<i>FY 2016</i>	<i>FY 2015</i>	<i>FY 2014</i>	<i>Total All Years</i>
Clark's Point	263,328	0	0	24	0	263,352
Coffman Cove	2,100	1,294	869	1,635	1,982	7,880
Cordova	1,429,951	1,160,157	709,305	1,023,286	1,661,223	5,983,922
Craig	88,948	37,961	150,045	342,739	314,704	934,397
Delta Junction	0	0	0	0	0	0
Dillingham	443,905	398,350	167,849	433,564	407,654	1,851,322
Egegik	127,239	188,382	29,930	152,839	181,974	680,364
Emmonak	61,167	67,799	17,544	26,846	25,883	199,239
False Pass	51,588	16,317	25,814	21,677	14,291	129,687
Goodnews Bay	0	0	0	0	0	0
Gustavus	329	410	540	231	301	1,811
Homer	59,449	43,242	20,456	21,004	54,283	198,434
Hoonah	95,089	76,350	87,436	76,574	110,249	445,698
Hooper Bay	0	0	0	0	289	289
Houston	52	60	96	0	88	296
Hydaburg	3,163	320	149	1,184	1,491	6,307
Kake	0	0	0	14,901	24,241	39,142
Kaltag	4,067	0	0	0	0	4,067
Kasaan	0	0	0	2,300	1,005	3,305
Kenai	126,185	115,821	161,515	195,703	289,411	888,635
Ketchikan	414,413	404,971	199,435	237,876	743,083	1,999,778
King Cove	564,174	499,257	386,374	404,385	510,155	2,364,345
Klawock	1,259	538	1,671	180	0	3,648
Kodiak	859,223	926,525	525,670	1,021,500	1,164,404	4,497,322
Kotzebue	5,159	0	0	0	371	5,530
Larsen Bay	155,056	66,177	37,570	106,594	154,709	520,106
Marshall	0	0	0	0	0	0
Mekoryuk	0	0	0	0	1,266	1,266
Mountain Village	0	21,545	2,979	0	0	24,524
Nenana	0	0	0	0	265	265
Nome	0	50,692	0	28,842	30,280	109,814
North Pole	98	101	196	0	195	590
Old Harbor	0	0	6	11	41	58
Ouzinkie	0	0	0	0	0	0
Palmer	0	0	0	0	0	0
Pelican	4,801	1,968	473	846	245	8,333

**Table 6  
Fisheries Business Tax**

	<i>FY 2018</i>	<i>FY 2017</i>	<i>FY 2016</i>	<i>FY 2015</i>	<i>FY 2014</i>	<i>Total All Years</i>
Petersburg*	0	0	0	0	0	0
Pilot Point	3,131	31	0	0	0	3,162
Platinum	0	0	16,174	36,250	177,093	229,517
Port Alexander	0	0	238	0	0	238
Port Heiden	0	3,189	6,149	0	0	9,338
Port Lions	0	0	0	0	1,890	1,890
Quinhagak	0	0	0	0	0	0
Saint George	0	0	0	0	0	0
Saint Mary's	0	0	0	15,761	17,143	32,904
Saint Paul	623,979	892,296	879,802	1,053,712	1,183,913	4,633,702
Sand Point	273,104	458,805	200,421	253,123	236,923	1,422,376
Savoonga	1,977	282	0	2,735	2,097	7,091
Seldovia	0	0	0	0	0	0
Seward	456,144	440,958	280,935	334,691	482,543	1,995,271
Soldotna	2,775	1,765	586	2,841	1,969	9,936
Tanana	0	0	0	0	0	0
Tenakee Springs	0	0	0	0	0	0
Togiak	73,227	64,130	30,639	91,511	107,578	367,085
Toksook Bay	0	0	0	0	1,866	1,866
Unalakleet	0	20,925	0	29,006	22,923	72,854
Unalaska	3,306,990	3,649,322	4,018,888	3,752,155	3,307,022	18,034,377
Valdez	512,449	200,438	290,247	230,134	621,634	1,854,902
Wasilla	99	67	84	29	0	279
Whittier	34,489	943	78,446	89,479	133,884	337,241
<b>Total Cities</b>	<b>11,192,506</b>	<b>11,017,485</b>	<b>9,411,660</b>	<b>11,120,132</b>	<b>13,336,992</b>	<b>56,078,775</b>
<b>Grand Total</b>	<b>23,710,558</b>	<b>21,245,657</b>	<b>16,235,169</b>	<b>21,479,073</b>	<b>24,912,169</b>	<b>107,582,624</b>
<b>Number of Communities Shared With</b>	<b>54</b>	<b>55</b>	<b>54</b>	<b>55</b>	<b>63</b>	<b>73</b>
<b>Additional Sharing with DCCED</b>	<b>1,284,789</b>	<b>1,621,591</b>	<b>1,414,686 0</b>	<b>1,611,355 0</b>	<b>1,581,457</b>	<b>7,513,878</b>

# Cruise industry's victory over Juneau has implications for other port communities

By **Jacob Resneck**, **CoastAlaska** - **Juneau** - December 28, 2018



*The Norwegian Pearl tied up at Skagway's Broadway dock in July 2017. Two more cruise ships are moored at the railroad dock in the background. (Photo by Emily Files/KHNS)*

The Alaska Tax Division estimates that cruise ship passengers visiting Alaska paid about \$21.6 million in state fees this year. The state's head tax is distributed among port communities that often use the revenue to fund local services. But a federal judge's ruling could change that.

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Skagway is one of Alaska's top cruise ship destinations. This year was a record, with **910,176 visitors arriving at the docks** according to the municipality.

"I think Wednesdays we had over 11,000 passengers in Skagway, and our year-round population is, I believe, less than a thousand," Skagway's Port Commission Chair Tom Cochran said. "To support that impact you've got water, sewer, garbage, you've got a clinic, you've got police and fire, EMS and then just traffic congestion, you name it. It's pretty intense."

To help pay for these services, Skagway draws from its share of the state's \$34.50 per passenger fee. The **Commercial Passenger Vessel Excise Tax** was approved by voters in a statewide ballot initiative in 2006. The cruise industry sued the state, but a **settlement reached in 2010** compelled the state Legislature and then-Gov. Sean Parnell to approve a reduction in the excise tax, among other things.

“(The CPV excise tax law) allows a city and borough to use the funds for port facilities, harbor infrastructure and other services provided to commercial passenger vessels and the passengers on board those vessels,” said Kris Curtis, the state’s legislative auditor.

In 2016, her office probed how some municipalities used their share of the state’s passenger fee. There was some questionable spending: **Skagway bought playground equipment**; Ketchikan’s borough invested in the airport; Sitka funded construction of its downtown Centennial Hall.

None of these things, **the audit cautioned**, were specifically tied to services for cruise passengers.

That same year, the cruise industry **sued the City and Borough of Juneau over its local passenger fees**. Juneau’s fees, approved in 1999, predate the state’s CPV tax and in many ways served as a model.

“What we were concerned about was that these fees had reached a level and were being applied to uses that far exceeded the direct benefit of the vessel’s operations,” said Jonathan Benner, Cruise Line International Association Alaska’s D.C.-based attorney for the lawsuit.

A federal judge agreed with many of the industry’s arguments.

Judge H. Russel Holland **ruled** on Dec. 6 **that passenger fees should fund infrastructure that directly supports the ships**.

For context, Judge Holland offers this example in his decision: “Whereas a gangplank used by passengers and the general public is a service to a vessel, sidewalk repairs and access to the public library’s internet, which passengers share with the general public, are unlikely to be a service to a vessel.”

In Benner’s words: “Things away from the vessel that don’t facilitate marine operations of the vessel would be outside of the permitted scope of Judge Holland’s ruling.”

The City and Borough of Juneau has already spent \$800,000 on its legal defense. City officials say they’re undecided whether they’ll appeal.

But the judge’s ruling, left to stand, could have **implications wider than just Juneau**. The state attorney general’s office said as much in a **friend-of-the-court filing** last year. **For reasons never made clear, it rescinded its brief a day later** but its legal arguments remain in the court file.

The attorney general’s office declined to comment other than a brief written statement.

“We are still reviewing the decision, so we don’t have anything we can discuss at this point,” Alaska Department of Law spokeswoman Cori Mills wrote. “Municipalities have

their own legal counsel to consult on these issues.”

Curtis, who spent months auditing the state’s passenger fee fund, said the federal ruling is a potential game-changer. That’s because state law permits the fees to be improve passengers’ shoreside experience; the judge’s recent ruling says otherwise.

“It clarifies from a federal perspective how the funds can be used, regardless of how the state statute reads,” Curtis said in an interview. “And so, it should be providing guidance to all the communities.”

In a budget approved months before the December ruling, about a third of Skagway’s municipal revenue will be drawn from state passenger fees.

And Skagway isn’t alone. This year Ketchikan’s borough approved spending \$2 million in state passenger fees on firefighters and EMS, public parks and bathrooms and the library — all services and facilities it argues are used by cruise ship visitors.

Will these be permitted going forward? The cruise industry’s attorney said his client wants to be a good partner.

“There are a lot of things that the industry and the municipalities and the state will agree are beneficial,” Benner said, “and they can come to agreement on those kinds of activities. They just have to sit down and talk to each other a little bit about them.”

That could give the industry some leverage over the budget priorities for port communities.

As the cruise industry booms, projections are that 2018’s record passenger fee revenue of \$21.6 million will be topped in 2019 — giving local governments, auditors and lawyers that much more money to tussle over.

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**Jacob Resneck, CoastAlaska - Juneau**

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