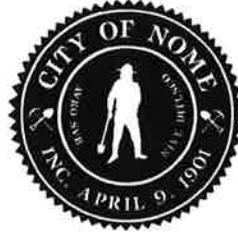


Mayor
Richard Beneville
Manager
Tom Moran
Clerk
Bryant Hammond



Nome City Council
Stan Andersen
Jerald Brown
Doug Johnson
Mark Johnson
Adam Martinson
Lew Tobin

102 Division St. • P.O. Box 281
Nome, Alaska 99762
Phone (907) 443-6663
Fax (907) 443-5345

**NOME COMMON COUNCIL
REGULAR MEETING AGENDA
MONDAY, MARCH 26, 2018 @ 7:00 PM
COUNCIL CHAMBERS IN CITY HALL**

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- B. Letter of February 26, 2018 from AMCO to City of Nome re: VFW Liquor License Renewal,
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- C. Letter of February 28, 2018 from Vitus Energy to Nome City Council re: Proposed Changes to Port Tariff,
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- D. Editorial of March 6, 2018 re: A Deepwater Port in Alaska's Arctic is Essential for US National Security,
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XIII. ADJOURNMENT

**MINUTES
NOME CITY COUNCIL
REGULAR MEETING
MARCH 26, 2018**

The regular meeting of the Nome City Council was called to order at 7:00 PM by Mayor Richard Beneville in Council Chambers of City Hall, located at 102 Division Street.

ROLL CALL

Members Present: Stan Andersen; Jerald Brown; Doug Johnson; Mark Johnson; Adam Martinson; Lew Tobin

Members Absent:

Also Present: Bryant Hammond, City Clerk; John Handeland, Utility Manager; Ken Morton, Assistant Utility Manager; Joe Horton, Public Works Foreman; Cole Cushman, Public Works

In the audience: Sandra Medearis, *Arctic News*; Davis Hovey, KNOM; Joseph Fletcher; Ukallaysaaq Okleasik; Bob Hafner; Ken Hughes; Wendy Chamberlain; Judy and Doug Martinson; Scot Henderson; Shane and Dani Smithhisler; Jaylene Wheeler (telephonically)

APPROVAL OF AGENDA

Mayor Beneville asked if there were any changes to the agenda.

A motion was made by C. M. Johnson and seconded by C. Brown to approve the agenda as presented.

At the roll call:

Aye: Brown; D. Johnson; M. Johnson; Martinson; Andersen

Nay:

Abstain:

The motion **CARRIED**.

APPROVAL OF MINUTES

A. February 26, 2018 City Council Regular Meeting Minutes.

A motion was made by C. D. Johnson and seconded by C. Martinson to approve the February 26, 2018 Regular Meeting Minutes.

At the roll call:

Aye: D. Johnson; M. Johnson; Martinson; Andersen; Brown

Nay:

Abstain:

The motion **CARRIED**.

COMMUNICATIONS

- A. Letter of February 6, 2018 from Brendan Kelly to Mayor Beneville re: Study of Environmental Arctic Change.
- B. Letter of February 26, 2018 from AMCO to City of Nome re: VFW Liquor License Renewal.
- C. Letter of February 28, 2018 from Vitus Energy to Nome City Council re: Proposed Changes to Port Tariff.
- D. Editorial of March 6, 2018 re: A Deepwater Port in Alaska's Arctic is Essential for U.S. National Security.
- E. Letter of March 8, 2018 from AMCO to City of Nome re: Mark's Soap & Suds Liquor License Renewal.
- F. Letter of March 8, 2018 from AMCO to City of Nome re: Anchor Tavern Liquor License Renewal.
 - Councilman Andersen requested staff protest the renewal of both liquor licenses (E. and F.) on the basis of delinquent taxes. He requested that staff routinely make such protests if a property owner fails to pay property taxes in a timely manner.

Councilman Tobin joined the meeting at 7:05 PM.

- G. Letter of March 13, 2108 from AK DOT&PF to Mayor Beneville re: Nome Port Road Reconstruction.
- H. Public Notice of March 22, 2018 re: Norton Sound Large Dredge Placer Miners General Permit.
 - Councilman Tobin asked if the permit reflected a significant change in operations.
 - Clerk Hammond clarified the permit was routine and reflected no significant change.
- I. NSHC CEO Report of March 2018 from Nome Board Representative Stan Andersen to Nome City Council.
 - Councilman Andersen noted pages 53 and 54, stating his intent to update the Council and the public on opioid prescribing at Norton Sound Hospital.
- J. Report from Wendy Chamberlain re: Alaska State Legislature Session Update.

CITIZENS' COMMENTS

- 1) Joseph Fletcher spoke in opposition to fluoride being placed in the City of Nome's water, arguing that fluoride is a threat to public health.
- 2) Joe Horton briefed the Council on issues related to snow removal in Nome. He discussed snow being placed in the ROW which was hampering the Road Crew's efforts at clearing streets and demonstrated the issues with pictures provided to the Council. He noted the purchase of a new piece of equipment to address the complaints of snow berms blocking people's driveways.
 - Councilman Andersen asked if Public Works was trying to save money by not putting more trucks out.

- Mr. Horton noted that two trucks were sitting idle as the City didn't have drivers for them.
 - Councilman Tobin asked how the equipment was holding up.
 - Mr. Horton noted a grader was down, but expected the parts any day.
 - Councilman Andersen asked who serviced the heavy equipment.
 - Mr. Horton explained the City staff performed minor repairs and the City's contract mechanic did the rest.
 - Councilman M. Johnson asked about the new piece of equipment.
 - Mr. Horton noted it would take two days to install and the Road Crew would install it as soon as the snow gave them a chance.
- 3) Ukallaysaaq Okleasik spoke in support of the changes to the Port Tariff. He summarized his letter asking the City of Nome to craft policy that promotes onshore investment.
- Councilman Andersen asked for clarification on what specifically he was supporting.
 - Councilman Brown explained that Tariff #14 prohibited the transfer of fuel from barge to ship without using the Port's pipeline. In his view, the policy restricted free enterprise because it favored the primary player in the fuel business at the Port.
 - Mr. Okleasik suggested characterizing the policy as "promoting onshore infrastructure investment," noting that such a policy supported the tax base and local jobs. He stressed his request for the City to prioritize investment in the community so that companies stay and support the economy.
 - Councilman Brown expressed confidence that the tariff would pass; however he also voiced a concern that as the Port expands, the policy may prompt some vessels to bypass Nome altogether.
- 4) Judy Martinson spoke in opposition to the proposed changes in the Port Tariff, stating that fueling at the wall was already difficult and slow. She argued the restrictions would make the situation worse. Ms. Martinson also spoke about the Port's balance sheet and questioned whether noting depreciation and maintenance separately was double dipping. She noted that depreciation shouldn't be listed without an adjustment to actual costs and that the actual costs should be reflected in the tariff rates.
- Councilman M. Johnson asked how long she waits for fuel.
 - Ms. Martinson stated it could be as long as overnight and squelching competition would exacerbate the wait times.
 - Port Director Baker informed Ms. Martinson that she could fuel at the outer cells as well and not have to wait for a spot on the wall to open up.
- 5) Bob Hafner commended City of Nome Public Works for the good job they do in clearing the streets of snow. He went on to speak against the seasonal sales tax, asking that the Council rethink the tax prior to the rate rise on May 1st. Mr. Hafner stated that he polled people on the street and those who voted yes did so out of blind trust. He stated that he did not trust the City.
- Councilman Andersen noted the increased support the school system was asking for as well as other increasing expenses.
 - Mr. Hafner asked the City to go into its savings.
 - Councilman Andersen noted that the savings were there to buy time and also used for local cash match needed to leverage state and federal funds.
 - Mayor Beneville noted that good schools are important to keeping families in town.
 - Councilman Tobin pointed to the State's predicament in using savings to support the budget. He also noted no sales tax in Anchorage yet they're losing people and jobs more quickly than Nome. He questioned the logic of Mr. Hafner's argument.

- Councilman M. Johnson argued that an increased sales tax discouraged local purchases and that it was a mindset, not necessarily backed up by numbers.
 - Mr. Hafner argued that older people tended to buy things in person and the tech savvy younger generation would shop online even if the price were the same.
 - Councilman Tobin summarized Mr. Hafner's argument by saying that sales tax didn't matter.
 - Councilman M. Johnson asked when the Council would address the mechanism of a sales tax holiday.
 - Councilman Andersen suggested he do so in Councilman's Comments and put the matter to a vote. If the motion carries, Administration will address the issue.
- 6) Wendy Chamberlain briefed the Council on matters in the State of Alaska legislature, including the present debate on the POMV draw from the Permanent Fund, possible session extension, and status of capital project funding.
- 7) Scot Henderson from Bonanza Fuel Incorporated spoke in support of Tariff #14. He contended there was intense competition between the two shore-based operators and the changes would not support or create a monopoly. Mr. Henderson then refuted the letter from Vitus Energy, ultimately arguing the tariff corrects a weakness that Vitus Energy had been exploiting.
- Councilman M. Johnson asked if it was standard practice to fuel from barges as the Vitus letter contended.
 - Mr. Henderson stated that Alaska's fuel supply is dominated by shore based operators. He argued that if the Council didn't correct the weakness it would encourage the industry to move offshore, where it would grow.
 - Councilman M. Johnson asked Mr. Henderson's opinion on increasing the tariff rates.
 - Mr. Henderson opined that larger operators were better equipped to pass the cost increases on to their customers, though the increase would more greatly impact smaller operators.
 - Councilman Andersen asked how improvements and maintenance would be funded if not through an increase.
 - Mr. Henderson argued the City should be focused on increasing the business in the Port to grow the tax base, rather than taxing a captive audience.
- 8) Ken Hughes thanked Councilman Andersen for bringing forward information on NSHC and questioned the assumption that growth would be good for town. He argued that such growth had to be planned for through a visioning process.

UNFINISHED BUSINESS

- A. O-18-02-02 An Ordinance Adopting the Port of Nome Tariff No. 14 to Replace all Existing Tariffs on the Port of Nome, **SECOND READING/PUBLIC HEARING/FINAL PASSAGE.**

The Council recessed into public hearing at 8:46 PM.

The Council reconvened at 8:46 PM.

A motion was made by C. Andersen and seconded by C. Brown to adopt O-18-02-02.

Discussion:

- Councilman M. Johnson asked if fees had increased in the tariff before them.

- Port Director Baker noted the tariff had not changed since the first reading, where a recommendation for an increase was included with the ordinance. The only fee changes currently in the tariff are minor increases rounding up.
- Councilman Brown clarified that any increases would need to be made by amendment.
- Port Director Baker described the FY19 Port budget, projecting \$350,000 worth of maintenance projects needed while the Port owed the City of Nome General Fund \$2.9 million and had only \$1.2 million in reserves.
- Councilman Brown asked if that included depreciation.
- Port Director Baker explained that the Port only includes depreciation at the end of the fiscal year as required. Until required, the Port works with actual numbers.
- Councilman Andersen asked if revenue would cover the expenses and what the prospects for future grants were.
- Port Director Baker explained that eventually revenue would cover costs but that grants were drying up. Port staff continued to apply for those available, though funding was decreasing and expected match or private funding expectations were increasing.
- Councilman M. Johnson noted that public-private partnerships were becoming the norm nationwide and that the City of Nome should do whatever it can to increase business at the Port.
- Councilman Tobin thanked the staff for using the track changes feature, saying it made it easier to follow.

At the roll call:

Aye: M. Johnson; Martinson; Tobin; Andersen; Brown; D. Johnson

Nay:

Abstain:

The motion **CARRIED**.

NEW BUSINESS

- A. O-18-03-01 An Ordinance Authorizing the Disposal of Municipal Property by Lease to the Federal Aviation Administration (FAA), **FIRST READING/DISCUSSION**.

A motion was made by C. Tobin and seconded by C. Brown to advance O-18-03-01.

Discussion:

- Councilman M. Johnson asked if the lease was new.
- Clerk Hammond explained the lease was not new; however, O-18-03-01 memorialized it moving forward.
- Councilman Andersen asked for the location of the property.
- Clerk Hammond explained it was at the top of Newton Peak where the existing communications equipment was located.

At the roll call:

Aye: Martinson; Tobin; Andersen; Brown; D. Johnson; M. Johnson

Nay:

Abstain:

The motion **CARRIED**.

- B. O-18-03-02 An Ordinance Approving the 2018 Operations and Maintenance Budget for Nome Joint Utility System, **FIRST READING/DISCUSSION.**

A motion was made by C. Andersen and seconded by C. Brown to advance O-18-03-02.

Discussion:

- Councilman Andersen asked if future repair costs had been calculated for the wind farm and for more information on potential battery storage.
- Utility Manager Handeland explained battery storage would cost between \$400 and \$500 per kW.
- Councilman Andersen asked about the Bering Street and King Place projects.
- Utility Manager Handeland explained that the King Place application had been approved, but was waiting on funding. However, he stated it would be better to postpone the King Place project and proceed with the Bering Street project on the AK DOT&PF timeline as it would be more cost-effective for the community. Either project will come to the Council prior to proceeding.
- Councilman Andersen requested Manager Handeland go over the Utility's cash flow in the near future.

At the roll call:

Aye: Tobin; Andersen; Brown; D. Johnson; M. Johnson;
Martinson

Nay:

Abstain:

The motion **CARRIED.**

- C. R-18-03-01 A Resolution Setting the Dates for the 2018 Board of Equalization.

A motion was made by C. Brown and seconded by C. D. Johnson to adopt R-18-03-01.

At the roll call:

Aye: Andersen; Brown; D. Johnson; M. Johnson;
Martinson; Tobin;

Nay:

Abstain:

The motion **CARRIED.**

UTILITY MANAGER'S REPORT

- Utility Manager Handeland presented his written report highlighting the number (1,250 total) of NSEDC subsidies distributed in Nome.
 - Councilman Andersen clarified that the water/sewer side of the utility would be partially paying for projects not covered by grants. He asked if the Utility would need to issue bonds.
 - Manager Handeland affirmed this and explained the Utility borrows from its reserve funds to complete needed projects not covered by grants.
 - Councilman Tobin congratulated the Utility on a zero injury year and asked why the Utility would need batteries.

- Manager Handeland explained how not all the power the wind generates can be used and the state of battery storage technology to assist in storing, rather than dumping, excess energy.
- Councilman M. Johnson requested a balance sheet for NJUS.

CITY MANAGER'S REPORT

- Clerk Hammond referred to Manager Moran's written report and stated he would answer questions as he was able.
 - Councilman Tobin asked for more information about the Mini Convention Center, the Elementary School, and Steadman Field being contaminated sites.
 - Councilman D. Johnson requested a status update on the Air Force Tank Farm.
 - Port Director Baker explained the Air Force and the City were still debating who was going to pay for another study.
 - Councilman Andersen clarified the April 5th work session would cover the City contribution to the School budget and requested the staff provide a draft City budget at the same time. He also requested an employee cost sheet as well as a budget printout for current-year-to-actual and a combined balance sheet.
 - Councilman Tobin asked if the School Board would be present.
 - Clerk Hammond did not know if the work session would be staff only or if members of the Board would be present.

CITIZENS' COMMENTS

- 1) Shane Smithhisler commented on snow removal, explaining that Q Trucking provided contract services for both the City and the State of Alaska. He noted that the Port Charges \$104 for a laborer, yet pays \$105 for a contractor to provide a driver and a truck for snow hauling services. He finished by commending the work that the Road Crew did in clearing snow.
 - Councilman Brown asked what the State of Alaska paid contract trucks.
 - Mr. Smithhisler estimated the rate to be around \$150.

COUNCILMEN'S COMMENTS

- 1) Councilman Brown thanked the public for their comments and the Road Crew for their hard work. Regarding the Port Tariff, he explained the City had restricted free enterprise in the past in certain cases where it was for the good of Nome.
- 2) Councilman D. Johnson stated the Road Crew deserved a pat on the back for their hard work and informed the Council he would be out of town for the month of April.
- 3) Councilman M. Johnson thanked the audience and City staff for their comments and answering questions. He noted the issue brewing with the Coast Guard and Load Line Certificates was a big deal and the Council should support policies that would continue to allow 80-foot and larger vessels to operate in Nome. He made reference to the economic impact the BIMA had on the community when it was operating.
- 4) Councilman Martinson – no comments.
- 5) Councilman Tobin stated that Iditarod went well this year, but that he would like to speak with the Iditarod Trail Committee about the snow berm in the middle of Front St. He explained he watched many of the mushers come in but didn't see one team use the berm. He

thanked Ms. Chamberlain for her report and stated that community size and economic growth were driven by factors outside the control of the City. When the City population swelled to the size of 20,000 it wasn't because of any policies the City set forth. Likewise when the population crashed, it wasn't because of anything the City in particular did.

6) Councilman Andersen – No comments.

MAYOR'S COMMENTS AND REPORT

- Mayor Beneville briefed the Council and audience on his recent trip to Washington D.C. and the events over Iditarod. He stated the atmosphere (vis-à-vis Nome's deep draft port) in D.C. felt better this time around. He informed the Council of two Coast Guard Admirals coming to Nome in April and a workshop/conference the following week. He thanked Ms. Chamberlain for her work and decried the feeling that Nome has shut the door on mining, saying it simply wasn't true.
- Mayor Beneville appointed Gay Sheffield to the Nome Port Commission.

A motion was made by C. Andersen and seconded by C. Brown to confirm Ms. Sheffield's appointment.

At the roll call:

Aye: Brown; D. Johnson; M. Johnson; Martinson; Tobin;
Andersen

Nay:

Abstain:

The motion **CARRIED**.

ADJOURNMENT

A motion was made by C. Andersen and seconded by C. Brown that the meeting be adjourned.

Hearing no objections, the Nome Common Council adjourned at 9:43 PM.

APPROVED and SIGNED this 9th day of April 2018.


RICHARD BENEVILLE
Mayor

ATTEST:


BRYANT HAMMOND
City Clerk