

Mayor
Richard Beneville
Manager
Tom Moran
Clerk
Bryant Hammond



Nome City Council
Stan Andersen
Jerald Brown
Matt Culley
Louie Green, Sr.
Tom Sparks
Lew Tobin

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**NOME COMMON COUNCIL
SPECIAL MEETING AGENDA
WEDNESDAY, MARCH 2, 2016 @ NOON
COUNCIL CHAMBERS IN CITY HALL**

- I. ROLL CALL
- II. APPROVAL OF AGENDA
- III. CITIZENS' COMMENTS
- IV. UNFINISHED BUSINESS
 - A. O-16-03-01 An Ordinance Adopting the Port of Nome Tariff No. 12 to Replace All Existing Tariffs of the Port of Nome,
SECOND READING/PUBLIC HEARING/FINAL PASSAGE,
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- V. ADJOURNMENT

**MINUTES
NOME CITY COUNCIL
SPECIAL MEETING
March 2, 2016**

The special meeting of the Nome City Council was called to order at 12:00 PM by Councilman Andersen in Council Chambers of City Hall, located at 102 Division Street.

ROLL CALL

Members Present: Stan Andersen; Louie Green; Matt Culley; Jerald Brown;

Members Absent: Lew Tobin (excused); Tom Sparks (excused)

Also Present: Tom Moran, City Manager; Bryant Hammond, City Clerk; Lucas Stotts, Harbormaster; Joy Baker, Port Director (telephonically)

In the audience: Emily Russel, KNOM; Sandra Medearis; Mark Johnson; Kenny Hughes; Larry Pederson; Gerald Hughes; Scot Henderson; Howard Farley, Sr.; Mitch Erickson. Adem Boeckmann

APPROVAL OF AGENDA

Councilman Andersen asked if there were any changes to the agenda.

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

At the roll call:

Aye: Green; Andersen; Brown; Culley

Nay:

Abstain:

The motion **CARRIED**.

CITIZENS' COMMENTS

- 1) Ken Hughes stated the budget needed to make up \$1 million and it wouldn't be fair to place that on the backs of the property tax payers. He noted that the bulk of the Port's revenue came from gravel and fuel. Increasing port fees hinders individual miners' and fishermen's' earnings, as well as impacts fuel costs, both of which impact the City's economy as a whole. He suggested the City delay or space out some upcoming projects and expenses.
 - Councilman Andersen noted the need to create a fund balance for future Port maintenance as such expenses would either be paid through Port fees or mill rate. He noted the next budget cycle was two months away. He also clarified that the previous fund balance did not pay for operations, but went towards match for grants and land acquisition for Port expansion.
 - Manager Moran noted some confusion on the Port budget might be attributed to practice of combining grants and operations funds in the budget. The port is in the red

\$116,000, which could likely be reduced further prior to the end of the year. He clarified the Port staff consisted of a Harbormaster, Director and two assistants, which did not cost the exaggerated salaries alleged. He reiterated that the Tariff increase would be put towards deferred maintenance of existing facilities and not operations.

- Councilman Culley noted roughly that \$742,000 in the budget went towards personnel.
- Port Director Baker explained the expenses the Councilman was referencing was the sum of any staff city-wide working in relation to the Port, the code being location-based rather than department-based. This would include public works crews assisting with fuel transfers, finance staff billing port customers, seasonal labor, etc. This will be addressed moving forward with the Finance Department.
- Councilman Culley noted a 325% cost in Port Salaries over the past several years.
- Port Director Baker clarified those were associated with grant funded projects.

- 2) Mark Johnson stated that he works with fisherman and miners that use the Port; he thanked the Port Commission and Staff for running a busy, small port. He asked that the City Council evaluate other ways of raising revenue other than raising fees. He had three concerns: a 10% increase would have a detrimental effect on Port users; the increase in fuel wharfage costs would be passed onto consumers; a 10% increase in revenues would not fix the deficit remaining.

- Councilman Andersen and Manager Moran noted the budget Mr. Johnson used in his handout was the original budget, rather than the amended budget passed several weeks prior. Manager Moran clarified the Tariff increase was for Fy17.

Mr. Johnson requested the Council take another look at the budget and Tariff.

- Councilman Brown reminded the Council that the 2013 Rate Study by Northern Economics recommended a 50% increase. Port Director Baker explained the Port is attempting to take a gradual approach to raising rates to make it easier for the Port users.
- Councilman Andersen reminded those present that increasing rates assists in building a fund balance to address maintenance to keep the port operational.
- Councilman Green asked why our insurance wouldn't cover potential incidents at the Port.
- Councilman Andersen stated there are deductibles and the final bill still comes to the City.

Mr. Johnson asked how the bill collecting was going.

- Director Baker stated the City is beginning the impound process.

- 3) Charlie Lean spoke from his perspective on the Port Commission, stating the Commission views the Port as needing to be a self-sustaining business, and therefore have a contingency fund of \$2 million. He highlighted different needs to have a rainy day fund and different uses of the Port's rainy day fund in the past. At the present rate of savings, it will take 12 years to achieve the \$2 million target. He argued the 10% increase would amount to pennies on the dollar and not a 10% increase on a sack of potatoes.

- Councilman Culley agreed on the need for the rainy day fund, but questioned the Port's growth trend.

Commissioner Lean stated that a minor crisis would deplete the current contingency fund.

- 4) Adem Boeckman thanked Director Baker's work for the Port. He suggested that Port users idly congesting dock faces should be charged a premium for taking up prime working space. He also asked if, as a commercial fisherman who doesn't use Middle Dock, he was

paying for it. Mr. Boeckman asked Director Baker as to the Army Corps of Engineers' responsibilities at the Port.

- Director Baker explained the USACoE fulfilled their responsibilities with respect to the South Wall and the East High Dock and dredge the navigational channel inside to the turning basin. She explained the rest of the docks were the responsibility of the City and that Middle Dock was paid for with grant funds.

Mr. Boeckman explained he runs a clean operation and doesn't want to be penalized for others' spills. He also criticized the practice of overbuilding of infrastructure that end-users have to pay for in the future. Mr. Boeckman ended by suggesting the City approach private industry to fill in Thornbush Subdivision.

UNFINISHED BUSINESS

- A. A. O-16-03-01 An Ordinance Adopting the Port of Nome Tariff No. 12 to Replace All Existing Tariffs of the Port of Nome, **SECOND READING/PUBLIC HEARING/FINAL PASSAGE.**

For the purposes of holding a public hearing, the Council recessed at 12:55PM

The Council reconvened at 12:55 PM.

A motion was made by C. Brown and seconded by C. Culley to adopt O-16-03-01.

Discussion:

- Councilman Culley stated he agreed with Commissioner Lean on the need to increase Port fees; however, he would like to wait until those with concerns have had their questions answered by the Finance Director.
- Councilman Andersen agreed, requesting more information broken out for the Council, for example, the impact on fuel costs.
- Manager Moran agreed that the increase projections, which went before the Port Commission, should have been included in the packet; yet this didn't change the fact that an increase is still needed. He asked the Council if they had a different percentage in mind.

A motion was made by C. Green and seconded by C. Culley to table the motion to adopt O-16-03-01 until the March 28th 2016 Regular Meeting.

Discussion:

- Councilman Culley stated he would vote to pass the 10% increase; however, he wanted the increase justified to his constituents.
- Councilman Andersen agreed.
- Councilman Brown requested the 2013 Rate Study be available, stating the plan going forward was gradual 5% and 10% increases, year by year.
- Councilman Andersen requested everyone get the 2-9-16 Port State of Affairs Report.
- Councilman Green stated the Port of Nome was a lower usage port than compared to others in Alaska.
- Councilman Brown agreed, though stressed the need to compare with other ports and adjust for the Nome factor.

- Director Baker stated the Port of Nome tried to compare to similar ports as was possible and noted that the Port Commission had two advertised work sessions and a Regular Meeting to discuss and pass the resolution recommending the increase with very low public turnout.

At the roll call:

Aye: Green; Andersen; Brown; Culley

Nay:

Abstain:

The motion **CARRIED**.

ADJOURNMENT

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

Hearing no objections, the Nome Common Council adjourned at 1:06 PM.

APPROVED and **SIGNED** this 28th day of March, 2016.



RICHARD BENEVILLE

Mayor

ATTEST:



BRYANT HAMMOND

City Clerk