

Mayor
Alice Ruby

Acting Manager
Jack Savo Jr.



Dillingham City Council
Bertram Luckhurst
Michael Bennett
Steven Carriere
Curt Armstrong
Kaleb Westfall
Kevin McCambly

MEMORANDUM TO COUNCIL

To: Mayor Ruby and City Council Members
From: Daniel Miller, Port Director
Through: Jack Savo Jr., Acting City Manager
Date: September 2, 2025
Re: Resolution 2025-41 to Amend Port of Dillingham Terminal Tariff

SUMMARY:

The Port of Dillingham Terminal Tariff needs an overhaul and revisions to better fit our current operations. I have been working with David Arnold from the International Association of Maritime and Port Executives (IAMPE) since December 2024 to do just that. The Port of Dillingham Advisory Committee has unanimously agreed to recommend to City Council the adoption of Resolution 2025-41 to amend the Port of Dillingham Terminal Tariff. The proposed changes will increase revenue with updates to current revenues as well as the introduction of a whole new revenue stream. In addition, these updates will provide better and more extensive legal protection for the City, a cleaner look as well as remove unneeded or outdated practices.

PREVIOUS COUNCIL ACTION:

The Terminal Tariff was originally adopted by the council in 1986 (Ordinance no. 86-10). In accordance with the original ordinance, changes have been made to the Terminal from time to time, the most recently being 2022 (Resolution no. 2022-01). Changes that have been made in the past include but are not limited to rate increases, introduction of new rules and regulations, and implementation of new charges.

BACKGROUND:

To my knowledge, the Terminal Tariff has never had a professional third-party overhaul to identify outdated rules, regulations or practices. Also, it is not known when the last time, if ever, a professional third-party has conducted benchmarking rate studies to determine how our Terminal Tariff compares to others. The Dock has transitioned from being an owner-operated Port to being more of a Landlord Port. This means that we no longer provide handling services, and those services are provided by a third party using our terminal facility.

DISCUSSION:

It is important to recognize that every year, the Port relies on drawing from its enterprise fund. We should be looking to steer away from that as much as possible and I believe that, if approved, the proposed changes will start us on the path to being able to build reserves

instead of drawing from them.

The proposed changes to the terminal tariff will include a three (3) percent increase to existing charges at the Small Boat Harbor and a five (5) percent increase to most charges at the City Dock. Changes also include the implementation of exclusive and separate fee schedules for use of the Wood River Launch and Kanakanak Beach Access focused on fairness to individuals that use these locations and do not use the Small Boat Harbor. It also makes changes to the structure and rates of terminal storage.

At the Dock the current structure of the Terminal Tariff assumes that the City is providing cargo handling services and conducting all operations. The reality is that we manage and maintain the property and the operations are conducted by a private entity. Because of this, we no longer receive any revenue from handling charges which, historically, made up approximately one third of revenue at the dock. Revenue that the City is no longer earning. With all this information considered, these updates propose a new revenue stream for the dock: Terminal Use fee.

The intended purpose of the terminal use fee is to earn the revenue necessary for the regular maintenance and eventual replacement or upgrading of our facilities. The charge will be assessed based on size of all incoming freight discharged to the terminal to account for wear and tear and any potential damage inflicted on our facilities.

ALTERNATIVES:

The City of Dillingham must have an approved Terminal Tariff entering the new year. This is necessary to ensure that all impacted parties are given proper notice prior to the 2026 barge and fishing seasons. If a decision is not made before January, approval of this resolution will not be applicable until the 2027 season. With that said, the only alternatives to approving and implementing these changes are either reverting to the existing Terminal Tariff and making no changes or amending Resolution 2025-41 to approve some of the changes and not others. Regardless, a decision should be made no later than the January 2026 Regular Council meeting.

FINANCIAL IMPLICATIONS:

There are no costs expected from the approval of these changes. All costs associated with the creation of the document have already been expended. It is estimated that the adoption of these changes would increase revenue at the Dock by \$90,000 in the first full fiscal year (FY27). These estimates include revenue increases in wharfage, dockage and equipment rentals as well as the implementation of the new Terminal Use fees. At the Harbor, revenue increases are estimated to be \$40,000 in FY27.

LEGAL:

The Terminal Tariff changes have already been fully vetted by the City's legal team and any questions or concerns of theirs have been addressed. The City Attorneys take no issue with the Terminal Tariff as is presented to you now.

Staff Recommendation

STAFF RECOMMENDATION:

Given the information that has been presented concerning this resolution, the staff recommendation to the Council is to move to adopt Resolution 2025-41 in its entirety.

PROPOSED MOTION:

I move to adopt Resolution 2025-41 to amend the Port of Dillingham Terminal Tariff

CITY MANAGER COMMENTS:

ATTACHMENTS:

Attachment #1: Port of Dillingham Terminal Tariff (Draft)