

**MINUTES
NOME PORT COMMISSION
REGULAR MEETING
January 20th, 2022**



The Regular Meeting of the Nome Port Commission was called to order at 7:01 pm by Chairman West in Council Chambers at City Hall, located at 102 Division Street.

ROLL CALL

Members Present: Smithhisler; Lean; West; McCann; Rowe; Sheffield; McLarty (zoom)

Absent:

Also Present: Joy Baker, Port Director (zoom); Glenn Steckman, City Manager

In the audience: Dana Haecker, Nome Nugget; Scot Henderson, BFI

APPROVAL OF AGENDA

Chairman West asked for a motion to approve the agenda:

Motion to approve made by Smithhisler, seconded by Sheffield.

At the Roll Call:

Ayes: Lean; West; McCann; Rowe; Sheffield; McLarty; Smithhisler

Nays:

Abstain:

The motion **CARRIED**.

APPROVAL OF MINUTES

Dec 16th, 2021 Motion made by Sheffield, seconded by Lean to approve minutes;
Regular Meeting

At the Roll Call

Ayes: West; McCann; Rowe; Sheffield; McLarty; Smithhisler; Lean

Nays:

Abstain:

The motion **CARRIED**.

CITIZENS' COMMENTS

- none

COMMUNICATIONS

- 21-12-22 SOA Gov. Dunleavy ADDP WRDA Funding Requests to Congress
- 21-12-30 NOAA Hydrographic Services Review Panel (HSRP) Advisory Committee
- 22-01-05 Arctic Sea News and Analysis – Ice Data Center
- 22-01-13 National Weather Service Watch Warning Advisory - NOAA

Discussion:

- HM Stotts highlighted a few figures from the Arctic Sea News Ice Data Center report
- Commissioner Sheffield noted the Nome airport pressure gauge measured the pressure wave from the Tonga volcano eruption.
- PD Baker stated the NOAA Hydrographic Panel is looking for folks to serve on the panel – if anyone is interested we could submit a nomination.
- PD Baker stated the NOAA Weather Service Watch Warning Advisory is for regional community residents who wish to provide feedback on how weather events affect their communities.

COMMISSIONER'S UPDATES

- Lean stated the winter crabbing season officially started the 1st of Feb, and there is another Norton Sound Advisory Committee meeting later this month. The crab fishery is one of the discussion topics on what there is to be done.
- McLarty commented that he now has a TWIC card and to let him know if there is a need to assist with anything in the upcoming summer season.
- Sheffield commented that there are three Russian vessels between 350ft and 1,000ft that were working (north/south bound) in the Chukchi Sea and Bering Strait in January. It is unprecedented.

HARBORMASTER'S REPORT

HM Stotts provided a brief overview of the following;

- Assisting PWR with roads when needed.
- Coordinating with staff on A/R account collections.
- Advised the PC about two new 65ft+ dredges operating in Nome during the 2022 season, which will put a strain on both the uplands and dock space.
- Informed that roughly 20 Sailing Vessels have contacted the port indicating they will pass through Nome as they transit the NWP (north or south).
- Called out maintenance and repairs planned for the 2022 spring – currently generating detail for materials purchasing and crew scheduling.
- Updated on 2022 cruise vessel stops for the July through September period of the season.
 - Recap the potential for hiring additional staff to assist with facility security needs.
- Test high mast lighting unit provided by NJUS engineering firm (CRW) to evaluate light performance in harsh weather. Test light is enroute, with installation scheduled for spring. Trial will help indicate the best product for future replacements.

PORT DIRECTOR'S REPORT

PD Baker provided an overview of the following;

- 22-01-17 Port Director/Project Status Report
 - ADDP LSF Design Consultant Fee Funds
 - Local Service Facility's the City is required to design/construct are being done by PND (docks/roads) and CRW (utilities). Ken Morton is doing oversight on utility design.
 - There are 3 new USDOT grant opportunities, and the intent is to apply for as many those as practical, but immediate need is to fund up to 65% design at \$1,68M to achieve work through 30 June.
 - ADDP Expansion – Public Meeting
 - Public virtual meeting is set for 9 Feb, and is intended to update the community and all interested parties on the status of the project at this time.
 - Support for Shared Admin Staff Position
 - We are working with Public Works to coordinate on sharing admin staff year round that would support budgeting, purchasing, billing, tracking, compliance, etc..

Discussion:

- PD Baker advised that the \$250 Million dollars put into the WRDA bill through the IIJA (Job Act) was mostly due to our delegation's hard work. The Congressional Delegation deserves a huge thank you.
- Progress has been made on the West Nome Tank Farm property, and things should move along soon.
- Sheffield asked if we already know the costs of Phase 2 and Phase 3 for the ADDP.
 - PD Baker responded that those cost will likely change as we complete Phase 1, but at this time Phase 2 is estimated around \$55 Million on the federal side and \$18 Million for the City. Phase 3 is about double that for each of us.
- Sheffield asked what would happen if the City could not cover their required match with the Corps.
 - PD Baker stated that the federal funds would likely sit idle for a period of time defined by the Corps. If the situation did not change, the funds would be distributed to other project(s).
- Smithhisler stated he thinks having Public Works staff assist with fuel transfers, line handling, etc., it takes them away from their other duties. He approves of creating staff positions like this.
- McCann commented that he likes the idea of this position mainly being Port staff but assist with PWR duties in slow times.
- McLarty commented that historically it has been tough to keep temporary positions filled each year and maybe this would help address the issue.

Motion:

The following motion was moved by Smithhisler and seconded by McCann:

Recommending the Common Council to support authorization of \$1,058,425 to PN&D Engineers to provide 65% design level drawings and specs for Phase 1 Local Service Facilities on the ADDP project.

Discussion:

- Lean commented that Phase 1 is where they build the main pier out and design of the docks, roads and utilities are the City's portion. Without that plan, there is no project. The 95% design is what they solicit bids from. We need to continue the project and we should support seeing this through.
- McCann feels we are just an advisory body and we should push it to the City Council and they can look if it is within their budgetary means.

At the Roll Call:

Ayes: McCann; Rowe; Sheffield; McLarty; Smithhisler; Lean; West

Nays:

Abstain:

The motion **CARRIED** unanimously.

OLD BUSINESS

Recommending Port Tariff Revisions

Discussion:

- McCann asked if we could review the spread as a group that we had discussed earlier.
- Rowe stated that he thought we were all in agreement on the Tariff rate change but still needed to come to an agreement on the gravel rate scale.
- McLarty advised he feels the CPI increase should be calculated differently than provided based on how it is worded in the Tariff. Feels it should be an average over the previous 5 years and that the way it was calculated as provided is incorrect.

- Rowe commented that the annual CPI adjustment for a 5 year period is not an average of the percentage change, it is an average of the CPI change. So you are taking the CPI number vs the change to the year period we are moving forward to. If you take the number from 2017 to current, there was roughly an 8.7 % change in the CPI, but the average change was 3.67%.
 - Rowe added that he has also seen contracts with a CPI change that will put a cap on the increase. This may help guarantee we don't have too big of a jump in the future.
 - Also stated the CPI change is typically in the 2% - 4% range over a 5 year period.
- PD Baker stated that if the Commission did not want to provide a recommendation to the Council at this time and instead discuss further, we could schedule another work session before the Council meets on 14 Feb – which would be 1st reading, with 28 Feb being 2nd reading.
- McLarty re-stated that the way the CPI adjustment was presented in the past made it seem like we were taking an average of the past 5 years percentage change of the CPI. Stated he would like to review the minutes from the meeting where that was decided as he felt the percentage increase was expected to be less than 3.6%.
 - Rowe commented that at that time we did anticipate less of a percentage increase than what we actually saw.
 - West said he agreed, that's why the 5 year average is used, to take out the highs and lows.
- West added that it sounds like the Port Commission will need to meet again before 10 Feb to further discuss the gravel rates scaling.
- Scot Henderson, representing Bonanza Fuel commented on proposed Tariff changes regarding fuel transfer and testing issues;
 - There are items in the Tariff, specifically 3.050(j) section that describe issues currently under disagreement.
 - Feels there have been disagreements on who actually owns the fuel when the fuel is in the pipeline and who is responsible for what during those operations and is liable.
 - It is and always has been the City's (and USCG's) position that once the fuel hits the dock headers, it becomes the tank farm operator's responsibility, which Mr. Henderson thinks should be clearly defined in the Tariff.
 - PD Baker commented that fuel use for hydro testing has historically never been a problem and functioned through an unwritten agreement, similar to Anchorage.
 - Mr. Henderson requests that all parties meet to discuss these potential changes to mandating fuel use for hydro testing before anything is added to the Tariff. Thinks we may be able to come to an agreement that users would not object to.

NEW BUSINESS

Inner Harbor CAP 107 Project Study – Corps De-authorizing Federal Features.

Discussion:

- PD Baker provided some background;
 - The Corps intends to de-authorize the South and East Dock structures, along with strips of dredging along the face of the East, South and Fish Docks, a port of the end of the Floating Docks. They are citing Corps policy as the reason behind the changes, claiming the corps is not supposed to be dredging dock faces that move cargo, nor maintaining the dock faces, as they have since early 1920's.
 - This new position by the Corps began when the City requested improvements to the South Dock to increase loading capacity that will support cargo/equipment operations as the port continues to grow. This request opened Pandora's Box, with the District working with their

Division office for many weeks in determining the path forward, which is for the City to accept their plan to de-authorize the two docks and dredging areas in order for the project to move forward. If the City does not agree, the project will be terminated.

- The City can accept the de-authorizations and become responsible for those areas in the future, and the project will continue, or challenge the policy through a waiver request which would have to be reviewed by others and copied to the Congressional Delegation. The Corps has held responsibility for these docks and footprints of dredging for over 100 years – why stop now.
- Lean commented his big issue is the South Dock face does not allow for heavy weight bearing due to the shallow depth of the sheet-pile tips, and the Corps does not want to deal with correcting this, so this is their way of pushing back. The South Dock area will be primary staging for the new port expansion during construction and the Corps doing this is a bad idea. The only options are either accept it or push our congressional delegation on the issue.
- There was general group discussion on the history of the South Dock, facility dredging and reasons the Corps should upgrade the South Dock and retain responsibility.
- A rough estimate by the Corps for the South Dock repairs is around \$6.2M.

COMMISSIONER'S COMMENTS

- McLarty thanked Rowe for his explanation on the CPI issue and also Henderson for attending the meeting and discussing the Hydrotest issue. Welcomed Drew McCann to the Port Commission.
- McCann thanked Sheffield on keeping everyone posted on the Strait Science talks. Is also excited for the Cruise and sailing vessels that hopefully visit us this coming season.
- Sheffield commented about the Bering Strait Festival and that the coordinator of this even is advertising open borders between Russia and the US. Stated that the USCG is looking at this in a search and rescue light. Wants to keep an ear out for more info on this at time goes on. This will take place in August 2022.
- Rowe commented he is interested in the outcome of the meeting with the fuel providers and the City so we can look at future expenses and methods on fuel line testing.
- Smithhisler commented he was glad to see us expanding our gravel rate scale and feels it will help entice projects to get their gravel from Nome in the region.
- Lean commented that we should explore all possibilities on the fuel line testing and see if there are alternate methods.
- West commented that he was pleased to see the federal funds coming through for the ADDP and that a lot of hard work has taken place by PD Baker in the background keeping this project going. Also stated we need to keep our ears open for investors to help fund the ADDP as this project is important for Nome, the region and the Nation.

ADJOURNMENT

Motion was made by Smithhisler for adjournment 9:30 pm.

APPROVED and **SIGNED** this 17th day of February 2022.

JW2

Jim West, Chairman

ATTEST:

Jh Baker

Joy Baker, Port Director