PORTS AND HARBOR COMMISSION Minutes for Regular Meeting August 2, 2011

I. CALL TO ORDER

Chairman Bruce Painter called the regular meeting of the Ports and Harbor Commission to order at 7:03 p.m. in the Valdez City Council Chambers.

II. ROLL CALL

Commissioners Present: Bruce Painter, Laura Meadors, Jeff Johnson, Colleen Stephens, and Mark Swanson.

Commissioners Steve Cotter and Bernie Culbertson were absent and excused.

Also present: Diane Kinney, Ports & Harbor Director; Sarah VonBargen, Harbor Office Manager; Karen Feero, Recording Secretary; and 1 member of the audience.

III. APPROVAL OF MINUTES – June 21, 2011

The minutes for the June 21, 2011 meeting were approved as presented.

IV. PUBLIC BUSINESS FROM THE FLOOR

There was no business from the floor.

V. STAFF REPORTS

Diane Kinney, Ports & Harbor Director reported everything at the Harbor and Port is business as usual. Dave Martinson and some dignitary's from Washington D.C. representing the Corps of Engineers will be visiting Valdez next week and will be taking a tour of City facilities and discussing the harbor expansion project.

Ms. Kinney mentioned the CIP projects scheduled for this fall for the harbor will be the renovation of the restrooms under the Harbormaster's office and the H-K Docks and Tour Dock electrical project. The airport will be receiving new seating, carpet, and fresh paint. Ms. Kinney informed the commission that the power pedestal project at the VCT has been completed. Ms. Kinney also reported the budget process will begin Friday. Departments will be receiving budget paperwork to start the process. Ms. Kinney asked commissioners to let her know if they see anything that is needed for the Port or Harbor budgets.

VI. UNFINISHED BUSINESS

There was no unfinished business.

VII. NEW BUSINESS

A. Approval of Recommendation for Memorandum of Agreement with Copper Valley Internet for the Installation of an Internet Access Point and Antenna at the Port Office

MOTION: Commissioner Swanson moved, seconded by Commissioner Stephens, to approve the recommendation for a Memorandum of Agreement with Copper Valley Internet for the installation of an internet access point and antenna at the Port Office.

Commissioner Swanson asked Ms. Kinney if there were competitors asking for the same agreement with the City. Commissioner Swanson was concerned if this agreement would preclude competition with other organizations.

Ms. Kinney stated that at this time there has been no request from other agencies.

Jim Gifford, the representative from Copper Valley Internet explained to the commission the installation is for an unlicensed Wi-Fi frequency at the Kelsey Dock. Mr. Gifford responded that there are other frequencies competitors are able to use if needed. Service will be available to the public at a daily, weekly, or monthly rate if they are not customers of Copper Valley DSL.

Ms. Kinney reported the City IT Department has reviewed the request and has no objections to the agreement.

Commissioner Meadors noted a discrepancy on page 2 that needs to be corrected. On page 2 under Indemnification it should read "Port Office" instead of Harbormaster Office.

Ms. Kinney will work with Copper Valley to make the correction on the agreement before it is sent to the City Council.

VOTE ON THE MOTION: 5 yeas, 2 absent (Culbertson and Cotter). Motion carried.

B. Discussion Item: Harbor Rates

Ms. Kinney passed out information on the definition of the Shared Fisheries Business Tax and Raw Fish Tax and the amount the City has received from these taxes.

Commissioner Swanson asked how much the City can safely depend on from year to year regarding the fish tax.

Commissioner Meadors felt the City should not rely on these revenues to cover harbor expenses since it is so variable. Commissioner Meadors would rather see these funds be placed in the harbor long term capital replacement fund.

Commissioner Stephens felt the fish tax was too variable to use to set harbor rates, especially when the City does not receive the funds for two years. The City is currently using half of the Raw Fish Tax for harbor operations.

Ms. Kinney reviewed the original recommendation to council in January, 2011 and the commission recommended a continuation of the 10% increase for moorage rates for the next three years. The council requested the commission review an increase of 5% instead of 10%. The 5% increase is what is showing on the current resolution.

Commissioner Swanson questioned what amount the Council is requesting the commission to review. He noted the 10% increase did not look like it was going to cover the expenses.

Ms. Kinney said that she added in the administrative expenses and without the fish tax funds, the amount needed would be \$98,877. However this did not take into account the electric and heating adjustment that was done at mid-year. With the mid-year request of \$38,000 the total would be \$136,000.

Commissioner Meadors questioned whether or not there has ever been more than a 10% increase.

Sarah VonBargen responded that to the best of her knowledge there has never been more than a 10% rate increase.

Commissioner Meadors recommended each yearly percentage rate increase be written in the resolution since the users group in the past requested the information.

Chairman Painter felt Council's direction at the work session was to get to what the market cost is for the services.

Ms. VonBargen mentioned that Council member Wells suggested increasing the rate 5% the first year and 10% for the following two years.

Commissioner Stephens agreed with Commissioner Meadors that the percentage needed to be written in so the commission would not have to struggle with the percent calculation yearly.

Chairman Painter suggested a 10% increase for the first year and reevaluate the increase yearly for the next two years.

Commissioner Swanson agreed to the recommended 10% increase for the first year and suggested an additional 7% for each of the following two years.

Commissioner Stephens felt the 5% increase Council was suggesting would not cover inflation costs. Commissioner Stephens felt the City would not be moving forward with covering expenses. She felt that the commission and staff need to clearly explain costs and the reason for the rate increase to Council.

Commissioner Meadors requested both fisheries taxes be put in the Harbor Fund for future capital replacement costs and not used to cover operational expenses. Commissioners agreed that the taxes should be used for capital replacement costs.

Commissioner Stephens suggested that if the Council wanted to use the funds from the fish tax to cover operating expenses that they set a flat rate instead of depending on the variable payment that is made each year.

Commissioner Meadors reminded the commission that the City has set a precedent with the cap of 10% on the last resolution. She suggested leaving the cap at 10%, with the authorization to review the increase yearly if needed.

Commissioner Swanson recommended an increase over the next three years of 10% for the first year and 7% for each of the following two years. He suggested if the rate needed to be increased to 10% each year that would happen during the evaluation time.

Ms. Kinney confirmed that the resolution should read that for the next three years there may be a "not to exceed increase of 10% per year". She understands this to mean the commission may recommend an increase of up to 10% or decrease if needed during the yearly review.

Commissioner Meadors agreed that the increase for the first year at 10% and 7% for the following two years does get closer to the cost for the harbor to sustain itself. She recommended the commission review the increase prior to the budget being developed to make sure the expenses are covered.

Chairman Painter asked if the commission was comfortable with the increase of 10% for the first year and the increase of 7% for the each of the two following years.

Commissioner Meadors felt that the request for the fish tax to be placed into a savings fund for future capital replacement needed to be in the resolution.

Ms. Kinney said the commission will need to have this request on the Agenda Statement with the resolution for Council approval.

Ms. VonBargen recommended the commission finish reviewing the other changes in the resolution at this time.

Commissioner Swanson was concerned with the fishing problem for safe navigation in the harbor. He thought having the wording written down along with a fine amount would help enforce the no fishing rule.

Commissioner Meadors mentioned being specific on the wording would help with any confusion.

Commissioner Swanson suggested using wording regarding "impeding safe navigation" and setting the fine at \$75.00. He said that a verbal warning might not work and having a fine might be helpful.

Commissioner Stephens agreed the wording of "impeding safe navigation in the harbor" should work.

Ms. Kinney questioned whether the commission wanted two rules, one being impeding safe navigation and the other being fishing in the harbor.

Chairman Painter suggested "impeding safe navigation in the harbor, such as fishing in the harbor" as an example for the public to read.

Commissioner Meadors felt the commission needed to specify per action or incident.

Ms. Kinney said she and Ms. VonBargen will go over the recommended resolution to make sure all the requested changes are complete. The final document will be placed on the agenda for the next meeting.

VIII. REPORTS

There were no reports.

IX. INFORMATION

A. Valdez City Council Minutes of 6/6/11 and 6/20/11

There was no discussion on these items.

X. COMMISSION BUSINESS FROM THE FLOOR

<u>Commissioner Meadors</u> welcomed Commissioner Swanson to the commission. She felt the harbor rates are defensible and appropriate. She also expressed her

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thanks to the harbor staff for handling all of the chaos at the harbor with all of the additional fishing vessels.

Chairman Painter welcomed Commissioner Swanson as well.

XI. ADJOURNMENT

Karen Feero, Recording Secretary

There being no further business, the meeting adjourned at 7:55 p.m.

CITY OF VALDEZ, ALASKA
PORTS AND HARBOR COMMISSION

Bruce Painter, Chairman

ATTEST: