
City of Bethel, Alaska

Port Commission Minutes

Date 01/16/2006

Regular Meeting

City Council Chambers

CALL TO ORDER

A regular meeting of the Port Commission was held on 01/16/2006 at 7:30p.m. in the City Manager's Office, Bethel, Alaska.

Brandon Leary called the meeting to order at 7:35p.m.

ROLL CALL

Commission did have a quorum, the following members were present:

Brandon Leary
Allen DeSousa
Clair Grifka
Heath Martin
Alan Murphy
Thor Williams
Donna Chris

Also in attendance were the following:

Anna Hoggard

Absent:

None

PEOPLE TO BE HEARD

Louie Andrew

Mr. Andrew spoke on behalf of the citizens that live along 1st Ave. They are concerned with the amount of traffic, noise and pollution caused by the commercial fish processors that work in that area. He stated that they have presented their concerns to the City before but that it was never addressed. He asked that the Commission look into the possibility of relocating the fish processors farther away from the residential area.

Donna: I overheard them talking about a land exchange in Louse Town.

Heath: The only thing I've been able to find about a land exchange has to do with the section that belongs to BNC from the north parking area to the small boat harbor.

Allen: This is the first I've heard of this issue, nothing has been brought to the commission before now.

Heath: It will be handled; we can move it closer to the Crow property.

Brandon: Is there a way to fence it off to keep the kids out of there.

Heath: Yes, we can do that.

Donna: What about the refrigerator units? They aren't quiet.

Allen: If they could arrange their equipment so that the units are behind something else and reflect the noise back towards the river that would help. Let's put this on the agenda for next month.

APPROVAL OF MINUTES of the December 19, 2005 regular meeting

MOVED BY:	Thor Williams	Approval of the December 19, 2005 minutes
SECONDED BY:	Allen De Sousa	

VOTE ON MOTION	Passed unanimously
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APPROVAL OF AGENDA

MOVED BY:	Allen De Sousa	To approve the regular agenda
SECONDED BY:	Thor Williams	
VOTE ON MOTION	Passed unanimously	

PORT DIRECTOR'S REPORT

Heath: It's a pretty short one this month.

Allen: When the port staff is working on other projects for the city are they still being paid by the port? That has been a problem in the past.

Heath: No, the salaries are being billed to the appropriate department.

Thor: Does that also apply to the D5 dozer that's being used to build the snow walls?

Heath: Yes, I'm usually the guy that's building the snow walls. In my report it shows the Crow property cleanup as being 65% done, that's now about 99% completed. We've done some work locating water and sewer lines for the Courthouse Expansion project. We also removed the quainsant hut behind the courthouse, which took about 5 hours. Anna is here but she's no longer an employee of the Port. She is working in the Finance department now.

Brandon: We can't seem to keep any of our good help, why is that?

Heath: Because when you're offered a fulltime position with benefits, which the Port does not offer, you take it.

Brandon: Why doesn't the Port offer those types of positions?

Heath: We are going to be working on that during the budget process. I don't want to have to go through training 3 nineteen year olds every summer. It costs more to retrain than to have a full time person in that position. Our operations are becoming more complex, we are going to take on the billing and we need someone there that knows what's going on a day to day basis. When we get to the FY07 budget review we'll talk more about this.

Thor: One of the reasons why is because the Port Enterprise Fund was operated on a 5-6 month basis, so the positions were not considered fulltime year round position. When you talk about the positions becoming fulltime you have to take into consideration that they will be union positions. If the commission wants to change their employees I would recommend that the commission put their 2 cents into the budgetary process and come up with a budget to be given to Council to approve that would address those issues. Most council members don't have a good understanding of what the Port Commission does.

Brandon: As the Port continues to grow the responsibilities of the Port employees will also grow. In the past the Port Director's position was fulltime year round.

Heath: There are a couple of budget mods put in here. I made the mistake at the last council meeting, Mayor Williams had put on the agenda to discuss budget modifications and I misunderstood I thought we could introduce our budget mods at the time which wasn't the case. Not a big deal though. There was money left in the account to relocate the Port office, I wanted to move that money into Other Purchased Services, i.e. \$7500 of electrical work on the warehouse. The other \$7500 for the concept drawing of the river front.

Allen: Have we already done the electrical work on the warehouse? If we're going to move it do we still want to spend the money on it?

Heath: We still have to have power to the warehouse and right now the existing electrical is way below par. We will be using the warehouse for at least one more year.

CHAIRMAN'S COMMENTS

Brandon: I was disappointed by the way the ice road issue was handled. It got shot down without ever really having a chance. The City Council decided it didn't want the liability after doing it for 20+ years.

Allen: It use to be state money, but now that it's city money the Council is worried about liability.

Brandon: It was written in the contracts that the contractor was liable not the city. I bid it several times myself. They also said they were going to have a special meeting on it but that never happened and the public wasn't able to voice their opinion about the ice road.

Allen: Is it dead or what's the story Thor?

Thor: I've addressed it in my comments to the Commission.

COUNCIL REP'S COMMENTS

Thor: Louie Andrew spoke at the last Council meeting to voice the concerns about the fish processors on 1st Ave. I asked him to also present his issues to the Port Commission, so that his views would be presented without any changes or revisions and that it be brought to the attention of all layers of government. I'm glad he followed through with my suggestion and I'm also happy to hear that Heath has some ideas to correct the problem, as it has been a concern of mine for some time. Back to what Heath had said about mid-year budget modifications, I had put that on the agenda because usually at this time of year the city administration asks council for any changes it has. Also, the FY07 budget was to be submitted by administration by Feb 1st. I hadn't seen any work being done at a department head level to date, so I added it to the agenda. Heath had brought in his mid-year budget mods, but they were not put on the agenda. So they were not introduced at that time. When he has done that, they will be addressed at the next council meeting on January 31st. On the issue of the ice road, when the commission asked that it be brought to council I was in support of it. Councilman Dymont brought up the issue of liability. We checked with the staff attorney and her recommendation was that the City would carry the liability on producing the ice road. Since that was the legal recommendation I decided not to hold the special meetings in December. At the Council meeting on January 10th, I brought up the recommendations of the Port Commission to do the ice road. The council did discuss the idea of the ice road but it still came down to the concern over the city's liability. It may be that we are being overly cautious but it's basically going to be up to the lawyers to draft something that will provide that the city will be held harmless before the ice road can become a reality.

Brandon: That's always possibility with this type of endeavor. We can't let the lawyers dictate how we're going to do things, just because there's a chance they're going to sue, otherwise we'd never get anything done. It's a shame because the villages rely on the ice road and it brings a lot of revenue into Bethel.

Thor: That's also the reason the state has decided not to fund the ice road.

Donna: Is it possible to ask the city's legal department to look into this further? Is there some sort of clause we could use so that the city would not be held liable?

Brandon: Is the city going to prevent a private contractor from plowing an ice road from a village to Bethel?

Thor: No, it's not our river.

Brandon: But it runs through your city limits, and the city would still be liable, wouldn't it? I don't see how you're cutting the city out of it one way or another? Doesn't the city face the exact same liability in town on the city roads?

Clair: What if the city posted signs along the ice road, such as use at own risk? There are a lot of other ice roads through out Canada and they have found a way to handle such issues. We could post something in the paper.

Heath: It's just like a construction contract; you will never be able to cover everything that could possibly happen.

Donna: I would like for someone to ask the city attorney to show us how we could make this happen.

Alan: I haven't heard the city attorney mention anything about the boardwalks.

Thor: Those types of things are covered by our insurance.

Clair: Maybe a separate insurance policy could be bought just to cover the ice road contract. If not this year maybe next year.

MOVED BY:	Allen De Sousa	To have city attorney review ice road issue
SECONDED BY:		
VOTE ON MOTION	Passed unanimously	

COMMISSIONER'S COMMENTS

Allen: I don't have anything other than what's on the agenda.

Donna: No, I don't have anything to add.

Alan: I'm glad someone called to remind me about the meeting; I was working late and had forgotten about it.

Clair: I was wondering if we could move our meeting time up to 7pm. Would that be ok with everyone?

Heath: You can make a motion to change the time.

MOVED BY:	Clair Grifka	To move meeting time to 7pm
SECONDED BY:	Thor Williams	
VOTE ON MOTION	Passed unanimously	

OLD BUSINESS

A) Bethel Search & Rescue Land Lease

Brandon: Once again I see that they haven't shown up to the meeting

Heath: Just for the record we do have a place for them. They just have to let us know if they want it, and if they want a 2, 3, or 4 year lease.

Allen: They were aware of the meeting tonight. I received an email from Jack Hobstead, that basically said that if we were offering the same thing as before that they weren't interested and to stop bothering them. So I'm not going to put this on the agenda again.

Brandon: Ok then, we tried.

B) Brown Slough Bank Stabilization Project

Heath: This is the ever changing project. I got an email from Andrea Elconin, the project manager for the Corps. We are still having issues on three easements. The hold up is with the BIA. Ms. Elconin's recommendation was that we go ahead and commission the project. The funding is in place, \$3.75 million came from the feds for this project. We can get it out to bid in FY06 and start construction in FY07. Hopefully by then, those easements will have been acquired. The work in those areas can be added to the contract. This is the third project in that area. My question is "what happened to the easements that we purchased or were granted for the first two projects?" The

answer I got was very simple. The easements were never recorded. So here we are, buying the easements for probably the third time. The project is going to happen though.

NEW BUSINESS

A) Election of Officers

Brandon: It's that time again already. How did we do this before?

Thor: We nominate people for the positions then vote on it.

MOVED BY:	Donna Chris	To nominate Brandon as Chairman and Allen as Vice-Chair of the commission
SECONDED BY:		
VOTE ON MOTION	Passed unanimously	

B) FY07 Port Operating Budget

Heath: Our nine month budget process is under way. There are five pages of spreadsheets in your packet. The first one is the Municipal Dock Fund Summary. The top line is revenues, the next line is operating costs and the fourth line is depreciation and amortization. I was told that we do not fund for depreciation and amortization, we just have to show it on paper. So the bottom line isn't really the bottom line. The actual bottom line is right below the operating expenses.

Thor: There is talk in council that we need to start looking at covering depreciation, especially in Port projects, so that the money invested in projects like the bank stabilization doesn't depreciate away.

Heath: I think that's a good idea and I am looking forward to working with the council on that in the future. We need to look into protecting our investments. The Port's FY06 projected revenues are slightly higher than I had originally anticipated and the FY07 revenues are quite a bit higher taking into consideration the changes in the tariff. The next page is the Dock Fund Capital Budget Overview. There are two capital fund expenses for FY07. One is the haz mat storage area, which we are required to have. The other is the LCL freight handling. The third page is the breakdown of Dock Revenue, showing all the sources of our revenue. Dock storage is going to nearly double due to the change in the tariff. Storage will be calculated by the cubic foot instead of square feet. The projected wharfage revenue is an average of the last few years. Dockage will increase due to changes in the tariff. Fuel thru put is difficult to calculate. I hope that our chairman will be able to give me some insight closer to spring into the number of gallons they will be bringing in. Petro port dockage will increase. Seawall moorage is pretty much the same as last year. Seawall wharfage is almost double what it was last year.

Donna: Why is there such a dramatic difference in Petro port dockage over last year?

Heath: We have been looking much closer at the Length Over All of the barges that are coming in. The rates haven't changed. I don't think the beach wharfage has been charged against the right account in the past; there is a lot of freight moving across the beach. Small boat harbor permits have gone up since we are thinking of changing to three types of permits instead of two. Page four is a breakdown of the Port's expenses. Obviously, personnel costs are going to be higher. There is a breakdown of those expenses on page five. We do not have a job description at the moment for a Port Secretary, but I am going to develop one. I want that to be a fulltime 12 month position with benefits.

Thor: Can you change the terminology to Administrative Assistant?

Heath: I actually think it should be an Office Manager position since the duties are going to be more complex as we take over the accounting functions for the Port from the City Finance department.

Thor: I would highly recommend that you do that since the job is going to require more skill.

Heath: I can do that. I have three Port Attendants but we may need to have four. We should be able to cover all but one shift a week with three. Someone would have to be on one overtime shift. With four there wouldn't be any overtime.

Allen: Couldn't you use that fourth person for some of the projects you have planned?

Heath: The labor for the project is already covered within the maintenance project. The fourth port attendant is now the listed as the dock yard attendant. Pete is going to be handling the traffic on the dock. He's been working on that this past year and he's good at it. He knows the people and what needs to be done. As for expenses, most everything under materials, supplies and services is consistent with last year. There is no gravel in our operating budget. The cost for our phone is going to be a little higher because we have installed a high speed internet connection. Vehicle maintenance and repairs is going to be significantly higher this year. We've had to have a lot of work done on our heavy equipment that can be attributed to little or no maintenance being done in the past.

Allen: What is the schedule for replacing vehicles?

Heath: It should be about every seven years. We could really use a new one this year, but I didn't put it in here.

Thor: Is it in the master capital budget?

Heath: I think it's in there for next year, so we're going to be a truck short this year. The Rangers are 1999 models and aren't made that well. I'll be more than happy to put that in this year's budget if the commission will support it.

Brandon: If you need it and we can afford it...

Thor: Put it in.

Heath: What I would really like for us to have is another $\frac{3}{4}$ ton or 1 ton truck. Maybe with a flat bed or extended cab.

Brandon: A flatbed would come in pretty handy.

Heath: Turn your attention to Administrative Overhead starting at FY01 going across to FY07 you will see a dramatic decrease. That should answer a lot of questions about the finances and where the money has been going.

Allen: There's your new truck.

Thor: Why is FY07 half as much as FY06?

Heath: If you remember last year City Council finally called Administration's bluff on the outlandish charges for administrative overhead. The Port was open for five months out of the year and paying over a hundred thousand dollars in administrative expenses.

Allen: The auditors caught it too.

Heath: It's lower for FY07 because the Port personnel will be taking on even more of the responsibility. OK, moving on down the page to Project Expenses. Erosion Repair and Bank Stabilization is where the funds are applied right now. Let me explain the FY06 projected expense of \$175,000. We took the reimbursable expenses out of the seawall grant of \$123,000 and moved them into that line item. We had \$257,000 worth of rock slated for this project, but the A rock underneath was intact so we won't have to replace that giving us a savings of \$125,000. We used \$120,000 of the B rock but Council had appropriated \$300,000 purchase of amour rock. We also saved some money by not putting some projects out for bid, like paying \$18,000 for a fence that we installed ourselves in four days. We've spent roughly \$240,000 at the Port this year. It would have been more like \$400,000 if we would have had to buy the rock, so we're money ahead.

Thor: Are we meeting the Corps requirements for the amount of rock we need to have on hand for erosion control?

Heath: Yes we are. What I want to ask Council to do is to take the remainder of that \$500,000 from last year, which is roughly \$300,000 and continue that project line item into FY07. I want to start this summer's maintenance in May. I want to order the materials in April so they make it in on the first barge. I hope the Council will go along with these plans. As for the maintenance schedule, the first order of business is the 1st Ave. Bank Stabilization. There's an eighteen crack in the slope.

Brandon: Do you have any kind of a buffer built in for any breakup issues along the seawall?

Heath: There are still some FY06 operating moneys in other accounts that can be used if something comes up. There are some erosion issues behind the Petro Port that need to be addressed. Surface improvements to the City Dock is going to be on an annual schedule.

Brandon: Back to the Petro Port for a moment, have there ever been any core samples done to check the integrity of the cells there?

Allen: I brought that up some time ago. It needs to be done on a more regular basis. We had some close calls at both the City Dock and the Petro Port.

Heath: Most of this \$400,000 project could have been spread out over many years if we had done one simple thing that the Corp advised us to do, and that is to have an annual survey done. You can't walk along and see where the ground has sunk a few inches. By the time you can see it it's dropped several feet and you've got big trouble. It's a lot cheaper in the long run to have those surveys done than to have to replace a seawall. We're going to have to do something with the boat ramps in the small boat harbor, but with the dredging coming up next year we should probably hold off on doing this. I'm thinking we might demolish the existing ramps, use the recoverable materials to make one good ramp and gravel the other until the dredging is done.

Donna: Is there any way to keep the public informed on what maintenance is being done and why? People are much more accepting if they know what's going on and where their money is going.

Allen: I was talking with someone today who told me they were shocked that our small boat permits were only \$20. They said they pay five times that much in Homer. Our moorage is also low. We should get that information out to the public.

Heath: Parking is a huge issue at the harbor. We have some unused land near the north harbor that we're going to clean up and gravel for more parking. There's some soil remediation that has to be done at the Crow property. There are the usual protective fencing projects that have to be done. We are planning on putting more fencing along the south slope towards the Petro Port. We want an impound yard at the small boat harbor. The City Dock fence also needs to be replaced. These projects are worth roughly \$730,000 to us. Equipment costs are an earned credit they do not come out of pocket. When I report this to the Corps we get to tack on an additional \$351,000 in earned credit. Does anyone have any questions or comments?

Allen: Those plates on top of the seawall that are suppose to be gone, what's the plan?

Heath: We've gotten rid of some of them, but not all of them. It's a continuing project. It was a matter of personnel and priorities.

Clair: What was the integrity of the pipe, was it hollow or was there still fill in there?

Heath: It varied. The ones that had silt in them were settling. I had an interesting conversation with the Corps. They seem to think there may be a bust in the tide and that our tide information is incorrect. The Corp uses one set of elevations and the State uses another different set of elevations. It's obvious on the city maps that the spot elevations are not correct. The speculation is that there is at least a three foot difference in the elevations that the state and the corps are using. I'll be looking into this more this summer when we do our tidal survey. Planning is looking into the geological elevations. This could open the door for the Corps to dredge in some areas depending on the outcome of the surveys.

Allen: Has there been any discussion about dredging near Oscarville?

Heath: Not that I'm aware of at the moment. There has been a survey done that identified a couple of choke points on the river, one at Tuluksak Flats and Johnson Crossing. If it starts to become a problem they will have to dredge especially if the elevations are off. Does anyone have any questions about the maintenance schedule?

Donna: It's great to see this on paper.

C) LCL Freight Handling

Heath: There are two sheets in your packets, one is start up expenses, the other is a break even analysis. In the past KLT has done some of the LCL freight handling for one of the barge lines, but it is my understanding that that relationship is coming to an end. The other two mainline carriers have been unloading LCL freight from the containers directly into vehicles in a working area of the dock. There are safety, security and liability concerns with it being done this way. We have looked at a couple of ways of handling the LCL freight. One would be to put it out to bid for a contractor to take

the LCL freight, but there's not enough money in it really. We could continue to handle it the way we have been but as soon as someone gets hurt there's going to be a lawsuit. The other option is to do it ourselves. That way we solve the liability issues, get the job done and make a little money as well. By my estimate the start up costs will be \$100,650.00. That includes two forklifts and other assorted equipment to move the freight. We will need to do some remodeling on the warehouse. There are insurance and certifications that will need to be procured. This will be funded through the Port Enterprise fund. The next page is the break even analysis. We will need to make \$60,130. to break even. Some of the labor costs will be absorbed through operating since Pete and his assistant will be handling most of the LCL freight.

Allen: If Pete and his assistant are doing this, who will be doing what Pete usually does?

Heath: Standard practice is when a main line barge arrives we lock the gate.

Brandon: LCL freight is the worst and hardest part of this whole business. It's where you have the most damage; it takes the most time and the most manpower. I think your figures may be on the low side unless you're going to increase the rates.

Heath: OK, let me go back through this. Let's revisit this at the next meeting. I think we can make this work.

DISCUSSION

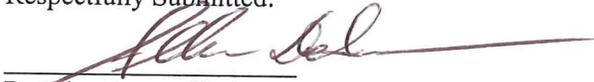
Signing of Letter of Support to State for improvements to Hoffman Highway.

ADJORNMENT

Meeting adjourned at 9:45pm

NEXT MEETING: February 20, 2006

Respectfully Submitted:



Brandon Leary, Chairman

APPROVED THIS _____ day of _____ 2005.

ATTEST:
