
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 Dyment 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 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 ¾ 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:

City of Bethel, Alaska

Port Commission Minutes

Date 02/22/2006

Regular Meeting

City Council Chambers

CALL TO ORDER

A regular meeting of the Port Commission was held on 02/22/2006 at 6:30p.m. in the City Manager's Office, Bethel, Alaska.

Brandon Leary called the meeting to order at 6:40p.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:

None

Absent:

Anna Hoggard

PEOPLE TO BE HEARD

None

APPROVAL OF MINUTES of the January 16, 2006 regular meeting

MOVED BY:	Thor Williams	Approval of the January 16, 2006 minutes
SECONDED BY:	Donna Chris	

VOTE ON MOTION	Passed unanimously
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APPROVAL OF AGENDA

Allen: An item has been accidentally left off. I had requested that discussion of the Council Rep position be added to New Business.

Clair: We were also going to talk about Mr. Andrew's concerns that he shared with us at the last meeting.

Heath: I would suggest that we discuss that more at the March meeting.

Brandon: OK, is there anything else?

MOVED BY:	Allen De Sousa	To approve the regular agenda, as amended
SECONDED BY:	Alan Murphy	
VOTE ON MOTION	Passed unanimously	

PORT DIRECTOR'S REPORT

Heath: It's a pretty short one this month. The Crow Property clean up is complete. Tony Avalos is cleaning up the other two buildings and should be done by June 1st. Peter and Galen have been working outside since the weather has been good. The new tariff was ratified by the City Council on February 13th. It is now posted on the City of Bethel and The Houston Port Bureau websites.

Donna: Were there any other changes made to the new tariff?

Heath: There were a few changes made to the wording but the rate structure stayed the same. I have again spelled out my need for a full-time Port Office Manager. I think you'll be seeing me riding a Cat this summer more than you'll be seeing me ride a desk.

Donna: So what do we need to do to push this forward?

Heath: It has been included in the budget. We have discussed it informally and I will be bringing it back to the Commission to get a recommendation. We'll have to pick it apart some more but a recommendation from the commission will go a long way to getting it done.

Donna: Do we need to add this to the agenda for the March meeting?

Thor: The budget for the enterprise fund for the Port is to be reviewed by the committees in March.

Heath: We'll probably have to call a special meeting because I'll be out of town from March 10th thru the 27th. I have copies of the budget along with the maintenance schedule if anyone needs one. The LCL freight issue is going to be moved to old business. My opinion is that the Port could make money at it, but not enough to justify the headache it would cause. Additionally, a window to submit requests for funding of projects came open and I will be sending a request for the Small Boat Harbor project to Washington by the end of the week. I have gotten a commitment from our delegation in Juneau to write letters of support for it, which should help. This is approximately a twelve million dollar project. The funding would come from Sen. Murkowski's office since the majority of the Corps funds are going to be sent to the Gulf Coast. That's all I have for now.

CHAIRMAN'S COMMENTS

Brandon: I've noticed in the slough near Hoffman's office that the wooden retaining wall is starting to come up out of the ground and the timbers are starting to come loose. We need to take a closer look at it before breakup or we could have a major failure there.

Heath: It just so happens that we're going to have an engineer out tomorrow and we'll be going by there to take a look at it and get his opinion. It could be that we can just take a hammer to it and drive those timbers back in place.

Brandon: I would also like to commend everyone on the work on the new tariff. It was a lot less painful than I thought it would be, in part because Heath was so well prepared. So just wanted to say "Good job". That's all I have.

COUNCIL REP'S COMMENTS

Thor: Ordinance 511-C is in public hearings at the moment. It will be up for public testimony on the 28th.

Allen: What is 511-C?

Thor: That's the budget modification that Heath put forth for the Port Enterprise Fund.

Heath: Just to jog everyone's memory, it's on the bottom of page 2 of the minutes.

Thor: So that's being pushed through. The budget is supposed to be introduced on March 1st. I have reminded the City Manager that the budget needs to go to the committees then it needs to come back to the Port Commission to be reviewed before it gets reviewed by the City Council. The ice highway is a dead issue. We tried to contact Bethel Search & Rescue to see if they would take it on, but they said no due to the liability issue.

Brandon: That's not what they said. They said they are not in the business of doing the ice road since they are not a contractor.

Thor: There was also a resolution for the Port Commission to review finding a land lease for Bethel Search & Rescue. I did let the other Council members know that the Port Commission has been trying to meet with Search & Rescue on this matter but that they have not responded.

Allen: To clarify that, Search & Rescue had responded by saying they weren't interested in anything we had to offer and to quit bothering them. I have the email I received from them if you'd like to see it.

COMMISSIONER'S COMMENTS

Allen: I think I've already made some of them.

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

Clair: I don't have anything.

Alan: I saw that some of the old oil barrels are being cleaned up at the dock.

Heath: Yes, KLT had a conex full of used oil. What happened was they left the conex with out any doors on it so other people came along and dumped their used oil there too. That's not our problem. Unfortunately, it is our problem that it was on our dock, so they are taking care of it. Hopefully, next year we will be able to take care of it for them for a fee of \$5 - \$6 a gallon. Pete's keeping a close eye on them to make sure they're doing it right.

OLD BUSINESS

A) LCL Freight Handling

Heath: It was certainly worth looking at and yes there is some money in it but I don't know if it's worth the headache. It just as easy to make twenty grand off a warehouse lease as it is to make twenty five grand off freight handling.

Brandon: Probably come out way ahead. Maybe on down the road sometime.

B) Bethel Search & Rescue Land Lease

Heath: I expected to see one of their reps here tonight but no one has showed up. Councilman Dymant is here, so feel free to jump in. It is my understanding that Search & Rescue wanted something like 10,000 square feet of space with easy access to fuel and the river. We could set them up with that size of lot somewhere on Beach 2. I think that would be a fine place for them.

Allen: Keep in mind that is the only place we have to expand, if we need space for Donlin Creek.

Heath: That's true. What would we consider as a long term lease, 5 year, 20 years?

Councilman Dymant: Well it hasn't really been discussed but I think what they were considering is the same as the agreement the City had with the boy's group home 25 years ago, sort of an indefinite lease as long as the property was being used for the purposes stated. The resolution that the Council passed direct the City Planner to come up with three possible suggestions for Search & Rescue. The Port got involved in this since they wanted space near the river. They will have to understand though that land is a precious commodity here. In fact the City doesn't have much compared to other cities of this size. If it turns out that Port property is too valuable the issue would be sent back to the City Planner to examine other possibilities. I know that the commission has made efforts to contact

Search & Rescue numerous times. The reason I was given as to why they did not respond is because they are looking a piece of property that's available for a long term lease. That they can feel comfortable putting in a permanent structure on instead of using a conex like they are now. They can't do that if they have a year to year lease. The contact person that I was directed to is Allen Joseph. Has the commission contacted him to discuss what their needs are?

Allen: Let me read the email I received from Allen Joseph, after I had contacted Jack Hobstead about someone attending one of our meetings. "The city has offered us a small parcel of land at or near the city dock. We responded that we didn't think it would meet our needs. I don't know if they are offering the same piece of land, but unless they have something else please pass on to the commission so that they don't continue to ask for our attendance." This was sent after the 3rd or 4th time that we had asked them to come to a meeting so this could be discussed. They don't know what we were going to offer because they never showed up.

Councilman Dymont: I can't address issue in the past; all I can say is that the Council is hoping that someplace can be found for them. Obviously, somewhere along the river would be best but if that's not possible then we would have to look at other options. That's why I asked Allen Joseph to contact Heath to see what could be worked out.

Brandon: I remember going through this with them a couple of years ago. We are more than willing to work with Search & Rescue but they have to come talk to us.

Heath: I'll pick three places on Port property and report to the commission at the next meeting. I think we can find a place for them. We'll try to give them something that is close to the river but away from Port activity.

Brandon: How much land do we have across from the Lions Club? Would that work for them? It has a maintained road, along with access to fuel and the river and it would be away from the Port.

Heath: That would be a good spot.

Thor: We need to remember that the previous Council had designated that area a potential spot for the new police station. If it comes about that the City builds a regional public safety center then Search & Rescue could have office space within that building. That way we kill two birds with one stone since they serve not only the city but the state troopers as well. It would be advantageous to have all of those services in one location.

NEW BUSINESS

A) City Dock Condition Survey

Heath: We're making progress, I have seen it. We are still batting it back and forth, getting all the language and figures to jive. I didn't think they put enough value into inflation for the amount of deferred maintenance that the state has done over the last 31 years. I thought the rate of inflation should have been figured a little higher and there's some other language we're working through but it's almost done. I think we're going to get what we want from this. Part of the reason for asking for a condition survey is that PND is going to go to bat for the City. They have negotiated a dozen of these type land transfers with the state. They have had a lot of success. That number is going to come back at between four and six million.

Allen: Has anyone talked to the City Manager about making this a line item if we get this kind of money so that we can keep track of where it's being spent?

Heath: The City Manager firmly believes that it should be a line item so we can all see it. He has nothing to hide and neither do I. So that will happen in the next budget cycle. The undesignated maintenance fund will be shown where it hasn't been in the past. If we take this over from the state the first thing we will not do is go by their rules. Most likely if we do take it we'll turn right around and spend it. Timber walls, broken tie backs, lighting, gravel the list goes on. I should have the official copy of this pretty soon. The City Manager says we don't have to bend on this. They give us what we want or not. We won't take it from them and they'll have to fix it anyway. I was excited to hear that Bill #233 has a line item in it for deferred maintenance for ports and harbors, until I found

out it was for \$500,000 statewide. There is legislation in both the house and senate right now to set up a matching maintenance fund for ports and harbors through out the state which could be beneficial to us.

B) Captain of the Port

Thor: Mr. Pete was Captain of the Port but he passed away about three months ago. It's up to the commission as to whether they want to continue the program and take nominations for a new captain.

Brandon: I think we should. It's well received by the public.

Allen: We should take out a newspaper ad and maybe something on the radio to let the public know that we are taking nominations and what the rules are. Then we'll vote on it.

Brandon: Maybe we could have the person making the nominations come to a meeting and tell us why they think the person they've nominated would be good choice.

Heath: Then we should place the advertisements within the next week or so once we get all the information together.

Allen: It's a lifetime appointment. We should also revise the title to "Honorary Captain of the Port" so to not come into conflict with the Coast Guard title.

Heath: Good point Allen. We'd hate for the guy who gives us all those exemptions to take exception to there being another Captain of the Port in his region.

C) Discussion of Warehouse Lease

Heath: I put this on here for clarification, and this is the last time we're using the term "warehouse", it's a "Freight Terminal". My understanding is that it serves the purpose of LCL freight handling. Rather than going out to bid it is offered on a first right of refusal basis by the amount of LCL freight handled.

Brandon: I can tell you how that originally got started. I was working for D&G at the time, and the warehouse wasn't being used. They were allowing people to store their boats in the warehouse during the winter and charging them for it. D&G decided to expand and asked the city to lease the warehouse to them. The city said they would have to put it out for bid. D&G was awarded the contract. The city deferred some of the lease because D&G did a lot of repairs to the building, putting in the floor and fixing the doors etc. It wasn't put out for bid after that. There was a renewal option in the 5 year lease upon the Port Directors approval.

Heath: I would rather do it on a right of first refusal, because if it goes out to be you have to deal with any wild cards. If a guy with one tug has the highest bid then we're out the space and its purpose is for LCL freight handling.

Brandon: I agree it should go to whoever has the most need for it.

Allen: Is there a legal way to do that?

Heath: I would have to ask the city attorney. It may be as simple as going to the Council and asking for an exemption. I will look into this further and put it on the agenda for the next meeting.

Allen: We need to be sure and clarify in the lease how much space around the outside of the building is to be included.

Heath: We have discussed putting a gravel pad along the length of the backside of the building.

Allen: We aren't going to allow any offices to be put near the building; that would have to go on Oscar Way.

Heath: I'll request that the city attorney draw up a lease agreement so we'll have it ready.

D) Small Boat Harbor Expansion Project

Heath: As I said earlier that will be going to Washington to see if we can get any more funding for it. Any time there's an opening to submit projects we'll do our best to fill that opening, almost twelve million dollars worth.

Allen: Has anyone discussed this with the people across from the small boat harbor entrance?

Heath: To date we haven't discussed it with anybody as it's just a concept at the moment. We will have to talk to those people at some point.

Allen: I've noticed that you have rearranged the floats. Have you considered running a float parallel to the beach and having fingers come off of that?

Heath: You mean like a typical harbor? Yes, we've thought about doing that. Keep in mind that we have to remove our floats every year and it's pretty labor intensive.

Allen: I realize that but if we use plastic floats that can be broken down into manageable sections...

Heath: Remember that Pete, Allen just volunteered to help remove the floats.

Donna: Does this plan include shoring up the bank?

Heath: That's built into this project. I have money budgeted for sheet piling in those areas where there are floats. For the areas where there aren't any floats we'll put into revampment rock or mats. That will take care of the erosion problem.

Brandon: How wide is the entrance to the Small Boat Harbor?

Heath: It's shown at 363 feet. The turning basin is a little over 400 feet wide.

Donna: What is going to protect the beach near the opening of the harbor from the winds and the rains?

Heath: That's what the rock and revampment mats are for. I have enough rock budgeted to fill every void, plus the channel, around the turning basin and out towards the seawall heading down river.

E) M/V Snowball Project

Heath: Mr. Trantham brought this to the last council meeting, and he's here tonight. There are some interested parties that would like to restore Snowball because of its historic and sentimental value. Seeing as we are the Port and we are in the marine industry they wanted to know if we could come up with some ideas. I thought of something Clair has mentioned several times about having a nice sign out there that says "Welcome to the Port of Bethel". My thought was that if the Snowball was restored that the area next to the Lions Club would be a perfect place for it. We could put some sort of signage along with it.

Brandon: I moved that boat a few years ago and it's really rotten. I had a hard time getting it there in one piece.

Heath: We'll have to do a survey to see if it's even worth the attempt.

Allen: Maybe we could see if there's any grant money available for this type of restoration project.

Heath: It could be possible to have it placed on a national historical registry. We're going to try to get more information on it through the vessel registration but we haven't been able to find any numbers on it yet. I think it's something worthwhile if it can in fact be moved and restored.

F) Port Office Replacement

Heath: Well it took someone at this table about two seconds to make a comment about the "Lord of the Mansion" but I won't mention any names.

Thor: It was me, but it wasn't any thing personal.

Heath: I would like for the Commission to consider an office replacement in the near future.

Brandon: We've all felt that needed to be done but other things have taken priority.

Thor: It was part of the issue of needing a building for the first precinct.

Heath: Do you think the City would consider going in on half to get this built?

Thor: Well, I can honestly go to my Council and talk about those issues.

Pete: We definitely need more room down there.

Brandon: And if anyone goes down there to talk to Heath, there's no privacy.

Heath: I've been researching our options, adding onto junk isn't always a good idea.

Allen: One guy you might want to talk to is Tim Meyers; he always has some innovative ideas.

Brandon: I think we approached it backwards last time. We need to know how much we can afford and then have the design drawn up based on that.

Allen: Maybe build something that can be expanded at a later date.

Heath: That's certainly an option. I also think it should be financed on a 15 year note, instead of taking the money from Port fund.

Donna: What do we need to do to get this started again?

Heath: I can start checking around for some ideas. We can put this on the next agenda.

DISCUSSION

Allen: I asked Heath to add this to the agenda but he forgot. I had only heard the end of the last council meeting and it appeared to me that the Port's budget modification was being used to force the Finance Department to do what you wanted them to do. I didn't think this was fair because it was holding up what the Port needed to get done. With all the projects that have been started and others that have been planned. I don't want to see things get stalled. There have been instances lately where certain people are taking the credit for things that the Port is doing. The ice road is one. It was in the paper that it was someone else's idea. I guess what it comes down to is, I realize you are the Mayor but you are also the Council Rep for the Port. If there's going to be a conflict there then I think maybe someone else should be the Council Rep for the Port Commission. I know you have a lot of responsibility as mayor but we need to have our concerns expressed in the way that we have asked that it be done. Not be held hostage in order to get another department to do something.

Brandon: I have to agree with what Allen is saying, Thor. You are our Council Rep. You are supposed to follow the direction of the Port Commission. It seems sometimes you do what you feel is right or you express things in a way that you feel is right instead of doing exactly what our group wants in your representation of us as a group. You are our voice to the council, but it doesn't always seem to come out that way. We have made a lot of progress since Heath has taken over and we need your help. If you don't feel you can be unbiased in this position then maybe we need to find someone else. Do you have anything you want to say?

Thor: I was appointed to the Port Commission in 2003 when I was elected to Council. What I've done is represented this body. It's been an honor for me to serve on this committee. In my opinion, I have done the will of this body. I have not tried to change it. If the newspapers call me up about the ice road and I represent the City on that issue, not the Port. I was in full agreement with the Port commission on the ice road until the issue of liability was brought up. I was trying to find a solution to that problem. I feel I have represented the Port to the best of my abilities. Last year when the budget came up, the Port budget was accepted before any other department. Were there any changes made to it? No. Everyone got what they wanted. When FY05.11C came out, I had brought up the issue the week before. The whole city has mid-year budget mods where they ask for more funding. Heath followed the guidelines and did what needed to be done. Was the Port held hostage? No. The City Council did not pass FY05.11C. They adjourned the meeting while Heath was at the podium. I have no control over that; I wanted to continue so that Heath could introduce the Port budget mods. My fiduciary responsibility is to the City, not just the Port.

Brandon: You should have told us that at our meeting, you sat here and agreed with us.

Thor: I do agree with you, I didn't have any problems with any of the mods Heath had done. If Council had given it five more minutes FY05.11C would have passed. There were deals that had been made. The Council wasn't going to agree to two more meetings. As mayor I can't make motions, only suggestions. When the motion was made to adjourn the Council decided to go home and not discuss it further. That's not my fault. I can not stop them. What you're saying to me is that I haven't done my job.

Donna: I just want to say that over the last six to eight months I have seen the Port Commission become a better more unified group. We have accomplished a lot, and I think that Thor is an integral part of that. I have never heard of any situation where Heath has not been able to get the money he needs to get things done. I know that sometimes we have had issues of getting a quorum at our meetings because I've had to be away so much and you've been busy with other duties as Mayor but I think we have remedied that since Alan has come aboard. I personally want to tell you that I appreciate your work.

Thor: I give a lot of the credit for the progress of the Port to Heath. I try to be the tool of this committee. I knew this was going to come up, when I suggested holding up on FY05.11C and having two more meetings. We're talking the City's finances here. When you open up a window to the City's finances like that people can mess around with it. It's easy enough to do, I've done it myself. I can understand the issue with the quorum but I've been in contact with Heath about that too. There have been a lot of positions open within the City that required me to be involved in the interviews.

Brandon: All we want is for you to be honest with us. If there's something you don't agree with us on, please say so.

Allen: I want to be sure that when the Commission sends something to the Council that it is presented the way the Commission intends for it to be presented. If you want to add your own opinion outside of the Commission that's entirely up to you. We've had this problem in the past and I just don't want to see it get out of hand again.

Thor: That's why I've said that if the Commission wants to make a recommendation to the Council that they should write it up and put it in the council packets. If it's in writing, in the Commissioner's own words, it has more impact with the Council than anything I might say. I stay in touch with the department heads on regular basis to get a feel of what's going on. The Port Commission is my baby, I've protected it and will continue to protect it. If you ever see me do something you feel is questionable, throw it out there, let's discuss it. I would prefer to discuss things with the body, that way we don't end up with numerous versions of what was said. I want to be open and honest.

Brandon: We do have a good group here. We need to keep the lines of communication open.

Thor: Last point I want to make is that Councilman Dymont would really like to be appointed to this Commission, but because of seniority Councilman Trantham has first dibs on the appointment. If that's what this Commission wants, I'll step aside.

Brandon: I don't want to see that happen. What we have now is working; we just need to strive to make it better.

Allen: I would like to say that I agree, Thor has done a lot of good for the Port Commission. I just want to keep it that way.

Thor: Trust me Allen, it's your voice I hear over my shoulder anytime I speak about the Port.

Donna: We as a body need to make sure that our instructions to our council rep are clear.

Clair: There is a recommendation form available in the City Clerks office that we can use to show that we are all in agreement on any issue we want presented to the Council.

Heath: I have a copy of that form right here. Usually when the body makes a recommendation I have it typed up and ready to submit the next day.

Alan: I would like to add that I've watched the Port Commission for a few years. At the time I had no incentive to join. Then it was suggested by my supervisor that I should get more involved with the community. I was a member of the Port Commission before when Buster was running it. I have had members of the community ask me what's going on at the Port and I can tell them that we have an exceptional Port Director now. No more of this buddy buddy stuff. He's doing the job and making it a business that's going to succeed.

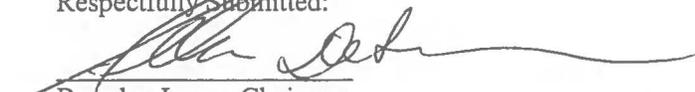
Heath: Thanks for the vote of confidence, Alan.

ADJORNMENT

Meeting adjourned at 8:30pm

NEXT MEETING: March 20, 2006

Respectfully Submitted:



Brandon Leary, Chairman

APPROVED THIS _____ day of _____ 2006.

ATTEST:
