

HB

181

<TARGET><BILL>HB 181</BILL><SUBJECT>HB
181</SUBJECT><COMM>HCRA28</COMM></TARGET>

Alaska House of Representatives

Rep. Neal Foster, Co-Chair
P.O. Box 1630
Nome, Alaska 99762

Phone: (907) 443-5036
Fax: (907) 443-2162



During the Legislative Session
Alaska State Capitol, Room 434
Juneau, Alaska 99801

Phone: (907) 465-3789
Fax: (907) 465-3242

House Special Committee Military and Veterans Affairs

Memorandum

TO: Rep. Gabrielle LeDoux, House C&RA Co-Chair
Rep. Benjamin Nageak, House C&RA Co-Chair

FROM: Rep. Neal Foster, C&RA Committee Member

DATE: March 31, 2013

RE: Bill Hearing Request HB 181 MINING LICENSE REVENUE; REVENUE SHARING

I respectfully request a hearing for HB 181 MINING LICENSE REVENUE; REVENUE SHARING —at your earliest convenience.

HB 181 provides for the sharing of revenue for off shore mining leases and mineral taxes when those lease sale and that mining activity occurs within municipal boundaries.

My staff contact for this legislation is Paul Labolle, who can be reached at 465-3789.

Thank you for your consideration of this request.

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: March 20, 2013

FURTHER REFERRALS: Finance

Date of Committee Action: 1-28-2014

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 181

HOUSE BILL NO. 181

"An Act relating to the accounting for money received by the state from the mining license tax, mining lease payments, and royalties from mining on state tide and submerged land seaward of a municipality, and the availability of that money for appropriation to certain boroughs and municipalities outside of a borough."

HB 181-MINING LICENSE REVENUE; REVENUE SHARING

Recommends it be replaced with HCS or CS for HB 181 (_____)
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

List of Abbrev for Depts.:
 ADM
 CED
 COR
 CRT
 EED
 DEC
 DFG
 GOV
 DHS
 LWF
 LAW
 LEG
 MVA
 DNR
 DPS
 REV
 DOT
 UA

<u>NEW FISCAL NOTES</u>				
*FN# is assigned by Chief Clerk's Office				
*FN#	List by Dept(s):	Fiscal	Indet.	Zero
	DNR			✓
	REV			✓
	REV			✓
	CED			✓

<u>PREVIOUS FISCAL NOTES</u>				
FN#	List by Dept(s):	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
<i>[Signature]</i>	DRUMMOND	X			
<i>[Signature]</i>	Foster	X			
Chair: <i>[Signature]</i>	LODOUT	X			
Chair: <i>[Signature]</i>	NAGEAK	X			

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 181
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB181-DCCED-DCRA-01-21-14
Title: MINING LICENSE REVENUE; REVENUE SHARING
Sponsor: FOSTER
Requester: House Community and Regional Affairs

Department: Department of Commerce, Community and Economic Development
Appropriation: Community and Regional Affairs
Allocation: Community and Regional Affairs
OMB Component Number: 2879

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial version of bill with fiscal note updated for second session of Legislature.

Prepared By:	<u>Scott Ruby, Director</u>	Phone:	<u>(907)269-4569</u>
Division:	<u>Community and Regional Affairs</u>	Date:	<u>01/08/2014 02:20 PM</u>
Approved By:	<u>Jeanne Mungle, Director</u>	Date:	<u>01/08/14</u>
Agency:	<u>Administrative Services</u>		

FISCAL NOTE ANALYSIS

**STATE OF ALASKA
2014 LEGISLATIVE SESSION**

BILL NO. HB 181

Analysis

This bill would allow a municipality to receive a portion of money collected by the state from mining license taxes, mining lease payments, and royalties from mining on state tide and submerged land within the boundaries of the municipality.

There is no anticipated fiscal impact to the Division of Community and Regional Affairs from this bill.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 181
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB181-DOR-TRS-01-21-14
Title: MINING LICENSE REVENUE; REVENUE SHARING
Sponsor: FOSTER
Requester: (H) C&RA

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Treasury Division
OMB Component Number: 121

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Updated for 2014 session.

Prepared By: <u>Pam Leary</u>	Phone: <u>(907)465-3751</u>
Division: <u>Treasury Division</u>	Date: <u>12/23/2013 01:34 PM</u>
Approved By: <u>Angela M. Rodell, Commissioner</u>	Date: <u>12/23/13</u>
Agency: <u>Department of Revenue</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB181

Analysis

This bill would create a Mining License Revenue fund in the general fund. This fund would be one of many non-segregated funds that are invested alongside others in the GeFonsi and therefore, no additional costs would be incurred by Treasury.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 181
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB181-DOR-TAX-01-21-14
Title: MINING LICENSE REVENUE; REVENUE
SHARING
Sponsor: FOSTER
Requester: (H) CRA

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **Yes**
If yes, by what date are the regulations to be adopted, amended or repealed? **12/31/14**

Why this fiscal note differs from previous version:

Updated for 2014 session.

Prepared By:	Johanna Bales, Deputy Director;	Phone:	(907)269-6628
Division:	Tax Division	Date:	12/23/2013 01:40 PM
Approved By:	Angela M. Rodell, Commissioner	Date:	12/23/13
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB 181

Analysis

Bill Language:

This bill would require the department to calculate and separately identify the amount of mining license tax received from mining conducted on state tide and submerged land seaward of each borough and municipality outside of a borough and in the area in the state that is on state tide and submerged land that is not seaward of a municipality. The calculation of tax attributable to such property would be based on the total gross income attributable to such property and total gross income from all mining properties in the state. The amount of tax attributable to such property would then be separately accounted for and, upon request by the commissioner of commerce, community, and economic development, or the department of natural resources, up to 50% of the tax revenue could be appropriated to the borough or to a municipality outside of a borough in which the mining activity was conducted.

Revenues:

There would be no effect on total mining license tax revenue as a result of this legislation. This legislation only provides a method for accounting for mining license tax revenue that is already being received. It is important to note, however, that the mining license tax is a net profits tax. This bill attempts to identify the amount of tax attributable to mining activities conducted on state tide and submerged lands based on gross income and not net income. Although a mine may have gross income, it may not necessarily be profitable and, therefore, would have no tax liability. Thus, it is possible under the apportionment method required in this bill to apportion mining license tax revenue to a mining operation and location that has never paid mining license tax.

Expenditures:

The department will rely on the Department of Natural Resources to identify those mining activities located on state land covered by the provisions of this legislation and, therefore, can implement the provisions of this bill using existing resources.

Regulations:

The department would be required to adopt regulations for apportioning the proceeds from mining license taxes based on gross income. Regulations could be adopted by December 31, 2014.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: HB 181
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB181-DNR-MLW-1-21-14
Title: MINING LICENSE REVENUE; REVENUE SHARING
Sponsor: FOSTER
Requester: House Community & Regional Affairs

Department: Department of Natural Resources
Appropriation: Land & Water Resources
Allocation: Mining, Land & Water
OMB Component Number: 3002

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version:

Updated for 2nd session to accurately reflect FY2015 and out year costs.

Prepared By: <u>Brent Goodrum, Director</u>	Phone: <u>(907)269-8600</u>
Division: <u>Division of Mining, Land & Water</u>	Date: <u>12/05/2013 09:00 AM</u>
Approved By: <u>Joe Balash, Commissioner</u>	Date: <u>12/05/13</u>
Agency: <u>Department of Natural Resources</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. HB181

Analysis

HB 181 amends AS 38.05.135 by adding a new subsection stipulating that after making the deposit due to the permanent fund under AS 37.13.010(a), 50 percent of the remaining amount of mineral lease rentals, royalties, and royalty sale proceeds received for a lease under 38.05.135 - 38.05.160 and 38.05.181 that is located on state tide and submerged land seaward of municipality shall be deposited into the general fund and separately accounted under 38.05.142.

The proposed statute also requires the director to apportion the amount of rent, royalty, and royalty sale proceeds for a lease that is not entirely on state tide and submerged land seaward of a municipality based on the amount of surface area of the lease that is on state tide and submerged land seaward of a municipality.

The Department of Natural Resources does not anticipate needing additional resources to implement these provisions. There is no anticipated revenue change as this bill only changes how the Division of Mining, Land and Water accounts for the revenues gained from mining.

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 181
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB181-DOR-TAX-04-05-13
Title: MINING LICENSE REVENUE; REVENUE
SHARING
Sponsor: FOSTER
Requester: (H) CRA

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2014 Request	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/13

Why this fiscal note differs from previous version:

Initial version.

Prepared By:	Johanna Bales, Deputy Director	Phone:	(907)269-6628
Division:	Tax Division	Date:	04/05/2013 01:00 PM
Approved By:	Alicia R. Egan, Legislative Liaison	Date:	04/05/13
	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB 181

Analysis

Bill Language:

This bill would require the department to calculate and separately identify the amount of mining license tax received from mining conducted on state tide and submerged land seaward of each borough and municipality outside of a borough and in the area in the state that is on state tide and submerged land that is not seaward of a municipality. The calculation of tax attributable to such property would be based on the total gross income attributable to such property and total gross income from all mining properties in the state. The amount of tax attributable to such property would then be separately accounted for and, upon request by the commissioner of commerce, community, and economic development, or the department of natural resources, up to 50% of the tax revenue could be appropriated to the borough or to a municipality outside of a borough.

Revenues:

There would be no effect on total mining license tax revenue as a result of this legislation. This legislation only provides a method for accounting for mining license tax revenue that is already being received. It is important to note, however, that the mining license tax is a net profits tax. This bill attempts to identify the amount of tax attributable to mining activities conducted on state tide and submerged lands based on gross income and not net income. Although a mine may have gross income, it may not necessarily be profitable and, therefore, would have no tax liability. Thus, it is possible under the apportionment method required in this bill to apportion mining license tax revenue to a mining operation and location that has never paid mining license tax.

Expenditures:

The department will rely on the Department of Natural Resources to identify those mining activities located on state land covered by the provisions of this legislation and, therefore, can implement the provisions of this bill using existing resources.

Regulations:

The department would be required to adopt regulations for apportioning the proceeds from mining license taxes based on gross income. Regulations could be adopted by December 31, 2013.

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 181
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB181-DOR-TRS-04-05-13
Title: MINING LICENSE REVENUE; REVENUE SHARING
Sponsor: FOSTER
Requester: (H) C&RA

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Treasury Division
OMB Component Number: 121

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates				
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial version of fiscal note.

Prepared By:	Pamela Leary	Phone:	(907)465-3751
Division:	Treasury Division	Date:	04/05/2013 12:00 AM
Approved By:	Angela Rodell	Date:	04/05/13
	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB181

Analysis

This bill would create a Mining License Revenue fund in the general fund. This fund would be one of many non-segregated fund that are invested alongside other funds in the GeFonsi and therefore no additional costs would be incurred by Treasury.

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 181
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB181-DNR-MLW-4-6-13
Title: MINING LICENSE REVENUE; REVENUE
SHARING
Sponsor: FOSTER
Requester: House Community & Regional Affairs

Department: Department of Natural Resources
Appropriation: Land & Water Resources
Allocation: Mining, Land & Water
OMB Component Number: 3002

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version:

Initial Version.

Prepared By:	Brent Goodrum	Phone:	(907)269-8400
Division	Director, Division of Mining, Land and Water	Date:	04/06/2013 09:00 AM
Approved By:	Daniel S. Sullivan, Commissioner	Date:	04/06/13
	Department of Natural Resources		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB 181

Analysis

HB 181 amends AS 38.05.135 by adding a new subsection stipulating that after making the deposit due to the permanent fund under AS 37.13.010(a), 50 percent of the remaining amount of mineral lease rentals, royalties, and royalty sale proceeds received for a lease under 38.05.135 - 38.05.160 and 38.05.181 that is located on state tide and submerged land seaward of municipality shall be deposited into the general fund and separately accounted under 38.05.142.

The proposed statute also requires the director to apportion the amount of rent, royalty, and royalty sale proceeds for a lease that is not entirely on state tide and submerged land seaward of a municipality based on the amount of surface area of the lease that is on state tide and submerged land seaward of a municipality.

DNR does not anticipate needing additional resources to implement these provisions. There is no anticipated revenue change as this bill only changes how the Division accounts for the revenues gained from mining.

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 181
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB181-DCCED-DCRA-04-04-13
Title: MINING LICENSE REVENUE; REVENUE SHARING
Sponsor: FOSTER
Requester: House Community and Regional Affairs

Department: Department of Commerce, Community and Economic Development
Appropriation: Community and Regional Affairs
Allocation: Community and Regional Affairs
OMB Component Number: 2879

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates					
			FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By:	Scott Ruby, Director	Phone:	(907)269-4569
Division:	Community and Regional Affairs	Date:	04/04/2013 06:00 PM
Approved By:	JoEllen Hanrahan, Director	Date:	04/05/13
	Administrative Services Division		

FISCAL NOTE ANALYSIS

**STATE OF ALASKA
2013 LEGISLATIVE SESSION**

BILL NO. HB181

Analysis

This bill would allow a municipality to receive a portion of money received by the state from mining license taxes, mining lease payments, and royalties from mining on state tide and submerged land seaward of a municipality.

There is no anticipated fiscal impact to the Division of Community and Regional Affairs from this bill.

28-LS0649\U
Bullock
3/25/13

CS FOR HOUSE BILL NO. 181()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE FOSTER

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the accounting for money received by the state from the mining**
2 **license tax, mining lease payments, and royalties from mining on state tide and**
3 **submerged land within a municipality, and the availability of that money for**
4 **appropriation to certain boroughs and municipalities outside of a borough."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 *** Section 1.** AS 38.05.135 is amended by adding new subsections to read:

7 (h) After making the deposit due to the permanent fund under
8 AS 37.13.010(a), 50 percent of the remaining amount of mineral lease rentals,
9 royalties, and royalty sale proceeds received for a lease under AS 38.05.135 -
10 38.05.160 and 38.05.181 that is located on state tide and submerged land within a
11 municipality shall be deposited into the general fund and separately accounted for
12 under AS 37.05.142. The director shall apportion the amount of rent, royalty, and
13 royalty sale proceeds for a lease that is not entirely on state tide and submerged land
14 within a municipality based on the amount of surface area of the lease that is on state

1 tide and submerged land within a municipality.

2 (i) Upon request

3 (1) by the commissioner of commerce, community, and economic
4 development, the legislature may appropriate money from the rent, royalty, and
5 royalty sale proceeds that are separately accounted for under (h) of this section from a
6 lease or portion of a lease on state tide and submerged land within a borough to that
7 borough; and

8 (2) by the commissioner of commerce, community, and economic
9 development or the commissioner of natural resources, the legislature may appropriate
10 money from the rent, royalty, and royalty sale proceeds that are separately accounted
11 for under (h) of this section from a lease or portion of a lease on state tide and
12 submerged land within a municipality outside of a borough to that municipality.

13 (j) Nothing in (h) of this section creates a dedicated fund or limits the
14 authority of a department to request funds or the authority of the legislature to
15 appropriate funds.

16 * **Sec. 2.** AS 43.65.010 is amended by adding new subsections to read:

17 (j) Proceeds from the tax imposed under this chapter shall be deposited into
18 the general fund and separately accounted for under AS 37.05.142.

19 (k) The commissioner shall adopt regulations for apportioning the proceeds
20 from tax received under this chapter based on the gross income attributable to mining
21 subject to tax under this chapter on property, on state tide and submerged land within
22 each borough and within each municipality outside of a borough and in the area in the
23 state that is on state tide and submerged land that is not within a municipality. The
24 accounting for the proceeds from the tax under (j) of this section shall identify the
25 amount of proceeds from tax apportioned to state tide and submerged land within a
26 borough and a municipality outside of a borough in which there is mining activity
27 under the regulations adopted under this subsection.

28 (l) Upon request

29 (1) by the commissioner of commerce, community, and economic
30 development, the legislature may appropriate not more than 50 percent of the proceeds
31 from the tax that are separately accounted for and apportioned to state tide and

1 submerged land within a borough under (j) and (k) of this section to the borough; and
2 (2) by the commissioner of commerce, community, and economic
3 development or the commissioner of natural resources, the legislature may appropriate
4 not more than 50 percent of the proceeds from the tax that are separately accounted for
5 and apportioned to state tide and submerged land within a municipality outside of a
6 borough under (j) and (k) of this section to the municipality outside of a borough.
7 (m) Nothing in (l) of this section creates a dedicated fund or limits the
8 authority of a department to request funds or the authority of the legislature to
9 appropriate funds.

Alaska House of Representatives

Rep. Neal Foster, Co-Chair
P.O. Box 1630
Nome, Alaska 99762

Phone: (907) 443-5036
Fax: (907) 443-2162



During the Legislative Session
Alaska State Capitol, Room 434
Juneau, Alaska 99801

Phone: (907) 465-3789
Fax: (907) 465-3242

House Special Committee Military and Veterans Affairs

Sponsor Statement

HB 181 MINING LICENSE REVENUE; REVENUE SHARING

The impetus of House bill 181 comes to us when offshore mining lease sales occurred off the coast of Nome. These lease sales occurred partially within municipal boundaries and sky rocketed demand for space within the Nome harbor. Space the harbor does not have. While the state realized financial benefit for the lease sales it also created a burden on local municipality to provide additional port and harbor services.

HB 181 will give the department authority to share revenues from offshore mining taxes and lease sales with affected municipalities when the leases are within municipal boundaries. This funding would still be subject to legislative approval.

I urge your support of this legislation.

District 39: Alatna, Alcan Border, Allakaket City, Arctic Village, Beaver, Bettles City, Birch Creek, Brevig Mission City, Central, Chalkyitsik, Chicken, Chisana, Chistochina, Chitina, Circle, Coldfoot, Copper Center, Diomedea City, Dot Lake, Dot Lake Villages, Dry Creek, Eagle City, Eagle Village, Elim City, Evansville, Fort Yukon City, Gakona, Galena City, Gambell City, Golovin City, Gulkana, Healy Lake, Hughes City, Huslia City, Kaltag City, Kenny Lake, Koyuk City, Koyukuk City, Livengood, McCarthy, Mentasta Lake, Nabesna, New Allakaket, Nome City, Northway, Northway Junction, Northway Village, Nulato City, Paxson, Port Clarence, Rampart, Savoonga City, Shaktoolik City, Shishmaref City, Silver Springs, Slana, St. Michael City, Stebbins City, Stevens Village, Tanacross, Tazlina, Teller City, Tetlin, Tok, Unalakleet City, Venetie, Wales City, White Mountain City and Wiseman.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

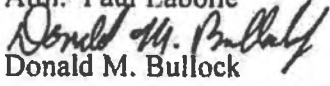
State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 22, 2013

SUBJECT: Seaward of a municipality (HB 181)
(Work Order No. 28-LS0649A)

TO: Representative Neal Foster
Attn: Paul Labolle

FROM: 
Donald M. Bullock
Legislative Counsel

You asked for a legal definition for the word "seaward," and whether HB 181 applies only to tidal and seaward areas that are within municipal boundaries.

Seaward

There is no definition for "seaward" in the Alaska Statutes or the Alaska Administrative Code, although the word appears a number of times. AS 01.10.040(a) provides direction for determining the meaning of words:

Words and phrases shall be construed according to the rules of grammar and according to their common and approved usage. Technical words and phrases and those that have acquired a peculiar and appropriate meaning, whether by legislative definition or otherwise, shall be construed according to the peculiar and appropriate meaning.

The common and approved usage of the term "seaward" is provided by *Webster's Third New International Dictionary*.¹ Three meanings are given. As an adverb, "seaward" means "toward the sea;" as a noun, the term means "the side away from land and toward the open sea; also a location in this direction. As an adjective, "seaward" means "directed or situated toward the sea" or "coming from the sea."

In the context of the HB 181, "seaward" reasonably means the direction away from land and toward the sea.

¹ *Webster's Third New International Dictionary of the English Language, Unabridged*, (2002).

Representative Neal Foster
March 22, 2013
Page 2

State tide and submerged land

The application of HB 181 does not require that the state tide and submerged land seaward of a municipality be within a municipality. Separate accounting is required only for lease rentals, royalties, and royalty sale proceeds from state land seaward of a municipality.² Similarly, the accounting for the mining tax (AS 43.65) focuses on "property, on state tide and submerged land seaward" of a municipality.³

An apportionment to tidal and submerged state land that is seaward from land that is not within a municipality is not subject to appropriation under the language of the bill.

If I may be of further assistance, please advise.

DMB:ljw
13-198.ljw

² Sec. 1, HB 181.

³ Sec. 2, HB 181.



LEGISLATIVE RESEARCH SERVICES

Alaska State Legislature
Division of Legal and Research Services
State Capitol, Juneau, AK 99801

(907) 465-3991 phone
(907) 465-3908 fax
research@legis.state.ak.us

Research Brief

TO: Representative Neal Foster
FROM: Susan Haymes, Legislative Analyst
DATE: March 29, 2013
RE: Communities Qualifying for Revenue Sharing under HB 181
LRS Report 13.335

You wished to know how many and which communities would qualify for revenue sharing under HB 181 as introduced.

As you know, House Bill 181 provides that, after making the required deposit to the permanent fund, 50 percent of the revenue received from mineral lease rentals, royalties, and royalty proceeds from a lease located on submerged state land that is offshore from a municipality will be accounted for separately as a distinct program under AS 37.05.142.¹ The bill further provides that up to 50 percent of those funds may be appropriated by the Legislature for certain boroughs and municipalities upon the request of the commissioner of the Department of Natural Resources or the commissioner of the Department of Commerce, Community and Economic Development.

The bill defines communities that are eligible to receive any appropriated funds as those boroughs or municipalities where a lease or portion of a lease is on "state tide and submerged land seaward" of that borough or municipality. According to Linda Books, Mineral Property Management, Department of Natural Resources (DNR), the only mining leases located in state offshore waters are near Nome and Cape Yakataga.² Cape Yakataga is located in the unorganized borough and, therefore, any mining tax revenue collected from leases would not be separately accounted for under the proposed legislation.³

The DNR conducted an offshore mining lease sale at Nome in the fall of 2011. In short, Nome is the only municipality that would qualify for an appropriation under HB 181.

We hope this is helpful. If you have questions or need additional information, please let us know.

¹ The mineral industry pays revenue to the State of Alaska through a number of mechanisms including mining license taxes, lease payments, production royalties, coal land rentals and royalties, fuel taxes, corporate income taxes, and rock, sand and gravel sales.

² Ms. Books can be reached at 907.269.8647.

³ Cape Yakataga is located on the Gulf of Alaska approximately 250 miles south and east of Valdez. The Yakataga placer leases include nearly 1,410 acres covering about seven miles of beach and consist of all ground from the high tide line to approximately one-quarter mile off shore. Not much mining, if any, has occurred at Cape Yakataga in recent years.

PORT OF NOME

Vessel Calls By Season

NOME PORT SEASON	BULK CARGO & FUEL		GRAVEL & EQUIP. BARGES	HARBOR DOCKING PERMITS		MISC. VESSELS	CRUISE SHIPS	GOVT SHIPS	TOTAL DOCKINGS		AT ROADSTEAD
2012	155	#	33	179	***	59	2	8	436	@11.06.12	51
2011	112	#	37	86	***	31	2	3	271	+	14
2010	83	#	76	60	***	67	2	8	296	+	
2009	104	#	95	57	***	37	5	3	301	+	
2008	91	#	51	52	***	31	4	5	234	+	
2007	84	#	31	46	***	12	3	8	184	+	
2006	89	#	15	44	***	6	3	5	162	+	
2005	78	#	21	37	***	13	3	3	155	+	
2004	88	#	32	28	***	5	4	7	164	+	
2003	65	#	25	65	***	4	5	6	170	+	
2002	79	#	61	55	***	26	8	8	237	+	
2001	53	#	34	43	***	13	1	2	146	+	
2000	54	#	38	26	***	40	0	2	160	+	
1999	62	#	40	25	***	30	0	1	158	+	
1998	42	#	60	19	***	18	4	2	145	+	
1997	51	#	32	23	***	20	2	1	129	+	
1996	19	*	30	43	***	43	4	0	139	+	
1995	22	*	24	45	***	36	3	0	130	+	
1994	35	*	24	41	***	23	2	3	128	+	
1993	56		18	0		32	4	0	110	+	
1992	67		20	0		21	1	2	111	+	
1991	18	**	14	0		14	2	1	49	+	
1990	18	**	5	0		10	0	1	34	+	

The total dockings number indicates how many vessels called at the port during the season, but does not depict how many days each vessel stayed. Vessels typically stay 2 to 3 days. Occasionally, a vessel may stay in port for up to 7 days or more due to weather, operational scheduling, or to layup for repairs.

"AT ROADSTEAD" indicates vessels that anchored off harbor entrance due to draft restrictions, weather, or waiting in queue. This number is not included as part of "TOTAL DOCKINGS"

Increase in permits in 2012 due to increased number of offshore gold dredges.

Increase in calls in 2008 due to oil exploration in the Chukchi Sea and a rise in gravel/rock exports.

Increase in calls in 2002 due to rise in gravel/rock exports.

Increased quantity represents more vessels hauling village freight & gravel.

+ Denotes closed season

* Village cargo barges issued docking permits for these seasons.

** Village barges not tracked these seasons, just linehaul.

*** Total docking permits issued each season for home-ported vessels working out of the Small Boat Harbor. Mostly small fishing vessels, but an occasional small tug/barge or sailing craft. (Hence, permits reflect only how many vessels received permits, not how many calls they made.)

Note: CMS village barges were counted in 1992 & 1993 each time they docked to load for next trip.



P.O. Box 281 • Nome, Alaska 99762

Phone (907) 443-6663 Fax (907) 443-5349

www.nomealaska.org

Alaska State Legislature
House of Representatives
Community and Regional Affairs Committee Members

RE: House Bill 181: "An Act relating to the accounting for money received by the state from the mining license tax, mining lease payments, and royalties from mining on state tide and submerged land seaward of a municipality, and the availability of that money for appropriation to certain boroughs and municipalities outside of a borough."

The City of Nome Supports HB181.

With the recent sustained high prices for precious metal and a State of Alaska DNR sponsored lease sale, Nome has experienced an influx of off-shore and placer miners. These miners have provided an economic boost to local merchants and the local economy, but at the same time have adversely impacted some of the city services to the community. Even though the City of Nome normally funds services with a variety of revenue sources like property or sales taxes, revenues to cover the cost of an additional \$60,000 annually for staffing associated with the seasonal influx of miners is not sufficient. In addition, the City of Nome has expended \$302,500 for the growth of our Port facility and to expand facilities to support the gold dredging fleet. Similar effects are experienced in other communities from the seasonal nature of the fishing industry on coastal communities.

A potential solution to a portion of the revenue shortfall may be possible with the reallocation of the State of Alaska mining license tax. The State of Alaska mining license tax applies to all mining operations, regardless of land status, size, or location. Presently there is no uniform mechanism to allocate portions of the revenues back into the communities impacted by the resource development. Such a revenue sharing model is effective in the Alaska fishing industry and a similar program has been successful in revenue sharing from the oil and gas industry in the Gulf of Mexico.

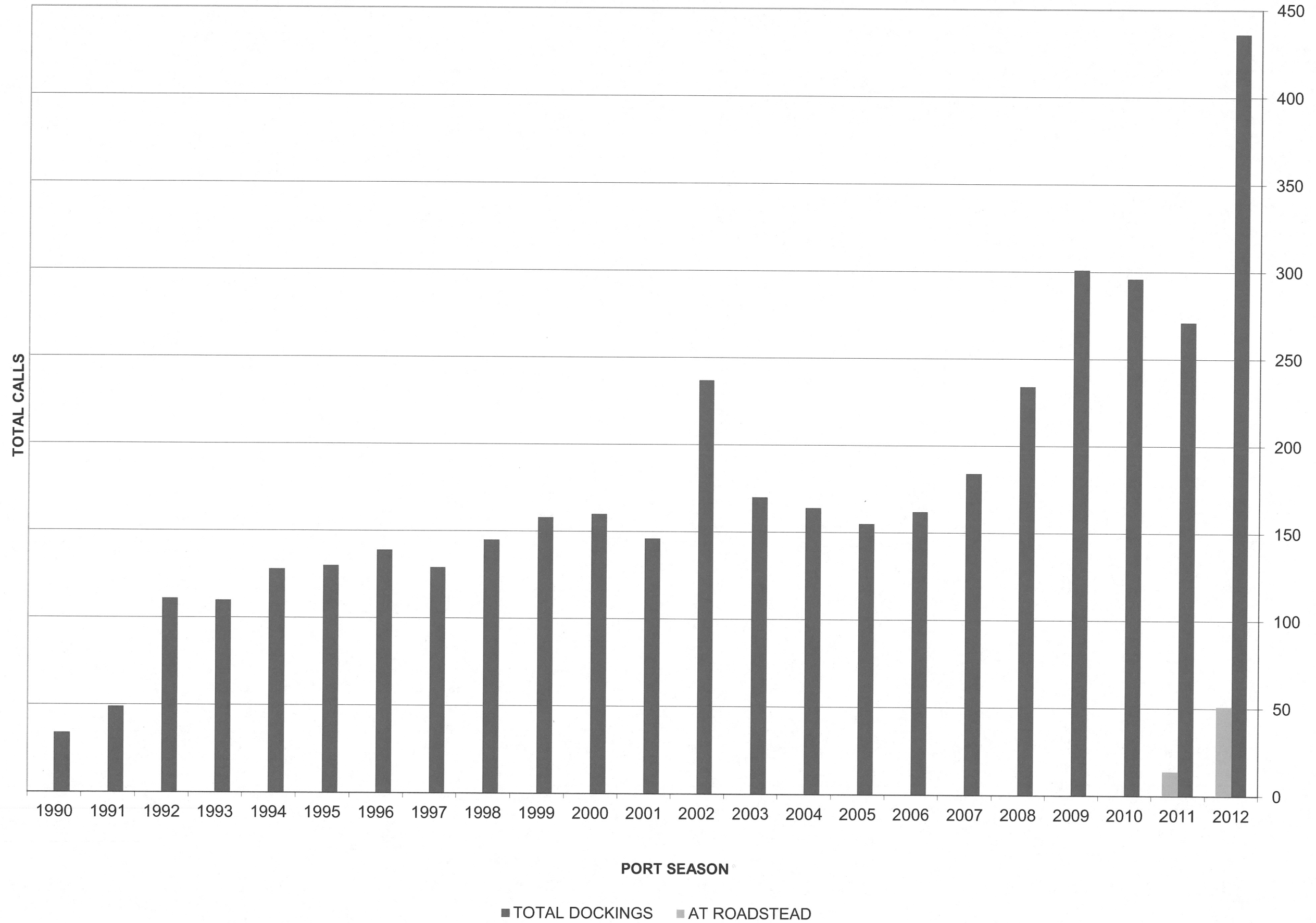
Sharing portions of state revenues from mining developments with local communities in a predictable fashion will reduce the need for local governments to impose their own targeted taxes on the industry and allow local communities to provide services to all entities in the community.

Sincerely,

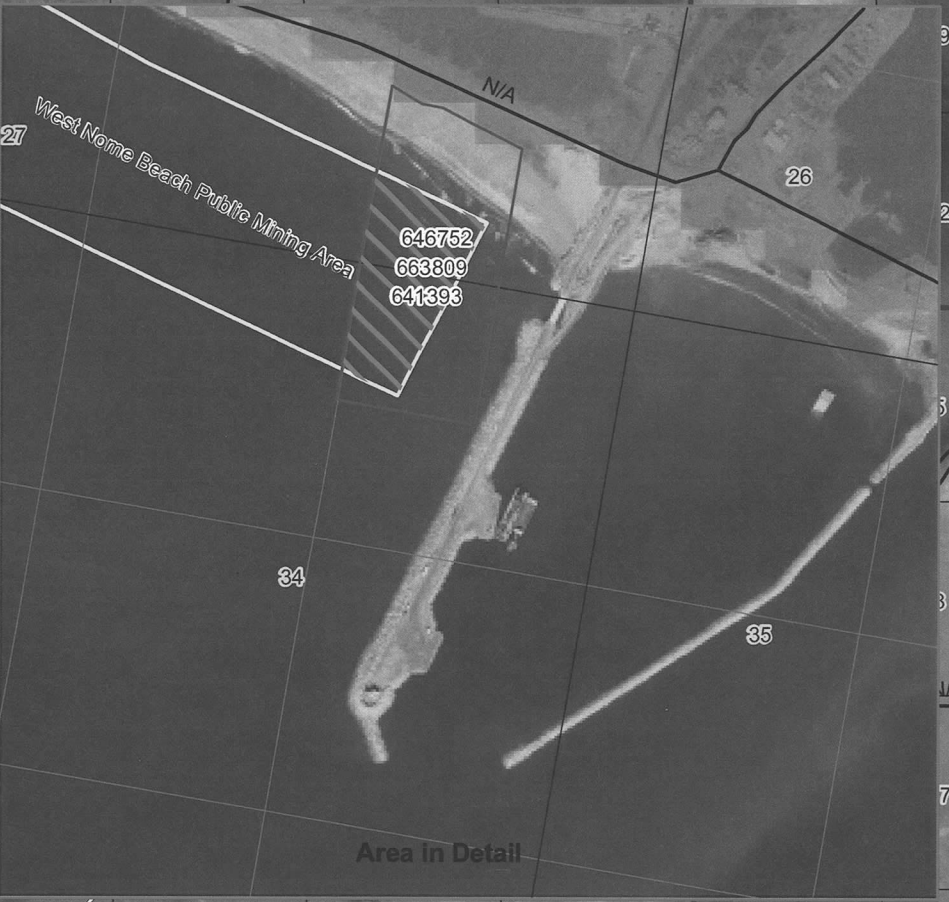
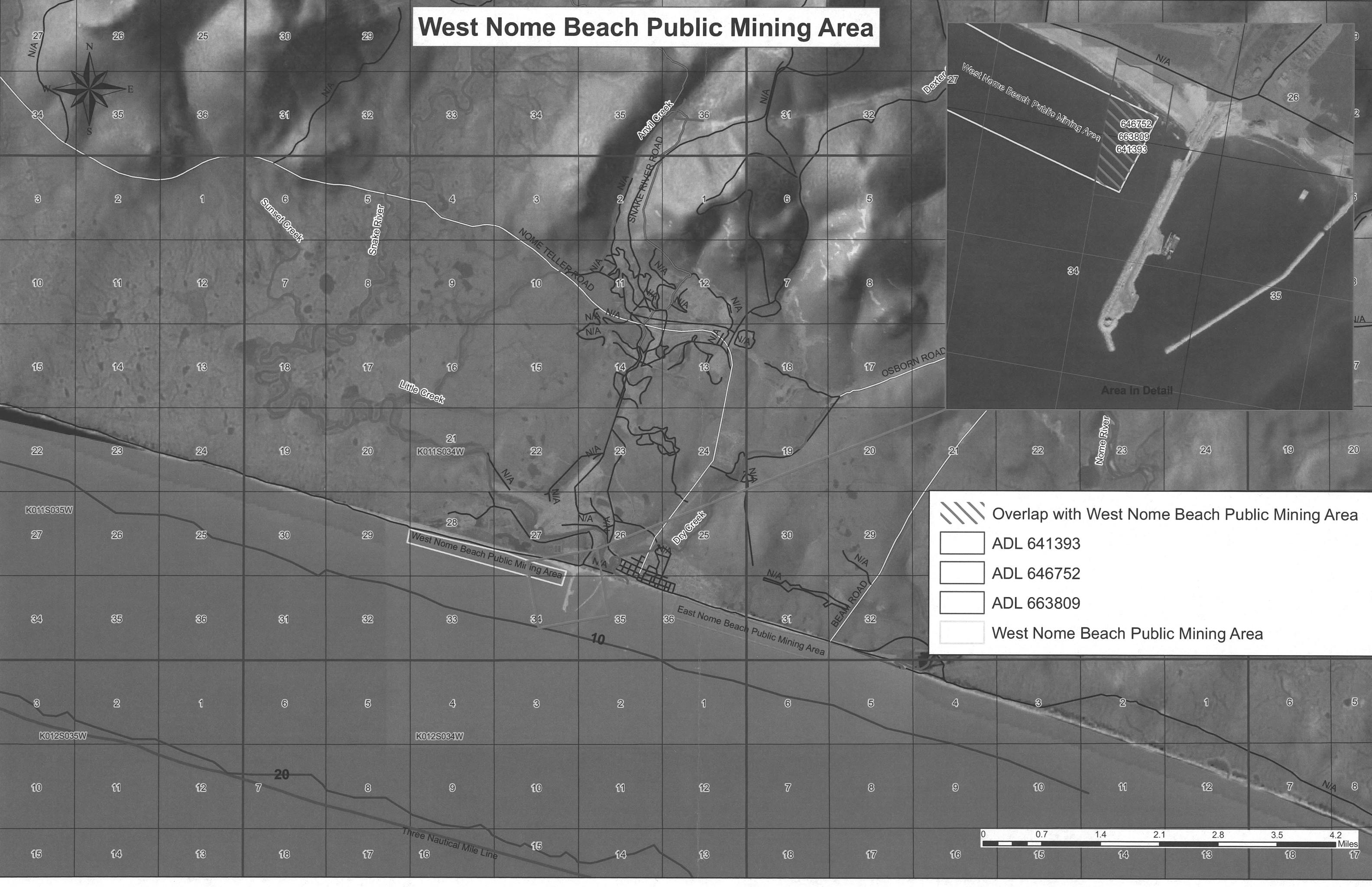
Denise Michels
Mayor

Cc: Representative Neal Foster
Senator Donny Olson
Nome Common Council

PORT VESSEL TRAFFIC by Season

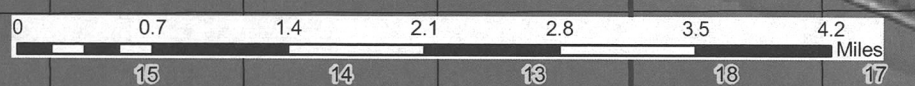


West Nome Beach Public Mining Area

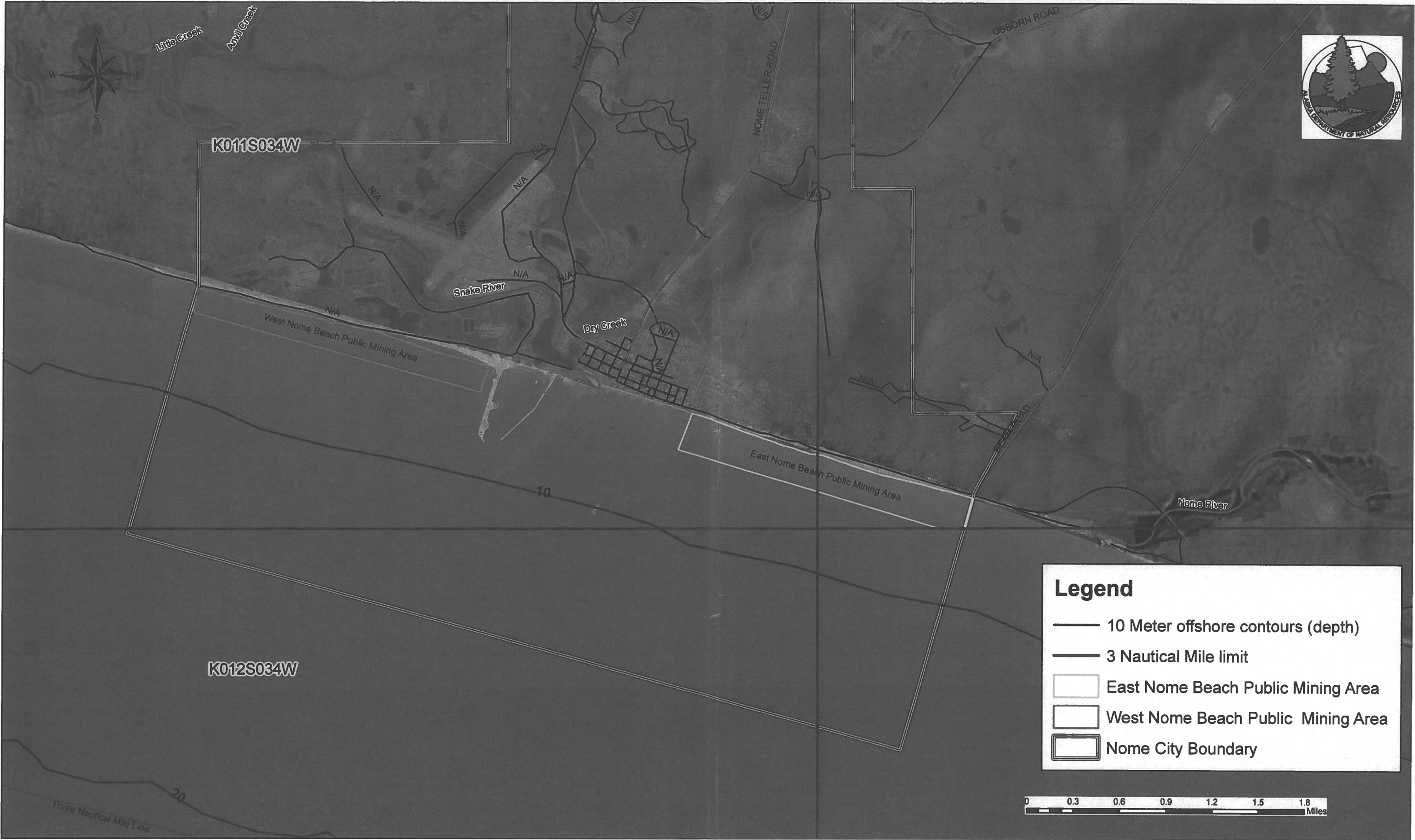


Legend:

- Overlap with West Nome Beach Public Mining Area
- ADL 641393
- ADL 646752
- ADL 663809
- West Nome Beach Public Mining Area

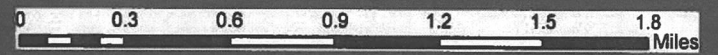


NOME BEACH PUBLIC MINING AREAS



Legend

- 10 Meter offshore contours (depth)
- - - 3 Nautical Mile limit
- East Nome Beach Public Mining Area
- West Nome Beach Public Mining Area
- Nome City Boundary



Three Nautical Mile Line

2011 NOME OFFSHORE LEASE SALE TRACT LOCATION MAP

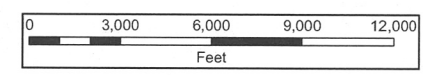
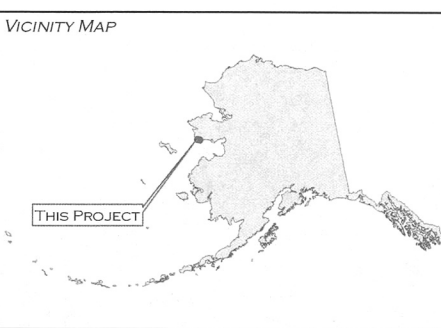
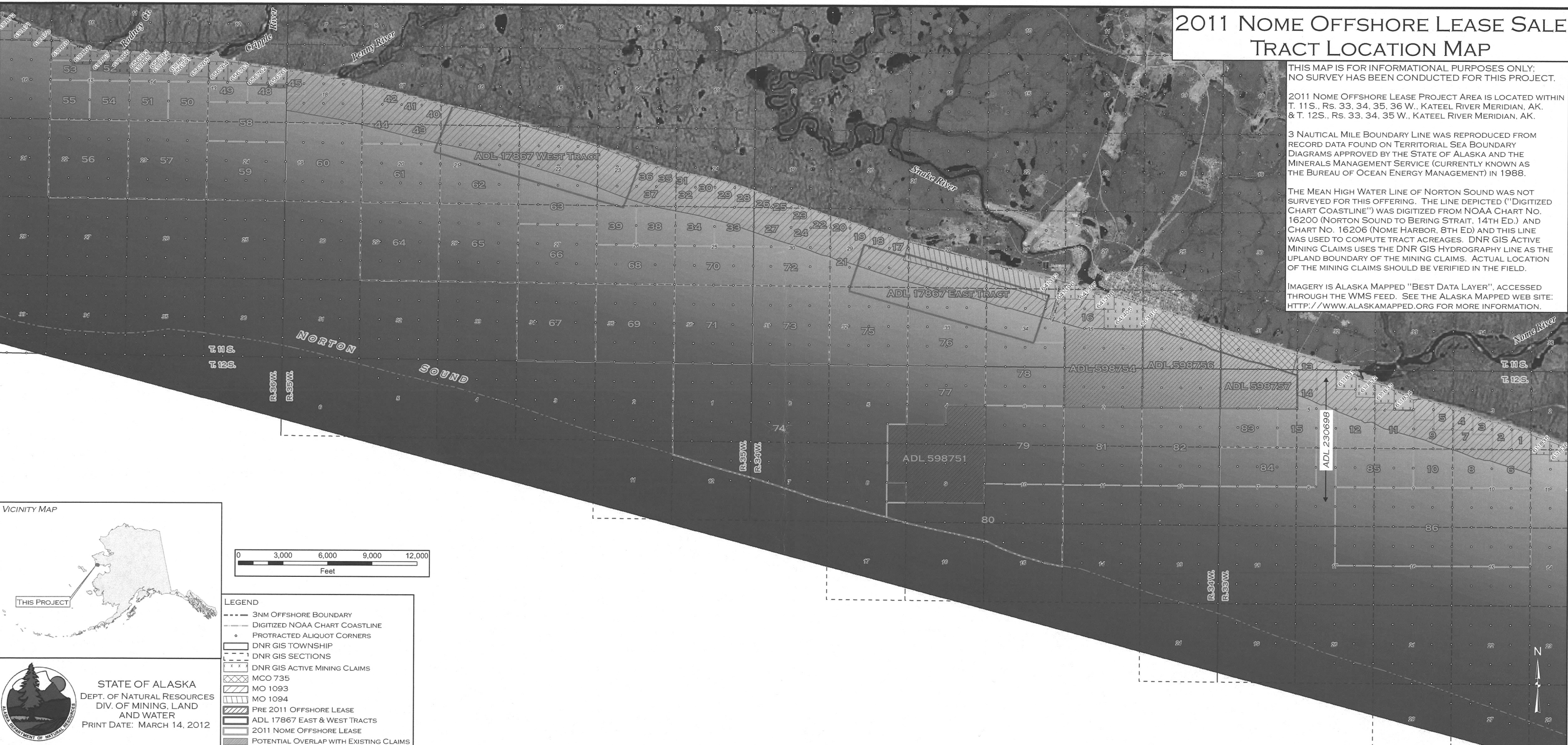
THIS MAP IS FOR INFORMATIONAL PURPOSES ONLY. NO SURVEY HAS BEEN CONDUCTED FOR THIS PROJECT.

2011 NOME OFFSHORE LEASE PROJECT AREA IS LOCATED WITHIN T. 11S., RS. 33, 34, 35, 36 W., KATEEL RIVER MERIDIAN, AK. & T. 12S., RS. 33, 34, 35 W., KATEEL RIVER MERIDIAN, AK.

3 NAUTICAL MILE BOUNDARY LINE WAS REPRODUCED FROM RECORD DATA FOUND ON TERRITORIAL SEA BOUNDARY DIAGRAMS APPROVED BY THE STATE OF ALASKA AND THE MINERALS MANAGEMENT SERVICE (CURRENTLY KNOWN AS THE BUREAU OF OCEAN ENERGY MANAGEMENT) IN 1988.

THE MEAN HIGH WATER LINE OF NORTON SOUND WAS NOT SURVEYED FOR THIS OFFERING. THE LINE DEPICTED ("DIGITIZED CHART COASTLINE") WAS DIGITIZED FROM NOAA CHART NO. 16200 (NORTON SOUND TO BERING STRAIT, 14TH ED.) AND CHART NO. 16206 (NOME HARBOR, 8TH ED) AND THIS LINE WAS USED TO COMPUTE TRACT ACREAGES. DNR GIS ACTIVE MINING CLAIMS USES THE DNR GIS HYDROGRAPHY LINE AS THE UPLAND BOUNDARY OF THE MINING CLAIMS. ACTUAL LOCATION OF THE MINING CLAIMS SHOULD BE VERIFIED IN THE FIELD.

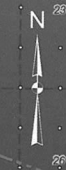
IMAGERY IS ALASKA MAPPED "BEST DATA LAYER", ACCESSED THROUGH THE WMS FEED. SEE THE ALASKA MAPPED WEB SITE: [HTTP://WWW.ALASKAMAPPED.ORG](http://www.alaskamapped.org) FOR MORE INFORMATION.



LEGEND

- 3NM OFFSHORE BOUNDARY
- - - DIGITIZED NOAA CHART COASTLINE
- PROTRACTED ALIQUOT CORNERS
- DNR GIS TOWNSHIP
- - - DNR GIS SECTIONS
- ▨ DNR GIS ACTIVE MINING CLAIMS
- ▨ MCO 735
- ▨ MO 1093
- ▨ MO 1094
- ▨ PRE 2011 OFFSHORE LEASE
- ▨ ADL 17867 EAST & WEST TRACTS
- ▨ 2011 NOME OFFSHORE LEASE
- ▨ POTENTIAL OVERLAP WITH EXISTING CLAIMS

STATE OF ALASKA
 DEPT. OF NATURAL RESOURCES
 DIV. OF MINING, LAND AND WATER
 PRINT DATE: MARCH 14, 2012





INNER HARBOR FACILITY

JULY 2013

HARBOR FLEET DEMAND

- Nome has seen a graduating spike in the number of gold dredges mining offshore since 2010, significantly driving the overcrowding issue in the facility. Records from 1996 to 2008 show an average of 4-5 dredges per season operating out of the Small Boat Harbor*, which when combined with the local fishing fleet of 10-15 vessels, was a manageable figure. The dredge count increased as follows:

2009 – 18

2010 – 22

2011 – 39

2012 - 96

- Add 22 fishing vessels, 19 pleasure craft, 31 dredging support vessels, 3 research boats, 3 seafood tenders and our SAR vessel, all working around various sized tugs/barges/landing crafts, and it becomes clear how tight space is in our inner harbor.
- Now for a visual perspective of our harbor vessel fleet.

*Not all local dredges use the harbor – count does not include dredges on West or East Beach























































08.26.2009



PORT/CAUSEWAY FACILITY

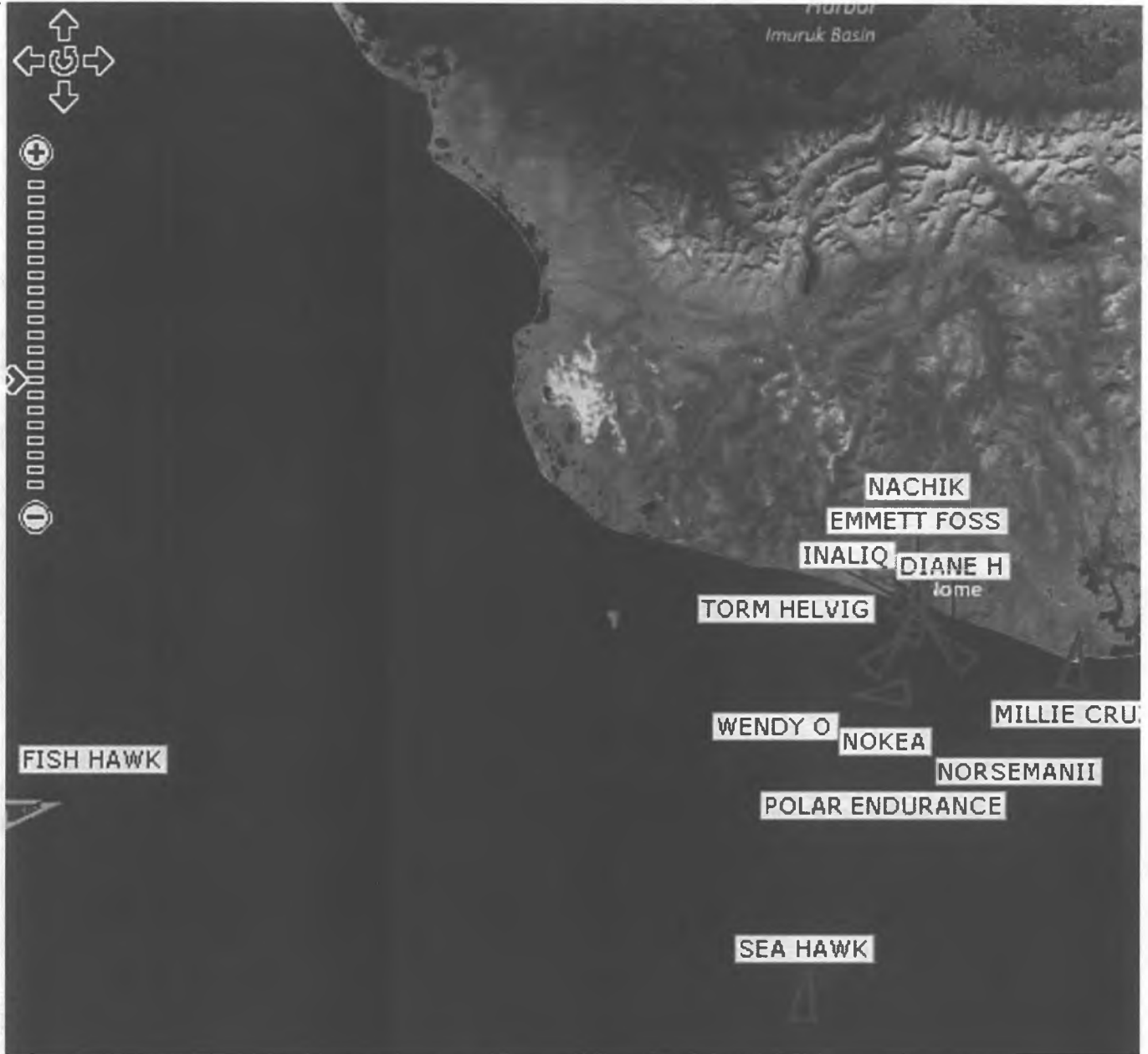
JULY 2013

PORT/CAUSEWAY FLEET DEMAND

- The Port has historically been a welcome sight to mariners that reach our shores after crossing the Bering Sea, thankful to see dock facilities where they can rest, resupply, conduct crew changes or deliver/load gravel/fuel/cargo/equipment. As a strategic hub, Nome serves over 19 villages along the Seward Peninsula and Norton Sound, many more communities along the Western Alaska coastline, and has become a popular location for the mariners driving the Arctic development.
- This combined use has significantly increased delays for space at the Causeway docks, sometimes creating quite a fleet of anchored vessels. Statistics showing the number of vessels delayed by year:

2009 – 53	2010 – 49	2011 – 30	2012 - 61
------------------	------------------	------------------	------------------
- This frequently requires vessels to raft/double at the dock, limits the dockage to the minimum time needed to conduct operations, and move along to make room for the next vessel in line.
- Now for a visual perspective of our port vessel fleet.

367359810
DIANE H
EMMETT FOSS
FISH HAWK
INALIQ
MILLIE CRUZ
NACHIK
NOKEA
NORSEMANII
POLAR ENDURANCE
SEA HAWK
TORM HELVIG
WENDY O



7.12.13



























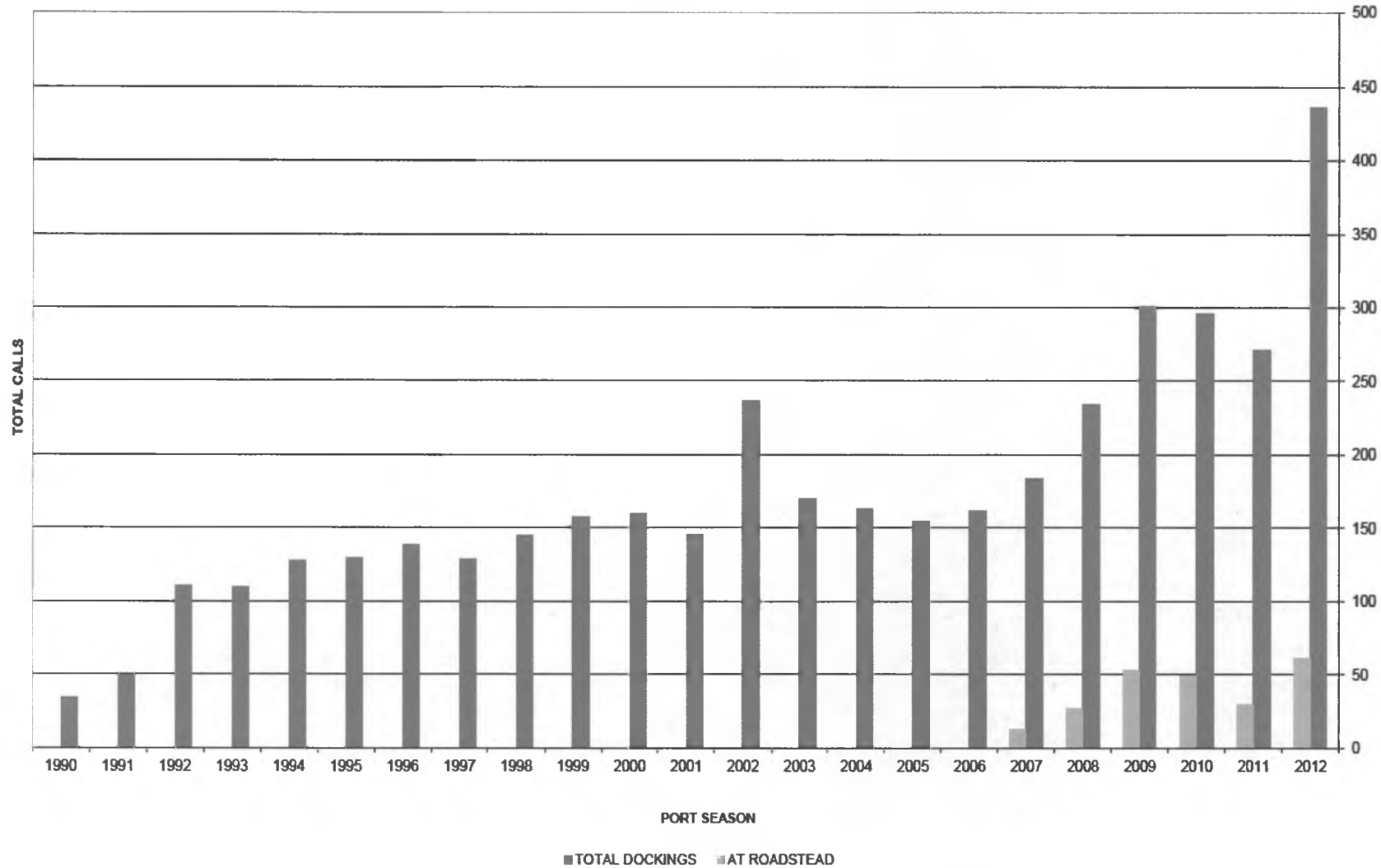
FACILITY EXPANSION/FUTURE NEEDS

IN ORDER TO MEET THE EXISTING AND FUTURE DEMAND ON THE PORT & HARBOR FACILITIES, THE CITY **MUST** EXPAND IT'S INFRASTRUCTURE TO ENSURE EFFICIENT AND SAFE OPERATING SPACE FOR ALL USERS, LARGE & SMALL ALIKE, REDUCE COSTLY TIME DELAYS AND ADEQUATELY SERVE AS A SAFE HAVEN FOR VESSELS THAT WORK IN THE FREQUENTLY STORMY BERING SEA.

THE CITY STRIVES TO ACCOMMODATE THE MARINE INDUSTRY IN AN EFFORT TO PROMOTE ARCTIC SHIPPING AND RESOURCE DEVELOPMENT IN THE ARCTIC REGION – AND CONTINUES TO SEEK THE NECESSARY FUNDING THROUGH STATE/FEDERAL SOURCES AND PUBLIC/PRIVATE PARTNERSHIPS.

WE ASK FOR YOUR SUPPORT TO CONTINUE THIS MISSION.

**PORT VESSEL TRAFFIC
by Season**

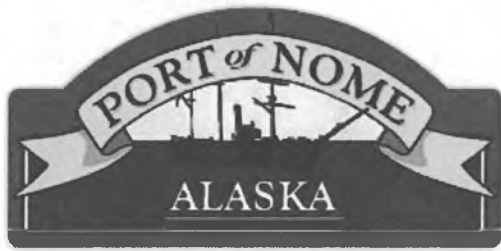


Area : Nome
Start : 1st January, 2011 00:00
End : 31st December, 2011 23:59
Filter : (((DATA_SOURCE_TYPE = AIS)))





U.S. Cutter Bear at Nome
anchored on ice - June 13th, 1920



PORT OF NOME STRATEGIC DEVELOPMENT PLAN - 2013



Approved by the Common Council March 27, 2013

Presented By:
Port Commission
Action Taken:
Yes 5
No 0
Abstain 6

CITY OF NOME, ALASKA

RESOLUTION NO. R-13-02-04

**A RESOLUTION APPROVING THE
PORT OF NOME STRATEGIC DEVELOPMENT PLAN 2013**

WHEREAS, the City has prioritized the development of a comprehensive plan to address port expansion and facility improvements to meet growing demands of industry; and,

WHEREAS, the City believes Nome is best positioned to serve as the Arctic Port site to facilitate resource development, promote search and rescue response, enhance protection of the marine environment and provide a practical location for strategic defense of the country; and,

WHEREAS, the port serves as regional hub for all northwestern Alaskan villages from the Yukon River to the Arctic Ocean; and,

WHEREAS, the Port Commission acted on these initiatives and developed the Port of Nome Strategic Development Plan 2013; and,

WHEREAS, the Port Commission held public work sessions and meetings throughout 2011, 2012 and 2013 on the plan; and,

WHEREAS, the plan was distributed to the public for a thirty-day review period; and,

WHEREAS, the Planning Commission reviewed and offered input on the plan at its meeting on February 5, 2013; and,

WHEREAS, the Port Commission approved the final draft of the plan at its meeting on February 21, 2013; and,


NOW, THEREFORE, BE IT RESOLVED that the Nome Common Council hereby approves the Port of Nome Strategic Development Plan 2013.

APPROVED and SIGNED this 27th day of March, 2013.



DENISE MICHELS, Mayor

ATTEST:



TOM MORAN, City Clerk

Acknowledgements

Common Council

Mayor Denise Michels
Stan Andersen
Jerald Brown
Louie Green, Sr.
Randy Pomeranz
Tom Sparks
Josie Stiles

Port Commission

Chair Jim West
James Adams
Doug Johnson
Iura Leahu
Charlie Lean
Randy Romenesko
Michael Sloan

Planning Commission

Chair Charlie Weiss
James Adams
Kenneth Hughes
Nikolai Ivanoff
Larry Pederson
Randy Romenesko

City Administration

City Manager Josie Bahnke
Harbormaster Joy Baker
Contract City Planner Eileen Bechtol
Harbor Assistant Nicole Long

Consultant

Paul Fuhs Professional Services

Copies available from:

City of Nome Website at
www.nomealaska.org

City of Nome
P.O. Box 281
Nome, Alaska 99762
907.443.6600

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I. Introduction

The *Port of Nome Strategic Development Plan 2013 (Port Plan - 2013)* has three major purposes as listed below.

Community focus: *Port Plan - 2013* is an expression of the vision of the Port Commission for the future of the Port and Harbor over the next ten years. It is also a communication vehicle for the residents of Nome to understand the role of the Port and Harbor in the community, both currently and in the future. The Port of Nome Strategic Development Plan compliments the Nome Comprehensive Plan 2020 goals for economic development and public improvements and services.

Customer planning and marketing: *Port Plan - 2013* allows current users to understand the future development scenarios of the Port and Harbor so they can incorporate them into their operational plans. It will be used as a marketing tool for the Port and Harbor to educate potential new customers on the current capabilities of the Port and Harbor and its future development plans.

Advocacy for funding: The Plan represents a coherent statement to public and private funding agencies on the comprehensive development plans for the Port and Harbor, along with the priorities of the Port Commission, Planning Commission and Common Council.



Photo 1 Nome, Alaska

II. Nome Port and Harbor Facilities and Opportunities

1. Description of Port and Harbor

One of the oldest towns in Alaska, Nome was established on the gold-rich sands of the Bering Sea. Gold mining on land and offshore is still one of the industries in Nome along with government services, construction, repairs and carpentry building.

The Port of Nome is located at 64° 30' N and 165° 24' W on the southern side of the Seward Peninsula in Norton Sound. The port facility is generally ice free by June and frozen over by December/January. (Small Boat Harbor freezes in mid to late October.)

The Corps of Engineers completed the Nome Navigation Improvements Project in the summer of 2006 adding a 3,025 ft. breakwater east of the existing Causeway and a 270 ft. spur on the end of the Causeway making it to a total of 2,982 feet. These changes significantly reduced the lost weather days from previous years.



Map 1 Vicinity Map

The City Dock (south) on the Causeway is equipped with marine headers to handle the community's bulk fuel deliveries, and is also the primary dock for unloading the mainline cargo barges. The City Dock is approximately 200 feet in length with a depth of -22.5 feet (MLLW).

The WestGold Dock (north) is 190 feet in length with the same depth of -22.5 feet (MLLW) and handles nearly all of the exported/imported rock/gravel for this region. It is also the primary location to load/unload heavy equipment. One of the challenges the Port faces is that gravel ramps must be built for RORO (roll-on/roll-off) equipment with frequent conflicts occurring due to differing heights of the barge and the fixed height of the dock. Construction of the proposed middle dock will solve this problem by providing a ramp built into the dock.

The opening between the new breakwater and the Causeway (Outer Harbor Entrance) is approximately 500 feet in width at 0' MLLW and serves as access to both Causeway deep water docks and the new Snake River entrance that leads into the Small Boat Harbor. Buoys outline the -12 ft. MLLW navigation channel from the outer harbor entrance into the inner harbor.

The Nome Small Boat Harbor has a depth of -10 feet (MLLW) and offers protected mooring for small vessels alongside sheet pile and floating docks. Smaller cargo vessels and landing craft load and unload cargo, equipment and gravel at the inner harbor sheet pile docks and concrete ramp. Diesel, gasoline and AV gas is discharged and loaded at the harbor's east dock for export to surrounding villages.

Norton Sound Economic Development Corporation (NSEDC) is a private 501(c)(4) non-profit corporation representing 15 member communities and over 8,490 people in the Bering Strait region of Northwestern Alaska. NSEDC is one of six Community Development Quota (CDQ) organizations in Alaska. NSEDC operates a processing facility in Nome; running tenders that bring cod, herring, salmon, crab and halibut across the Fish Dock in the Small Boat Harbor. The fishing fleet consists of about 22-25 local and regional vessels.

A new addition to the Nome facility in 2005 was a 60-foot wide concrete barge ramp located inside the inner harbor just west of the Snake River entrance. The ramp provides the bulk cargo carriers with a suitable location closer to the Causeway and Industrial Pad to trans-load freight to landing craft and RORO equipment barges. This location also has approximately two acres of uplands for container, gravel, vessel and equipment storage.

Upon acquisition of the old Air Force Tank Farm area, the port will be able to add an additional 10 acres for container, cargo and equipment in this area. Moving the Port access road to the North of this property will reduce congestion, improve safety and divide this property into productive operational areas. See Strategic Development Plan Map for road relocation.



Photo 2 Harbor Entrance

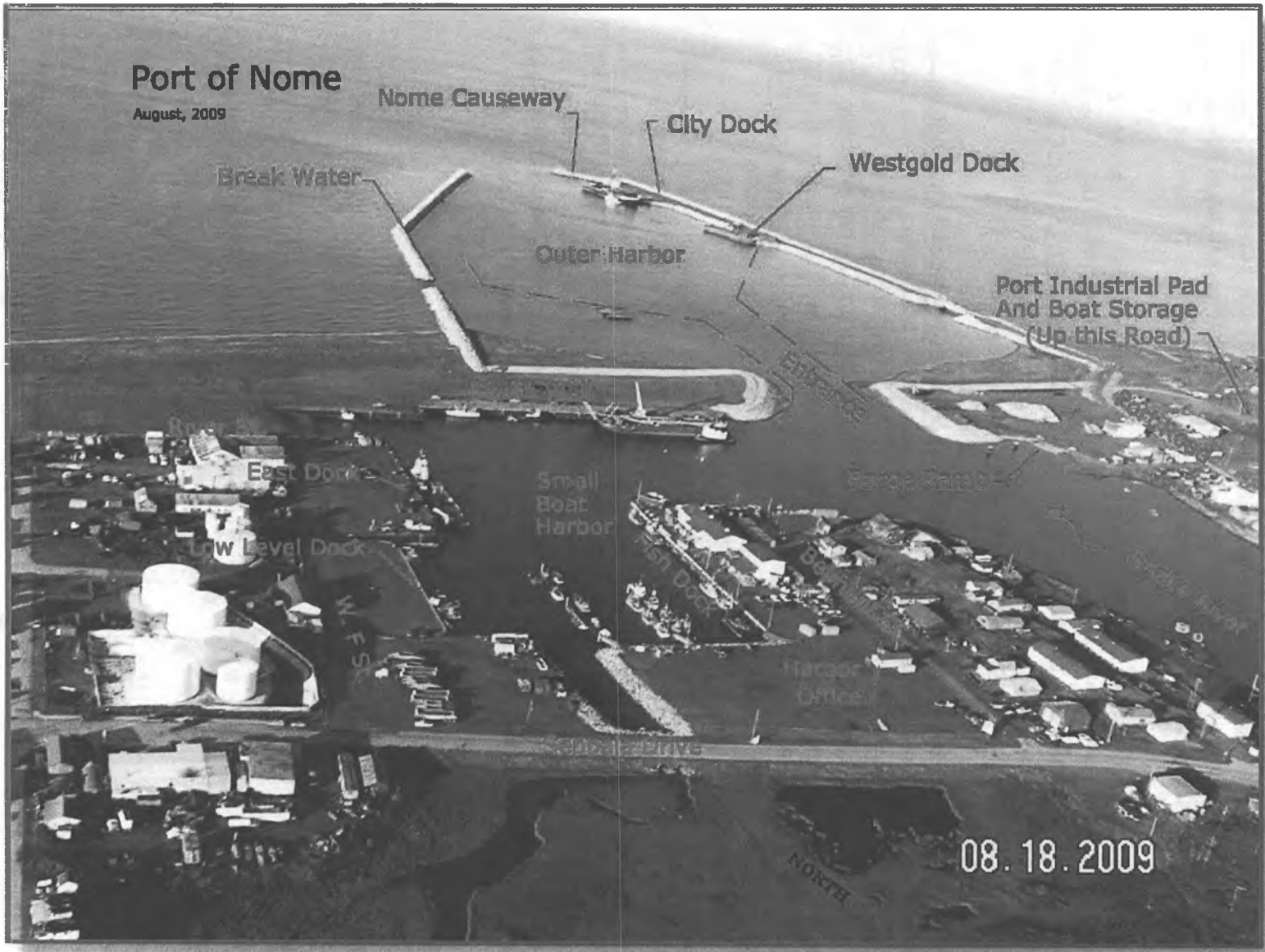


Photo 3 Nome Harbor Navigation and Dock Names

2. Port Activities

Since the early 1900's, the Port of Nome has served as a beachhead for economic development in Northwestern Alaska. It is an important and stable contributor to the economy of Nome. As a public port, Nome is open for all commercial and non-commercial users.

In the early days, supplies were delivered from ships standing offshore by lighter boats. Channels were often blasted into the shore fast ice to open deliveries earlier. Then a tramway and wooden dock were built to extend to deeper water. In 1925, the Corps of Engineers built a sheet pile wall jetty into a dredged harbor of the Snake River, but it was often plagued by shoals building at the entrance and limited by the narrow width of the jetty.

The building of a 3,000 ft. armor stone breakwater in 1985 and two open c-cell sheet pile docks in 1989-1991 with a draft of -22 feet largely eliminated these limitations on the Port. In 2005, a corresponding 3,000 ft. armor stone jetty was built to the east of the existing Causeway to provide protection of the dock facilities from storms. At the same time, the old sheet pile jetty channel was filled and a new entrance to the Small Boat Harbor constructed through the Snake River. The barge-offloading concrete ramp and lay down area was also constructed in 2005, just inside the harbor entrance, facilitating container-handling and village operations.

Since these improvements were made, port operations have been expanding at a rapid rate with some of the facilities being fully and overly utilized. The port is poised to make further expansion of its operational capabilities through construction of an additional dock on the Causeway, an improved landing craft & container barge offloading concrete ramp, expanded laydown areas and construction of a deep water port facility (-35 feet MLLW) to handle larger vessels serving offshore petroleum development, support vessels transiting the Northern Sea Route and Northwest Passage, government enforcement and emergency response vessels.

3. A Strategic Regional Transshipment Port

Nome plays a key role in the regional economy of Northwest Alaska serving as a strategic hub port for marine transportation of cargo, fuel, gravel, equipment and construction materials. The larger barges and vessels deliver their village cargo to Nome where it is transloaded to smaller barges and landing craft that can call on the smaller villages in the region that do not have port facilities. Nome is also a major source of gravel for construction projects throughout the region.

The villages that are served through Nome are Ambler, Barrow, Wainwright, Point Lay, Point Hope, Kivilina, Noatak, Kotzebue, Noorvik, Kiana, Selawik, Deering, Buckland, Shishmaref, Little Diomede, Wales, Tin City, Brevig Mission, Gambell, Savoonga, Teller, White Mountain, Golovin, Elim, Koyuk, Shaktoolik, Unalakleet, Shungnak, Stebbins, St. Michael, Kotlik, Emmonak, Alakanuk, Nunam Iqua, Mountain Village, St. Marys, Pilot Station, Marshall, Russian Mission,

Scammon Bay, Hooper Bay, Chevak, Tununak, Mekoryuk, Toksook Bay, Nightmute, Chefornak, Kipnuk, Kwigillingok, Kongiganak, Quinhagak, Newtok, Mertarvik, Goodnews Bay and Platinum.

4. *Intermodal Connections*

Nome has strong intermodal connections with the Nome Airport, which consists of two cross-runways of approximately 6,000 x 150 feet. In 2008, there were 28,000 air operations through the airport, an average of 76 flights per day.

Nome is connected to Port Clarence by approximately 72 miles of road, which will allow for shared operations if Port Clarence is developed as an additional port in the region.

The potential for a road or railroad connecting Nome to interior Alaska has been discussed for many years. This year \$24 million dollars was included in a state bond issued to build the first section of this road coming west from Nenana. Completion of this road would substantially increase Nome's trans-modal capabilities to export minerals and deliver goods to interior Alaska.

[http://www.dot.alaska.gov/stwdplng/cip/stip/projects/Assets/Western Access COC.pdf](http://www.dot.alaska.gov/stwdplng/cip/stip/projects/Assets/Western%20Access%20COC.pdf)

5. *Marine Conditions*

A major advantage of the port is a low tidal range, generally no more than 1.5 feet. However, during storm events there can be tidal surges that will significantly increase and/or decrease water levels. There are also times when southerly storms create conditions, which do not allow vessels to remain moored at the Causeway docks. A littoral drift of sediment flows from West to East along the shore, requiring a breach in the Causeway that flows into the dredging channel, which is cleared on an annual basis.

6. *Port Finances*

The port is well managed and financially sound, covering all of its operational and maintenance costs and generating a small annual surplus which has been used to pay for data collection and engineering services to design facilities in response to the rapid growth of the port and harbor. The port is also paying debt service on past port improvements. Port tariffs are competitive with other Alaskan ports. (Please see Table 4)

The port is not in a position to take on additional sizable debt to finance the badly needed improvements to the capabilities of the port in response to the rapid increase in cargo operations. The port tariffs are currently in line with tariffs of other similar ports throughout the State of Alaska. The port will therefore seek public funding for port facilities based on its importance as an open public regional hub serving many villages and as a support base for economic development activities in the region. The Port will also seek finance from additional marine and uplands development through use agreements with private operators.

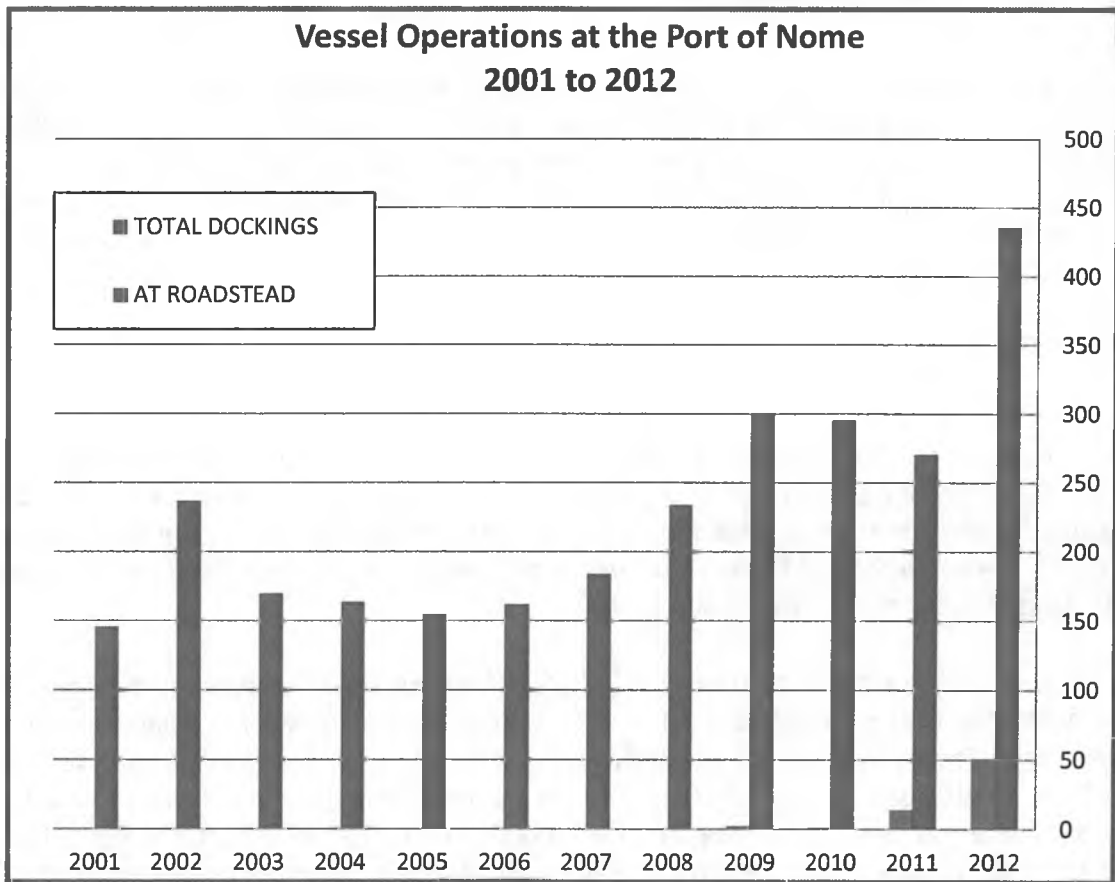
7. Current Operations

The Port and Harbor of Nome handles a broad range of marine activities including cargo, fuels, fish products, recreational and subsistence fishing, export/import of gravel, tourism operations, gold dredging, vessel support for government research and enforcement vessels, and logistical support for offshore oilfield exploration and production.

The following chart depicts the yearly growth in vessel operations at the Port of Nome. This data includes an inner harbor fleet of approximately 25 fishing vessels, 25 other vessels (tugs/sailboats/subsistence) and 128 gold dredges, as well as all cargo, fuel, gravel barges, tankers, research vessels, trawlers and large ships for the outer harbor.

In 2012, the port moved 15,347,704 gallons of fuel, 63,327 tons of cargo and construction materials and 36,841 tons of gravel. NSEDC processed 40,813 pounds of halibut and 203,632 pounds of crab.

Figure 1 Vessel Operations at the Port 2001 to 2012



8. Port Growth Potential

The port has a resident Immigrations and Customs official. The Alaska Marine Pilots provide pilotage services and there are two vessel agency services on an as needed basis. Since the port does not offer stevedore service with the exception of line handling, fuel transfers and port security, vessel crews perform most port labor operations. The Port of Nome in partnership with the State of Alaska's Department of Environmental Conservation's Spill Prevention and Response has a medium sized towing package stated in Nome for vessels in distress in the Norton Sound and Seward Peninsula/St. Lawrence areas. The Port does not currently have a resident tugboat for vessel assists or emergency response.

All available information indicates trends for increased vessel activity in the area with petroleum, Northern Sea Route and Northwest Passage activity increasing exponentially each year. Nome's developed infrastructure and airport operations make it a prime candidate for providing services as outlined in the following table.

Table 1 Potential for Port and Harbor Growth

Potential for Port and Harbor Growth	
1.	Increased regional transshipment of general cargoes due to increased resource development and economic development in the region.
2.	Support base for offshore petroleum development.
3.	Support an emergency response base for Northern Sea Route and Northwest Passage.
4.	Increased gravel shipments required by Arctic construction activities.
5.	Support base for research, government enforcement and emergency response vessels.
6.	Increased fisheries activities due to ocean warming and shifting populations of fishery resources.
7.	Increased Arctic tourism activities.
8.	Expanded capacity for oil spill response for increased large vessel operations from offshore petroleum development and Northern Sea Route/Northwest Passage activity.
9.	A road or railroad bringing increased ore shipments through the port.

9. Use of Uplands

The sand spit area (also known as Nome Middle Beach) is zoned open space/recreation and commercial. This area is accreting land and will eventually be available for development of marine related services.

The area next to the harbor itself is zoned commercial.

The area to the west of the new inner harbor entrance and along the west bank of Snake River is zoned industrial.

The area along the east side of the Snake River (also known as Belmont Point) is zoned general use.

The port has recently acquired approximately 18 acres of former Nome Gold property to the North of the Industrial Pad and tank farms. This acquisition will provide additional lay down operational and development area to meet the growing demands of industry.

10. Marketing Strategies

Attract tourists to the port and harbor.

- Support charter operations to promote tours to Sledge Island, Seward Peninsula coastline and Russia along with fishing charters and expedition support. Work with small adventure cruise ships to offer more short 3-5 day round trip cruises out of Nome to Russian and Alaskan coast.
- Coordinate with Nome Visitor's Center on joining forces to attract tourists.

Market Nome as a hub for fisheries research and other research endeavors in the arctic.

With climate change studies, the Bering Strait area is getting more and more attention. The Nome area is losing permafrost cover, allowing southern pacific cod and blue king crab to move into this area.

- Nome could do more to attract the research industry. The City needs to encourage and support businesses to provide logistical operations here in Nome. When a research vessel arrives in port, assistance is needed with temporary storage of nets and research gear, vessel resupply and personnel transfers, among other tasks. Local trucking companies currently provide portions of this service, but it is not all inclusive.
- Encourage and provide assistance to more local vessel captains to get 6-pack licenses and offer local charters and logistical support services. Provide support for licensing

opportunities in Nome by attracting more tourists and marketing local charter opportunities that would provide more income security for vessels taking on this opportunity.

- Encourage creation of vessel repair shops/supply stores/marine surveyors/insurance agents/divers, etc.
- Reach out to universities and state and federal agencies to come to the region for research, thereby utilizing Nome as a support base. For example, when a deep draft icebreaker is anchored off Nome, small vessels need to provide lighter services to help transport supplies and personnel.
- Facilitate the acquisition of a harbor taxi to assist with the above need.
- Diversify the portfolios for fishing operations to include research support functions.
- Provide incentives to attract a company to start a tug boat operation assisting vessels in Nome. An emergency response tug stationed in Nome could also provide these services. Encourage development of vessel repair/ship yard company.
- Pursue the establishment of a United States Coast Guard Station in Nome.

Increase vitality of the Harbor.

- Complete acquisition of additional lots around the Port for expansion.
- Increase moorage capacity by dredging on the west bank of the inner harbor.
- Develop facilities to support staging of supplies and equipment for Arctic oil exploration and drilling
- Develop an additional dock and roro ramp on the Causeway.
- Ensure completion of Repairs and Upgrades Project in the inner harbor.
- Determine suitable use of 6 to 1 gravel slope, just south of the East Dock to maximize space.
- Continue stockpiling oil spill supplies and equipment, and offer space for industry contractors.

Security measure

- Continue to work with the Marine Exchange of Alaska to enhance security at the Port and Harbor. Consideration should be given during design of Causeway Extension/Port Expansion on how best to address the security needs of the entire port to prevent unnecessary strain on manpower/costs. Waterside security has yet to be addressed at the facility, except that each vessel is responsible for monitoring threats from the ocean-side while they are moored.

Increase recreational vessels

- Although too crowded to do this short-term, consideration should be given on how to expand existing facilities to accommodate recreational/pleasure vessels, sailboats/small yachts/kayakers/expeditions.

III. Port and Harbor Development Priorities

Priority

Short term = up to one year

Medium term = two to five years

Long term = over six years

Table 2 Priority Projects

Project	Estimated Cost	Priority	Funding Sources
1. Begin construction of the Middle Dock on the Causeway.	\$13,500,000	Short term	\$5M – GO Bonds \$8M - Other
2. Construct High Ramp Dock and dredge moorage basin in the inner harbor/river.	\$4,000,000	Short term	\$4M – GO Bonds
3. Collect bathymetry and wave data and provide draft design and cost estimate for deep-water port options at the Causeway and Cape Nome.	\$1,000,000	Short Term	\$1M – GO Bonds
4. Communicate all funding needs to the congressional delegation, legislative delegation, DOT and Governor’s office for inclusion in next year’s budget.	Staff time	Short term	City Budget
5. Provide the information on deep-water port project to the Arctic Port Studies Group.	Staff time	Short term	City Budget
6. Participate in the Legislative Arctic Task Force, the Arctic Council and the IMO on setting arctic navigational standards for vessels operating in the arctic.	Staff time	Short term	City Budget
7. Advocate for the use of Nome as an administrative and emergency response center for the Northern Sea Route and Northwest Passage.	Staff time	Short term	City Budget
8. Market the use of the port to the companies exploring for and developing petroleum resources in the Arctic.	Staff time	Short Term	City Budget

Project	Estimated Cost	Priority	Funding Sources
9. Designate the area on the West side of Snake River in the inner harbor as a Harbor Industrial Development Zone for vessel services such as diving, welding, machine shop, ship's chandlery, vessel agent and other marine service offices.	Staff time	Short Term	City Budget
10. Train with ADEC and USCG for proper use of emergency tow package.	Staff Time - Coordinate with USCG	Short Term	Port/Harbor Enterprise Fund
11. Secure the former Air Force tank farm as an expanded container and material laydown area increasing the laydown area from 2 to 10 acres.	Staff Time	Medium	Port/Harbor Enterprise Fund
12. Identify new port access road alignment with AKDOT connecting with new bridge.	\$268,000 Nome cost share w/DOT	Medium	Port/Harbor Fund
13. Complete construction of Middle Dock on the Causeway.	Balance of Project #1 Funds Listed	Medium	\$8M - Other
14. Complete development of additional container and cargo lay down areas.	Staff Time - Haul/Fill/Place Contracts	Medium	Port/Harbor & Other Funds
15. Secure funding for the deep-water port preferred option at the Causeway or Cape Nome.	Design/Cost Estimates in Engineering	Medium	Seeking State - Federal Funds
16. Conclude a Port Authority agreement with Teller to coordinate in development of Port Clarence as a deep water port and port of refuge.	Staff Time & Community Discussions with Councils	Medium	Port/Harbor Funds
17. Develop a training program so the port can provide long shore labor to port users.	Staff time	Medium	Port/Harbor Enterprise Fund
18. Complete dredging on the west side of the Snake River to provide moorage and uplands for gold dredges and vessels accessing services in the Port Industrial Development Zone.	\$8,000,000	Medium	Seeking State - Federal Funds

Project	Estimated Cost	Priority	Funding Sources
19. Market development plans and the capabilities of the Nome Airport to current and potential users of the facility.	Staff time	Long term	City Budget
20. Monitor the development plans for a road or a railroad from interior Alaska through the Ambler mining district.	Staff time	Long term	City Budget
21. Secure agreements with the users of the Northern Sea Route and Northwest Passage to use Nome as a way station and administrative/emergency response center.	Staff Time	Long term	City Budget
22. Monitor and plan for land accreting at the Sand Spit that will rise above the flood plain and be available for commercial development.	Staff time	Long term	City Budget

IV Development Plan Maps

Table 3 Key for Maps 2 through 5

Key for Maps 2 through 5	
Map #	Map Feature
1	Container handling and laydown area. Moving the main port public access road to the west of its current location will allow for a unified and expanded container handling and laydown area. The existing road will be maintained as a working road within this area, but traffic will be reduced to allow for safer yard operations. This area is a large gravel pad and can easily be configured to accommodate transient cargo from any type of cargo operations.
2	Existing cargo and launch ramp. This ramp requires some major maintenance due to over use. This facility moves a lot of cargo but is limited in use primarily to landing craft since there is not enough draft to get a larger barge into the ramp.
3	New Inner Harbor High Ramp. This new ramp (construction cost \$3 million) will substantially increase the container handling capacity of the Inner Harbor. It will also allow a larger barge in to be loaded/unloaded, while vessel launching occurs on the existing concrete ramp.
4	This private property is currently being used for vessel construction and repair and the Port supports further private development of this area to provide vessel services.
5	Boat Travel Lift. Lifting and storing fishing and other small vessels is currently a cumbersome process at the port. A boatlift at this facility would be able to lift the vessels and then transport them directly to a new boat storage area immediately behind the boat lift (#15 on the Development Plan Map). The Port encourages NSEDC and other fishing interests to plan and implement the financial operations of the lift and storage area.
6	Service area. The Port would lease this land to companies providing vessel and marine related services.
7	Dredge to -8 ft. ultimately. Initially dredging this area to -4 MLLW would provide a substantial area for the moorage of small vessels and gold dredges. Remaining dredging and a sheet pile wall could eventually be installed during a 2 nd phase to allow for delivery of fuel, water, supplies, etc.
8	Private properties.

Map #	Map Feature
9	New bridge crossing. This bridge is being installed by Alaska Department of Transportation and has a weight capacity of the load limit on roads, however depending on the configuration of the load, number of axles, etc. a permit can be sought from Alaska Department of Transportation for heavier loads. The gross vehicle weight rating of the breach bridge on the causeway is 90,000 pounds, however loads of up to 328,000 pounds have been permitted by the US Army Corps of Engineers.
10	Small watercraft moorage. Dredging this area to provide for small watercraft moorage could provide protection during any weather conditions due to its location around the bend in the river.
11	This old NJUS facility would be demolished.
12	This building (approximately 10,000 sq. ft.) was previously used to house the generators of NJUS and can be used for indoor storage of vessels or equipment. A portion of it can also be segregated to provide for a bonded warehouse. Some offshore oil equipment is foreign made and can be stored duty free in a bonded warehouse until is taken back out to be used in offshore operations. This could provide an incentive to offshore oil development operators to use the port.
13	New road alignment. This would safely route traffic within the port and separate the main operational areas of the port.
14	Nome Joint Utilities (NJUS) storage facilities for fuel tanks, equipment and supplies.
15	Boat Storage. This area will be developed for future vessel storage in conjunction with a boat lift operation.
16	Private property, tank farm operations.
17	Container laydown area. This property has been recently acquired and consists of approximately 18 acres of undeveloped tundra. It will require the installation of gravel pads to be usable for port operations and can be configured to meet the needs of any port user.
18	Future Storage Pad. This area is also undeveloped tundra but can be developed for port operations by installing gravel pads.

Map #	Map Feature
19	Multi-Road Intersection. An Engineering study is taking place in spring of 2013 to determine the best solution to this complex intersection in an effort to facilitate safe and efficient movement for all facility operations.
20	NSEDC fish plant. The plant processes a variety of fin fish and shellfish. The sheet pile dock in front of the plant is used by the fishing fleet exclusively. Draft is -10 MLLW.
21	Floating docks. These docks are for vessels up to 40'.
22	Low level dock. This is a general use dock with a low sheet pile wall at +6 MLLW. Draft is 10 ft.
23	East Dock. This dock is used for fuel barges and other mixed use vessels. Draft of -10 MLLW.
24	South Wall vessel moorage. This area is used for transient moorage of vessels and does not have developed uplands. Draft of -10 MLLW.
25	Existing open c-cell docks. General cargo, fuel and gravel. West Dock 190' length with draft -22.5 MLLW. City Dock 200' length draft -22.5 MLLW.
26	Middle Dock construction. This would connect to the two existing open cell sheet pile docks, adding 450 feet of operational dock length for a total of 840 feet of operating dock face when combined with the existing docks. The Middle Dock would include a loading ramp for roll on/roll off operations. This facility is critical to meet the current needs of the Port of Nome. Operating draft in this area is -22.5 MLLW. Estimated cost is \$13.5 million.
27/28	<p>Deep-water dock and causeway extension. The design basis for this facility is -35 MLLW and will allow the port to serve larger, deep draft vessels. The details of the design of the facility are in the verification phase with additional data needed on waves, wind, bathymetry, sedimentation and navigational characteristics of the port.</p> <p>It is conceptually designed to be a 700 foot extension of the causeway and a 500 foot long, 200 foot wide, double open cell structure. An initial cost estimate is approximately \$50 million. This will allow vessels of up to 500 feet to dock and would provide additional space for barge operations. As an additive option, the dock could be expanded to 700 feet in a future expansion. It is uncertain at this point if the causeway extension will require a sediment breach such as the one in the existing causeway.</p> <p>At 200 feet wide, this structure would provide badly needed port operational space</p>

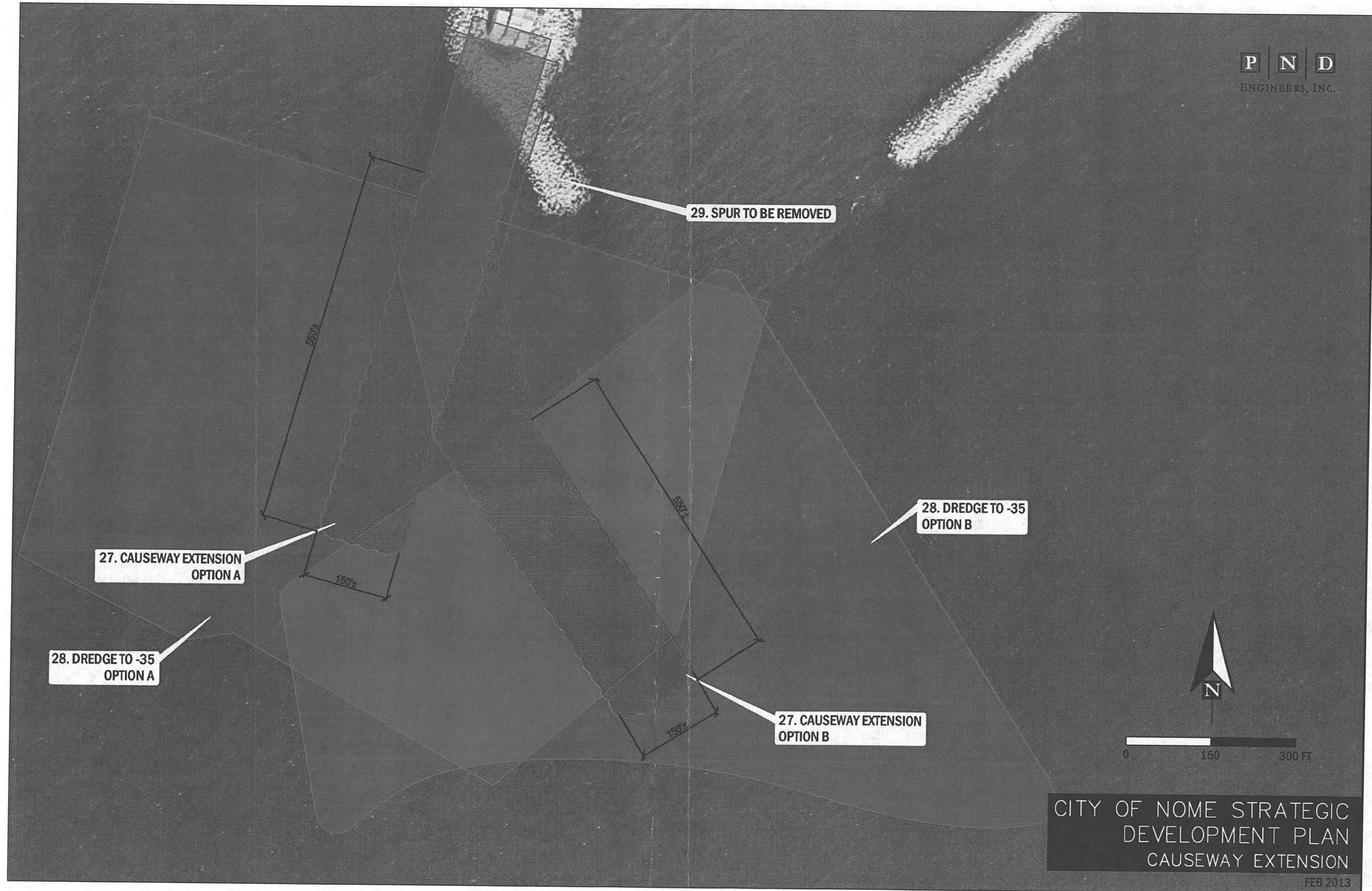
where vessels and barges could offload their cargo quickly and temporarily store it on the dock, then move it to longer term storage in the uplands yards. This would turn the vessel quicker meaning more efficient vessel operations and associated increased capacity of the port. Likewise, cargoes could be prepositioned on the dock and then loaded quickly to the vessel or barge. The existing Causeway is too narrow to accommodate these kinds of operations except on a very limited basis.

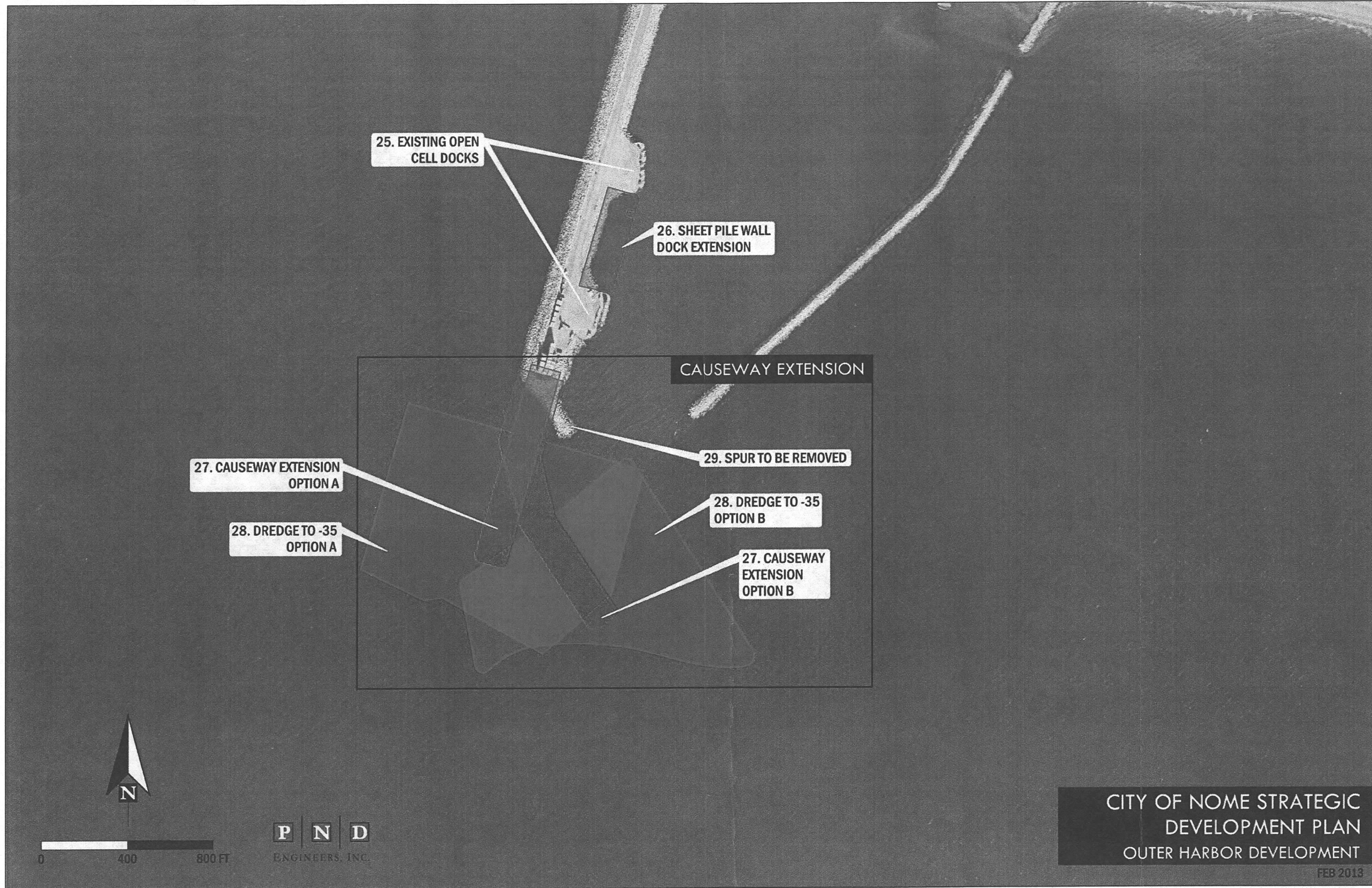
A significant design decision for the port is the orientation of the dock structure. If it is directly in line with the existing causeway, it provides the most unimpeded approach to the port. (Deep Water option A) However, if it is angled as illustrated in Deep Water option B, it could provide an important breakwater protection to the existing dock facilities and inner harbor, reducing the number of days the port is shut for weather. The tradeoffs with navigational safety need to be fully understood along with possible mitigating measures, which could accommodate Deep Water option B.

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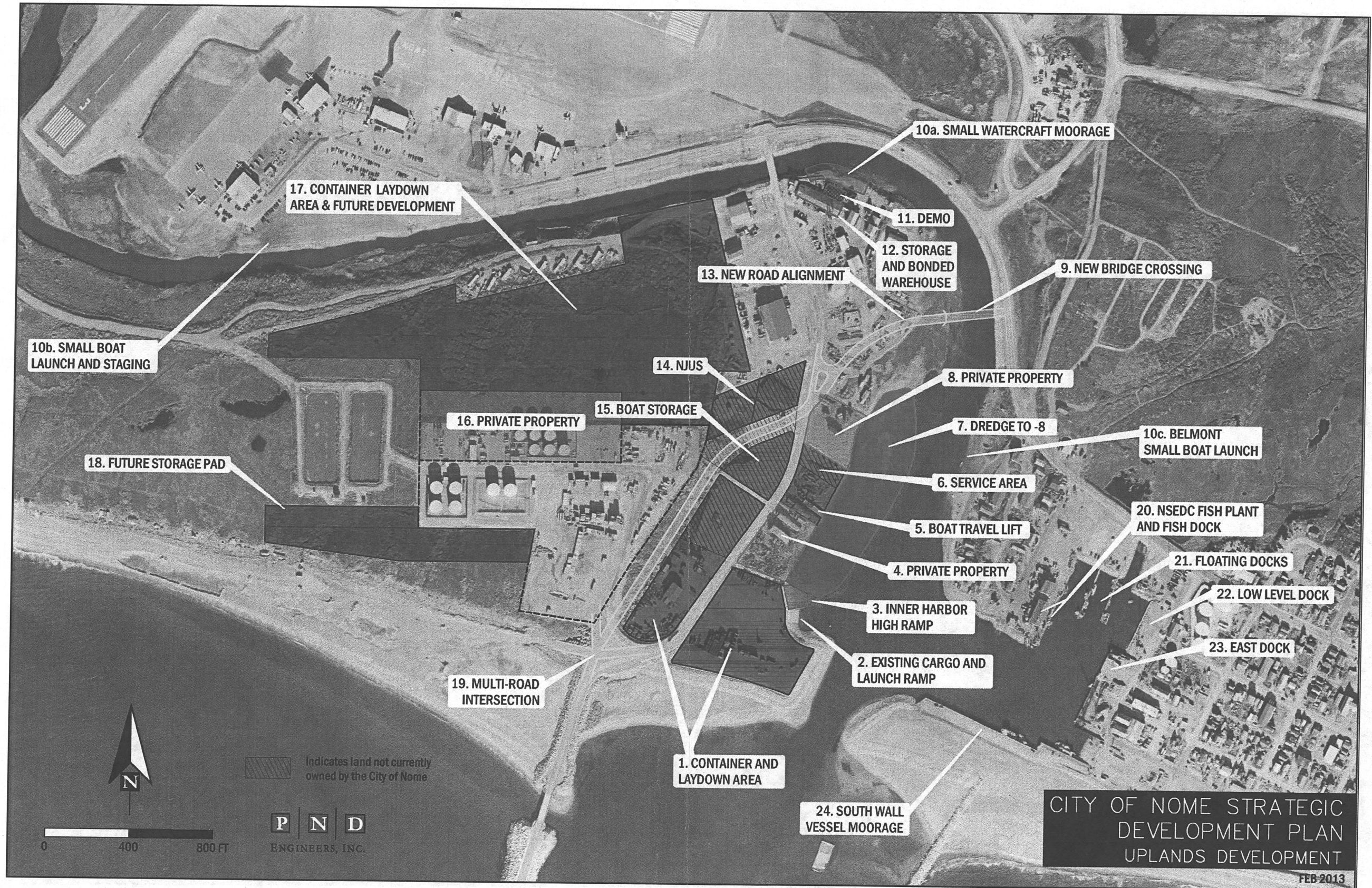
Remove Spur. If option B for the deep water dock is selected and provides protection for the outer harbor, this spur can be removed. While it is necessary under the current configuration, it also constitutes a hazard to navigation. Other modifications may also be considered such as the installation of a bumpered dolphin at the end of the East breakwater, or fendering along the causeway extension and deep water dock.

Map 5 Causeway Extension Map





Map 3 Uplands Development Plan



Map 2 Port and Harbor Overview Map



Appendices

1. *Community Survey*

The City of Nome conducted an online survey regarding the Comprehensive Plan Update from October 15, 2010 to December 15, 2010. The following are answers from a general question regarding external opportunities in Nome.

What external opportunities are there for Nome?

- Gateway to Arctic shipping
- Port expansion
- Completing the Port Facility to its actual intended water depth. The rush is coming and will it use Nome or blow right by?
- Ship traffic could prove fruitful in some degree as climate changes
- The Northwest Passage will bring more cruise ships and other foreign vessels to Nome's Port
- Big port and coast guard station
- Fisheries development
- Increase in shipping and scale of commercial fisheries
- Expand the port and jump on the northern passage route that i am sure will be a huge economic boom for Nome
- Hopefully the Northwest Passage will open up and we could use our port to generate income for the town
- Creating a good port that is attractive to visitors would bring in more tourists.... along with a better air terminal...first impressions go a long way!
- Port as Northwest Passage opens
- Cruise ship stops, movie shooting

2. *2013 Tariff Rate Analysis*

A rate analysis was performed on Nome's port tariff rates in early 2013. Results of this analysis will be evaluated by the Port Commission, City Council and staff prior to any increases/decreases being put into place or scheduled. Please see the following Table 4, which was an internal comparison of other Alaskan ports tariffs.

Table 4 Tariff Review Comparison

Western Alaskan Ports Tariff Comparison Worksheet

		Anchorage		Bethel		Dillingham		Dutch Harbor		Bristol Bay		Nome	
		Tariff No. 7	02/18/11	Tariff No. 4	12/03/10	Tariff No. 400	05/01/07	Tariff	07/01/10	Ordinance 2011-01	03/07/11	Tariff No. 8	06/13/12
Commodity/Service	Quantity	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
Gen.Cargo. Inbound	500 Tons	\$6/ton	\$ 3,000.00	\$8.20/ton	\$ 4,100.00	\$0.35/CWT *	\$ 3,500.00	\$4.39/ton	\$ 2,195.00	\$0.45/CWT*	\$ 4,500.00	\$10/ton	\$ 5,000.00
Bulk Fuel, Inbound	50,000 gallons	\$0.135/bbl*	\$ 160.71	\$0.04/gal	\$ 2,000.00	\$0.03/gal	\$ 1,500.00	\$0.022/gal	\$ 1,100.00	\$0.069/gal	\$ 3,450.00	\$0.03/gal	\$ 1,500.00
Gravel, -3 inches	5,000 tons	\$1/ton	\$ 5,000.00	\$1.25/ton	\$ 6,250.00	\$1/yd3 *	\$ 3,636.00	Not Listed	\$ -	\$1.46/yd3 *	\$ 5,308.56	\$1.60/ton	\$ 8,000.00
Rock, +3 inches	5000 tons	Same as -3"	\$ -	\$8.20/ton*	\$ 41,000.00	Same as -3"	\$ -	Same as -3"	\$ -	Same as -3"	\$ -	Same as -3"	\$ -
Dockage, 24 hours	250' @ 2000 GRT	201'-300'/24 hrs*	\$ 788.00	226'-250'/24 hrs*	\$ 349.00	\$0.47/ton 24 hrs*	\$ 940.00	\$466.78/12 hrs *	\$ 933.56	\$0.58/ton 12 hrs*	\$ 2,320.00	\$1.50/ft 24 hrs	\$ 250.00
Line Handling	300' + vessel	Not Provided*	\$ -	Not provided*	\$ -	\$35/manhour x 8 *	\$ 280.00	Not Provided*	\$ -	\$36/manhour x 8 *	\$ 288.00	\$850/visit	\$ 750.00
Summer Docking Permit	vessel under 30'	Not Listed		\$26/foot*	\$ 832.00	Flat Rate	\$ 260.00	Not Listed	\$ -	Flat Rate	\$ 250.00	Flat Rate	\$ 650.00
Fresh Water	1000 gallons	Flat Rate*	\$ 75.00	\$130 + .17/gal*	\$ 300.00	Flat Rate*	\$ 25.00	Flat Rate*	\$ 54.92	Flat Rate *	\$ 61.00	Flat rate*	\$ 150.00
4 Weeks Storage	2400 square Feet	\$0.105/SqFt Mthly*	\$ 252.00	\$0.30/SqFt S-Mthly*	\$ 1,440.00	\$45/100 SqFt month *	\$ 1,080.00	\$0.40/SqFt month	\$ 960.00	40'x60' lot/month*	\$ 437.00	\$0.05/SqFt wkly	\$ 432.00
Refuse	Dumpster	Not Listed		4 yard dumpster	\$ 125.00	1.5 yard dumpster	\$ 15.00	5 yard dumpster	\$ 87.86	Not Listed		1.5 yard dumpster	\$ 35.00

Figure 2 Tariff Comparison Worksheet Notes

**Western Alaskan Ports
Tariff Comparison Worksheet
Notes**

Anchorage*

Bulk Fuel Inbound	Rate is a charge per barrel (42 gals) vs. a per gallon charge indicating a very high volume of product per transfer at a very high rate.
Dockage	24 hour flat rate based on vessel length per tariff chart
Line handling	Tariff specifically states this service is not provided.
Fresh Water	Rate includes hook-up and disconnect of up to 100' of water hose for first 1000 gallons. \$5.00 for each additional 1000 gallons or fraction thereof.
Storage	Tariff description is "transit cargo" storage, implying a short term expectation.

Bethel*

Gravel/Rock	Bethel is the only port that has a different rate for +3" material. Verified increased rate. Due to dock damage caused by armor rock.
Dockage	Flat rate based on vessel length per tariff chart. Rate is for 24 hours, but a 12 hour minimum is allowed.
Line Handling	Tariff specifically states this service is not provided.
Docking Permit	Winter rate in slough is \$0.10/SF per month
Fresh Water	Tariff charges \$130.00 hook-up fee and \$0.17/gallon up to any amount.
Storage	Rate is charged semi-monthly during the summer season and monthly during the winter.

Dillingham*

General Cargo	Used tariff rate for TEU containers. Tariff also provides for an additional \$0.035/CWT for handling not included in this comparison chart.
Gravel	Rated per cubic yard (yd3). Calculated volume using estimated 2750 lbs (internet search) per yd3. Tariff includes \$2.00/yd3 for handling.
Dockage	24 hour flat rate based on vessel Gross Registered Tonnage per tariff chart
Line Handling	Not specifically mentioned in Tariff. Estimated charge using Tariff Labor rates.
Fresh Water	Flat rate for first 1000 gallons. Additional \$50.00 for gallons 1001 to 3000. Over 3000 gallons, additional \$2.00/per 100 gallons (not clearly spelled out). Service may be refused if it will short community.

Dutch Harbor*

Bulk Fuel Inbound	Inbound rate varies by contract or negotiations.
Dockage	Flat rate based on vessel length per tariff chart per 12 hour period.
Line Handling	Tariff specifically states this service is not provided.
Fresh Water	Rate includes hook-up and first 1000 gallons. \$6.59 for each additional 1000 gallons or fraction thereof.

Bristol Bay*

General Cargo	Used Freight NOS rate in Tariff. Tariff also includes \$0.75/CWT for handling not included in this chart.
Gravel	Rated per cubic yard (yd3). Calculated volume using estimated 2750 lbs (internet search) per yd3. No additional charge for handling.
Dockage	12 hour flat rate based on vessel Gross Registered Tonnage per tariff chart. Common Carriers allowed 24 hours per permit (2 tides).
Line Handling	Not specifically mentioned in Tariff. Estimated charge using Tariff Labor rates.
Fresh Water	Flat rate for first 1000 gallons. \$13.00 per each additional 1000 gallons or fraction thereof.
Storage	Except for the 40'x60' lot, Tariff rates storage by CWT.

Nome*

Fresh Water	Flat rate for first 1000 gallons. \$0.05/gallon on next 1001-9999 gallons. \$0.03/gallon on 10000+.
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3. Port Development Projects

Under Way or Complete:		
Project Name	Project Description	Cost/Timeline
High Mast Lighting and Electrical Line Upgrade	Installation of 2 high mast lights on causeway and electrical line upgrade	\$897,000 Summer 2012
Snake River Bridge Replacement	Replacement of existing Snake River Bridge with a new bridge.	DOT/Summer 2012/2013
Harbor Floats Anchor System	Removal of failed piling & replace with anchor chain system	\$177,000 Summer 2012
Final Design - Bid Ready		
Project Name	Project Description	Cost/Timeline
Harbor Repairs & Upgrades	Replace fenders and ladders at East and South Docks/Install Dock Lighting	\$3M DOT Grant Bid 2013
Barge Ramp Repair	Repair sagging barge ramp	Summer 2013
Dredging Depths Authorization	Federal Authorization to regularly dredge the Turning Basin to -10 MLLW	Submitted to Legislature
95% Design		
Project Name	Project Description	Cost/Timeline
Causeway Middle Dock Construction	Install 475 ft. of sheet pile between City and Westgold Docks	\$13.5M 2013 \$5M (GO Bonds) Seeking Balance
Barge High Ramp & Dredging	Install 35' wide sheet pile dock with loading ramp & dredge 36,000 cy to -4 ft. for vessel moorage basin	\$4M 2013 (GO Bonds)
Snake River Floats Moorage Expansion	Dredge approx. remaining 40,000 cy of river- install floats and develop uplands	\$13.7M 2014 Seeking Funds
Future/Conceptual		
Project Name	Project Description	Cost/Timeline
Nome Deep Water Port Expansion	Extend Causeway & East Breakwater to -35 ft. MLLW dredged depth	\$1M 2013/2014 Study/Design
Heated Shop(s) for Lease at Port	Remove existing Garco Building And rebuild heating shop(s) for lease	Discussion and Planning Phase

A. Completed High Mast Lighting and Electrical Line Upgrade

This project installed two high mast lights, a foundation for a third light, and electrical line upgrade on the Port of Nome Causeway. The City submitted a successful proposal to the Denali Commission under the FY 2011 Transportation Project Program as a Waterfront Project Nomination. Construction of the project was completed during the 2012-operating season.

The cost estimate for the two high mast lights and the foundation for a third light was \$507,150. The cost estimate for the electrical line upgrade was \$325,986. The total project cost was \$897,000. The City of Nome provided a 20% match to the Denali Funds and was responsible for the balance of the total project cost.



Photo 4 Completed High Mast Lighting

B. Snake River Bridge Relocation

Alaska Dept. of Transportation is currently replacing the existing 34' X 101' fixed, steel stringer Snake River Bridge, consisting of three I-beams, wood planking, and timber cribbed wing-walls with a new 35' X 318' three span, concrete bulb-tee girder bridge with 3-foot diameter steel pipe pilings. The existing bridge is utilized as a utility corridor; water and sewer mains, communication, and power lines are mounted under the bridge. The project is in conjunction with construction of a new road between Port Road and Seppala Drive. The City is currently working with DOT & PF to keep the existing bridge for foot traffic/ATV use.

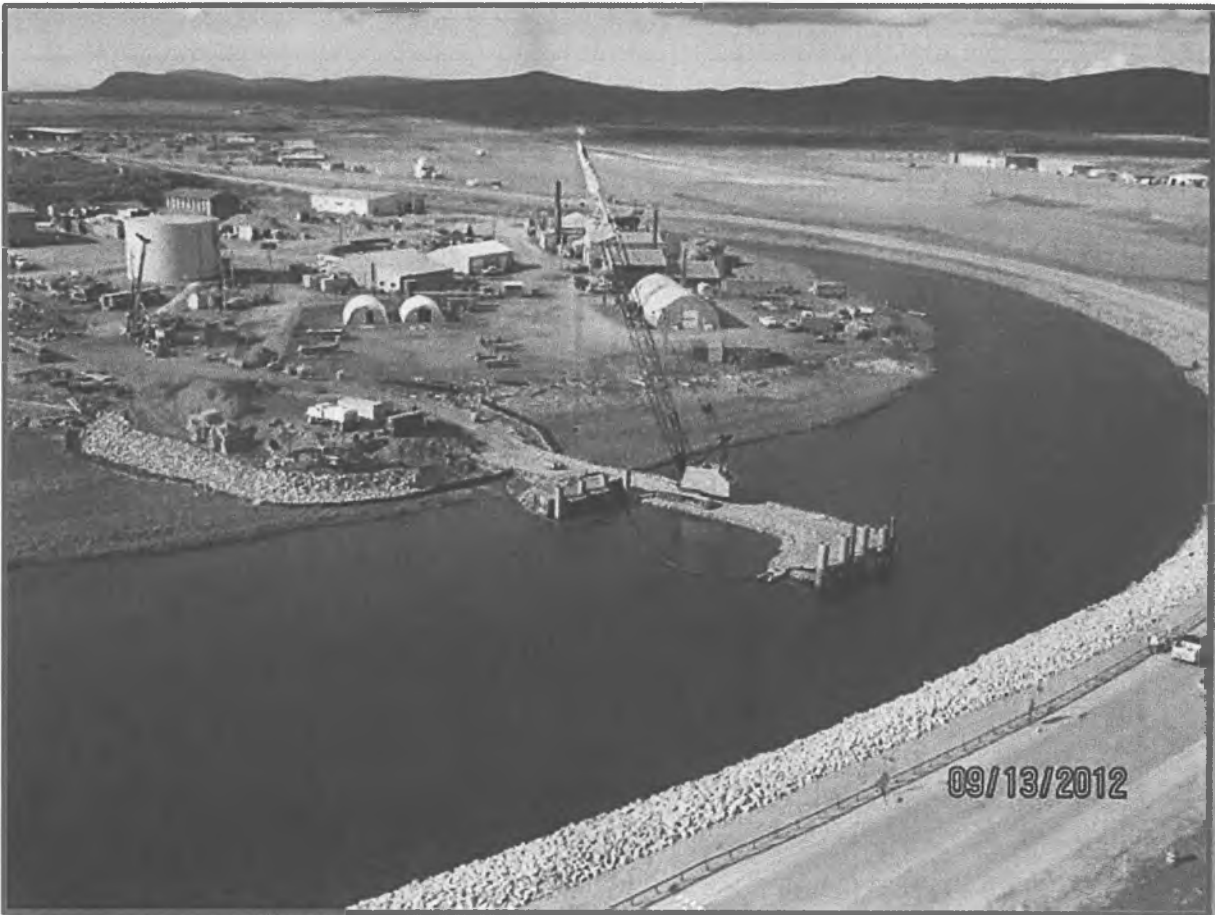
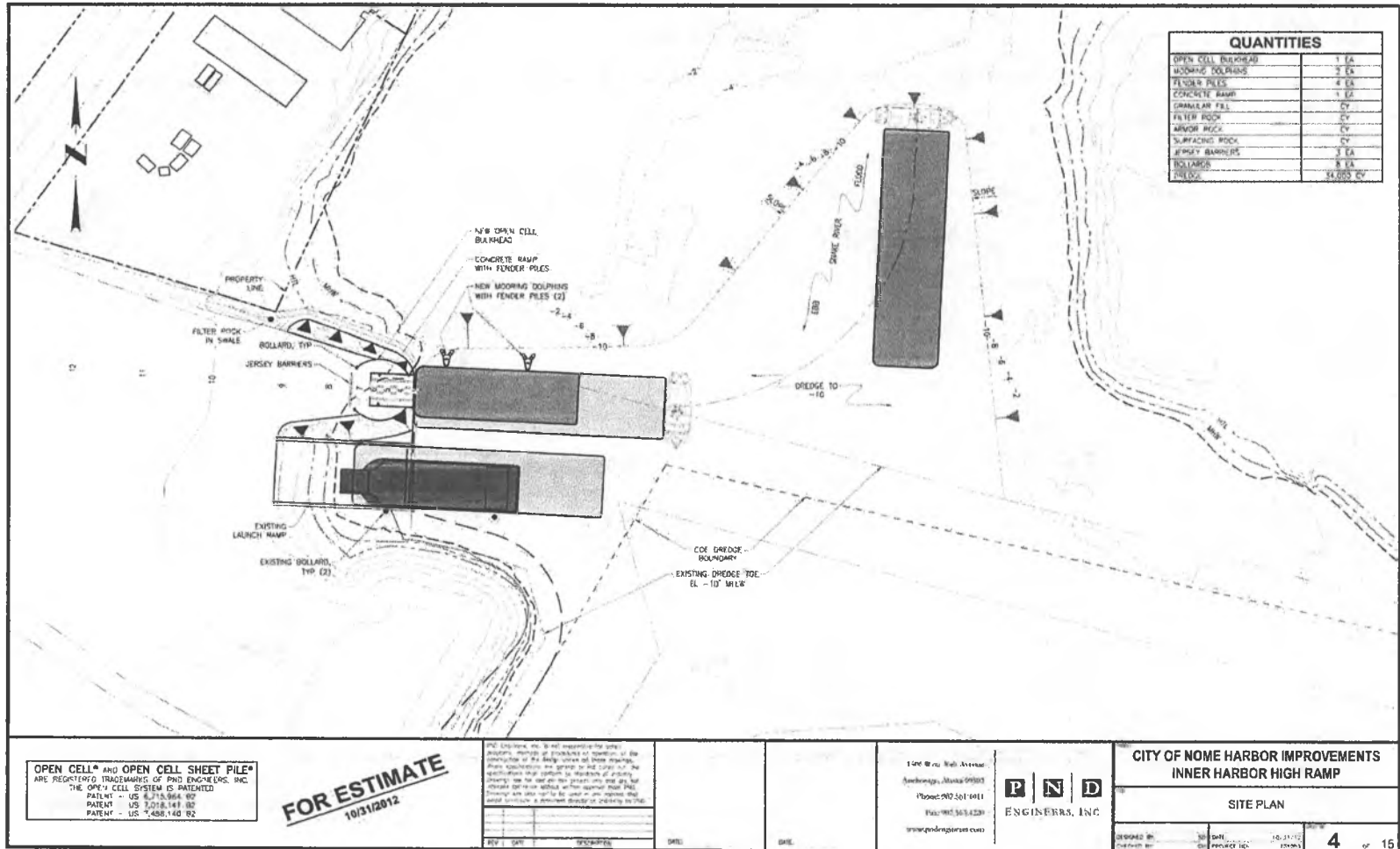


Photo 5 Snake River Bridge Relocation

D. High Ramp Dock Construction

Figure 4 High Ramp Dock Site Plan



E. Small Boat Harbor Turning Basin Dredging Depth Authorization in Federal Area

A shallow area in the center of the Small Boat Harbor, located between the new entrance channel and the east fuel/cargo dock needs to be dredged on a regular basis so that vessels can utilize the facility. The City has asked the Alaska congressional delegation to seek authorization of annual dredging of this portion of the federal area of the harbor as needed. This area was dredged to -10' MLLW in 2008 but not since. Fortunately, there is little shoaling in the Small Boat Harbor but seeking annual dredging is wise, as well as requesting authorization to dig the entire harbor basin and channel to -12' MLLW to accommodate the vessels operating at -10' draft.



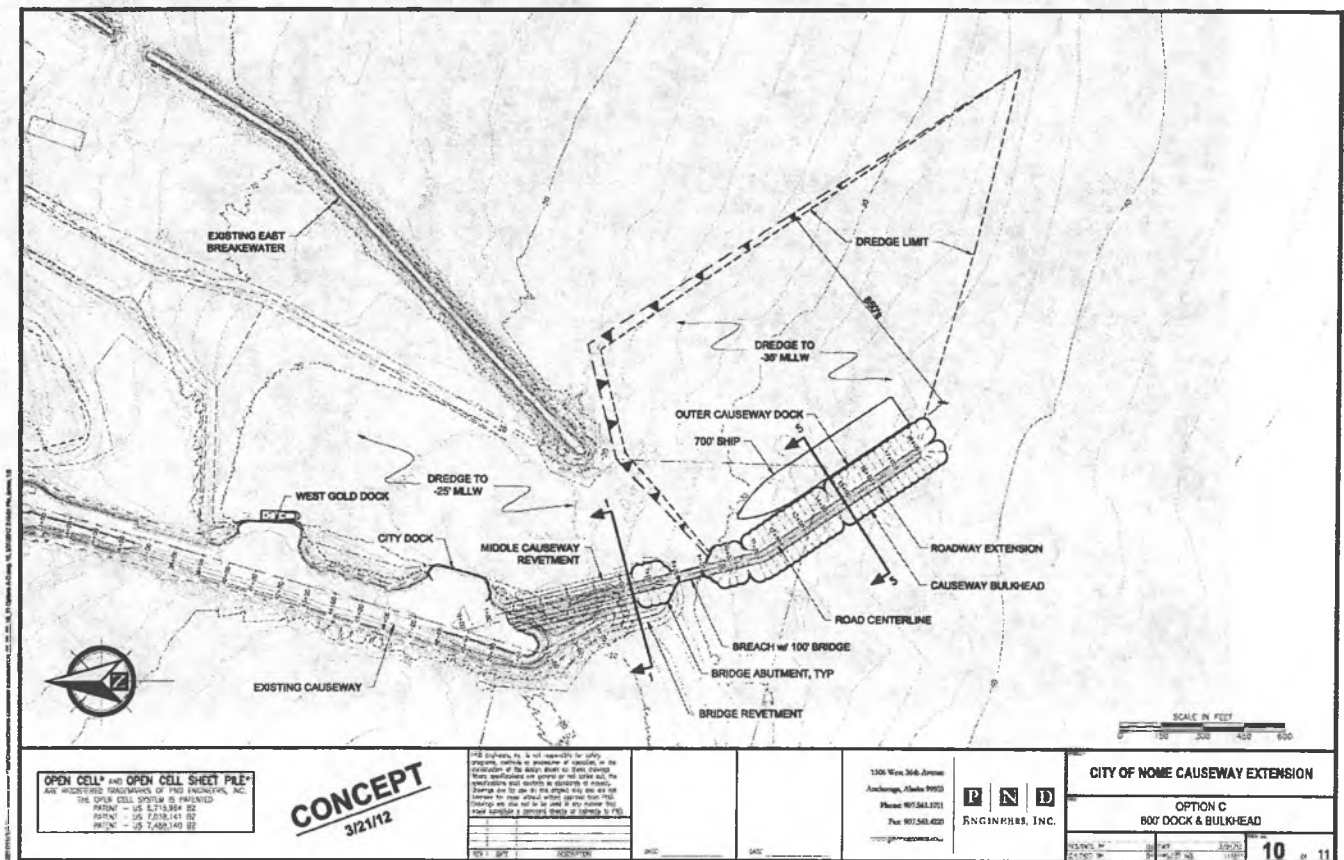
Photo 6 Nome Inner Harbor

F. Support for Arctic Access Port/Causeway Extension

The City requested Congressional support of efforts to extend the causeway to -35 MLLW into the Bering Sea. This depth will accommodate vessels with drafts of more than 22 feet under conditions of 4-foot wind set-down and wave height of 2 feet would require the expansion of the Causeway.

WRDA 2007 authorized the USAGE to perform a Nome Causeway Study, the first step of the process to construction. The City and the USAGE need an appropriation to fund the work authorized by WRDA. The City requested a Federal appropriation of \$3M to fund the study to extend the Nome Causeway for increased Arctic Access. The \$10 million was included in the proposed port bond issue, which passed in November 2012.

Figure 5 Nome Causeway Extension



Eligible Communities and CDQ Entities

Western Alaska Community Development Quota Program

