



CITY OF SAINT PAUL

ALASKA

MEMORANDUM TO COUNCIL

TO: Mayor and City Council Members

FROM: Phillip A. Zavadil, City Manager

CC: Aubrey Wegeleben, City Clerk; Stephanie Mandregan, Finance Director

DATE: January 13, 2024

RE: Resolution 24-02 - A Resolution Approving the City of Saint Paul Harbor Rate Schedule for 2024

SUMMARY: Resolution 24-02 approves increase and restructuring the harbor rates.

PREVIOUS COUNCIL ACTION: Council discussed harbor rates for 2023 budget workshop but decided not to take any action. On December 12, 2023, Council approved Resolution 23-28 – A Resolution Approving the City of Saint Paul Harbor Rate Schedule for 2024, however due to time constraints the incorrect rate schedule was displayed on the screen during the meeting. This rate schedule displayed was different from the version in the council meeting packet.

BACKGROUND AND DISCUSSION: Pursuant to City of Code of Ordinances Chapter 14.25 the City Manager shall recommend harbor rates to the City Council and the City Council shall review and approve these rates by resolution. The City has observed over a 60% loss in fish tax revenue because of the closure of BBRK and BSS crab fisheries. The decline in tax revenue has resulted in hiring freezes, limiting expenditures, deferring maintenance and other projects, an increase in public utility rates, and using investment funds to offset the loss in revenue.

When the City crew offloads and back loads the Coastal Transportation freighter at the City South Dock we are losing on average \$500 each time we perform this service due to the low wharfage rates and our rising costs for labor and equipment. The loss may be a function of lower amounts of freight coming in and Coastal trying to stay at the dock less than three hours. The product coming off the recent Coastal boats was mainly for the store and bulk sale. The new rate structure would allow another entity to offload the boat at a much lower rate without the need for City crews to perform this service.

This next year we are anticipating maintenance work on the harbor. The current fee structure for rock and dredge material will be quite costly for the selected contractor that is offloading dredge material and rock for the project. The proposed rate structure adds an aggregate category to the

wharfage that is more cost effective for projects like this. However, in the past the City administration has negotiated a rate with contractors performing this work.

ALTERNATIVES: Council could choose only to approve the aggregate rate for wharfage to accommodate the upcoming 2024 harbor maintenance dredge. Council could direct City administration to negotiate favorable dockage and wharfage rates for the upcoming dredge project.

FINANCIAL IMPLICATIONS: If Council chooses not to increase harbor rates the City will continue to lose money when offloading a freighter or barge.

LEGAL: N/A.

ADMINISTRATION COMMENTS AND RECOMMENDATION: Administration recommends approval of this resolution.

PROPOSED MOTION: I move to approve Resolution 24-02.

ATTACHMENTS: Resolution 24-02, Proposed 2024 Harbor Rates, 2023 Harbor Rates