

Memorandum 13-156 Homer Harbor Load and Launch Ramp Replacement

Memorandum ID: 13-156

Memorandum Status: Backup

Memorandum 13-156

TO: Mayor Wythe and Homer City Council

THROUGH: Walt Wrede, City Manager

FROM: Katie Koester, Community and Economic Development Coordinator

DATE: November 13, 2013

SUBJECT: Homer Harbor Load and Launch Ramp Replacement

The State of Alaska Department of Fish and Game Division of Sport Fish and the City have working on replacing the Load and Launch ramp in the Homer Harbor through Federal Dingell-Johnson funds. This opportunity requires a 25% (\$800,000) City of Homer match. The purpose of this memo is to explore possibilities for meeting this requirement.

HARBOR FACILITY GRANT

The Load and Launch Ramp is an eligible project for the Harbor Facility Grant Program (this is the 50% match grant that the City applied for last session and will be funding half the improvements to the harbor this fall). The City could apply for the full \$800,000 and use the Dingell-Johnson funds as a match. However, there are challenges to relying on this funding source and the likelihood of success is slim.

Challenges:

Timing: The earliest funding would be available from the Harbor Facility Program is July of 2015. This would delay the project by 1 year which could escalate costs.

Competitiveness: There are two types of grants under this program: Tier 1 for harbor facilities who have never received a grant before, and Tier 2 for all others. Because the City of Homer received a grant in 2012, our application would be Tier 2. Tier 1 applications always take priority over Tier 2. There are many Tier 1 eligible applicants out there, but it depends entirely on who applies and how deep the Governor and Legislature decide to fund the program. In the history of the program, 21 Tier 1 grants have been funded and 6 tier 2 grants.

DIRECT APPROPRIATION FROM THE LEGISLATURE

The Council could amend their CIP list and ask for \$800,000 dollars match from the Legislature this year. If awarded, the timing would coincide with when federal funding is available and not delay the project. The project could be attractive to the Legislature because of the large amount of funding leveraged and the quick ability to spend the funds to produce a deliverable product that is heavily used by the public.

Challenges: A lot of thought and public process has gone into the current CIP list. The Legislature may want local 'skin in the game' instead of the City relying on State and Federal funds for 100% of the project. Even if the project is placed prominently on the CIP list, there is no guarantee of funding.

LOAN

Port and Harbor could apply for a loan to cover the City's portion of the match. The City could loan the funds to the Port and Harbor Enterprise fund, go through a private lender, or work with a State or Federal agency to guarantee a loan through a private lender.

Challenges: Interest rates are slowly increasing from their historic lows. For example, the USDA loan guarantee program is currently guaranteeing a 4.5% interest rate. Also, per the stipulations of the Dingell-Johnson funds, user fees at the load and launch ramp cannot be used to collateralize a loan.

Related Resolutions**Memorandum - Related Resolutions:** [Resolution 13-112 Local Match Funds for Repair, Replacement, and Rehabilitation of Infrastructure and Facilities at the Homer Small Boat Harbor Load and Launch Ramp](#)

Source URL (retrieved on 2015-02-26 20:15):

<http://www.cityofhomer-ak.gov/memorandum/memorandum-13-156-homer-harbor-load-and-launch-ramp-replacement>