

**NOTICE OF MEETING
REGULAR MEETING**

- 1. CALL TO ORDER**
- 2. APPROVAL OF THE AGENDA**
- 3. PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA**
- 4. RECONSIDERATION**
- 5. SYNOPSIS APPROVAL**
- 6. VISITORS**
- 7. STAFF REPORTS**
- 8. PUBLIC HEARING**
- 9. PENDING BUSINESS**
- 10. NEW BUSINESS**
 - A. Election of Chair and Vice Chair Page 3
 - B. Review Scope of Work
a. Resolution 14-015 Page 5
b. Memo to Port & Harbor Advisory Commission Re: Potential Port of Homer Haul-Out & Repair Facility Page 7
 - C. Establish Task Force Meeting Schedule
- 11. INFORMATIONAL ITEMS**
 - A. Port & Harbor's Economic Opportunity Presentation Page 9
- 12. COMMENTS OF THE AUDIENCE**
- 13. COMMENTS OF CITY STAFF**
- 14. COMMENTS OF THE TASK FORCE**
- 15. ADJOURNMENT NEXT REGULAR MEETING IS SCHEDULED AT A TIME TO BE DETERMINED** in the City Hall Conference Room located at 491 E. Pioneer Ave, Homer, Alaska.



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

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Memorandum

TO: Vessel Haul-Out Task Force
FROM: Melissa Jacobsen, Deputy City Clerk
DATE: February 26, 2014
SUBJECT: Call to Order and Election of Chair and Vice Chair

Barbara Howard will open the meeting as Acting Chair and take the group through the agenda to the selection of Chair and Vice Chair.

The responsibilities of the Chair and Vice Chair are as follows:

- The duty of the Chair is to preside at all meetings, facilitate orderly and relevant discussion of agenda items brought before the Task Force, and report the recommendations to City Council.
- The duty of the Vice Chair is to fill the role of the Chair in his or her absence.

Mrs. Howard will open the floor for nomination of Chair. When the Chair is approved by the body he or she will assume the seat and call for nominations for Vice Chair. Upon approval of Chair and Vice Chair the group will continue on with the agenda.

42 PASSED AND ADOPTED by the Homer City Council this 13th day of January, 2014.

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CITY OF HOMER

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MARY E. WYTHE, MAYOR

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50 ATTEST:

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JO JOHNSON, MMC, CITY CLERK

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Fiscal Note: Staff time and advertising costs.

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Memorandum

TO: PORT & HARBOR ADVISORY COMMISSION
 FROM: BRYAN HAWKINS, PORT DIRECTOR/HARBORMASTER
 DATE: NOVEMBER 26, 2013
 SUBJECT: POTENTIAL PORT OF HOMER HAUL-OUT & REPAIR FACILITY

At their meeting on October 30, 2013, the Port and Harbor Commission asked to discuss the future possibility of a vessel haul-out and repair facility at the Homer Port and Harbor. Over past few weeks, I have had many discussions with various harbor user groups and other harbor entities/businesses about such a facility. The feedback I have received has been very informative and positive. There has been a substantial amount of support from Homer Marine Trades Association for such a facility, as well as vessel owners that represent the large 70+ ton vessel class.

Here are a few pros/cons of the Homer Harbor building a vessel haul-out and repair facility:

Pros/Benefits	Cons/Challenges
<ul style="list-style-type: none"> • Large benefit to the community. Benefits are well documented by looking at other harbors that have haul-out/repair facilities. • Provides a new tax base for the City. • Creates a new revenue stream for the Harbor Enterprise. • Offers a facility for larger vessels to haul out for repairs that currently have to travel outside of Homer for this service. • Will be capitalizing on the Chip pad, which is a harbor asset that is currently being underused. 	<ul style="list-style-type: none"> • Looking at other harbors that operate their haul-out/repair facility, their fee structure does not fully support the facility, causing a financial burden on their harbor enterprise. • Environmental aspects such as permitting, cleaning vessels, treating water, etc. • Organizing the logistics of who will be running the harbor enterprise-owned facility: the City or a privately-owned business. • Seeking the funding needed to purchase a travel lift and build facility/dock infrastructure.

Concerns and Suggested Options

Many harbors own, manage, run, and maintain their boat yard and haul out facilities. These communities have funded the construction of the facilities using direct appropriations and/or grants from federal and state sources. A main problem these harbors have experienced is the municipal government fees aren't enough to operate and maintain the facility on their own, creating a financial burden on the enterprise and all other harbor users. Even though we know there will be large financial benefits to the community and to select vessel owners, we need to be mindful that this haul-out and repair facility will really only serve a small portion of our overall harbor users. Other vessel owners who use private haul-out facilities could object to having any cost burdens passed on to them.

Option A: Enterprise-owned and operated shipyard and haul out: At this time, our harbor is not staffed or trained to run or manage our own facility. If we were to move ahead and run it ourselves, we would need to create another harbor department requiring additional staffing, training, and a full maintenance program. Organizing the creation of a new department is doable, but I would like to be up front and stress the fact that if we choose to operate and maintain the facility using harbor staff, my priority would be to set it up as an independent enterprise that would account for true

operations, maintenance, and replacement costs. Our primary goal for this endeavor should be to ensure that the vessel haul-out and repair facility is financially self-supportive and does not become a burden on the harbor enterprise, while at the same time supporting a much-needed facility for our large vessel fleet. In turn, it will generate jobs and commerce here in town.

Option B: Privately-owned and operated shipyard and haul out: Another possibility would be to create a public-private partnership (PPP) wherein the City dedicates the use of Lot 20 for travel lift access and provides a favorable lease for part or all of the Chip Pad (Lot 12) to a company that would make the investment into building the infrastructure needed to haul, move, and oversee all shipyard activities. The benefits of this option are, because it is a privately-owned business, the company providing the service would be responsible for the, training, maintenance, billing, operation costs. This option would be another stand alone business provided needed services to the Homer fleet and a very low financial risk to the harbor enterprise. An industry need, supplied by industry, facilitated by the enterprise.

Recommendation

Staff requests the commission's feedback on this potential vessel haul-out and repair facility.

Ports and Harbors Create Economic Opportunity

Presentation to the

31st Annual Conference of the

Alaska Association of Harbormasters

and Port Administrators

Wrangell, Alaska

Mike Fisher

October 27, 2010



Northern
Economics

Agenda

- The Role of Ports and Harbors in the Local Economy
- Sustainability and Economic Development
- Public and Private Roles in Economic Development
- Traditional Means of Encouraging Private Investment
- Emerging Methods of Encouraging Private Investment

The Role of Ports and Harbors in the Local Economy

- Interface between water and uplands
- Economic engine and opportunities
- Bring in outside dollars
- Community facilities

Sustainability and Economic Development

Sustainability

- ✓ Financing
- ✓ Funding
- ✓ Continued operations and long-term survival
- ✓ Your facility's bottom line
- ✓ Public

Economic Development

- ✓ "Unsustainable?"
- ✓ Community-wide benefits
- ✓ Economic activity
- ✓ Public, private, and public/private

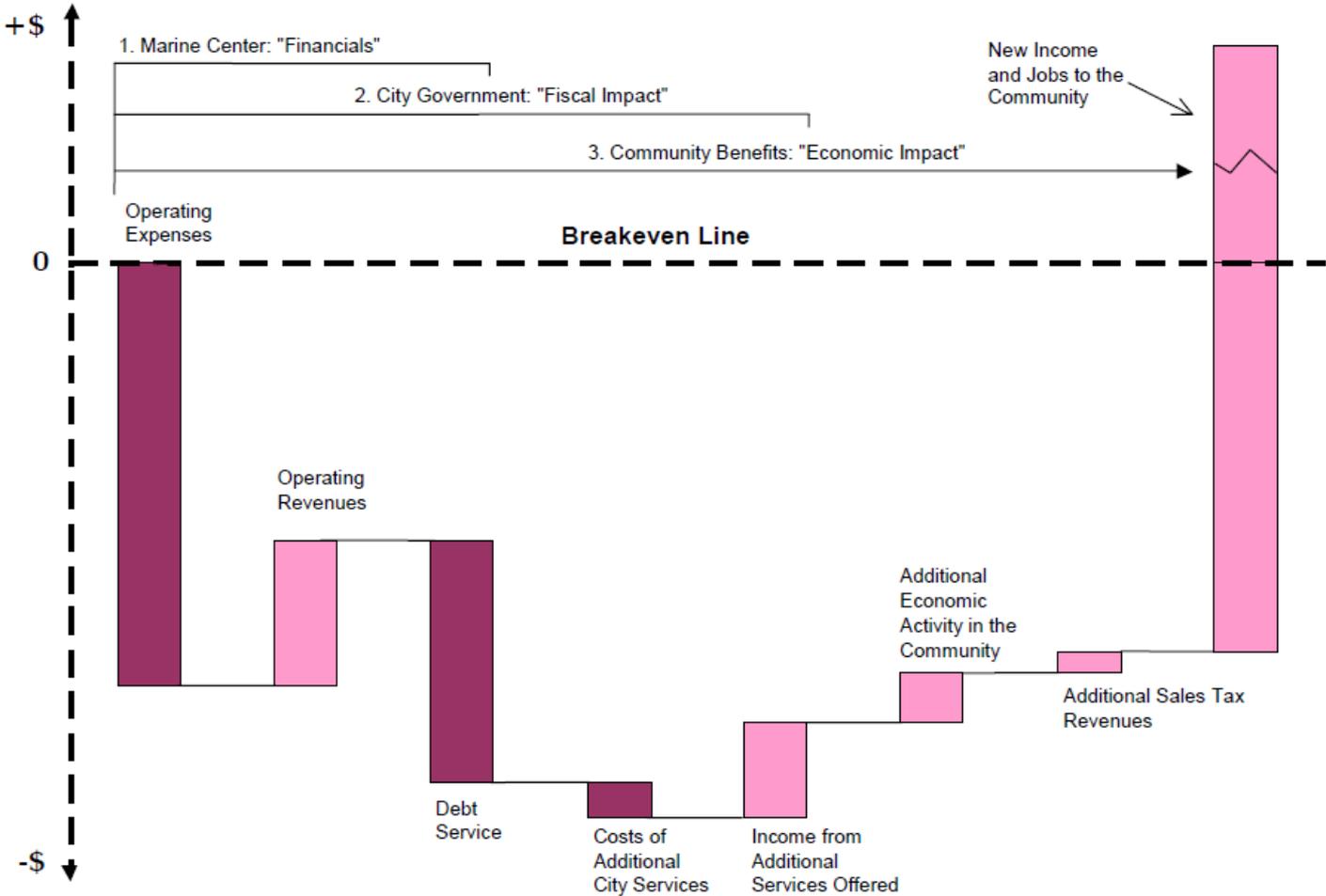
Public and Private Roles in Economic Development

- At its core, economic development is the process of increasing the standard of living in an area
- Public Role
 - Establishing infrastructure
 - Establish a regulatory framework
 - Establish a business environment
 - Encourage economic opportunity
 - Encourage private investment
- Private Role
 - Investment to meet a need
 - Generate a rate of return

Economic Development Beyond Marine Facilities

- **Financial sustainability traditionally looks just at a facility**
 - Can we cover operating costs?
 - Can we set aside enough to replace the facility in 20 or 30 years?
- **Economic development must look beyond marine facilities**
 - What does the facility mean for businesses in the community?
 - Does the facility generate other benefits?
- **Three bottom lines:**
 - Financial – the facility
 - Fiscal – additional government benefits
 - Economic – additional community benefits

The Three Bottom Lines of a Marine Center



Source: Adapted from a figure provided by Steven Spickard of Economics Research Associates.



Traditional Means of Encouraging Private Investment

- Infrastructure
- Lease structures and incentives
- Tax structures and incentives



Emerging Methods of Encouraging Private Investment: Public-Private Partnerships (PPP)

- No accepted definition of a public-private partnership (PPP)
- Generally, PPPs are joint ventures funded and/or operated through a partnership of governmental and private entities
- In developed countries, PPPs are used for facilities within ports, not for entire ports
- Perhaps more useful as a concept than for practical application

Why Use a Public-Private Partnership?

- Government control (participation and ownership) with private efficiency and capital
- Gaps in the three bottom lines
- Access to a broader range of financing
- Access to additional capital
- Fewer constraints on accessing capital
- Risk sharing (specificity, complexity, uncertainty)
- Lower costs of service through specialization

How PPPs Have Been Used

- Typically infrastructure projects
 - Highways
 - Mass transit
 - Hospitals
 - Wastewater treatment plants
 - Port facilities – limited, primarily small to medium ports
- Some federal funding now allows private contributions to its project match

Issues with PPPs

- Alaska's DOT doesn't have enabling laws to allow it to enter into public-private partnerships
 - Limitation of types of partnerships that may be available
- Port Authorities are allowed by statute, but do not have the power of taxation
- Public agencies can't compete with the private sector
- Not as applicable for smaller governments

How PPPs Can Work in Alaska

- Rehabilitation, restoration, and reuse of facilities
- Public investment in infrastructure, private operation of facilities and services
- BOOT concept: private construction, ownership, and operation for a limited period, with transfer to public
 - Concern about maintenance
- Coordinated investment, virtuous cycle

Recommendations for Governments

- Be transparent
- Separate government agencies
 - Maintain objectivity, arm's length transactions
- Ensure that the bidding process is competitive
- Include standardized, low-cost arbitration procedures in the contract

Source: Vining, A. and Boardman, A., 2008. The potential role of public-private partnerships in the upgrade of port infrastructure: normative and positive considerations. *Maritime Policy & Management*, 35(6), 551-569.

Recommendations for Governments

- **Ensure that the private sector partner(s) have sufficient equity at risk to give them the proper incentives**
 - Use of stand-alone, specific-use corporations
- **Prohibit the contractor from selling early**
 - Synergies between construction and operation
 - Understanding fault if sold
- **Have a direct conduit to debt holders**
 - Protection in the event of bankruptcy

Source: Vining, A. and Boardman, A., 2008. The potential role of public-private partnerships in the upgrade of port infrastructure: normative and positive considerations. *Maritime Policy & Management*, 35(6), 551-569.

Questions/Comments?



**Northern
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Following the conference, this presentation will be posted at www.harbormodel.com.