

Session 14-09, a Regular Meeting of the Port and Harbor Advisory Commission was called to order by Chair Ulmer at 5:00 p.m. on September 24, 2014 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONER ULMER, CARROLL, HARTLEY, ULMER, ZIMMERMAN

ABSENT: DONICH, STOCKBURGER

STAFF: HARBORMASTER HAWKINS
DEPUTY CITY CLERK JACOBSEN

APPROVAL OF THE AGENDA

Chair Ulmer called for a motion to approve the agenda.

HOWARD/HARTLEY MOVED TO APPROVE THE AGENDA AS PREPARED

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA

Malcolm Milne, non-city resident and harbor user, commented that the new rate structure is complicated and it seems the burden is shifted on to the larger vessels. He encouraged them to make sure the rate changes are spread across evenly instead of one user group or another.

Harbormaster Hawkins acknowledged the goals of finding an equitable rate and sustainable rate. He gave an overview of the process of getting to the point they are now.

John Velsko, city resident, commented that balancing this on the big boats is unfair. He thinks they are missing a big opportunity by not raising launch fees and parking fees. He recognized the goal of building the reserves, but when the harbor has reserve funds then Council takes the money. If they keep doing that, it's no wonder the harbor doesn't have money. He said it isn't a fair rate structure and we'll be shooting ourselves in the foot if we become the most expensive harbor. He supports annual CPI increases because people can plan for it. He also raised question regarding the electrical upgrades in the harbor.

Harbormaster Hawkins addressed the safety issues and code requirements with the electrical upgrades.

Commissioner Howard explained why the launch fees can't be addressed.

Tom Nelson, city resident and harbor user, agreed with the previous comments. He added it doesn't come down to the footprint in the harbor. The smaller vessels are the highest users of the harbor,

PORT AND HARBOR ADVISORY COMMISSION
REGULAR MEETING
SEPTEMBER 24, 2014

whereas larger commercial boats plug in and sit there. We could see this harbor become the most expensive on the west coast. If his rate goes from \$3000 to \$9000 there will come a point where he will have to either pull his boat out or start his season in Sitka.

Todd Hoppe, city resident and harbor user, expressed his dissatisfaction with the rates. He is transient and will probably stay there for as long as his boats are there. He heard at a previous meeting about the success of the haul out and revenue from the oil support vessels coming in. Since then they started building the harbor house and the other improvements. He is glad about the repairs, but doesn't agree with the way this rate increase puts the burden on the large vessel fleet. He will move his boat if has to. They need to find a better way to get money from all the users.

Weston Carroll, city resident and harbor user, also doesn't agree with the proposed rate structure. His size class will have a 300% rate increase with the square foot method. He looked at other harbor's methods, and none of them use this method. He thinks they need to give the fishing vessels a break. He also touched on comparisons of transient rates.

Tim Moore, city resident and harbor user, commented that there are a couple things the square foot method doesn't address. A stall reserved by a large vessel can be used by other vessels when the stall owner is out of it. Also unless you believe the other harbors are going to change to this method in a reasonable time, you're going out on a limb. It might work for the financial plan, but it won't if the vessels leave to find more affordable moorage. He thinks they can figure out a more equitable way to allocate the charges so it doesn't all fall on the larger fleet. He also agrees with charging more for transient.

Rob Nelson, harbor user, commented that the harbor expansion they are doing is sorely needed, and expressed his agreement with the other comments that the burden is being put on the larger boats with this rate structure.

Commissioner Hartley commented about the need to build reserves so they won't have to borrow money for future harbor repairs and improvements. He agrees they need to look at other harbor users, including the recreational and charter vessels.

Commissioner Carroll commented about hot berthing and that a leased stall can be used by a transient vessel and the lessee doesn't get any benefit from it. It's a good deal for the city. He also talked about the funds transferred from the harbor fund to the city fund, and sales tax revenue. The city could contribute some of that money back for upkeep of the harbor.

Chair Ulmer noted that we inherited the harbor in great disrepair and agrees with pushing for more financial help from the city.

RECONSIDERATION

APPROVAL OF MINUTES

A. August 27, 2014 Regular Meeting Minutes

Chair Ulmer called for a motion to approve the minutes.

HARTLEY/ZIMMERMAN SO MOVED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

VISITORS/PRESENTATIONS

STAFF & COUNCIL REPORT/COMMITTEE REPORTS/ BOROUGH REPORTS

A. Port and Harbor Director's Report for September 2014

Harbormaster Hawkins reviewed his staff report and answered questions from the commission.

PUBLIC HEARING

PENDING BUSINESS

A. Harbor Rate Increase Proposals

Commissioner Howard provided a talking paper he prepared regarding the square foot model to help achieve equitable rate assessments across all vessel classes. He reviewed the information in addressing overage allowed in reserved stalls. The 32 foot class allows a 42 foot vessel for a 31% overage and a 75 foot class allows an 85 foot vessel for a 13% overage. He calculated an average of the percentages, 14.68% and rounded up to 15%. He also provided a chart that includes the proposed maximum length with the uniform 15% overage.

HOWARD/HARTLEY MOVED TO CALCULATE SQUARE FOOT ASSESSMENTS BASED ON CLASS SIZE LENGTH AND WIDTH FOR RESERVE MOORAGE BERTHS WITH THAT SQUARE FOOT COST APPLIED TO OVERAGE ON A VESSEL THAT EXCEEDS THAT CLASS SIZE LENGTH AND/OR WIDTH, AND THAT ANNUAL TRANSIENT MOORAGE BE ASSESSED AT 75% OF THE RESERVED MOORAGE RATE, APPLIED TO THE LENGTH TIMES THE WIDTH OF THE TRANSIENT VESSEL.

Suggestion was raised about adjusting transient rates for vessels that are hot berthed. Harbormaster Hawkins addressed challenges to having several various rate structures and the need to fill empty reserved stalls rather than having huge rafts of vessels and denying access.

There was discussion of the information in the talking paper and transient rates. The goal with this proposal is to treat all the vessels the same regarding charging for overages. Some of the group expressed interest in thinking about this more before voting and that it would be helpful for staff to prepare a schedule of the rates to review.

HOWARD/HARTLEY MOVED TO AMEND THE MOTION TO DIRECT STAFF TO PREPARE A NEW RATE SCHEDULE USING THE MOTION AS GUIDANCE FOR THE RATE SCHEDULE.

There was discussion for clarification that they wouldn't be adopting this new model, the action is to have staff prepare the information and bring back for the Commission to further consider.

VOTE: (Amendment): YES: ZIMMERMAN, ULMER, HOWARD, HARTLEY
NO: CARROLL

Motion carried.

There was no further discussion on the main motion as amended.

VOTE: (Main motion as amended): YES: ULMER, HOWARD, ZIMMERMAN, HARTLEY
NO: CARROLL

Motion carried.

NEW BUSINESS

- A. Spit Land RFP Proposal Review & Recommendation to City Council
Memo to Homer City Council cc: Port & Harbor Advisory Commission from Lease
Committee Re: Spit Land RFP Results and Recommendations dated September 16, 2014

Harbormaster Hawkins reviewed the staff report and the proposals from Waterway Scrap Metals, LLC/AK Go Green, and Alaska Scrap & Recycling. The recommendation from the Lease Committee is to award to Alaska Scrap & Recycling.

The Commission discussed whether allowing a five year lease on a quarter of the pad will impact people wanting to do boat work and for vessel haul out. It was suggested maybe a two year lease would be more appropriate Harbormaster Hawkins explained that the city reserves the right in any lease to cancel a lease if there is a higher and better use, and the option is available to the lessee as well. He said if this lease is approved there is still quite a bit of area available on the pad for boat work.

HOWARD/ZIMMERMAN MOVED THAT THE COMMISSION RECOMMENDS THE CITY COUNCIL APPROVE THE PROPSAL FOR ALASKA SCRAP & RECYCLING AND INSTRUCT THE STAFF TO MOVE FORWARD WITH LEASE NEGOTIATIONS FOR A FIVE YEAR LEASE.

It was suggested that extra language be considered to clarify that if the city needs the space they can have it, instead of the regular boiler plate language. Harbormaster Hawkins reiterated that if an opportunity for higher and better use came along for the city, Alaska Scrap would be given a window of time to complete their work and vacate the site. It is built into the lease for the city and also for the lessee to do the same.

PORT AND HARBOR ADVISORY COMMISSION
REGULAR MEETING
SEPTEMBER 24, 2014

VOTE: YES: HOWARD, ZIMMERMAN, HARTLEY, ULMER, CARROLL

Motion carried.

B. System 5 Electrical

Letter to System 5 Users Re: Shore Power Project dated August 1, 2014

The Commission discussed the impact of the new code requirements of GFI protection for shore power on vessels coming in that need to plug in. They addressed whether there are ways to work around it for this winter because vessels are coming in and may not be able to upgrade their power before freeze up.

Commissioner Zimmerman said he spoke to the administrator at Sand Point who explained they had installed 2/3 of their pedestals with the GFI when they realized the boats couldn't plug in. So they put them back the other way because they had the equipment there to do it. Unfortunately we don't have that option. Sand Point is now working with the state trying to figure out what to do now.

Commissioner Carroll talked about a suggestion he heard to put in a transformer that would be 100 amps that would probably handle two boats. They would cost about \$7000 to install. An alternative might be for the harbor to pay for transformers for the pedestals.

Harbormaster Hawkins expressed his concern that installing the transformers would be a workaround to the code requirement. If the city supplies this work around and something happens downstream, he is concerned about liability to the city. If the vessel owner supplies his own transformer, it's their own issue. He explained that because so many harbors in the state are being affected by this, it's on the agenda for the upcoming Harbormaster's Association Conference.

They talked about the need to get the political process going. Time is of the essence as the large vessels are returning to the harbor. It seems reasonable to ask for a year waiver to have to come into compliance so that the vessel owners have time to get their equipment upgrades for this GFI system. They don't necessarily disagree with the safety concerns being address by the new code requirements, and want to comply, but vessel owners need time to prepare for it as well as the city.

Commissioners expressed they would start talking to Representative Seaton, Senator Stevens, and Senator Micciche, and encourage others to do the same.

INFORMATIONAL ITEMS

- A. Monthly Statistical & Performance Report
- B. Weekly Crane and Ice Report
- C. Deep Water Dock Report
- D. Pioneer Dock Report & Ferry Landings Report
- E. Water Usage Report
- F. End of Season 2014 Ramp 1-4 Parking Revenue Statistics
- G. Workboat Editor's Article re: Worker Pipeline Needed dated September 2014
- F. Strategic Plan

G. 2014 Commission Attendance Schedule

There were brief comments.

COMMENTS OF THE AUDIENCE

Buck Laukitis commented that False Pass has recently built a new harbor and he has plugged in there, they don't have GFI. Regarding rates he thinks it's an admirable goal to build up the reserves, and there are a lot of ways to approach it. He thinks status quo is the best way to do it. The last time there was an increase, the Harbormaster spoke to the user groups and explained the process of leveraging money and getting grant funds, and people bought in to the 15% increase for these current improvements. These new rates are too far out there for people to get behind. It's a good goal but the fees are way too high, it is hostile to the commercial fishing business, and it will drive business away.

Matt Alward uses transient moorage for his vessel, and he is not opposed to paying more for transient because he isn't using the services all year. He agrees that it is good to have reserves but increasing rates increase to the commercial fleet, more than the other users, will drive boats away, which will take money away from our local marine trades. He is willing to contact legislators regarding the shore power waiver.

Weston Carroll thanked for their time working on all of this. He reiterated his earlier comments that this rate method isn't equitable.

COMMENTS OF THE CITY STAFF

Deputy City Clerk Jacobsen suggested the group might want to schedule an open house to talk to harbor users about these proposed increases. That would give a better venue for open discussion. She reminded them about the Volunteer Appreciation Event.

Harbormaster Hawkins reminded the group that he is always willing to meet with folks at his office. He will work on the information for the rates as they recommended in the motion and has a couple other ideas to bring back to help smooth out some of the bumps.

COMMENTS OF THE COUNCILMEMBER *(If one is assigned)*

Councilmember Howard commented that it was a great meeting and thanked the audience members who participated. She advised that the Council is starting the budget process and encouraged people to come to the work session and learn about the process. She commented about the presentation of the Vessel Haul Out Task Force report to the City Council, and they have been asked to present at the Marine Trade Association next week. She reminded them about the Volunteer Appreciation Event.

COMMENTS OF THE CHAIR

Chair Ulmer said the Commission is working for the harbor users and appreciates their input.

COMMENTS OF THE COMMISSION

PORT AND HARBOR ADVISORY COMMISSION
REGULAR MEETING
SEPTEMBER 24, 2014

Commissioner Hartley had no comment.

Commissioner Howard thanked the harbor users for their input tonight. He thinks that working together they can come up with an equitable plane.

Commissioner Zimmerman thanked everyone for their input and encouraged them to share their ideas. This is a work in progress and the Commission wants input from the users.

Commissioner Carroll affirmed that the Harbormaster is accessible. He spent time in the office today working on getting a better understanding of the rates, and encouraged others to do the same.

ADJOURN

There being no further business to come before the Commission the meeting adjourned at 7:28 p.m. The next regular meeting is scheduled for Wednesday, October 22, 2014 at 5:00 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved: _____