

Session 14-10, a Regular Meeting of the Port and Harbor Advisory Commission was called to order at 5:02 p.m. by Chair Ulmer on October 22, 2014 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONER ZIMMERMAN, ULMER, DONICH, STOCKBURGER, CARROLL

ABSENT: COMMISSIONERS HARTLEY AND HOWARD (EXCUSED)

STAFF: HARBORMASTER HAWKINS
DEPUTY CITY CLERK KRAUSE

APPROVAL OF THE AGENDA

ZIMMERMAN/STOCKBURGER – MOVED TO APPROVE THE AGENDA AS PRESENTED.

There was no discussion.

The agenda was approved by consensus of the commission.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA *(3 Minute Time Limit)*

Don Lane, city resident, commented against the proposed rate model basing moorage fees on square footage instead of linear footage. He strongly recommended coming up with rates that would be equitable to all size boats. He advised them to review the increases very carefully.

Tom Nelson, city resident, running some numbers and has come up with revenue projections under the square foot model 24 large boats would pay \$144,000 and converting the same space to small boats stalls would allow 111 vessels and those boats would pay \$111,000. To make this fair the smaller vessels should be increased to present a fair and equitable share. He proposed that the lineal method works.

Malcom Milne, non-resident, commented against the square foot model and stated it will drive away business from the city. He understands that they need more money but believes that the harbor is a cash cow for the city and they should pay too. It should not just affect the users. The rates should be spread across the board.

Matt Alward, city resident, reiterated that targeting the commercial fleet will chase on of the boats away that will affect all manner of businesses. There will be a trickle-down effect.

Bruce Hendrickson, city resident, has a smaller boat a gillnetter, fishes mostly out west, willing to wait for those harbor improvements if rates are kept in check. Suggested they could always ask for federal money if they have to.

Tim Moore, city resident, when considering the plan they should consider labor and how they do according to which boats because annual boats slips are one time and the transient fleet would cost

more in labor. If the allocation of costs goes too far out of line this will displace the commercial fleet from Homer. He was not sure that they had enough charter boats to fill those slips.

Ian Pitzman, city resident, cited having multiple boats in the harbor and the amount of the increase over 10 year does not support the level of services provided. His other two boats are transient due to the inability of the harbor to accommodate larger boats. He cited the practice of stacking of boats and availability of electricity. The changes to the electricity is also contentious since it has created very costly renovations needed for vessels to access this electricity. Based on the proposed rates how will they charge for the stacked vessels. Will the third boat out get the best deal while the one at the dock pay the highest price?

Todd Hoppe, city resident, comment vehemently against using the model they are proposing this will cost him more than \$7,000 additional and he has no way to cover those costs. He understood things needing to be replaced but not at this cost.

Commissioner Carroll reminded all those present in the audience that they could comment again at the end of the meeting if they can endure the whole meeting.

RECONSIDERATION

There were no items for reconsideration.

APPROVAL OF MINUTES

A. September 24, 2014 Regular Meeting Minutes

CARROLL/DONICH – MOVED TO APPROVE THE MINUTES.

There was no discussion.

The minutes were approved by consensus of the commission.

VISITORS

There were no visitors scheduled.

STAFF & COUNCIL REPORT/COMMITTEE REPORTS/BOROUGH REPORTS

(Chair set time limit not to exceed 5 minutes)

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

Harbormaster Hawkins provided a summary of his monthly report to the commission.

He provided a brief on the following meetings and events:

- Review of current Petro lease
- Upcoming ADV Task Force Meeting with Rachel Lord, Cook Inletkeeper
- Volunteer Appreciation Event
- Interview with the Homer Tribune on Ramp 3

- Attended the ADV Task Force Meeting in Anchorage
- Homer Marine Trades Association Round Haul Meeting
- Float Replacement Pedestals

- New Office Furniture for the New Digs
- Upcoming Seattle Fish Expo
- Attended the 35th Annual Alaska Association of Harbormasters and Port Administrators Conference in Ketchikan presented on the ADV Task Force work involving the derelict vessels in Alaska. Harbormaster Hawkins reported that DNR will be managing the form that is available to report vessels of concern. There is areas where there is a large number of vessels that form a sort of boneyard. This form can also be used to report a vessel that is still in play too however there are other issues where warning other harbors.

He outlined the issues with the electrical upgrade for System 5 and they have been granted a stay or reprieve until September 1, 2015.

PUBLIC HEARING *(3 minute time limit)*

There were no public hearings scheduled.

PENDING BUSINESS

A. Harbor Rate Increase Proposal

Harbormaster Hawkins stated that he has not done anything with this since the last commission meeting; other than submit the increase for the current rates by 3% for the 2015 Budget. He noted that Council will accept the Commission's recommendation of the 3% increase. He further noted the past actions of running to the state for money and that it will not be available in the future. His goal is to inflation proof the budget and to keep the debt low plus provide the services that the harbor users need.

Commissioner Carroll stated that he has three motions he would like to make which he feels addresses what the Harbormaster just stated.

CARROLL/ZIMMERMAN - MOVED TO REVERSE THE COMMISSION SUPPORT FOR CHANGING THE RATE STRUCTURE FROM LINEAR TO SQUARE FOOT AND STAY WITH THE CURRENT METHODS OF CALCULATING FEES.

The commission entertained a lengthy discussion regarding equitability of application of the proposed square footage rates. Harbormaster Hawkins was not against reversing the decision to use square footage. He noted that he was not aware of any harbor that used the square foot method. Further comments regarding tossing it out altogether, there were some aspects that would be good were made by the commission. This method would really affect the larger vessel owners. The square foot method does not affect the smaller boats as much over 10 years. Commissioners stated that they may consider a sliding scale approach and were agreeable to revisit the proposed plan to consider a graduated scale and the transient market so that it is more equitable. The Harbormaster reminded the Commission that they have to make it usable and not complicated so that staff doesn't go running out the door and it can be explained over 150 times in a day.

Further discussion on keeping it simple, allowing the people that it affects to offer input and comment on what is created, having a worksession or open house meeting where all parties can offer input. Staff can arrange with the Clerk's Office at a later time possibly after the first of the year or December.

The commission continued discussion on what exactly Commissioner Carroll wanted by making the motion. It was distinguished that they were asking to explore the options. Commissioner Stockburger inquired if they could table this motion until the next meeting to see if they did vote to support the square foot method.

Commissioner Howard's request of staff was made at the last meeting what Commissioner Carroll wanted to reverse was a motion made a few months ago supporting the square footage method.

Ms. Krause suggested a 5 minute recess to allow her to get those minutes reflecting that motion.

Chair Ulmer called for a 5 minute recess at 5:55 p.m. The meeting was called back to order at 6:00p.m. Ms. Krause distributed copies of the May 28, 2014 meeting minutes.

Chair Ulmer read the following into the record:

HOWARD/HARTLEY – MOVED TO APPLY THE SQUARE FOOT METHOD IN DEVELOPING THE RATE STRUCTURE.

It was suggested that the square footage method is more fair and equitable way to distribute costs in the harbor, than the current linear method. In previous discussion it was recognized the difference between the square foot method and the gradual linear method were almost a wash and question was raised which method is easier to administrate. Harbormaster Hawkins responded there are pros and cons to both, administratively. In talking to administration in Kodiak, they felt there were extra steps necessary to process the square foot method, and the graduated method is easier, only having to know the length of the boat.

It was acknowledged that none of the options are perfect, but the square foot method would encompass boats as they become beamier and be better on those with the old narrow boats. Looking at length times width would be more equitable because everyone's boat would be closer to the square foot cost that the graduated linear would be.

*VOTE. YES. ULMER, HOWARD, ZIMMERMAN, HARTLEY, DONICH
NO. CARROLL*

Motion carried.

Chair Ulmer asked if the commission wanted to modify this or move on to the next motion.

ZIMMERMAN/DONICH - MOVED TO AMEND THE MOTION TO STAY WITH THE CURRENT METHODS FOR DEVELOPING A NEW RATE STRUCTURE.

Commissioner Carroll pointed out that it appears the wording supports both methods. Chair Ulmer clarified that the commission is aware that boats are getting beamier but they are not sure what the best rate structure would be to accommodate that. It was noted that the commission was getting tied up in the details. The commission requested direction from the Clerk.

Commissioner Zimmerman pulled his motion. Commissioner Donich agreed to the action.

Chair Ulmer called for the vote on the original motion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

CARROLL/STOCKBURGER - MOVED TO TAKE THE ORIGINAL RECOMMENDATION OF THE NORTHERN ECONOMICS STUDY AND SPREAD THE REQUIREMENTS TO BUILD THE RESERVE FUND THROUGHOUT ALL THE PORT AND HARBOR USERS AND REVENUE STREAMS.

Discussion ensued on the aspects that all revenue streams should be contributing to the reserve fund. Harbormaster Hawkins offered a summary explanation on the annual budget process. He further explained that he does not use a set percentage in his calculations that it is as much as they can allocate to the reserve fund. He provided an example using the Deep Water Dock, if they project that they will bring in a set amount and go over that amount, that overage or extra revenue is also put into the reserves. His preferred annual amount or goal is \$1.4 million. This is the amount that is needed to cover the depreciation on the facility. The auditors require a number and if that is under-estimated they do a mid-year adjustment.

Discussion and explanation continued on how the revenues were distributed. Chair Ulmer called for the vote.

VOTE. YES. CARROLL, STOCKBURGER
NO. DONICH, ULMER, ZIMMERMAN

Motion fails.

Commissioner Zimmerman produced the 2014 budget and noted the reserve amounts that were taken from just the Pioneer Dock and the Fish Dock. He noted that they could raise the rates a little more to increase the reserve funds going into the account and suggested they look at that in the near future.

Chair Ulmer reiterated that there is funding from all manner of sources that use the harbor not just the reserve stall users and stated that they should proceed to the next motion.

CARROLL/DONICH – MOVED THAT 50% OF THE SALES TAX FROM BUSINESSES THAT ARE AROUND AND DEPEND ON THE HARBOR BE CREDITED TO THE PORT AND HARBOR RESERVE ACCOUNT.

Commissioner Carroll advocated that since the Port and Harbor, which includes the entire spit, is an enterprise fund, the sales tax collected by all businesses and entities should be included in the revenue stream. He further acknowledged that it may be difficult to determine the tax sources. These businesses benefit from the harbor. It was agreed that the entire town benefits from the harbor and it has been long overdue. Commissioner Zimmerman read from the budget the percentage of the various departments that the harbor pays. The enterprise does not receive any sales tax revenue. The sales tax collected on the Spit is not separated from the rest of Homer businesses.

VOTE. YES. STOCKBURGER, ZIMMERMAN, ULMER, DONICH, CARROLL

Motion carried.

B. System 5 Electrical

Chair Ulmer did not bring this item to the floor for discussion.

NEW BUSINESS

A. Memorandum from City Clerk Re: Approval of the 2015 Meeting Schedule

Chair Ulmer requested a motion to approve the 2015 meeting schedule.

ZIMMERMAN/STOCKBURGER – MOVED TO APPROVE THE 2015 MEETING SCHEDULE.

There was a brief discussion on removing the November meeting. It was noted that the commission could address this at the September or October meeting in 2015.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

B. Memorandum from Deputy City Clerk Re: November Meeting Quorum and Rescheduling

Chair Ulmer advocated for canceling the November meeting since the commission has not missed a meeting yet this year and it was going to be difficult with the Expo, travel, holiday, etc. to possibly obtain a quorum next month. A brief discussion ensued regarding availability of the commission and staff.

Chair Ulmer called for a motion.

STOCKBURGER/DONICH – MOVED TO CANCEL THE NOVEMBER 19, 2014 REGULAR MEETING.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

INFORMATIONAL MATERIALS

- A. Monthly Statistical & Performance Report
- B. Weekly Crane and Ice Report
- C. Deep Water Dock Report
- D. Pioneer Dock Report & Ferry Landings Report
- E. Pioneer Dock Ferry Landings Report
- F. Water Usage Report
- G. Ordinance 14-47(A) Barge Mooring Facility – Phase II Appropriation from City Council
- H. Resolution 14-103 City Support for the Alaska Maritime Workforce Plan
- I. Resolution 14-107 Approval to Extend the VHOTF
- J. 2014 Council Meeting Attendance Schedule

K. Strategic Plan

There was no discussion on the informational materials.

COMMENTS OF THE AUDIENCE

Don Lane, commented on the proposed increases and how that would personally affect his personal finances along with business finances. They have done well will less. He has estimated that his rates have doubled over 10 years. He was aware that prices would increase he just wanted them to be fair. He also stated that transient fees are adjusted too high then they will find that boats will not be stopping and using our harbor.

Beaver Nelson, commented on attending a meeting in Anchorage recently and reported that during a conversation with a he stated that Seward charges \$3.00 per person for charters. This is another user group that can pay for services of the harbor. There was no complaints as far as he knows wither from those charter businesses.

Todd Hoppe, it is hard not to take this personal when reviewing the harbor rate scale. He stated that if they intend to increase rates then it should be across the board. If you implement a 300% increase to the 60 foot and above then the same increase should apply all the way around. He doesn't see any changes to the square footage and he was sorry to see that the Bob & Bob show was not there to comment on this. You have to be fair, he suggested reviewing the legalities of increasing rates on one part 300% and then only 100% on others. He stated that 5 years is a life time away; the whole business model has changed for him and he will be changing it again next year. He does not understand what the commission is trying to do. Everything is going up in price. Fish prices are not going up and quotas are going down along with the fish prices. Prices need to be even. If the harbor and the spit wasn't there the business would be in Ninilchik. The whole hillside needs to pay. This town gets a lot from the harbor and the spit. He suggested raising the tent fees, they walk across the street to use the restrooms and charging \$5 a person to fish, they will still come to Alaska to fish. There is some things going on. He commented on King Cove and Sand Point having received the federal funding to rebuild their stuff and they did not maintain their stuff, he was surprised that Homer being in the mainstream of things and they can't get the funding when False Pass can get a beautiful Harbor for 6 boats. It is not fair to this town and the state.

Danny Van Huesen, stated he had the privilege this year to come back to Homer and find out that the city gave him a building permit and now all of a sudden he is in a flood zone, his insurance has gone crazy then the harbor says you can have this slip but to hook up to electricity its gonna cost you \$7000 bucks now. It's been a slam of a whole bunch of high dollar increases. I have been here my whole life and we'd burn coal, go down to the beach and poach a moose, we could get by; now it's getting to be like some of those old stories in Colorado where the white man chased out the Indians; then the Hippies came in, then the millionaires chased the Hippies out; now the billionaires are chasing out the millionaires. Now this harbor thing all the activity is positive, we had let this get to the point that it shouldn't but the commercial fisherman is getting hammered from all sides to the point that we have about 15% of hidden taxes before you can split up the gross. He agreed that if they continued with the proposed plan they will be chasing people out of town. They don't have to have some improvements. Just like Ian he is 4 boats out and he is paying full boogie for the privilege.

Bruce Hendrickson, small boat guy, but he heard some of the comments regarding the big boats and agrees with Danny regarding the hazards to climbing across those big boats and it may be worth getting the federal grants to build a big boat harbor but he doesn't really want to pay for it with his little boat either; he is having a hard enough time of his own.

COMMENTS OF THE CITY STAFF

Harbormaster Hawkins thanked everyone for their comments and that they will not give up of the harbor, they went through a study with the Corp of Engineers and it will not be economically feasible without congressional support. It's a matter of the squeaky wheel and we will keep squeaking. He further commented on the expense to build a large vessel float and that it costs 6 times more than the smaller floats for 24-32 foot size boats. He would be concerned saying that they were going to build stalls dedicated to large vessels due to those costs, maybe the best they could hope for in a new harbor was two deep instead of four. He stated it comes down to dollars and cents.

Ms. Krause stated that as always the meeting was very interesting.

COMMENTS OF THE CHAIR

Chair Ulmer responded to comments from the audience regarding the needed repairs to the facilities in the harbor and so far no one has gotten killed. She noted that that they need their harbor being on the end of the road system and they are not going to give up and she knows that Bryan won't give up either. She thanked everyone for coming and commenting. She thanked Commissioner Carroll for his good work and the rest of the commission for coming tonight. Chair Ulmer requested the Clerk to notify everyone that there will not be a meeting November 19, 2014.

COMMENTS OF THE COMMISSION

Commissioner Carroll commented on the revenue streams that they do not get such as boat trailers being parked out on the spit all summer and they did not need to spend all that money for the load and launch ramp in his opinion. They could have saved money by doing a patch job for \$50,000. He applauded Renee's ability to come up with the motion so quickly. The more revenue they can come up with the less pain it is for individuals.

Commissioner Donich commented in response to imposing a fee on charter clients who already pay quite a bit to fish and they are not allowed to use the fish cleaning tables or dumpsters either. Plus charter businesses do not get the tax break of the \$500 maximum. They must charge and collect sales tax on the full amount. It would be interesting to see how much extra money that a charter client actually dumps into this community. He thanked everyone for coming and offering their input. He noted that to keep a sustainable harbor will not be easy but he believed it was possible and hearing from all users helps a lot.

Commissioner Zimmerman thanked the audience for coming and helping set a path to better financing and they will keep on working until everyone is semi-happy (or equally upset).

Commissioner Stockburger thanked the audience and reminded them that they are all volunteers and are not paid to be here. They are trying to come up with the best solution for everyone. He

commented on the Load and Launch Ramp where he does most of his work and believes it caused the damage to one of his trucks so he was happy to see it replaced. he wanted the audience to feel free to come anytime to offer their comments even if they are not mad.

ADJOURN

There being no more business to come before the Commission Chair Ulmer adjourned the meeting at 7:20 p.m. The next regular meeting is scheduled for December 17, 2014 at 5:00 p.m. in the City Hall Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.

RENEE KRAUSE, CMC, DEPUTY CITY CLERK I

Approved: _____