

Session 15-07, a Regular Meeting of the Port and Harbor Advisory Commission was called to order by Chair Ulmer at 6:00 p.m. on June 24, 2015 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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

ABSENT: 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 FOR APPROVAL OF THE AGENDA AS PREPARED

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA

RECONSIDERATION

APPROVAL OF MINUTES

A. May 27, 2015 Regular Meeting Minutes

HARTLEY/ZIMMERMAN MOVED TO APPROVE THE MINUTES OF MAY 27TH.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

VISITORS/PRESENTATIONS

A. Miranda Weiss and Gart Curtis with the Boat House Committee- Repurposing Old Harbor Office Site as Maritime Pavilion

Miranda Weiss and Gart Curtis talked to the Commission about a proposal to build a pavilion at the location of the old Harbormaster's building. They showed photos of the pavilion near the Seldovia

harbor and talked about how it would benefit people who are waiting for boats, getting out of the weather, or just sitting and watching the goings on around the spit and harbor.

Ms. Weiss added her experience with the Homer Playground Project at Karen Hornaday Park and their fundraising efforts to raise money for the park improvements with a lot of help from community members. She explained how this improvement at the site gives an opportunity to extend the vision of the improvement efforts that have already taken place all around the harbor. It's a great spot that is centrally located and a community gathering space seems to be a logical use for the area.

In response to questions from the group, Ms. Weiss said after talking to the builder of the Seldovia pavilion, they are roughly estimating around \$210,000. She noted that a lot of private funds were used for the park project and some from the city as well, and they would follow a similar path for this project.

There was discussion that the Commission talked about using the area for parking. Mr. Curtis commented about his experience in working out there that if you're one of the lucky ones to get there early you can get a close spot to park, and if not you park a little farther down and spend a couple extra minutes walking. People sitting at the pavilion watching life will enjoy the space more than some empty cars.

STAFF & COUNCIL REPORT/COMMITTEE REPORTS/ BOROUGH REPORTS

A. Port and Harbor Director's Report for June 2015

Harbormaster Hawkins reviewed his staff report.

PUBLIC HEARING

A. Draft Resolution 15-0xx Amending Terminal Tariff and Annual Moorage Rates
i. Written Public Comment – Rex Murphy

Greg Sutter, non resident and charter business operator, commented that he supports the substitute resolution and achieving balanced rates. If he were to rent a warehouse he would be charged by the square footage. He asked the Commission keep that in mind when they make their decision.

Holly Van Pelt, city resident and small boat owner, commented on behalf of herself and her husband, Rex Murphy. She read their letter that was provided in the meeting packet. They support a graduated rate method for annual moorage fees and adopting the substitute draft resolution.

Ron Hurley, charter business operator, echoes and agrees with the previous comments and supports the substitute draft resolution.

Gart Curtis, city resident and small boat owner, supports the graduated rates. Paying more for more area makes sense. In the 90's he had a boat in Friday Harbor, WA and his rates were higher then, than they are in Homer today. As far as tariffs go, he added that they consider a permit for trailer parking. It would help him considerably to be able to leave his trailer out there and would be happy to pay for

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the service. He thinks the money raised from annual trailer occupancy would be beneficial. He encouraged considering other ways of generating revenue.

There was brief discussion between Mr. Curtis and the Commissioners about the cost and challenges of storing his trailer off site.

Greg Northover, charter boat operator, he agrees with the other comments and thinks it's a good idea.

Commissioner Carroll queried Mr. Northover about the size of his boat and said that his rate would be higher. Commissioner Howard explained that the rates haven't been determined yet and with successful passage of the substitute resolution the graduated rate structure will be developed for October 2016.

Glenn Seaman, city resident and harbor user, comment that he recently became aware of the consultant's work and recommendations, and was surprised to learn that all the vessels are charged the same amount per foot for moorage and use of their space. He agrees with the comments before him and a graduated scale would be more equitable and that vessel owners should pay for the space they use. He thinks the substitute draft resolution opens the door to have the discussion. He thinks most users don't realize everyone pays the same rate per foot and in a way we may be subsidizing some of the larger boats, and hopes they can information out to all the users for more input. He voiced his appreciation for harbor staff and the improvements that are happening now.

Jessie Nelson, commercial fisherman, expressed her surprise that we're here again while everyone is out fishing. She doesn't blame the people who are here and want the graduated rate because according to the proposal their rates go down by 15% and everyone else's will go up. You're trying to increase the reserves, but lowering the rate on a bunch of boats. There is a comment in the proposal that the harbor would make more money if the entire harbor was small boats. She suggests they might make more than they think because there wouldn't need for harbor staff because it would be empty in the winter time. You could take out the fish docks and cranes because there wouldn't be any big boats here. The marine trades would go away, and the city wouldn't like that because they would lose sales tax. People need to keep in mind that many boats use the fingers to load and unload at the bottoms of the ramps. This one rate for everyone doesn't mean we all pay the same dollar amount. The big boats pay more dollars for the boat length. When you have a different rate for the vessels it leave room for hanky pank and special deals for certain people. An across the board rate is equal and everyone has been happy until this was brought up because it's not divisive. She doesn't think the Commission wants to be the beginning of the divisiveness.

Jean Carroll, city resident, commented her husband, who is currently a Commissioner, is a commercial fisherman and has had a boat here over 48 years. She's most upset that after having attended meetings all winter to understand what is going on and hearing all the opposition from the commercial fishing community. The public here tonight hasn't heard that. She said opposition is all gone fishing and don't make this decision in the summer and wait for them to get back to hear what they have to say. It isn't fair. When the moorage rate gets as high as her insurance rate, she will find somewhere else to go.

Commissioner Donich pointed out that in winter the small boat users are gone, so it's a challenge. He also says when thinking about where else you would go, you will pay a lot more money than what we are trying to charge.

There were no further public comments and the hearing was closed.

PENDING BUSINESS

- A. Harbor Rate Increase Proposals
 - i. Draft Resolution 15-0XX Amending Terminal Tariff and Annual Moorage Rates
 - ii. Memorandum and Substitute Resolution recommendation - Commissioner Howard
 - iii. Developing basis for a graduated rate structure and rate structure possibilities - Commissioner Howard
 - iv. Commissioner Stockburger comments

HOWARD/HARTLEY MOVED TO ADOPT DRAFT RESOLUTION 15-0XX.

HOWARD/HARTLEY MOVED TO SUBSTITUTE DRAFT RESOLUTION 15-0XXS FOR THE DRAFT RESOLUTION 15-0XX.

Commissioner Howard explained he brought this forward because the original draft resolution fails to meet the financial goal of \$3.5 million as evidenced by the worksheets provided by staff. Our goal is to put the harbor's financial house in order. The first resolution doesn't meet what we set as a goal last year. It also implies that a uniform rate structure per linear foot, regardless of the size of the vessel is fair and equitable based on commercial fisherman testimony. We've heard tonight that numerous vessel owners disagree and are requesting a graduated rate structure be implemented. He noted the 14 requests from small boat owners that were provided as a laydown tonight. The substitute is consistent with the City Council's consultant who recommended one of two ways to achieve a fair and equitable rate structure in the harbor, a square foot method or a graduated rate method. He acknowledged the large boat owners felt the square foot method wasn't fair and equitable so the graduated linear method is what is left to look at, which is what the substitute resolution proposes to do.

Chair Ulmer agreed that the original resolution results in a \$58,000 short fall each year and its bad business, and invited suggestions from the other Commissioners.

Commissioner Zimmerman explained the Commission agreed at previous meetings that we are okay with the 2% hike and the original motion didn't include a 10 year sunset. He isn't sure who added it. We are trying to find other forms of income because the cost of running the harbor should not be strictly on the backs of slip owners. We are trying to find an extra \$60,000 a year from other sources, like parking and other user fees. In talking about the inequities he questions who uses most of the water and where does most of the trash come from, neither of which are paid for by slip fees; that's a couple hundred thousand dollars a year. That is mostly small boats. He still disagrees with the cost per square foot of how the harbor is being used. The biggest thing is finding other sources of income and not to keep raising the slip owner rates to pay for the harbor. He isn't in favor of the substitute

and would only recommend changing the 10 year sunset clause in the original resolution. He is not in favor of putting it up 3.2% and not in favor of the graduated rate.

Commissioner Carroll commented that over the winter the group went through the process of what Mr. Howard has suggested and came to the conclusion that we didn't want to make all the revenue out of one user group in the harbor. He agrees that with the commercial fleet away it's a real poor system to make policy when the people most affected are not in town. The circumstances at the Kodiak harbor are different than the Homer harbor. Kodiak built a huge 100 foot slip boat harbor on Woody Island and had to build an overpass from town to the island. Kodiak has more commercial vessels and fewer small boats, as well as a 600 ton travel lift. Comparing Kodiak to Homer is apples and oranges and he doesn't believe the Kodiak rate system is appropriate for Homer. Staff provided good information previously that compared rates of different harbors, and we should have that in front of us for this discussion. Lastly, he reiterated that the commercial boats contribute to the harbor in a way that sport boats don't in terms of wharfage, taxes, commercial enterprise, ice and crane fees, to name a few; so to look at the square footage of the harbor, its only one metric of fairness. There are other metrics that need to be brought in to it and we don't want to penalize the most contributing size and class of boats.

Chair Ulmer commented she wouldn't reduce rates anywhere, but start at the lowest rate and try to address how to make it equitable. That is what they need to look at, not who pays more taxes.

There was brief discussion relating to different fees paid by different users and debate over the significance of the contribution to the city and harbor by the sport boats, charter boats, and commercial boats.

Commissioner Howard explained the substitute resolution doesn't cast the rates in stone. We need to work with what we are sure of and as other sources of revenue are developed, we can reduce these rates. We need to proceed with our goal and if we can gather more income, he believes the Commission is ready and willing to reduce harbor rates.

Commissioner Zimmerman responded that we aren't in a hole right now; we are trying to build the reserve fund. He thinks it is better to keep the smaller increase, even though it may take extra time to build the reserve. We don't have to have this reserve in ten years. The 2% can cover some if it and we can continue to seek other revenue.

In response to questions Harbormaster Hawkins explained the reserve fund is necessary as it's the piggy bank they draw from to maintain the existing facility. Without an adequate reserve fund, we have to bond for money to maintain the facility, as was done for the improvements that have been taking place. We bonded for \$4.2 million and at the end of the term we will pay \$6.4 million.

Brief discussion ensued recognizing the need for building a reserve fund and debating the urgency and method of building it to the recommended level in the recommended time frame. There was also debate over the urgency of the recommendations in the Northern Economics Study.

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Commissioner Hartley raised the issue of state finances. Half of the money used for the harbor upgrades came from the state. The way things are going, the state money won't be available to us. We have to plan to take care of the harbor.

Commissioner Howard followed up that the 32% rate increase was built on the premise that the state would have matching funds, so realistically we would need even more. Without the state finding new revenue, matching funds won't be available.

Harbormaster Hawkins agreed and added that the original recommendation from the consultant was a 64% increase to the harbor rate. It was explained that kind of increase would never work here. The state Municipal Harbor Grant Program needs to be lobbied for and funded every year so the harbors can be maintained. It brings to light that we've lived in a false environment when it comes to our rate structures in the harbors in Alaska. He hears over and over "I came from..." and the rates were higher. In Alaska, statewide, it's similar. When we took ownership of the harbor in 2000 the state made it clear they were getting out of the harbor business. It was the Association of Harbormasters that successfully lobbied for and got the Municipal Harbor Grant Program put in place because we need the program to help rehabilitate the harbors. The other side is harbors don't just contribute to the cities that sponsor them; they also have a regional benefit that goes statewide and nationally.

Commissioner Carroll said the Deep Water Dock is really beginning to pay its way after years of being subsidized. He shared his opinion that we have an enterprise fund that's thriving. The City takes \$300,000 to \$600,000 every year and none of the sales tax generated by the harbor is paid back. He doesn't think it's appropriate for Northern Enterprises to say the only way to foot the bill is to tax the stall owner.

Commissioner Howard noted that the Northern Economic Study addressed several elements in the harbor. The first element we looked at was the moorage rates and there is also the Fish Dock, the Deep Water Dock, and the Pioneer Dock. Moorage is a sensitive issue and all of the elements need to be addressed.

VOTE: YES: DONICH, ULMER, HOWARD, HARTLEY
NO: ZIMMERMAN, CARROLL

Motion carried.

It was clarified that the substitute draft resolution is now on the floor for discussion and amendment.

ZIMMERMAN/DONICH MOVED TO AMEND TO DROP THE SQUARE FOOT SLIDING METHOD AND LOWER IT DOWN TO 2.5% INCREASE INSTEAD OF 3.2%.

Commissioner Donich commented he doesn't think any rate should go down or stay the same and another go up. They all should increase to some degree.

Commissioner Howard said he agrees that no rates should go down. At this point the graduated structure is being put on the table for evaluation. No numbers have been established within the resolution, only the structure.

Deputy City Clerk Jacobsen read the draft substitute resolution at the request of Chair Ulmer.

There was discussion clarifying the numbers in the packet that the Commission has previously looked at and that the graduated structure is not the same as the square foot model earlier considered. It was also reiterated that this doesn't establish any specific rate. The resolution states that we will have a graduated linear rate.

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

Motion failed.

Chair Ulmer called for a 5 minute break at 7:49 p.m. The meeting resumed at 7:54 p.m.

- B. Homer Spit Parking
 - i. Commissioner Stockburger comments

Commissioner Howard commented that he has talked with the harbor parking attendant who seems to have a pretty good handle on estimating how much parking is happening on the spit. He suggested relying on his input may be the best way to go, as other options are costly.

Harbormaster Hawkins reported that he got some information on what it might cost to have someone use a drone to take pictures and they would be looking at about \$700 per day.

HOWARD/ZIMMERMAN MOVED TO SET ASIDE THE FLYING OPTION AND AND RELY UPON THE PARKING ATTENDANTS JUDGEMENT OF WHAT IS GOING ON IN THE LOTS THROUGH THE SUMMER AND ASK STAFF TO DIRECT THE ATTENDANT TO DOCUMENT WHAT HE BELIEVES IS OCCURRING.

There was discussion that would provide an accurate enough way to proceed.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

NEW BUSINESS

- A. Lease Recommendations
 - i. Memo to City Council from Lease Committee Re: Communication Tower RFP Results & Proposal Recommendation dated May 29, 2015
 - a. Dryden & LaRue, Inc. Lease Proposal
 - b. Spit W Spots Lease Proposal
- RFP for Homer Spit Property Lease for an Owner-Operated/Subleased Wireless Communication Tower, includes RFP Addendums #1 & #2

HOWARD/CARROLL MOVED THAT THIS COMMISSION APPROVE THE LEASE COMMITTEES RECOMMENDATION TO THE CITY COUNCIL FOR THE PLACEMENT OF THE TOWER ON THE SPIT.

Deputy City Clerk Jacobsen read the recommendation at the request of Chair Ulmer.

There was no discussion.

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

Motion carried.

- ii. Memo to City Council from Lease Committee Re: Harbor Grill Lease Renewal Recommendation dated May 29, 2015
 - a. Harbor Grill Lease Proposal & Application
 - b. Letter from Lindsay Wolter to City of Homer Re: Lease Application Questions dated April 3, 2015

HOWARD/HARTLEY MOVED THAT THE COMMISSION SUPPORT THE LEASE COMMITTEES RECOMMENDATION TO HOMER CITY COUNCIL TO NEGOTIATE THE LEASE EXTENSION.

Chair Ulmer read the recommendation.

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

Motion carried.

- B. Old Harbor Office Repurposing – Talking point on agenda, laydown info provided at meeting

The Commission agreed to move this to their next agenda.

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. Load & Launch Notice of Closure for Construction September 15, 2015
- G. USCG Decommissioning Ceremony dated June 4, 2015
- H. Resolution 15-044 Disbanding the Port & Harbor Building Task Force
- I. 2015 Council Meeting Attendance

There was brief discussion of the revenue from the vessel Marika that was at the Deep Water Dock for a few days, and other vessels moored there over the days following; and water meter billing that isn't being charged out.

COMMENTS OF THE AUDIENCE

None

COMMENTS OF THE CITY STAFF

Harbormaster Hawkins commented about the notice being distributed of the load launch ramp closure from September 15 through December 15 for the rebuild project. They will be working with boat owners be able to get vessels out as needed.

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

COMMENTS OF THE CHAIR

Chair Ulmer had no additional comment.

COMMENTS OF THE COMMISSION

Commissioner Carroll expressed his disappointment with tonight's activity. He thinks they went backward and wasted 6 or 8 months of their time. They weren't "doing nothing", Steve's proposal was for 2% plus CPI. It was a positive movement toward a rate hike and now we are going back through this whole linear thing again. He thinks they are spinning their wheels. He's disgusted and disappointed.

Commissioner Donich is sorry to hear Mr. Carroll is disgusted, but he thinks it important to move forward with this. He thinks all users should pay a little more and hopefully we can figure out a better balance. He learned a long time ago that nothing's fair and you just have to get used to it.

Commissioner Zimmerman said he is disappointed as well. He thought we had put this to bed and it's rearing its head again. Other than that it was a good meeting.

Commission Howard commented that we have put part of this to bed. We need to get the other part of it done and suspects that we shouldn't wait for the Council to approve the resolution and get started on it. He suggests coming to the next meeting with a plan on how we're going work together on a graduated rate structure. There is a lot of work ahead of them. There have been some good ideas about parking and should have some numbers from the parking attendant to start working by October. They have only started on one aspect of the economic report and he suggests pulling the report out again and deciding what the second level of priority is to start working on. It is hard to get everything done when we meet once a month and we need people to start participating outside of just sitting in this room to make things happen. He looks forward to people participating.

Commissioner Hartley said we're just getting started. The rate structure is something we need to get resolved. The parking is started and we can probably get through that fairly quickly. We can't rely on it for very much money; it will be an expensive process to start and only runs a few months of the year, so it isn't a cash cow. We also need to look into user charges for participants on the spit.

ADJOURN

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There being no further business to come before the Commission the meeting adjourned at 8:22 p.m. The next regular meeting is scheduled for Wednesday, July 22, 2015 at 6:00 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved: _____