

**CITY OF HOMER
PUBLIC HEARING NOTICE
PORT & HARBOR ADVISORY COMMISSION MEETING**

**An Amendment to the Annual Moorage Rate in the
Port of Homer Terminal Tariff No. 600
and the City of Homer Fee Schedule**

A public hearing is scheduled for Wednesday, May 27, 2015 during a Regular Port & Harbor Advisory Commission Meeting. The meeting begins at 6:00 p.m. in the Homer City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

Draft Resolution 15-0XX amends the Port of Homer Terminal Tariff No. 600 and the City of Homer Fee Schedule annual moorage fee to include a 2% annual moorage fee increase per year in addition to the annual CPI increase, from January 2016 through January 2026.

The average annual CPI increase is 2.5% over the last five years.

All interested persons are welcomed to attend and give testimony. Written testimony received by the Clerk's Office prior to the meeting will be provided to Commission.

**Copies of proposed rate schedule, is available for review at Homer City Clerk's Office. Copies of the proposed Ordinances are available at City Hall, the Homer Public Library and the City's homepage- <http://www.cityofhomer-ak.gov/cityclerk> . Contact the Clerk's Office at City Hall if you have any questions. 235-3130, Email: clerk@ci.homer.ak.us or fax 235-3143.

Melissa Jacobsen, CMC, Deputy City Clerk

Publish: Homer News: May 21, 2015

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 Port and Harbor Advisory Commission

4 **RESOLUTION 15-0XX**

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6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, AMENDING
7 THE PORT OF HOMER TERMINAL TARIFF NO. 600 AND THE CITY OF
8 HOMER FEE SCHEDULE ANNUAL MOORAGE RATES.
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10 WHEREAS, In November 2012, Homer City Council allocated \$20,000 for the purpose of a port
11 and harbor fee and tariff rate study; and
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13 WHEREAS, In May 2013 an RFP was issued requesting proposals from qualified firms to enter
14 into a contract to conduct a study on the Port and Harbor rate fee structure, and the economic impact
15 of mooring a MODU (mobile offshore drilling unit) at the Port of Homer's Deep Water Dock. The project
16 was awarded to Northern Economics which and completed in November 2013; and
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18 WHEREAS, In April 2014 the Port and Harbor Advisory Commission began review and
19 consideration of the Northern Economics recommended 32% increase for the small boat harbor with
20 the goal of increasing harbor reserves and reducing the need to continually borrow money for
21 significant repairs to the small boat harbor infrastructure; and
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23 WHEREAS, The Port and Harbor Advisory Commission considered a square foot methodology
24 of assessing a rate increase to meet the goal of \$576,000 (32% of the 2013 revenue total of \$1.8
25 million) over a five year term at \$115,200 increase per year and a ten year term at \$57,600 per year;
26 and
27

28 WHEREAS, The Commission heard testimony from members of the commercial fishing fleet
29 that the square foot method was not fair and equitable because the rates significantly increased for
30 the larger commercial vessels and that the lineal method across the board is more appropriate; and
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32 WHEREAS, After significant discussion, the Commission recommended a 2% rate, plus the
33 annual CPI increase (average 2.5% over the last 5 years) per lineal foot for moorage in the Small Boat
34 Harbor; and
35

36 WHEREAS, Port and Harbor staff prepared and provided information outlining a 10 year
37 schedule of a 4.5% (2% plus the 2.5% average CPI) annual moorage rate increase to the Port and
38 Harbor Advisory Commission at their April 22, 2015 meeting; and
39

40 WHEREAS, The Commission held an open house prior to their April 22, 2015 regular meeting
41 and discussed the moorage rate increase and a public hearing at their May 27, 2015 regular meeting to
42 take additional testimony.
43

44 NOW, THEREFORE, BE IT RESOLVED that the Homer City Council that the City Council hereby
45 amends the Port of Homer Terminal Tariff No. 600 and the City of Homer Fee Schedule annual moorage

46 fee to include a 2% annual moorage fee increase per year in addition to the annual CPI increase, from
47 January 2016 through January 2026.

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49 PASSED AND ADOPTED by the Homer City Council on this day of , 2015.

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CITY OF HOMER

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MARY E. WYTHE, MAYOR

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57 ATTEST:

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JO JOHNSON, MMC, CITY CLERK

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Fiscal Note: N/A

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4.5% Moorage Rate Increase

10-year Breakdown with/without Additional Revenue

Notes for Calculations:

* In 2014, City Council approved an annual CPI increase to moorage rates (*Reso 14-115*) to offset the cost of inflation. An average of the past 5 CPI rates is 2.5%.

* In their 2013 report, Northern Economics suggested a 32% moorage rate increase for the Small Boat Harbor. It was estimated the annualized cost with allocated overhead for the harbor facility is \$3,431,943.

* Actual moorage revenue: 2013: \$1,795,826; 2014: \$1,867,577; Average: \$1,831,701; Rounded to \$1,800,000

4.5% Yearly Increase <i>without</i> Additional Revenue				
	Year-Begin Revenue	2% Moorage Increase	Annual 2.5% CPI Increase	Year-End Revenue
Year 1	\$1,800,000	\$36,000	\$45,000	\$1,881,000
Year 2	\$1,881,000	\$37,620	\$47,025	\$1,965,645
Year 3	\$1,965,645	\$39,313	\$49,141	\$2,054,099
Year 4	\$2,054,099	\$41,082	\$51,352	\$2,146,533
Year 5	\$2,146,533	\$42,931	\$53,663	\$2,243,127
Year 6	\$2,243,127	\$44,863	\$56,078	\$2,344,068
Year 7	\$2,344,068	\$46,881	\$58,602	\$2,449,551
Year 8	\$2,449,551	\$48,991	\$61,239	\$2,559,781
Year 9	\$2,559,781	\$51,196	\$63,995	\$2,674,971
Year 10	\$2,674,971	\$53,499	\$66,874	\$2,795,345

A minimum of **\$58,000** per year in additional revenue is needed to meet the 10-year goal of \$3,500,000.

4.5% Yearly Increase <i>with</i> Additional Revenue					
	Year-Begin Revenue	2% Moorage Increase	Addtl. Revenue	Annual 2.5% CPI Increase	Year-End Revenue
Year 1	\$1,800,000	\$36,000	\$58,000	\$45,000	\$1,939,000
Year 2	\$1,939,000	\$38,780	\$58,000	\$48,475	\$2,084,255
Year 3	\$2,084,255	\$41,685	\$58,000	\$52,106	\$2,236,046
Year 4	\$2,236,046	\$44,721	\$58,000	\$55,901	\$2,394,669
Year 5	\$2,394,669	\$47,893	\$58,000	\$59,867	\$2,560,429
Year 6	\$2,560,429	\$51,209	\$58,000	\$64,011	\$2,733,648
Year 7	\$2,733,648	\$54,673	\$58,000	\$68,341	\$2,914,662
Year 8	\$2,914,662	\$58,293	\$58,000	\$72,867	\$3,103,822
Year 9	\$3,103,822	\$62,076	\$58,000	\$77,596	\$3,301,494
Year 10	\$3,301,494	\$66,030	\$58,000	\$82,537	\$3,508,061

Revenue Goal:

* To spread rate increases over a 10 year period.

* To have the final, 10-year revenue total/exceed \$3,500,000; this ensures coverage of the small boat harbor's annualized cost with allocated overhead.

* To ensure additional revenue sources contribute to lowering overall costs; therefore less moorage increases to all harbor users.

* To find a rate structure that spreads moorage costs to all harbor users in a **fair and equitable** manner.

* To keep staff in mind when choosing a rate structure in regards to billing and ease of customer service.