

PORT AND HARBOR ADVISORY COMMISSION
REGULAR MEETING
FEBRUARY 24, 2016

Session 16-02, a Regular Meeting of the Port and Harbor Advisory Commission was called to order by Chair Ulmer at 5:00 p.m. on February 24, 2016 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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

STAFF: HARBORMASTER HAWKINS
DEPUTY CITY CLERK JACOBSEN

APPROVAL OF THE AGENDA

ZIMMERMAN/CARROLL MOVED TO APPROVE THE AGENDA.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA

Scott Adams, city resident, commented he's interested in hearing what they come up with about the head tax.

Mako Haggerty, non-resident, commented regarding a head tax. He is curious about their ideas, who are they going to charge, and how much. He is opposed to it. He already pays \$4 a head to take people over to the state park, which he passes along to the customers so consequently the park is getting more and more expensive. It makes it hard for young families, for example, to get across the bay. If there is a tax he would like to see it be minimal, spread out amongst all users, and include cruise ships. He doesn't understand why the city bends over backward for the cruise ships and the chamber loves them.

There was brief discussion about cruise ship taxes.

Louise Seguela, non-resident, commented in opposition to a head tax. As a water taxi operation they collect sales tax and park fees which are included in their fares. They have been thinking about raising their prices this year because of overhead and cost of living. Including a head tax with that will hurt their business and be hard on their family. There are probably other ways to raise money for the harbor that don't include burdening water taxi's especially.

Dave Lyons, non-resident, commented about the differences between a head tax for a charter operator who takes six people out for the day, compared to a water taxi that runs 60 to 100 people per day. He thinks it's unfair and disproportionate to divide it like that. Mr. Lyons talked about other taxes at the harbor, such as the amount of fuel tax from the number of people he runs. He suggested there should be better options than asking them to collect a head tax on the city's behalf.

Ray Bellamy, non-resident, doesn't think a head tax is fair. He commented about the moorage rates. His thought is that we shouldn't change anything unless the harbor needs more money and then everyone's can go up equally. Once you start making a different rate for different sized boats you have to consider if they are transient. He has two large boats and paid year round moorage since 1990 and 1991, but he doesn't have a stall. He is pushed from one side to another and addressed some of the inconvenience of being transient, which needs to be added into this mix. Mr. Bellamy also commented that you can't compare Homer to Kodiak as they don't offer the same services.

Roark Brown, city resident, commented in opposition to the graduated rate schedule and thinks the rates should be raised equally and not punish the business generators. If we really need the money we're willing to pay more for the harbor. He also commented in opposition to a head tax. He's getting nickle and dimed to death and the only thing that doesn't go up is his take home pay. He touched on his expenses, added that the sales tax isn't capped for his industry, and that he can't afford to raise his rates. He doesn't support the pavilion; he'd rather have more parking. Mr. Brown commented about the economic benefit of the cruise ships. When Princess was here they brought \$10,000 per hour the boat was here that went into our local economy. It is pretty valuable and money that has come in from the cruise ships has been used to make improvements to the harbor like the walking paths, bathrooms, and other good stuff. When Whittier raised their head tax, the ships left for a while and he would hate to see that happen here.

CONSIDERATION

APPROVAL OF MINUTES

A. December 16, 2015 Regular Meeting Minutes

HARTLEY/DONICH MOVED TO APPROVE THE MINUTES.

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 February 2016
 - I. Randolph Yost Informational Sheet

Harbormaster Hawkins briefly reviewed his staff report.

In response to questions he explained the upcoming Deepwater Dock Uplands Improvement Project and the jack up rig, Randolph Yost.

The Commission also briefly discussed that the welding program is expected to be cut from the high school curriculum and how that will have a negative impact on the marine trades.

PUBLIC HEARING

PENDING BUSINESS

- A. Harbor Rates
- i. Memorandum from Port Director/Harbor Master Hawkins Re: Northern Economics Rate Study and Presentation to Commission

There was brief discussion to clarify what has happened at the council level, which was to implement the 3.2% increase per year plus the CPI for the year and that a graduated linear foot rate and implementation schedule be developed.

Discussion ensued and the following points were addressed:

- The Commission could make a recommendation to go back to a flat linear rate.
- The consultant brought back a proposal that phases in an increase so as not to have such a large increase initially.
- The consultant's report doesn't take in how to address the \$58,000 shortfall per year with other alternative. This is where the commission started talking about head tax and parking as ideas.
- Developing a graduated linear rate that is capped at 86 feet and boats over 86 feet pay the linear rate, they shouldn't have to pay more since they don't have a stall.
- Penalizing income generators with a graduated rate seems insane. The consultant said he would look into that at the last meeting.
- We have solved our income with the resolution implementing the 3.2% plus CPI increase each year. Now we are addressing the structure by which to assess the rates.
- There are variables like whether the same fleet returns or if more return, it's not exact relating to the \$50,000 shortfall each year.
- Seward's industry is benefitting from the ADA loan program in developing an industrial repair facility.
- In looking at a 5.5 per foot per year increase, the average is \$45.49, so it seems like it's better to keep it simple with a flat rate.
- Looking forward, consideration needs to be given to what should rate look like with the upcoming harbor expansion.
- A way to address future expansion could be to adopt the sliding scale and look at one or two cent increases to start rather than starting at five cents. That puts the new structure in place and the increase could be adjusted as needed in the future.

They touched on some of the features of the deep water dock expansion that will accommodate larger vessels with a deeper draft and the rates these type vessels currently pay at the deep water dock. Deep water dock and Pioneer dock rates are separate from these regular moorage rates.

Harbor Master Hawkins encouraged that prior to the next meeting, the commission to pick a couple of their favorite vessels sizes and run them through alternative A, B, and the current rate and compare and contrast how it works out.

The commission requested a comparison for other harbors for 32, 58, and 86 foot vessels.

NEW BUSINESS

A. Fish Dock Crane Card Training/Certification Program

Harbormaster Hawkins reviewed the staff report and information about new management of the crane card access at the fish dock. He reviewed past issues and explained some specifics about the new program.

- It's an OSHA-approved program that will replace our old one.
- It will be an online, user-pay, interactive program that potential operators will be able to access via link from our website.
- The fee for the approximately one-hour interactive class is \$50.00.
- Once the "student" pays for and completes the training, they will be able to print out a certificate that they will bring into the City's Ice Plant/Fish Dock.
- The Fish Dock employee will copy the certificate, give an on-the-dock orientation of our crane operations, and observe the student demonstrate their abilities in actual operations before issuing an operators permit.

This was provided as an informational item and no action was necessary.

B. Head Tax for Passenger Vessels

Commissioner Zimmerman noted two points in the Harbormaster's memo

- Much of our operation cost is centered on facilitating to the summertime multitude, referring to Harbor staff;
- Use in the harbor is no longer confined to just boat owners and dock users, the use is much bigger and more complicated than that.

He said that is what brings us to this. He understands the people who don't want a head tax. We are raising moorage rates to try and make ends meet. Cost of living is going up, cost of maintaining the harbor is going up, it's all getting stretched thinner and thinner. He questions how we are supposed to deal with the wear and tear of the facilities that aren't being used by slip holders, yet still being paid for by slip holders.

Chair Ulmer commented there are other things that the city has to pay for, like the public safety building. If we want to make improvements in our city, we need to tax the visitors. That's what happens when they go to Hawaii, but that doesn't mean they won't go again. Same with renting a car in Anchorage, it's just how it works. It's better than taxing our residents out of town. In their business they pay taxes to the city that is more than twice what they make in their business.

Commissioner Donich noted in the discussions tonight and what they have been talking about, it all comes down to no one user group wants to get picked on. The key is how you address everyone. People joke about putting a toll booth on the spit, but the more he thinks about it the more it makes sense. There has to be some easier solutions. In talking to Seward harbor users, their head tax was supposed to be for fish cleaning facilities and was supposed to sunset, but it's still being collected. He

noted with our fish cleaning facilities can be used by private boat owners, but not by the commercial or charter operators. He thinks they need to look at other ways. He is interested in having more information about the cost to the harbor to maintain the pavilion, how much it costs to have the harbor the way it is for the visitors, and how much money we need to raise. That would give us a better idea how much a tax would be.

Commissioner Hartley suggesting finding out the legalities of what the City can do relating to a head tax and how to administer it properly. We have to recognize a big majority of the people here are users of the harbor to some degree and a lot of those people aren't paying for slips.

Commissioner Stockburger agrees that we need to come up with a dollar amount and continue looking in to other options like parking.

Commissioners engaged in discussion with the Mr. Haggerty, Mr. Lyons, and Ms. Seguela who all run water taxi's. When the Commission asked about a dollar amount as low as \$2.50 per person they replied it's too much. They can run anywhere from 1000 to 4000 passengers a year depending on the capacity of the boats. There are people walking the docks all the time who aren't getting on a boat at all. What they need is a dock user fee. The Commission explained they are trying to look at the whole picture.

The commission requested continuing the discussion at their next meeting.

INFORMATIONAL ITEMS

- A. Harbormaster's Monthly Statistical Report for January 2016
- B. Water/Sewer Bills Report for January 2016
- C. Crane and Ice Report
- D. Deep Water Dock Report
- E. Pioneer Dock Report
- F. Dock Water Report
- G. Woodward Creek Coalition Invite for 2/24/2016 Celebration
- H. 2015 EOY Statistic Reports: Fuel Wharfage, Parking, Load & Launch, & Harbor Statistics
- I. Commissioner Attendance at City Council Meeting

There was brief discussion about the stall wait list and differences relating to stall sizes, services available, and recent improvements.

COMMENTS OF THE AUDIENCE

Mako Haggerty, non-resident, commented that he's had boats for a long time, working his way up from Eureka, CA up the coast and this is the finest harbor he's been in, so kudos to the staff. They are first class; also he thanked Mr. Brown for his comments about the cruise ships, he wasn't aware what they contribute to the community. He also supports the pavilion project. Mr. Haggerty said his biggest complaint with the fees and head tax is the accounting. The time it takes to do all the paperwork related to the fees is time away from being able to work on his boats. He doesn't mind paying the

extra fees as long as everyone else is paying them, it's a great harbor and he doesn't mind paying for it, but please don't give him more paperwork.

Louise Seguela, non-resident, doesn't support a head tax. The additional fee cuts into her sales directly and impacts her sales and hurts their bottom line. It's all on the businesses who are taking people out on their boats. She would rather see a toll booth, moorage rates go up, pay toilets, anything but this. They are a small business, and for them, it's a lot.

Dave Lyons, non-resident, commented they are close to a price break for the service they offer, much more and the park will be even more neglected than it already is. The park across the bay is a large draw and if we can't get people there because it's cost prohibitive, it will cease to become the draw. He's happy with the improvements at the harbor, the fish hook, the walking path and the flags. His office is located a good distance from the pavilion and doesn't see a direct benefit from it, so he has mixed feeling about it.

Scott Adams, city resident, commented that with the rate increase they need to find a number they can live with and make it a straight percentage instead of all these other formulas. It's unfortunate to see that vessels over 18 feet are going to carry most of the cost. He doesn't think measuring length and width of vessels is a good deal because a lot of boats in the harbor are here for a short time yet paying yearly stall fees. When those stalls are empty the harbor continually rents them out for transient. He doesn't agree with the new requirements for the cranes. Out west all his training was hands on and most who fish do more on the water than on the dock and if anything renewals should be every 5 years, like CPR and merchant marine licenses. He thanked them for their help in getting the campers moved from the Seafarers Memorial. He requests some signs be put along that says seafarer parking only and 3 hours minimum, or something like that. He commented about the space across the street being used to store shelter decks, tying up that parking. He encouraged them to check out costs related to the pavilion. He supports overslope, it's a great improvement if it adds value.

COMMENTS OF THE CITY STAFF

Deputy City Clerk Jacobsen advised the Commission that the ordinance regarding winter camping on the spit will be introduced at the next council meeting. She also commented there is still a seat open on the commission and it needs to be filled by a city resident as both non-resident seats are taken. The Clerk's office has been advertising the vacancy.

Harbormaster Hawkins commented they are working on a project to install a stormsceptor to drain the the 30 acres where they park the trailers using some additional money from the launch ramp project. He will be attending the boat show in Anchorage March 3-6, he will attend some other meetings while he is there to discuss the Deepwater Dock expansion and also getting the ball rolling on East Harbor. They will be seeing some improved drawings. The pavilion project is underway and he's doing his best to help build the best pavilion with low maintenance costs that serves a purpose. There are some positive things about it like helping manage the large numbers of people who congregate in that area, hopefully get the kids out of the middle of the parking lot, and hopefully solve the bus issues when dropping kids off. He's working with the Pratt Museum in developing interpretive signage that will go around the harbor in key locations. This is being done with cruise ship monies.

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

COMMENTS OF THE CHAIR

Chair Ulmer thanked the public who spoke to them tonight.

COMMENTS OF THE COMMISSION

Commissioner Stockburger thanked everyone for coming. He appreciated Dave's comments about the pavilion and some other things we've done to provide a good experience for people who are visiting. Those are things that keep people coming back and telling their friends to come, but we don't want to have the perception that we are always asking for money. We got side tracked from charging more to store their boats and some of the other ways to look at raising money.

Commissioner Hartley said over the last 5 or 6 years the harbor has changed tremendously. He gets more comments from people that it's a nice place to be now. The hard work of the Harbormaster and his crew has paid off for us big time. He thinks we need to look at all the different ways we can to take advantage of the money that's there.

Commissioner Zimmerman thanked everyone for coming in. We are just starting to float the idea of a head tax, but it appears to be sinking quickly. He hopes they understand we need to look at where the money is being spent in the harbor and whose paying for it to try to find an equitable way for all this to happen. He said they are open to hearing new ideas the public may have.

Scott Adams commented from the audience about raising fees for water going across the dock.

Commissioner Donich said he appreciates everyone coming. The more they look into the harbor rates, he hasn't really heard anyone say "I don't want the rates to go up" but hears them say "I don't want my industries rates to go up". It's debatable who brings more money in, we all bring money into the harbor and it's all important. He has heard it from the audience and agrees with seeing them raise rates rather than add a head tax. He is interested in knowing how much the fuel tax is and how much it money generates for the harbor. He would also like to know the estimated the cost to the harbor for the pavilion, he doesn't think it is going to be that much to maintain.

Commissioner Carroll commented that he agrees there are some positive things about the pavilion. But when you talk about expenses like having a bus turnaround, paved area around the restroom, and restroom improvements, these are the kinds of expenses that are looking at us. In this business of supporting the harbor we have sort of a toreador effect, the red flag is we have to raise rates to support the harbor, but every time you bring it to a user, then let that bull go by. He thinks if there are new services, the industry benefitting needs to step up to the plate and be willing to pay. Lastly, his problem with the progressive rate is it's ideological, because the jobs and additional income that comes to the harbor far outweighs the expense of turnaround space and heavier constructed infrastructure. Jobs are important for the people who are here year round. Tourists are only here for 90 days.

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ADJOURN

There being no further business to come before the Commission the meeting adjourned at 7:25 p.m. The next regular meeting is scheduled for Wednesday, February 24, 2015 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: _____