

PORT AND HARBOR ADVISORY COMMISSION  
REGULAR MEETING  
MARCH 23, 2016

Session 16-03, a Regular Meeting of the Port and Harbor Advisory Commission was called to order by Chair Ulmer at 5:00 p.m. on March 23, 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**

Chair Ulmer called for a motion to approve the agenda.

HARTLEY/STOCKBURGER SO MOVED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

**PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA**

Bob Howard, city resident, commented regarding the graduated rate structure program, explaining that previously Northern Economics proposed that a progressive rate structure be implemented to more fairly distribute the moorage burden across all users. Mr. Howard commented about the drafts of the rate structure from October and November of 2015 which he provided copies of in a hand out. He thinks either of the rate structures referenced in the handout would achieve the revenue stream to achieve the \$3.5 million at the end of ten years. The rate of increase should reflect table 3, alternative 2 or table 5 alternative B in the October and November drafts. Mr. Howard reviewed the points in the letter he provided the Commission supporting the structures from October and November adding the rates should be capped at the largest vessel size that can fit in the largest berth and transient vessels under annual moorage agreements should receive a 5-7.5% reduction in their rate.

**RECONSIDERATION**

**APPROVAL OF MINUTES**

A. February 24, Regular Meeting Minutes

Chair Ulmer called for a motion to approve the minutes.

ZIMMERMAN/HARTLEY SO MOVED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

## **VISITORS/PRESENTATIONS**

### **A. R&M Consultants Re: DWD Expansion, Uplands Improvements and East Harbor Conceptual**

John Daley, P.E. R&M Project Manager presented to the Commission on the Deep Water Dock Expansion Study Project status. Mr. Daley presented on the following points:

- Project objectives
  - Market driven and economic based expansion of the Deep Water Dock (DWD)
  - Economic study of the market including cargo goods, project cargo, and maritime commerce support
  - Outline infrastructure needs for the long term
- Schedule
  - Interviews and existing conditions, September 2015 Phase 1
  - Alternatives and infrastructure concepts, December 2015 Phase 2
  - Final feasibility report, June 2016
- Field work accomplishments to date
  - Upland and Hydrographic surveys
  - Geotechnical exploration
  - Inspections and condition assessment
- Inspections
  - Dock is in reasonable shape
  - Anodes are working well
  - Load test allows for slight increase in capacity
  - Buoys and section of anchor chain need replacement
  - Condition of the DWD is based on original design and construction for fish processing, it may be in good shape but functionally obsolete.
- Geotechnical Explorations
  - 4 offshore borings- soft silt on top, dense silt and sand below
  - 4 onshore borings-sand with silt
- Economics
- Base Line Information
  - The majority of cargo in Alaska is import, a majority being consumer goods and fuel.
  - Project cargo can be significant but short term
  - Exports tend to be natural resources with special purpose dock like Seward Coal Dock.
- Completed Interviews
  - Interviews were done with companies in Homer, Anchorage, and Seattle
- Homer DWD SWOT analysis
  - Strengths- Marine service & skilled labor, Ice free, temperate winter climate, deep water, proximity to Cook Inlet oil & gas activities, Southwest Marine Pilots, geographic location re: vessels coming from North Slope and Western Alaska
  - Weaknesses- Lack of rail access, small population base, limit on space on the spit and limited moorage, lack of secured uplands, dock load capacity, geographic location re: vessels coming from lower 48.

- Opportunities- Project based cargo, marine maintenance and repair hub, tug/support vessel base, small scale regional freight distribution, winter moorage services
- Threats- Anchorage based distribution center cost savings, Kenai/Nikiski based project docks and services, community perspective-unfriendly to industry, competing with Seward for marine services
- Summary of interviews to date
  - Big carriers aren't interested (no benefit)
  - Retailers like it (could save money)
  - At least two smaller carriers may be interested
  - Besides container cargo there is a market for marine support (moorage maintenance, etc.)
- Infrastructure improvements
  - New trestle, new buoys, berth 2 fenders, uplands yard fencing and security, barge berth alternatives, dock extension and mobile crane alternatives
- Where do we go from here
  - Development options will be outlined in Phase 2
  - Economics point to the need for an anchor tenant

#### **STAFF & COUNCIL REPORT/COMMITTEE REPORTS/ BOROUGH REPORTS**

A. Port and Harbor Director's Report for March 2016

Harbormaster Hawkins reviewed his staff report.

#### **PUBLIC HEARING**

#### **PENDING BUSINESS**

A. Harbor Rates

- i. Memo to Port & Harbor Commission from Port Director Re: Northern Economics Rate Study & Presentation dated 1/20/2016, and Rate Comparison Attachments
- ii. 2016 Northern Economics Rate Study
- iii. 2016 Presentation of Northern Economics Rate Study

The Commission reviewed alternatives A and B in the January 2016 draft schedule from Northern Economics. They acknowledged that there isn't a lot of difference in the alternatives and noted on alternative B the difference between a 75 foot boat and a 20 foot boat is about \$400 per year. They also touched on ideas of the economic benefit of small boats versus large boats and that ultimately, all sizes bring an economic benefit to the harbor and the city.

STOCKBURGER/DONICH MOVED TO ADOPT ALTERNATIVE B AT FIVE CENTS PER FOOT INCREASE AND CAP THE VESSEL SIZE AT 86 FEET.

Commissioner Stockburger commented that the argument is over the idea of perception. He leans toward alternative B because it goes by the foot, similar to the straight rate with a slight increase as boats get longer. Capping it at 86 feet recognizes the big boats in the harbor that are paying big bucks and are rafted out, but have no chance of getting a berth.

Commissioner Hartley agrees and thinks this will allow for flexibility when we build the new harbor.

Commissioner Carroll still agrees with a straight linear rate, its one harbor and everyone should pay the same.

Commissioner Stockburger added that we have a small boat harbor with some big boats in it and it's been hard to find a number that will work with all the vessel sizes. When we have a new harbor this formula can be used, possibly with a different number, when considering moorage and costs for the new harbor.

Commissioner Zimmerman clarified that this will be going up five cents per foot yearly along with the 3.2% plus the CPI that has already been adopted.

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

Motion carried.

B. Head Tax for Passenger Vessels

Harbormaster Hawkins reviewed that the enterprise budget is currently based on moorage. Seeing trends that business is increasing because this is a great place to recreate results in some forward thinking to implement a way to collect something from other user groups to help offset operations costs and spread the burden among a wider community.

Commissioner Zimmerman commented that after listening to the comments last meeting about the additional paperwork that would be included with a head tax, he's now thinking it targets a user group more than it should. He thinks it might be better to find something that's already in place and work to modify it.

Commissioner Donich said at the Homer Charter Association meeting a suggestion was brought up to have the spit designated as a separate district and collect an additional half a percent or so of sales tax to go to the enterprise fund. That would really broaden the reach and everyone who uses the spit would put in to the fund.

Chair Ulmer said she would rather see a toll bridge. She recently heard Cruise Construction cut spending in Homer because of the 7.5%. People can get what they want in Anchorage and ship it down. The tax on this end of the peninsula is driving people away.

Commissioner Stockburger agrees that some kind of service area tax for the spit, not a property tax but a sales tax. He doesn't think 7.5% is keeping people from coming to Homer. If a company has a job here they will come, but comparing the cost of gas to drive to Anchorage is more than \$37.50, which is the sales tax cap.

STOCKBURGER/HARTLEY MOVED TO EXPLORE THE POSSIBILITY OF USING A SERVICE AREA SALES TAX AS A MEANS OF COLLECTING FUNDS AS A MEANS TO COLLECT FROM OTHER USERS IN THE SERVICE AREA.

Commissioner Hartley commented a drawback is people won't like another sales tax. The state is mentioning they may look at a sales tax and all the municipalities that rely on sales tax object to it because it's their source of income. Also this is more of a summer tax, but business on the spit is becoming more full time.

Commissioner Donich commented one of the issues when they brought this up last time is there isn't much information, like how much would a head tax be. He thinks they need to determine how much they need to raise and then figure out how to work toward that goal.

Commissioner Zimmerman said when they were looking at moorage; they were coming up about \$50,000 short. He added that a service area tax through property tax on real property could be another option.

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

Motion carried.

## **NEW BUSINESS**

### A. Land Allocation Plan

Harbormaster Hawkins reviewed the staff report and the recommendation to

1. Designate the 40 acres acquired through tax foreclosure for watershed protection purposes (page F-7); and
2. Expand the designation for the old harbormaster office property on D-20 to include the Boat House Pavilion.

HARTLEY/STOCKBURGER MOVED TO ACCEPT STAFF'S RECOMMENDATIONS FOR THE LAND ALLOCATION PLAN.

There was brief discussion.

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

Motion carried.

Commissioner Carroll commented some way, somehow they need to deal with the Icicle lease. It is really unfair and goes on and on disadvantaging the two other processors.

Question was raised about properties available for long term lease and Harbormaster Hawkins pointed out lots 9 and 10 on Fish Dock Road.

Commissioner Zimmerman would like to look at ways to offer smaller portions of the available lots for someone who might want to build a small business out there and he thinks they need to look at ways

to make property available for smaller business. He said he will think about it and they can talk about it another time.

B. Commercial Marijuana on the spit

Commissioner Zimmerman said that others have said that the marine commercial area isn't a place to sell marijuana if it is legal in Homer. The spit the heart of recreation in Homer and marijuana is a big part of recreation, so he questions why we wouldn't want to do that out there.

ZIMMERMAN/DONICH MOVED TO SEND A RECOMMENDATION TO THE PLANNING COMMISSION, CITY COUNCIL, AND CANNABIS ADVISORY COMMISSION, THAT THE PORT AND HARBOR ADVISORY COMMISSION WOULD LIKE TO SEE MARIJUANA SALES ALLOWED IN THE MARINE COMMERCIAL DISTRICT.

There was discussion about marijuana on vessels. The Coast Guard is federal and marijuana isn't legal anywhere federally, so the Coast Guard won't be making any changes. It is up to a boat operator to enforce the rule on their boat.

Commissioner Donich thinks retail should be allowed and taxed heavily.

Commissioner Stockburger commented the US figured out at the end of prohibition that it costs a lot of money to keep it from happening, so take the liability and turn it into an asset and have been making a lot of money off alcohol since. They could do the same thing with this.

Commissioner Zimmerman added alcohol is very prevalent on the spit so there isn't a reason not to allow a better way to have fun without getting drunk.

Commissioner Carroll commented that it's quite easy to test for alcohol, but not as easy to test if someone is under the influence of marijuana. His objection is that until we can quantify when a person is legally impaired, he's resistant.

Commissioner Donich noted the Police Chief had commented that it's hard to test if someone is driving under the influence of marijuana and it would cost \$40,000 per officer to send them to training. He questions what they have been doing for the last fifty years? People have been doing this for a long time.

When asked his thoughts, Harbormaster Hawkins commented that allowing commercial sales on the spit won't significantly change the behavior out there; it's a different spit after 10 p.m. He can't see how sales out there would increase the amount of partying that goes on, and it still has to be used in a legal way.

Commissioner Stockburger suggested the memo include reasoning that it probably won't change behavior on the spit because it's happening now already. It will make things legal, and maybe mellow out the people using alcohol.

Commissioner Zimmerman added it's another source of tax revenue.

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

Motion carried.

**INFORMATIONAL ITEMS**

- A. Harbormaster's Monthly Statistical Report for February 2016
- B. Water/Sewer Bills Report for February 2016
- C. Crane and Ice Report
- D. Deep Water Dock Report
- E. Pioneer Dock Report
- F. Dock Water Report
- G. Commissioner Attendance at City Council Meeting

**COMMENTS OF THE AUDIENCE**

**COMMENTS OF THE CITY STAFF**

Harbormaster Hawkins recapped that he will look into the legality and possible options for a service area sales tax. He also commented regarding parking fees. In talking with people when he was up at the Boat Show, we are a long way from Anchorage and he thinks they should recognize the benefit of not having fee parking everywhere and having some free areas after people make the drive down here and are paying for things along the way. The experience is what brings people back and not having to pay those few extra dollars, or worse, getting a ticket, helps that experience. That's good advertising.

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

**COMMENTS OF THE CHAIR**

**COMMENTS OF THE COMMISSION**

Commissioner Stockburger thanked the commission for the support on his motion for the rate schedule. It is nice to put this to bed. It can be tweaked when needed and he doesn't think this will scare anyone away or break anyone's pocketbook. They are still looking at ways to bring in revenue from other users.

Commissioner Hartley is happy they got the rates done; it's been divisive and uncomfortable. He added that we need to look strongly at the future as far as the finances are concerned. We are just seeing the tip of the iceberg; he has heard things are really starting to shut down on the slope. It will take a year or so to trickle down, but it will affect the state drastically. He wishes our people in Juneau were cognizant of what's going on. We need to be able to take care of ourselves.

Commissioner Zimmerman is glad they got moorage done and thinks they found the best compromise at this point. Now to keep looking for other streams of revenue, because Bob has a good point, we are on our own. He thanked them for passing the marijuana issue.

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Commissioner Donich agrees with what others have said. It's good to have something to work with on the rates, it's a compromise and that's how you can get things done. We do have to look at how to take care of ourselves.

Commissioner Carroll said he is happy to be done with the rates.

Chair Ulmer thanked the consultants for their presentation tonight. It was a very good presentation and appreciates their clear explanations.

**ADJOURN**

There being no further business to come before the Commission the meeting adjourned at 7:11 p.m. The next regular meeting is scheduled for Wednesday, April 27, 2016 at 5:00 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved: \_\_\_\_\_