

PORT AND HARBOR ADVISORY COMMISSION  
REGULAR MEETING  
JULY 27, 2016

Session 16-07, a Regular Meeting of the Port and Harbor Advisory Commission was called to order by Chair Ulmer at 6:00 p.m. on July 27, 2016 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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

ABSENT: HARTLEY (Excused)

STAFF: HARBORMASTER HAWKINS  
DEPUTY CITY CLERK JACOBSEN

**APPROVAL OF THE AGENDA**

There was brief discussion of agenda amendments.

STOCKBURGER/CARROLL MOVED TO AMEND THE AGENDA.

It was clarified for the record the amendments include:

- Add staff's introduction of the Capital Improvement plan under as item 7A, before the harbormasters report
- Move pending business to follow new business

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

The agenda as amended was approved by consensus of the Commission.

**PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA**

Kevin Hogan, city resident, expressed his concerns about the city entering into a lease with Global Sustainable Seafoods of Alaska. He thinks if we are going to pursue projects, they need to be stand alone. His concern with this proposal is the business plan seems fragmented and he isn't sure what the lease committee looked at regarding their viability. He referenced an article from the Homer News last September about this operation highlighting the track record of some of the participants who seem to have a lot of businesses that don't succeed. He is concerned that grant money comes with strings attached and if this business falls through the assets will have restrictions. He thinks if they have the resources to proceed as a viable business, that's fine. There are repercussions to the business community that already exists. He knows they are looking at getting exclusive rights of this technology but there are units in place that have not been successful; ISA in Kodiak is an example. He thinks the city needs to be very careful in becoming a partner in someone's funding dreams, this needs to be looked at a little more carefully, and it's an inappropriate position for the city to be taking.

Don Lane, city resident and owner of the fishing vessel Predator, commented that the Homer Marine Repair Facility is an important subject to continue to talk about. Two years ago with the Large Vessel Haul Out he commented that he just wants to haul his boat on the spit. He got to do that this year so we are making progress, there is more business on the spit, and he has confidence Bryan and his staff will be prepared when this occurs. There are a lot of good ideas swirling around this and he appreciates all the effort to keep it moving forward. It's important to his boat and business, instead of hauling out every five years he expects to haul out every two years, which is important to the safety and longevity of his boat. It's also important to the community because every year the boat brings \$300,000 to \$500,000 back to this town. It's an important subject and he appreciates the time they are taking to work on this.

Michael Basargin commented in support of the Global Sustainable Seafoods of Alaska lease proposal. It will bring business and jobs to Homer and Homer needs this opportunity.

## **RECONSIDERATION**

## **APPROVAL OF MINUTES**

A. June 22, 2016 Regular Meeting Minutes

ZIMMERMAN/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. Special Projects and Communications Coordinator Carroll review of the CIP Process

Special Projects and Communications Coordinator Carroll updated the Commission on the Capital Improvement Plan projects and reviewed the process and benefits of the plan. She explained that the Commission can recommend their top two projects to Council to be included in the Council's five projects that will be put forward in the 2017 Legislative Request.

B. Port and Harbor Director's Report for July 2016

Harbormaster Hawkins commented there is a lot on their agenda tonight and asked if the Commission had any questions.

There was brief discussion about parking at the Boat Pavilion on the spit and long term trailer parking.

**PUBLIC HEARING**

**NEW BUSINESS** (moved before Pending Business under agenda approval)

- A. Memo to City Council Thru: Port & Harbor Advisory Commission from City Lease Staff Re: Yourkowski Lease Amendment & Request to Sublease dated July 13, 2016
  - i. Yourkowski First Lease Amendment – December 1, 2015
  - ii. Letter to City from Mike Yourkowski Re: Sublease List dated May 12, 2016

There was discussion that there will still be public parking in front of the lease and about other encroachments on this and neighboring properties. Harbormaster Hawkins noted there has been an encroachment issue with the picnic tables out front of the restaurant and this resolves that issue. He further noted that Mr. Yourkowski has resolved outstanding lease issues with his lease and subleases in order to exercise this final 10 year option to renew. Lastly Harbormaster Hawkins noted the request to make quarterly payments.

STOCKBURGER/ZEISET MOVED TO APPROVE THIS AMENDMENT TO MIKE YOURKOWSKI'S LEASE AS LINED OUT IN THE AGREEMENT, INCLUDING THE QUARTERLY PAYMENT PLAN.

There was no further discussion.

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

Motion carried.

- B. Memo to City Council Thru: Port & Harbor Advisory Commission from City Lease Staff Re: Global Sustainable Seafoods of Alaska Lease Proposal for Lots 9A & 10A dated July 20, 2016
  - i. GSFA Lease Application & Proposal
  - ii. Draft of Resolution 16-xxx Approving New Long-term Lease to GSFA

Patrick Plentikoff with Global Sustainable Seafoods of Alaska (GSFA) and Mayor of St. George Island attended telephonically and commented that the written information outlines with they are trying to accomplish and that at this stage the grant application looks favorable. He said they have been looking at Homer over the last three years as a location for a statewide operation and as a flag ship for other communities they hope to work with. They want to set up the new freezing system in Homer so that other communities who are interested can come in and “kick the tires” and see how it can benefit them. The freezing system is a new technology and not really utilized yet in the United States. He acknowledged the earlier comment about an issue with a system that has been in Alaska and is aware of it. It's their understanding there were difficulties with the system because it wasn't handled properly on the vessel it was placed on and the users didn't understand how to get the best use of it.

Mr. Plentikoff gave the Commission an overview of the Cells Alive System (CAS) that was developed in Japan and explained his experience visiting the factory in Japan that builds the systems. He noted the

gentleman who invented the system has visited Homer on two or three occasions and recognized the promise the area has as a site for this project. In the island community he visited in Japan whose only commercial activity was oysters he learned how effective the freezing system is. Prior to the CAS freezing system this small island had no economy, young working people were leaving, and the population was decreasing. Once this freezing technology was introduced they were then able to freeze the oysters which opened the opportunity to export by ferry and surface transport to mainland Japan, and now to China and emerging markets there. It has brought back the rebuilding of their community and it's now thriving. Having seen the operation there, he thinks it would work very well in his community of St. George Island and others around the state that need to build their economy. The CAS freezing system allows utilization of resources in small enough numbers that the value of the product is sold at a higher rate than normal and still manageable for smaller communities.

He acknowledged Mr. Hogan's concerns about the financing, and agreed it is a legitimate concern. They have certainly considered what could happen if things go south and they are working to secure other funds besides federal and state grant funds. They have looked at sources in the private sector and also resources and offers from international sources and are confident these will come in to play and be available to GSFA.

In response to questions Mr. Plentikoff explained with today's current fish freezing technology the cells within the product are punctured and break down. The Cells Alive System is a new technology in which anything you freeze, the cells do not break down and that maintains the quality and freshness of the product, whether it be fish, berries, or whatever over a longer period of time. When he visited the factory in Japan he ate oysters that had been frozen for five years and saw flowers that were frozen for about the same period of time. The oysters tasted and flowers looked just as fresh as the day they went in. It is phenomenal technology and he noted the inventor is working with the medical association in the US to look at the potential for freezing human organs for later transplant.

Regarding their operating plan, he explained they want to build modular facilities to ship to other communities in Alaska, and also bring people in to train and teach them at the facility to ensure they understand how to maintain and use the facility properly for different kinds of product they will be freezing. This technology hasn't been used in commercial numbers in the U.S. When he visited Japan to look at this system he was trying to find economic opportunity for St. George Island and this holds the best promise. After learning more about the system he believes it will benefit villages around Alaska in light of the fiscal problems the state is facing. When the systems are ordered from Japan it will take about three months to get it here, and then technicians will come for set up and training people to maintain and properly use the system for different products.

When asked how the system works, Mr. Plentikoff explained how the notion of this system was realized and that the inventor created a freezing process that uses a magnetic field to create a vibration so the water or liquid inside the cells of the product become extremely cold but don't freeze, but the product itself freezes. There are no ice crystals as a result of the freezing process and its ice crystals that puncture the walls of the cells causing them to bleed and die. It takes about 90 minutes to freeze about 600 pounds of fillets.

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Question was raised if there is any danger from harmful products used in running these units like Freon or ammonia. Mr. Plentikoff confirmed with Andrey Khalakachan who was also on the telephone line that it uses standard Freon.

He confirmed they plan to do fish processing at their facility as well marketing and training to communities to get the CAS freezing systems. GSFA will have an exclusive arrangement to bring the technology to Alaska and make it available to other communities. He doesn't anticipate it will impact the cost for processing fish and when people realize the quality of the product they will see the value in the system.

When asked about using government funding for the project Mr. Plentikoff said this is a discussion he hoped they could have in person. He noted what is happening in the Kuskokwim with one of the most expensive salmon processing facilities in the state shutting down leaving 200 permit holders not having anywhere to sell their fish. They have to find a funding model and this is an avenue to start.

Lastly Mr. Plentikoff anticipates this will create at least 20 jobs locally. Most will be in fish processing and when things get going, they will look at other pieces of land on the spit to construct the modules for other communities. He added that Homer is a good location for this because it has good surface transportation and an airport so it's an ideal location for what they are planning. The types of jobs beyond fish processing could include welders, carpenters, electricians, and more.

The Commission agreed to open the floor to the public to ask questions. Kevin Hogan asked how much money GSFA has in hand ready to commit to the project. Mr. Plentikoff said they have commitments from communities who want to build the facilities, but want to see the product first. They don't have money coming in from CDQ groups and are doing the best they can with having to go to the government to apply for grant funding. They have to meet all the criteria of the funding agency and if they are successful in getting the grant, the additional funding will come into place. As he indicated at the beginning they have commitments from lending institutions overseas, but if the question is if he has a million dollars in hand at this stage, he does not.

Chair Ulmer thanked them for the information and Mr. Plentikoff thanked the commission for the time to give a brief presentation and understands there will probably be more questions as they move forward. The teleconference call ended and discussion by the Commission ensued.

Commissioner Zimmerman noted the application addresses processing 20,000 pounds of fish per day and questions if the facility is capable of handling that. Commissioner Donich said back in '04-'06 Coal Point was doing between 15,000 and 20,000 pounds of sport caught halibut at the peak of the season. Mr. Hogan responded his operation could do 38,000 pounds of salmon, including freezing per day.

Commissioner Zimmerman expressed opposition to information he read about replatting the two lots into one, at least until they have a lease in place and are ready to build. Harbormaster Hawkins said the Lease Committee did not make a recommendation to replat and doesn't know why they would do it.

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Commissioner Carroll added his concerns about tying up government money. In his time as a commercial fisherman he has seen numerous facilities sitting dead and idle throughout the gulf of Alaska that may have been built with government money.

When asked about his thoughts, Harbormaster Hawkins sees it from a perspective of diversification. He has been communicating with these folks for over two years, has done his own research on the system, and has come to think this is the next step in freezing and managing food. He thinks Homer has an opportunity to be cutting edge. He fully understands there is risk in this and the management of it, but it's true that any lease the City enters into could fail. It's key that the city does its best to protect itself from the risk in ways such as possibly requiring a bond to take land back to its original state if the project fails. However if it's successful Homer could further its position as a hub for seafood processing, transportation, jobs, and building these units to go out into villages. If we limit our risk and facilitate this like we do for other businesses, there is potential for this to move ahead. He added that this has been reviewed by our attorney and the City's role is guaranteeing to enter into the long term lease if GSFA gets the grant.

Commissioner Stockburger said he likes the diversity part of this proposal and the potential for small villages and CDQ groups to buy into the technology and become more efficient.

CARROLL/ZIMMERMAN MOVED THAT THE COMMISSION SUPPORTS THE LEASE COMMITTEES PROPOSAL.

STOCKBURGER/DONICH MOVED TO AMEND TO HAVE THEM PUT UP A BOND FOR REMOVAL OF THE BUILDING IF THINGS FAIL.

There was brief discussion explaining the process.

VOTE: (Amendment) NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

There was brief discussion about the lot line vacation.

ZIMMERMAN/STOCKBURGER MOVED TO INCLUDE THAT THE COMMISSION HIGHLY RECOMMEND THE CITY DOES NOT VACATE THE LOT LIN UNTIL THE LEASE IS A DONE DEAL AND THERE IS A REASON FOR IT.

There was no discussion.

VOTE: (Amendment) NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

There was no further discussion on the main motion as amended.

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VOTE: (Main motion as amended) YES: ULMER, ZEISET, ZIMMERMAN, CARROLL, STOCKBURGER, DONICH

Motion carried.

B. Capital Improvement Plan

There was discussion about the projects that are specific to the spit. Harbormaster Hawkins was asked to share his input regarding the projects. He talked about the benefit of the barge mooring facility. Building mooring facilities will help move the landing crafts from the system five floats and create secure mooring for them where they can lay on the beach. It makes a better mooring system for them and opens up space in the harbor. In working toward our vessel haul out goal, these dolphins will also provide a place for vessels to tie up to when they are getting ready to haul out. They are expensive projects but hugely beneficial.

Commissioner Donich commented he likes the project for system four. He thinks it's important to fix what we have.

The Commissioners went around the table and shared their choices for priority one and priority two.

Stockburger – Barge Mooring Facility Phase 1 and Homer Large Vessel Harbor  
Donich – Barge Mooring Facility Phase 1 and System Four Vessel Mooring Float System  
Ulmer – Barge Mooring Facility Phase 1 and Homer Large Vessel Harbor  
Zimmerman – Barge Mooring Facility Phase 1 and Homer Large Vessel Harbor  
Carroll – Large Vessel Haul Out and Barge Mooring Facility Phase 1  
Zeiset – Barge Mooring Facility Phase 1 and System Four Vessel Mooring Float System

The commission agreed by consensus their recommendation is Barge Mooring Facility Phase 1 as priority one and the Homer Large Vessel Harbor as priority two.

**PENDING BUSINESS**

- A. Homer Marine Repair Facility
  - i. Memo from Port Director Re: Worksession for the Marine Repair Facility and Proposed Trailer
  - ii. Memo to Vessel Haul Out Task Force from Port and Harbor Staff Re: Large Vessel Haul-Out Questionnaire Results

The Commission discussed this at the worksession that was held prior to the regular meeting and agreed to have it on the next meeting agenda.

**INFORMATIONAL ITEMS**

- A. Harbormaster's Monthly Statistical Report for June 2016
- B. Water/Sewer Bills Report for June 2016
- C. Crane and Ice Report

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- D. Deep Water Dock Report
- E. Pioneer Dock Report
- F. Dock Water Report
- G. Commissioner Attendance at City Council Meeting

Harbormaster Hawkins noted in the stats that the stall wait list the total for this month is 184 on the list, last month there were 161.

**COMMENTS OF THE AUDIENCE**

Dave Mastolier, city resident, thanked the Commission for their time. He explained that he has a research boat and will be bringing in another 120 foot vessel in the fall. His issue is with the crane dock. It's in the rules that fishermen have priority, and he absolutely agrees that fish off loading has priority over everything. His issue is when they are loading fishing gear and he is trying to load his research gear, or any other kind of gear. When he calls and asks to go to the crane dock to unload he is usually asked to wait until after 6:00 pm when everyone else is gone. He questions why, when he is sitting there with survey gear, his gear has less priority than someone else's gear. All he asks is that consideration be given on the west end of the fish dock be a first come first serve crane to load or off load gear, not freight, just gear. He reiterated that he agrees that off-loading fish has priority, but if it's a fish wheel or a trans vac, it should be the same priority as his gear. They are trying to bring more industry to Homer, the new 120' boat will be targeting arctic research and the boat they have now goes all around the state, to the Aleutians and is in Nunivak right now. Homer is starting to be seen as more of an accepted base for these research projects. His main competitors are based out of Seattle and would work in Seward. His clients are starting to realize Homer is very user friendly but the problem is when they have to wait until 6:00 p.m. to use the dock. It makes it seem a little closed for business. He would like to see the harbor diversify and welcome some other marine industries besides commercial fishing.

When he was advised to contact harbor staff, Mr. Mastolier said he had talked with the people on the dock to make arrangements and noted in the tariff it says the fish dock is used primarily for loading and unloading fish product and fishing gear, any other use must be approved in advance by the Harbormaster. It also says the Harbormaster shall designate one or more cranes on the fish open to public use both private and commercial use on a first come first serve basis, but when he calls, staff tells him to come after 6:00 p.m. His vessel is 105 feet and is too small for the deep water dock. Harbormaster Hawkins explained that if there is space there, then he can go in and use it. Mr. Mastolier also noted the language that failure to obtain prior approval for a use other than loading and unloading fish, fish products or fishing gear will result in the imposition of a surcharge of \$30.00 per hour. So if he goes in without prior approval he could be charged the surcharge. He would appreciate being able to figure this out.

Don Lane, city resident, appreciates the the Commission taking time to work through the CAS system. He thinks we have to embrace innovation, even if it's a little risky. We just have to remind the city and staff to put in the safe guards. He talked about some history with the vacuum fish unloading system. It had issues at first, but over time there is a product that works well and has increased fish processing opportunity. We don't know where this CAS system might go for us, but he thinks we have to look at it. Innovation can do good things for this community. Homer Marine Trades is very strong in to vocation,



the GSFA lease project is one that will train people, and the local college has a marine trade coordinator now.

**COMMENTS OF THE CITY STAFF**

Harbormaster Hawkins commented about the photo of the buoys on the packet cover. The buoys have arrived and are on the Deep Water Dock. It was a long process getting them here and this was funded with cruise ship head tax grant money. They are happy for the upgrade and should have them in this week. Peninsula Scrap will be taking the old buoys away.

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

**COMMENTS OF THE CHAIR**

Chair Ulmer thanked everyone for their work tonight.

**COMMENTS OF THE COMMISSION**

Commissioner Carroll commented it was a good meeting, we got some things done.

Commissioner Donich said it was a good meeting and thanked the public for their great comments tonight. It makes meetings more interesting and the input makes them think about things on a little wider spectrum.

Commissioner Zimmerman said he's glad the picture on the front buoyed Bryan's spirits.

Commissioner Zeiset thanked everyone. He went to the Council meeting and let them know about tonight's worksession, but didn't see any of them here. He thinks they are making awesome progress.

Commissioner Stockburger said it was a good meeting and thanked the audience. He appreciates Mr. Lane's perspective, especially about the co-op, not just vessel owners but also those who work on them and sell products being used there. He thinks a community wide effort will get everyone involved and work well. He always appreciated Bryan's input, especially on the CIP to help keep them focused on what can happen even with a little bit of money.

**ADJOURN**

There being no further business to come before the Commission the meeting adjourned at 8:43 p.m. The next regular meeting is scheduled for Wednesday, August 24, 2016 at 6:00 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: \_\_\_\_\_

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