

Session 11-02, a Regular Meeting of the Economic Development Advisory Commission was called to order at 6:00 p.m. by Chair Erickson on January 12, 2011 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONER DAVIS, ERICKSON, FAULKNER, NEECE, SARNO, SIMPSON

COUNCILMEMBER: WYTHE (absent)

STAFF: SPECIAL PROJECTS COORDINATOR HOLEN  
DEPUTY CITY CLERK JACOBSEN

#### **APPROVAL OF THE AGENDA**

The agenda was approved by consensus of the Commission.

#### **PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA**

There were no public comments.

#### **RECONSIDERATION**

There were no items for reconsideration.

#### **APPROVAL OF MINUTES**

A. Meeting Minutes of January 11, 2010

The minutes were approved by consensus of the Commission.

#### **VISITORS**

There were no visitors scheduled.

#### **STAFF AND COUNCIL REPORT**

Special Projects Coordinator Holen commented regarding the State Capital Budget and explained that the Governor vetoed the \$10.05 million that would have extended the natural gas line from Anchor Point through Homer and Kachemak City. The City worked hard to encourage passage of the project and it was a big disappointment to see it vetoed. The Governor did approve \$6 million for improvements to the Deep Water Dock, the uplands, and other improvements around town designed to benefit cruise ship passengers. There was brief discussion with Chair Erickson regarding the cruise ship schedule. Ms. Holen also advised that the City Manager is still talking to the two proposers about their proposals for the HERC building and nothing has been determined yet. The Boys and Girls Club might be staying there while the City offices are occupying space in the building. She is unaware as to whether the City Manager has had discussion with the Borough about giving the building back to the Borough.

#### **PUBLIC HEARING**

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There were no items for public hearing.

**PENDING BUSINESS**

No pending business items were scheduled.

**NEW BUSINESS**

A. 2011-2017 Capital Improvement Plan

The Commission opened by discussing projects of interest that are not included in the CIP.

Commissioner Sarno suggested including a permanent farmer's market structure in the town center infrastructure. It could be a year round indoor farmer's market that could possibly be a place with phones where people with wholesale items could market and handle through a central location.

Commissioner Simpson noted the importance of the dredge materials for the structure of the Homer Spit. It can be built up, benefit tourism and bring in more ships. It will be more money coming in to the harbor. Commissioner Faulkner concurred and spoke of a current proposal to put fill between Boardwalk Fish & Chips and the Seafarer's Memorial for additional parking and in a few years come in with rip rap.

Chair Erickson suggested a middle turning lane for Ocean Drive. She noted that people trying to make left hand turns are stopping traffic half way down the road. It is an unsafe road and it need to be on the States radar to be fixed.

There was discussion of wording for a motion for the Ocean Drive turn lane. Special Projects Coordinator Holen suggested the following wording: The Commission proposes a new project be added to the capital improvement plan that calls for providing a turn lane on Ocean Drive and undertaking other measures as need to make it happen, including rerouting the bike path.

ERICKSON/SIMPSON SO MOVED THAT THE COMMISSION PROPOSES A NEW PROJECT ADDED TO THE CAPITAL IMPROVEMENT PLAN THAT CALLS FOR PROVIDING A TURN LANE ON OCEAN DRIVE AND UNDERTAKING OTHER MEASURES AS NEED TO MAKE IT HAPPEN, INCLUDING REROUTING THE BIKE PATH.

There was no further discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

SARNO/DAVIS MOVED THAT CONSTRUCTION OF A PERMANENT FARMERS MARKET BE ADDED TO THE CAPITAL IMPROVEMENT PLAN.

Commissioner Sarno commented that this is something that could be relatively inexpensive and it could improve the economy. It seems that it could be tied into town center if feasible. She is interested in doing more research as the city of Olympia, Washington did a fantastic

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low cost project. Commissioner Simpson suggested looking at the city of Virginia Beach's project also.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

The Commission reviewed the listed projects.

Commissioner Faulkner commented about the project summary and noted that well over 50% of the total is the East Boat Harbor. It doesn't pencil to complete it by 2013 and should be prioritized to later time. Special Projects Coordinator Holen responded that some of the schedules are optimistic and the Commission could certainly recommend that Council move it to long range projects. It was noted that if it stays on the CIP it shows that the City is still interested, should money become available.

Special Projects Coordinator noted that the downtown restrooms and the dock fender projects were folded into the cruise ship improvement funding in the State Capital Budget and will be removed from the CIP.

Commissioner Faulkner noted that the End of the Road wayside improvements proposed would look nice, but the reality is right now we haven't spent a penny on it and it's full of people out there fishing and having a blast. This project will make it more difficult for people to park there. He is not in favor of this design. Special Projects Coordinator Holen noted that the spit trail extension has been fully funded and it is possible to make some minimal improvements like paving and minimum landscaping.

There was brief discussion relating to the harbor entrance erosion control that there are some boat that come into the harbor at night and the lighting is set back a hundred yards or so making the entrance a black hole when it's dark.

FAULKNER/DAVIS MOVED TO ASK THE CITY ENGINEER INVESTIGATE ADDING A LIGHT TOWER THAT SHINES ON THE MOUTH OF THE HARBOR.

There were comments in agreement, it is a Christmas tree of lights but none are directed where you need them. Special Projects Coordinator Holen said she would bring it up with the Harbormaster and it may come in as a separate project as it is different than erosion control.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

Regarding dredge materials, Commissioner Sarno commented that she believes the Kachemak Drive Path Committee had talked about the availability of the materials for the bike path project.

Commissioner Faulkner acknowledged the work done by a lot of people including City and Borough staff and our Legislators for the natural gas line. This project pencils out, it saves everyone in Homer money and will do more for economic development than anything.

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The Commission reviewed the remaining projects and ranked their top 5 preferences as follows:

Simpson: Homer Spit Dredge Material Beneficial Use Project, Upgrade System 5, Bridge Creek Water Shed Land Acquisition, Kachemak Bay Tidal Power, Natural Gas Pipeline

Neece: Ocean Drive Turn Lane, Sewer Treatment Plant Improvements, Alternative Water Source, Kachemak Drive Rehab/Pathway, Natural Gas Pipeline

Davis: Natural Gas Pipeline, Ocean Drive Turn Lane, Sewer Treatment Plant Improvements, Upgrade System 5, Alternative Water Source

Erickson: Ocean Drive Turn Lane, Sterling Highway-Anchor Point to Baycrest Hill, Sewer Treatment Plant Improvements, Deep Water Dock Expansion Phase 1, Upgrade System 5

Faulkner: Natural Gas Pipeline, Deep Water Dock Expansion Phase 1, Water Storage/Distribution Improvements, Sewer Treatment Plant Improvements, Alternative Water Source

Sarno: Farmer's Market, Alternative Water Source, Natural Gas Pipeline, Kachemak Drive Rehabilitation, Ocean Drive Turn Lane

Special Projects Coordinator Holen said she would score them with a weighted system and get the information to City Council as a memo.

B. Lease Committee Evaluation Criteria for Non Profit Organizations

Chair Erickson explained that there are a number of non profits and the lease policy says that the City can lease the property for under fair market value if it is in their best interest. She feels this is an important discussion as there are non profits that want to lease the land for \$1 a year. In the economy that we have, we need to take an objective look at that and say what the criteria is to say that the City should basically give away the land. She said she is interested in the Commission's discussion on this topic.

- Consideration can be given if the non profit has upgraded a building or if they are a major contributor to the community.
- Rather than rent, the money could be put to a fund for removing asbestos from the building in situations where that is feasible.
- The money used to purchase the two lots for the fishing lagoon 20 to 25 years ago was taken from the Homer Harbor Reserve Fund. The stall owners paid to buy the land, mostly fishermen. Then the City rents to Pier 1 for \$1 a year. Had it come from the entire community that would be on thing, but to take enterprise funds to buy property to then give away never seemed right to the people at the port and harbor. The groups are important but trying to set up criteria for them is the way to go.
- At the State level they figure a fair percentage of what is brought in over the course of a year. The organization should be able to budget for as they would electric, water, and other necessities.
- Regular City lease holders pay property taxes per the ground lease, so as a City we are losing the rent revenue and tax revenue as well.

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- Non profit leases could be negotiated on a case by case basis by reviewing their accounting information.
  - How do you establish what is the City's best interest in relation to the value of the non profit. It is a tough question because the non profit groups are such a big part of life in Homer.
  - \$1 a year is arbitrary and it is a total give away. The purpose of a non profit is to provide a service the government is not providing and that is why they are not taxed. But you still have to serve the public and be doing something the people need. Look at costs and the tax revenue not being provided. There are ways for organizations to raise the money for rent, rent parties and so forth. It isn't a total hardship on the organizations.
  - In looking at a group that does preservation work, it might be weighted differently than groups that have income from admission or income from product sales. \$1 a year is too arbitrary and difficult when the City is scrambling for revenue in this difficult economy.
  - Artists, for example, have to self supporting through their own contributions. You can foster resentment from people who are working hard for their money when there are two sets of rules. It is just a matter of putting the rent in the budget. The idea of \$1 is almost unhealthy for them, somewhere they have to be paying their way.
- C. Discussion: Perceptions about Homer's Economy, Strengths and Weaknesses, Thoughts on Where the EDC/City Council Should Focus, Etc.

Commissioner Davis commented that tourism is down after some really good years from 2005 through 2008. He thinks that next year we will see some of the tourism businesses go out of business. Supporting tourism is a good thing because Homer will always have the beautiful scenery and it is an attraction. What he doesn't see is much support for marine trades in this town. He would like to look at ways to better support those trades. It is a huge amount of money that comes into the town, the marine trades have been here since day one, but they aren't very noisy people. They pull out of the harbor do their job, and come back and unload their boats in places we don't see them. All the money is coming in and supporting the town. Tourism can be a wonderful resource, each year it is renewable, and for the most part is clean. People in the world are looking for eco-tourism and it is a niche that he would like to get for the town.

Commissioner Neece commented that his film company is the only green film company in the state. In the last two years Hollywood has lost 40% of their workforce and businesses as they have gone other places because of the quality of life. With the digital age and new technologies, they can do the same job here in Homer that they do in LA. The lynchpin is that we do not have fiber optic capability.

Chair Erickson commented in relation to marine trades, she thinks one area that has been booming is the boat builders. Fishing has been really optimistic as well. She said she spoke to Councilmember Hogan who pointed out one thing to keep an eye on is that the Mat-Su Borough is trying to lobby in a way that we will lose some of our commercial fishing in the southern Cook Inlet. Commissioner Faulkner explained that it would affect the drift fishery. They are lobbying to cut down one or two openers at the height of the season and make them corridor openers which ties things up along the Kenai River. Typically this time of year they are fishing the middle rip which he believes intercepts less than 8% of Susitna river fish, a fairly small amount to give up so many Kenai river fish. Since the set netters catch in the corridor it takes that money away from the drifters and gives it to the set netters. It's an allocation issue and they will always fight over it.

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Commissioner Simpson commented that we do have a very strong maritime economy and what we need to look into is maritime support. Tourism is important but it shouldn't be looked at as a cornerstone. We need to look at using our own resources and create a good stable income to supplement the maritime economy.

Commissioner Sarno commented that she has been learning how important our maritime industries are and the importance of interacting with natural resources, especially as the oil production becomes more and more contentious and depressed. She recognizes that tourism is important but she views it as fluff since it varies so much, where as the more you work with natural resources it creates stable sources of income for our towns and cities in Alaska. Food security is the basic form of economic development and it has been overlooked in the United States. 50 million farms have gone out of business in the last 50 or 60 years, and a farm supports 30 more jobs in the wider economy. The more we can develop regional agriculture the more we can bring up another source of income. Food and water are the real money of the world. It is what people always need.

Chair Erickson questioned where the Commission needs to go next with this. There was discussion that it would be good to focus on this at the next meeting as it is important to take the CEDs and the things they have worked on to consider how to proceed. It was noted that this is kind of nebulous because the Commission can put their ideas on paper, but there has to be the people who will step forward and have the vision to do these things. One thing the group needs to look at is how the City is enabling these things to happen.

Commissioner Simpson added that another area to focus on is export income. It's an area where this country has failed miserably. He agrees that food security is important, but it isn't the guy with a lot of acres to grow the food but the person working in the fields who wants reasonably priced goods to have the necessities to raise a family. Trying to use natural resources for our own use so other resources can be used for export will bring in more money and jobs will flourish.

Commissioner Faulkner commented on his list of the four things that drive Homer are that it's a retirement community so our average age has gone up and it has driven property prices out of sight, it is a bedroom community for North Slope workers, it's a commercial fishing community bringing in substantial money from mid January through mid June, and tourism. Of the four, tourism is the least real as many tourist businesses come in, skim the cream, and leave with the profits. He expressed his opinions on the negative effects of cruise ships coming in and that he and many others like him do not travel to areas where cruise ship frequently dock.

Commissioner Davis noted that the State has kept statistics for over 20 year that show one out of three cruise ship visitors will come back to Alaska for more than 10 days in the next three years. So every time 1300 people pull up, there is a good chance that 400 will come here within the next three years to spend time and money. The notion he keeps trying to get across is we will not see their money today, but they will remember our faces, our friendliness, and want to come back to Homer to enjoy what is offered here.

Lastly, Commissioner Faulkner commented as an aside, a study at Glacier Bay a few years ago on the effects of cruise ships and kayaks on the seals showed a single kayak disturbed the

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calving seals on the ice fields far greater than a parade of cruise ships, because the kayaks got too close. While on a kayak weekend in Tutka Bay he noted every beach in that bay had 12 to 15 people and that disturbs wildlife far more than cruise ships running in and out.

**INFORMATIONAL MATERIALS**

- A. Items of Interest from City Council Meeting Packets
- B. Homer News Article: "Homer, Open for Business"
- C. Alaska Economic Reports
- D. Mayor's Comments at January 14 KPEDD Meeting
- E. State Capital Budget House Detail Kenai Area wide

**COMMENTS OF THE AUDIENCE**

Bumppo Bremicker, a member of the wooden boat society, commented that the \$1a year lease was a place to start and they are negotiable. They have about 12 regular paying members. They meet at different places around town, and a reason for wanting their spot is to have a place to meet. They have been doing the wooden boat festival for about 20 years and would like a more permanent spot for that and storing the equipment. The idea of charging a percentage seems reasonable. In their situation they are trying to raise money to build a building which will take a lot funding and volunteer work to raise those funds and to have to pay \$1000 a month for rent they couldn't do it. An idea is to tie in with the water trail plan is for it to be site for people to start, not a lodge. There is an idea is storage for people's kayaks or rowing boats, which could result in space rental income. The Wooden Boat Society is willing to discuss any of these things and come up with ideas. They are looking at the south east corner of the lot where Pier 1 is. Right now there is a big pile of junk there and no camp sites in that area and needs a lot of work. There are members who have equipment to help clean up the area. They are willing to work with the City in whatever way seems feasible. He feels there are a lot of educational and historical advantages to a Wooden Boat Society on the spit.

**COMMENTS OF CITY STAFF**

Special Projects Coordinator Holen commented that there were good discussions during the meeting and she welcomed the new members.

**COMMENTS OF THE COUNCIL MEMBER**

Councilmember Wythe was absent.

**COMMENTS OF THE CHAIR**

Chair Erickson said she would comment last.

**COMMENTS OF THE COMMISSION MEMBERS**

Commissioner Neece wished Commissioner Simpson a good journey and thanked him for taking the initiative to be on the Commission.

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Commissioner Davis thanked Commissioner Simpson and said although he didn't get a chance to work with him, he always appreciates service.

Commissioner Faulkner had two words.. Gas Line.

Commissioner Simpson commented that it has been a pleasure working with the Commission. He noted that a lot of the junk Mr. Bremicker commented about contains a lot of scrap metal that could bring in some money.

Commissioner Sarno said she is happy to be part of such a thoughtful group. She is glad to be part of it and hopes they continue to harmonize all these heartfelt points of view.

Chair Erickson expressed her appreciation for the group and wished Commissioner Simpson well. She advised that she may be appointed to the Planning Commission before their next meeting. In light of that, the group will need to elect a Chair and Vice Chair at their next meeting and will also need to recommend a Commissioner to serve on the Lease Committee. If she isn't appointed, she will be back.

**ADJOURN**

There being no more business to come before the Commission the meeting was adjourned at 7:59 p.m. The next regular meeting is scheduled for August 9, 2011 at 6:00 p.m. in the City Hall Cowles Council Chambers.

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MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

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