

Session 15-05 a Regular Meeting of the Economic Development Advisory Commission was called to order by Chair Barth at 6:00 p.m. on June 9, 2015 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONER ARNO, BARTH, BROWN, MARKS, FRIEDLANDER

ABSENT: STANISLAW

STAFF: CITY MANAGER KOESTER
DEPUTY CITY CLERK JACOBSEN

AGENDA APPROVAL

BROWN/MARKS MOVED TO APPROVE THE AGENDA

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA

RECONSIDERATION

APPROVAL OF MINUTES

A. Regular Meeting Minutes April 14, 2015

BROWN/FRIEDLANDER MOVED TO APPROVE THE MINUTES AS PREPARED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

VISITORS

**STAFF & COUNCIL REPORT/CHAMBER OF COMMERCE & MARINE TRADES ASSOCIATION REPORT/
COMMITTEE REPORTS/BOROUGH REPORT**

City Manager Koester reported that the city is moving forward on getting lots appraised that the commission had recommended be sold. She also said Patrick Lawrence has been hired as the

Assistant City Manager. He has a great back ground in economic development research and public relations, and he will be working with the commission.

Karen Zak, Chamber Director, reported chamber staff is busy planning for the 4th of July parade. Clem Tillion will be the Grand Marshall and this year's theme is "Pioneer Times, a Salute to our Heritage". They are working to locate pioneers in the area to come join in. They also want to put together a display at the senior center for people to learn about our heritage and also book signings at the book store, to make it a full festival for pioneer times and educate the community as well as our visitors. She also reported they will be hosting the Irish Ambassador at the Chamber and she will send an invitation. The second cruise ship was in port today and they have 8 volunteers meet the ship and give information to passengers about walking through town and chamber members. They feel like the largest contingency of visitors in the next 2 to 5 years will be from cruise ship passengers who return. Lastly she reported they are getting ready for the new visitor guide, the photo contest is going on and they have sent out renewals for advertisers and members.

In response to questions she noted that there are nine cruise ships anticipated for this season and gave some more details about the parade schedule.

PUBLIC HEARINGS

PENDING BUSINESS

- A. Affordable Housing
 - i. Tax Incentive Recommendation from Commissioner Brown
 - ii. Memo from City Planner Abboud re: Special Assessment Districts

Commissioner Brown addressed his recommendation relating to tax incentives that was provided in the packet. He talked about research he has done relating to tax incentives done for businesses in cities such as Chicago and which brought in more infrastructure for development. His proposal is that there would be an incentive with builders so they would be motivated to build in Homer and be able to help the city develop its infrastructure that it isn't going to do currently through any other means or way. He touched on issues relating to development of infrastructure and recouping development costs when new development occurs and challenges to developers.

Chair Barth noted his understanding that this is tailored to undeveloped land. Commissioner Brown concurred that it's targeted at undeveloped land that would be creating new business, single family housing, or multi family dwelling. The incentive is to motivate builders to put the infrastructure in for gas and water/sewer lines. His definition of undeveloped would be land where there is no infrastructure, and if they already have infrastructure running through the street and putting a house on a lot, he wouldn't necessarily consider that undeveloped land.

Commissioner Arno countered that his idea of undeveloped is a vacant lot even if there is water and sewer to the property. His original idea was blanket policy that if there isn't a structure on the property then taxes would be waived for a new structure. He thought it may be reasonable to offer an incentive to someone developing a subdivision who is putting in the infrastructure. Commissioner Brown concurred.

Chair Barth expressed his concerns relating to the broadness of the recommendation having negative impacts as well as positive. It's too broad in the aspects that the city doesn't have enough control over incentivizing some of these things and he isn't comfortable with problems it could raise. Also the additional logistics of working out the tax rolls can be a complicated problem, especially when staff is working hard with what they have and state budget issues that will pass down to our city. He has concerns with burdening city administration with having to develop something that could be costly initially, albeit there could be a future return.

Commissioner Friedlander supports the Commissioner Brown's recommendations because this will help the long term growth of the city. He also supports a sunset clause for the incentive.

Commissioner Marks commented if this is part of a package that has proactive information to provide to businesses that may be interested in coming into the community it could be beneficial. It would be really important to get the information out and be proactive in showing there are other types of economic development that would make people want to put a business or homes here. She also questioned that if in the short term there is less money, how do you get the community on top of less spending to be able to provide these incentives to create more of a business or building boom, so it can get to a point where money is coming back into the community.

There was discussion about the importance of marketing and promotion to showcase the advantages of Homer. Commissioner Brown commented it isn't that costly or extensive to extend that as a part of marketing Homer as a choice of place to live and work. Mr. Brown commented in the models he studied is that the first three years there is next to no activity at all, so minimal impact. In year's three to seven is when things pick up. No one else in the state is doing anything like this and the advantage is it will encourage people who are thinking of a place to develop new businesses and residences that this would be the location.

There were further comments concerning not having a cap on the type of development because there is little control over what can be built; keeping it open ended to promote development and increasing infrastructure; and what other communities in the lower 48 have been doing.

BROWN/ARNO MOVED THAT THE RECOMMENDATION FOR THIS PROPOSAL TO GO FORWARD FOR CITY COUNCIL TO CONSIDER WITH THE OUTLINE HE HAS SUGGESTED:

New Business and Housing Incentives on Homer Undeveloped Land

- 1) *7 year trial period*
- 2) *All new construction, (business and residential) on UNDEVELOPED LAND*
Note: applies to new construction only, not additions
- 3) *Waive city taxes on improvements for a period of 10 years*

Benefits:

- *Promoting development on undeveloped land available in Homer*
- *Promoting and attracting new businesses*
- *Promoting Living Wage Jobs by local industries and increased support services*
- *Increasing use and service fee infrastructures of city; sewer, water, gas, electric*

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- *Promoting new users to sales tax base, not just a target group of individuals*
- *Promoting and encouraging a base for construction which includes anticipating the LNG Pipeline benefits*

There was discussion confirming that undeveloped land includes land without infrastructure and also land that has services available but no structure.

City Manager Koester notes she isn't sure this gives Council enough direction for an action, but it can go forward and council can send it back to the commission if they need more information or send it to the attorney if they choose to move forward with it.

Chamber Director Zak commented that she has lived in a city where they have done development incentives and a caveat the city had was the business had to employ a certain number of people in order for it to be an economic development project. She raised the question that if a company comes and receives an incentive and then goes out of business would they be required to pay back the tax that was exempted? If they went out of business after five years and we gave them a tax break, we get nothing out of it. She understands the need to put a little more structure into the recommendation to protect the city. Mrs. Zak also touched on a suggestion to incentivize using the abandoned and empty buildings in town.

VOTE: YES: ARNO, MARKS, FRIEDLANDER, BROWN
NO: BARTH

Motion carried.

Chair Barth opened the floor to discussion of the memorandum regarding special assessment districts.

The commission addressed the recommendations and thought option one or two would be acceptable.

1. That the district stops collecting at the payoff date or other date specific;
2. That a formula be considered for a decreasing amount to be collected until zeroing out at the payoff or other specific date.
3. Do nothing.

City Manager Koester gave an overview of the current assessment policy in place for special assessment districts and noted that for the natural gas line special assessment district council adopted a two year termination date. That is a unique district however, in that the city doesn't own the infrastructure.

The commission discussed that the city doesn't benefit from the assessments to newly created lots, but the property owners do to some degree. They acknowledged that some property owners may not agree with doing away with assessments to newly created lots but agreed it is worth putting forward to council for consideration. They also addressed a five year sunset in conjunction with option one to where people are making an investment and are committed to development.

BROWN/ FRIEDLANDER RECOMMENDED THE NUMBER ONE SOLUTION AS PART OF A FAIRNESS DOCTRINE WITH A FIVE YEAR SUNSET CLAUSE FOR THE PAY OFF DATE TO ASSIST THOSE OWNERS.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

NEW BUSINESS

INFORMATIONAL ITEMS

- A. City Manager's Report May 26, 2015
- B. Resolution 15-030(A) Adopting the Land Allocation Plan
- C. Resolution 15-032 Partially Releasing the Development Covenant of the Lillian Walli Estates Subdivision

There was discussion regarding the float debris referenced in the City Manager's report and City Manager Koester commented that the city working with the contractor and also creating language for upcoming contracts to help ensure this doesn't continue to be a problem with future projects.

City Manager Koester also commented about the Blue Crest project near Anchor Point for an on shore rig drilling directionally off shore. There are public meetings scheduled. The bigger LNG project is a big push to bring North Slope natural gas to Nikiski to a liquefaction plant and then export it. The state and producers have invested a lot of money into the feasibility stage of it. It's an important project for the state and would benefit Homer in that our port would be used for constructing line and support. This is more on the five year horizon, where Blue Crest is happening this summer.

COMMENTS OF THE AUDIENCE

COMMENTS OF CITY STAFF

City Manager Koester congratulated the Commission on their motions tonight. Although she will no longer be the Commission's staff person, she will still be around.

COMMENTS OF THE COUNCILMEMBER

COMMENTS OF THE CHAIR

Chair Barth thanked the group for their work.

COMMENTS OF THE COMMISSION

ECONOMIC DEVELOPMENT ADVISORY COMMISSION
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Commissioner Arno said it's nice to see everyone again.

Commissioner Brown commented he thinks it's important that they start their meetings with the Pledge of Allegiance. He thanked the Chamber for their efforts to improve activities in the community and work with cruise ship passengers to promote Homer. There are some ham radio operators coming on a cruise who will be visiting. With respect to community involvement at public meetings, he commented in looking a voting history less than 20% of the people usually vote and ways to get the word out to keep people responsive. He noted the city newsletter that gives updates on groups and city activity. It is a way people can learn if they choose to. There are resources to educate people. He thanked the group for coming to consensus on the proposals tonight.

Commissioner Marks said it's nice to be here.

Commissioner Friedlander thanked everyone

ADJOURN

There being no further business to come before the Commission the meeting adjourned at 7:19 p.m. The next regular meeting is scheduled for Tuesday, July 14, 2015 at 6:00 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved: _____