

Executive Summary

This study provides planning and technical assistance to the City of Homer (the City) related to the Homer Harbor Large Vessel Expansion Project. The purpose of this study is to provide planning/technical assistance to the local sponsor by developing a preliminary assessment of the benefits and costs of implementing navigation improvements to build a large vessel harbor to the north of Homer's existing small boat harbor.

The authority for this study is the Planning Assistance to States (PAS) Program Section 22 of WRDA 1974 (P.L. 93-251) as amended. Section 22(a)(2) provides authority for the U.S. Army Corps of Engineers (USACE), at the request of a non-Federal sponsor, to provide technical assistance with provisions and integration of hydraulic, economic, and environmental data and analyses. This analysis considers one alternative, which is consistent with the conceptual drawings developed by the non-Federal sponsor.

This technical report is a high-level preliminary economic analysis of the benefits and costs of implementing the proposed navigation improvements. The previous Homer Small Boat Harbor Navigation Improvements feasibility study in 2008 (USACE 2008a) resulted in a benefit-cost ratio (BCR) ranging from 0.5 to 0.7 for the array of alternatives considered. The current PAS effort uses new available information for re-evaluation of benefits and costs for the alternative considered. This results in a preliminary BCR range of 0.89 to 1.0 for a project cost range of \$72.5 million to \$81 million based on rough order magnitude (ROM) costs.

The analysis brought price level updates to 2018 prices, and applied the discount rate for fiscal year 2019. Each benefit category was assessed against readily available data. Transportation cost savings, through avoided travel for commercial fishing vessels, are quantified by cross-referencing data sets from the harbor office and other sources. The subsistence harvest evaluation is updated with the alternative method, Production Cost Analysis, which is used more commonly by the USACE Alaska District.

The project costs range is developed with two broad assumptions, which are discussed in subsequent sections. The considerations of the BCR range from a benefits perspective are constrained by limited data. There are potential increases to existing benefits if sufficient data are available. There are also potential new benefits that emerged during this study; however, these are unquantifiable at this time. As such, this report elaborates on data gaps as opportunities for the local sponsor to focus on data gathering for a more in-depth analysis.