



City of Homer

www.cityofhomer-ak.gov

Port and Harbor

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Homer, AK 99603

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Memorandum 22-162

TO: HOMER CITY COUNCIL

THRU: ROB DUMOUCHEL, CITY MANAGER

FROM: BRYAN HAWKINS, PORT DIRECTOR/HARBORMASTER

DATE: SEPTEMBER 15, 2022

SUBJECT: ACCEPTING 2022 COMMERCIAL PASSENGER VESSEL TAX (CPVT) THROUGH GRANTS FROM THE STATE OF ALASKA AND THE KENAI PENINSULA BOROUGH FOR THE RE-BUILD OF FISH DOCK CRANE #7

A May 3, 2022 Memo from Special Projects Coordinator Jenny Carroll informed City Council of staff's intent to apply to use 2022 CPVT funds to offset the cost of rebuilding Crane #7 and, once approved by the Kenai Peninsula Borough, to bring an Ordinance before Council to accept and appropriate the grant funds for the project.

On September 6, 2022, The Kenai Peninsula Borough Assembly enacted Ordinance 2022-19-12, which approved the pass through of CVTP grant funds in the amount of \$35,445 to the City of Homer. The City has also received the same amount of CVTP funds directly from the State, but those funds have not been appropriated yet. The Ordinances before you accepts and appropriates these 2022 CVTP grant funds for the crane project and amends the FY22-23 Capital Budget to allocate \$69,110 from the Port and Harbor Reserve Fund to supplement the grant funds and get the job done.

Sole Source Justification

The City issued an open RFP in 2013 for the rebuild of cranes 5, 6 and 8. The lowest bid was Oil & Gas Supply Company, owned and run by Sean Harwager, which has been renamed Great Northern Hydraulics. The contract was awarded to them in 2014 with a comprehensibly satisfying result. More recently, in January of 2022 when Crane #4 needed an emergency repair to be operable for the 2022 fishing season, staff called around to the known in-state businesses who perform crane rebuilds like this. Quotes were obtained from Great Northern Hydraulics, LLC and AP Mechanical & Crane Services. Desperate Marine LLC in Homer was also contacted but stated they didn't have the employee time or shop space to accommodate such a project at this time. The A P Mechanical & Crane Services quote came in as the higher of the two, and

included subcontracting out the winch, rams and hose work to Great Northern Hydraulics, further confirming that Great Northern Hydraulics was the only local option and led to the request for this sole source contract.

It's anticipated that the rebuild will take a minimum of two months, and it's necessary that this work is completed during the winter maintenance season as the fishing fleet heavily utilize these cranes during the fishing season, set to start in March. Last year these cranes created \$183,840.58 in harbor revenue, and 1,609 crane hours were logged as boats geared up and delivered their fresh fish for processing, sale, and consumption.

Great Northern Hydraulics, LLC has an excellent working history with the City, has extensive and detailed knowledge of Fish Dock cranes through the previous crane repairs they performed, has been a competitive bidder in previous RFP cycles, and it is the only local business that can complete the rebuild entirely within its shop in a timely manner to return the crane to public use for spring fisheries.

Great Northern Hydraulics LLC has provided a quote for Crane #7 Rebuild in the amount of \$140,000. Council approval of the pass-through CPVT funds will allow us to use a combination of \$70,890 in pass through funds and \$69,110 from the Port Reserves to complete this project.

RECOMMENDATION

Staff recommends accepting and appropriating the \$70,890.00 in Commercial Passenger Vessel Tax proceeds to rebuild Crane #7 and amending the FY 22-23 budget to allocate \$69,110 from the Port and Harbor Reserves to complete funding for the project. Staff additionally recommends Council approval of a sole source contract with Great Northern Hydraulics in the amount of \$140,000 to perform the work.

Attached:

- May 3, 2022 Memorandum to Mayor Castner and City Council from Jenny Carroll, Special Projects Coordinator
- Kenai Peninsula Borough Ordinance 2022-19-12
- Great Northern Hydraulics, LLC quote for the re-build of Crane #7



City of Homer

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Administration

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Homer, Alaska 99603

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(f) 907-235-3148

Memorandum

TO: Mayor Castner and City Council
FROM: Jenny Carroll, Special Projects and Communications Coordinator
THROUGH: Rob Dumouchel, City Manager
DATE: May 3, 2022
SUBJECT: 2022 Commercial Vessel Passenger Tax Grant

The City of Homer annually receives revenues commensurate with local cruise ship landings from the State of Alaska and the Kenai Peninsula Borough under the Commercial Passenger Vessel Tax Program. In the absence of cruise ship visits in 2021 due to COVID-19, the State of Alaska is again making CVPT Program Funds available to qualifying jurisdictions using American Rescue Plan Act (ARPA) funds. Use of these funds must adhere to ARPA guidance.

The 2022 CVPT amount available to the City of Homer is \$70,910, with half coming directly from the State of Alaska and half coming as a pass-through from the Kenai Peninsula Borough. The Borough will soon be sponsoring an Ordinance authorizing the pass-through grant to the City of Homer, but requires that we first request the grant funds and identify how we plan to use them.

Staff has reviewed eligible projects and will be proposing to the Borough to accept the CVPT ARPA pass through funds as revenue replacement and to utilize them in a pay-as-you-go project: refurbishing Crane #7 on the City owned and managed Fish Dock in the Port & Harbor.

The Fish Dock has seven fixed pedestal cranes for harbor patron use through a special use contract. The cranes are 35 years old. City staff maintain the cranes, which are inspected annually by OSHA certified inspectors. To keep them operational and employ improvements in technology and safety, rebuilding the cranes incrementally over time has been a priority for the Enterprise and the Port Commission.

Because of Crane 7's age and that it is one of two of our ten-ton cranes and has extensive wear, we estimate the cost of the rebuild between \$95,000 and \$100,000, which is substantially less than the cost of replacement. If awarded, the CPVT ARPA grant will cover most of the cost, with the balance provided by the Homer Port and Harbor reserves. The process to refurbish a crane takes approximately 6 weeks to complete. If approved, we'll plan for work to commence during the 2023 winter shutdown.

Once approved by the Kenai Peninsula Borough, staff will bring an Ordinance before City Council to accept and appropriate the grant funds for the project.

Great Northern Hydraulics, LLC
 907-335-0045
 42720 Kenai Spur Hwy
 Kenai, AK 99611
 sales@gnhyd.com

ESTIMATE

| | |
|-----------|----------|
| Date | |
| 5/13/2022 | CRANE #7 |

| |
|---|
| Name / Address |
| City of Homer Port & Harbor 491 E Pioneer Avenue Homer, AK 99603 |

| |
|--------------|
| Requested By |
|--------------|

| Description | Qty | Rate | Total |
|---|-----|--------------|--------------|
| <p>LABOR AND MATERIAL TO REMOVE CRANE #7, PERFORM COMPLETE TEARDOWN, SAND BLAST AND PAINT ALL PARTS, LINE BORE AND INSTALL NEW BUSHINGS AND PINS, REBUILD AND RESEAL ALL CYLINDERS, CLEAN AND MODIFY HYDRAULIC TANK, INSTALL NEW WINCH, WIRE ROPE, AND HEADACHE BALL, REPAIR ELECTRIC MOTOR AS NEEDED, INSTALL NEW HYDRAULIC VALVE WITH HYDRAULIC PILOT CONTROLS, ALL ADAPTORS TO BE STAINLESS STEEL, FAB ALL NEW HOSES, FAB NEW DIAMOND PLATE VALVE STAND AND TUBING COVER, INSTALL STAINLESS STEEL TUBING FROM PILOT CONTROLS TO VALVE, INSTALL NEW WEAR PADS, INSTALL NEW PRESSURE FILTERS, RETURN FILTERS AND SUCTION STRAINERS, APPLY ALL NEW WARNING DECALS AND SIGNAGE, FILL CRANE WITH NEW HYDRAULIC FLUID, ASSEMBLE WITH ALL NEW MOUNTING HARDWARE, FUNCTION TEST CRANE AFTER ASSEMBLY.</p> <p>THIS QUOTE REFLECTS THE CURRENT PRICING ON PARTS. DUE TO CURRENT ECONOMIC CONDITIONS AND TIME FRAME OF DOING THE CRANE THE PRICES COULD CHANGE.</p> <p>THIS QUOTE DOES NOT INCLUDE FREIGHT. LEAD TIME AND DELIVERY DATES BASED UPON CURRENT INFORMATION AND ARE SUBJECT TO CHANGE</p> | 1 | 140,000.00 | 140,000.00 |
| This quote is only good for 30 days | | Total | \$140,000.00 |

Introduced by: Mayor
Date: 08/23/22
Hearing: 09/06/22
Action: Enacted
Vote: 9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH
ORDINANCE 2022-19-12**

AN ORDINANCE ACCEPTING AND APPROPRIATING THE COMMERCIAL PASSENGER VESSEL TAX PROCEEDS RECEIVED FROM THE STATE OF ALASKA UNDER THE FEDERAL PASS-THROUGH PROGRAM, AMERICAN RESCUE PLAN ACT OF 2021 IN THE AMOUNT OF \$612,640 AND ALLOCATING \$577,195 TO THE CITY OF SEWARD AND \$35,445 TO THE CITY OF HOMER

WHEREAS, House Bill 69, which appropriated funding to the Commercial Passenger Vessel (“CPV”) Excise Tax shared tax program, was passed by the State Legislature and signed by the Governor on July 7, 2021; and

WHEREAS, House Bill 69 appropriated funds from the American Rescue Plan Act (“ARPA”) of 2021 to supplement the same amount that was shared to eligible ports of call for calendar year 2021, and the disbursements will be equal to the disbursements in calendar year 2020; and

WHEREAS, the total amount received by the Borough from the State of Alaska for the 2020 calendar year CPV is \$612,640.00; and

WHEREAS, the City of Seward and the City of Homer are eligible ports of call that can request their share of the funds to be received for improvement projects eligible under the U.S. Treasury ARPA Interim Guidance; and

WHEREAS, the funds used by the cities of Seward and Homer must comply with ARPA requirements using final treasury and federal guidance;

NOW, THEREFORE, BE IT ORDERED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. The amount of \$612,640.00 received from the State of Alaska for the commercial passenger vessel excise tax collection program be appropriated from the miscellaneous grant fund balance to account 271.94910.22CPV.43011, contract services, for payment to the City of Seward in the Amount of \$577,195 and to the City of Homer in the amount of \$35,445 to be used for projects eligible under the under the U.S. Treasury American Rescue Plan Act of 2021 Final Guidance.

SECTION 2. That the mayor is authorized to execute grant agreements and any other documents deemed necessary to expend the funds and to fulfill the intents and purposes of this ordinance.

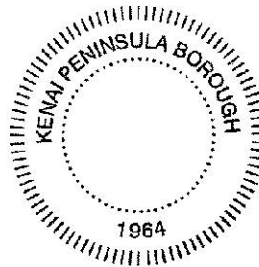
SECTION 3. That this ordinance is retroactively effective on July 1, 2022.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 6TH DAY OF SEPTEMBER, 2022.


Brent Johnson, Assembly President

ATTEST:


John Blankenship, MMC, Borough Clerk



Yes: Bjorkman, Chesley, Cox, Derkevorkian, Ecklund, Elam, Hibbert, Tupper, Johnson
No: None
Absent: None

**CITY OF HOMER
FINANCIAL SUPPLEMENT**

| | | | |
|------------------|-----------------------------------|---------|-----------------------------------|
| PROJECT NAME | <u>Fish Dock Crane #7 Rebuild</u> | DATE | <u>09/21/2022</u> |
| DEPARTMENT | <u>Port and Harbor</u> | SPONSOR | <u>City Manager/Port Director</u> |
| REQUESTED AMOUNT | <u>\$ 69,110</u> | | |

| | |
|--------------------|---|
| DESCRIPTION | <p>The estimated cost to rebuild Crane #7 is \$140,000.</p> <p>The City has identified the rebuild of Crane #7 as a pay-go capital project eligible for 2022 Commercial Passenger Vessel Tax (CPVT) revenue grants from the State of Alaska and Kenai Peninsula Borough. Utilizing \$70,890 in 2022 CPVT revenues significantly offsets the cost of this needed maintenance; and</p> <p>Completing the project to return Crane #7 to service for the upcoming commercial fishing season requires an appropriation from the Port Reserve Fund to complete the project.</p> |
|--------------------|---|

| FUNDING SOURCE(S) | OPERATING | GF CARMA | GF FLEET CARMA | PORT RESERVES | WATER CARMA |
|-------------------|-----------|------------|----------------|---------------------|-------------|
| | 0% | 0% | 0% | 100% | 0% |
| | HAWSP | HART-ROADS | HART-TRAILS | PORT FLEET RESERVES | SEWER CARMA |
| | 0% | 0% | 0% | 0% | 0% |

| FUNDING SOURCE 1: Port Reserves | FUNDING SOURCE 2: | FUNDING SOURCE 3: |
|---|-------------------------------------|-------------------------------------|
| Current Balance <u>\$ 2,792,704</u> | Current Balance _____ | Current Balance _____ |
| Encumbered <u>\$ 580,698</u> | Encumbered _____ | Encumbered _____ |
| Requested Amount <u>\$ 69,110</u> | Requested Amount _____ | Requested Amount _____ |
| Other Items on Current Agenda <u>\$ 0</u> | Other Items on Current Agenda _____ | Other Items on Current Agenda _____ |
| Remaining Balance <u>\$ 2,142,896</u> | Remaining Balance _____ | Remaining Balance _____ |
| FUNDING SOURCE 4: | FUNDING SOURCE 5: | FUNDING SOURCE 6: |
| Current Balance _____ | Current Balance _____ | Current Balance _____ |
| Encumbered _____ | Encumbered _____ | Encumbered _____ |
| Requested Amount _____ | Requested Amount _____ | Requested Amount _____ |
| Remaining Balance _____ | Remaining Balance _____ | Remaining Balance _____ |