

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 City Manager/
4 Port and Harbor Director

5 **RESOLUTION 24-045(A)**
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7 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
8 EXPRESSING SUPPORT FOR THE HOMER PORT COASTAL
9 FREIGHT PROJECT, ENDORSING THE CITY'S GRANT APPLICATION
10 TO THE UNITED STATES DEPARTMENT OF TRANSPORTATION
11 MARITIME ADMINISTRATION'S FY2024 PORT INFRASTRUCTURE
12 DEVELOPMENT PROGRAM AND COMMITTING LOCAL MATCH
13 FUNDS.
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15 WHEREAS, The City of Homer strives to provide and improve city-operated facilities and
16 services to meet community and regional needs; and
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18 WHEREAS, The City of Homer owns and maintains the Homer Port & Harbor, a regional
19 maritime transportation hub facility that provides broad community benefits, serving:

- 20 • barges and landing craft that deliver cargo and essential supplies to over 45 non-
21 road connected communities and villages located in Southcentral, Southwestern
22 and Western Alaska,
- 23 • tugs and pilot boats that assist freight delivery to the Port of Alaska and industries
24 located in Southcentral, Southwestern, and Western Alaska, and
- 25 • commercial fishing vessels working nearly every fishery in the State of Alaska; and
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27 WHEREAS, A comprehensive Homer Port & Harbor Condition Assessment completed in
28 2022 by R&M Consultants identifies the need to replace floating docks, trestles, and other items
29 in poor or worse condition in Float Systems 1, 2, 4, and 5 due to decades of deferred
30 maintenance by the State under its prior ownership and the age of the facility for a rough order
31 of magnitude estimated cost of \$72.6M; and
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33 WHEREAS, The assessment report also noted that electrical, fire suppression and water
34 supply to these float systems are not up to code; and
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36 WHEREAS, The assessment further concluded that the issues that can no longer be
37 adequately or economically addressed through continued maintenance and major repairs;
38 and
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40 WHEREAS, Demand for moorage and regional freight movement have increased over
41 time, driving the need to safeguard and maximize moorage capacity and efficiencies in
42 Homer's Port & Harbor to meet this demand; and,

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44 WHEREAS, the City of Homer has prioritized replacing Float Systems 4 and 1 and
45 connecting float A, which range in age from 37 to 60 years old, are in serious to critical
46 condition, were transferred to City ownership in 1999 through a Transfer of Responsibility
47 Agreement from the State of Alaska, and would cost \$60.625M to replace; and

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49 WHEREAS, The Homer Port Coastal FREIGHT (*Freight Resiliency & Efficiency – Improving*
50 *Greater Homer-area Transportation*) project designs, permits and replaces these two float
51 systems to preserve the foundational integrity and maximum, efficient functioning of the
52 Homer Port facility to serve regional and statewide maritime transportation needs; and

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54 WHEREAS, the project will furnish float systems that are in compliance with modern
55 safety, fire and electrical codes and ADA standards to address safety and accessibility issues;
56 and

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58 WHEREAS, The project has strong local and regional support evidenced by being
59 selected as Legislative Priority project in the City's Capital Improvement Plan and by letters of
60 support; and

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62 WHEREAS, The project is aligned with Alaska's Statewide Long-Range Transportation
63 Plan goal of sustainability of Alaska's public harbor system; and

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65 WHEREAS, The project is identified as an objective in the Kenai Peninsula Borough
66 Comprehensive Economic Development Strategy: to advance the stability and resilience of
67 Homer's marine transportation infrastructure so that it continues its critical role in facilitating
68 regional economic activity and community resilience; and

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70 WHEREAS, The do-nothing option will require load restrictions in the short-term and
71 will require that the float systems be condemned and decommissioned in the mid-term to
72 mitigate the risk of sudden and catastrophic float failure; and

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74 WHEREAS, Losing these float systems will displace a significant number of vessels from
75 the Port facility, increase rafting of vessels on the remaining floats, increase safety hazards for
76 vessel owners and their crews, create vessel delays, and disrupt reliable, affordable means to
77 move freight, supplies and people; and

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79 WHEREAS, The United States Department of Transportation Maritime Administration
80 is making Port Infrastructure Development Program (PIDP) grant funds available to support
81 investments in the planning, design and construction that improves port resilience, efficiencies
82 in freight movement, equity and workforce development; and

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84 WHEREAS, the Homer Port Coastal FREIGHT project aligns with PIDP's intent and merit
85 criteria; and

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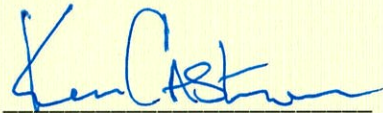
WHEREAS, PIDP provides a key funding opportunity to complete the rehabilitation of this critical port infrastructure for the benefit of the communities, industry and other regional stakeholders in Southcentral and Western Alaska, which would otherwise be out of reach for us; and


Whereas, In light of the regional importance of the project, the City of Homer has developed a financial plan to provide significant match funds through bond/loans, and meeting loan payments utilizing current and new revenues in the Port & Harbor Enterprise Reserve Account.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, supports the Homer Port Coastal FREIGHT project and the City's application to the USDOT FY2024 PIDP Grant Program; and

BE IT FURTHER RESOLVED that the City Council of Homer, Alaska commits to providing local match funds of twenty and one-half (20.5) percent of the project cost, the total of which is anticipated at \$~~12,423,000~~ **12,349,384**.

PASSED AND ADOPTED by the Homer City Council this 22nd day of April, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, DEPUTY CITY CLERK

Fiscal Note: N/A





MEMORANDUM

Resolution 24-045, A Resolution of the City Council of Homer, Alaska, Expressing Support for the Homer Port Coastal FREIGHT Project, Endorsing the City's Grant Application to the United States Department of Transportation Maritime Administration's FY2024 Port Infrastructure Development Program and Committee Local Match Funds. City Manager/Port Director.

Item Type: Informational Memorandum
Prepared For: Mayor and City Council
Date: April 18, 2024
From: Jenny Carroll, Special Projects and Communications Coordinator
Through: Melissa Jacobsen, Interim City Manager and Bryan Hawkins, Port Director

The purpose of this Memorandum is to request City Council support for the City's FY24 Federal Port Infrastructure Development Program grant application via Resolution 24-045. A Resolution of support from the governing body is required to be included in the application, which is due May 10, 2024.

Background: With City Council support, the City applied to the FY23 PIDP for funds to assist with replacing Float Systems 1 and 4 in the Homer Port and Harbor. The FY23 application went to the US Department of Transportation Secretary's desk for final funding evaluation, but ultimately was not selected. In an application debrief with the Maritime Administration, we were encouraged to apply again.

Staff is currently working on the FY24 application, with support from HDR under a Task Order approved by Ordinance 24-12. The project application, named Homer Port Coastal FREIGHT (short for **F**reight **R**esiliency & **E**fficiency - **I**mproving **G**reater **H**omer-area **T**ransportation) is in the final stages. The project replaces float systems 4 & 1 which moor 503 of the harbor's 920 vessels and offer 3,100 linear feet of transient moorage and are in critical condition. Project scope includes design, environmental review and permitting and bringing electrical, fire suppression and water supply systems up to code and insure ADA standards are met.

The PIDP (with an infusion of Infrastructure Improvement and Jobs Act funds) provides a unique opportunity to leverage significant Federal funding (79.5%) to replace the Float Systems which is a Legislative Priority project in the City's FY24 Capital Improvement Plan, and a 2022 City Council Priority project. We are seeking to replace two float systems at an estimated cost of \$60.6M to capture as much financial assistance as we can during this short window of Federal IJA funding, and maximize project cost savings by having to mobilize only once for construction of two float systems. The funder has the option to make a partial award to replace only one of the Systems.

A commitment to 20.5 percent local match, or \$12,423,000 is required for application competitiveness. The PIDP grant program gives extra consideration to projects with match in certain percentiles, and a match

above 20% and under 39% appears to offer the best combination of competitiveness and match affordability for the City. Direction from the NOFO follows, with emphasis added in italics:

“MARAD will sort project applications’ non-Federal leverage percentage from high to low, and the assigned ratings will be based on quintile: projects in the 80th percentile and above receive the highest rating; the 60th-79th percentile receive the second highest rating; 40th-59th, the third highest rating; *20th-39th, the fourth highest rating*; and 0-19th, the lowest rating. A project in a higher quintile will be more competitive than a comparable project in a lower quintile.” (NOFO page 53, emphasis added)

“Projects that receive a “High” rating in Safety, Efficiency, or Reliability Improvements, no less than a “Medium” rating in Port Resilience, *and whose calculated non-Federal share of the project’s future eligible costs exceeds 20 percent* will be designated “Highly Recommended” and automatically advance for second-tier analysis.” (NOFO page 61, emphasis added).

The plan to meet local match is bonding. The Alaska Municipal Bond Bank Authority (AMBBA) provided the City with a Projected Debt Service Schedule that provides annual payments for a 20-year \$1M bond, which can be scaled to any estimated bond amount. Based on current interest rates, the bond for the 20.5% match amount of \$12,423,000 would require annual payments estimated between \$860,000 and \$924,000 over the lifetime of the bond. The actual payment may be lower as the draft FY24/25 Port Enterprise budget is proposing to set aside significant funds (over \$2 million by the end of FY25) to support large, partially grant-funded projects.

These payments will be funded from a combination of new revenues and a diversion of existing Port & Harbor revenues currently in the FY24/FY25 budget under transfer to reserves. New revenues anticipated and/or proposed include campground revenues estimated at \$130,000 per season (beginning in FY23), and parking revenues estimated at \$130,000 per season (beginning in May of 2024). The Port & Harbor is also considering proposing a Passenger Vessel Transit Fee, which could generate an additional \$100,000-\$150,000 per season based on conservative estimates.

The US Department of Transportation offers low-interest Transportation Infrastructure Finance and Innovation Act (TIFIA) financing options for qualified transportation infrastructure projects listed in the State’s Transportation Improvement Program (STIP). The project has been included in the Statewide STIP and staff will schedule meetings with program staff to determine if the FREIGHT project is eligible.

Staff is seeking to leverage additional non-federal funds for the project. On April 12, 2024 we submitted an FY25 application to the Denali Commission for funding assistance with design, environmental review and permitting. We also submitted a FY25 State Legislative capital request, but it was not included in the House and Senate version of the Capital Budget. Once design is complete, staff can apply for construction funding assistance from the State’s Municipal Harbor Facilities grant program as well.

RECOMMENDATION: Approve a Resolution of support and match commitment for the Homer Port Coastal FREIGHT project FY2024 PIDP application.

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WHEREAS, the City of Homer has prioritized replacing Float Systems 4 and 1 and connecting float A, which range in age from 37 to 60 years old, are in serious to critical condition, were transferred to City ownership in 1999 through a Transfer of Responsibility Agreement from the State of Alaska, and would cost \$60.6M to replace; and

WHEREAS, The Homer Port Coastal FREIGHT (*Freight Resiliency & Efficiency – Improving Greater Homer-area Transportation*) project designs, permits and replaces these two float systems to preserve the foundational integrity and maximum, efficient functioning of the Homer Port facility to serve regional and statewide maritime transportation needs; and

WHEREAS, The project will furnish float systems that are in compliance with modern safety, fire and electrical codes and ADA standards to address safety and accessibility issues; and

WHEREAS, The project has strong local and regional support evidenced by being selected as Legislative Priority project in the City’s Capital Improvement Plan and by letters of support; and

WHEREAS, The project is aligned with Alaska’s Statewide Long-Range Transportation Plan goal of sustainability of Alaska’s public harbor system; and

WHEREAS, The project is identified as an objective in the Kenai Peninsula Borough Comprehensive Economic Development Strategy: to advance the stability and resilience of Homer’s marine transportation infrastructure so that it continues its critical role in facilitating regional economic activity and community resilience; and

WHEREAS, The do-nothing option will require load restrictions in the short-term and will require that the float systems be condemned and decommissioned in the mid-term to mitigate the risk of sudden and catastrophic float failure; and

WHEREAS, Losing these float systems will displace a significant number of vessels from the Port facility, increase rafting of vessels on the remaining floats, increase safety hazards for vessel owners and their crews, create vessel delays, and disrupt reliable, affordable means to move freight, supplies and people; and

WHEREAS, The United States Department of Transportation Maritime Administration is making Port Infrastructure Development Program (PIDP) grant funds available to support investments in the planning, design and construction that improves port resilience, efficiencies in freight movement, equity and workforce development; and

WHEREAS, The Homer Port Coastal FREIGHT project aligns with PIDP’s intent and merit criteria; and

86 WHEREAS, PIDP provides a key funding opportunity to complete the rehabilitation of
87 this critical port infrastructure for the benefit of the communities, industry and other regional
88 stakeholders in Southcentral and Western Alaska, which would otherwise be out of reach for
89 us; and
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91 Whereas, In light of the regional importance of the project, the City of Homer has
92 developed a financial plan to provide significant match funds through bond/loans, and
93 meeting loan payments utilizing current and new revenues in the Port & Harbor Enterprise
94 Reserve Account.
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96 NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, supports
97 the Homer Port Coastal FREIGHT project and the City's application to the USDOT FY2024 PIDP
98 Grant Program; and
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100 BE IT FURTHER RESOLVED that the City Council of Homer, Alaska commits to providing
101 local match funds of twenty and one-half (20.5%) percent of the project cost, the total of which
102 is anticipated at \$12,423,000 dollars.
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104 PASSED AND ADOPTED by the Homer City Council this 22nd day of April, 2024.
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106 CITY OF HOMER
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109 _____
110 KEN CASTNER, MAYOR
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112 ATTEST:
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115 _____
116 Renee Krause, MMC, DEPUTY CITY CLERK
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118 Fiscal Note: Match Funding of 20.5% of project cost, anticipated at \$12,423,000