

Session 12-04, a Regular Meeting of the Port and Harbor Improvement Committee was called to order by Chair Howard at 5:30 on April 19, 2012 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

**PRESENT:** Hartley, Hawkins, Howard, Howard, Lewis, Wythe

**STAFF:** City Manager Wrede  
Deputy City Clerk Jacobsen

### **AGENDA APPROVAL**

The agenda was approved the agenda 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 SYNOPSIS**

A. February 9, 2012 Regular Meeting Synopsis

Approved.

### **VISITOR/PRESENTATIONS**

No visitors were scheduled.

### **STAFF & COUNCIL REPORTS**

### **PUBLIC HEARING**

A. Project Public Hearing

Sean Martin, charter operator, commented his concern is the head tax. They take approximately 30 people per day in the course of the summer. Their passengers have to pay a 7.5% sales tax on the full amount. There is no tax cap like there is when shopping in town. The visitors in Homer pay sales tax where ever they go in town. Mr. Martin feels this is a targeted tax, focused on the visitor industry. On top of what they already have to pay. it doesn't seem right to have a targeted tax. He recognizes they use other facilities in the harbor like the restrooms, but a lot of other people use the same facilities. Knowing this targets one group specifically to raise money for this purpose isn't fair.

Question was raised as to how he would suggest off setting the cost. He suggested the number one thing would be to spend less money. He has seen the information and the numbers. He recognizes there are options and they are not going to raise that much money with a two dollar head tax.

Roark Brown, co-owner of Homer Ocean Charters, echoed Mr. Martin's comments. He realizes the sales tax does not come back to the harbor, and if he thought he could raise prices his prices 7.5% he would have. The sales tax is substantial and there is only a certain amount customers can take on. This additional tax is targeting tourists. There is also the expense of collecting and reporting the money. He doesn't support the head tax and believes there are ways to save on project costs. He would love to see a new harbor office but it may not be practical when there are empty buildings on the spit that may accommodate the need. There are Government agencies who have interest in leasing space and that could help offset some cost. We need to be creative. It's a hard economy right now and we need to take care of our tourists.

Gary Ault, owner of Inlet Charters and Alaska Adventures, said he has worked 20 years on the spit. He echoes the other comments. One of the great things about having all the tourist businesses out there is that it makes it extremely competitive, it works for free enterprise system, and keeps businesses taking care of their customers. Businesses out there keep rates as low as they possibly can to still survive, and it broadens the appeal to the larger audience. Raising the prices cuts more and more possible customers out of the equation. He has concerns about what the rising costs are going to mean this summer. Hitting the businesses with a fuel tax, head tax, and moorage fees all at once takes them back.

Monte Davis, Chamber of Commerce Executive Director, noted that he is not truly educated on the projects, but was asked by his board to comment tonight in opposition to the head tax. The board is alarmed. He appreciates how hard it is to raise funds, but also feels there is a point where you fall into a death spiral when it comes to adding taxes and fees to existing business rather than bringing people in to create business. There is a lot of room on the spit and lots of opportunity for new people to come here if we would encourage them rather than discourage them. \$2 doesn't sound like much but when it's added to everything else that's going on these days, and at this point they can't just pass the cost on. Their rates have been set and advertised, and deals have been made. The business will have to figure out where the money will come out of their budget. The port and harbor is the economic engine of the community. We need to do everything in our power to keep every business viable. He understands that we need to take care of our infrastructure, but not at the expense of existing business. We are in competition with Seward, they are closer to Anchorage, and they have cruise ships and the Alaska Railroad servicing them. We are not an easy port for cruise ships, and we have to make sure we can attract visitors from Anchorage. We need every advantage we can get.

Point was raised that ease of access, maintenance, and curb appeal play into how people choose where they are going to go. As an enterprise fund, the harbor has to take care of itself and to do so, revenue has to be created to build up a better facility and maintain what we have. Mr. Davis said he understands and thinks if we could educate people about the community wide importance of the harbor, improvements could be done to be paid by the entire community rather than on the backs of the harbor users. If that was the way the City chose to go, Mr. Davis said the Chamber would be willing to do an education campaign to help the city.

Brad Faulkner, city resident, said he is encouraged to see all the people commenting tonight. He acknowledged that we have a real problem with maintenance. We are trying to take it all on at once and throwing on to one bond rather than maybe stretching it out and driving that old car a little longer. If they follow legislature they know there is a \$450 million bond is dedicated to ports and harbors around the state. Seward is getting \$10 million. It's a general

obligation bond paid off by the state. If Homer had received any of those funds, this would have been easy. He would also like to see fish tax return to the harbor. The harbor is helping pay for the lobbyist, but having that fish tax will go a long way to help ease that pain. Regarding the load and launch ramp, the engineering is covered by ADF&G, but to get stuck with the build-out could be another \$3.75 million. ADF&G has had the money in the past, but sales of fishing licenses are way down and the money may not be there. With all the projects before the City, this is a big capital bite to take all at once.

Greg Sutter, charter operator, commented that we all know we need additional revenues to maintain the harbor facilities. It is important infrastructure that serves as a base for a lot of commercial operations and private businesses. We need good facilities and to improve handicap access. He emphasized that whatever this body decides to recommend, the costs be shared as equally between all user groups, as some groups use the facilities more than others, and some use it year round. He said he runs a 30 foot boat and last year he generated over \$9,000 in sales tax revenue and had expenses over \$50,000, which he paid sales tax on. Another \$2 fee doesn't sound like a lot, but the tourists are already hit hard and we need to shy away from some of that and find a balance between the user groups. He questioned how they plan to enforce the head tax, how they will audit it, and who pays. Not all information is logged, and their log books are state property.

Jim Lavrakas, charter operator, commented that he is willing to pay for the service that he gets from the harbor that is beneficial to him and required for his business. Enforcing the head tax is short sided, especially at this time in our economy. He agrees that everyone in town is benefitted by the harbor and he thinks the revenue bond is a good idea and thinks there is a good way to sell the idea to the public. His experience in Anchorage has been when revenue bonds are proposed to voters, if it wasn't really well thought out and over reaching, the voters say no, until proposers realized they need to compartmentalize and do projects in sequence.

## **PENDING BUSINESS**

### **NEW BUSINESS**

- A. Memorandum from Port and Harbor Director Re: Erosion Control Project Funding Update and Consideration of Amendments to the Project Plan

The Committee discussed the importance of keeping the erosion control project on the list for bonding. Erosion is going to continue and the cost continues to increase exponentially. At a minimum we need to look at the project and consider revamping it in a staged process rather than paying the full cost at one time. We need to focus less on what other people will pay for, leave it on the list, and continue to look at other alternatives. If the City could go for ACOE or federal money it would make us look better if we were already pursuing funding for the project. There may be some trails money to help with the revetment wall. Staff has talked with FEMA and possible mitigation funds. The City had negotiated a lease with Snug Harbor Seafood's for a parcel affected by the high winds and Planning has been asked to take the lead on applying for the mitigation funds.

**WYTHE/HOWARD MOVED TO RETAIN THE LIST AS IT EXISTS.**

Comment was made that we need to keep moving forward for bonding but also continue to look for other money.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

**INFORMATIONAL ITEMS**

None

**COMMENTS OF THE AUDIENCE**

None

**COMMENTS OF STAFF**

None

**COMMENTS OF THE COMMITTEE MEMBERS**

Mrs. Wythe commented that for their May 3 agenda they will talk about Seward's head tax process, information about Municipal Harbor Grant Funds, stage bonding rules, and trails funding for erosion control and FEMA funding. She encouraged committee members to be their own best supporters and refrain from negative comments, even if it is in fun. There is nothing about this that is intended to happen at one time, it will be over a course of a few years.

Mr. Hartley commented that the Port and Harbor Meeting we will get more push back from the charter fleet regarding head tax. He believes they are doing business in a public facility because of the maintenance we are doing down there as opposed to a person who is just a user. The use of the businesses is more than a single user. He suggested they think about a business tax on boats for hire based on the size of the boat.

Mr. Hawkins said he has been working on a question and answer worksheet that he will let the Chair review and provide feedback. He thinks it will be helpful to answer people's questions.

Chair Howard said the group should applaud themselves for their work because for the folks who showed up only have one area of the complex situation to not be supportive of speaks well of their knowledge of the harbor's condition and how they have put the information together.

**ADJOURN**

There being no further business to come before the Committee the meeting adjourned at . The next meeting is scheduled at a time to be determined, 2011 at 6:50 p.m. at the Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

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