

**NOTICE OF MEETING  
REGULAR MEETING**

- 1. CALL TO ORDER**
- 2. APPROVAL OF THE AGENDA**
- 3. PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA**
- 4. RECONSIDERATION**
- 5. SYNOPSIS APPROVAL**
  - A. March 3, 2014 Meeting Synopsis **Page 3**
- 6. VISITORS**
- 7. STAFF REPORTS**
- 8. PUBLIC HEARING**
- 9. PENDING BUSINESS**
- 10. NEW BUSINESS**
  - A. Review of Large Vessel Haul-Out Facility – Potential Future Facility & Questionnaire **Page 7**
  - B. Ports and Harbors Create Economic Opportunity – A presentation from the 2010 AAHPA Conference in Wrangell **Page 11**
- 11. INFORMATIONAL ITEMS**
- 12. COMMENTS OF THE AUDIENCE**
- 13. COMMENTS OF CITY STAFF**
- 14. COMMENTS OF THE TASK FORCE**
- 15. ADJOURNMENT NEXT REGULAR MEETING IS SCHEDULED FOR FRIDAY, MARCH 28, 2014** in the City Hall Conference Room located at 491 E. Pioneer Ave, Homer, Alaska.



Session 14-01 a Regular Meeting of the Vessel Haul Out Task Force was called to order by Acting Chair Howard at 3:35 p.m. on March 3, 2014 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: Carroll, Hawkins, Howard, Lewis, Pate, Stockburger

ABSENT: Hoppe (excused)

STAFF: Deputy City Clerk Jacobsen

### **AGENDA APPROVAL**

Acting Chair Howard called for a motion to approve the agenda as written.

PATE/STOCKBURGER SO MOVED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

### **PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA**

Earl Brock commented that he is currently hauling larger vessels out on the spit using air bags, He is excited to be able to contribute to the formation and possible future of this project.

### **RECONSIDERATION**

### **APPROVAL OF SYNOPSIS**

### **VISITORS**

### **STAFF AND COUNCIL REPORT/COMMITTEE REPORTS/BOROUGH REPORTS**

### **PUBLIC HEARING**

### **PENDING BUSINESS**

### **NEW BUSINESS**

A. Election of Chair and Vice Chair

Mr. Lewis nominated Mrs. Howard as Chair. There were no further nominations and no objection expressed for Mrs. Howard as Chair.

Mr. Lewis nominated Mr. Carroll as Vice Chair. There were no further nominations and no objection expressed for Mr. Carroll as Vice Chair.

VESSEL HAUL OUT TASK FORCE  
REGULAR MEETING  
MARCH 3, 2014

- B. Review Scope of Work
- a. Resolution 14-015 establishing Task Force
  - b. Memo to Port & Harbor Advisory Commission Re: Potential Port of Homer Haul-Out & Repair Facility

Harbormaster Hawkins reviewed reviewed the benefits and challenges of a haul-out and repair facility. The facility would be an overall benefit to the community, a new tax base for the City, revenue stream for the enterprise, a facility for larger vessels, and capitalizing on the chip pad. Challenges include financial burden to the enterprise fund when the harbor operates the facility, environmental aspects, logistics of who will run the facility, and finding funding for the travel lift and its infrastructure.

There was discussion that a problem other harbors are having is the burden of the facility falls on the enterprise fund. Harbormaster Hawkins said he is not aware of any of the harbors who utilize a third party to run their haul out and repair facility. He explained that they are able to get the equipment through grants and state appropriations. To him the short fall would be not having the revenue stream to maintain the facility because you're in trouble ten years later when repairs are needed. He doesn't see why a public/private partnership couldn't work.

The need for a haul out and repair facility is there. It would need to accommodate vessels in the range of 70 tons up to 350 tons. They talked about other harbors that have haul out services and support facilities. Concern was raised as to whether this would adversely affect other business. Harbormaster Hawkins doesn't think that it will. He noted that Northern Enterprises can work with boats up to 70 tons and machines designed to move the larger vessels aren't sized to move the smaller ones. They reviewed some of the options for haul out including airbags, travel lifts, stationary lifts to trailers, marine travel lifts, boat transporters, and railways.

Discussion ensued about ways for public outreach. Mr. Carroll suggested getting a survey out to the main user groups. Their knowledge and experience will provide good feedback for the task force to consider. Harbormaster Hawkins said he could prepare a survey and the consensus of the group was for him to send it out; they didn't see a need to review it first. Suggested questions include:

- Would you do an annual haul out in Homer?
- Where they are doing haul outs currently?
- What is the cost?
- List available services they would want to have available that they could choose from.
- What time of year would you haul out?
- How long would they be staying?
- Would they be interested in participating in a private cooperative?
- What ancillary services would they need?

Harbormaster Hawkins noted this would be a maintenance yard, not a boat storage yard. His preference is a contractor/operator leasing and running the facility. For the harbor to do it they would be looking at another department.

- C. Establish Task Force Meeting Schedule

VESSEL HAUL OUT TASK FORCE  
REGULAR MEETING  
MARCH 3, 2014

At the next meeting they will have the Port and Harbor's Economic Opportunity presentation. They expect a 30 day turnaround for the survey and will review the results in April. They would like to Skype with Wrangell to hear about their operation, but didn't set a specific date for it.

They confirmed meetings on March 17<sup>th</sup> and 31<sup>st</sup>.

**INFORMATIONAL ITEMS**

A. Port & Harbor's Economic Opportunity Presentation

**COMMENTS OF THE AUDIENCE**

Larry Slone, city resident, commented that they should be conservative on the build it and they will come notion. We don't know what the future holds, but we know it will be different and likely will not be as free flowing with funds as it has been in the past. Fisheries are being impacted negatively worldwide and that will affect our fisheries. He thinks global warming is valid and should be taken into consideration in their thought process as a distinct possibility. Regarding the survey, Mr. Slone suggested making it more dynamic by expanding the terms and timeframes by asking if they anticipate any potential change in the fisheries or industry that might preclude them from participating with, or using the facility.

Earl Brock gave a brief history of his time in Homer since he moved here from Bethel. He has been hauling boats out in the fall for about 7 or 8 years and currently can haul boats from 100 tons to 1000 tons using airbags. He has a business plan that involves moving his family here permanently. When he heard about this vessel haul out discussion he became concerned that the City was going to come in with a couple million dollars and take over with new equipment that will be used 20 to 30 times a year. The cost of ownership and operation has to be taken into consideration as part of the equation. Last year he was responsible for close to \$300,000 worth of work being done here on a 180 foot barge. He has brought work to the community and will continue to do so and the additional opportunity for boat owners to be able to work on their boats close to home. He thinks the most important thing to think about is that with capital investment come big operating costs. He would like to present some options to the group at a meeting in the near future that will make sense for Homer. A small capital investment and a partnership for the Community, for use of the chip pad and a way to build a business and not build it and they will come. It is his goal to be a part of this.

In talking with Chair Howard, Mr. Brock said he would be able to give a 15 minute presentation to the group on April 7<sup>th</sup>.

**COMMENTS OF CITY STAFF**

Deputy City Clerk Jacobsen said she will schedule the task force for the first and third Mondays at 3:30 for the next few months so they will have a confirmed spot on the calendar.

**COMMENTS OF THE TASK FORCE**

VESSEL HAUL OUT TASK FORCE  
REGULAR MEETING  
MARCH 3, 2014

Mr. Carroll said he is excited about the survey, he thinks it's important. He doesn't think they will get a real accurate picture as people may be overly optimistic, but the breadth of it will tell them a lot. His opinion of what will make this live or die is organization. He thinks people will be listening to how it will work and start laying out ideas. He said in Seward they will let you work on your boat but have to have a million dollars in insurance. The way this shapes itself in Homer will be very important because he doesn't see the City jumping into an \$8 million travel lift.

Mr. Stockburger agreed that we need to ease into this and at least get it started. We have a good start with the community, location, and tradesmen in the area. We are in a good location between several of the fisheries and people who steam by would probably stop here. He's excited about making this happen. He agrees that it won't be one entity doing this but multiple entities, and it will be good for everyone to keep an eye on costs. Pulling boats out of the water here will benefit the harbor and the tradesmen.

Mr. Pate concurs with the other statements. He was pleased when he read in the packet that the Harbormaster doesn't want to have a new enterprise. Partnership, a Co-op, or a third party vendor are all good options. If it is economically viable, it will be attractive to those types of entities and if it's not, the City shouldn't be doing it either. He noted that he was recently in a meeting where he heard information from Kodiak and Wrangell and he realized the differences in the communities. In Kodiak it was an augmentation of a huge marine operation and in Wrangell it was the salvation of the city having the timber industry fade and go away.

Mr. Lewis and Mr. Hawkins had no comment.

Chair Howard likens this to previous talks about sensitivity of the city to put into private enterprise. When we socialized the gas system, there were some businesses that quickly had to reinvent themselves. In government we have to go with the good of the whole. On the surface this may appear to be threatening but if we do it correctly we can be sensitive and embrace the existing businesses. It's a time to grow and a time to change. It comes with some fear and apprehension, but as we work through it we say thumbs up or thumbs down and go from there.

**ADJOURN**

There being no further business to come before the Task Force the meeting adjourned at 4:50 p.m. The next regular meeting is scheduled for March 17, 2014 at 3:30 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

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



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

## Port and Harbor

4350 Homer Spit Road  
Homer, AK 99603

[port@cityofhomer-ak.gov](mailto:port@cityofhomer-ak.gov)

(p) 907-235-3160

(f) 907-235-3152

March 18, 2014

Vessel Owner  
1234 Main Street  
Homer, AK 99603

Re: Large Vessel Haul-Out Facility – Potential Future Facility & Questionnaire

Dear Vessel Owner,

Homer City Council has formed a task force focused on the possibility of building a large vessel haul-out and repair facility on the Homer Spit. The task force is made up of two City Council members, two Port and Harbor Advisory Commissioners, two members of Homer Marine Trades Association, and the Port Director/Harbormaster. This group has been assembled to review/discuss the possibility of a large vessel haul-out and repair facility, the benefits and challenges of building such a facility, and the options of the facility being owned privately or by the Harbor Enterprise.

The task force's goal is to utilize the existing fenced-in, 5-acre, concrete pad located on the Homer Spit for a year-round facility (see map on other page). Nearby lots 10 and 11 may also be utilized. The beach landing/uplands area, located next to the Fishing Lagoon, would be available seasonally November through April. Due to limited space, the City is only interested in creating a vessel maintenance and repair facility, not a vessel storage yard. A rate structure would be established to encourage vessel owners to accomplish their boat projects on an efficient and timely basis.

To better aid the task force in determining the potential market for a large vessel haul-out and repair facility, we are asking for your input via a questionnaire. We have chosen to send this letter to you because:

- You are the owner of a vessel that is 58 to 300 feet in length
- Your vessel may be too wide (beamy), and too heavy (over 70 displacement tons) for other haul-out facilities
- You have utilized Homer's harbor and/or port
- You may have difficulty finding local facilities that can haul your vessel out for repairs and maintenance

If this description applies to you, then we are very interested in hearing more about your vessel and your willingness to use a Homer-based, large vessel haul-out facility. We are also interested in your opinion of who the potential owners/financers should be, such as: the City of Homer, a private business, or a private group (i.e. local businesses and vessel owners forming a cooperative).

**Enclosed with this letter is a brief questionnaire. Please complete the form and return to the Harbor Office by April 30, 2014 by the following methods:**

- **Mail** – City of Homer, Port and Harbor 4350 Homer Spit Road, Homer, AK 99603
- **In Person** – Office located at the above address; at the top of Ramp 2
- **Email** – Scan and email to [rtussey@ci.homer.ak.us](mailto:rtussey@ci.homer.ak.us)

We appreciate your time and hope to hear what you have to say on the subject by April 30<sup>th</sup>!

Sincerely,

Bryan Hawkins  
Port Director/Harbormaster

Encl. Large Vessel Haul-Out Questionnaire







## City of Homer Vessel Haul-Out Task Force

### Large Vessel Haul-Out Facility Questionnaire

**\*Please Complete & Return to the Harbor Office by Wednesday, April 30, 2014**

Hello and thank you for taking a moment to complete the following questionnaire! The information you provide will be used by the Vessel Haul-Out Task Force for the sole purpose of conducting research for potential users of a large vessel haul-out and repair facility, located on the Homer Spit. This fact-finding questionnaire is designed to help decision-makers move in the right direction with this proposed project; your participation will not obligate you in any way. We thank you for your time and input!

Name of Owner: \_\_\_\_\_

Vessel Name: \_\_\_\_\_ Home Port: \_\_\_\_\_

Vessel Length: \_\_\_\_\_ Beam: \_\_\_\_\_ Displacement Tonnage (actual weight): \_\_\_\_\_

Type of Vessel:  Tender  Fishing Vessel  Landing Craft  Barge  Tug  Other: \_\_\_\_\_

Hull Shape:  Deep Draft, Single Keel  Shallow-Draft, Flat Bottom, Twin Engine  Other: \_\_\_\_\_

Hull Material:  Steel  Aluminum  Wood  Fiberglass  Other: \_\_\_\_\_

1. When looking for a place to haul out, what motivates you to choose one facility/location over another?

(Rate the following choices, 1 being most important and 5 being less important)

\_\_\_ Geographic Area

\_\_\_ Price

\_\_\_ Marine Industry Support

\_\_\_ Harbor Amenities

\_\_\_ Local Services

2. If this kind of facility existed in Homer, would you use it?

Absolutely

Possibly

I don't know

No

3. What is your preferred method for removing the vessel from the water?

Trailer

Dry Dock

Travel Lift

Air Bags

Other: \_\_\_\_\_

4. In regards to your maintenance/repair schedule, how often would you have your vessel hauled?

Annually

Every Other Year

Once Every 3-5 Years

Other: \_\_\_\_\_

5. What time of the year would you like to be hauled out?
  - Spring
  - Summer
  - Fall
  - Winter
  
6. How long would you like to be hauled out?
  - Days
  - Weeks
  - Months
  
7. While hauled out, what kind of boat work are you looking to have done? (select one or more)
  - Hull Maintenance – sandblasting, painting, zincs, etc.
  - Mechanical – props, shafts, engines, etc.
  - Fabrication – fiberglass, welding, etc.
  - Inspection Purposes – USCG, insurance, etc.
  - Other: \_\_\_\_\_

For the next few questions, let's focus on who will own this facility, who will oversee operations/maintenance, and where the funding will come from to build such a facility. Please select the answer you agree with best.

8. Let's say that the City of Homer Port and Harbor offered specific lots in the harbor, at a reasonable lease rate and term, to establish the facility. How would you suggest a facility such as this be funded and owned?
  - The City of Homer Port and Harbor, funded through state grant appropriations
  - A private business
  - A cooperative consisting of local businesses and vessel owners interested in investing
  - Other: \_\_\_\_\_
  
9. If the facility is built, who do you think should operate the haul-out equipment, run the office, and manage the facility overall?
  - The City of Homer Port and Harbor, working as another branch of the Port and Harbor department
  - A private business that is the owner AND operator
  - A private business that operates through a contract under the ownership of another entity (such as the City)
  - A cooperative consisting of local businesses and vessel owners
  - Other: \_\_\_\_\_
  
10. If you were given the opportunity to be a part of a cooperative effort (involving local businesses and vessel owners) that owned, operated, managed, and maintained a large vessel haul-out facility, would you be interested in being a part of it?
  - Yes
  - No

Please provide other comments you may have:

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# Ports and Harbors Create Economic Opportunity

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Presentation to the

31<sup>st</sup> Annual Conference of the

**Alaska Association of Harbormasters**

**and Port Administrators**

Wrangell, Alaska

Mike Fisher

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October 27, 2010



# Agenda

- The Role of Ports and Harbors in the Local Economy
- Sustainability and Economic Development
- Public and Private Roles in Economic Development
- Traditional Means of Encouraging Private Investment
- Emerging Methods of Encouraging Private Investment

# The Role of Ports and Harbors in the Local Economy

- Interface between water and uplands
- Economic engine and opportunities
- Bring in outside dollars
- Community facilities

# Sustainability and Economic Development

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## Sustainability

- ✓ Financing
- ✓ Funding
- ✓ Continued operations and long-term survival
- ✓ Your facility's bottom line
- ✓ Public

## Economic Development

- ✓ "Unsustainable?"
- ✓ Community-wide benefits
- ✓ Economic activity
- ✓ Public, private, and public/private

# Public and Private Roles in Economic Development

- At its core, economic development is the process of increasing the standard of living in an area
- Public Role
  - Establishing infrastructure
  - Establish a regulatory framework
  - Establish a business environment
  - Encourage economic opportunity
  - Encourage private investment
- Private Role
  - Investment to meet a need
  - Generate a rate of return

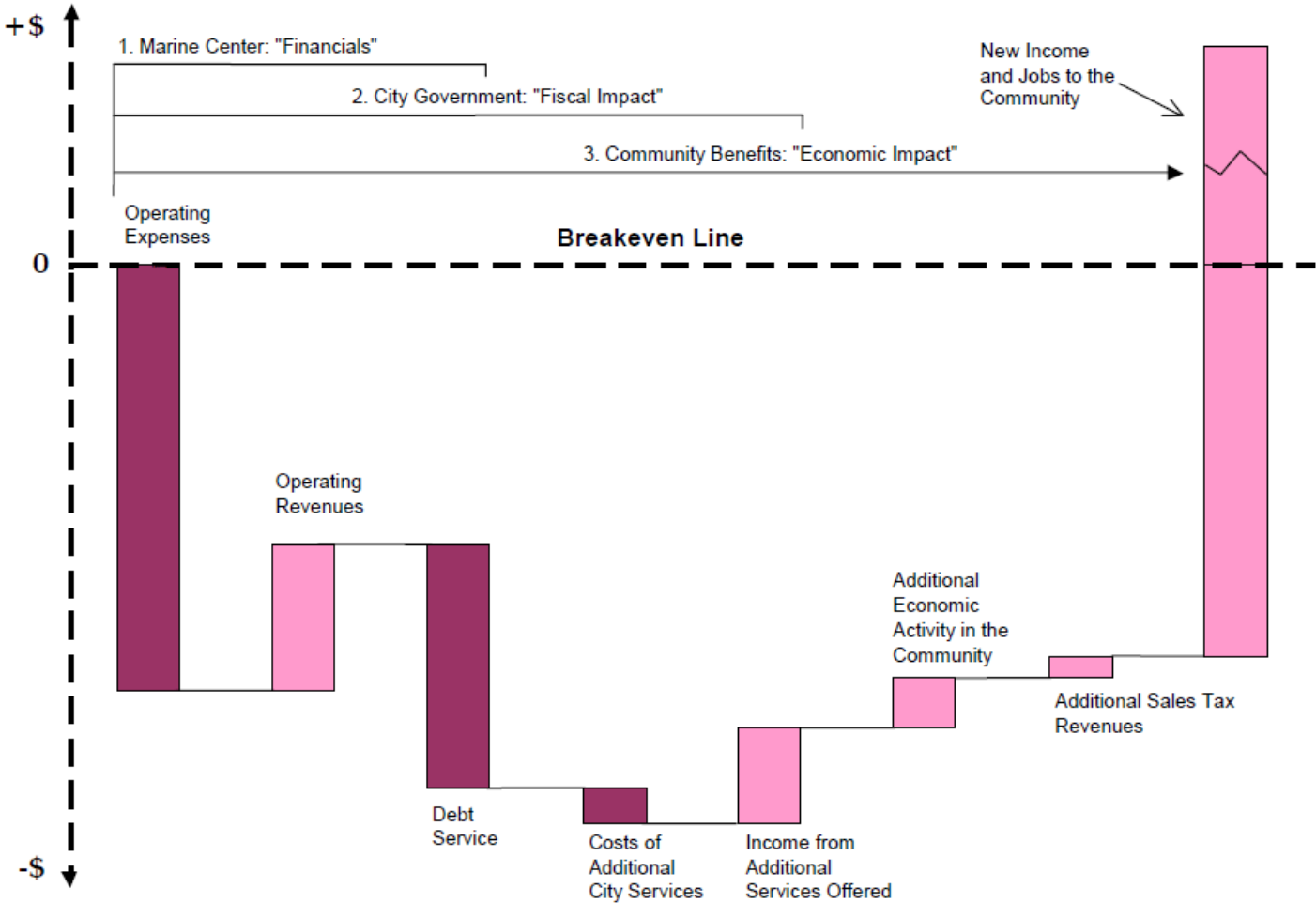
# Economic Development Beyond Marine Facilities

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- **Financial sustainability traditionally looks just at a facility**
  - Can we cover operating costs?
  - Can we set aside enough to replace the facility in 20 or 30 years?
- **Economic development must look beyond marine facilities**
  - What does the facility mean for businesses in the community?
  - Does the facility generate other benefits?
- **Three bottom lines:**
  - Financial – the facility
  - Fiscal – additional government benefits
  - Economic – additional community benefits



# The Three Bottom Lines of a Marine Center



Source: Adapted from a figure provided by Steven Spickard of Economics Research Associates.

# Traditional Means of Encouraging Private Investment

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- Infrastructure
- Lease structures and incentives
- Tax structures and incentives



# Emerging Methods of Encouraging Private Investment: Public-Private Partnerships (PPP)

- No accepted definition of a public-private partnership (PPP)
- Generally, PPPs are joint ventures funded and/or operated through a partnership of governmental and private entities
- In developed countries, PPPs are used for facilities within ports, not for entire ports
- Perhaps more useful as a concept than for practical application

# Why Use a Public-Private Partnership?

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- Government control (participation and ownership) with private efficiency and capital
- Gaps in the three bottom lines
- Access to a broader range of financing
- Access to additional capital
- Fewer constraints on accessing capital
- Risk sharing (specificity, complexity, uncertainty)
- Lower costs of service through specialization

# How PPPs Have Been Used

- Typically infrastructure projects
  - Highways
  - Mass transit
  - Hospitals
  - Wastewater treatment plants
  - Port facilities – limited, primarily small to medium ports
- Some federal funding now allows private contributions to its project match

# Issues with PPPs

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- Alaska's DOT doesn't have enabling laws to allow it to enter into public-private partnerships
  - Limitation of types of partnerships that may be available
- Port Authorities are allowed by statute, but do not have the power of taxation
- Public agencies can't compete with the private sector
- Not as applicable for smaller governments

# How PPPs Can Work in Alaska

- Rehabilitation, restoration, and reuse of facilities
- Public investment in infrastructure, private operation of facilities and services
- BOOT concept: private construction, ownership, and operation for a limited period, with transfer to public
  - Concern about maintenance
- Coordinated investment, virtuous cycle

# Recommendations for Governments

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- Be transparent
- Separate government agencies
  - Maintain objectivity, arm's length transactions
- Ensure that the bidding process is competitive
- Include standardized, low-cost arbitration procedures in the contract

Source: Vining, A. and Boardman, A., 2008. The potential role of public-private partnerships in the upgrade of port infrastructure: normative and positive considerations. *Maritime Policy & Management*, 35(6), 551-569.



# Recommendations for Governments

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- **Ensure that the private sector partner(s) have sufficient equity at risk to give them the proper incentives**
  - Use of stand-alone, specific-use corporations
- **Prohibit the contractor from selling early**
  - Synergies between construction and operation
  - Understanding fault if sold
- **Have a direct conduit to debt holders**
  - Protection in the event of bankruptcy

Source: Vining, A. and Boardman, A., 2008. The potential role of public-private partnerships in the upgrade of port infrastructure: normative and positive considerations. *Maritime Policy & Management*, 35(6), 551-569.

# Questions/Comments?

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**Northern  
Economics**

**Mike Fisher**  
Project Consultant

880 H Street, Suite 210  
Anchorage, AK 99501

**T:** 907 274.5600  
**F:** 907 274.5601

**E:** [michael.fisher@norecon.com](mailto:michael.fisher@norecon.com)  
[www.northerneconomics.com](http://www.northerneconomics.com)

Following the conference, this presentation will be posted at [www.harbormodel.com](http://www.harbormodel.com).