

Session 14-04, a Regular Meeting of the Port and Harbor Advisory Commission was called to order by Chair Ulmer at 5:00 p.m. on April 23, 2014 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONER CARROLL, DONICH, HARTLEY, HOWARD, STOCKBURGER, ZIMMERMAN

ABSENT: ULMER (excused)

STAFF: HARBORMASTER HAWKINS
DEPUTY CITY CLERK JACOBSEN

APPROVAL OF THE AGENDA

HOWARD/HARTLEY MOVED TO APPROVE THE AGENDA AS WRITTEN.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA

Kevin Hogan, city resident, suggested that the Deep Water Dock revenues that are listed under informational items be broken down per vendor for the crane and ice revenues. It would probably be good that everyone knows who is providing the revenues out there. He encouraged them to keep up the good work.

RECONSIDERATION

APPROVAL OF MINUTES

A. March 26, 2014 Regular Meeting Minutes

HOWARD/HARTLEY MOVED TO APPROVE THE MINUTES AS PREPARED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

VISITORS/PRESENTATIONS

STAFF & COUNCIL REPORT/COMMITTEE REPORTS/ BOROUGH REPORTS

A. Port and Harbor Director's Report for April 2014

Harbormaster Hawkins reviewed his staff report that was provided in the packet.

Commissioner Donich commented that he heard some feedback that the new No Wake buoys that have been placed are hard to see and some orange paint would make it stand out better. Harbormaster Hawkins acknowledged the concern and added that Petro Marine has agreed to let them put the the backup buoy at the end of their fuel pier.

Commissioner Carroll asked about the bents at the wood grid and whether those could be repaired by Public Works. Harbormaster Hawkins commented about the rot that his showing and they need to be replaced. They are addressing what they can.

PUBLIC HEARING

PENDING BUSINESS

A. Harbor Rate Increase Proposal

Harbormaster Hawkins gave a brief overview of the process that is driven by efforts to make improvements in the harbor. It was recognized through the Port Improvement grant and bonding process that had we been operating with a rate structure that is sustainable, with money in reserves, we would not have had to bond for the matching funds for the grant.

After discussion with the Commission at their recent worksession, a draft rate proposal that focused solely on moorage was prepared by staff with the assistance of Commissioner Howard.

Harbormaster Hawkins and Commissioner Howard reviewed the draft rate proposal and the methodology used to establish the square foot rate structure. The three methods in the schedule were the ones suggested in the worksession. The comparison of cost per method included a 5 year and 10 year break down for reserved and transient moorage. This is based on a CPI average increase of 2.7% per year, which is why the 10 year is more because the CPI is added for an extra 5 years. The revenues for 2013 are \$1.8 million. The suggested increase from Northern Economics was 32%, the amount of the increase is \$576,000, or \$115, 000 each year for 5 years and \$57,000 for 10 years. At the worksession it was recommended that the increase is applied over a longer period rather than all in one year.

There was discussion about the rates relating to transient moorage cost, and that transient moorage cost is a higher rate than the annual reserved stall moorage rate. They discussed hot berthing and costs relating to vessel size and the stall size.

The graduated linear method is based on Kodiak's numbers as a start in the process. They used the same criteria, maximum length allowable for a stall, not different vessel sizes throughout the harbor. For the linear method for transient it was based on the area of space available for transient moorage. It was noted on page 3 of the draft model that the methods are explained.

It was acknowledged that people coming in who are used to paying one rate and find that they are paying quadruple won't be happy with the increase. The goal is to find an equitable, sustainable rate and that should be their focus. The work from Northern Economics was based on a 30 year replacement schedule for harbor facilities. There is a lot of work to be done on the rates; this is just the first stab at it. But it is obvious that the current rates aren't sustainable, and they need to be addressed.

Commissioner Carroll expressed opposition to basis for the Northern Economic study and the rate proposal. It's a thinly veiled attempt to say we want to raise rates in Homer and we are going to come up with some reasons to do that. It seems to be predicated on the idea that we have to be able to replace the boat harbor in 30 years. He bets there is not a boat harbor in the State of Alaska that is doing that or will do that in the next 10 years. You can go to 9/10 of the boat harbors in the state and ask how much is in their reserves to replace their harbor, and oh, the state's going to foot the bill for it. In his opinion this is an attempt to use the harbor as a syphon for more income for the city. There are lots of ways it has happened in the past.

Commissioner Hartley reminded them that they just went through the expensive process of securing bonds for the current harbor improvements. We are going to pay double for the improvements by doing it that way. It's the same as borrowing money for your house, when it's done; you end up paying a lot more than if you had just paid cash for it. This model is trying to get us away from having to keep borrowing money; otherwise, we will be back in the same situation again.

Commissioner Stockburger expressed concern about losing money and customers from charging too much. They need to work toward finding a happy medium between charging too much and not enough.

Commissioner Howard thinks there are two issues on the table. One is the reassignment of cost based of beneficiary use of the area. He thinks that historically the small boats have borne a larger proportion of the cost to maintain the harbor than the larger boats. These numbers bear that out. There needs to be an adjustment made so cost is equitably shared among harbor users. Second is the issue of how to accrue the money to be in a position to take care of replacement needs. The bond we put together represents our inability in the past to have saved the money, and now people are paying for the make up because people didn't pay enough before. The people who come after us now have to pay more, to pay for the bond. The rate study is there to help identify the costs, and with the information we have to decide is it real, and are we going to accept the numbers. If we are, then we need to do something about or will we continue to kick the can down the road for someone else to pick up the cost.

Harbormaster Hawkins explained the structure of the enterprise fund and the reserve fund where the addition funds would go, separate from the city's general fund. They continued discussing the information in the rate structure, methodologies, and concerns about rate increases.

Acting Chair Zimmerman recommended the group continue to digest the information and they can revisit it at the next meeting. The Commission agreed by consensus.

NEW BUSINESS

A. Auction Block Fish Pump Proposal

Harbormaster Hawkins explained that he, the City Manager, and the Fish Dock Supervisor met with Kevin Hogan regarding Auction Block's fish pump proposal. The predictions are that the pink salmon returns to Kachemak Bay are going to increase due to the efforts of Cook Inlet Agriculture and hatcheries. From the cities stand point we would be interested in meeting with the fish dock processors, and buyers along the area to discuss what improvements or enhancements could be made to the fish dock to handle the increased flow of fish across the dock.

Kevin Hogan commented that the other two fish plants built on the spit were given the option to locate pumps on the dock to move fish. Their idea is to have a fish pump that is accessible to everyone who needs to move fish off the dock. It would be a system to get fish off the dock, not just off the boat. The takeaway from the meeting with the Port Director and City Manager was it probably won't happen this year. The reason they gave is because of the current law suit.

In response to questions, Mr. Hogan explained the Auction Block's plan. It's a service they would provide and charge for.

There was brief discussion of last years' experience with bringing in fish pumps. Question was raised whether they should do an RFP to lease space for a floating pump in time for this fishing season. Harbormaster Hawkins said in the future that would be a direction that could be recommended. At this time the attorneys have advised that they don't make any changes to policy or infrastructure like this because of a case.

It was suggested that the Commission could address portable fish pumps in the manner that they did last year, since they are unable to address this concept until the legal issues surrounding it are resolved. Staff will bring back a memo with a recommendation to facilitate the use of portable fish pumps for the season, as they recommended for last year's fishing season.

B. Marine Industrial Use and Vessel Haul Out at Tr 1-A, The Fishin Hole Sub No. 2 (Pier One Lot)

The Commission discussed the activity currently taking place with the large vessels being hauled out. Their work will be wrapping up soon and the area will be turned back in to the camp ground. The harbor office hasn't had any requests for use of the area this summer but there have been requests for next fall. They see the need for marine industrial use will continue to grow on that lot. They talked about some of the management challenges that harbor staff is working through in managing the haul out area.

They agreed that the uses in the area are working well together presently, but recognize that they need to stay on top of it and will need to revisit the uses on the lot as the marine industrial use grows.

INFORMATIONAL ITEMS

A. Monthly Statistical & Performance Report

PORT AND HARBOR ADVISORY COMMISSION
REGULAR MEETING
APRIL 23, 2014

- B. Weekly Crane and Ice Report
- C. Deep Water Dock Report
- D. Pioneer Dock Report & Ferry Landings Report
- E. Water Usage Report
- F. Lease Expiration Calendar
- G. Email from City Attorney Klinkner Re: Open Meetings Act
- H. 2014 Commission Attendance Schedule

COMMENTS OF THE AUDIENCE

Kevin Hogan, city resident, said he liked their discussion on the harbor rate study. He thinks everyone is aware that there is no lock box on the reserves; reserve money was used to build the fishing hole. He expects it will get tapped unless the new charter commission comes up with a way to ensure that they don't. He encouraged them to realize rate increases will affect the economic activity, particularly for large vessels and the city gains a lot from the marine trades' services and big boat activity. If rates get jacked up, they will go away. He thinks the enterprise fund should get contributions from the sales tax revenue and not rely exclusively on fees. He expressed his concern about the changes to the lease committee, saying administration is attempting to eliminate the groups input. The city attorney's comments were not a legal opinion but speculation on what they might contribute. He encouraged them to keep up on that. It looks like it is full speed ahead on the haul out, but the fish pump proposal is dead in the water. He thinks they should be equal and feels this is a discrimination issue.

COMMENTS OF THE CITY STAFF

Deputy City Clerk Jacobsen advised the group of the upcoming Vessel Haul-Out Task Force and Port and Harbor Building Task Force meetings. She also reminded them their meeting in May will begin at 6:00 p.m.

COMMENTS OF THE COUNCILMEMBER *(If one is assigned)*

COMMENTS OF THE CHAIR

Vice Chair Zimmerman had no comments.

COMMENTS OF THE COMMISSION

Commissioner Carroll said they have some significant issues going on with the fish pumps, rates, and vessel haul out. The task force is making good progress on the haul out but there are some big decisions to be made. Good meeting tonight.

Commissioner Donich dittos Commissioner Carroll's comments. He thinks it is important to take closer looks at where the money comes in. We don't want to bite the hand that feeds and try to find where the funds are coming from.

Commissioner Howard and Hartley had no further comments.

PORT AND HARBOR ADVISORY COMMISSION
REGULAR MEETING
APRIL 23, 2014

Commission Stockburger said we have to be careful what we charge. It's one thing to raise money, but if you charge too much you lose money. We may need to modify our modified rate structure so the rate difference isn't so large. He commended the harbor staff for their work out there to make things a lot easier out at the harbor with the ramp and its access.

ADJOURN

There being no further business to come before the Commission the meeting adjourned at 7:04 p.m. The next regular meeting is scheduled for Wednesday, May 28, 2014 at 6:00 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved:_____