

Session 14-06, a Regular Meeting of the Port and Harbor Advisory Commission was called to order by Chair Ulmer at 6:00 p.m. on June 25, 2014 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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

ABSENT: STOCKBURGER (Excused)

STAFF: HARBORMASTER HAWKINS
DEPUTY CITY CLERK JACOBSEN

APPROVAL OF THE AGENDA

HOWARD/HARTLEY MOVED TO APPROVE THE AGENDA.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA

RECONSIDERATION

APPROVAL OF MINUTES

A. May 28, 2014 Regular Meeting Minutes

HOWARD/HARTLEY MOVED TO APPROVE THE MINUTES AS PRESENTED.

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 June 2014

Harbormaster Hawkins reviewed his staff report.

There was brief discussion of the GFI requirement for system 5 power, and the building schedule for the new harbormaster's office.

PUBLIC HEARING

PENDING BUSINESS

A. Harbor Rate Increase Proposals

Harbormaster Hawkins summarized that at the last meeting the Commission agreed to look at the square foot rate model and the 10 year rate increase schedule.

There was discussion to clarify that in the square foot model the renter is paying for the available space within the slip. In a 75 foot stall 22 by 86 would be the space charged for.

There was also discussion to clarify that presently there isn't a policy in place to automatically apply the Consumer Price Index (CPI) to the annual moorage budget. Some years it gets added and some years it doesn't. The rate increase recommended by Northern Economics in the rate study is 32% of the annual revenue, with revenue being \$1,800,000 and 32% equaling \$567,000. The rate study suggested a one-time increase, however this group felt bringing it in over a period of time would be easier on the users. With the square foot method, with a 10 year annual increase, plus the CPI adjustment includes-

- a \$57,600 increase each year for 10 years,
- along with a CPI increase estimated at 2.7%

Based on this model at the end of the ten years, the rates should be at the appropriate level to sustain the facility for future repairs and replacement as needed, and at the end of 10 years only the CPI increase should occur annually to sustain the rates.

There were comments that they need to move forward with this to take care of the harbor. It is a sensible plan that stretches the burden out over time before it becomes full load, which will give time to adjust to it. It was noted that the CPI increase in year 4 is significant and incredibly high by year 10, but also acknowledged that this needs to be done to sustain the harbor.

Discussion ensued on the transient moorage rates and Harbormaster Hawkins clarified that the transient fees listed in the proposed rate structure is annual transient moorage. The daily/weekly/monthly moorage isn't referenced in the plan, but the Commission can address it if they choose to. They agreed they would like to see what the annual, semiannual, monthly, and daily transient rates would look like as percentages with the new format, to consider if any changes should be proposed.

They also addressed the importance of getting the word out to the boat owners as soon as possible, especially if they want to implement these rates in 2015.

HOWARD/HARTLEY MOVED THAT THE COMMISSION PRESENT THIS RATE STUDY AS THE NEW FORMAT FOR CHARGING FOR MOORAGE IN THE HARBOR, WITH THE CAVEAT THAT WE WILL LOOK AT THE TRANSIENT ELEMENT, WHICH MAY CHANGE, BUT EVERYTHING ELSE STANDS AS PRESENTED.

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There was brief discussion clarifying the square foot method versus the graduated linear method. The square foot method is farer in that there is so much linear foot that changes with the size ranges. The square footage is the actual square footage of the boat.

VOTE: YES: DONICH, ZIMMERMAN, ULMER, HOWARD, HARTLEY
NO: CARROLL

Motion carried.

Commissioner Donich asked if staff could bring back information on what the rates were 10 years ago.

NEW BUSINESS

A. Lease Committee Representation

There was brief discussion to clarify that this was requested for the agenda because there seemed to be lack of understanding how the Lease Committee makeup got changed. Concern was expressed that with a small committee with no public members, there can be a perception that things are getting done under the table, even if they aren't.

City Manager Wrede understands the concerns about the concept of having additional review of lease proposals beyond the city staff and agrees the Port and Harbor Commission should be involved with leases on the spit. He suggested that after the lease committee reviews and makes recommendations on lease proposals for spit property, the recommendation go to the commission for review. The commission can support the lease committee recommendation or make another recommendation, and then the recommendations would go to council for final approval. He cautioned that adding this may require calling special meetings when lease reviews are necessary, but added that he would support such a change to the Lease Policy.

HOWARD/ZIMMERMAN MOVED TO SEND A RESOLUTION FORWARD TO CITY COUNCIL RECOMMENDING THE LEASE POLICY BE CHANGED TO BRING LEASES ASSOCIATED WITH PORT AND HARBOR ENTERPRISE BEFORE THIS BODY BEFORE THEY ARE APPROVED BY COUNCIL.

There was no further discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

B. Taxes & Monies Generated by the Port & Harbor

The Commission would like to get a clearer picture of the taxes that get collected at the harbor to help support the services we need. They would like to see the taxes collected to support the administrative activities of the city. In the early 2000's the Borough eliminated the sales tax cap on charter boats and we have a right to see some of that money come back to the harbor.

City Manager Wrede said it would be relatively easy for the Finance Director to provide sales tax information relating to the harbor facility, but getting a broader picture with charter boats, fuel, and so forth, will take some collaboration with the Borough.

There was consensus to take this up on their next agenda if the information is ready.

INFORMATIONAL ITEMS

- A. Monthly Statistical & Performance Report
- B. Weekly Crane and Ice Report
- C. Deep Water Dock Report
- D. Pioneer Dock Report & Ferry Landings Report
- E. Water Usage Report
- F. Email from Bruce Hess RE: CIP Recommendation
- G. 2014 Commission Attendance Schedule

Harbormaster Hawkins and the Commissioners briefly discussed the email from Bruce Hess of Puffin Electric regarding the system 5 losing flotation freeboard. Harbormaster Hawkins said they have been adding flotation to the floats for years. He wouldn't classify system 5 as being in trouble, but they are keeping an eye on it. A third of the floats have lost their concrete bottoms and the billets absorb water, they also get growth on them, which pull them down. He is trying to get to a fall conference that will have a segment on this issue with a speaker from Bellingham Marine Industries, who manufactured that float system. There will also be presenters who have been working the problem. Harbor staff has some ideas and he would like to know what others have done. It's a good suggestion for a place holder on the CIP, but at this time there isn't a plan or a cost estimate.

COMMENTS OF THE AUDIENCE

City Manager Wrede said he appreciated hearing their discussion about the rate structure and what to do to stay afloat there. He agrees that getting information out early to large vessel owners, as well as the other users, is important. He suggested some kind of informational campaign to explain why this is necessary; and further suggested they try to explain this is enterprise fund that needs to run like a business and they have to protect the infrastructure. From that perspective it might help people understand.

COMMENTS OF THE CITY STAFF

Harbormaster Hawkins talked about a letter they received from a water taxi operator regarding the handling of the situation when there was a gas leak and had to do a partial evacuation of the spit. In the letter he expressed that he didn't feel like there was enough information out there for people at the harbor to figure out what they needed to do and that a better effort could have been made to get the word out and also to get an all clear message out there. Mr. Hawkins reviewed the actions that happened and efforts that took place and acknowledged that there is always room for improvement.

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Harbormaster Hawkins also passed around a picture of the work being done on the expansion of the Mariner Memorial parking lot. Discussion ensued regarding parking. Commissioner Donich commented about the concern of a harbor user regarding the lack of organization in the gravel parking areas and the possibility of chalking lines in those lots.

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

None

COMMENTS OF THE CHAIR

Chair Ulmer thanked everyone for a good meeting tonight.

COMMENTS OF THE COMMISSION

Commissioner Hartley said it was a good meeting and we got some stuff established that will help them for a long time.

Commissioner Howard agreed and looks forward to more information to get them better informed about the workings of the municipality we live in.

Commissioner Zimmerman thanked City Manager Wrede for working with them on the lease committee concerns in a way that will help everyone.

Commissioner Donich appreciated the discussion tonight. The rate increases are a big bone to chew on and he thinks they are working towards getting everyone aware of the situation, getting facts out there, and people will be able to comment.

Commissioner Carroll thanked everyone for a good meeting.

ADJOURN

There being no further business to come before the Commission the meeting adjourned at 7:47 p.m. The next regular meeting is scheduled for Wednesday, July 23, 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: _____