

Session 15-08, a Regular Meeting of the Port and Harbor Advisory Commission was called to order by Chair Ulmer at 6:00 p.m. on July 22, 2015 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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

STAFF: HARBORMASTER HAWKINS  
DEPUTY CITY CLERK JACOBSEN

### **APPROVAL OF THE AGENDA**

HOWARD/HARTLEY MOVED TO APPROVE THE AGENDA AS PRESENTED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

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

Miranda Weiss, city resident commented in support of building maritime pavilion on the old harbormaster building lot after the building is removed. In the last month since they presented the idea to the commission, she has talked to community members about it and support is growing. She encouraged the commission to decide whether it's something they support as it would give them direction on how to proceed from here. She feels like this is the time to think about the project and re-imagining the space while there is momentum around harbor improvements. It's a good time to think of a community project in that space.

Mako Haggerty, non-resident, supports the pavilion idea and it would be good for the group to know what the commission thinks so they know what to do next. He would hate to just see cars parked there. He suggested that it would most likely qualify for some cruise ship funds. Mr. Haggerty also commented in support of looking at a new moorage rate structure. For the size of the harbor and the money needed for improvements we need to take a closer look at a new rate structure. He doesn't know what it is, but for the amount of money that the harbor generates, it would be worth hiring a consultant to assist them. He has heard the cost of \$15,000 batted around and while it sounds like a lot, when it's compared to what the harbor will generate over the next ten years, it would be a drop in the bucket. He would like to see several options of what it could look like.

### **RECONSIDERATION**

### **APPROVAL OF MINUTES**

A. June 24, 2015 Regular Meeting Minutes

HARTLEY/HOWARD MOVED TO APPROVE THE MINUTES

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 July 2015

Harbormaster Hawkins reviewed his staff report.

Commissioner Zimmerman commented on his understanding that lessees are responsible for improvements created by assessment districts. They are long term improvements that benefit the property long after the lessee has them. He doesn't think it's fair that the lessee has to pay the assessment. He asked how much the city is on the hook for with the natural gas assessments for lots on the spit. Harbormaster Hawkins responded \$220,000.

Commissioner Carroll asked if there was discussion with the state electrical inspector regarding relief from having to put in new transformers relating to system 5 electrical improvements. Harbormaster Hawkins responded there was discussion and the state is set on their decision and policy that will be implemented on any new installations throughout the state.

Commissioner Hartley commented regarding the parking numbers included in the staff report. At \$5 per day those three days would have netted approximately \$25,600. There was brief discussion about parking boundaries.

## **PUBLIC HEARING**

## **PENDING BUSINESS**

### A. Harbor Rate Increase Proposal

HOWARD/HARTLEY MOVED TO HIRE NORTHERN ECONOMICS TO PREPARE A GRADUATED RATE STRUCTURE FOR THE HARBOR AT A COST NOT TO EXCEED \$20,000 AND THAT THE STUDY BE COMPLETED NO LATER THAN NOVEMBER 1, 2015 AND REQUEST HARBORMASTER HAWKINS PREPARE THE NECESSARY DOCUMENTS FOR THIS CONTRACT.

Commissioner Howard explained that the resolution the commission sent forward has an implementation of October 2016, so it needs to be included in this year's budget process to make it happen. This group doesn't have the time or the expertise to do the study and determine what the graduated rate structure should look like. We should hire a professional that's a short distance away to prepare the recommended numbers to apply to the harbor. Based on the projected harbor income

over the next 10 years, the cost of the consultant to get the allocation correct is a small amount of money to spend.

Commissioner Donich expressed the need to define guidelines for the consultant as there are different ways to approach it. He believes everyone's rate should go up, not some increasing and some decreasing.

Commissioner Carroll expressed the need to look at the whole system and not just focus on the stall owners. He expressed his frustration at the change of direction the commission is taking from the initial draft resolution that included a 2% increase along with the 2.5% CPI increase per linear foot for all vessels, and also his opposition to a graduated rate structure and to the increases to the larger vessel owners. He believes a flat increase per linear foot is the appropriate way to proceed.

Commissioner Stockburger agrees with Commissioner Carroll. He added that big boats are taxed in a lot of different ways and bring money in by these other fees they have to pay and the smaller boats have less of these fees they have to pay. That is something that needs to be considered in the rate study.

Commissioner Hartley reminded the group that the additional fees, like sales tax, don't benefit the enterprise.

Commissioner Zimmerman noted the previous resolution had an increase that resulted in a \$60,000 shortfall they were going to try to make up from other revenue sources. There are other moneys coming in and the potential of the parking fees could make up the shortfall. That was what they were considering with the first resolution. We are close to our goal with the 2% increase plus the CPI. He does not support the graduated rate scale.

Harbormaster Hawkins expressed his feeling that staff and the commission have done as much as they can with developing rates. If we are going to get a valuable tool we need to bring in someone who has worked throughout the harbors helping set rate schedules and structures. We've done a lot of ground work which will help keep cost down, but we are at the place now where he's over his head and where the commission can be effective at trying to establish a rate without tearing each other up. He added that Northern Economics has done several different projects for the city and he has read the work they have done for other harbors like Kodiak, Sitka, and Wrangell.

The group stated the following guidelines for the study:

- Rates will not go down for any class of vessel
- Rates will vary depending on class of vessel
- An implementation period of five years for larger vessels who could see a more significant increase
- Hold a scoping meeting with Northern Economics before they are given a contract

There was further discussion reiterating:

- the process the Commission has gone through to this point
- the opposition for the graduated method particularly regarding larger vessel moorage rates, reiterating the need to find the most fair and equitable rate for moorage

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- the need to find other revenue to make up the shortfall
- the need to increase the harbor reserves

HOWARD/DONICH MOVED TO AMEND THE MOTION TO ADD THAT THE HARBORMASTER SCHEDULE A SPECIAL MEETING WITH THE CONSULTANT SO THIS BODY CAN PROVIDE INPUT TO THE CONSULTANT IN PREPARATION OF THEIR PROPOSAL.

There was brief discussion that a special meeting be scheduled rather than waiting 30 days for their next meeting.

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

Motion carried.

ZIMMERMAN/DONICH MOVED TO AMEND TO ALSO HAVE THEM LOOK AT A STRAIGHT ACROSS THE BOARD INCREASE TO COMPARE THE TWO RATES.

There was discussion that it's a good idea to see and compare both options.

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

Motion carried.

Commissioner Carroll expressed this is redundancy in paying someone to do what they have already done. The initial report has very little consideration beyond moorage for additional incomes to the harbor. It should have been a broader study.

Harbormaster Hawkins commented the first study addressed the linear and square foot methods and we fully explored it. It was decided that we would move on to a graduated linear method of rates. The first study also gave us the guidelines we've been working with the goals of dollars we need to raise. In the first study we also asked them to separate out harbor infrastructure from different revenue centers and dealt with harbor float infrastructure. Asking them to develop a graduated rate and straight linear rate should be a doable and fairly easy project for them to do. He thinks it will be a value.

There was brief discussion about rates in Seattle and Bellingham Washington and noted that the rate methodology can vary depending on whether the harbor is run as an enterprise.

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

Motion carried.

There was brief discussion debating that the City isn't funding any reserves while the harbor is funding some and why there is such a big push for the harbor to fund at 100%.

B. Old Harbor Office Repurposing

The Commission discussed the project. Some comments related to the area being a prime location and it should be made available for lease. Others were in support of the improvement with a small stipend from cruise ship funds but not using city money.

The general consensus of the group was that a pavilion on the spit would be a benefit for a lot of reasons and that stepping back and looking at the big picture. They should envision what they want it to look like moving forward.

**NEW BUSINESS**

A. Homer Marine Repair Facility

- i. Memo to Port & Harbor Commission from Port Director/Harbormaster Re: City of Homer's Marine Repair Facility Review of BMP's dated July 15, 2015
  - a. Homer Marine Repair Facility BMP's

Harbormaster Hawkins reviewed the memo in the packet and work done in preparing the best management practices for the Homer Marine Repair Facility. He reported that a Vessel Haul-Out Task Force meeting has been set to start the work needed to complete the document.

Commissioner Zimmerman commented about the insurance coverages suggesting that some of the levels are low compared to industry standards. He suggested looking closer at the coverages.

There was brief discussion of what the annual fee for vendors would be. Harbormaster Hawkins said he is open to suggestions, he thinks its \$500 a year in Kodiak. It was suggested that \$100 would be more reasonable.

Staff was commended for their good work on the document.

**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. Load & Launch Notice of Closure for Construction September 15, 2015
- G. USCG Decommissioning Ceremony dated June 4, 2015
- H. Resolution 15-044 Disbanding the Port & Harbor Building Task Force
- I. 2015 Council Meeting Attendance

It was noted that the stall wait list is growing.

**COMMENTS OF THE AUDIENCE**

There were no comments.

**COMMENTS OF THE CITY STAFF**

There were no staff comments.

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

**COMMENTS OF THE CHAIR**

**COMMENTS OF THE COMMISSION**

Commissioner Stockburger said one of the big things that crosses his mind in their zeal to be fair he hopes we don't lose some of the diversity we have in the harbor. He deals with a lot of the small boats but he knows the other end of the harbor helps pay for the nice facilities that we have on the end he uses more. He hopes they don't disenfranchise any user group out there in the process. Sometimes raising rates doesn't make more money.

Commissioner Donich said he didn't get a chance to talk during the discussion of the pavilion. He thinks it's a great idea and likes the idea of tying it in with some history. History is an important part of the harbor and people visiting are always hungry for it. He thinks it would be a great use of the space and supports it.

Commissioner Howard commented that there will be a presentation at the City Council worksession regarding the Deep Water Dock expansion.

Commissioner Carroll commented he had an opportunity to experience the haul out facility in Wrangell. It will be hard to compete with Wrangell because hauling out his 58 footer for a week and putting it back in the water was \$1000. Wrangell wants the business.

Commissioner Zimmerman and Hartley had no comment.

**ADJOURN**

There being no further business to come before the Commission the meeting adjourned at 7:46 p.m. The next regular meeting is scheduled for Wednesday, August 26, 2015 at 6:00 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: \_\_\_\_\_