

Session 11-10, a Regular Meeting of the Port and Harbor Advisory Commission was called to order by Acting Chair Howard at 5:00 p.m. on October 26, 2011 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONERS CARROLL, HARTLEY, HOWARD, WEDIN

ABSENT: ULMER, HOTTMAN, ZIMMERMAN

STAFF: PORT AND HARBOR DIRECTOR HAWKINS  
DEPUTY CITY CLERK KRAUSE

#### **AGENDA APPROVAL**

The agenda was approved by consensus of the Commission.

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

There were no public comments.

#### **RECONSIDERATION**

There were no reconsiderations scheduled.

#### **APPROVAL OF MINUTES**

A. September 28, 2011 Regular Meeting Minutes

The minutes were approved by consensus of the Commission.

#### **VISITORS**

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

A. Port and Harbor Director's Reports for October 2011

Harbormaster Hawkins reviewed his staff report.

In response to questions, Harbormaster Hawkins commented that there will be a little bit of cost savings from Port Maintenance shifting over from Public Works, but the employee wages have always come from the enterprise budget. It will result in a closer working team and they will be able to pool the resources when needed. Question was raised about a skimmer for oil spills in the harbor. Harbormaster Hawkins said there is one that he has been looking at made by the same company that makes a bilge cleaning device for boats.

Commissioner Carroll commented that the barge ramp is a model of capital improvements in the harbor. It didn't have to have engineering and they did a good job installing it. He raised the point that later they will be talking about \$3 million for the load and launch ramp, and the barge ramp cost about \$13,000.

B. Lease Committee

There was no Lease Committee report.

C. Port and Harbor Improvement Committee

Councilmember Wythe reported to the Commission that she did a presentation to City Council and concerns expressed at the meeting were that this process seems like it was fast tracked. She explained that Council approved moving forward with the process and there was no intention of not bringing this to the Commission. The Port and Harbor Commission will be an integral part of the process, but for the initial committee function, the purpose was to determine if it was a financially viable concept to consider bonding at all. She felt she had explained that when she spoke to the Commission before. She explained that she chose items off the CIP that seemed viable and had been on the list for a long period of time. Councilmember Wythe expressed that a primary concern to her is the nature and status of the Port and Harbor building. She doesn't think it is a safe working environment and she feels it is the City Council's responsibility to ensure employees have a safe working environment. The building is her number one priority. The other items need to be done, and reality tells us we are not getting any state or federal funding any time soon. Throughout the process they have found where matching funds may be available, but it still requires the City to have money to match. Councilmember Wythe noted how there is always talk about how vital the port and harbor is as an economic contributor to the City, yet we do nothing to achieve an acceptable level of maintenance for the port and harbor. If projects sit on the CIP list for three to five years waiting for funding, it is not responsible care and maintenance, especially if you feel it is an important economic contributor to the community, and it is time for us to step up and figure out how to do the projects to get it up to a more acceptable standard. She explained the port and harbor's mission plan. It is their purpose as an enterprise fund to use the expenses for the operation and maintenance of the port and harbor and those expenses should be derived from the users of the facility. In exchange for those fees the mission of the port and harbor has been established to be providing a safe port and harbor facility for commercial clients, recreational users, and the general public; to maintain the facility in a cost effective manner; and to administer tariffs and procedures fairly and equitably to all users. In looking at the facility and the unsafe or marginal working environment for employees and public who come in daily to conduct business, it doesn't meet the primary objective. She pointed out that the fees being charged presently are not maintaining the harbor as it exists today, neither the maintenance nor any improvements. The fees are not appropriate with the level of service we are already providing and people frequently ask for better levels of service.

Councilmember Wythe explained that the Committee looked at how to go from where we are, to where would like to be and need to be, in order to be a viable port within the state, attracting and retaining services to the harbor. There was discussion with a bond agent who explained the process for revenue bonding. It is an information piece that will need to come

to the Commission so they will have an understanding as well. In order to establish a bond there needs to be 1.25% of the annual repayment sitting in a reserve fund at the beginning. Secondly a history needs to be developed of revenues to make the bond payment. As the committee considered the bonding process they also identified other projects that need to be taken care of in the harbor and after further consideration looked at what could be done with the amount that could feasibly be bonded for, which is about \$5 to \$6 million. The only item on the list that went to Council that does not have a leveraging option was the port and harbor building. She reviewed the list and the leveraging opportunities each has ranging from a 50% match to even less in some cases. She explained the ranking process the committee used which included health and safety issues, availability of leveraging monies, economic development stimulation, increased revenue potential, improvements in service, and an identifiable revenue streams for users. The committee's recommendation to Council shows what they felt would be financially feasible and would have a nominal financial impact to the harbor users spread over a period of time. Things that still need to be worked out is the best way to increase rates, how to acquire bond funds in a staged manner, re-evaluation of project costs, consideration of other partners like potential lessees of space in new harbor building making it revenue producing, and potential tenants. Her last point to City Council was that if the City wants to consider the port and harbor to be the jewel in our economic crown, then it becomes really important that we invest some time, energy, and effort into knocking off the grime and restoring the gems. These improvements are important if we want to promote it as an economic engine for the community.

Chair Ulmer commented that there are good things in the proposal and it is important to remember the users haven't really been paying for the maintenance and they need to. City Council will need to educate the public. She said she spoke to the owner of the El Pescador building as it had been for sale in the past. For about a third of what it would cost to build a new harbor building, we can recycle and reuse that building. The Commission had a vision of the harbor office being on an overslope, but that is likely 5 or more years out. Councilmember Wythe noted those are ideas the committee talked about as well.

Commissioner Wedin thanked the committee for their work. He expressed that he was surprised when he heard all this was going on, and has since been doing some research. While he doesn't quite understand the bonding process, he recognizes that it is a lot of money and a huge increase to the users. As ambassadors to the other users in the harbor, the Commissioner's hear all the time that we can't raise the rates. He knows the users enjoy low rates comparatively. He commented that this is work the Commission has done over the years and sent resolutions and letters to Council asking for these things, with exception of the harbor office, he questions the grand idea that is presented. He suggests cutting the bonding request in half and funding the top 4. The erosion control is important but there may be other funding mechanisms for it. Lowering the scope would make it more palatable and consider the harbor office as something for the whole community to take on. He appreciates the need for the employees at the harbor office to have a safe working environment, but thinks it is a place that is used on a community level more so than just harbor users. He noted that he is not in favor of subleasing the space. If people are interested in being at the harbor, they can

answer an RFP to lease space and produce their own buildings, as it has worked well for others on the spit. Councilmember Wythe responded that she appreciates the comments but in the absence of the harbor and its users, there would be zero need for an office, so 100% of the need of the office and employees to exist is attached to the harbor enterprise fund. Regarding subleasing she said a lot of state and federal organizations don't build a building and will establish themselves in leased space. The City has been approached from organizations who understand a new building may be built and want to establish a presence in the community. Looking in to ways of bringing in users to help offset costs is a way to help save costs to the users.

Commissioner Zimmerman commented his thoughts are pretty consistent with Mr. Wedin's. He questioned what is unsafe about the building. Councilmember Wythe explained her understanding there have been electrical issues resulting in minor fire issues, which needs to be addressed. Mr. Zimmerman suggested re-wiring the building, painting it, and using the building until the harbor is expanded and put a new office between the two harbors. He is in favor of all the improvements on the list with the exception of the harbor office. We don't need to showcase a new office when revenues are going down and we can't afford it. He takes issue with subleasing in that the City has continuously stood in the way of people wanting to sublease a part of their lease out there and were told they couldn't do it without paying money to the City, and then the City comes in and says its okay for them to do it. He thinks everyone needs to be on a fair playing field. He thanked the Committee for their work.

Councilmember Wythe commented that Council has revisited the lease policies as they pertain to the lots on the spit and has been working diligently for improving the overall ability for the port and its areas to be revenue for the community and allowed for some different opportunities for subletting. She is a 40 year resident and has been on Council for 8 years and while she is frustrated by the way politics work, she wants to see the community grow, thrive, and survive. She wants to see us do things at the port and harbor that are going to support and encourage that. In addition we have a responsibility to provide a reasonable working environment for our employees.

Commissioner Carroll questioned whether some of this could be addressed through the fees that are being collected now, as his understanding is that is what a portion of their fees is for. He is also under the impression that the revenues are up. Harbormaster Hawkins responded that the goal of the enterprise is to take fees and pay operations costs and put money in reserves for future repairs. The core issue is that we have \$44 million worth of property out there we are responsible to maintain. We have a reserve account of just over \$2 million and we contribute annually but the reserve should be at \$10 million. We should be contributing about \$1.5 million annually and at that level, the repairs could be funded one project at a time. That isn't what is being done. We aren't charging enough for our services, therefore not funding enough for repairs. That's how we got to where we are now. Regarding revenue he responded that they are indeed up, but expenses are up as well, for example when he first took over as director, fish dock electricity was \$107,000 for the year and now its \$145,000. He briefly explained his budgeting process, forecasting revenues, and how it

affects retained earnings. Commissioner Carroll expressed his concerns are similar to Mr. Wedin's as well and doesn't feel like it is going to be a good sell to the Commercial fishermen. He will be weighting his opinion on projects that will be income producing. He feels a large boat haul-out is a project to include adding that it would be a significant income producer. Harbormaster Hawkins added that another factor in the committee's consideration of projects was the ability to leverage the load with grant monies. The Municipal Harbors Grant Fund monies are only available for infrastructure that already exists and meets specific criteria, like floats and gangways. Something new can't be built with it.

There was discussion of a previous Commission action regarding a 3% rate increase and what amount would be needed to take care of the maintenance. It was recognized that there needs to be good public education and community involvement. The last harbor project was in 2002 when the TORA project was completed with state funding to fix the harbor after it was deeded to the City. Harbors statewide are struggling with the issues that the harbors were worn out when they were deeded over. It was reiterated that public awareness and education is going to be key to get users involved.

#### **PUBLIC HEARING**

There were no public hearing scheduled.

#### **PENDING BUSINESS**

No pending business items were scheduled.

#### **NEW BUSINESS**

No new business items were scheduled.

#### **INFORMATIONAL ITEMS**

- A. Monthly Statistical & Performance Report
- B. Deep Water Dock Report
- C. Pioneer Dock Report
- D. Pioneer Dock Ferry Landings Report
- E. Weekly Crane and Ice Report
- F. Water Usage 2011
- G. Memo to Port and Harbor Commission from Port Admin. Secretary Re: AAHPA Conference Results dated October 19, 2011
- H. Letter to Port and Harbor Commission from Peter Zimmerman and Bill Lovett Re: Harbor Improvements date October 11, 2011
- I. Strategic Plan
- J. Lease Expirations as of 2/17/11
- K. Commissioner Attendance Schedule for City Council Meetings

### **COMMENTS OF THE AUDIENCE**

Dave VanZanten commented that he just moved in to town from Bear Cove and he went in yesterday to try to lease a slip for his boat for 6 months. The cost was around \$500 and he couldn't afford the fee. He asked personnel if he could pay it in installments and they told him no, that it has to be paid up front. He said he has been a harbor customer for 40 years and in looking at his record they would see he has paid everything he owned without late fees. He wonders if something could be changed to be able to make installments for people on a fixed income. When he was in the harbor office, it looked like everyone had enough space to do their job, with plenty of light, nice and warm, and a solid floor. It didn't look to him like his rates should have to go up because of the office. It is fine to him. If there is to be an new office he agrees that it should be up high, above a new Pier 1 theater and a parking garage. The Pier 1 being a tsunami refuge was also part of his daydream. If we are going to encourage more people to be out there it would be a good idea. He said he doesn't want the oil rig to come into the port in January. Regarding parking fees he feels like the south siders and deckhands have been discriminated against. The summer time kiosk people are the ones causing the congestion, not him, and they are getting a free ride. Widen the net to bring everyone in on parking, and then there might be money for improvements.

### **COMMENTS OF CITY STAFF**

Harbormaster Hawkins said they should put parking on the next agenda to review this last year's result. He will include in the packet letters that came through so they can see if there are things that will make it better. He also noted HB 184 which has to do with fish tax, is one that needs the Commissions push and will include it in the next packet. It is getting momentum and it has is being done in a way that no one really loses, makes it more equitable and fair, and definitely benefits Homer. It would be a revenue source that would go to port and harbor revenues and we would see big results from it. He will also note the Representatives to be contacted.

### **COMMENTS OF THE COUNCILMEMBER**

There was no Councilmember in attendance.

### **COMMENTS OF THE CHAIR**

Chair Ulmer expressed her appreciation for everyone's input on what is going on here. The bond will help us get it done. There were some questions about Chair protocol and outlined the order of precedence is based on Commissioner's seniority when the Chair and Vice Chair are absent. There was also brief discussion about the OMA. She would also like to address changing meeting times to meet at 5 p.m. in the winter and 6 p.m. in the summer. She added that Dave Brann would be a the Pratt Museum later that evening to talk about Water Trails.

### **COMMENTS OF THE COMMISSION**

Commissioner Hottman thanked the members who participated on the committee. It's a good thing. He is unavailable to meet on the 16<sup>th</sup> but could meet earlier in the month.

PORT AND HARBOR ADVISORY COMMISSION  
REGULAR MEETING  
OCTOBER 26, 2011

Commissioner Zimmerman said he would like to include discussion of ranking of projects by the Harbor Improvement Committee. He proposed a meeting date of November 9<sup>th</sup> as other members would be absent at the 16<sup>th</sup> meeting. Everyone was in agreement with the exception of Commissioner Hartley. He thanked the committee members for their good work, there are just a few things to hash out on it.

Commissioner Wedin thanked the committee; it was a heavy and aggressive schedule. He thanked Bryan, Matt Clarke and the other staff for saving his boat this morning from almost destroying the Dragonfly. He was embarrassed that he hadn't been down to check the lines and it had broken free.

Commissioner Carroll thanked the members of the Committee and he liked Mr. VanZanten's idea of a two layer parking garage.

**ADJOURN**

There being no further business to come before the Commission the meeting adjourned at 6:08 p.m. The next regular meeting is scheduled for Wednesday, November 9, 2011 at 5:00 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: \_\_\_\_\_