



Homer City Hall

491 E. Pioneer Avenue

Homer, Alaska 99603

www.cityofhomer-ak.gov

City of Homer Agenda

City Council Worksession

Monday, March 14, 2022 at 4:00 PM

In Person at City Hall Cowles Council Chambers and Zoom Webinar

<https://cityofhomer.zoom.us/j/96586314135?pwd=WTdvVHdDVmxxZlJwaC9ZNmFYlZ3dz09>

Dial: (669) 900 6833 or (253) 215 8782 or Toll Free (888) 788 0099 or (877) 853 5247

Webinar ID: 965 8631 4135 Password: 792566

CALL TO ORDER, 4:00 P.M.

AGENDA APPROVAL (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual, pg. 6)

DISCUSSION TOPIC(S)

1. State Operating Budget

-Update on how process works and what's happening

2. City's Legislative priority projects Update on their funding status

3. Other CIP projects we may have the opportunity to fund

4. Opportunities to support City priorities

-Resolutions

-Public testimony

-Public engagement

5. General legislation update

COMMENTS OF THE AUDIENCE (3 minutes)

ADJOURNMENT NO LATER THAN 4:50 P.M.

Next Regular Meeting is Tuesday, March 29, 2022 at 6:00 p.m., Committee of the Whole at 5:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.



City of Homer

www.cityofhomer-ak.gov

Administration
491 East Pioneer Avenue
Homer, Alaska 99603
(p) 907-235-8121 x2222
(f) 907-235-3148

Memorandum

TO: Mayor Castner and Homer City Council
FROM: Jenny Carroll, Special Projects and Communications Coordinator
DATE: March 10, 2022
SUBJECT: March 14, 2022 Legislative Worksession with J&H Consultants

The purpose of this memo is to present materials for the upcoming Legislative worksession with J&H Consultants.

Attached is a power point presentation compiled by Christine Hess and Reggie Joule (of J&H Consultants) to update City officials on the current State budget process, the status City of Homer Legislative priorities, work completed to date and ways we can work together to promote Homer's priorities through the Legislative budget process.

Also attached is a memo from Senator Stevens & Representative Vance presenting District 31 Capital Requests to the Senate and House Finance Committee Co-Chairs of the Senate and House Co-Chairs. Four City of Homer CIP projects are in the prioritized list. Descriptions of those projects (which have been shared with our District 31 representatives and thirteen state representatives in Finance committee and leadership positions) are also attached to this memo. During staff meetings with legislators in Juneau, staff also promoted the Water Storage/Distribution Improvement project from the mid-range project section of the CIP. (Description attached.)

The background of the slide features a photograph of a classroom. In the foreground, the back of a young girl with dark hair in pigtails, wearing a red shirt, is visible. Behind her, several other children have their hands raised in the air, some pointing upwards. In the background, a chalkboard is filled with faint, illegible chalk writing. The entire image is overlaid with a green geometric pattern consisting of various shades of green and black shapes.

J&H Consulting

**Legislative
Update for City
of Homer
March 2022**

Operating Budget Process:

- ▶ Operating budget starts in the House, Capital budget in the Senate.
- ▶ Subcommittees meet for each state department and make recommendations to House Finance.
- ▶ House Finance decides which recommendations to accept, and then issues a committee substitute (CS).
- ▶ Public testimony is taken. Finance members then introduce their own amendments.
- ▶ WE ARE HERE: This year, a pause is taken as legislators wait for a new revenue forecast to come out on March 15th.
- ▶ House Finance will make further adjustments after receiving the new revenue forecast.
- ▶ The CS bill passes out of House Finance and is introduced on the House floor. More amendments are introduced, the bill is debated, approved, and passed to the Senate; this typically takes a week. The same process takes place in the Senate, where senators add in their important items.
- ▶ The Senate votes to pass, and the changed bill goes back to the House for a concurrence vote, which generally fails.
- ▶ Differences between the two budgets are worked out in a conference committee.
- ▶ When the operating budget passes over to the Senate, Senates sends Capital budget to the House in exchange.

Operating Budget:

- ▶ Fully recapitalized Community Assistance, including a supplemental appropriation for this year, bringing the fund back to \$90 million; will pay out \$30 million in FY23, then again be recapitalized.
- ▶ Fully funded Community Assistance for FY 23, with an additional \$7.1 million to fully fund the current FY 22 payment.
- ▶ Kept full funding of School Bond Debt Reimbursement and the REAA fund for FY 23, but also included a supplemental appropriation to pay the full amount that should have been paid in FY 22. REAA funded at \$17.1 million and the School Bond Debt Reimbursement at \$48.5 million for FY 22.
- ▶ **Increased Community Jails by \$4 million.**

Added \$1.5 million funding for public broadcasting for rural stations.

Added \$50 million to public education for a one-time increase outside of the BSA if there is no BSA increase through legislation; \$2.5 million for Pre-K.

Added \$60 million for oil and tax credits for FY 22 to make the payment whole.

Swept funds from last year are replaced, including the Higher Education Investment fund that provides for scholarships.

PFD of \$1,250.00 plus a proposed energy relief check of \$1,300, may be higher.

Places limits on Governor's ability to spend federal funds.

We are just beginning, long way to go.

OPERATING AND CAPITAL BUDGETS:

Capital Budget and GO Bond:



Capital budget is in Senate Finance. A new CS will come out after March with representatives' priorities added.

Federal funding will be in a separate bill.

G.O. Bond is on the shelf for now, but it may be an end-of-session negotiating tool with many changes.

Conversation about a \$35 million add to bond package for port expansion and large vessel haul out. Long shot...



Capital Budget Project Priorities

1. New Large Vessel Harbor
\$750,000 State match for
General Investigation

2. Slope Stability & Erosion Mitigation
(Green Infrastructure) Program
\$3.7 million

3. Barge Mooring & Large Vessel Haul
Out Repair Facility
\$5 million

4. Homer Spit Coastal Erosion
Mitigation
\$750,000 State match for
General Investigation



Alaska Drinking Water Fund SFY22 Project Priorities

Mission Road Water Main Extension
\$2.1 million

West Hill Road Water Trunk Line
\$2.8 million

Bunnell-Charles Way Water Main Extension
\$509,167

Tasmania Water Main Extension
\$469,874

Sterling Highway Water Main Extension
\$187,719

Asset Management System Upgrade
\$86,250

Water System Model Upgrade
\$23,150



Working Together:



Homer's projects are in the legislative system and on the local representatives' internal priorities list. (See Representative Vance memo in packet).

Met with 13 state representatives (Finance and leadership) and presented Homer's capital projects, including information on critical water infrastructure projects.

Met with Department of Transportation Commissioner and Deputy Commissioner. Erosion control funding.

Met with Rear Admiral Moore and Coast Guard staff.

Follow up meetings with Sen. Stevens, Rep. Vance, DOT and others. Will maintain constant outreach.

Need to check back with Alaska's Congressional delegation and watch federal grant money.

Continue involvement with Homer team and Council Members, meetings and public/written testimony

Bills:



- ▶ **HB 358:** Extends the state Renewable Energy Fund for ten years from its current termination on June 30, 2023, to the same date in 2033. This bill is moving fast.
- ▶ **SB 175/HB 265:** Allows medical providers to do consultations by telehealth, which was allowed while the state was under a pandemic health emergency.
- ▶ **HB 220:** Adds a Tier V defined benefit option for some types of employees. HB 55 (similarly creating a Tier V DB option, but only for public safety) has already passed the House, so if these move forward they will depend on the Senate - and likely Finance - for support.
- ▶ **HB 363:** Enabling legislation for a state broadband office, creates a broadband advisory board, and creates a mechanism for broadband support where costs are high.
- ▶ **HB 259 and SB 200/HB 260:** 25/75 or 50/50 split proposals for Permanent Fund earnings.

Bills:

- ▶ **HB 30:** Updates workers comp benefits. New amendments should help make necessary adjustments to benefits without being overly burdensome.
- ▶ **SB 131:** Breast cancer added as a presumption of compensability for firefighters.
- ▶ **SB 9:** Sen. Micciche's rewrite of Alaska alcohol statute.
- ▶ **HB 3:** Adds cybersecurity to the definition of disaster for access to disaster relief funding. Passed House, Senate concurrence.
- ▶ **HB 54:** Creates an Invasive Species Council within the Department of Fish and Game to help eradicate/manage invasive species. Passed House, in Senate.
- ▶ **HB 28:** This legislation removes duplicative registration and numbering requirements for active commercial fishing, tender, and processing vessels, by allowing certain vessels licensed by Commercial Fisheries Entry Commission to bypass additional DMV registration requirements. The proposed effective date of this legislation is January 1, 2022. Passed House, in Senate Finance.
- ▶ **HB 272/HB 273,** increase school funding; **SB 111/HB 164,** Pre-K and Reading bills, important for end negotiations. **SB 34,** Tribal Compacting.



**Quyanaqpak and Taikuu!
Working together to advance
the priorities of the City of
Homer**

Alaska State Legislature

Senator Gary Stevens

Session Address:
Alaska State Capitol, Room 103
Juneau, Alaska 99801-1182
Phone: (907) 465-4925
Senate District P



Representative Sarah Vance

Session Address:
Alaska State Capitol, Room 424
Juneau, Alaska 99801-1182
Phone: (907) 465-2689
House District 31

Memorandum

DATE: March 3, 2022

TO: Senator Click Bishop, Co-Chair
Senate Finance Committee

Representative Kelly Merrick, Co-Chair
House Finance Committee

FROM: Senator Gary Stevens
Senate District P

Representative Sarah Vance
House District 31

RE: Capital Budget Requests

Per your instructions, attached are the Capital Budget requests for District 31.

Following are seven projects for your consideration. The district projects are listed in order of priority.

- Homer – New Large Vessel Harbor: Matching Funds for Army Corps of Engineers General Investigation - \$750,000 - TPS Report #65899v1
- Kenai Peninsula Borough – Fox River - Road Service Area: Basargin Road Upgrade - \$3,200,000 - TPS Report #67051v1
- Homer – Slope Stability & Erosion Mitigation Program - \$3,725,000 - TPS Report #64206v1
- Homer – Barge Mooring & Large Vessel Haul Out Repair Facility - \$5,000,000 - TPS Report #64471v1
- Homer – Spit Coastal Erosion Mitigation - \$750,000 - TPS Report #66686v1
- Kenai Peninsula Borough – Road Service Area: Anchor Point Flood and Storm Water Mitigation Project - \$1,800,000 - TPS Report #67058v1
- Kenai Peninsula Borough – Expansion and Renovation of Western Emergency Services Station 3 - \$3,200,000 TPS Report #67068v1

If you should need further information or have any questions, feel free to contact our offices.

Thank you for your consideration of these projects.

Official Memo

All Capital Projects Submitted By Representative Vance - District 31

FINAL D-31 2022 Capital Project Priorities

Project	State Funding Requested	Total Project Cost	Duration	Local Process	TPS Number
1. Homer - New Large Vessel Harbor: Matching Funds for Army Corps of Engineers General Investigation	\$750,000	\$3,000,000	On-Going	Y	65899v1
2. Kenai Peninsula Borough - Fox River- Road Service Area: Basargin Road Upgrade	\$3,200,000	\$3,200,000	One-Time	Y	67051v1
3. Homer - Slope Stability & Erosion Mitigation Program	\$3,725,000	\$4,850,000	On-Going	Y	64206v1
4. Homer - Barge Mooring & Large Vessel Haul Out Repair Facility	\$5,000,000	\$5,297,626	One-Time	Y	64471v1
5. Homer - Spit Coastal Erosion Mitigation	\$750,000	\$3,000,000	On-Going	Y	66686v1
6. Kenai Peninsula Borough - Road Service Area: Anchor Point Flood and Storm Water Mitigation Project	\$1,800,000	\$1,800,000	One-Time	Y	67058v1
7. Kenai Peninsula Borough - Expansion and Renovation of Western Emergency Services Station 3	\$3,200,000	\$3,200,000	One-Time	Y	67068v1

FINAL D-31 2022 Capital Project Priorities Total: \$18,425,000



CITY OF HOMER

Ports & Waterways Capital Project

LARGE VESSEL PORT EXPANSION



This project seeks \$750,000 in State matching funds to complete a US Army Corps of Engineers General Investigation study of constructing a new multi-modal port on a natural ocean shelf to the north of Homer's existing Small Boat Harbor for for 60-100 large vessels.

Homer, the marine industrial and transportation hub for Southcentral and Western Alaska, is strategically located to serve national, state, regional and local needs. It offers road connection, daily air service, reliable telecommunications and renowned marine trades services. Expansion fills unmet moorage, maintenance and repair needs which currently send Alaska's marine industrial, cargo and commercial fishing fleet to ports in the Lower 48. Expansion also provides layover facilities required by the US Coast Guard fast cutters and other ships engaged in the Arctic Security Mission.

THE NEED

The large vessel fleet utilizing Homer Harbor has grown by 42% in the last 15 years; the length of vessels requesting moorage has doubled, filling the harbor beyond capacity. Many large vessels are turned away and travel to the Lower 48 to overwinter and complete maintenance. This comes with significant operating costs for Alaska's marine industrial fleet and significant job and revenue losses for the state.

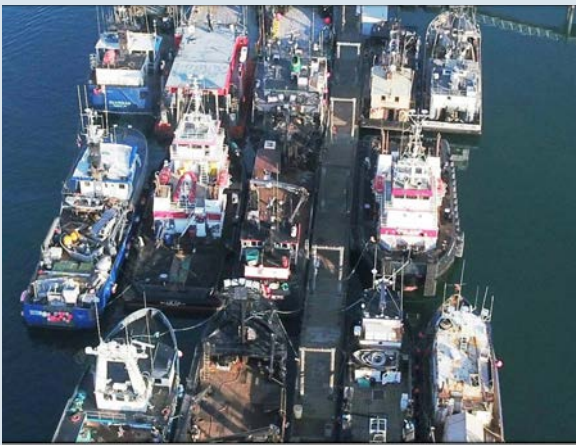
Due to shortage of moorage space and high demand, large vessels are rafted two and three abreast in the Harbor causing costly travel delays for the fleet and increased maintenance and repair costs for harbor systems working beyond capacity. Travel lanes are constricted and traffic congested which presents navigational hazards, especially when small private boats are sharing tight travel lanes.

Port expansion will meet market demands of the marine industrial transportation sector, address navigational hazards and capture economic opportunities currently being lost while simultaneously advancing Alaska's (and the nation's) competitive position. This project will positively impact the lives and livelihoods of countless Alaskans through job creation, economic development and benefit national security interests well into the future.

THE LARGE VESSEL PORT SUPPORTS ECONOMIC DEVELOPMENT IN ALASKA

- Create Alaskan jobs by an estimated \$2.75 million annually;
- Provide layover, provision, maintenance and over-winter options to marine industrial vessels to capture an estimated \$3.5 million lost annually due to Alaska's lack of moorage space;
- Support and advance national security interests by accommodating layover, repair and provisioning needs of US Coast Guard ships deployed under the Arctic Security mission and a level 3 Ports, Waterways and Coastal Security station.
- Serve as a backup port for marine transportation & delivery critical for Alaska's resilience and recovery in the event a major disaster disables the Port of Alaska.

**OVER A 50-YEAR PERIOD
THE COST OF DOING NOTHING
CARRIES A PRESENT DAY VALUE OF
\$93 MILLION**



High demand keeps large vessels rafted two and three abreast in the harbor. Additional vessels seeking moorage are turned away causing economic opportunity and job losses.



A Section 22 Navigational Improvement study completed in 2019 by the USACE and the City of Homer showed a preliminary Benefit Cost Ratio (BCR) of 0.9 to 1.0, confirming that the project meets national thresholds for Federal investment and that proceeding with a General Investigation Study (GI) is warranted. A GI will provide additional data for the BCR analysis and will consider design alternatives, which USACE predicts will increase the BCR beyond the range estimated in the PAS Report.



INVESTMENT

Based on the positive results, the USACE recommends advancing this project by completing a \$3 million General Investigation feasibility study (GI). Project costs would be shared under a three-way partnership: 50% Federal, 25% State, 25% City of Homer.

The City and USACE have formally expressed intent to fund the GI.

Ordinance 20-06, adopted by Homer City Council on Feb 10, 2020 commits the City's share by appropriating \$750,000 from the General Fund Balance.

USACE Col. Delarosa ranked Homer Port Expansion as Alaska's #1 budget priority for new starts in their Federal budget request.

Alaska's Congressional delegation supports the project; they sent a letter to the US Department of the Army requesting project funding from the recently enacted Infrastructure Investment and Jobs Act and Federal authorization to begin the new start GI.

The City is formally requesting that the State of Alaska Department of Transportation rejoin the project partnership originally formed in 2007.

State partnership includes contributing \$750,000 in State matching funds and providing expertise and input on design and construction.

Once completed, the GI provides all the economic, environmental, geophysical, and engineering analysis necessary to develop a final cost to benefit ratio (BCR) and brings the project to shovel-ready.

Inclusion in a State G.O. Bond package and the Federal infrastructure bill could provide important construction funds.

Momentum on this project is great and now is the time to capture economic opportunities currently being lost while simultaneously advancing Alaska's competitive maritime position.

Combined, our agencies' strengths and expertise can propel this project through feasibility to completion.

STATEWID BENEFITS

Boosts Alaska's economy

Returning and retaining vessels in Alaska means big business. In 2011, when Coastal Villages Region Fund investigated the possibility of returning its fleet to Alaska, they found that they spent \$20 million annually for moorage, vendor support, and maintenance work performed in Seattle, in addition to \$2 million annually on air transportation for crews between Alaska and Seattle. Offshore Systems-Kenai is unable to moor its 200-foot vessels in Alaska and reports spending \$250,000 per round trip to go to Seattle.

This projects helps keep that spending in the Alaska economy. Residents who work on these vessels will be able to spend more time in Alaska, and all communities and industries that are dependent on these large vessels will benefit from lower prices.

Grows tourism

Homer is a popular destination for independent travelers who enter the state through our airports or via the Alaska Highway, stay longer than average in state, especially in Southcentral Alaska and the Interior, and spend 10% more money during their stay statewide than average.

Creates good Alaskan jobs

Returning vessels to Alaska creates living wage jobs and helps develop a skilled Alaskan workforce capable of meeting industry needs today and in the future.

Congress of the United States

Washington, DC 20515

December 13, 2021

Mr. Michael Connor
Assistant Secretary of the Army for Civil Works
Office of the Under Secretary of the Army
United States Department of the Army
108 Army Pentagon
Washington, DC 20310

Assistant Secretary Connor:

We are writing to express our support for the City of Homer's request for \$1.5 million for a new start General Investigation (GI) study to analyze the expansion of Homer's existing port and harbor. The City of Homer has committed \$750,000 in local cost share and the City has requested \$750,000 from the State of Alaska to complete the \$3 million, three-year GI study. The recently enacted Infrastructure Investment and Jobs Act (IIJA) provided supplemental appropriations to the U.S. Army Corps of Engineers (USACE) and directed the Army Corps to develop a work plan for the use of the funds within 60 days of enactment. We view this as an opportunity to make you aware of the merits of this project.

The City of Homer and the USACE recently completed a six-month high-level Planning Assistance to States (PAS) study that examined the project's feasibility. The preliminary Benefit Cost Ratio (BCR) of 0.9 to 1.0 confirmed that proceeding with a GI is warranted. The GI will complete all of the economic, environmental, geophysical, and engineering analysis necessary to develop a full BCR.

Centrally located in the Gulf of Alaska, Homer's multi-modal port is a marine industrial and transportation hub for Central and Western Alaska. Originally covering 16 acres when constructed in 1965, the city expanded the harbor to 50 acres in 1986 to meet commercial demand. Homer continues to see increasing demand for harbor use as the city has increasingly become a maritime commercial and transportation hub for the region. The GI is the first step toward constructing a purpose-built large vessel harbor.

Over the last 15 years, large vessel traffic in the harbor has grown 42 percent and the length of vessels requesting moorage has doubled. That growth trend appears to be continuing. The harbor hosts the second highest count of commercial fishing vessels in the state, over 50 maritime charter companies, and Alaska Marine Highway vessels. Currently, there is a 414-vessel waiting list and due to space constraints, large vessels are rafted two to three abreast in the harbor. The impacts of the vessel overcrowding include transit delays and increased maintenance and repair costs for the float systems. Additionally, vessel traffic lanes are congested, which presents navigational hazards, especially when small private boats are sharing travel lanes.

Due to lack of space, many large vessels must travel to the Lower 48 for the winter to complete maintenance, which is estimated to cost the region an estimated \$3.5 million in economic opportunity losses to the fleet annually and \$2.75 million annually in local job opportunity losses. The large vessel harbor expansion project would alleviate the space constraints the harbor currently experiences posing mutually beneficial solutions for the large and small vessel fleets.

The project will be designed to support multi-modal cargo operation allowing it to serve as a backup port in the event of a major disaster at the Port of Alaska. As the region's only ice-free gateway to Cook Inlet, the harbor also serves as a port of refuge for large vessels transiting the Gulf of Alaska, Cook Inlet, and Kennedy Entrance.

Additionally, the Homer harbor has the potential to accommodate layover, repair, and provisioning needs of U.S. Coast Guard (USCG) ships deployed under the Arctic Security mission and a level 3 Ports, Waterways, and

Coastal Security station. This station has been proposed by USCG District 17 staff to safeguard critical facilities including the Tesoro Refinery, Cook Inlet Natural Gas Storage Facility, Nikiski Industrial Complex, and the entrance to Port of Alaska, Alaska's only DOD designated strategic seaport.

The PAS estimated that over a 50-year period the cost of doing nothing carries a present-day value of \$93 million. Homer's port expansion would meet the growing market demands of the marine industry, address navigational hazards, and capture new economic opportunities. The project will positively impact the lives and livelihoods of thousands of Alaskans through job creation, economic development, and strengthened national security well into the future.

Consistent with all applicable law, policy, and guidance, we respectfully request that you give due consideration to the City of Homer's request and all Alaskan funding requests. We also ask that you keep our offices apprised on the outcome.

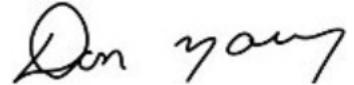
Sincerely,



LISA MURKOWSKI
United States Senator



DAN SULLIVAN
United States Senator



DON YOUNG
Congressman for All Alaska

Introduced by:	Chesley, Mayor
Date:	02/15/22
Action:	Adopted
Vote:	9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2022-014**

**A RESOLUTION IN SUPPORT OF THE CITY OF HOMER’S REQUEST TO THE
ALASKA STATE DEPARTMENT OF TRANSPORTATION FOR \$750,000 TO
COMPLETE THE HOMER PORT AND HARBOR EXPANSION GENERAL
INVESTIGATION STUDY**

- WHEREAS,** the assembly recently adopted Resolution 2022-011, supporting the City of Homer’s Request to the U.S. Army Corps of Engineers for \$1.5 Million to Complete the Homer Port and Harbor Expansion General Investigation Study; and
- WHEREAS,** this resolution urges the Alaska State Department of Transportation to amend its proposed FY2023 state capital budget and fully fund the amount of \$750,000 for the purpose of conducting a new start General Investigation feasibility study for a large port expansion to the City of Homer’s (“City”) port and harbor; and
- WHEREAS,** this resolution supports the City’s request to the State of Alaska Department of Transportation (AKDOT) to join in partnership with the US Army Corps of Engineers (USACE) and the City; and
- WHEREAS,** this resolution further supports and asks that AKDOT approve the City’s request for \$750,000 for a new start General Investigation study for Homer’s Port Expansion project;
- WHEREAS,** the General Investigation study will cover planning aspects needed to build a large vessel port at the Homer Spit including, but not limited to: breakwater basin design, economic, environmental and geo-physical factors, construction methods and costs; and
- WHEREAS,** the City has committed \$750,000 in local cost share (25% of the total cost), has requested \$750,000 from the State of Alaska (25% of the total cost), and \$1.5 million from the USACE (50% of the total cost) to complete the General Investigation Study; and
- WHEREAS,** over the last 15 years this port has seen a 42% increase in large vessel traffic with a current 414-vessel moorage waiting list, causing overcrowding and significant lost revenue for the State as large vessels have to travel down to the lower 48 for space to overwinter and conduct maintenance and repairs; and

WHEREAS, the Port of Homer serves as a port of refuge and home port for large vessels transiting the Gulf of Alaska, Cook Inlet and Kennedy Entrance and has the potential to accommodate layover, repairs and provisioning needs of large vessels including U.S. Coast Guard ships deployed under the Arctic Security mission with this Port expansion; and

WHEREAS, the Homer Port has the second highest amount of commercial fishing vessels in the state, over 50 maritime charter companies, a diverse commercial fleet, and supports infrastructure that is critical to the safety and livelihood of numerous communities and industries throughout South Central and Western Alaska, including the transportation connections of the Sterling Highway and State ferry Terminal, both AKDOT assists; and

WHEREAS, the cost of an Army Corps of Engineers General Investigation Study is capped at \$3 million, and by policy must be completed within three years and is the initial step to justification of federal dollars for the construction portion of the Port of Homer expansion project; and

WHEREAS, the recently enacted Infrastructure Investment and Jobs Act (“IIJA”) provides supplemental appropriations to the USACE and directed the USACE to develop a workplan within 60 days of enactment; and

WHEREAS, the City has requested the USACE for inclusion of the \$1.5 million (50% cost share) in the USACE’s IIJA workplan for a new start General Investigation Study to analyze the expansion of the City’s existing port and harbor; and

WHEREAS, the City’s port and harbor expansion would meet the marine industry’s growing market demands, address navigational hazards and capture new economic opportunities with a positive impact on the lives and livelihoods of thousands of Alaskans through job creation, economic development, and strengthened national security well into the future;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. The Kenai Peninsula Borough Assembly respectfully requests that the State of Alaska Department of Transportation join in partnership with the Federal USACE and the City and approve the City’s request for the State to allocate \$750,000 from its FY23 budget for a new start General Investigation Study for the expansion of the existing port and harbor.

SECTION 2. That a copy of this resolution shall be sent to Ryan Anderson, State of Alaska Department of Transportation and Public Facilities Commissioner, P.O. Box 112500, Juneau, AK, 99811-2500; Governor Michael J. Dunleavy, Congressman Don Young, Senator Sullivan and Senator Murkowski.

SECTION 3. That a copy of this resolution shall be provided to the City of Homer and the Kenai Peninsula State Legislators: Senators Peter Micciche and Gary Stevens, and Representatives Ben Carpenter, Ron Gillham, Louise Stutes, and Sarah Vance.

SECTION 4. That this resolution is effective immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 15TH DAY OF FEBRUARY, 2022.

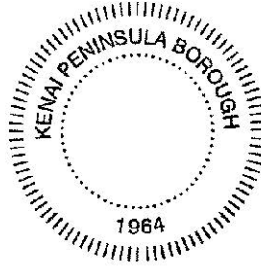
Brent Johnson

Brent Johnson, Assembly President

ATTEST:

John Blankenship

John Blankenship, MMC, Borough Clerk



Yes: Bjorkman, Chesley, Cox, Derkevorkian, Ecklund, Elam, Hibbert, Tupper, Johnson
No: None
Absent: None

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Port Director

RESOLUTION 22-012

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, IN
SUPPORT OF STATE OF ALASKA DEPARTMENT OF
TRANSPORTATION APPROPRIATION TO SUPPLY A LOCAL MATCH
OF \$750,000 FOR THE US ARMY CORPS OF ENGINEERS GENERAL
INVESTIGATION STUDY FOR THE HOMER PORT EXPANSION IN
THE FY 2023 STATE CAPITAL BUDGET.

WHEREAS, This resolution is to urge the State of Alaska Department of Transportation (AKDOT) to join in partnership with the US Army Corps of Engineers (USACE) and the City for a new start General Investigation study for Homer's Port Expansion project; and

WHEREAS, The General Investigation study will cover planning aspects needed to build a large vessel port at the Homer Spit including, but not limited to: breakwater basin design, economic, environmental and geo-physical factors, construction methods and costs; and

WHEREAS, Over the last 15 years this port has seen a 42 percent increase in large vessel traffic with a current 414-vessel moorage waiting list, causing overcrowding and significant lost revenue for the State as large vessels have to travel down to the lower 48 for space to overwinter and conduct maintenance and repairs; and

WHEREAS, The Port of Homer serves as a port of refuge and home port for large vessels transiting the Gulf of Alaska, Cook Inlet and Kennedy Entrance and has the potential to accommodate layover, repairs and provisioning needs of large vessels including U.S. Coast Guard ships deployed under the Arctic Security mission with this Port expansion; and

WHEREAS, The Homer Spit/Homer Port has the second highest amount of commercial fishing vessels in the state, over 50 maritime charter companies, a diverse commercial fleet, and supports infrastructure that is critical to the safety and livelihood of numerous communities and industries throughout South Central and Western Alaska, including the transportation connections of the Sterling Hwy and State ferry Terminal, both AKDOT assists; and

WHEREAS, The cost of an Army Corps of Engineers General Investigation is capped at \$3 million, and by policy must be completed within three years and is the initial step to justification of federal dollars for the construction portion of the Homer port expansion project; and

WHEREAS, The recently enacted Infrastructure Investment and Jobs Act ("IIJA") provides supplemental appropriations to the U.S. Army Corps of Engineers ("USACE") and directed the USACE to develop a work plan within 60 days of enactment; and

WHEREAS, The City of Homer has requested the USACE for inclusion of the \$1.5 million (50% cost share) in the USACE's IIJA work plan for a new start General Investigation study to analyze the expansion of the City's existing port and harbor; and

WHEREAS, The City has committed \$750,000 in local cost share (25% of the total cost) and has requested \$750,000 from the State of Alaska (25% of the total cost) to complete the General Investigation study; and

WHEREAS, The City's port and harbor expansion would meet the marine industry's growing market demands, address navigational hazards and capture new economic opportunities with a positive impact on the lives and livelihoods of thousands of Alaskans through job creation, economic development, and strengthened national security well into the future.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, urges the State of Alaska Department of Transportation to support the Federal USACE and City by allocating \$750,000 from the FY2023 capital budget for the purpose of investing in a new start USACE General Investigation study for the expansion of the existing port and harbor.

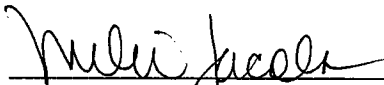
PASSED AND ADOPTED by the Homer City Council this 14th day of February, 2022.

CITY OF HOMER



KEN CASTNER, MAYOR

ATTEST:



MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal Note: N/A



Date: February 11, 2022
To: Bryan Hawkins, Port of Homer
From: Mike Fisher
Re: Statewide Benefits of Homer's Harbor Expansion

This memo describes some of the statewide benefits of investment in Alaska's coastal infrastructure, with particular focus on Homer and its proposed new harbor.

Providing a home for coastal and maritime research

Homer has a fleet of 8 research vessels for hire home ported there, with vessel lengths in the 100–130-foot class. Providing optimized moorage for larger vessels will help to support this fleet that serves an important role in supporting the scientific community.

Homer and its surrounding area are home to the research areas affiliated with the University of Alaska (UA) system. The University of Alaska Anchorage is the lead agency for the Kachemak Bay National Estuarine Research Reserve.¹ The University of Alaska Fairbanks operates the Kasitna Bay Laboratory, located near Seldovia, for the National Centers for Coastal Ocean Science.² Both of these research facilities are important to the UA system's scientific research.

Returning the commercial fishing vessel fleet to Alaska

Retaining or returning vessels to Alaska would mean big business to the state. Data from the Commercial Fisheries Entry Commission for 2021 shows 85 vessels with Alaskan owners that are home ported in Washington.³ Though it's not true in all cases, increasing available moorage for commercial fishing vessels and other large vessels could encourage them to home port in Alaska, bringing business to Alaskan marine support services and significantly reducing fuel costs used for transiting to and from Alaska. Homer harbor expansion will help to make this possible.

Coastal Villages Region Fund (CVRF) investigated the possibility of returning its fleet to Alaska. A 2011 House Joint Resolution stated that CVRF alone spent \$20 million annually for moorage, vendor support, and maintenance work performed in Seattle, in addition to \$2 million spent annually on air transportation of crews between Alaska and Seattle.⁴ Offshore Systems-Kenai is unable to moor its 200-foot vessels in Alaska and reports spending \$250,000 per round trip to go to Seattle.⁵

Homer has an established marine support industry with more than 100 businesses specializing in the marine trades⁶ and could help to bring the funds spent on maintenance back to Alaska. Not only would this boost Alaska's economy, but the reduction in fuel costs would help the businesses who have relocated and reduce CO₂ and other emissions.

¹ Source: <https://coast.noaa.gov/nerrs/reserves/kachemak-bay.html>

² Source: <https://www.uaf.edu/cfos/about-us/locations/kasitsna-bay/>

³ Source: Northern Economics, Inc. analysis using <https://www.cfec.state.ak.us/plook/publicsearch/docs2?total=vessels~Vessels2021~2021>

⁴ Source: <http://www.legfin.state.ak.us/BudgetReports/GetBackupDocuments.php?Year=2011&Type=proj&Number=56209&NumberType=LFD>

⁵ Source: Bryan Hawkins, Port of Homer, personal communication with Offshore Systems-Kenai

⁶ Source: Mike Stockburger, Homer Marine Trades Association, in <https://vimeo.com/473597015>

Supporting commercial fishing and fish exports

Homer has a large commercial fishing fleet⁷ and a big market in fresh fish delivered to the Lower 48 by truck. With open access to its facilities, Homer has a competitive fish-buying market, resulting in better prices for fishermen, and access to the city-owned dock and fish cranes allows fishermen to market their fish. Homer's facilities support the state's export economy and retain money in-state.

Supporting United States Coast Guard vessels

The United States Coast Guard (USCG) mission is to watch over waterborne vessels, including guarding borders, fisheries' boundaries, and trade routes. USCG vessels are also first responders for emergencies and enforcers of environmental safety on the water. With the nation's focus on the Arctic, the USCG will need to expand its fleet and have access to more shoreside facilities.

Homer is the home port for two USCG Cutters and can be a turnaround port for USCG assets. With the new harbor, Homer would offer a place for USCG vessels to haul out for repairs. It also offers the westernmost and road access for vessels working in Western Alaska and the Arctic. Building facilities in Homer would serve the USCG fleet and bring in more Federal dollars to Alaska's economy.

National Oceanic and Atmospheric Administration enforcement vessels would likely use the new harbor, as well, so that they can be located near the USCG vessels at a federal pier.

Supporting large vessels

In addition to research vessels, commercial fishing vessels, and USCG vessels, other vessels that would benefit from moorage in the new harbor include:

- The U.S. Fish and Wildlife Service research vessel Tiglax
- Commercial freight and tow vessels, focusing on the Alaska Peninsula, Aleutian Islands, Western Alaska, and Arctic
- Commercial tourism, including tour boats and small cruise ships
- Oil and gas support vessels, including rig tenders and standby tugs

Growing Alaska's capability to serve these larger vessels and attracting them to stay in the state benefits consumers through reduced travel costs and centralized fleet moorage and maintenance plans. As with commercial fishing vessels home ported outside Alaska, running to the Lower 48 for moorage and maintenance is not an efficient use of fuel, labor, or time, when Homer and other communities have skilled tradespeople who can perform this work and keep that spending in the Alaskan economy.

Growing tourism

As a popular destination for out-of-state visitors, Homer helps to increase tourism statewide. Homer and the Homer Spit are popular destinations for tourism, including adventure tourism and charter fishing. The new harbor would help to reduce crowding and support tourism vessels. Many tourists enjoy watching harbor activity, and the new harbor itself could draw visitors.

In 2021, Homer saw a sharp rebound in taxable sales related to the visitor industry; compared to 2019, guiding on land was up 60 percent, hotels/motels/B&Bs up 25 percent, and restaurants/bars up 19 percent.⁸ While cruise ship landings were down, Homer's load and launch ramp, charter, tour, water taxi, and Homer Spit visitor numbers were up.

⁷ Source: <https://www.ufafish.org/wp-content/uploads/2021/01/2020-Fish-Facts-Complete.pdf>

⁸ Source: Homer taxable sales report provided by Bryan Hawkins



1. Port of Homer: New Large Vessel Harbor

Project Description & Benefit: This project will construct a new multi-modal large vessel harbor to the north of Homer's existing Port and Harbor. The new large vessel port will support economic development in Alaska by meeting demands of the marine industrial transportation sector and creating jobs. It also advances national security interests by accommodating the layover and repair needs of US Coast Guard ships deployed under the Arctic Security mission.

- Currently, large vessels are moored at System 4 and System 5 transient floats in Homer's Small Boat Harbor. Due to shortage of moorage space, large vessels are rafted two and three abreast constricting passage lanes, creating navigational hazards and overstressing the harbor float system.
- The new facility will fill the unmet mooring needs of 60-100 large vessels that would home port in Alaska, but have been turned away due to their overall size, draft, or that we simply lack the space. These large vessels work in the commercial fishing, oil and gas, research, marine transportation and cargo industries. Port expansion will capture an estimated \$3.5 million in economic activity Alaska loses annually due to lack of moorage space and create Alaskan jobs by an estimated \$2.75 annually. Over a 50-year period, the cost to Alaska's economy of doing nothing carries a present day value of \$93 million.
- The project will also meet the US Coast Guard's long-term mooring needs for the Arctic Security and Search & Rescue missions. The large vessel harbor will be built to USCG specifications for layover and repair of fast cutters and other assets deployed to the Arctic and provide a protected and secure small boat station.

Centrally located in the Gulf of Alaska, Homer's Port & Harbor is the region's only ice-free gateway to Cook Inlet, the port of refuge for large vessels transiting the Gulf of Alaska, Cook Inlet, and Kennedy Entrance, and is the marine industrial and transportation system hub for central and Western Alaska. The new moorage facility will large commercial vessels operating in the maritime industrial, marine transportation and commercial fishing industries.

Plans & Progress: The City, State of Alaska DOT, and Army Corps of Engineers (USACE) partnered on a feasibility study in 2007, which was put on hold because preliminary results indicated the project's Benefit to Cost ratio would be non-competitive for Federal funding. High demand and favorable changes in cost drivers since then prompted the City and USACE to reexamine feasibility utilizing a Section 22 Planning Assistance to States Program grant in 2018. Positive results led the USACE to recommend resuming work on the General Investigation. The City and USACE have formally expressed intent to work together on the study and to renew the Alaska State partnership for technical expertise and funding, with cost sharing (50% Federal, 25% State, 25% City) over three years. The City committed matching funds by Ordinance in February 2020. As the USACE's #1 ranked new start project for Alaska, it is in the FY22 work plan and the Federal \$1.5M share is requested in the FY22 budget.

Total Project Cost: \$3,000,000

Federal Share: \$1,500,000 (In FY22 workplan)

City Share: \$ 750,000 (Committed)

State Share: \$ 750,000

FY2023 State Request: \$750,000 cost share for GI study) and \$30,000,000 (in the General Obligation Infrastructure bond for construction.)



Port expansion adds a new basin with its own entrance adjacent to the existing Small Boat Harbor. It will relieve large vessel congestion in the small boat harbor and will provide secure moorage compatible with the USCG's assets .





City of Homer
FY23 State Capital Request
Priority Projects

Erosion Mitigation Projects for
Resilient State & Local Road Infrastructure





3. Slope Stability & Erosion Mitigation Program

Project Description & Benefit: One of the greatest risks to Homer’s natural and built environment is the stability of the steep slopes and bluffs upon which much of Homer is built. These slopes are prone to sudden losses in stability when landslides and other types of rotational slumping occur as well as slow, steady losses in stability when erosion takes place over time. Homes, businesses, real estate and infrastructure such as roads and water/sewer, electrical and gas lines have been impacted by losses in stability. Roads have failed, requiring emergency repairs to restore access to multiple properties. Homes have slid down steep slopes, forcing residents to abandon their homes. Real estate has been lost, adversely affecting the viability of established neighborhoods. Not only is this a problem for the City, it is a problem for the State of Alaska as multiple state highways have been, and are continuing to be, adversely affected by slope stability – including the Sterling Highway, Kachemak Drive and Main Street South, which is the portion of Main Street south of the Sterling Highway.

One of the factors affecting slope stability is the movement of water, whether it’s surface water that flows over the ground, storm water that falls from the sky or ground water that flows under the surface. When these waters combine, they saturate the soil, which makes the soil particles “slippery” and creates potential for slumping. The annual freeze-thaw cycle further exacerbates erosional loss. This is a major factor in Homer’s coastal erosion. The City has been researching the mechanics of how these waters collectively affect steep slopes in Homer and developing mitigation measures.

Conceptual plans for four specific projects have emerged from the research and together form a Green Infrastructure Storm Water Management System. Each project will utilize existing wetlands to store water like a sponge and use native vegetation to treat contaminants, and each will help protect both City and State of Alaska transportation interests.

They include the Kachemak Drive sponge, a green infrastructure project that protects private and public properties as well as Kachemak Drive, a state-owned roadway. It includes provision for a micro-hydro unit to generate renewable energy. The Baycrest Storm Drain conveyance and treatment system protects the Sterling Highway and adjacent, downhill properties and also features a micro-hydro energy generating unit. The Main Street, South and Beluga Lake/Slough projects protects two state roads, manages stormwater from East End Road, a State roadway, and insures water quality for Beluga Slough and Lake, important habitat for waterfowl and shorebirds.

Plans & Progress: The Program is being developed in Phases.

- Phase 1: Fieldwork - geological and hydrological testing to measure and document existing conditions.
Cost - \$180,000. The City has already committed \$180,000 for Phase 1.
- Phase 2: Property Acquisition
Cost - \$2,500,000
- Phase 3: Design and final specifications
Cost - \$100,000
- Phase 4: Priority Mitigation Project Construction
Cost - \$2,110,000

Total Project Cost: \$4,850,000

City of Homer Phase 1: \$180,000

FY2023 State Request for Phases 2-4:
\$3,725,000

(City of Homer 25% Match: \$945,000)



The Slope Stability Program utilizes green infrastructure to mitigate property and infrastructure losses due to solifluction.



5. Homer Spit Coastal Erosion Mitigation

Project Description and Benefit: The City of Homer requests that the Alaska Department of Transportation and Public Facilities (AK DOTPF) work cooperatively with the Army Corps of Engineers (USACE) and the City of Homer to design, permit and implement a long term erosion mitigation and maintenance plan to mitigate and stabilize erosion conditions on the Homer Spit. This project is needed to protect critical infrastructure on the Homer Spit.

The Homer Spit is a 4.5 mile long glacial spit composed of sands and gravel that offers recreational, commercial, industrial, and residential use. It is a valuable asset to the City of Homer and the State of Alaska due to its economic and recreational opportunities. It is also a unique, coastal feature and a valuable environmental resource with its extensive bird and marine habitat.

While typically in equilibrium, the Spit is undergoing a long period of erosion. Changes in storm patterns the past few years with milder summers and fewer strong southeasterly events may be affecting the sediment movement along the spit, allowing greater erosion and less seasonal accretion. The USACE addressed erosion concerns in 1992 with 1,000 feet of rock revetment in 1992, which they extended an additional 3,700 feet in 1998. This caused beach lowering adjacent to and further south of the rock revetment along the Spit. In that area, AK DOT & PF armored the highway in two emergency projects. These areas are subject to periodic overtopping, damaging the asphalt on the roadway shoulder

Erosional damage on the Spit, if left unchecked, will undermine the State-owned Sterling Highway that connects the Kenai Peninsula mainland to organizations like the United States Coast Guard and Alaska Marine Highway, and ultimately diminish the role the Homer Spit plays as a regional commerce center and transportation hub for Southcentral Alaska. Many private businesses located on the Homer Spit depend on the Sterling Highway as their gateway to conduct business; the Sterling Highway also accesses the City of Homer Port and Harbor critical infrastructure that supports United State Coast Guard facilities, the Alaska Marine Highway system, regional commercial marine transportation, the commercial fishing industry and the marine trades. A coordinated, long-term maintenance plan is needed.

Plans & Progress: The USACE conducted two extensive studies with detailed erosion management information: a 2017 Dredged Material Management Guidance Manual and a 1989 investigation report, Storm Damage Reduction Final Interim Feasibility Report with Engineering Design and Environmental Assessment. More recently, in 2019, HDR analyzed environmental conditions and sediment transport and produced a Coastal Erosion Assessment of the Sterling Highway Termini on the Homer Spit which also considered concept alternatives (perched bench, groin field, offshore breakwater, sediment management and rock revetment) for improving resilience of existing roadway embankment. Due to the importance of access on Homer Spit, a traditional revetment was recommended; however it strongly encouraged coupling any rock project with a sediment management plan for long term viability of the Spit. Concrete armor units may be considered in lieu of rock to further reduce run-up and overtopping if costs are similar.

The next step is to complete a USACE General Investigation to develop a final design and implementation plan. The City seeks State capital budget approval for a 25% share of the \$3 million GI.

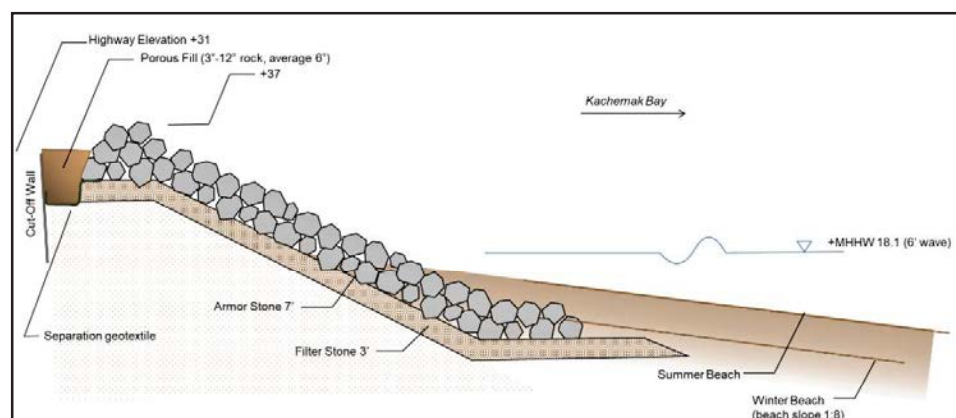
Total Project Cost: \$3,000,000

Federal Share: \$1,500,000

City Share: \$ 750,000
(Committed)

State Share: \$ 750,000

**FY2023 State Request: \$750,000
cost share for GI study)**



Armor stone revetment schematic.



City of Homer Water Infrastructure FY23 Capital Request

Water Distribution System Critical Infrastructure: Storage Tank, PRV Station and Water Main Construction

This shovel-ready project completes the third and final phase of a larger, multi-year critical water infrastructure improvement project; it constructs and installs a new water storage tank, a new Pressure Reducing Valve (PRV) and a 500-foot distribution line to provide water service to an unserved area of the City of Homer. The project installs micro-hydro turbines at four tank-related PRV stations for efficient renewable hydroelectric power production for long-term operating cost savings for the City's water utility.

Background: The City's drinking water distribution system is supplied by Bridge Creek Reservoir, 35 acres in size and located 930 feet above sea level in a Watershed Protection District. Raw water transmission mains transport reservoir water to the City's Water Treatment plant. Flow from the treatment plant is divided into two main trunks (east and west) that deliver water service to businesses and residences. Currently, only the east trunk has a water storage tank. Due to the rugged nature of the terrain surrounding the City, multiple pressure reducing vault (PRV) stations are required throughout the water supply network to provide domestic water to residences at usable pressures.

Project Description & Benefits: Funds are being requested for construction of a new 750,000-gallon partially buried concrete water storage tank along Shellfish Avenue and site improvements that include an aboveground mechanical building, parking, site access, foundation drainage, an emergency overflow discharge, and fencing. It also constructs a 500-foot distribution line between the new water storage tank and Tasmania Court (to provide water service to an unserved area in the city) and a new buried precast concrete PRV to provide an interconnection from the east to the west trunk water transmission mains. Additionally, in the event of a main break it will provide a more reliable distribution system.

Significant work completed in Phases 1 and 2 has set the stage for successful project completion: 2,600 linear feet of 10" and 12" water distribution main was installed across Shellfish Avenue and 4,500 linear feet of 12" water main was extended on Kachemak Drive, both connecting isolated sections of town and eliminating dead end mains. The City removed an obsolete redwood tank and purchased property on which the new tank will be constructed. Over the years, these improvements were supported by funding from a variety of sources including grant funds from the EPA, ADEC, FY16 State of Alaska Municipal Matching Grant program funds, City of Homer matching funds and benefitted property owner's assessments.

This project, a priority in Homer's Water & Sewer Master Plan and in the City's Capital Improvement Plan, has many benefits. It:

- safeguards drinking water quality by replacing aging and vulnerable water storage and distribution components;
- benefits public health by extending water mains to connect isolated sections of the City's water distribution system and to bring service to previously unserved areas of town;

- mitigates the long-term seismic vulnerability of the City of Homer's drinking water system by providing redundancy in water storage infrastructure in the event a disaster compromises the other water storage tank
- supports Homer's population growth and economic vitality by increasing capacity to meet increased water demand of a growing number of households and businesses; and
- mitigates potential for costly human and property losses by providing sufficient volumes of pressurized water for firefighting response.

The project also features a clean energy component. Water directed to the new tank through the east trunk will pass through three existing PRV stations prior to the new tank, and one new PRV station located just upstream of the new tank. The plan calls for installing clean energy producing micro-hydroelectric generation units at the four PRV stations. Once installed, these units would generate hydroelectric power that is sold to Homer Electric Association, generating not only clean energy, but long-term operating cost savings for the City's water utility.

Project Status: Property for locating the water tank has been purchased. The design for the water tank is 100% complete and has been approved by ADEC. A cost estimate is complete and the US Army Corps of Engineers is reviewing a permit application. Concept designs and a feasibility study for including green technology in the form of micro-hydro in the transmission line are complete. The feasibility study calculated a highly favorable cost benefit ratio of 1.26 (assuming a value of \$.24 per kWh).

Project Cost:

Storage Tank, PRV Station and Water Main Construction	\$4,647,555
4 micro-hydro power generating units	<u>\$1,071,155</u>
Total Project Cost	\$5,718,710

Project Contact:

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 907-435-3102