

Motion carried.

VISITORS/PRESENTATIONS

STAFF & COUNCIL REPORT/COMMITTEE REPORTS

- A. Port & Harbor Staff Report for November & December 2019
- i. Memo from Matt Clarke, Deputy Harbormaster Re: 2019 Pacific Marine Expo

Port Director Hawkins responded to questions from the commission on the following topics:

- Winter maintenance activity at the Ice Plant and record year for ice sales
- Success of Alaska Association Harbormasters and Port Administrators (AAHPA) scholarship fundraising; a \$2,500 sponsor-funded and two \$3,500 AAHPA scholarships will be awarded for marine-related education
- PAS Program and Homer Spit erosion control and mitigation plans
- Coordination with US Department of Transportation Maritime Administration on developing better relationship with AAHPA
- Vessel activity at the Deep Water Dock
- Deputy Harbormaster Clark's attendance at the 2019 Pacific Marine Expo in Seattle, WA

- B. Homer Marine Trades Association Report

Commissioner Zeiset reported on HMTA activity. He noted the decent turnout for the Pacific Marine Expo and shared information regarding an upcoming holiday meeting, open to the public, at Northern Enterprise Boatyard on December 19th. There was brief discussion on topics related to the Expo and meeting, including student attendance at marine classes and unveiling of a larger boat lift at the boat yard.

PUBLIC HEARING

PENDING BUSINESS

- A. 2020 Draft Land Allocation Plan
- i. HCC 18.08.020 Land Allocation Plan
 - ii. Land Allocation Plan, Section A: Lands Available for Lease
 - iii. Draft 2020 LAP Homer Spit Map
 - iv. HCC 18.28 Tidelands

Chair Zimmerman noted the two motions that City staff is looking for: 1) recommend any changes to the Land Allocation Plan (LAP) and, 2) make a recommendation on if the City should work on updating the Tidelands code. He commented on how Overslope policy affects their suggestions for the LAP, prompting commission discussion on the subject and Port Director Hawkins providing clarification on what City Code says about Overslope. It was noted by the Chair and Staff that Overslope can be discussed in more detail in the next agenda item.

Commissioner Hartley requested a status update on Lot 11; he opined if they should suggest it be available in the same short-term lease status as Lot 12. Commissioner Stockburger questioned how the square footage rate is calculated; his concern is that it's too high to attract new leasing opportunities. Discussion ensued with Staff on how those rates could be reflected in the LAP, perhaps as a range instead of one approximate amount. Commissioner Carroll inquired on the current short-term leases on Lots 9A, 10A, and 12, what they're being used for and how those short-term rates are calculated. Port Director Hawkins explained, also stating that he can put together a detailed report on the current 28 leases for the commission to review at a later meeting. He noted that there isn't much land available; we're already built out.

Discussion ensued on leasing Homer Spit land, how the rates are calculated based on appraisals, and the nuances of dealing with vacant land versus building infrastructure (boardwalks) to lease out. Commissioner Stockburger noted that a public member sitting in the audience is a boardwalk owner on Spit land and asked if they could share rate/leasing information with the commission.

STOCKBURGER/ZEISET MOVED TO SUSPEND RULES TO ALLOW CRISI MATTHEWS TO PARTICIPATE TO HELP GET INFO FOR MAKING DECISIONS.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT

Motion carried.

Ms. Matthews spoke to her experience with leasing boardwalk space on the Spit:

- Their boardwalk has the last available space for new construction, which is leased for a new business next year.
- They have been able to flip four viable businesses on their boardwalk, making them turn-key ready for renters to come in and lease.
- If there were more City-owned, available spots with turn-key structures, the City would have them filled.
- They have published rates on their website broken down by square foot ranges, with the per-square foot rate decreasing as the building size/space utilized increases.

Deputy City Clerk Tussey explained to the commission that the City's appraisal system/calculating rates is similar for larger square foot leases. Appraisals are ordered from Derry & Associates, who have been appraising Spit land for decades, on just the land as if it was vacant. That rate sets the basis; the actual rate is subject to change during lease negotiations, annual rate increases, and 5-year appraisals.

The commission continued discussion on Mr. Stockburger's concern that lease rates were too high for incentivizing businesses, rate information provided by Ms. Matthews, effects of economic downturn, how rates should be presented in the LAP, and the equation for calculating the appraised value.

Chair Zimmerman asked the commission if they had any recommendations for changes to lands available for long term lease. There was discussion on the piece of overslope near the Fish Dock that had been recommended for inclusion by the PHC earlier in the year, but not approved by City Council. Staff clarified that it would likely not be approved if they recommended it again since the commission had been given direction by City Council to work on Overslope policy per Resolution 19-022.

The commission mutually agreed that there were no lease suggestions for the Land Allocation Plan at this time since they still need to update Overslope Development policy.

Chair Zimmerman introduced the topic of updating the Tidelands section of City Code and asked the commission what they would like to do. Deputy City Clerk Tussey suggested the commission decide as a group if they would like to work on Tideland code based on Staff's recommendation. If they agree that it needs to be rewritten, then determine how, such as working with staff and/or scheduling a worksession.

The commission voiced a mutual desire to have more information and additional time to read up on Tidelands City Code.

ULMER/HARTLEY MOVE TO RECOMMEND STAFF BRING TIDELAND MATERIAL BACK TO THE COMMISSION AND THAT COMMISSIONERS COME PREPARED TO THE NEXT MEETING.

STOCKBURGER/ULMER MOVE TO AMEND TO INCLUDE A CONCENTRATE ON TIDELAND LEASES.

Mr. Stockburger opined that leasing tidelands is going to open possibilities up that may not have been considered when the original code was written. He believes Staff would have a good idea of how boats rolling up the tidelands (because they now have access to the uplands) will affect the Spit. He also noted that there are a few large barges currently hauled out for repairs on other upland lots and feels there is an opportunity to make revenue by just letting people get their boats out of the water.

Commissioner Carroll commented that the code hasn't been updated since 1960, but if there's been no conflict then he's happy with how it is. He feels though that staff should be the ones to find the issues and then bring them back to the commission to review.

Deputy City Clerk Tussey pointed out in Deputy City Planner Engebretsen's memo that staff is looking for a recommendation with guidance from the City Attorney, so the motion being requested from the commission is to give City Staff a "go-ahead" to work on updating this section of code, with additional input from the City Attorney. There was brief discussion on how the main motion will fulfill that recommendation.

VOTE (amendment): NON-OBJECTION: UNANIMOUS CONSENT

Motion carried.

There was no further discussion.

VOTE (main motion as amended): NON-OBJECTION: UNANIMOUS CONSENT

Motion carried.

- B. Overslope Development Follow-up
- i. Resolution 19-022
 - ii. Memorandum to City Council 3/18/19
 - iii. 1/23/19 PHC Meeting Minutes Excerpt
 - iv. 2/27/19 PHC Meeting Minutes Excerpt
 - v. 3/27/19 PHC Meeting Minutes Excerpt
 - vi. 2/27/19 PHC Packet Excerpt

Chair Zimmerman introduced the subject of updating Overslope code/policy, especially if the commission wants to lease overslope property, and opened the floor for discussion on how to address the problem.

The commission discussed issues the City faces with putting overslope out there for lease, bringing up the following points:

- Costs that lessees would have to pay to build the infrastructure on top of renting the overslope land; if we're going to lease it we should make it affordable.
- The City investing in building the boardwalk and then renting out the space, and reiterating that it's the City's job to encourage growth and find revenue sources.
- Finding funding sources for the City to go that route, such as bonds.
- The unfairness of having a private business spend the resources to build a private boardwalk, but is still required by City Code to leave a portion of it open for public access.
- The way the policy/code is currently written requires a person to build the whole infrastructure and lease the land, which isn't going to happen, so it will be up to the City to build the platform.
- Possibility of being in direct competition with private business leasing out boardwalk space.
- Staff needing a better written policy to work from when prospective businesses/investors come to the City to lease overslope.

Chair Zimmerman initiated discussion on how the commission wants to work on rewriting code, and if they would want to formulate a recommendation to City Council coming up with a plan to build overslope infrastructure. He suggested that the commission look at the Overlay District code and see what they'd like to change to make people want to develop the overslope and to make the leasing process more functional.

The commission discussed going through the code piece by piece because there is a lot to go through, and shared ideas about the City determining if they'd construct the infrastructure, but also having the code written better to address the possibility of private enterprise coming in. Commissioner Ulmer suggested they have a worksession. Mr. Hawkins provided reasons for having Planning Staff included in that conversation. There was further discussion on what the code does and doesn't cover, and what should be included in a worksession discussion. Ms. Tussey suggested holding the worksession before their next regular meeting.