



City of Homer

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Memorandum

TO: Mayor Castner and Homer City Council
FROM: Katie Koester, City Manager
DATE: February 19, 2020
SUBJECT: Proposed Improvements to Old Ferry Terminal Building

In 1999, the new AMHS ferry terminal building was built and the old ferry terminal improvements on Lot 48 were no longer needed for active ferry terminal use, however Kachemak Port Services (KPS) dba Alaska Ferry Adventures wished to use the existing improvements to make ferry ticket reservations and sales only. They entered into a 10 year lease for the ground floor ticket office (a smaller, separate building totaling 336 sf originally built by KPS) as well as 1800 sf of land around the building for 10 parking spaces. Additionally, KPS leased out the second floor of the adjacent old ferry building, built by the City, to be used as an office (960sf). The first floor of this building was, and still is, used to house City equipment including a large storage tank and pump system. The pump system supports the fire suppression pump connected to the water reservoir tank behind the building. This provides the City with the ability to supply additional water flow on the Spit in the event of an emergency. Lot 48 also includes other portions that are currently leased to AMHS, ACS, and areas that include City facilities like the Port maintenance Shop, a large reserve water tank and other accessory City structures. Please see the attached historic site plan of the lot for a general sense of the improvements' footprint. An updated photograph is also included as an attachment.

The original KPS lease expired in 2009, at which time the City issued an RFP. KPS was the only respondent and a new lease was granted to them for the same proposed use. KPS continued to act as a ferry agent for the State of Alaska until 2013 when AMHS announced they would no longer pay commissions on in-state ferry travel. KPS subsequently requested and was granted termination of their lease. The buildings have remained vacant since that time.

At their January 22, 2020 meeting, the Port and Harbor Advisory Commission unanimously moved to make the smaller separate building and the top floor of the old ferry building available for lease as one unit in the 2020 Land Allocation Plan (LAP) under "Section A: Lands Available for Lease." The addition of the buildings and underlying land square footage to the LAP would allow the City to issue a request for proposals and/or lease the property to an interested party, making better use of the property and otherwise vacant buildings. Rental income generated from a lease could offset, in part, what are already mandatory operation and repair costs, required due to the fact that the bottom story of the building is currently used to house City facilities.

Regardless of securing a tenant, at minimum the 30 year old roof of the old ferry terminal building must be replaced (\$21,000) and the exterior walls painted to prevent rot (\$9,100) in order to protect

the large storage stank and pump system housed in the 1st floor of the building. As Council moves forward with discussions concerning derelict facilities, please consider and plan for the \$30,100 expenditure associated with the old ferry terminal building with a possible revenue source being the Port and Harbor Depreciation Reserve (456-0380).

Enc:

Historic site plan of Lot 48

Recent aerial imagery of Lot 48