



City of Homer

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November 8th, 2019

Mr. Brett Huber, Sr.
Senior Policy Analyst
Executive Office of Governor Dunleavy
550 W 7th Ave.
Anchorage, AK 99501
Submitted electronically: Brett.Huber@alaska.gov

Mr. Huber,

Honorable Governor Dunleavy recently visited Homer to attend the Alaska State Home Builders Association conference but he also was able to share some of his time with Homer Mayor Ken Castner, Port and Harbor Advisory Commission Chair Steve Zimmerman, and myself to discuss the City of Homer's Large Vessel Harbor Expansion Project. During our meeting, the Governor recommended we continue our conversation with you as our next point of contact.

Brief background information: the Large Vessel Harbor Expansion Project is a regional economic development initiative that will allow vessels up to 250 feet in length safe moorage in Alaskan waters. The outcome will be hundreds of thousands of dollars in savings for large vessel owners that currently have to moor their boats elsewhere while letting Alaska keep more dollars in-state. Industries that have so far expressed interest in having central gulf region operations include oil and gas, commercial fishing, commercial transportation, research, enforcement, and adventure cruise ships. Homer's large vessel harbor will also provide safe moorage for the US Coast Guard, and result in high paying jobs for Alaska marine tradesmen since vessels could now be worked on and in Alaska instead of Washington.

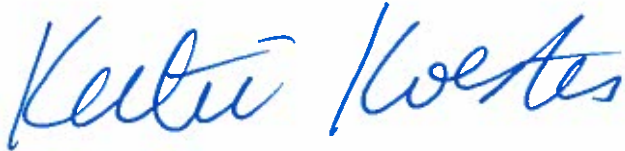
The State of Alaska has long been a partner with the City of Homer in the Large Vessel Harbor Expansion Project. In 2007, a General Investigation Study for the new harbor was initiated with funding shared 25% City, 25% State through the Alaska Department of Transportation (ADOT), and 50% Army Corps (see attached agreement). In 2009, this study was shelved due to project cost and demand however there is good news to share. The US Army Corps Planning Assistance to States (PAS) grant completed this year has determined variables like cost and demand have significantly improved, making this a feasible project. During their upcoming budget cycle, the Corps will be recommending funding to reinstate the General Investigation Study. The Study will be a three year commitment with a total cost of \$3 million dollars.

The City of Homer is asking for the State of Alaska to continue our longstanding partnership in this transportation project by contributing a 25% match over 3 years, totaling \$750,000. ADOT staff in the Central Region Planning office have recommended cruise ship passenger vessel tax dollars as the State's funding source for this match.

Given the positive momentum behind this project, I would appreciate any opportunity to further discuss the Large Vessel Harbor Expansion Project with you and the Governor as soon as possible. It would be a significant accomplishment to line out potential next steps to initiate the General Investigation Study with ADOT and reaffirm the City's important partnership with the State regarding this endeavor.

Thank you for your time and attention.

Best regards,



Katie Koester
Homer City Manager

Enc:

2007 MOA between ADOT and City of Homer for Payment of Matching Funds for Homer Harbor Feasibility Study

2020-2025 Capital Improvement Plan, New Large Vessel Moorage Facility

Memorandum of Agreement
 between the
 Alaska Department of Transportation and Public Facilities
 and the
 City Of Homer
 for
 Payment of Matching Funds
 For Homer Harbor Feasibility Study

This Memorandum of Agreement is by and between the Alaska Department of Transportation and Public Facilities, hereafter referred to as the Department, and the City of Homer, hereafter referred to as the City.

The City, as local sponsor, has requested State assistance in the funding of the feasibility study for a harbor expansion project in Homer.

The Alaska legislature in Chapter 82, SLA 2006, has appropriated funds that may be used as matching funds for the Army Corps of Engineers Harbor projects.

The Department has agreed to provide these funds in the amount of \$150,000 for the City's matching fund requirement.

The City requests the Department make payments directly to the Corps of Engineers.

Therefore, the Department agrees to issue payment directly to the Army Corps of Engineers, not to exceed \$150,000.

The City agrees that the Department has no obligation on the Homer Harbor Expansion Project beyond that specifically agreed to in this Memorandum of Agreement.

City Of Homer

Steve Dew, Acting City Manager

Date

11/28/07

Alaska Department of Transportation
& Public Facilities

Patricia M. Hetherington

Date

11.27.07

**State-Municipality Cooperation Agreement
Between the
State of Alaska Department of Transportation and Public Facilities
and**

The City of **Homer**

Project Name: **Homer** Navigation Improvements

Project No. #####

The Municipality and the State are entering a long term working relationship with the Corps of Engineers (hereinafter called the Corps) on the above reference project. The Municipality as project sponsor has requested State assistance.

This cooperation agreement is effective upon execution by the State of Alaska, Department of Transportation and Public Facilities, (hereinafter called the State) and City of **Homer**, Alaska (hereinafter called the Municipality). The State and Municipality are entering this Agreement pursuant to AS 35.15.080 et. seq. and any regulations promulgated thereunder.

The Municipality's coordinator for this Agreement is **Steve Dean, Harbormaster**. The State's coordinator for this Agreement is **Harvey Smith**, State Harbors Engineer. Each party agrees to notify the other party of any change in the coordinator.

1. This agreement defines and formalizes the State's role during the Corps' Feasibility Study process. It is our intent that the State's engineer will be a Technical Consultant to the Municipality and liaison between the State and the Corps. This function is reserved for a department representative on any project anticipating state funding for either design or construction, or for any project that may affect an existing state harbor facility.
2. The Municipality recognizes that:
 - a) It will be required to provide access, uplands, and tidelands sufficient to support construction, operation, and maintenance of the proposed facility and that the State will not participate in land acquisition and right of way purchases.
 - b) If not already in place, the Municipality shall adopt harbor ordinances that provide for the administration, management, operation, and maintenance of the completed facility for public purposes as a condition of receiving State construction funds for the proposed project.
 - c) The Corps process seeks to satisfy National Economic Development (NED) criteria to determine the national interest, which may not include local or state interest.
 - d) The State has unique professional coastal and harbor engineering expertise and considerable experience as sponsor that can provide substantial technical and administrative strength to the project.
3. The Municipality and the State agree to appoint members as appropriate to the project study team and one member each to the project executive committee.
4. The Municipality agrees to a joint review with the State of the draft Project Feasibility Cost Share Agreement (FCSA) before signature by the Municipality.

5. The Municipality agrees to a joint review of intermediate work products, study recommendations and final draft report.
6. The Municipality agrees to promote the project, support the team effort, and actively participate as a team member.
7. The State agrees to:
 - a) Provide review and consultation during FCSA development.
 - b) Act as technical advisor and consultant to the Municipality. This includes taking information presented by the study team and, working cooperatively with the Corps and Municipality, compile it into an optimum design representing the interests of the Municipality while conforming with State Policy and Corps' National Economic Development (NED) requirements.
 - c) Look at the whole harbor concept by integrating the necessary uplands, mooring basin, and protective structures into a fully functional harbor. This effort will strive to create harmony with the Corps' NED plan. The NED plan normally focuses on the General Navigation Features (GNF), consisting of only breakwaters and primary navigation channels. The harbor area recommended for upland development is approximately equal to that required for moorage and may have similar, or greater, potential for economic benefits.
 - d) Work in cooperation with state planning personnel providing technical guidelines for planning decisions. The planning objectives are to identify local and State benefits in addition to national benefits and to help the Municipality develop facilities that maximize the economic opportunities for the Municipality and the State.
 - e) Work with the study team to develop measurable criteria from which to evaluate harbor alternatives.
 - f) Work with environmental and other groups to resolve issues that may cause delay in the design development.
8. Subject to appropriation by the Legislature, the State will provide in-kind services. Financial obligations are understood to be obligations of the Municipality. Where State financial assistance is approved, payment (less in-kind services) will be made directly to the Corps of Engineers. Prepayment, when required by the federal program, will be made upon receipt of requests for payment accompanied by documentation submitted by the District Engineer, Alaska District Corps of Engineers, or his authorized representative. The required documents are the signed FCSA between the Corps of Engineers and the Municipality, and a letter from the District Engineer requesting payment.
9. In the event the final total amount of the local Municipality's financial obligation is less than the total amount estimated at the time of signing this agreement, then the State shall receive its proportionate share of any unused portion of the local Municipality funding returned by the Corps of Engineers at the completion of the project.

10. The State and Municipality will make no commitment for subsequent project development costs unless this agreement is amended in writing and signed by both parties.
11. If, due to changed circumstances, the State or the Municipality wishes to terminate this Agreement prior to its completion, the initiating party shall notify the other party in writing of its reasons for requesting the early termination. To terminate, both parties must agree in writing that it is in their mutual best interests to terminate. If the State and Municipality agree to terminate, the State assumes no further liability to the Municipality, the Corps of Engineers or any other party.
12. Before any party to this agreement may bring suit in any court concerning an issue relating to this agreement, such party must first seek in good faith to resolve the issue through negotiation or other forms of non-binding alternative dispute resolution mutually acceptable to the parties.
13. Unless changed by prior written notice, any correspondence required by this Agreement must be sent to the following addresses:

STATE:

Office of the State Harbors Engineer
 Department of Transportation and Public Facilities
 3132 Channel Drive
 Juneau, AK 99801

MUNICIPALITY:

City of Homer
 491 East Pioneer Avenue
 Homer, Alaska 99827

APPROVALS:

Authorized Signature for Municipality, Title	Date
(Director of Design and Engineering Services	Date

APPENDIX A

Scope of Project:

1. **Description of Project:** The Municipality plans to enter into a project feasibility cost share agreement (PFCSA) with the Corps of Engineers, Alaska District to investigate and report on the proposed project feasibility.
2. The Municipality has requested State assistance by letter dated August 27, 1998

APPENDIX B

Payment Schedule:

For Corps of Engineers Matching Funds

There is no appropriation for the Homer Navigation Improvements project at this time, however, the State agrees to transfer funds, if appropriated by the Legislature and approved by the Commissioner, for the project to a special account in the State Treasury. The funds transferred to this special account for the Municipality shall not exceed a total of \$ ##### or the amount actually appropriated by the Legislature for this project, whichever is less. In no case shall the amount expended on this project be more than 50% of the total non-federal cost including in-kind services. State will charge directly to this account for in-kind services provided under this agreement and the PFCSA.

Payment, less State incurred in-kind costs, will be made directly to the Corps of Engineer at FINANCE AND ACCOUNTING OFFICE, ALASKA DISTRICT, US ARMY CORPS OF ENGINEERS, PO BOX 898, ANCHORAGE AK 99506-0898. The check will be pay to the order "FAO, USAED, ALASKA"; memo "Homer Navigation Improvements"; Or, in the case where the Municipality has advance funded the project, the State may make payment directly to the Municipality.



2. Homer Port & Harbor: New Large Vessel Moorage Facility

Project Description & Benefit: This project will construct a new large vessel moorage facility to the north of Homer’s existing Port and Harbor. It will enhance port capabilities by:

- Accommodating large commercial vessels (fishing vessels, work boats, landing craft, tugs, etc.) outside the small boat harbor. Currently, large vessels are moored at System 4 and System 5 transient floats. Due to shortage of moorage space, large vessels are rafted two and three abreast constricting passage lanes, creating traffic congestion and overstressing the floats. The new facility will address overcrowding and associated navigational safety concerns and high maintenance costs in Homer’s small boat harbor,
- Enabling Homer to moor an additional 40 to 60 large commercial vessels that potentially would use Homer Port & Harbor as a home port, but have been turned away due to their overall size, draft, or that the systems are working beyond capacity and we simply lack the space;
- Positioning Homer’s Port and Harbor to meet the demands of emerging regional and national economic opportunities such as the Cook Inlet Oil & Gas industry, a possible LNG export plant in Nikiski, the opening of the Arctic for research, transportation and resource development and the US Coast Guard’s long-term mooring needs. Currently, the USCGC *Hickory* moors at the Pioneer Dock which provides inadequate protection from northeasterly storm surges. The large vessel harbor will be built to provide protected and secure moorage suitable to accommodate USCG assets.

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 fill the unmet needs of large commercial vessels operating in the maritime industrial, marine transportation and commercial fishing industries.

Plans & Progress: The City, State of Alaska ADOT, and Army Corps of Engineers (ACOE) partnered on a port expansion feasibility study in 2004. At that time, preliminary results indicated the project’s Benefit to Cost ratio would be non-competitive for Federal funding so the study was put on hold. High demand and favorable changes in cost drivers since then prompted the City and the ACOE to reexamine feasibility utilizing a Section 22 Planning Assistance to States Program Study grant in 2018. The study’s positive results led to a recommendation by the ACOE to resume work on the Navigational Improvement Feasibility Study to dredge and build the new moorage facility. The City has formally expressed its intent to work with the ACOE on the Study and renew our partnership with the State of Alaska for technical expertise and funding, with the understanding that costs are shared 50% Federal, 25% City, 25% State.

Total Project Cost: \$124,233,000

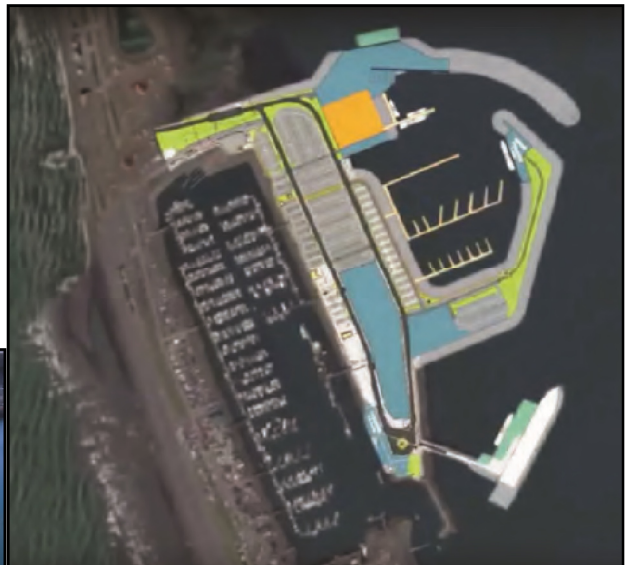
Design and Permitting: \$10,258,000

Breakwater Construction and Dredging: \$90,275,000

Inner Harbor Improvements: \$23,700,000

FY2021 State Request: \$10,258,000

(City of Homer 10% Match: \$1,025,800)



The large vessel 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 .