

**From:** Bryan Hawkins [mailto:BHawkins@ci.homer.ak.us]  
**Sent:** Monday, March 04, 2013 2:31 PM  
**To:** Rachel Lord; Louie Flora  
**Cc:** Katie Koester  
**Subject:** RE: FW: HB 131 sponsor statement and cost information

Good morning Louie,

In it's simplest form what we do here is sell safe harbor to vessel owners. We collect a fee for the service, those fees pay our operations costs and are used to build up a reserve of money to be used for replacing and maintaining the harbor infrastructure. Most derelict boats are also behind in their moorage so not only do you have an inactive boat taking up space, insult to injury, your not even getting paid for your trouble.

There is the real threat of having it sink in the harbor to be sure but the other problem is the lose of revenue earning ability by the harbor due to the space being used by a non paying client. One of the bigger picture issues has to do with the justification for building a harbor in the first place. Economic benefits locally, regionally (borough and State) and nationally. Remember the Federal Government only builds harbors that have a positive benefit to the economy from a commercial standpoint. A couple of years ago we completed the East harbor expansion feasibility study with the Corps and the State. One of the findings that came out of the study was that the Corps recognized the large number of derelict or inactive boats in the Homer harbor. They pointed this out in the study and recommended that we "get them out of the harbor and you would have a lot more room" Like we hadn't thought of that right. Sometimes the truth hurts. We've made great progress in moving them out of the harbor one way or the other and I had the satisfaction of being able to tell the Corps the junk was replaced with paying customers and by the way we're still overfull.

Speaking from experience I can tell you that every derelict boat case is a little bit different. In Homer we had a back log of large derelicts, no fault to anyone they just kind of grow on you. They come in as a working vessel and then they change hands a couple of times and the next thing you know you've got a problem. I'll tell you the story of one of our high profile cases but I'll change the name slightly. You know the boat, the ----- Harvester, was a harbor queen here in Homer for almost 20 years but towards the end it changed hands 3 times and each time the new owner had an even worse plan then the one before. By the time the boat left the harbor there was a balance owed in moorage to the harbor of \$90,000. I also know that they were in the hole to the Borough for property taxes to the tune of \$15,000. There was a considerable amount of attorney fees involved with this case as well as staff time. In the end in order to make the old girl go away the harbor forgave the back moorage, wrote a letter to the Borough asking them to do the same with the back taxes and the new owner was able to tow it away with a clear Title. Funny thing he

thinks he got the deal of the century. The flip side of this story is the benefits. Three weeks after the ----- Harvester departed the Helenka B moved their operation in and the Enterprise gained a major account in moorage, landing fees at the barge ramp, and wharfage. In the past few years Homer has been able to remove 14 large derelicts from the harbor and the municipally owned beaches.

It's difficult to capture the actual costs but here are a few of the headings that I can think of.

Lost moorage

lost ability to market to paying customers who have viable operations and who want to locate in your town

Lost growth opportunity in terms of justification

Lost staff time, operations and admin, dealing with a non revenue generating vessel

Higher operations costs due to attorney fees

Congestion in the harbor and unnecessary inconvenience to the other harbor users

One of the reasons we haven't had a major loss like has occurred in other harbors on the coast (knock on wood) is that we have a 24 hour watch and the graveyard shift has caught a lot of boats on their way down over the years, protecting us from that O ---- moment first thing in the morning, so add that cost to the equation as well. Also if we have a abandoned boat in the harbor, staff watch, pump it, or do whatever it takes to make sure the dang thing doesn't sink while we work out a plan for removal. This helps keep me motivated because as you might imagine, the harbor officers don't let me forget.

Sorry for the novel, but I don't think there is an easy or short way to tell this story.

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