

**HB**

**478**



## REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

e-mail: Representative.Bill.Thomas@legis.state.ak.us webpage: www.akreblicans.org/thomas/

State Capitol

Juneau AK, 99801-1182

907-465-3732

888-461-3732

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### SPONSOR STATEMENT HB 478

#### **"An Act relating to the municipal harbor facility grant program"**

For Alaskan coastal communities, harbors are their road to resources. Not only do they protect vessels from the ocean, harbors are critical transportation links and hubs of waterfront commerce that many businesses depend on. Over the past 10 years, the Department of Transportation has transferred ownership of state harbors to 22 municipalities around Alaska's coast. In many instances the state had neglected its responsibility for conducting major preventative maintenance on those harbors. Although funds accompanied the transfers, the funds were insufficient to bring the harbors up to safe and serviceable condition. Accordingly, when local harbormasters took over the budgeting for their facilities they inherited a major financial burden that their local governments could not afford.

In 2005 the Statewide Harbormasters Association met to find a solution to the approximately \$99,858,000 in needed repairs. They brought forward a proposal for a 50/50 matching grant program. That proposal is reflected in House Bill 478.

HB 478 establishes the Municipal Harbor Facility Grant Fund and a 50/50 capital matching funding program administered by the Department of Transportation. The bill sets out strict criteria to determine project eligibility. For example the application must be for a capital improvement project, not routine maintenance, which is considered a local responsibility, and the municipality must have the financial capability to maintain the harbor in the future. The bill prioritizes repair and major maintenance projects above other projects or new construction. Once a harbor facility receives funding under this program it will not be eligible for additional grants.

In order to access resources and continue to stimulate our economy, Alaskan harbors must be in good working order. The proposal brought forth by the harbormasters, embodied in HB 478, will set up a fair and reasonable state/local partnership to ensure that our harbors receive the funding they deserve.

**Contact: Ian Fisk, aide to Rep. Thomas, at (907) 465-3732**

## **LANGUAGE FOR CONCEPTUAL AMENDMENT**

p. 2, Line 17: after "grant;" add: "state funds shall not be used by a municipality as their matching funds for grants under this program"

**CS FOR HOUSE BILL NO. 478( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-FOURTH LEGISLATURE - SECOND SESSION**

**BY**

**Offered:**

**Referred:**

**Sponsor(s): REPRESENTATIVES THOMAS, Elkins, Wilson, LeDoux**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to the municipal harbor facility grant program; and providing for an**  
2 **effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 **\* Section 1.** AS 29.60 is amended by adding new sections to read:

5 **Article 10. Municipal Harbor Facility Grant Program.**

6 **Sec. 29.60.800. Municipal harbor facility grant fund.** (a) There is  
7 established the municipal harbor facility grant fund consisting of money appropriated  
8 to the fund. Each fiscal year, the legislature may appropriate money to the fund from  
9 the watercraft fuel tax account (AS 43.40.010(f)) and from the fisheries business tax  
10 collected under AS 43.75.015 after payments to municipalities are made under  
11 AS 43.75.130. The legislature may make other appropriations to the fund. The  
12 legislature may appropriate to the fund income earned on money in the fund.

13 (b) Money appropriated to the municipal harbor facility grant fund may be  
14 expended by the Department of Transportation and Public Facilities for municipal

1 harbor facility grants without further appropriation. Money in the fund does not lapse  
2 and remains available for expenditure in successive fiscal years.

3 (c) Each fiscal year, the Department of Transportation and Public Facilities  
4 shall use an amount equal to at least 50 percent of the balance of the municipal harbor  
5 facility grant fund June 30 of the preceding fiscal year for municipal harbor facility  
6 grants.

7 **Sec. 29.6<sup>6</sup> 810. Grant applications.** A municipality that owns a harbor facility  
8 may submit to the Department of Transportation and Public Facilities an application  
9 for a municipal harbor facility grant to be used for construction, expansion, major  
10 repair, or major maintenance of a harbor facility. The application must include  
11 information about the project requested by the department. For a proposed project to  
12 be eligible for a grant, the municipality must provide evidence acceptable to the  
13 department that the

14 (1) proposed project should be a capital improvement project and not  
15 part of a preventive maintenance program or regular custodial care program;

16 (2) municipality will provide 50 percent of the total project cost as  
17 matching funds for the state grant;

18 (3) municipality has secured and will maintain adequate property loss  
19 insurance for the replacement cost of the harbor facility or has an adequate program of  
20 insurance;

21 (4) municipality has a preventive maintenance plan for the harbor  
22 facility and will be adequately adhering to the preventive maintenance plan after  
23 completion of the proposed project.

24 **Sec. 29.60.820. Award of grants.** (a) The Department of Transportation and  
25 Public Facilities may award a municipal harbor facility grant during a fiscal year only  
26 for a proposed project eligible under AS 29.60.810 based on a grant application filed  
27 during the immediately preceding fiscal year before February 1. The total amount of  
28 grant money made available to a municipality during a fiscal year may not exceed  
29 \$5,000,000.

30 (b) The Department of Transportation and Public Facilities shall award a grant  
31 for every proposed project eligible under AS 29.60.810 that is for repair and major

1 maintenance of a harbor facility that was transferred by the state to a municipality  
2 before grants may be made for other proposed harbor facility projects during a fiscal  
3 year. However, after the department makes a grant for the repair and major  
4 maintenance of a harbor facility under this subsection, no other grants for the repair  
5 and major maintenance of that facility may be made during the same or any other  
6 fiscal year.

7 (c) The Department of Transportation and Public Facilities shall establish  
8 priorities for the award of grants for proposed municipal harbor facility projects under  
9 (b) of this section and priorities for the award of grants for other proposed harbor  
10 facility projects, with new construction projects having the lowest priority. The  
11 department shall award grants in the order of priority established. In establishing  
12 priorities, the department shall include at least the following, in the order listed:

13 (1) the extent to which the municipality can demonstrate that it will  
14 have sufficient revenue to operate and maintain the harbor facility in the future  
15 without state aid;

16 (2) public safety and emergency factors;

17 (3) the amount spent by the municipality on maintenance of the harbor  
18 facility;

19 (4) other options that would reduce or eliminate the need for the  
20 proposed project; and

21 (5) whether alternative harbor projects would better serve the public  
22 interest.

23 (d) The Department of Transportation and Public Facilities may suggest  
24 modifications to a project request to achieve cost savings or to better serve the public  
25 interest and, if the municipality agrees, award the municipal harbor facility grant for  
26 the proposed project as modified.

27 \* Sec. 2. This Act takes effect July 1, 2006.



## REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

e-mail: Representative.Bill.Thomas@legis.state.ak.us webpage: www.akrebublicans.org/thomas/

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### HB 478

"an Act relating to the municipal harbor facility grant program"

#### SECTIONAL ANALYSIS

**Section 1:** Amends AS 29.60 to establish a municipal harbor facility grant program

##### **Sec. 29.60.800**

Allows the legislature to appropriate money to this fund from the watercraft fuel tax account, which consists of revenue from the marine fuel tax, and to make other appropriations to the fund.

Money in the fund does not lapse and may be spend in successive years. It may be expended by DOT for harbor facility grants without further appropriation.

Provides that DOT must use at least 50% of the balance of the fund each year for harbor facility grants.

##### **Sec. 29.60.810**

Allows municipalities to apply for grants for construction, expansion, major repair or major maintenance of harbor facilities.

Lists eligibility criteria for such grants, including that the project must be a capital improvement program, not a preventive maintenance program.

Communities must match the state grant on a 50% - 50% basis.

##### **Sec. 29.60.820**

Caps annual grant awards to any municipality at \$5,000,000.

Requires that DOT prioritize grant applications for repair and major maintenance received from communities that have already taken ownership of their harbors through transfer by the State.

Requires that DOT establish priorities for grant awards for repair and major maintenance, establish priorities for other proposed harbor projects, with new construction having the lowest priority.

Lists factors that shall be included by DOT in establishing priorities

Provides that DOT may suggest modifications to a project to achieve cost savings or to better serve the public, and may make such modifications to a grant award if the municipality agrees.

**Sec. 2**

Establishes the effective date as July 1, 2006

**CITY OF WHITTIER, ALASKA  
RESOLUTION #906-06**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHITTIER, ALASKA, REQUESTING THAT THE ALASKA STATE LEGISLATURE PROVIDE STATEWIDE MAINTENANCE AND REPAIR FUNDS TO LOCAL GOVERNMENTS THAT HAVE ACCEPTED OWNERSHIP AND MAINTENANCE RESPONSIBILITY OF FORMERLY STATE OWNED HARBOR FACILITIES**

**WHEREAS, the State of Alaska (State) constructed or improved and owned numerous harbor facilities in communities throughout Alaska; and**

**WHEREAS, maintenance and repair of the harbor facilities under State ownership was minimal; and**

**WHEREAS, as part the transfer of ownership of the harbor facilities to local governments, the State provided insufficient funds to restore the harbor facilities to a safe operating condition; and**

**WHEREAS, even if local governments are willing to assume the financial responsibility of ownership by increasing rates to reflect actual maintenance and operating costs, as well as establishing a long-term, 1 sture major repairs, renovations, and replacement fund, the rates simply cannot be increased enough to accomplish all of the above and retroactively address the existing deficiencies inherited from the State; and**

**WHEREAS, the City of Whittier (City) has increased small boat harbor moorage fees 83 percent over the past three years to cover depreciation, inflation, and increased operating and maintenance costs, the City is in need of an additional \$14 million to bring the existing small boat harbor facility up to a safe and good condition, as well as for minor expansion to accommodate the increased size of the current boat harbor fleet and prevent infilling of the basin due to erosion and scouring; and**

**WHEREAS, the majority of local governments that accepted ownership and maintenance responsibilities of harbor facilities from the State are in need of additional financial support from the Alaska State Legislature to help bring Alaska's public harbor facilities to a safe condition.**

**THEREFORE, BE IT RESOLVED that the City Council for the City of Whittier, Alaska, requests that the State of Alaska Legislature appropriate capital funds to local governments that have accepted ownership of the harbors for the purpose of helping local governments transition to their ownership role.**

**PASSED AND APPROVED by a duly constituted quorum of the Whittier City Council on this \_\_\_ day of January 2006.**

**Introduced by: Mark Earnest  
Introduction date: 16 January 2006**

**ATTEST:**



**Brenda Krol  
City Clerk**



**Leagar Linoeford  
Mayor**

**Ayes: 7  
Noes: 0  
Absent: 0  
Abstain: 0**



## Cordova District Fishermen United

P.O. Box 939  
Cordova, Alaska 99574  
(907) 424-3447 FAX (907) 424-3430

February 22, 2006

Representative Bill Thomas  
Representative Kurt Olsen  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

RE: Support HB 478- Municipal Harbor Facilities Grant Fund

Dear Representative's Thomas & Olsen,

Cordova District Fishermen United (CDFU) supports HB 478 relating to the creation of a program designed to attain capital improvements for harbor facilities through matching fund grants to municipalities.

For Alaska's coastal communities, harbors maintenance & facilities are critical for the fishing industry as well as residents & visitors. It is imperative that these harbors be in a good state of repair, both for functionality & safety of its users.

CDFU supports the creation of a program that will fund capital improvements as well as major maintenance or harbor facilities made possible through HB 478.

Sincerely,

A handwritten signature in cursive script that reads "Diane Platt".

Diane Platt  
Executive Director

# CITY OF CORDOVA



February 27, 2006

Representative Bill Thomas  
State Capital  
Juneau, AK 99811-1182

Re: HB 478

Dear Representative Thomas:

Cordova would like to add their support for HB 478, which would create the municipal harbor facility grant program.

Cordova received transfer of our harbor from the state in 2003. Although this was originally regarded as a positive move, we have not seen a great benefit to our community to date. Unfortunately, adequate funding needed to upgrade the facility was not included with that transfer. The City has a regular maintenance program which is funded through user-fees, but the time has come to fund major improvements that can better serve our large commercial fishing fleet and maritime community.

The following are examples of projects needed in Cordova which could be addressed by this legislation:

1. Construct and Install Courtesy Float at North Boat Launch Ramp	\$120,000
2. "G" Float Replacement	\$600,000
3. Old Grid Replacement	\$100,000
4. Transient Float Gangway Replacement	\$100,000
5. New Harbor Electrical Upgrade	\$500,000

As one of Alaska's busiest harbors coastal communities, please let me know what Cordova can to help in passage of this timely and much needed legislation.

Thank you for your attention to this urgent situation which is being faced by many coastal communities throughout Alaska.

Sincerely,

Mayor Tim Joyce  
City of Cordova

**ALASKA ASSOCIATION OF HARBORMASTERS AND PORT ADMINISTRATORS**

**Resolution Number 2005-01**

*A resolution of the Alaska Association of Harbormasters and Port Administrators for the Legislature to provide matching maintenance and repair funds to local government owned harbors.*

**Whereas**, the State of Alaska built and owned many of the harbor facilities in Alaska's communities; and,

**Whereas**, under State of Alaska ownership, the maintenance and repair of the harbor facilities was minimal; and,

**Whereas**, when transferring ownership of the harbor facilities to the local governments, the State of Alaska provided insufficient funds to restore the harbor facilities to "good" condition; and,

**Whereas**, local governments are willing to assume financial responsibility of their ownership roles;

**Whereas**, local governments are realizing that ownership of harbors means that moorage rates to the public must be increased several fold to restore the harbors to good condition; and,

**Whereas**, many local governments may not be able to implement such dramatic moorage increases without financial assistance; and

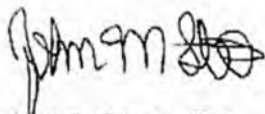
**Whereas**, local governments seek financial assistance from the Legislature to prevent Alaska's harbor facilities from disappearing; and

**Whereas**, local governments request the Legislature to provide 50% match funding program for the maintenance and repair of the transferred harbors.

**THEREFORE, BE IT RESOLVED** by the Alaska Association of Harbormasters and Port Administrators that it requests that the State of Alaska Legislature provide capital matching funds to local governments who have accepted ownership of the harbors for the purpose of helping local governments to fund deferred port and harbor maintenance projects.

Section 1. This resolution shall take effect immediately upon its adoption.

**PASSED AND APPROVED** by the Alaska Association of Harbormasters and Port Administrators, this 12<sup>nd</sup> day of October, 2005.



John M. Stone, P.E., President

Alaska Association of Harbormasters and Port Administrators

**ALASKA MUNICIPAL LEAGUE**

**RESOLUTION #2006-09**

**A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE FOR THE  
LEGISLATURE TO PROVIDE MATCHING MAINTENANCE AND  
REPAIR FUNDS TO LOCAL GOVERNMENT OWNED HARBORS**

**WHEREAS**, the State of Alaska built and owned many of the harbor facilities in Alaska's communities; and

**WHEREAS**, under State of Alaska ownership, the maintenance and repair of the harbor facilities was minimal; and

**WHEREAS**, when transferring ownership of the harbor facilities to the local governments, the State of Alaska provided insufficient funds to restore the harbor facilities to "good" condition; and

**WHEREAS**, local governments are willing to assume financial responsibility of their ownership roles; and

**WHEREAS**, local governments are realizing that ownership of harbors means that moorage rates to the public must be increased several fold to restore the harbors to good condition; and

**WHEREAS**, many local governments may not be able to implement such dramatic moorage increases without financial assistance; and

**WHEREAS**, local governments seek financial assistance from the Legislature to prevent Alaska's harbor facilities from disappearing; and

**WHEREAS**, local governments request the Legislature to provide 50% match funding program the maintenance and repair of the transferred harbors.

**THEREFORE, BE IT RESOLVED** by the Alaska Municipal League that it requests that the State of Alaska Legislature provide capital matching funds to local governments who have accepted ownership of the harbors for the purpose of helping local governments to fund deferred port and harbor maintenance projects.

**Alaska State Chamber of Commerce  
2005 Position  
State and Federal Funding Dock and Harbor Maintenance and  
Development Projects Throughout Alaska**

Request that the State of Alaska fund and assist in acquiring federal funding for existing and future harbor and dock development projects in an effort to stimulate economic growth in Alaskan communities. The Chamber further urges the State of Alaska make funding available to repair and improve existing facilities to serviceable standards consistent with DOT regulations as part of their mandated transferal of ownership of these harbors to communities.

Sponsored by: Corbridge

**CITY OF SEWARD, ALASKA  
RESOLUTION 2005-15**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
SEWARD, ALASKA, URGING THE LEGISLATURE TO  
PROVIDE MAINTENANCE AND REPAIR FUNDS TO LOCAL  
GOVERNMENT OWNED HARBORS**

**WHEREAS**, the State of Alaska built and owned many of the harbor facilities in Alaska's Communities; and

**WHEREAS**, under State of Alaska ownership, the maintenance and repair of the harbor facilities was minimal; and

**WHEREAS**, when transferring ownership of the harbor facilities to the local governments, the State of Alaska provided insufficient funds to complete deferred maintenance and restore the harbor facilities to "good" condition; and

**WHEREAS**, local governments are willing to assume financial responsibility of their ownership roles; and

**WHEREAS**, local governments are realizing that ownership of harbors means that moorage rates to the public must be increased several fold to restore the harbors to good condition; and

**WHEREAS**, many local governments may not be able to implement such dramatic moorage increases or complete maintenance and repairs deferred during state ownership without financial assistance; and

**WHEREAS**, local governments seek financial assistance from the Legislature to prevent Alaska's harbor facilities from disappearing.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, that:**

**Section 1.** The State of Alaska Legislature is urged to provide capital funds to local governments who have accepted ownership of the harbors for the purpose of helping local governments transition to their ownership roles.

**Section 2.** This resolution shall take effect immediately upon its adoption.

**PASSED AND APPROVED** by the City Council of the City of Seward, Alaska,  
this 14th day March, 2005

# CITY OF SKAGWAY, ALASKA

## RESOLUTION NO. 05-27R

**A RESOLUTION OF THE CITY OF SKAGWAY, ALASKA URGING THE LEGISLATURE TO PROVIDE MATCHING MAINTENANCE AND REPAIR FUNDS TO LOCAL GOVERNMENT OWNED HARBORS.**

**WHEREAS**, the State of Alaska built and owned many of the harbor facilities in Alaska's communities; and

**WHEREAS**, under State of Alaska ownership, the maintenance and repair of the harbor facilities was minimal; and

**WHEREAS**, when transferring ownership of the harbor facilities to the local governments, the State of Alaska provided insufficient funds to restore the harbor facilities to "good" condition; and

**WHEREAS**, local governments are willing to assume financial responsibility of their ownership roles; and

**WHEREAS**, local governments are realizing that ownership of harbors means that moorage rates to the public must be increased several fold to restore the harbors to good condition; and

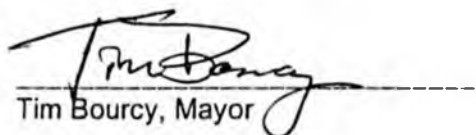
**WHEREAS**, many local governments may not be able to implement such dramatic moorage increases without financial assistance; and

**WHEREAS**, local governments seek financial assistance from the Legislature to prevent Alaska's harbor facilities from disappearing; and

**WHEREAS**, local governments request the Legislature to provide 50% match funding program for the maintenance and repairs of the transferred harbors;

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Skagway urges the State of Alaska Legislature to provide capital matching funds to local governments who have accepted ownership of the harbors for the purpose of helping local governments to fund deferred port and harbor maintenance projects.

**PASSED AND APPROVED** on this 17<sup>th</sup> day of November, 2005 by the City Council of the City of Skagway, Alaska.

  
Tim Bourcy, Mayor

ATTEST:

\_\_\_\_\_  
Marjorie D. Harris, City Clerk

(SEAL)

Vote: 5 Aye 0 Nay 1 Absent



## Cordova District Fishermen United

P.O. Box 939  
Cordova, Alaska 99574  
(907) 424-3447 FAX (907) 424-3430

FEB 27 2006

February 22, 2006

Representative Bill Thomas  
Representative Kurt Olson  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

RE: Support HB 478- Municipal Harbor Facilities Grant Fund

Dear Representative's Thomas & Olson,

Cordova District Fishermen United (CDFU) supports HB 478 relating to the creation of a program designed to attain capital improvements for harbor facilities through matching fund grants to municipalities.

For Alaska's coastal communities, harbors maintenance & facilities are critical for the fishing industry as well as residents & visitors. It is imperative that these harbors be in a good state of repair, both for functionality & safety of its users.

CDFU supports the creation of a program that will fund capital improvements as well as major maintenance or harbor facilities made possible through HB 478.

Sincerely,

Diane Platt  
Executive Director

**Alaska Association of Harbormasters and Port Administrators Deferred Maintenance Funding Summary**  
**List of Communities That Have Accepted Harbor Ownership from the State of Alaska**

Location	Facility	Sale Date/Type	*State Funds Already Provided	Cost Est Provided	Funds Required	Contact	Phone Number
Chenequa	Oil Spill Response & Seaplane Float	10/8/1998 Bill of Sale	\$ 315,000		\$678,000	Olen Harris	562-1444
Cold Bay	Dock	6/30/1992 Bill of Sale	n/a	Eng Est 5/4/05	\$500,000	Bob Juettner	274-7555
Cordova	Small Boat Harbor	8/03/2003 Bill of Sale	\$ 4,876,000	Est 1/31/2006		Dale Murra	424-6400
Craig	Dock North Cove Small Boat Harbor South Cove Small Boat Harbor	12/19/2001 Bill of Sale 6/30/1992 Comm's Deed 9/14/1995 Comm's Deed	\$ 581,000	Quote 2/1/2006	\$175,000	Michael Kampnich	826-1404
Homer	Small Boat Harbor	4/30/1999 Bill of Sale	\$ 3,605,400	Est 10/2005	\$3,100,000	Steve Dean	235-3160
Juneau	Aurora Small Boat Harbor Don Statter Small Boat Harbor Douglas Dock Douglas Small Boat Harbor Harris Small Boat Harbor Taku Small Boat Harbor North Douglas Launch Ramp	4/2/2003 Bill of Sale	\$ 7,119,000	Eng Report 3/04	\$17,100,000	John Stone	586-0294
Ketchikan	Bar Harbor North Bar Harbor South City Float Rvus Float Thomas Basin Small Boat Harbor	8/11/2004 Bill of Sale 5/15/2002 Bill of Sale 1/1/1999 Bill of Sale 8/1/2004 Bill of Sale 8/11/2004 Bill of Sale	\$ 7,876,000	Est 9/1/05	\$13,450,000	Chris Brewton	228-5632
King Cove	Old Harbor	3/25/1995 Bill of Sale	\$ 352,000	Eng Est 2/3/06	\$4,592,000	David Hash	497-2237
Klawock	Small Boat Harbor Dock	3/28/2003 Bill of Sale 5/16/1986 Quit Claim Deed	\$ 896,000		\$200,000	John Morris	755-2261
Kodiak	City Float St. Herman's Small Boat Harbor St. Paul Small Boat Harbor Channel Transient Float	3/12/1999 Bill of Sale	\$ 7,775,500	Eng Rep 2/02 Update Est 2/06	\$14,900,000	Marty Owen	486-8080
Old Harbor	Dock Float	5/20/1993 Bill of Sale 5/20/1993 Bill of Sale	\$ 154,000		\$1,000,000	Jim Nestic	286-2204
Pelican	Small Boat Harbor & Seaplane Float North Harbor	9/06/2001 Bill of Sale 12/06/2005 Bill of Sale	\$ 1,451,142 \$ 2,500,000	1/30/2006	\$1,040,000 \$4,000,000	Patty Phillips	715-2202
Petersburg	Midate Small Boat Harbor South Small Boat Harbor	6/03/2003 Bill of Sale	\$ 3,729,000	Eng Est 2/6/06	\$2,500,000	Jim Stronndahl	772-4688
Sand Point	Small Boat Harbor	12/2/1992 Bill of Sale	n/a		\$2,100,000	Richard Kochuten, Sr	383-2696
Seldovia	Small Boat Harbor	3/18/2004 Bill of Sale	\$ 2,628,000		\$3,400,000	Ronda Haynes	234-7643
Seward	Small Boat Harbor	2/25/1999 Bill of Sale	\$ 3,134,200	Eng Est 2/6/06	\$7,693,000	Scott Ransom	224-3138
Sitka	Crescent Harbor (A-D, 1-4) Crescent Harbor (E-F, 5-7) Sealing Cove Small Boat Harbor Thorin Small Boat Harbor - Old ANB Float	11/09/2001 Bill of Sale 08/30/2004 Bill of Sale 08/10/2004 Bill of Sale 08/30/2004 Bill of Sale 6/18/1992 Comm's Deed	\$ 6,468,000	Est 2/1/06	\$4,500,000	Ray Mareski	747-3439
Skegway	Small Boat Harbor	10/21/2004 Bill of Sale	\$ 1,068,852	Est 1/1/06	\$ 2,575,000	Matthew O'Boyle	983-2628
Tattletale	Oil Spill Response and Ferry Dock	10/8/1998 Bill of Sale	\$ 315,000		\$270,000	Olen Harris	562-1444
Valdez	Small Boat Harbor	12/03/2003 Bill of Sale	\$ 1,013,300	Est 2/1/06	\$2,500,000	Alan Sorum	835-4981
Whittier	Passenger Loading Dock Small Boat Harbor	5/15/2002 Bill of Sale 8/02/2004 Bill of Sale	\$ 2,479,000		\$4,890,000	Mark Earnest	472-2327x111
Wrangell	Fish & Game Float Inner Small Boat Harbor Reliance Small Boat Harbor Shoemaker Bay Harbor Standard Oil Float	8/20/2003 Bill of Sale	\$ 1,492,000	Eng Est 2/2/06	\$6,200,000	Greg Messner	874-3736
Yakutat	Small Boat Harbor and Seaplane Float	4/8/2005 Bill of Sale	\$ 526,000	Eng Rep 12/04	\$ 2,295,000	Erving Citass	784-3323

**Total State Funding Provided**

**\$64,354,394**

**Funding Needed to Complete Repairs**

**\$99,858,000**

Spreadsheet prepared by Alan Sorum on 25 March 2005. Contact: (907) 835-4981  
 \*Revised by John Stone on Feb. 6, 2006 to show verified cost estimates. 907-586-0294

**House Community and Regional Affairs Committee**

February 28, 2006

HB 478

Testimony by Marty Owen, Kodiak Harbormaster

**Thank you for the opportunity to comment. I'm Marty Owen, Kodiak's Harbormaster.**

**So why is it important to keep Alaska's harbor infrastructure modernized and in good condition?**

To coastal communities, harbors are economic lifeboats. Let me explain. A very high percentage of the wealth in a coastal community is initially created by harbor users -- primarily by commercial fishermen and tourism-related business. They are the economic foundation for almost every business because their new dollars are spent over and over. Grocers, mechanics, shopkeepers, fuel distributors, restaurant and bar owners, -- almost every business person in town -- depends upon the wealth initially created at, or in support of, the harbor. Without modern docks and floats, business and fishing can't grow, economic activity stagnates and populations decline. Remember: a vibrant harbor infrastructure is an economic lifeboat. And we must keep our lifeboats in good condition or we may meet the same fate the passengers of the Titanic did.

**You might ask, so what's wrong with an older harbor?** Here are couple things to consider. Most of Alaska's harbors were built over 25 years ago. Since then, the fleets have gotten longer, heavier and wider. [I'm talking about the boats now -- not the fishermen!] For example the average fishing boat of the 60s was 38' long. Today's seiners are over 50 feet in length. To remain competitive in a global seafood market, commercial fishermen upgraded their vessels but unfortunately our harbors have not kept pace. When harbor floats are replaced today, the new slips are longer, stronger and wider -- without exception. That's what it takes to accommodate today's modern fleet. Additionally, the new boats have an appetite for shore power that has outstripped the utility system. These old dock distribution systems are inadequate, unsafe, and out of code compliance.

**So why not spend money to fix the utilities?** Let's think about that . . . Does it make sense to spend millions for new electric systems on floats built to last 25 years that are now 30 years old? I think you can agree . . . that it does not.

**So what about the future? How have, and will, the various rationalization schemes impact harbor use and development?** To some degree the fleets have consolidated – and more seems inevitable. But fishing isn't going away. Salmon prices are recovering and prices of other species like halibut, pollock and cod are strong. The future is different, but still bright. Alaska needs to support and sustain the fleet as it matures. Currently we are going through a major adjustment but state and local government can help by supporting harbors to meet the needs of the modern fleet.

**Let me provide an example based upon the community I know best – Kodiak.**

Just a few years ago, DOT offered Kodiak \$7.5M and the deed to its two harbors. It was the only offer we got and it certainly was better than nothing. With that money, we replaced the smaller, and older, of our two harbors. It was 40-years old, having been built by the State right after the 1964 tsunami. The average size boats was much smaller then. Our new slips are sized appropriately and accommodate the fleet nicely today. They are wider, stronger, and longer. Yes, here is a valid example of where size matters! But our **other** harbor, a mere 20-years old at the time, was also nearing the end of its useful life and now it is 25 years old. It will cost at least \$14M to replace it.

For many years, Kodiak's moorage fees were some of the highest in the state, but they barely covered operating and maintenance costs. Nothing was left over to set aside for major replacement projects. Since Kodiak accepted ownership of the harbors, moorage rates have increased three times, and two more increases have been authorized by the City Council. For the larger vessels, the annual moorage climbs from \$25 per foot per year to nearly \$100 per foot per year. That is 400 percent increase. And it is not enough to catch up, it is barely enough to hold together our old harbor which is undersized and at the end of its design life. In another decade, the new moorage rates will accumulate sufficient retained earnings to partially finance new facilities and create enough income to support bonding for the remainder. But we can't wait that long. That would be like rearranging the deck chairs on the Titanic, knowing full well that there are not enough life boats.

Well . . . lets not waste any more time. The 50/50 matching program that HB-478 creates, will help communities build lifeboats before they hit an iceberg. This bill is not a give-a-way, it puts plenty of financial responsibility on local government too. It is a good concept and will be good for the economy of all Alaska.

Thanks for listening to me.



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House Community and Regional Affairs Committee  
February 28, 2006  
HB 478  
Testimony by John Stone  
President, AAHPA

Mr. Chair and members of the House Community and Regional Affairs Committee, my name is John Stone. I am the president of the Alaska Association of Harbormasters and Port Administrators. I, along with three other members of our association, will testify in support of HB 478, Municipal Harbor Facility Grants. The other members are on teleconference and include Alan Sorum, Valdez Ports and Harbors Director, Marty Owen, Kodiak Port Director and Harbormaster, and Jim Stromdahl, Petersburg Harbormaster. All of these individuals are past presidents of the Association and have served on the Board of Directors of the Association.

The Alaska Association of Harbormasters is an organization comprised of the senior managers from 27 harbor systems. These include Anchorage, Bethel, Bristol Bay Borough/Naknek, Cordova, Craig, Dillingham, Haines, Homer, Hoonah, Juneau, Kenai, Ketchikan, King Cove, Kodiak, Nome, Pelican, Petersburg, Port MacKenzie, Sand Point, Seward, Sitka, Skagway, Unalaska/Dutch Harbor, Valdez, Whittier, Wrangell, and Yakutat. The Association's goal is simple: to make Alaska's harbors the best they can be.

First, let me say that the Association fully supports HB 478 and appreciates the Committee taking the lead on this important state and community issue. During the past several years, the Association has attempted to bring the dilapidated condition of Alaska's harbor infrastructure to the attention of the Legislature.

Most of Alaska's harbor infrastructure was built by the Alaska Department of Transportation and Public Facilities in the 1960's and 1970's. Largely, this infrastructure is at the end its useful life making complete replacement of it necessary. We believe the financial resources needed to replace these facilities before the end of their lives requires the collective effort of the State and local harbor jurisdictions.

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As you know, the State's policy for many years was to enter into agreements with the cities and municipalities for the operation of the harbor systems with the State retaining title to the physical harbor improvements. The cities and municipalities established enterprise funds and assessed fees to users in an amount necessary to finance the operating cost of the facilities. This arrangement worked good from an operations standpoint. However, neither party addressed facility replacement; the locals because they did not hold title to the improvements and the State because funding was not available.

In the 1990's, the State developed a new policy whereby the title of the physical improvements would be turned over to the local harbor jurisdictions along with some funding to help with facility replacement. Although the policy is sound, the program suffered from the fact that the funding provided with the transfer of title was only a fraction of the funding needed to replace the infrastructure that was transferred. The program also suffered from the fact that it was a "take it or lose it" deal. ADOT only had the money it was given for the transfer; everyone knew it was far short of what was needed. The communities could not leave the money on the table because the harbors were too financial'y important, in many cases the economic lifeblood of the community.

As the transfers went forward, local harbor jurisdictions developed facility replacement schedules and began looking at fees to cover facility replacement costs. It became clear that harbor fees needed to increase several-fold in short order. Local harbor jurisdictions undertook local government processes to increase fees resulting in doubling and tripling of fees over a few year period. However, the fee increase processes have shown that it is not economically possible to recapitalize a harbor system with only user fees. We just can't make-up for forty years of deferred maintenance in a few short years.

This does not mean that the local harbor jurisdictions are not willing to step up to the plate. Many of us are looking to finance revenue bonds with fee increases in order to replace transferred infrastructure. The Association believes this presents a good opportunity for a match funding program with the State. Many local governments, the State Chamber, the Alaska Municipal League, and our Association have adopted resolutions in support of this harbor match funding program.

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We ask for this match program because we believe it is a good investment for the State. My colleagues will expand upon this point. However, being on the front line, we see the economic contribution that harbors make to our communities and to the State. Our harbors house Alaska's fishing fleet, which is in effect comprised of thousands of small and medium sized businesses. The fishing fleet imports wealth into the State by exporting a high quality, renewable state resource. Our harbors also house a variety of other small businesses. Most promising is the growth of small, locally owned passenger-for-hire businesses. These small businesses bring well-to-do visitors into the State to experience Alaska's natural beauty and excellent fishing opportunities. Many of these visitors couple their shoreland excursion with visits to the interior of our State. Many of our harbor patrons use boats for subsistence activities, stocking freezers with salmon, halibut, crab, and shrimp, or accessing remote areas for hunting opportunity. These are just a few of the many economic and social benefits provided to the State by its harbors.

In summary, we thank the Chair and Committee for its consideration of HB 478. The Alaska Association of Harbormasters and Port Administrators strongly supports this bill. The dilemma facing us is that we have a tremendous amount of harbor infrastructure that is at the end of its useful life. This infrastructure has been put into our hands. We are scrambling to find ways to replace it before it is lost. We are also substantially increasing fees to help with replacement costs. We have learned that fees are not the total answer. This bill provides much needed help with these replacements by matching our local investments. This bill also achieves the policy goal of the harbor transfers, whereby the local communities become responsible for the operation, maintenance, and replacement of the harbor improvements, because it gives us the capability to replace the transferred infrastructure before it is lost.

I would ask the Chair to call upon my colleagues from Valdez, Kodiak, and Petersburg so they can present their short testimony and then we can collectively answer the Committee's questions. Thank-you.