



Agenda

City Council Regular Meeting

Monday, June 08, 2026 at 6:00 PM

City Hall Cowles Council Chambers In-Person & Via Zoom Webinar

Homer City Hall

491 E. Pioneer Avenue
Homer, Alaska 99603
www.cityofhomer-ak.gov

Zoom Webinar ID: 205 093 973 Password: 610853

<https://cityofhomer.zoom.us>
Dial: 346-248-7799 or 669-900-6833;
(Toll Free) 888-788-0099 or 877-853-5247

CALL TO ORDER, PLEDGE OF ALLEGIANCE

AGENDA APPROVAL (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual)

MAYORAL PROCLAMATIONS AND RECOGNITIONS

PUBLIC COMMENT ON MATTERS ALREADY ON THE AGENDA

RECONSIDERATION

CONSENT AGENDA (Items listed below will be enacted by one motion. If a separate discussion is desired on an item, that item may be removed from the Consent Agenda and placed on the Regular Meeting Agenda at the request of a Councilmember.)

- a. Ordinance 26-30, An Ordinance of the City Council of Homer, Alaska Amending the FY27 Capital Budget by Appropriating \$50,000 from the Homer Accelerated Roads and Trails (HART) Trails Fund for the Purpose of Funding Conceptual Planning for a Looped Trail above Karen Hornaday Park. Davis/Erickson. Recommended dates Introduction June 8, 2026 Public Hearing and Second Reading June 22, 2026.
- b. Resolution 26-040, A Resolution of the City Council of Homer, Alaska Approving the Renewal of a Lobbyist Contract with the Ferguson Group for a Term of One Year Commencing July 1, 2026 and Ending June 30, 2027 in the Amount of \$63,000 and Authorizing the City Manager to Negotiate and Execute the Appropriate Documents. City Manager. Recommend Approval.

Memorandum CC-26-119 from Special Projects and Communications Director as backup.

VISITORS

- a. City of Homer Grants Program Update - Stacy Mack, Homer Foundation Director (10 minutes)

ANNOUNCEMENTS / PRESENTATIONS / REPORTS (5 Minute limit per report)

- a. Worksession Report

- b. Committee of the Whole Report
- c. Special Meeting Report
- d. Mayor's Report
- e. Borough Report

PUBLIC HEARING(S)

- a. Ordinance 26-28, An Ordinance of the City Council of Homer, Alaska Appropriating Funds in the Amount of \$8,000 from the General Fund Balance and Authorizing the Use of Limited Staff Time and City Equipment for Public Information on the Ballot Proposition for the Continuation of the Homer Accelerated Roads and Trails (HART) Program and Reauthorizing the Three-Fourths Percent (3/4%) Sales Tax Levy for Up to Twenty Additional Years Including Without Limitation Information That May Influence the Outcome of the Election on the Proposition. City Manager. Introduction May 26, 2026, Public Hearing and Second Reading June 8, 2026.

Memorandum CC-26-106 from City Manager as backup.
Public Comment Received.

ORDINANCE(S)

CITY MANAGER'S REPORT

- [a.](#) City Manager's Report
- b. FY26 Q3 Report

PENDING BUSINESS

- a. Ordinance 26-27, an Ordinance of the City Council of Homer, Alaska, Amending the City of Homer Water and Wastewater Rates and Updating the City Fee Schedule Accordingly. Introduction May 11, 2026, Public Hearing May 26, 2026, Second Reading June 8, 2026.

Memorandum CC-26-103 from Finance Director as backup.
Memorandum CC-26-114 from Finance Director as backup.
Memorandum CC-26-115 from Councilmember Davis as backup.
Memorandum CC-26-116 from Finance Director as backup.
Memorandum CC-26-122 from City Manager as backup.

NEW BUSINESS

RESOLUTIONS

- [a.](#) Resolution 26-041, A Resolution of the City Council of Homer, Alaska Directing the City Manager to Issue a Request for Proposals for Route Identification and Conceptual Planning for a Low-Impact Looped Hiking Trail above Karen Hornaday Park. Davis/Erickson.

Memorandum CC-26-120 from Councilmembers Davis and Erickson as backup.

- [b.](#) Resolution 26-042, A Resolution of the City Council of Homer, Alaska Adopting the Amended Homer Accelerated Roads and Trails (HART) Policy Manual. City Manager/Community Development Director.

Memorandum CC-26-121 from Community Development Director as backup.

COMMENTS OF THE AUDIENCE

COMMENTS OF THE CITY ATTORNEY

COMMENTS OF THE CITY CLERK

COMMENTS OF THE CITY MANAGER

COMMENTS OF THE MAYOR

COMMENTS OF THE CITY COUNCIL

ADJOURNMENT

Next Regular Meeting is Monday, June 22, 2026, at 6:00 p.m., Worksession at 4:00 pm., Committee of the whole at 5:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

**CITY OF HOMER
HOMER, ALASKA**

Davis/Erickson

ORDINANCE 26-30

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA AMENDING THE FY27 CAPITAL BUDGET BY APPROPRIATING \$50,000 FROM THE HOMER ACCELERATED ROADS AND TRAILS (HART) TRAILS FUND FOR THE PURPOSE OF FUNDING CONCEPTUAL PLANNING FOR A LOOPED TRAIL ABOVE KAREN HORNADAY PARK.

WHEREAS, The City owns two parcels above Karen Hornaday Park totaling 30 acres; and

WHEREAS, There is strong interest in the community for developing a looped trail system on the properties that will utilize native or lightly improved surfaces, alignment-based drainage, limited excavation, minimized use of imported materials, minimization of tree and shrub removal, and trail alignments responsive to the natural terrain; and

WHEREAS, Council finds that proceeding with a route-focused planning effort is appropriate prior to consideration of more extensive engineering or bid-ready construction design work.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The FY27 Capital Budget is hereby amended as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
165	HART Trails	\$50,000

Section 2. This ordinance is a budget amendment only, is not of a permanent nature and is a non code ordinance.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA this ____ day of _____, 2026.

CITY OF HOMER

RACHEL LORD, MAYOR

43 ATTEST:

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46 AMY WOODRUFF, CITY CLERK

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48 YES:

49 NO:

50 ABSTAIN:

51 ABSENT:

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53 First Reading:

54 Public Hearing:

55 Second Reading:

56 Effective Date:



MEMORANDUM

Resolution 26-040, A Resolution of the City Council of Homer, Alaska Approving the Renewal of a Lobbyist Contract with the Ferguson Group for a Term of One Year Commencing July 1, 2026 and Ending June 30, 2027 in the Amount of \$63,000 and Authorizing the City Manager to Negotiate and Execute the Appropriate Documents. City Manager.

Item Type: Informational Memorandum
Prepared For: Mayor and City Council
Date: May 28, 2026
From: Jenny Carroll, Special Projects & Communications Coordinator
Through: Melissa Jacobsen, City Manager

Since retaining The Ferguson Group (TFG) as our federal lobbying firm, the City has benefited from a productive and collaborative partnership. Through the work of representatives Lane Dickson and Chris Griffin, the City has a stronger federal advocacy presence, more consistent engagement with Alaska's congressional delegation and expanded access to key agencies supporting the City's infrastructure and funding priorities. During the City's recent visit to Washington, their efforts facilitated meetings with the Army Corps of Engineers, the Department of Transportation, the U.S. Coast Guard, Senate and House committees and subcommittee members, and White House intergovernmental affairs staff to advance Homer's legislative and capital project priorities.

TFG supports this work through regular coordination with City staff, timely follow-through on action items, and guidance on communication with congressional offices and federal agencies, helping ensure the City maintains a consistent, informed and effective presence in Washington.

Beyond formal advocacy, the firm provides regular updates on federal legislation, appropriations, and policy developments, and assists staff in identifying and submitting competitive Community Project Funding and Programmatic requests accurately and on schedule, saving staff time and improving overall efficiency.

As Homer continues to pursue federal partnerships and investment in transportation and water/wastewater infrastructure, retaining experienced federal representation remains essential to advancing the City's interests in Washington D.C.

Staff recommendation: Renew 1-year contract with TFG.

**CITY OF HOMER
HOMER, ALASKA**

City Manager

RESOLUTION 26-040

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA APPROVING THE RENEWAL OF A LOBBYIST CONTRACT WITH THE FERGUSON GROUP FOR A TERM OF ONE YEAR COMMENCING ON JULY 1, 2026 AND ENDING JUNE 30, 2027 IN THE AMOUNT OF \$63,000 AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE THE APPROPRIATE DOCUMENTS.

WHEREAS, In 2025 the City issued a request for proposals for federal lobbying services and as a result approved a one-year contract with The Ferguson Group (TFG) with Resolution 25-026(S); and

WHEREAS, Throughout the first contract year, TFG has gotten to know City issues and capital project needs, advocated successfully for capital project appropriations and legislation on behalf of the City of Homer, as well as hosted the City in the nation's capital for strategic meetings with Alaska's congressional delegation and relevant federal agency representatives to strengthen relationships and advance the City's legislative and appropriations priorities; and

WHEREAS, Per the terms of the contract, performance may be extended for additional periods by written contract of both parties and as approved by City Council via resolution; and

WHEREAS, Funds were allocated in the FY 26/27 budget for federal lobbying services and it is in the City's best interest to retain TFG to continue their work in advocating for the City of Homer in Washington DC; and

WHEREAS, This award is not final until notice is received by TFG from the City.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, hereby approves the contract for Federal Lobbyist for the City of Homer to the firm of TFG for a term of one year commencing on July 1, 2026 and ending on June 30, 2027 in the amount of \$63,000 and authorizes the City Manager to negotiate and execute the appropriate documents.

PASSED AND ADOPTED by the Homer City Council this 8th day of June 2026.

CITY OF HOMER

RACHEL LORD, MAYOR

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46 ATTEST:

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AMY WOODRUFF, CITY CLERK

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51 Fiscal Note: \$34,650 – Mayor/Council Lobbying Account 100-0100-5248; \$22,050 – Port
52 Administration Lobbying Account 400-0600-5248; \$3,150 Water Lobbying Account 200-0400-
53 5248; \$3,150 Wastewater Lobbying Account 200-0500-5248

CONTRACT FOR PROFESSIONAL SERVICES

This Contract, effective as of July 1, 2026, is between the City of Homer (hereinafter referred to as "Client"), 491 E. Pioneer Avenue, Homer, Alaska 99603, and The Ferguson Group (hereinafter referred to as "Contractor"), 1901 Pennsylvania Avenue, NW, Suite 700, Washington DC 20006.

RECITALS

WITNESSETH that:

Whereas, the need for such a Contract has been deemed necessary by Client; and

Whereas, Client is entering into this Contract by competitive bid in accordance with the City of Homer Procurement Policy and Procedures; and

Whereas, Contractor is willing to undertake the performance of this Contract under its terms.

AGREEMENT

For consideration received, recited herein, Contractor agrees to provide services to Client and/or its designated representative, as set forth in the Statement of Work and as cited in the Proposal submitted in response to the Request for Proposals for Lobbyist Services issued by the Client, included as part of this document as Exhibit A.

PERIOD OF PERFORMANCE

Subject to either party's right to terminate, the period of performance under this Contract shall commence on July 1, 2026 and expire on June 30, 2027.

Performance may be extended for additional periods by written contract of both parties and as approved by City Council via resolution.

TERMS

For services rendered under this Contract, Client agrees to compensate Contractor the sum total of \$63,000 to be paid in monthly payments of \$5,250 by the 15th day of the month beginning July 15th, 2026 for services rendered the prior 30 day period.

Contractor agrees to make one trip to Homer at Contractors expense to consult with the Council and staff and familiarize themselves with the City of Homer goals.

Contractor specifically recognizes that the limitation upon this Contract is essential and expressly agrees to be bound thereby.

INDEMNIFICATION

Contractor shall indemnify and hold harmless Client for any and all liability or claim for injury to persons or damage to property arising out of Contractor's performance or non-performance of this Contract.

Client shall indemnify and hold harmless Contractor for any and all liability or claim for injury to persons or damage to property arising out of Client's performance or non-performance of this Contract.

ASSIGNMENT AND SUBCONTRACTS

This is a Contract for professional services and no portion of this Contract may be assigned, delegated, or sub-contracted without the written permission of Client or its designee.

TAXES

Contractor is, for all purposes, including taxes, workers compensation, and insurance an independent Contractor and not Client's employee.

Contractor agrees to make all Social Security, federal or state tax payments or other payments as required by law.

REPORTING REQUIREMENTS

Contractor is responsible for meeting all reporting deadlines as required by Congress and any applicable statute with regard to federal lobbying reports and filings.

COMPLETE CONTRACT

This Contract contains the complete agreement concerning the arrangement between the parties and shall, as of the effective date, supersede all other contracts between the parties.

The parties stipulate and agree that neither of them has made any representation with respect to the subject matter of this Contract or any other representations except as are specifically set forth herein, and that neither of them has relied upon any representations in entering into this Contract, except as are specifically set forth herein.

Each of the parties acknowledges that they have relied on their own judgment in entering into this Contract.

STATEMENT OF WORK

Contractor shall perform the following services for Client for the duration of this Contract:

1. Relationship Building, Lobbying and Advocacy:
 - a. Develop and maintain strong relationships with City of Homer Federal delegation, federal government staffers, and agency officials.
 - b. Be knowledgeable on City of capital projects and initiatives.
 - c. Work collaboratively and cooperatively with key City staff to bring visibility to budget and legislative priorities.
 - d. Represent the City's interests when meeting with legislators, their staff and governmental agency officials to advance the City's legislative agenda and interests.
 - e. Arrange and organize meetings for city officials with relevant stakeholders in Washington, D.C.

2. Strategic Support
 - a. Help develop and implement strategies for effective lobbying efforts on behalf of and consistent with the City of Homer's standards and criteria, including:
 - i. Legislative advocacy and US Army Corp of Engineers strategies to promote federal interest in and funding for the Homer Harbor Expansion;
 - ii. Legislative advocacy to promote federal interest in coastal resilience projects, especially strategies for funding a US Army Corp of Engineers new start General Investigation for Homer Spit coastal erosion and resilience measures.
 - iii. strategies to successfully secure federal grant funding and appropriations for the City's capital projects; and
 - iv. strategies to support City efforts and initiatives beyond funding requests to position the City of Homer to advance its objectives.
 - b. Identify opportunities for City representatives to testify/highlight priority issues and assist in the preparation of testimony/presentations to be given.
 - c. Advise in the development of legislative priorities for the City of Homer as it pertains to Federal appropriations and grant seeking.

3. Reporting and Communication:
 - a. Provide regular written updates for City Council meetings and provide timely updates and analysis on legislative developments to ensure the City is informed about funding and/or policies that effects the interest of the city.
 - b. Participate in regular legislative briefings/strategy meetings with key City staff.
 - c. Comply with all Public Disclosure Commission requirements for lobbying activities.

Client and/or its designees shall be responsible for the following:

1. Provide Contractor with all legislative and administrative priorities and pertinent information necessary for legislative committee and administrative hearings and meetings;

2. Organize and provide technical support to promote Client's goals, i.e. professional testimony;
3. Be available to provide timely input and testimony either via teleconference or in person before legislative committees and administration officials relative to Client's priorities.

CONFLICT RESOLUTION PROCEDURES

Contractor shall communicate, coordinate, and report to Client as required under this Contract. Except as otherwise provided, if Contractor receives instruction from other clients that Contractor reasonably, in good faith, believes to be contradictory to instructions provided by Client on a specific issue, Contractor shall declare a conflict by giving notice thereof to each client. After giving said notice of conflict, Contractor shall not carry out any of the duties, tasks, or functions requested by any of the contradictory instructions.

Contractor will assist in conciliation efforts to resolve client differences. Said failure to act shall not constitute a breach of this Contract nor shall it decrease the Contract sum payable to Contractor hereunder.

Contractor shall refrain from so acting until such time as Contractor receives non-contradictory written instructions on the same subject from each client, or from one of said clients who represents to Contractor that the officials have conferred and are now in agreement as to how to proceed.

Contractor shall then carry out said instructions as otherwise required by this Contract. Regardless of the existence of a specific conflict, Contractor shall continue to perform all other duties required under this Contract that are not involved in the conflict.

TERMINATION

This Contract may be terminated by either party for any reason upon thirty (30) days written notice; in the event such notice is given by either party during the year in which this agreement is in effect, compensation will be pro-rated for the portion that this Contract was in effect.

Any notice of termination by Contractor shall be executed by Contractor. Any notice of termination by Client shall be executed by the City Manager of the City of Homer.

GENERAL CONDITIONS

Contractor's and Client's performance under this Contract shall comply with all applicable statutes, regulations, ordinances, policies and ethical rules.

No waiver of any provision of this Contract shall be effective unless in writing signed by both parties. The failure by any party to object to non-performance of, or to seek to compel performance of, an obligation under this Contract shall not constitute a waiver of any subsequent breach of the same or any different obligation.

The laws of the State of Alaska shall govern the rights and duties of the parties under this Contract. Venue for any action or proceeding arising from this Contract shall be in the state court in Homer, Alaska.

This Contract and the exhibits to it, constitute the entire agreement between the parties, superseding all previous representations, discussions and any verbal agreements between them.

This Contract may not be modified, limited or added to except in writing signed by both parties.

Notices concerning this Contract shall be given by the parties in writing and shall be personally delivered or mailed to a party at the address set out above. Notice shall be complete when delivered.

If any provision of this Contract is held to be unenforceable, in whole or in part, such holding will not affect the validity of the other provisions of this Contract.

This Contract constitutes the complete and entire statement of all terms, conditions and representations of the agreement between the parties with respect to its subject matter.

IN WITNESS WHEREOF, the parties have executed this Contract and represent that they have the express authority to sign on behalf of the respective agency or party listed below.

CONTRACTOR:
The Ferguson Group

CLIENT:
City of Homer

Melissa Jacobsen, City Manager

Date: _____

Date: _____



MEMORANDUM

Ordinance 26-28, An Ordinance of the City Council of Homer Appropriating Funds in the Amount of \$8,000 from the General Fund Balance and Authorizing the use of Limited Staff Time and City Equipment for Public Information on the Ballot Proposition for the Continuation of the Homer Accelerated Roads And Trails (HART) Program and Reauthorizing the Three-Fourths Percent (3/4%) Sales Tax Levy for up to Twenty Additional Years Including Without Limitation Information that may Influence the Outcome of the Election on the Proposition. City Manager.

Item Type: Backup Information
Prepared For: Mayor Lord and Homer City Council
Date: May 18, 2026
From: Melissa Jacobsen, City Manager

Background: The Homer Accelerated Roads and Trails (HART) Program, originally known as Homer Accelerate Roads Program (HARP), was established in 1987 as a three-fourths percent (3/4%) sales tax levy that is subject to voter approval every 20 years.

The HART program funds reconstruction of substandard city roads, upgrades to existing roads, construct of new streets and non-motorized trails and ongoing maintenance. Its purpose is to proactively maintain road conditions, manage long-term maintenance costs, improve access, support emergency repairs, enhance property values, and contribute to overall quality of life.

State-maintained roads are generally not included in the program; however, HART funds may be used to leverage state-funded projects.

Discussion: Ordinance 26-23 authorized placing a ballot question before voters at the City of Homer regular election on November 3 to determine whether to renew the 0.75% sales tax supporting the HART Program.

Prior to the election, the City plans to conduct a public information campaign to educate voters about the HART Program and its benefits, in compliance with Alaska Statutes (AS) 15.13.145 and requirements of the Alaska Public Offices Commission (APOC).

The campaign is expected to begin approximately two months before Election Day and will include, at a minimum:

Print media

- Postcard mailed to City of Homer residents;

- Display ads in two local newspapers;
- Informational fliers.

Radio

- 30-second informational spots aired on KBBI Public Radio and area commercial radio stations.

Digital media

- Banner display ads on local newspapers' websites;
- Feature stories on the City's Social Media Facebook and Instagram accounts;
- Feature article(s) on the City's website.

Recommendation: Adopt the ordinance appropriating funds for a public information campaign for the continuation of the HART Program and reauthorizing the 3/4% sales tax levy for up to twenty additional years.

43 additional years to support the HART Program including without limitation information that
44 may influence the outcome of the election on the proposition, as follows:

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<u>Fund</u>	<u>Description</u>	<u>Amount</u>
100-0101-5240	Political Activities	\$8,000

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49 Section 2. This ordinance is a budget amendment only, is not of a permanent nature
50 and is a non code ordinance.

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52 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA this ____ day of _____, 2026.

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CITY OF HOMER

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RACHEL LORD, MAYOR

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61 ATTEST:

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64 AMY WOODRUFF, CITY CLERK

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66 YES:

67 NO:

68 ABSTAIN:

69 ABSENT:

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71 First Reading:

72 Public Hearing:

73 Second Reading:

74 Effective Date:

From: [mary.griswold](#)
To: [Amy.Woodruff](#)
Subject: Public comment for Ord 26-28
Date: Monday, May 25, 2026 6:24:55 PM

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

This is for your consideration and inclusion in the CC supplemental packet:

Many years ago, Homer had a proposition on its ballot at the same time as the Kenai Peninsula Borough did on its ballot. Both were identified as Proposition 1. There were many campaign signs around town extolling people to vote for or against (I don't remember which) the KPB Prop 1. Many Homer voters said they were confused because they didn't know that there were 2 Prop 1's. Melissa was Clerk at the time and confirmed that borough code and state statutes did not require the City to use numbers for its propositions. Using letters to identify propositions is OK. I encourage you to identify the HART ballot proposition as Proposition A to avoid confusion, especially since our elections are now combined with the state. I encourage the use of letters for all Homer ballot propositions whether or not there are any borough or state propositions so voters get used to that identification for our local issues.



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

491 East Pioneer Avenue
Homer, Alaska 99603

citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

(f) 907-235-3148

Memorandum

TO: Mayor Lord and Homer City Council
FROM: Melissa Jacobsen, City Manager
DATE: June 3, 2026
SUBJECT: City Manager's Report for June 8, 2026 Council Meeting

Homer Terminal Update

Regarding the airport, we've issued an RFP for professional engineering services for airport water damage repair. The structural report has identified the cargo area, baggage claim, and bathrooms as the areas as the primary focus of repairs. There will be some work necessary in the waiting area and counter area as well. Dan and I are keeping the conversation about ADA accessibility active in the project and design. This work provides the opportunity to get the bathrooms in compliance and check it off in the Transition Plan.

Why Aren't we Improving the HERC?

At the May 26th worksession Council discussed some next steps for a Multi-Use Recreation Center and a question was raised as to why we aren't using the existing HERC building. A quick jaunt down memory lane turned up [Resolution 14-084](#) that acknowledges the potential expenses to bring the entire HERC facility up to city code exceeds the potential useful life of the facility and the results of PARC Needs Assessment supported that notion. Also the [HERC Feasibility Study](#) that was developed by the Council appointed HERC Task Force that was included with the May 26th materials recommends that *the 60-year-old HERC 1 building without substantial repairs may not have safe, ongoing or efficient use beyond 5 years. If a long term solution is not implemented over a five-year period, options for HERC 1 could range from planning a new facility, demolishing HERC 1 and 2 (or taking advantage of any major changes that are not foreseeable right now), while reserving the property as a park until a long term plan for the property is developed for the site.* It seems the Council and many in the community have recognized the limitations and challenges of attempting to renovate the big HERC.

Sterling Hwy MP 157-169 Rehabilitation - Phasing Update

In an email from the Central Region office of Alaska Department of Transportation and Public Facilities (DOT), the City has been advised that DOT leadership has given direction to combine the two phased projects back into a single project and DOT is working to get the project advertised this year. This is good news that the road improvements from Anchor Point all the way to Baycrest Hill will be completed more quickly,. Unfortunately, it means the discussion of an underpass and trail at Diamond Creek will need to be deferred to another project. I was advised that the best way to move that forward is to work with DOT's Planning section to develop a new project.

Summer Road Maintenance

After winter thaw, Homer's gravel roads are drying out, creating dusty conditions. Before applying dust control, Public Works must wait for roads to fully thaw and dry enough to support heavy equipment, then grade them to restore proper surface and drainage. Once ready, Calcium Chloride is applied to reduce dust and strengthen the road and applying it too early can cause costly damage. Because the product needs some moisture to be effective, crews may add water until rain helps. Treating about 30 miles of roads takes 2-3 weeks, and not all roads are ready at the same time due to varying conditions.

A summary of routine summer maintenance includes:

- Sweeping all paved City roads
- Cleaning storm drains using a vac truck and tool cat working from the roadside.
- Cutting brush in the Right of Ways as needed throughout City limits for visibility, equipment passage and ditch maintenance.
- Re-grading all the roads as they thaw and dry out enough to support the weight of the grader.

After the roads are graded and reshaped from winter break up:

- Apply dust control to all gravel roads
- Ditch areas with poor drainage
- Replace culverts damaged over the winter

Please stay clear of equipment when possible and drive with care when passing work crews. We appreciate the community's patience as we conduct this important maintenance. Your road safety awareness and keeping the right of ways clear allows our local Public Works crew to do their work safely and efficiently.

City of Homer Surplus Sale

Don't miss out! The City is having a Surplus Sale and the closing date is June 11th. All items will be sold online at Public Surplus and may be viewed at www.publicsurplus.com. After going to publicsurplus.com, select the Alaska Region and select City of Homer as the agency and you will see our surplus equipment, which includes items such as office-related equipment, printers, and other miscellaneous items. All items are sold in "as is, where is" condition, no warranties expressed or implied. Inspection of items may be arranged by contacting the respective department at the phone numbers shown on item listing during regular office hours through Thursday, June 11th, 2026.

Attachment:

- June Employee Anniversaries
- SBDC 2026 Jan-Mar Report



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

491 East Pioneer Avenue
Homer, Alaska 99603

citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

(f) 907-235-3148

Memorandum

TO: MAYOR LORD AND CITY COUNCIL
FROM: Andrea Browning
DATE: June 8, 2026
SUBJECT: June Employee Anniversaries

I would like to take the time to thank the following employees for the dedication, commitment and service they have provided the City and taxpayers of Homer over the years.

Melissa Jacobsen	Admin	22	Years
Mike Illg	Admin	20	Years
Mike Szocinski	Public Works	14	Years
Bethany Christman	Public Works	7	Years
Russell Anderson	Public Works	7	Years
Randon Birchette	Dispatch	2	Years



April 27, 2026

City of Homer
491 E. Pioneer Ave
Homer, AK 99603

Dear Homer Community,

This letter serves as our quarterly report for the period of January 1 to March 31, 2026. We regret to share that longtime Homer Business Advisor Robert Green departed from the Alaska SBDC during the quarter. The Alaska SBDC moved quickly to post the position and received a strong pool of qualified candidates. We anticipate hiring a new Homer Business Advisor during the first half of the upcoming quarter. Kenai Peninsula Center Director Cliff Cochran, the longest-tenured advisor at the Alaska SBDC, will lead training efforts for the new hire and provide co-advising support until they are fully established in the role. Here is a summary of deliverables to the Homer community during the quarter:

Advising Hours: 90.4	Jobs Supported: 35
Clients Advised: 22	Capital Infusion: \$2,200,000
New Businesses Started or Bought: 3	Client Surveys: 100% positive

The next section provides lists of the top advising topics and top industries obtaining technical assistance from the Alaska SBDC in Homer. This quarter, financing and capital remained at the top of the topics list, with business planning and legal issues joining the list. For industries, food services remained atop the list for a sixth consecutive quarter, by a wide margin, followed again by manufacturers, with service, professional, and administrative business models joining the list.

Topics

1. Financing/Capital: 27.1 hrs (30%)
2. Business Planning: 24.5 hrs (27%)
3. Startup Assistance: 17.3 hrs (19%)
4. Buy/Sell Business: 9.0 hrs (10%)
5. Legal Issues: 4.0 hrs (4%)

Industries

1. Food Services: 41.8 hrs (46%)
2. Manufacturers: 13.5 hrs (15%)
3. Services: 9.8 hrs (11%)
4. Administrative and Support: 6.5 hrs (7%)
5. Professional and Technical: 5.5 hrs (6%)

We would like to thank the City of Homer for its continued support of the Homer Business Advisor position. We appreciate this partnership and look forward to welcoming a new Homer Business Advisor soon. Please do not hesitate to contact us if you have any questions.

Sincerely,

Signed by:

Kendra Conroy

D3BE7A15D8D7402...

Kendra Conroy
Acting State Director
Alaska SBDC



MEMORANDUM

Ordinance 26-27, an Ordinance of the City Council of Homer, Alaska, Amending the City of Homer Water and Wastewater Rates and Updating the City Fee Schedule Accordingly. City Manager.

Item Type: Backup Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: June 8, 2026
From: Melissa Jacobsen, City Manager

Summary:

The purpose of this memo is to provide additional supplementary information regarding the water/wastewater rate model.

Discussion:

Rate calculation Scenarios 1–4 (dated 6/3/26) have been updated to reflect water and wastewater rate models based on a 700-gallon minimum usage fee. In these scenarios, the portion of revenue attributed to minimum usage is calculated by multiplying the minimum usage charge by the total number of accounts annually. This approach is consistent with how the monthly flat fee was applied in previous years. Total consumption (in gallons) has been reduced to exclude unbilled usage within the 0–700 gallon range.

The required operating revenue for FY2027 is based on the FY27 operating budget. The budget reflects an approximate 13.5% increase over FY2026, driven primarily by higher maintenance and operating costs, as well as increases in salaries and benefits resulting from anticipated merit adjustments and the FY27 cost-of-living adjustment (COLA).

Attachments:

- 700-gallon rate comparison date 06/05/26
- Rate Calculation Scenarios 1-4
- Rate Comparisons Updated 06/03/26

700 Gallon Rate Comparison
06/05/26

		700 Gallons									
		Non-Lift					Lift Station				
		Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Consumption		700	700	700	700	700	700	700	700	700	700
Water Rate		0.0165	0.0179	0.0172	0.0183	0.0174	0.0165	0.0179	0.0172	0.0183	0.0174
Wastewater Rate		0.0186	0.0210	0.0201	0.0215	0.0204	0.0294	0.0332	0.0322	0.0336	0.0326
Charges:											
Water Usage		11.55	0.00	0.00	12.81	12.18	11.55	0.00	0.00	12.81	12.18
Wastewater Usage		13.02	0.00	0.00	15.05	14.28	20.58	0.00	0.00	23.52	22.82
Minimum Usage Fee		0.00	28.00	26.00	0.00	0.00	0.00	36.00	35.00	0.00	0.00
Sales Tax		1.93	2.20	2.04	2.19	2.08	2.52	2.83	2.75	2.85	2.75
Total Bill		\$ 26.50	\$ 30.20	\$ 28.04	\$ 30.05	\$ 28.54	\$ 34.65	\$ 38.83	\$ 37.75	\$ 39.18	\$ 37.75
Impact			\$ 3.70	\$ 1.54	\$ 3.55	\$ 2.04		\$ 4.17	\$ 3.10	\$ 4.53	\$ 3.10
% Change			13.96%	5.82%	13.39%	7.69%		12.04%	8.93%	13.07%	8.93%

Scenario 1 – Minimum use fee w/ 20% transfer to CARMA
Scenario 2 – Minimum use fee w/ 15% transfer to CARMA
Scenario 3 – No minimum use fee w/ 20% transfer to CARMA
Scenario 4 – No minimum use fee w/ 15% transfer to CARMA

Rate Calculations Scenario 1

WATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Water	\$ 2,380,471
CARMA Transfer Requirement	476,094
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(60,106)
Deduct Portion Collected through Minimum Usage	(320,333)
Hydrant Rents (10% of Total)	(142,828)
Multi-Units (\$5/unit/mo.)	(39,000)
Surplus Water Sales (Bulk) surcharge only	(94,368)
Revenue Required for Commodity Rate Calculation	\$ 2,199,931
Water Consumption (Gallons)	
Gross Meters Water Sales	123,199,900
Total Estimated Water Sales	123,000,000
Water Rates:	
Commodity Rate (per gal)	\$ 0.0179
Bulk Rate (per gal)	\$ 0.0219
Consumption Additional Information:	
Annualized Metered Water Sales (Gallons)	123,199,900
WASTEWATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Wastewater	\$ 2,023,963
CARMA Transfer Requirement	404,793
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(17,500)
Deduct Portion Collected through Minimum Usage	(361,995)
Lift Stations Costs	(255,613)
Pumping Fee	(9,804)
Dumping Station Fees	(8,702)
Multi-Units (\$5/unit/mo.)	(39,000)
Revenue Required for Commodity Rate Calculation	\$ 1,736,142
Wastewater Usage (Gallons)	
Projected Billable Volume	63,000,000
Projected Billable Volume - Lift Zone Only	21,000,000
Total Projected Billable Volume	84,000,000
Wastewater Rate	
Non-Lift Station Rate	\$ 0.0210
Lift Station Rate	\$ 0.0332
Lift Station Additional Information:	
Annualized Billed Gallons (Lift-Station Zone Only)	20,753,900
Monthly Minimum Usage Fees	
Water	\$ 13.00
Sewer - Non-lift Customer	\$ 15.00
Sewer - Lift Customer	\$ 23.00
Total	\$ 28.00
25	\$ 36.00

Rate Calculations Scenario 2

WATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Water	\$ 2,380,471
CARMA Transfer Requirement	357,071
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(60,106)
Deduct Portion Collected through Minimum Usage	(295,692)
Hydrant Rents (10% of Total)	(136,877)
Multi-Units (\$5/unit/mo.)	(39,000)
Surplus Water Sales (Bulk) surcharge only	(94,368)
Revenue Required for Commodity Rate Calculation	\$ 2,111,500
Water Consumption (Gallons)	
Gross Meters Water Sales	123,199,900
Total Estimated Water Sales	123,000,000
Water Rates:	
Commodity Rate (per gal)	\$ 0.0172
Bulk Rate (per gal)	\$ 0.0212
Consumption Additional Information:	
Annualized Metered Water Sales (Gallons)	123,199,900
WASTEWATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Wastewater	\$ 2,023,963
CARMA Transfer Requirement	303,594
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(17,500)
Deduct Portion Collected through Minimum Usage	(337,862)
Lift Stations Costs	(255,613)
Pumping Fee	(9,804)
Dumping Station Fees	(8,702)
Multi-Units (\$5/unit/mo.)	(39,000)
Revenue Required for Commodity Rate Calculation	\$ 1,659,077
Wastewater Usage (Gallons)	
Projected Billable Volume	63,000,000
Projected Billable Volume - Lift Zone Only	21,000,000
Total Projected Billable Volume	84,000,000
Wastewater Rate	
Non-Lift Station Rate	\$ 0.0201
Lift Station Rate	\$ 0.0322
Lift Station Additional Information:	
Annualized Billed Gallons (Lift-Station Zone Only)	20,753,900
Monthly Minimum Usage Fees	
Water	\$ 12.00
Sewer - Non-lift Customer	\$ 14.00
Sewer - Lift Customer	\$ 23.00
Total	\$ 26.00
26	\$ 35.00

Rate Calculations Scenario 3

WATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Water	\$ 2,380,471
CARMA Transfer Requirement	476,094
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(60,106)
Deduct Portion Collected through Minimum Usage	0
Hydrant Rents (10% of Total)	(142,828)
Multi-Units (\$5/unit/mo.)	(39,000)
Surplus Water Sales (Bulk) surcharge only	(94,368)
Revenue Required for Commodity Rate Calculation	\$ 2,520,264
Water Consumption (Gallons)	
Gross Meters Water Sales	137,558,900
Total Estimated Water Sales	138,000,000
Water Rates:	
Commodity Rate (per gal)	\$ 0.0183
Bulk Rate (per gal)	\$ 0.0223
Consumption Additional Information:	
Annualized Metered Water Sales (Gallons)	137,558,900
WASTEWATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Wastewater	\$ 2,023,963
CARMA Transfer Requirement	404,793
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(17,500)
Deduct Portion Collected through Minimum Usage	0
Lift Stations Costs	(255,613)
Pumping Fee	(9,804)
Dumping Station Fees	(8,702)
Multi-Units (\$5/unit/mo.)	(39,000)
Revenue Required for Commodity Rate Calculation	\$ 2,098,137
Wastewater Usage (Gallons)	
Projected Billable Volume	78,000,000
Projected Billable Volume - Lift Zone Only	21,000,000
Total Projected Billable Volume	99,000,000
Wastewater Rate	
Non-Lift Station Rate	\$ 0.0215
Lift Station Rate	\$ 0.0336
Lift Station Additional Information:	
Annualized Billed Gallons (Lift Station Zone Only)	20,753,900

Rate Calculations Scenario 4

WATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Water	\$ 2,380,471
CARMA Transfer Requirement	357,071
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(60,106)
Deduct Portion Collected through Minimum Usage	0
Hydrant Rents (10% of Total)	(136,877)
Multi-Units (\$5/unit/mo.)	(39,000)
Surplus Water Sales (Bulk) surcharge only	(94,368)
Revenue Required for Commodity Rate Calculation	\$ 2,407,192
Water Consumption (Gallons)	
Gross Meters Water Sales	137,558,900
Total Estimated Water Sales	138,000,000
Water Rates:	
Commodity Rate (per gal)	\$ 0.0174
Bulk Rate (per gal)	\$ 0.0214
Consumption Additional Information:	
Annualized Metered Water Sales (Gallons)	137,558,900
WASTEWATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Wastewater	\$ 2,023,963
CARMA Transfer Requirement	303,594
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(17,500)
Deduct Portion Collected through Minimum Usage	0
Lift Stations Costs	(255,613)
Pumping Fee	(9,804)
Dumping Station Fees	(8,702)
Multi-Units (\$5/unit/mo.)	(39,000)
Revenue Required for Commodity Rate Calculation	\$ 1,996,939
Wastewater Usage (Gallons)	
Projected Billable Volume	78,000,000
Projected Billable Volume - Lift Zone Only	21,000,000
Total Projected Billable Volume	99,000,000
Wastewater Rate	
Non-Lift Station Rate	\$ 0.0204
Lift Station Rate	\$ 0.0326
Lift Station Additional Information:	
Annualized Billed Gallons (Lift Station Zone Only)	20,753,900

Rate Comparisons
Updated 06/03/26

1,000 Gallons										
Non-Lift						Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Consumption	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Water Rate	0.0165	0.0179	0.0172	0.0183	0.0174	0.0165	0.0179	0.0172	0.0183	0.0174
Wastewater Rate	0.0186	0.0210	0.0201	0.0215	0.0204	0.0294	0.0332	0.0322	0.0336	0.0326
Charges:										
Water Usage	16.50	5.37	5.16	18.30	17.40	16.50	5.37	5.16	18.30	17.40
Wastewater Usage	18.60	6.30	6.03	21.50	20.40	29.40	9.96	9.66	33.60	32.60
Minimum Usage Fee	0.00	28.00	26.00	0.00	0.00	0.00	36.00	35.00	0.00	0.00
Sales Tax	2.76	3.11	2.92	3.12	2.97	3.60	4.03	3.91	4.07	3.93
Total Bill	\$ 37.86	\$ 42.78	\$ 40.11	\$ 42.92	\$ 40.77	\$ 49.50	\$ 55.36	\$ 53.73	\$ 55.97	\$ 53.93
Impact		\$ 4.93	\$ 2.25	\$ 5.07	\$ 2.91		\$ 5.86	\$ 4.23	\$ 6.47	\$ 4.42
% Change		13.02%	5.95%	13.39%	7.69%		11.83%	8.54%	13.07%	8.93%

2,000 Gallons										
Non-Lift						Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Consumption	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Water Rate	0.0165	0.0179	0.0172	0.0183	0.0174	0.0165	0.0179	0.0172	0.0183	0.0174
Wastewater Rate	0.0186	0.0210	0.0201	0.0215	0.0204	0.0294	0.0332	0.0322	0.0336	0.0326
Charges:										
Water Usage	33.00	23.27	22.36	36.60	34.80	33.00	23.27	22.36	36.60	34.80
Wastewater Usage	37.20	27.30	26.13	43.00	40.80	58.80	43.16	41.86	67.20	65.20
Minimum Usage Fee	0.00	28.00	26.00	0.00	0.00	0.00	36.00	35.00	0.00	0.00
Sales Tax	5.51	6.17	5.85	6.25	5.93	7.21	8.04	7.79	8.15	7.85
Total Bill	\$ 75.71	\$ 84.74	\$ 80.34	\$ 85.85	\$ 81.53	\$ 99.01	\$ 110.47	\$ 107.01	\$ 111.95	\$ 107.85
Impact		\$ 9.03	\$ 4.63	\$ 10.14	\$ 5.82		\$ 11.46	\$ 8.00	\$ 12.94	\$ 8.84
% Change		11.92%	6.11%	13.39%	7.69%		11.58%	8.08%	13.07%	8.93%

3,000 Gallons										
Non-Lift						Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Consumption	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Water Rate	0.0165	0.0179	0.0172	0.0183	0.0174	0.0165	0.0179	0.0172	0.0183	0.0174
Wastewater Rate	0.0186	0.0210	0.0201	0.0215	0.0204	0.0294	0.0332	0.0322	0.0336	0.0326
Charges:										
Water Usage	49.50	41.17	39.56	54.90	52.20	49.50	41.17	39.56	54.90	52.20
Wastewater Usage	55.80	48.30	46.23	64.50	61.20	88.20	76.36	74.06	100.80	97.80
Minimum Usage Fee	0.00	28.00	26.00	0.00	0.00	0.00	36.00	35.00	0.00	0.00
Sales Tax	8.27	9.22	8.78	9.37	8.90	10.81	12.05	11.67	12.22	11.78
Total Bill	\$ 113.57	\$ 126.69	\$ 120.57	\$ 128.77	\$ 122.30	\$ 148.51	\$ 165.58	\$ 160.29	\$ 167.92	\$ 161.78
Impact		\$ 13.13	\$ 7.00	\$ 15.21	\$ 8.74		\$ 17.07	\$ 11.78	\$ 19.41	\$ 13.27
% Change		11.56%	6.16%	13.39%	7.69%		11.50%	7.93%	13.07%	8.93%

4,000 Gallons										
Non-Lift						Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Consumption	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Water Rate	0.0165	0.0179	0.0172	0.0183	0.0174	0.0165	0.0179	0.0172	0.0183	0.0174
Wastewater Rate	0.0186	0.0210	0.0201	0.0215	0.0204	0.0294	0.0332	0.0322	0.0336	0.0326
Charges:										
Water Usage	66.00	59.07	56.76	73.20	69.60	66.00	59.07	56.76	73.20	69.60
Wastewater Usage	74.40	69.30	66.33	86.00	81.60	117.60	109.56	106.26	134.40	130.40
Minimum Usage Fee	0.00	28.00	26.00	0.00	0.00	0.00	36.00	35.00	0.00	0.00
Sales Tax	11.02	12.28	11.70	12.50	11.87	14.41	16.06	15.54	16.30	15.70
Total Bill	\$ 151.42	\$ 168.65	\$ 160.79	\$ 171.70	\$ 163.07	\$ 198.01	\$ 220.69	\$ 213.56	\$ 223.90	\$ 215.70
Impact		\$ 17.22	\$ 9.37	\$ 20.28	\$ 11.65		\$ 22.68	\$ 15.55	\$ 25.88	\$ 17.69
% Change		11.37%	6.19%	13.39%	7.69%		11.45%	7.85%	13.07%	8.93%

5,000 Gallons										
Non-Lift						Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Consumption	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Water Rate	0.0165	0.0179	0.0172	0.0183	0.0174	0.0165	0.0179	0.0172	0.0183	0.0174
Wastewater Rate	0.0186	0.0210	0.0201	0.0215	0.0204	0.0294	0.0332	0.0322	0.0336	0.0326
Charges:										
Water Usage	82.50	76.97	73.96	91.50	87.00	82.50	76.97	73.96	91.50	87.00
Wastewater Usage	93.00	90.30	86.43	107.50	102.00	147.00	142.76	138.46	168.00	163.00
Minimum Usage Fee	0.00	28.00	26.00	0.00	0.00	0.00	36.00	35.00	0.00	0.00
Sales Tax	13.78	15.33	14.63	15.62	14.84	18.02	20.07	19.42	20.37	19.63
Total Bill	\$ 189.28	\$ 210.60	\$ 201.02	\$ 214.62	\$ 203.84	\$ 247.52	\$ 275.80	\$ 266.84	\$ 279.87	\$ 269.63
Impact		\$ 21.32	\$ 11.74	\$ 25.34	\$ 14.56		\$ 28.29	\$ 19.33	\$ 32.36	\$ 22.11
% Change		11.26%	6.21%	13.39%	7.69%		11.43%	7.81%	13.07%	8.93%

6,000 Gallons										
Non-Lift						Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Consumption	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Water Rate	0.0165	0.0179	0.0172	0.0183	0.0174	0.0165	0.0179	0.0172	0.0183	0.0174
Wastewater Rate	0.0186	0.0210	0.0201	0.0215	0.0204	0.0294	0.0332	0.0322	0.0336	0.0326
Charges:										
Water Usage	99.00	94.87	91.16	109.80	104.40	99.00	94.87	91.16	109.80	104.40
Wastewater Usage	111.60	111.30	106.53	129.00	122.40	176.40	175.96	170.66	201.60	195.60
Minimum Usage Fee	0.00	28.00	26.00	0.00	0.00	0.00	36.00	35.00	0.00	0.00
Sales Tax	16.53	18.38	17.56	18.75	17.80	21.62	24.09	23.30	24.44	23.55
Total Bill	\$ 227.13	\$ 252.55	\$ 241.25	\$ 257.55	\$ 244.60	\$ 297.02	\$ 330.92	\$ 320.12	\$ 335.84	\$ 323.55
Impact		\$ 25.42	\$ 14.12	\$ 30.41	\$ 17.47		\$ 33.90	\$ 23.10	\$ 38.83	\$ 26.53
% Change		11.19%	6.22%	13.39%	7.69%		11.41%	7.78%	13.07%	8.93%

Rate Comparisons
Updated 06/03/26

7,000 Gallons										
	Non-Lift					Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Consumption	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Water Rate	0.0165	0.0179	0.0172	0.0183	0.0174	0.0165	0.0179	0.0172	0.0183	0.0174
Wastewater Rate	0.0186	0.0210	0.0201	0.0215	0.0204	0.0294	0.0332	0.0322	0.0336	0.0326
Charges:										
Water Usage	115.50	112.77	108.36	128.10	121.80	115.50	112.77	108.36	128.10	121.80
Wastewater Usage	130.20	132.30	126.63	150.50	142.80	205.80	209.16	202.86	235.20	228.20
Minimum Usage Fee	0.00	28.00	26.00	0.00	0.00	0.00	36.00	35.00	0.00	0.00
Sales Tax	19.29	21.44	20.49	21.87	20.77	25.22	28.10	27.18	28.52	27.48
Total Bill	\$ 264.99	\$ 294.51	\$ 281.48	\$ 300.47	\$ 285.37	\$ 346.52	\$ 386.03	\$ 373.40	\$ 391.82	\$ 377.48
Impact		\$ 29.52	\$ 16.49	\$ 35.48	\$ 20.38		\$ 39.51	\$ 26.88	\$ 45.30	\$ 30.95
% Change		11.14%	6.22%	13.39%	7.69%		11.40%	7.76%	13.07%	8.93%

9,000 Gallons										
	Non-Lift					Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Consumption	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Water Rate	0.0165	0.0179	0.0172	0.0183	0.0174	0.0165	0.0179	0.0172	0.0183	0.0174
Wastewater Rate	0.0186	0.0210	0.0201	0.0215	0.0204	0.0294	0.0332	0.0322	0.0336	0.0326
Charges:										
Water Usage	148.50	148.57	142.76	164.70	156.60	148.50	148.57	142.76	164.70	156.60
Wastewater Usage	167.40	174.30	166.83	193.50	183.60	264.60	275.56	267.26	302.40	293.40
Minimum Usage Fee	0.00	28.00	26.00	0.00	0.00	0.00	36.00	35.00	0.00	0.00
Sales Tax	24.80	27.54	26.34	28.12	26.71	32.43	36.12	34.93	36.67	35.33
Total Bill	\$ 340.70	\$ 378.41	\$ 361.93	\$ 386.32	\$ 366.91	\$ 445.53	\$ 496.25	\$ 479.95	\$ 503.77	\$ 485.33
Impact		\$ 37.72	\$ 21.24	\$ 45.62	\$ 26.21		\$ 50.72	\$ 34.43	\$ 58.24	\$ 39.80
% Change		11.07%	6.23%	13.39%	7.69%		11.38%	7.73%	13.07%	8.93%

8,000 Gallons										
	Non-Lift					Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Consumption	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Water Rate	0.0165	0.0179	0.0172	0.0183	0.0174	0.0165	0.0179	0.0172	0.0183	0.0174
Wastewater Rate	0.0186	0.0210	0.0201	0.0215	0.0204	0.0294	0.0332	0.0322	0.0336	0.0326
Charges:										
Water Usage	132.00	130.67	125.56	146.40	139.20	132.00	130.67	125.56	146.40	139.20
Wastewater Usage	148.80	153.30	146.73	172.00	163.20	235.20	242.36	235.06	268.80	260.80
Minimum Usage Fee	0.00	28.00	26.00	0.00	0.00	0.00	36.00	35.00	0.00	0.00
Sales Tax	22.04	24.49	23.42	24.99	23.74	28.83	32.11	31.06	32.59	31.40
Total Bill	\$ 302.84	\$ 336.46	\$ 321.71	\$ 343.39	\$ 326.14	\$ 396.03	\$ 441.14	\$ 426.68	\$ 447.79	\$ 431.40
Impact		\$ 33.62	\$ 18.86	\$ 40.55	\$ 23.30		\$ 45.11	\$ 30.65	\$ 51.77	\$ 35.37
% Change		11.10%	6.23%	13.39%	7.69%		11.39%	7.74%	13.07%	8.93%

10,000 Gallons										
	Non-Lift					Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Consumption	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Water Rate	0.0165	0.0179	0.0172	0.0183	0.0174	0.0165	0.0179	0.0172	0.0183	0.0174
Wastewater Rate	0.0186	0.0210	0.0201	0.0215	0.0204	0.0294	0.0332	0.0322	0.0336	0.0326
Charges:										
Water Usage	165.00	166.47	159.96	183.00	174.00	165.00	166.47	159.96	183.00	174.00
Wastewater Usage	186.00	195.30	186.93	215.00	204.00	294.00	308.76	299.46	336.00	326.00
Minimum Usage Fee	0.00	28.00	26.00	0.00	0.00	0.00	36.00	35.00	0.00	0.00
Sales Tax	27.55	30.60	29.27	31.24	29.67	36.03	40.13	38.81	40.74	39.25
Total Bill	\$ 378.55	\$ 420.37	\$ 402.16	\$ 429.24	\$ 407.67	\$ 495.03	\$ 551.36	\$ 533.23	\$ 559.74	\$ 539.25
Impact		\$ 41.81	\$ 23.61	\$ 50.69	\$ 29.12		\$ 56.33	\$ 38.20	\$ 64.71	\$ 44.22
% Change		11.05%	6.24%	13.39%	7.69%		11.38%	7.72%	13.07%	8.93%



MEMORANDUM

CC-26-116

Ordinance 26-27, An Ordinance of the City Council of Homer, Alaska, Amending the City of Homer Water and Wastewater Rates and Updating the City Fee Schedule Accordingly.

Item Type: Informational Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: May 26, 2026
From: Elizabeth Fischer, Finance Director
Through: Melissa Jacobsen, City Manager

SUMMARY:

The purpose of this memo is to provide supplementary information regarding the water/wastewater rate model and to discuss reasoning for postponement of establishing rates.

BACKGROUND:

A water and wastewater rate model for FY27 was introduced to City Council at the May 11th meeting. A couple changes were made to the rate model inputs and new rates were generated for the meeting tonight (reference Memorandum 26-114 for details on those changes). Upon further internal review, additional questions have been raised that warrant further review.

1. As currently presented, the revenue collected through the minimum usage fee represents the revenue generated by applying the monthly minimum usage fee by those users between 0 – 700 gallons.
 - a. Under the minimum usage fee model, all users would be billed a minimum usage fee and then be billed consumption above 700 gallons. Due to this bill structure, Finance is now analyzing whether this revenue backout should include all users and the consumption volume is adjusted to reflect this change. The same thoughts are being considered for the sewer rate model.

RECOMMENDATION:

Postpone adoption of Ordinance 26-27 until June 8th to allow staff additional time to address the points presented above and to update the rate model accordingly.



MEMORANDUM

CC-26-114

Ordinance 26-27, An Ordinance of the City Council of Homer, Alaska, Amending the City of Homer Water and Wastewater Rates and Updating the City Fee Schedule Accordingly.

Item Type: Informational Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: May 20, 2026
From: Elizabeth Fischer, Finance Director
Through: Melissa Jacobsen, City Manager

SUMMARY:

The purpose of this memo is to provide an update to the previously presented water and wastewater rate model.

BACKGROUND:

A water and wastewater rate model for FY27 was introduced to City Council at the May 11th meeting. There are a couple things that need correction, which amend the rates originally presented:

1. There was a formula error in counting the number of users between 0 – 750 gallons, which caused the rates presented to be incorrect.
2. The meters are read at 100-gallon intervals, so the rate model presented in the May 26th packet assumes a monthly minimum usage of 700 gallons (not the originally discussed 750 gallons).

Another item to be discussed is how bulk users that receive water from the Public Works facility are handled under the minimum usage fee model.

WATER RATE MODEL: This model generates a rate based on water revenues and consumption. This section has been updated from Memo 26-103 to include the figures for each of the formulas.

Revenues

The revenue inputs are defined as follows:

- FY27 Operating Revenue Required – pulled directly from the operating budget
 - Formula: Total Water Revenue - Water CARMA Transfer
 - \$2,856,566 - \$476,094 = \$2,380,471

- CARMA Budget Transfer – pulled directly from the operating budget
 - Formula: Total Water Operating Expenditures * 20%
 - $\$2,380,471 * 0.20 = \$476,094$
- Deduct Operating Fund Balance – amount of Utility Operating Fund Balance to be used for rate buyback. Not used in FY27 calculation.
- Deduct Portion Collected through Other Revenues – pulled directly from the operating budget
 - Formula: Connection Fees + Services & Meters + In Lieu of City Sales Tax + Penalty & Interest
 - $\$16,950 + \$36,263 + \$346 + \$6,548 = \$60,106$
- Deduct Portion Collected through Minimum Usage Fee
 - Formula: (Commodity Rate x 700 Gallons) x Annual Number of Users Under Minimum Usage. The commodity rate x 700 gallons is rounded to the nearest whole dollar and then is multiplied by the number of users.
 - $(0.0177 * 700) = \$12$
 - $\$12 * 5,938 = \$71,256$
- Hydrant Rents – This is related to the costs associated with maintaining the water hydrants.
 - Formula: Budgeted at 10% of operating revenue required and the costs are shared 50/50 between the General Fund and the Water/Wastewater Fund.
 - $(\$2,856,566 * 10\%) / 2 = \$142,828$
- Surplus Water Sales (Bulk) Surcharge Only – This amount is determined by applying the bulk surcharge (0.004/gallon) to the most recent annualized total gallons consumed by bulk users. This is backed out because these expenses are captured by the separate rate for bulk users.
 - $23,591,900 \text{ gallons} * 0.004 = \$94,368$
- Revenue Required for Commodity Rate Calculation – Summation of revenue required less deductions. This represents the amount of revenue necessary to generate to meet operating budget needs for upcoming fiscal year.

Consumption

The water consumption line is determined by most recent annualized total metered water sales (in gallons). The water usage at the Wastewater Treatment Plant has been backed out of this figure, as it has been determined to be an operational cost. The model rounds up to the nearest million for ease of reporting.

Rates

The water rates are broken into three categories:

1. The commodity rate (per gallon) is generated by dividing the total revenue required by the estimated water sales. This ensures that the whole population of water users contributes to an equal share of costs.

2. The bulk rate (per gallon) is applying a surcharge of 0.004 per gallon to the set commodity rate.
3. The monthly minimum usage fee is determined by multiplying the commodity rate by 700 gallons and rounding to the nearest whole dollar.

WASTEWATER RATE MODEL: This model generates a rate based on wastewater revenues and usage. This section has been updated from Memo 26-103 to include the figures for each of the formulas.

Revenues

The revenue inputs are defined as follows:

- FY27 Operating Revenue Required – pulled directly from the operating budget
 - Formula: Total Wastewater Revenue - Wastewater CARMA Transfer
 - $\$2,428,756 - \$404,793 = \$2,023,963$
- CARMA Budget Transfer – pulled directly from the operating budget
 - Formula: Total Wastewater Operating Expenditures * 20%
 - $\$2,023,963 * 0.20 = \$404,793$
- Deduct Operating Fund Balance – amount of Utility Operating Fund Balance to be used for rate buyback. Not used in FY27 calculation.
- Deduct Portion Collected through Other Revenues – pulled directly from the operating budget
 - Formula: Services & Meters
 - $\$17,500$
- Deduct Portion Collected through Minimum Usage Fee
 - Non-Lift Formula: (Commodity Rate x 700 Gallons) x Annual Number of Users Under Minimum Usage. The commodity rate x 700 gallons is rounded to the nearest whole dollar and then is multiplied by the number of users.
 - $(0.0204 * 700) = \$14$
 - $\$14 * 5,938 = \$83,132$
 - Lift Station Formula: (Commodity Rate x 700 Gallons) x Annual Number of Users Under Minimum Usage. The commodity rate x 700 gallons is rounded to the nearest whole dollar and then is multiplied by the number of users.
 - $(0.0325 * 700) = \$23$
 - $\$23 * 1,132 = \$26,036$
 - Add the Non-Lift to Lift Station results
 - $\$83,132 + \$26,036 = \$109,168$
- Fixed Fee Components:
 - Lift Stations Costs - These costs are pulled straight from the current operating budget. These costs are backed out because the users on the lift

station bear the complete costs associated with maintaining this infrastructure.

- Pumping Fee - The City RFP's the pumping contract every three years and the costs of the contract is divided up amongst the number of Kachemak City users.
- Dumping Station Fee - These costs come directly from the current operating budget. This fee has been determined to be an operational cost and, as such the fee is not forwarded to customers.
- Multi-Units and Kachemak City meters - This is an additional fee charged to help offset added costs associated with maintaining such infrastructure.
- Revenue Required for Commodity Rate Calculation – Summation of revenue required less deductions. This represents the amount of revenue necessary to generate to meet operating and capital budget needs for upcoming fiscal year.

Usage

The wastewater usage is determined by the number of gallons billed for in the most recent annualized period. The model rounds up to the nearest million for ease of reporting.

Rates

The wastewater rate is broken into three categories:

1. Non-lift rate is generated by dividing the total revenue required by the projected billable volume for non-lift.
2. Lift station rate is generated by dividing the total revenue required by the projected billable volume for only the lift zone.
3. The monthly minimum usage fee is determined by multiplying the commodity rate by 700 gallons and rounding to the nearest whole dollar.

Rate Analysis:

Current Rates

Water Rates:

Commodity (per gal): \$0.0165
Bulk (per gal): \$0.0205
Monthly Fees: \$0

Wastewater Rates:

Non-Lift Station: \$0.0186
Lift Station: \$0.0294
Monthly Fees: \$0

Proposed Rates – Monthly Minimum Usage Fees (Based off 700 Gallons)

Water Rates:

Commodity (per gal): \$0.0177
Bulk (per gal): \$0.0217

Water Monthly Fees:

Non-Lift User: \$12
Lift Station User: \$12

Wastewater Rates:

Non-Lift Station: \$0.0204
Lift Station: \$0.0325

Wastewater Monthly Fees:

Non-Lift User: \$14
Lift Station User: \$23

The attached document provides comparisons between the existing rate and three different scenarios for volumes from 1,000 – 10,000 gallons:

- Scenario 1: Monthly Minimum Usage Fee (Based off 700 Gallons) with 20% CARMA transfer
- Scenario 2: Monthly Minimum Usage Fee (Based off 700 Gallons) with 15% CARMA transfer
- Scenario 3: No Monthly Minimum Usage Fee with 20% CARMA transfer

RECOMMENDATION:

The water and wastewater rates presented in Ordinance 26-27 match the Scenario 1 rate model. Review the model and approve the rates as proposed in Scenario 1.

ATTACHMENTS:

Water/Wastewater Comparison Charts

1,000 Gallons								
Non-Lift				Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Existing	Scenario 1	Scenario 2	Scenario 3
Consumption	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Water Rate	0.0165	0.0177	0.0169	0.0183	0.0165	0.0177	0.0169	0.0183
Wastewater Rate	0.0186	0.0204	0.0193	0.0215	0.0294	0.0325	0.0315	0.0336
Charges:								
Water Usage	16.50	5.31	5.07	18.30	16.50	5.31	5.07	18.30
Wastewater Usage	18.60	6.12	5.79	21.50	29.40	9.75	9.45	33.60
Minimum Usage Fee	0.00	26.00	26.00	0.00	0.00	26.00	26.00	0.00
Sales Tax	2.76	2.94	2.89	3.12	3.60	3.22	3.18	4.07
Total Bill	\$ 37.86	\$ 40.37	\$ 39.75	\$ 42.92	\$ 49.50	\$ 44.28	\$ 43.70	\$ 55.97
Impact		\$ 2.51	\$ 1.90	\$ 5.07		\$ 3.91	\$ 3.33	\$ 6.47
% Change		6.64%	5.01%	13.39%		9.70%	8.26%	13.07%

2,000 Gallons								
Non-Lift				Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Existing	Scenario 1	Scenario 2	Scenario 3
Consumption	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Water Rate	0.0165	0.0177	0.0169	0.0183	0.0165	0.0177	0.0169	0.0183
Wastewater Rate	0.0186	0.0204	0.0193	0.0215	0.0294	0.0325	0.0315	0.0336
Charges:								
Water Usage	33.00	23.01	21.97	36.60	33.00	23.01	21.97	36.60
Wastewater Usage	37.20	26.52	25.09	43.00	58.80	42.25	40.95	67.20
Minimum Usage Fee	0.00	26.00	26.00	0.00	0.00	35.00	35.00	0.00
Sales Tax	5.51	5.93	5.74	6.25	7.21	7.87	7.69	8.15
Total Bill	\$ 75.71	\$ 81.46	\$ 78.80	\$ 85.85	\$ 99.01	\$ 108.13	\$ 105.61	\$ 111.95
Impact		\$ 5.75	\$ 3.08	\$ 10.14		\$ 26.67	\$ 24.15	\$ 12.94
		7.59%	4.07%	13.39%		32.74%	29.64%	13.07%

3,000 Gallons								
Non-Lift				Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Existing	Scenario 1	Scenario 2	Scenario 3
Consumption	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Water Rate	0.0165	0.0177	0.0169	0.0183	0.0165	0.0177	0.0169	0.0183
Wastewater Rate	0.0186	0.0204	0.0193	0.0215	0.0294	0.0325	0.0315	0.0336
Charges:								
Water Usage	49.50	40.71	38.87	54.90	49.50	40.71	38.87	54.90
Wastewater Usage	55.80	46.92	44.39	64.50	88.20	74.75	72.45	100.80
Minimum Usage Fee	0.00	26.00	26.00	0.00	0.00	35.00	35.00	0.00
Sales Tax	8.27	8.92	8.58	9.37	10.81	11.81	11.49	12.22
Total Bill	\$ 113.57	\$ 122.55	\$ 117.84	\$ 128.77	\$ 148.51	\$ 162.27	\$ 157.81	\$ 167.92
Impact		\$ 8.98	\$ 4.27	\$ 15.21		\$ 13.76	\$ 9.30	\$ 19.41
% Change		7.91%	3.76%	13.39%		9.27%	6.26%	13.07%

4,000 Gallons								
Non-Lift				Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Existing	Scenario 1	Scenario 2	Scenario 3
Consumption	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Water Rate	0.0165	0.0177	0.0169	0.0183	0.0165	0.0177	0.0169	0.0183
Wastewater Rate	0.0186	0.0204	0.0193	0.0215	0.0294	0.0325	0.0315	0.0336
Charges:								
Water Usage	66.00	58.41	55.77	73.20	66.00	58.41	55.77	73.20
Wastewater Usage	74.40	67.32	63.69	86.00	117.60	107.25	103.95	134.40
Minimum Usage Fee	0.00	26.00	26.00	0.00	0.00	35.00	35.00	0.00
Sales Tax	11.02	11.91	11.42	12.50	14.41	15.75	15.29	16.30
Total Bill	\$ 151.42	\$ 163.64	\$ 156.88	\$ 171.70	\$ 198.01	\$ 216.41	\$ 210.01	\$ 223.90
Impact		\$ 12.22	\$ 5.46	\$ 20.28		\$ 18.40	\$ 11.99	\$ 25.88
		8.07%	3.60%	13.39%		9.29%	6.06%	13.07%

5,000 Gallons								
Non-Lift				Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Existing	Scenario 1	Scenario 2	Scenario 3
Consumption	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Water Rate	0.0165	0.0177	0.0169	0.0183	0.0165	0.0177	0.0169	0.0183
Wastewater Rate	0.0186	0.0204	0.0193	0.0215	0.0294	0.0325	0.0315	0.0336
Charges:								
Water Usage	82.50	76.11	72.67	91.50	82.50	76.11	72.67	91.50
Wastewater Usage	93.00	87.72	82.99	107.50	147.00	139.75	135.45	168.00
Minimum Usage Fee	0.00	26.00	26.00	0.00	0.00	35.00	35.00	0.00
Sales Tax	13.78	14.90	14.26	15.62	18.02	19.69	19.08	20.37
Total Bill	\$ 189.28	\$ 204.73	\$ 195.92	\$ 214.62	\$ 247.52	\$ 270.55	\$ 262.20	\$ 279.87
Impact		\$ 15.45	\$ 6.64	\$ 25.34		\$ 23.04	\$ 14.69	\$ 32.36
% Change		8.17%	3.51%	13.39%		9.31%	5.93%	13.07%

6,000 Gallons								
Non-Lift				Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Existing	Scenario 1	Scenario 2	Scenario 3
Consumption	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Water Rate	0.0165	0.0177	0.0169	0.0183	0.0165	0.0177	0.0169	0.0183
Wastewater Rate	0.0186	0.0204	0.0193	0.0215	0.0294	0.0325	0.0315	0.0336
Charges:								
Water Usage	99.00	93.81	89.57	109.80	99.00	93.81	89.57	109.80
Wastewater Usage	111.60	108.12	102.29	129.00	176.40	172.25	166.95	201.60
Minimum Usage Fee	0.00	26.00	26.00	0.00	0.00	35.00	35.00	0.00
Sales Tax	16.53	17.89	17.10	18.75	21.62	23.63	22.88	24.44
Total Bill	\$ 227.13	\$ 245.82	\$ 234.96	\$ 257.55	\$ 297.02	\$ 324.69	\$ 314.40	\$ 335.84
Impact		\$ 18.69	\$ 7.83	\$ 30.41		\$ 27.67	\$ 17.39	\$ 38.83
		8.23%	3.45%	13.39%		9.32%	5.85%	13.07%

7,000 Gallons								
Non-Lift				Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Existing	Scenario 1	Scenario 2	Scenario 3
Consumption	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Water Rate	0.0165	0.0177	0.0169	0.0183	0.0165	0.0177	0.0169	0.0183
Wastewater Rate	0.0186	0.0204	0.0193	0.0215	0.0294	0.0325	0.0315	0.0336
Charges:								
Water Usage	115.50	111.51	106.47	128.10	115.50	111.51	106.47	128.10
Wastewater Usage	130.20	128.52	121.59	150.50	205.80	204.75	198.45	235.20
Minimum Usage Fee	0.00	26.00	26.00	0.00	0.00	35.00	35.00	0.00
Sales Tax	19.29	20.88	19.94	21.87	25.22	27.57	26.68	28.52
Total Bill	\$ 264.99	\$ 286.91	\$ 274.00	\$ 300.47	\$ 346.52	\$ 378.83	\$ 366.60	\$ 391.82
Impact		\$ 21.93	\$ 9.02	\$ 35.48		\$ 32.31	\$ 20.08	\$ 45.30
% Change		8.27%	3.40%	13.39%		9.32%	5.80%	13.07%

8,000 Gallons								
Non-Lift				Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Existing	Scenario 1	Scenario 2	Scenario 3
Consumption	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Water Rate	0.0165	0.0177	0.0169	0.0183	0.0165	0.0177	0.0169	0.0183
Wastewater Rate	0.0186	0.0204	0.0193	0.0215	0.0294	0.0325	0.0315	0.0336
Charges:								
Water Usage	132.00	129.21	123.37	146.40	132.00	129.21	123.37	146.40
Wastewater Usage	148.80	148.92	140.89	172.00	235.20	237.25	229.95	268.80
Minimum Usage Fee	0.00	26.00	26.00	0.00	0.00	35.00	35.00	0.00
Sales Tax	22.04	23.87	22.79	24.99	28.83	31.51	30.48	32.59
Total Bill	\$ 302.84	\$ 328.00	\$ 313.05	\$ 343.39	\$ 396.03	\$ 432.97	\$ 418.80	\$ 447.79
Impact		\$ 25.16	\$ 10.20	\$ 40.55		\$ 36.95	\$ 22.78	\$ 51.77
		8.31%	3.37%	13.39%		9.33%	5.75%	13.07%

9,000 Gallons								
Non-Lift				Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Existing	Scenario 1	Scenario 2	Scenario 3
Consumption	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Water Rate	0.0165	0.0177	0.0169	0.0183	0.0165	0.0177	0.0169	0.0183
Wastewater Rate	0.0186	0.0204	0.0193	0.0215	0.0294	0.0325	0.0315	0.0336
Charges:								
Water Usage	148.50	146.91	140.27	164.70	148.50	146.91	140.27	164.70
Wastewater Usage	167.40	169.32	160.19	193.50	264.60	269.75	261.45	302.40
Minimum Usage Fee	0.00	26.00	26.00	0.00	0.00	35.00	35.00	0.00
Sales Tax	24.80	26.87	25.63	28.12	32.43	35.46	34.28	36.67
Total Bill	\$ 340.70	\$ 369.10	\$ 352.09	\$ 386.32	\$ 445.53	\$ 487.12	\$ 471.00	\$ 503.77
Impact	\$ 28.40	\$ 11.39	\$ 45.62		\$ 41.59	\$ 25.47	\$ 58.24	
% Change	8.33%	3.34%	13.39%		9.33%	5.72%	13.07%	

10,000 Gallons								
Non-Lift				Lift Station				
	Existing	Scenario 1	Scenario 2	Scenario 3	Existing	Scenario 1	Scenario 2	Scenario 3
Consumption	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Water Rate	0.0165	0.0177	0.0169	0.0183	0.0165	0.0177	0.0169	0.0183
Wastewater Rate	0.0186	0.0204	0.0193	0.0215	0.0294	0.0325	0.0315	0.0336
Charges:								
Water Usage	165.00	164.61	157.17	183.00	165.00	164.61	157.17	183.00
Wastewater Usage	186.00	189.72	179.49	215.00	294.00	302.25	292.95	336.00
Minimum Usage Fee	0.00	26.00	26.00	0.00	0.00	35.00	35.00	0.00
Sales Tax	27.55	29.86	28.47	31.24	36.03	39.40	38.08	40.74
Total Bill	\$ 378.55	\$ 410.19	\$ 391.13	\$ 429.24	\$ 495.03	\$ 541.26	\$ 523.20	\$ 559.74
Impact	\$ 31.63	\$ 12.58	\$ 50.69		\$ 46.22	\$ 28.17	\$ 64.71	
	8.36%	3.32%	13.39%		9.34%	5.69%	13.07%	

Rate Calculations Scenario 1

WATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Water	\$ 2,380,471
CARMA Transfer Requirement	476,094
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(60,106)
Deduct Portion Collected through Minimum Usage Fee	(71,256)
Hydrant Rents (10% of Total)	(142,828)
Multi-Units (\$5/unit/mo.)	(39,000)
Surplus Water Sales (Bulk) surcharge only	(94,368)
Revenue Required for Commodity Rate Calculation	\$ 2,449,008
Water Consumption (Gallons)	
Gross Meters Water Sales	137,558,900
Total Estimated Water Sales	138,000,000
Water Rates:	
Commodity Rate (per gal)	\$ 0.0177
Bulk Rate (per gal)	\$ 0.0217
Consumption Additional Information:	
Annualized Metered Water Sales (Gallons)	137,558,900
WASTEWATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Wastewater	\$ 2,023,963
CARMA Transfer Requirement	404,793
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(17,500)
Deduct Portion Collected through Minimum Usage Fee	(109,168)
Lift Stations Costs	(255,613)
Pumping Fee	(9,804)
Dumping Station Fees	(8,702)
Multi-Units (\$5/unit/mo.)	(39,000)
Revenue Required for Commodity Rate Calculation	\$ 1,988,969
Wastewater Usage (Gallons)	
Projected Billable Volume	78,000,000
Projected Billable Volume - Lift Zone Only	21,000,000
Total Projected Billable Volume	99,000,000
Wastewater Rate	
Non-Lift Station Rate	\$ 0.0204
Lift Station Rate	\$ 0.0325
Lift Station Additional Information:	
Annualized Billed Gallons (Lift-Station Zone Only)	20,753,900
Monthly Minimum Usage Fees	
Water	\$ 12.00
Sewer - Non-lift Customer	\$ 14.00
Sewer - Lift Customer	\$ 23.00
Total Non-Lift Customer	\$ 26.00
Total Lift Customer	\$ 35.00

Rate Calculations Scenario 2

WATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Water	\$ 2,380,471
CARMA Transfer Requirement	357,071
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(60,106)
Deduct Portion Collected through Minimum Usage Fee	(71,256)
Hydrant Rents (10% of Total)	(136,877)
Multi-Units (\$5/unit/mo.)	(39,000)
Surplus Water Sales (Bulk) surcharge only	(94,368)
Revenue Required for Commodity Rate Calculation	\$ 2,335,936
Water Consumption (Gallons)	
Gross Meters Water Sales	137,558,900
Total Estimated Water Sales	138,000,000
Water Rates:	
Commodity Rate (per gal)	\$ 0.0169
Bulk Rate (per gal)	\$ 0.0209
Consumption Additional Information:	
Annualized Metered Water Sales (Gallons)	137,558,900
WASTEWATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Wastewater	\$ 2,023,963
CARMA Transfer Requirement	303,594
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(17,500)
Deduct Portion Collected through Minimum Usage Fee	(109,168)
Lift Stations Costs	(255,613)
Pumping Fee	(9,804)
Dumping Station Fees	(8,702)
Multi-Units (\$5/unit/mo.)	(39,000)
Revenue Required for Commodity Rate Calculation	\$ 1,887,771
Wastewater Usage (Gallons)	
Projected Billable Volume	78,000,000
Projected Billable Volume - Lift Zone Only	21,000,000
Total Projected Billable Volume	99,000,000
Wastewater Rate	
Non-Lift Station Rate	\$ 0.0193
Lift Station Rate	\$ 0.0315
Lift Station Additional Information:	
Annualized Billed Gallons (Lift-Station Zone Only)	20,753,900
Monthly Minimum Usage Fees	
Water	\$ 12.00
Sewer - Non-lift Customer	\$ 14.00
Sewer - Lift Customer	\$ 23.00
Total Non-Lift Customer	\$ 26.00
Total Lift Customer	\$ 35.00

Rate Calculations Scenario 3

WATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Water	\$ 2,380,471
CARMA Transfer Requirement	476,094
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(60,106)
Deduct Portion Collected through Minimum Usage Fee	0
Hydrant Rents (10% of Total)	(142,828)
Multi-Units (\$5/unit/mo.)	(39,000)
Surplus Water Sales (Bulk) surcharge only	(94,368)
Revenue Required for Commodity Rate Calculation	\$ 2,520,264
Water Consumption (Gallons)	
Gross Meters Water Sales	137,558,900
Total Estimated Water Sales	138,000,000
Water Rates:	
Commodity Rate (per gal)	\$ 0.0183
Bulk Rate (per gal)	\$ 0.0223
Consumption Additional Information:	
Annualized Metered Water Sales (Gallons)	137,558,900
WASTEWATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Wastewater	\$ 2,023,963
CARMA Transfer Requirement	404,793
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(17,500)
Deduct Portion Collected through Minimum Usage Fee	0
Lift Stations Costs	(255,613)
Pumping Fee	(9,804)
Dumping Station Fees	(8,702)
Multi-Units (\$5/unit/mo.)	(39,000)
Revenue Required for Commodity Rate Calculation	\$ 2,098,137
Wastewater Usage (Gallons)	
Projected Billable Volume	78,000,000
Projected Billable Volume - Lift Zone Only	21,000,000
Total Projected Billable Volume	99,000,000
Wastewater Rate	
Non-Lift Station Rate	\$ 0.0215
Lift Station Rate	\$ 0.0336
Lift Station Additional Information:	
Annualized Billed Gallons (Lift Station Zone Only)	20,753,900



MEMORANDUM

CC-26-115

Ordinance 26-27, an Ordinance of the City Council of Homer, Alaska, Amending the City of Homer Water and Wastewater Rates and Updating the City Fee Schedule Accordingly.

Item Type: Backup Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: May 22, 2026
From: Councilmember Davis

First, I'd like to thank the Finance Department for correcting the earlier computational error regarding the estimated revenue generated by the new minimum monthly usage fee for water and sewer customers using less than 750 gallons per month. As staff has explained, the original estimate substantially overstated the amount of new revenue expected from the proposal.

[Note: I am concerned that the new calculations might still be overestimating the amount of additional revenue that is being collected. Once we are provided with the calculations that were used, it will be important to confirm that only the zero-gallon-a-month users are expected to contribute the full \$26/month combined water/sewer minimum charge; a way must be found to calculate non-zero users as paying the minimum charge on a sliding scale: half the amount (\$13) for folks in the 300-400 gallon bracket, a quarter of the amount (\$6.50) for those in the 600 bracket, etc. An easy way to approximate or reality-check this calculation would be to take the total number of non-zero users and multiply it by half the monthly combined minimum charge, \$13.]

Under the revised calculations provided in the packet, maintaining the 33% increase in the CARMA transfer that we passed at our last meeting, where we raised the transfer from 15% to 20%, would require increasing the commodity rate for water from .0162 to .0177, and for sewer from .0186 to .0203. That translates into commodity-rate increases of approximately 9.3% for water and 9.1% for sewer.

This creates a public-perception problem. Because the new minimum monthly payment represents such a significant change in the way we do business, many residents may understandably conclude that our new monthly minimum fee itself is causing their bills to rise sharply. In reality, the opposite is true: the minimum monthly payment on its own reduces the per-gallon rate that all users pay.

From my perspective, Council now faces three basic policy options:

- A. Maintain the newly adopted 20% CARMA transfer and accept approximately 9% commodity-rate increases.
- B. Reverse last meeting's increase in the CARMA transfer, which was adopted on the understanding that there were enough funds to support it while simultaneously lowering water and sewer rates.

C. Adopt a “Goldilocks” approach somewhere in between, by increasing the CARMA transfer above its longstanding 15% level, but only to a level that can be supported without increasing commodity rates.

My strong preference is Option C. Rather than using the new minimum-payment revenue to “buy down” commodity rates (Option B), Council would instead direct that revenue toward increasing the CARMA transfer, while holding commodity rates steady.

This would allow Council to continue making additional progress on deferred maintenance and long-term utility infrastructure obligations without simultaneously creating the impression that the new minimum monthly payment is causing large increases in customer bills.



MEMORANDUM

CC-26-103

Ordinance 26-27, An Ordinance of the City Council of Homer, Alaska, Amending the City of Homer Water and Wastewater Rates and Updating the City Fee Schedule Accordingly.

Item Type: Informational Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: May 7, 2026
From: Elizabeth Fischer, Finance Director
Through: Melissa Jacobsen, City Manager

SUMMARY:

The purpose of this memo is to provide an overview of the model used to generate water and wastewater rates.

BACKGROUND:

Worksessions were held on February 9th and 23rd of this year to discuss the water/wastewater rate model structure and the possible re-introduction of a monthly service fee. Those discussions concluded with the proposition to institute a monthly minimum fee.

The discussions had at February worksessions illustrated that the scenarios shifting the funding of the CARMA transfer from the commodity rate to the service fee were not preferred. The general conversation focused on establishing a monthly minimum fee instead of a flat service fee. Determining that monthly minimum fee was another talking point. It was decided at the April 27th Committee of the Whole meeting that the monthly minimum usage fee would be based off 750 gallons of usage.

The rate model is to be presented prior to the beginning of the fiscal year and will be directly connected to the budgeted revenue requirements for that year.

WATER RATE MODEL: This model generates a rate based on water revenues and consumption.

Revenues

The revenue inputs are defined as follows:

- FY27 Operating Revenue Required – pulled directly from the operating budget
 - Formula: Total Water Revenue - Water CARMA Transfer

- CARMA Budget Transfer – pulled directly from the operating budget
 - Formula: Total Water Operating Expenditures * 20%
- Deduct Operating Fund Balance – amount of Utility Operating Fund Balance to be used for rate buyback. Not used in FY27 calculation.
- Deduct Portion Collected through Other Revenues – pulled directly from the operating budget
 - Formula: Connection Fees + Services & Meters + In Lieu of City Sales Tax + Penalty & Interest
- Deduct Portion Collected through Minimum Usage Fee –
 - Formula: Commodity Rate x 750 Gallons x Number of Users Under Minimum Usage
- Hydrant Rents – This is related to the costs associated with maintaining the water hydrants.
 - Formula: Budgeted at 10% of operating revenue required and the costs are shared 50/50 between the General Fund and the Water/Sewer Fund.
- Surplus Water Sales (Bulk) Surcharge Only – This amount is determined by applying the bulk surcharge (0.004/gallon) to the most recent annualized total gallons consumed by bulk users. This is backed out because these expenses are captured by the separate rate for bulk users.
- Revenue Required for Commodity Rate Calculation – Summation of revenue required less deductions. This represents the amount of revenue necessary to generate to meet operating budget needs for upcoming fiscal year.

Consumption

The water consumption line is determined by most recent annualized total metered water sales (in gallons). The water usage at the Wastewater Treatment Plant has been backed out of this figure, as it has been determined to be an operational cost. The model rounds up to the nearest million for ease of reporting.

Rates

The water rates are broken into three categories:

1. The commodity rate (per gallon) is generated by dividing the total revenue required by the estimated water sales. This ensures that the whole population of water users contributes to an equal share of costs.
2. The bulk rate (per gallon) is applying a surcharge of 0.004 per gallon to the set commodity rate.
3. The monthly minimum usage fee is determined by multiplying the commodity rate by 750 gallons and rounding to the nearest whole dollar.

WASTEWATER RATE MODEL: This model generates a rate based on wastewater revenues and usage.

Revenues

The revenue inputs are defined as follows:

- FY27 Operating Revenue Required – pulled directly from the operating budget
 - Formula: Total Wastewater Revenue - Wastewater CARMA Transfer
- CARMA Budget Transfer – pulled directly from the operating budget
 - Formula: Total Wastewater Operating Expenditures * 20%
- Deduct Operating Fund Balance – amount of Utility Operating Fund Balance to be used for rate buyback. Not used in FY27 calculation.
- Deduct Portion Collected through Other Revenues – pulled directly from the operating budget
 - Formula: Services & Meters
- Deduct Portion Collected through Minimum Usage Fee –
 - Formula: Commodity Rate x 750 Gallons x Number of Users Under Minimum Usage
- Fixed Fee Components
 - Lift Stations Costs - These costs are pulled straight from the current operating budget. These costs are backed out because the users on the lift station bear the complete costs associated with maintaining this infrastructure.
 - Pumping Fee - The City RFP's the pumping contract every three years and the costs of the contract is divided up amongst the number of Kachemak City users.
 - Dumping Station Fee - These costs come directly from the current operating budget. This fee has been determined to be an operational cost and, as such the fee is not forwarded to customers.
 - Multi-Units and Kachemak City meters - This is an additional fee charged to help offset added costs associated with maintaining such infrastructure.
- Revenue Required for Commodity Rate Calculation – Summation of revenue required less deductions. This represents the amount of revenue necessary to generate to meet operating and capital budget needs for upcoming fiscal year.

Usage

The wastewater usage is determined by the number of gallons billed for in the most recent annualized period. The model rounds up to the nearest million for ease of reporting.

Rates

The sewer rate is broken into two categories:

1. Non-lift rate is generated by dividing the total revenue required by the projected billable volume for non-lift.
2. Lift station rate is generated by dividing the total revenue required by the projected billable volume for only the lift zone.
3. The monthly minimum usage fee is determined by multiplying the commodity rate by 750 gallons and rounding to the nearest whole dollar.

Rate Analysis:

Current Rates

Water Rates:

Commodity (per gal): \$0.0165
Bulk (per gal): \$0.0205
Monthly Fees: \$0

Sewer Rates:

Non-Lift Station: \$0.0186
Lift Station: \$0.0294
Monthly Fees: \$0

Proposed Rates – Monthly Minimum Usage Fees (Based off 750 Gallons)

Water Rates:

Commodity (per gal): \$0.0162
Bulk (per gal): \$0.0202
Monthly Fees:

Non-Lift User: \$12
Lift Station User: \$12

Sewer Rates:

Non-Lift Station: \$0.0180
Lift Station: \$0.0302
Monthly Fees:

Non-Lift User: \$14
Lift Station User: \$23

The attached document provides comparisons between the existing and proposed rate for volumes from 1,000 – 10,000 gallons.

RECOMMENDATION:

Review the model and approve the rates as proposed.

ATTACHMENTS:

Water/Wastewater Comparison Charts
Rate Calculation for Minimum Usage Fee

1,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	1,000	1,000	1,000	1,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
Charges:				
Water Usage	16.50	4.05	16.50	4.05
Wastewater Usage	18.60	4.50	29.40	7.55
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	2.76	2.71	3.60	3.66
Total Bill	\$ 37.86	\$ 37.26	\$ 49.50	\$ 50.26

Impact **\$ (0.59)** **\$ 0.75**

2,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	2,000	2,000	2,000	2,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
Charges:				
Water Usage	33.00	20.25	33.00	20.25
Wastewater Usage	37.20	22.50	58.80	37.75
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	5.51	5.40	7.21	7.30
Total Bill	\$ 75.71	\$ 74.15	\$ 99.01	\$ 100.30

Impact **\$ (1.56)** **\$ 1.29**

3,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	3,000	3,000	3,000	3,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
Charges:				
Water Usage	49.50	36.45	49.50	36.45
Wastewater Usage	55.80	40.50	88.20	67.95
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	8.27	8.08	10.81	10.94
Total Bill	\$ 113.57	\$ 111.03	\$ 148.51	\$ 150.34

Impact **\$ (2.53)** **\$ 1.83**

4,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	4,000	4,000	4,000	4,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
Charges:				
Water Usage	66.00	52.65	66.00	52.65
Wastewater Usage	74.40	58.50	117.60	98.15
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	11.02	10.77	14.41	14.59
Total Bill	\$ 151.42	\$ 147.92	\$ 198.01	\$ 200.39

Impact **\$ (3.51)** **\$ 2.37**

5,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	5,000	5,000	5,000	5,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
Charges:				
Water Usage	82.50	68.85	82.50	68.85
Wastewater Usage	93.00	76.50	147.00	128.35
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	13.78	13.45	18.02	18.23
Total Bill	\$ 189.28	\$ 184.80	\$ 247.52	\$ 250.43

Impact **\$ (4.48)** **\$ 2.91**

6,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	6,000	6,000	6,000	6,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
Charges:				
Water Usage	99.00	85.05	99.00	85.05
Wastewater Usage	111.60	94.50	176.40	158.55
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	16.53	16.14	21.62	21.87
Total Bill	\$ 227.13	\$ 221.69	\$ 297.02	\$ 300.47

Impact **\$ (5.45)** **\$ 3.45**

7,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	7,000	7,000	7,000	7,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
Charges:				
Water Usage	115.50	101.25	115.50	101.25
Wastewater Usage	130.20	112.50	205.80	188.75
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	19.29	18.82	25.22	25.51
Total Bill	\$ 264.99	\$ 258.57	\$ 346.52	\$ 350.51

Impact \$ (6.42) \$ 3.99

8,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	8,000	8,000	8,000	8,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
Charges:				
Water Usage	132.00	117.45	132.00	117.45
Wastewater Usage	148.80	130.50	235.20	218.95
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	22.04	21.51	28.83	29.15
Total Bill	\$ 302.84	\$ 295.46	\$ 396.03	\$ 400.55

Impact \$ (7.39) \$ 4.53

9,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	9,000	9,000	9,000	9,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
Charges:				
Water Usage	148.50	133.65	148.50	133.65
Wastewater Usage	167.40	148.50	264.60	249.15
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	24.80	24.19	32.43	32.80
Total Bill	\$ 340.70	\$ 332.34	\$ 445.53	\$ 450.60

Impact \$ (8.36) \$ 5.07

10,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	10,000	10,000	10,000	10,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
Charges:				
Water Usage	165.00	149.85	165.00	149.85
Wastewater Usage	186.00	166.50	294.00	279.35
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	27.55	26.87	36.03	36.44
Total Bill	\$ 378.55	\$ 369.22	\$ 495.03	\$ 500.64

Impact \$ (9.33) \$ 5.61

Rate Calculation

Monthly Minimum (750 Gallons) Usage Fee

WATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Water	\$ 2,380,471
CARMA Transfer Requirement	476,094
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(60,106)
Deduct Portion Collected through Minimum Usage Fee	(279,839)
Hydrant Rents (10% of Total)	(142,828)
Multi-Units (\$5/unit/mo.)	(39,000)
Surplus Water Sales (Bulk) surcharge only	(94,368)
Revenue Required for Commodity Rate Calculation	\$ 2,240,425
Water Consumption (Gallons)	
Gross Meters Water Sales	137,558,900
Total Estimated Water Sales	138,000,000
Water Rates:	
Commodity Rate (per gal)	\$ 0.0162
Bulk Rate (per gal)	\$ 0.0202
Consumption Additional Information:	
Annualized Metered Water Sales (Gallons)	137,558,900
WASTEWATER Rate Model	
Revenues	
FY27 Operating Revenue Required - Wastewater	\$ 2,023,963
CARMA Transfer Requirement	404,793
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(17,500)
Deduct Portion Collected through Minimum Usage Fee	(376,334)
Lift Stations Costs	(255,613)
Pumping Fee	(9,804)
Dumping Station Fees	(8,702)
Multi-Units (\$5/unit/mo.)	(39,000)
Revenue Required for Commodity Rate Calculation	\$ 1,721,803
Wastewater Usage (Gallons)	
Projected Billable Volume	78,000,000
Projected Billable Volume - Lift Zone Only	21,000,000
Total Projected Billable Volume	99,000,000
Wastewater Rate	
Non-Lift Station Rate	\$ 0.0180
Lift Station Rate	\$ 0.0302
Lift Station Additional Information:	
Annualized Billed Gallons (Lift-Station Zone Only)	20,753,900
Monthly Minimum Usage Fees	
Water	\$ 12.00
Sewer - Non-lift Customer	\$ 14.00
Sewer - Lift Customer	\$ 23.00
Total - Non-Lift Customer	\$ 26.00
Total - Lift Customer	\$ 35.00

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 City Manager/Finance Director

4 **ORDINANCE 26-27**

5
6 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
7 AMENDING THE CITY OF HOMER WATER AND WASTEWATER
8 RATES AND UPDATING THE CITY FEE SCHEDULE ACCORDINGLY.
9

10 WHEREAS, Water and wastewater utility services shall be reviewed annually and shall
11 take effect the first full billing period in July 2026; and
12

13 WHEREAS, Based on the water/wastewater rate model prepared by the Water Sewer
14 Rate Task Force and adopted by the Homer City Council in Resolution 13-048(S-2)(A-3)
15 adjustments to the rates are recommended and warranted to reflect the true cost of water and
16 wastewater services.
17

18 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:
19

20 Section 1. The City Council of Homer, Alaska hereby amends the City Fee Schedule
21 under water and wastewater fees as follows:
22

23 **WATER**

24
25 A 4.85% of total charges charged to every customer outside of city limits in lieu of city sales tax will be
26 applied to those water accounts outside city limits.
27

28 **Customer Classification Definitions for Determining Water Connection and Extension**
29 **Permit Fees**

30 Single Family Residential: A unit providing housing for one household; with less than 25% of the
31 building area used for business or commercial purposes.

32 Multi-Family Residential: A building or lot occupied by more than one household: contained within one
33 building or several building within one complex. Examples of multi-family units includes duplexes, four-
34 plexes and up, apartments, condominiums, co-housing projects, and multiple structures on one lot
35 (where units are normally rented or occupied for longer than one month at a time). Examples of units
36 not considered as multi-family include hotels, motels, B&B's seasonal rooms/cabins (where units are
37 routinely rented or occupied for less than one month at a time.)

38 Commercial: Any user not defined as Residential.

Water Connection Fee	
Single Family	\$300.00*
Multi-Family/Commercial	\$375.00*

*All other fees for delayed or deferred services, in lieu of assessments and necessary right-of-way permits, shall be in addition to the permit fee. A property owner installing a water connection which qualifies for a deferred assessment payment or makes a payment in lieu of assessment shall pay the assessment prior to issuance of the connection permit.

39

40 **Customer Classification Definitions for Determining Water Rates**

41 Bulk Water Customers: The bulk water customers are the resellers of water or water users who
 42 purchase water from the water plant directly and are not in the metered water distribution system.

43 Non-Bulk Customers: All customers who receive water from the metered water distribution system.

44 Multi-Units: An additional \$5 monthly charge shall apply to each of the units of a building or lot
 45 occupied by more than one household or commercial entity contained within one building or several
 46 buildings within one complex. Examples of multi-family units include duplexes, four-plexes and up,
 47 apartments, condominiums, co-housing projects, and multiple structures on one lot (where units are
 48 normally rented or occupied for longer than one month at a time). Examples of units not considered as
 49 multi-family include hotels, motels, and B&B's seasonal rooms/cabins (where units are routinely rented
 50 or occupied for less than one month at a time.)

51 This fee applies to all multi-unit structures defined in the wastewater section of this for apartments,
 52 rental units or multi-unit buildings where each unit would have one or more restrooms and are
 53 intended to be rented on a monthly basis where there is only one meter installed, excluding a rental
 54 building restroom used for shared or public use.

55

56 **Water Rate Schedule**

57 All water utility services shall be billed according to the following schedule. This schedule is for monthly
 58 water service and is in addition to any charges for connecting or disconnecting the service, installation
 59 of the service or any assessment of the improvements.

Water Rates

Table III

Customer Classification	Monthly Service Fee	Monthly Minimum Usage Fee	Above Minimum Usage Charge/Gallon
Non-Lift-Station Customer	\$0.00	\$0.00 \$12.00	\$0.0165 \$0.0162
Lift-Station Customer	\$0.00	\$0.00 \$12.00	\$0.0165 \$0.0162
Multi-units (additional per unit)	\$5.00	N/A	N/A
Bulk Water	\$0.00	\$0.00 \$12.00	\$0.0205 \$0.0202

60

61 **Meter Size Deposits**

62 \$750 meter deposit shall apply to metered fire hydrant connections. The deposit will be returned when
 63 the meter is returned undamaged. This deposit may be waived upon the recommendation of the Public
 64 Works Superintendent.

65 If a bulk water customer purchases a meter from the City for measuring the quantity of water
 66 purchased, it shall be exempt from the monthly meter service charge. It is the responsibility of the bulk
 67 water customer to maintain that meter so the City can accurately determine the amount of water being
 68 purchased. In the event the meter fails, it is the bulk water customer's responsibility, at its expense, to
 69 repair it or purchase a replacement meter from the City. The City may at any time test the meter for
 70 accuracy.

Size (inches)	Residential Users	Non-residential Users
5/8	\$75.00	\$220.00
3/4	\$80.00	\$230.00
1	\$90.00	\$250.00
1-1/2	\$115.00	\$310.00
2	\$150.00	\$370.00
3	\$220.00	\$525.00
4	\$310.00	\$730.00
6	\$520.00	\$1,225.00

71
 72 **WASTEWATER**

73
 74 **Customer Classification Definitions for Determining Wastewater Connection and**
 75 **Extension Permit Fees**

76 Single Family Residential: A unit providing housing for one household; with less than 25% of the
 77 building area used for business or commercial purposes.

78 Multi-Family Residential: A building or lot occupied by more than one household: contained within one
 79 building or several buildings within one complex. Examples of multi-family units includes duplexes,
 80 four-plexes and up, apartments, condominiums, co-housing projects, and multiple structures on one
 81 lot (where units are normally rented or occupied for longer than one month at a time). Examples of
 82 units not considered as multi-family include hotels, motels, B&B's seasonal rooms/cabins (where units
 83 are routinely rented or occupied for less than one month at a time.)

84 Commercial: Any user not defined as Residential.

Wastewater Connection Permit Fee	
Single Family	\$255.00*
Multi-Family/Commercial	\$330.00*
*All other fees for delayed or deferred services, in lieu of assessments and necessary right-of-way permits, shall be in addition to the permit fee. A property owner installing a wastewater connection which qualifies for a deferred assessment payment or makes a payment in lieu of assessment shall pay the assessment prior to issuance of the connection permit.	

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Customer Classification Definitions for Determining Wastewater Rates

Lift Station Zone Customer: There are eleven sewage lift/pump stations that are used for pumping wastewater or sewage from areas with lower elevation than the treatment plant. Customers who are located in these areas shall be charged additional fees for the cost added to the services (see Table I and II).

Non-Lift Station Zone Customer: Customers who are located in the zone that do not need lift/pump station services.

Wastewater System Dischargers (Wastewater ONLY customers): Customers who use wastewater service only shall be charged a monthly fee of \$5 plus wastewater usage fee based on assessed volume of 3,000 gallons per month multiplied by the applicable sewage rate (see Table II). Kachemak City Local Improvement District (LID) members have contributed to the initial cost of the wastewater treatment plant and the collection system. For Kachemak City LID dischargers connected within the LID, the City of Homer shall bill Kachemak City in one single bill at the Lift-Station Zone Rate of ~~\$92.95~~ **\$95.70** (~~\$88.20~~ **\$90.95** + \$4.75) per month per customer. Kachemak City shall be billed a \$5 monthly service charge to cover all Kachemak City wastewater customers and shall be responsible for payment to the City of Homer.

Wastewater Rate Schedule

All wastewater utility services shall be billed according to the following schedule (Table I, II). This schedule is for monthly wastewater services and is in addition to any charges for connecting or disconnecting the service, installation of the service, or any assessment of the improvements.

Wastewater Rates **Table I**

Customer Classification	Monthly Service Fee	Monthly Minimum Usage Fee	Above Minimum Usage Charge/Gallon
Non-Lift-Station Customer		\$0.00 \$14.00	\$0.0186 \$0.0180
Lift-Station Customer		\$0.00 \$23.00	\$0.0294 \$0.0302
Multi-units (additional per unit)	\$5.00	N/A	N/A

Wastewater ONLY Customers Rates **Table II**

	Fees/Rate/Usage	Monthly Minimum Usage Fee	Per Customer Per Month
Non-Lift-Station Customer	\$0.0186/Gal \$0.0180/Gal	\$0.00 \$14.00	\$55.80 \$54.60
Lift-Station Customer	\$0.0294/Gal \$0.0302/Gal	\$0.00 \$23.00	\$88.20 \$90.95
Monthly Service	\$5.00/customer/mo.	N/A	\$5.00

		(Kachemak City customers will be exempt from \$5 monthly service fee. Kachemak City will be billed a \$5 monthly service fee to cover all Kachemak City wastewater customers.)
Pumping Fee <i>(If Applicable)</i>		\$4.75
Assumption: Avg. Wastewater Usage	3,000 Gal/Mo.	

110 Domestic wastewater service customers who use large quantities of City water in addition to their
 111 domestic use shall be allowed, with the Public Works Director's approval, to install an additional water
 112 meter on the domestic water use line for the purpose of metering and charging for domestic
 113 wastewater system use. Wastewater system use will be billed monthly.

114 The City will allow, upon approval by Public Works and a permit from the Public Works Department, a
 115 second water usage meter – called a seasonal wastewater meter – for each customer that desires to
 116 measure the flow of City water that is not discharged to the wastewater system during the summer
 117 growing season, June 15 through September 15. Rates noted above do not apply.

118 Seasonal Wastewater Meter Fee is \$251.75.

119 This second meter will be read monthly during the summer and wastewater charges will be credited
 120 monthly. The meter may not be subject to read during the fall and winter months. Any charges
 121 accrued during that period will be reflected the first billing cycle the meter is read.

122

123 Section 2. This ordinance is a budget ordinance only, it is not permanent in nature and
 124 shall not be codified.

125

126 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this ___ day of _____,
 127 2026.

128

CITY OF HOMER

129

130

 RACHEL LORD, MAYOR

131

132

133 ATTEST:

134

135 _____
 136 AMY WOODRUFF, CITY CLERK

- 137
- 138 YES:
- 139 NO:
- 140 ABSENT:
- 141 ABSTAIN:
- 142
- 143 First Reading:
- 144 Public Hearing:
- 145 Second Reading:
- 146 Effective Date:



MEMORANDUM

Resolution 26-041, A Resolution of the City Council of Homer, Alaska Directing the City Manager to Issue a Request for Proposals for Route Identification and Conceptual Planning for a Low-Impact Looped Hiking Trail above Karen Hornaday Park. Davis/Erickson.

Item Type: Backup Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: June 3, 2026
From: Councilmembers Davis and Erickson

In our May 26 meeting, Council considered Ordinance 26-29 appropriating \$389,000 for professional services associated with planning and design of a proposed loop trail above Karen Hornaday Park.

The proposed contract resulted from a Request for Proposals (RFP) that included geotechnical investigation, engineering assessment, drainage analysis, slope stabilization, and development of bid-ready design plans for a trail. The scope placed significant emphasis on evaluation and improvement of the existing switchback roadbed trail.

Following discussion, the ordinance failed to receive sufficient support for approval.

This resolution proposes a different approach.

Rather than beginning with extensive engineering analysis and preparation of 100% construction-ready plans, it directs the city manager to issue a more limited RFP focused on identifying the most feasible route for the as-yet unconstructed return segment needed to create a looped hiking trail. The intent is to determine whether a scenic, low-impact trail alignment can be identified before undertaking more extensive engineering and design work.

The resolution reflects several themes repeatedly expressed during public testimony and Council discussion:

- Preference for a hiking trail rather than a multi-use trail intended to accommodate bicycles or motorized vehicles;
- Preference for a low-impact trail design utilizing native surfaces, limited excavation, minimal imported materials, and trail alignments responsive to the natural terrain;
- Avoidance of wet areas, erosion-prone terrain, and unnecessary vegetation removal where feasible;

- Recognition that any future work involving significant vegetation removal, grading, or development on steep slopes may require additional engineering review under Homer City Code; and
- Recognition that future study of drainage, stabilization, scenic overlooks, or other improvements to the existing switchback roadbed may be advisable, but is not the primary purpose of this planning effort.

The resolution specifically directs that the route identification effort be conducted using the City's Level 1 (Backcountry Trail) standards. This designation is generally characterized by narrow native-surface trails, limited grading, and minimal infrastructure, and is therefore more consistent with the low-impact trail concept than higher-level trail classifications incorporating wider corridors and multiple user groups.

The goal of this resolution is not to determine final trail design, construction methods, or future capital expenditures. Rather, it is to identify the most feasible and attractive route for a looped hiking trail and to identify any locations where additional engineering or permitting may later be required.

RECOMMENDATION: Adopt Resolution 26-041

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 Davis/Erickson

4 **RESOLUTION 26-041**

5
6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
7 DIRECTING THE CITY MANAGER TO ISSUE A REQUEST FOR
8 PROPOSALS FOR ROUTE IDENTIFICATION AND CONCEPTUAL
9 PLANNING FOR A LOW-IMPACT LOOPED HIKING TRAIL ABOVE
10 KAREN HORNADAY PARK.

11
12 WHEREAS, The City of Homer owns land above Karen Hornaday Park containing an
13 existing primitive switchback roadbed, and surrounding terrain including meadows and
14 forested ridges with scenic views overlooking Kachemak Bay; and

15
16 WHEREAS, For decades the existing roadbed has been used informally by hikers and
17 other members of the public for out-and-back hiking; and

18
19 WHEREAS, The Homer City Council previously expressed interest in development of a
20 looped hiking trail utilizing portions of the existing primitive roadbed together with a new
21 return trail segment; and

22
23 WHEREAS, Resolution 26-010(A) emphasized trail concepts utilizing native or lightly
24 improved surfaces, alignment-based drainage, limited excavation, minimized use of imported
25 materials, minimization of tree and shrub removal, and trail alignments responsive to the
26 natural terrain; and

27
28 WHEREAS, City staff subsequently issued a Request for Proposals utilizing a
29 substantially broader scope of work, including geotechnical investigation and engineering
30 assessment of the entire thirty (30) acres of City-owned property associated with the proposed
31 trail corridor, together with a significant focus on stabilization and improvement of the existing
32 primitive roadbed; and

33
34 WHEREAS, While the City Council appreciates the professionalism and thoroughness of
35 that broader approach, there was not sufficient Council support for appropriation of funding
36 at the scale required for such an extensive engineering and design effort, despite strong public
37 interest in development of a looped hiking trail in this area; and

38
39 WHEREAS, The City Council nevertheless recognizes that portions of the existing
40 roadbed may benefit from future study regarding drainage improvements, slope stabilization
41 and scenic overlook opportunities; however, such analysis is not the primary intent of this
42 Resolution; and

43 WHEREAS, The City Council finds that the primary public interest at this time is
44 identification of the most feasible and scenic low-impact route for the as-yet unconstructed
45 return portion of the proposed looped hiking trail; and

46
47 WHEREAS, Homer City Code contains specific requirements applicable to development
48 on slopes of greater than fifteen percent (15%), including requirements related to vegetation
49 disturbance, grading, drainage, and engineering review; and

50
51 WHEREAS, The City Council desires that any planning effort proceed in a manner fully
52 consistent with Homer City Code requirements related to affected slopes, vegetation
53 disturbance, drainage, and erosion prevention; and

54
55 WHEREAS, The City Council finds that a lower-cost, route-focused planning effort is
56 appropriate prior to consideration of more extensive engineering or bid-ready construction
57 design work; and

58
59 WHEREAS, This resolution is contingent on the adoption of Ordinance 26-30 that
60 appropriates funding for the project.

61
62 NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska hereby
63 directs the City Manager to prepare and issue a Request for Proposals for professional trail
64 planning services focused primarily on identification and conceptual planning of the most
65 feasible low-impact return trail route connecting the upper (north) end of the existing primitive
66 roadbed back down to Karen Hornaday Park.

67
68 BE IT FUTHER RESOLVED that the Request for Proposals shall emphasize:

- 69
- 70 a. Selection of a scenic and meandering wilderness-style trail alignment to be developed
 - 71 at Level 1 as defined by the City of Homer's Trail Design Criteria Manual;
 - 72 b. Avoidance of wet areas and erosion-prone terrain where feasible;
 - 73 c. Preference for natural or lightly improved trail surfaces wherever feasible;
 - 74 d. Minimization of excavation, grading, imported materials, retaining structures, and
 - 75 other major structural interventions;
 - 76 e. Minimization of tree and shrub removal;
 - 77 f. Preference for trail alignments utilizing slopes of less than fifteen percent (15%) where
 - 78 feasible, and no more than 20% if underlying soil is sand, silt or clay, or 30% if gravel,
 - 79 the maximums allowable per the city's Trail Design Criteria Manual;
 - 80 g. Avoidance, where feasible, of trail alignments requiring removal of trees or shrubs,
 - 81 especially on slopes greater than fifteen percent (15%), recognizing that such
 - 82 disturbance would constitute development activity under Homer City Code and thus
 - 83 trigger requirements for geotechnical engineering assessment;
 - 84 h. Conceptual recommendations for minimal-intervention approaches for crossings of
 - 85 any unavoidable wet areas, drainage areas, or groundwater seeps; including
 - 86 recommendations for any time-sensitive drainage-related or erosion-control work that
 - 87 might be recommended for the existing roadbed.
- 88

89 BE IT FUTHER RESOLVED that the Request for Proposals shall direct that field
90 investigation activities may include pruning of vegetation necessary for route identification
91 and evaluation, but shall not include removal of trees or shrubs, grading, excavation, or other
92 land disturbance activities that may require engineering review or permitting under Homer
93 City Code.

94
95 BE IT FUTHER RESOLVED that the Request for Proposals shall request identification, in
96 consultation with City staff, of any specific areas where additional engineering assessment,
97 geotechnical review, or future permitting may be necessary due to slope conditions, drainage
98 concerns, or unavoidable vegetation disturbance regulated under Homer City Code.

99
100 BE IT FURTHER RESOLVED that the Request for Proposals shall include evaluation of a
101 potential trail easement option along a scenic and relatively stable ridgeline adjacent to the
102 western boundary of the City-owned property above Karen Hornaday Park, recognizing that
103 the adjacent landowner has expressed openness to granting such an easement. If determined
104 feasible, the evaluation shall include recommendations regarding whether the City should
105 pursue this option in order to improve the scenic quality and recreational value of the
106 proposed looped hiking trail.

107
108 BE IT FUTHER RESOLVED that the Request for Proposals is intended primarily as a route
109 identification and conceptual trail planning effort and is not intended to request bid-ready
110 engineering plans, retaining wall design, structural stabilization design, or full civil engineering
111 design of the existing primitive roadbed.

112
113 BE IT FUTHER RESOLVED that nothing in this Resolution prevents the City from
114 separately studying or pursuing future stabilization, drainage, erosion-control, or safety
115 improvements associated with the existing primitive roadbed if determined appropriate by the
116 City Council at a later date.

117
118 PASSED AND ADOPTED by the Homer City Council this 8th day of June, 2026.

119
120 CITY OF HOMER
121
122
123 _____
124 RACHEL LORD, MAYOR

125 ATTEST:
126
127 _____
128 AMY WOODRUFF, CITY CLERK

129
130 Fiscal note: N/A



MEMORANDUM

CC-26-121

Resolution 26-042, A Resolution of the City Council of Homer, Alaska Adopting the Amended Homer Accelerated Roads and Trails (HART) Policy Manual. City Manager/Community Development Director.

Item Type: Backup Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: June 3, 2026
From: Julie Engebretsen, Community Development Director
Through: Melissa Jacobsen, City Manager

SUMMARY:

On March 9th, 2026, the City Council held a work session about the HART Policy Manual updates. The City Council directed staff to send the changes to the Parks, Art, Recreation and Culture Advisory (PARCAC) and Homer Planning Commissions for comment.

Public Works Director Kort and Community Development Director Engebretsen attended both Commission's meetings to provide information and answer questions. PARCAC considered the amendments at their March 19th meeting and passed a motion to endorse the proposed changes. At their May 6th work session, the Planning Commission provided a few comments. Their suggestions have been incorporated into the document as follows:

1. The purpose of the HART program is to pay for reconstructing substandard city roads, upgrading existing roads, and constructing new streets and non-motorized trails and paying for **a portion of** maintenance.
2. Section 3 F. Maintenance. Voters have approved the use of **a portion of** HART funds for general maintenance, per HCC 9.16.010(c).
3. Section 5: insert language that interest will accrue to its respective fund.

RECOMMENDATION:

City Council adopt Resolution 26-042 Amending the HART Policy Manual

ATTACHMENTS:

DRAFT HART Policy Manual

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Community Development
Director

RESOLUTION 26-042

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA A
AMENDING THE HOMER ACCCELERATED ROADS AND TRAILS
POLICY PROGRAM MANUAL TO UPDATE POLICIES, MAKE THE
DOCUMENT CLEARER AND ALLOW FUNDS TO BE USED TO
LEVERAGE GRANTS.

WHEREAS, The Homer Accelerated Roads and Trails (HART) program is a voter approved sales tax levied to pay for city roads and trails; and

WHEREAS, The HART Program Manual was last updated in 2019 and is reviewed periodically to ensure use of the funds meet the needs for city roads and trails programs; and

WHEREAS, The Manual updates in the current review include making the document clearer and updating listed polices to follow actual administration practice; and

WHEREAS, In recent years it has become increasingly important to provide local matching dollars for some state and federal transportation grant programs; and

WHEREAS, Expanding the use of HART funds to include use as a source of grant match has enabled the city to leverage \$2.7 million dollars of state and federal funding, and

WHEREAS, This HART Program Manual update furthers the effective and efficient use of taxpayer funds.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska hereby Amends the HART Policy Program Manual to update policies, make the document clearer, and allow funds to be used to leverage grants.

PASSED AND ADOPTED by the Homer City Council this ___th day of _____, 2026.

CITY OF HOMER

RACHEL LORD, MAYOR

44 ATTEST:

45

46 _____

47 AMY WOODRUFF, CITY CLERK

48

49 Fiscal Note: N/A

H.A.R.T. POLICY MANUAL

(HOMER ACCELERATED ROADS AND TRAILS PROGRAM)

Adopted by Resolution ~~19-06726-xx~~

TABLE OF CONTENTS

- I. Purpose
- II. Definitions
- III. Road Qualifying and Project Criteria
- IV. Trails Qualifying and Project Criteria
- V. Financing and Assessments
- VI. Utilities
- VII. Special Provisions
- VIII. History

I. PURPOSE

The purpose of the HART program is to pay for reconstructing substandard city roads, upgrading existing roads, ~~and~~ constructing new streets and non-motorized trails and contributing to paying for maintenance. The intent of the program is to proactively maintain city roads in good condition, reduce-manage long term maintenance costs, improve access, fund emergency road repairs, increase property values and improve the quality of life. Priority use of the funding is for projects within Homer City Limits and on City lands outside city limits. State maintained roads are generally not part of this program, but HART funds may be used to leverage State projects. The program is funded by a voter approved dedicated sales tax, and assessments levied on adjacent benefited properties.

II. DEFINITIONS

- A. Sidewalk - ~~the term "sidewalk" means~~ a pedestrian facility associated with a road and generally within a street right of way.
- B. Trail - a pedestrian facility detached from a road, or not within a street right of way.
- C. Fund Balance - is the net position, or difference between assets and liabilities, of the fund.
- D. ~~HPC - Homer Planning Commission.~~
- ~~— Homer Non-Motorized Transportation and Trail Plan (HNMTTP) - a document that is an adopted part of the City of Homer Comprehensive Plan.~~
- ~~E. — 2005 Homer Area Transportation Plan (Transportation Plan) - a document that is an adopted part of the City of Homer Comprehensive Plan.~~

III. ROAD QUALIFYING AND PROJECT CRITERIA

To be eligible for HART funds, roads and projects must meet the qualifying criteria below.

- A. Qualifying Criteria for Existing Roads. HART fund may be used on existing roads that meet one or more of the following criteria:
 1. Road has been accepted for city maintenance.
 2. Right of way was dedicated prior to March 14, 1987 (Ord. 87-6(s)).
 3. Right of way was dedicated prior to being annexed into the City.

- B. Qualifying Criteria for New Roads. HART funds may be used for new roads when one or both of the following criteria are met:
 1. The City owns the property wherein the road is to be constructed.
 2. The construction project benefits the entire City.

- C. Project Criteria. The following criteria may be considered for using HART funds:
 - ~~1. Project is listed in the 2005 Homer Transportation Plan or furthers a stated goal of that plan.~~
 - ~~2.1.~~ HART funds may be used in accordance with Homer City Code (HCC) Title 11.04.05, to pay ~~to~~ the developer the cost difference between the required street and the proposed street.
 - ~~3.2.~~ Improves life, safety and traffic flow.
 - ~~4.3.~~ Corrects deficiencies of existing systems.
 - ~~5.4.~~ Completes traffic circulation pattern.
 - ~~6.5.~~ Encourages economic development.
 - ~~7.6.~~ Corrects drainage problems.
 - ~~7.~~ Reduces maintenance costs.
 8. Inclusion in Roads Financial plan, CIP or other adopted City document
 9. Other factors deemed appropriate by the City Council.

- D. Use of HART funding for major repairs. HART funds may be used for eligible major ~~eligible~~ road and drainage repairs that are beyond the scope of routine maintenance. The use of the ~~SAD s~~ Special aAssessment dDistrict (SAD) process and property owner participation is preferred. However, there may be situations in which a section of road may be repaired to a reasonable level of service without the expense of a complete rebuild.

- E. Sidewalks. To use HART funds, projects must ~~be mapped as either sidewalks, paved shoulders or separated pathways, or~~ directly serve the special populations discussed in ~~sections 3.1 and 3.2 of the HNMTTP~~ the Transportation Plan, or forward a goal of that plan. Effort will be made to find grants or non-city funding sources to match city construction funds, whenever possible.

- F. Maintenance. Voters have approved the use of a portion of HART funds for general maintenance, per HCC 9.16.010(c).-

IV. TRAILS QUALIFYING AND PROJECT SELECTION CRITERIA

To be eligible for funding, trails must be located within trail easements or within the boundaries of municipal lands that will be held in perpetuity for public use. The goal is to avoid building trails across lands that could become privatized and result in the loss of public access. An exception to this is the use of trail funds to construct short term trails within platted rights of way. Trails within rights of way should benefit the community circulation system and be low cost, since trails will likely become part of the road when the right of way is developed.

A. New local non-motorized trails shall be prioritized according to the following:

- ~~1. Project is listed in the HNMTTP or furthers a stated goal of that plan~~
- 2.1. Solves a safety concern
- 3.2. Creates connectivity to existing trail(s), completes a pattern or provides access to a point of interest
- 4.3. Protects an established trail
- 5.4. Creates or improves a trailhead
- 6.5. Has significant scenic or aesthetic value
- 7.6. Existence or potential for contributing funds or volunteer efforts
- 7. Property owner participation
- ~~8. Inclusion in Roads or Trails Financial plan, Capital Improvement Plan or other adopted City document~~

~~B. Trail Project Selection Criteria. The Homer Planning Commission and Parks Art, Recreation and Culture Advisory Commission will review the trail priority list during the bi-annual review of the HART. The list will be presented in a memorandum from staff, and will contain a mix of large and small projects. Generally it will include up to five trail projects that staff has reviewed and found ready for preliminary work. Trails on this list are planned for construction in the near term (one to three year timeframe). Staff will actively work to prepare those projects for construction.~~

~~C.B. Volunteer- or Public Private Partnership Projects. Citizens may work with the City Administration to use HART funds to construct public trails.~~

~~D.C. Developer Cost Sharing. When a developer builds a trail as part of a new subdivision, HART funds may be used to reimburse up to 25% of trail construction costs, as long as the trail meets criteria listed above.~~

V. FINANCING and ASSESSMENTS

This program is funded by a portion of dedicated sales tax of up to three quarters of one percent (¾%) per HCC 3.05.017, and the collection of assessment payments due from completed projects. The tax will be collected for up to twenty years expiring December 31, 2027, as

approved by voters. Roads are allocated 90% of the annual revenue, and trails are allocated 10%. Road and Trail funds shall be accounted for separately and interest accrued to its respective fund. Expenditures under the HART program are subject to the availability of funds.

1. Sidewalks shall be paid for out of road funds, and trails shall be paid for out of trail funds.
2. HART funds may be used to leverage outside funds for New Local Roads and Trails.
3. New local trails may be constructed using 100% program funds.
4. When additional right-of-way is required, acquisition costs will be paid by this program, at no additional cost to abutting property owners.
- ~~5. Interest, if any, generated from the program will remain with the program funds.~~
- ~~6.5.~~ This program includes paving driveway aprons on contracts funded by HART.
- ~~7.6.~~ Abutting property owners will share the cost of upgrading a street by paying the cost sharing specified in the fee schedule as adopted in the year the project or special assessment district (SAD) was initiated.
- ~~8.7.~~ Lots having a frontage on two parallel streets, or flag lots having a frontage on two perpendicular streets, are exempt from a double front footage assessment unless actually accessing the lot from both streets either prior to or after reconstruction and/or paving. Deferred AssessmentA delayed payment Agreement-agreement may be rRequired pursuant to HCC 17.15.010.
- ~~9.8.~~ In a Special Assessment District eligible for HART funding, the City is responsible for 75% and the property owner is responsible for 25% of the cost of the improvement.
10. The City will pay all costs for any additional improvements required when deemed necessary by the City.
11. Other improvements requested by the benefited property owners will be paid by those same property owners.
12. City share can apply to related utilities, sidewalks, street lighting, drainage, paving and/or reconstruction of roads identified on the road maintenance map.

VI. UTILITIES

1. Prior to street reconstruction, necessary related non-existing water and sewerwastewater improvements shall be encouraged whenever possible.
2. Water and Sewer-wastewater utility extensions necessary to extend the utilities short distances beyond a construction area will be paid for by the program.
3. Water and wastewatersewer utility relocations directly caused by reconstruction will be paid for by HART funds.
4. Water and wastewatersewer utility upgrades necessary for future capacity that are done concurrently with reconstruction and/or paving will be paid for by the utility fund.
5. The City shall recover from the property owner the cost of construction of City-provided wastewatersewer and water service connections by including the cost

of construction of such connections in the service connection fee established under HCC ~~Chapters~~ 14.04 and 14.08. Costs will be recouped from benefiting property owners through pending assessments. The Finance Department will maintain a listing of these pending wastewatersewer and/or water service connection fees.

6. Whenever practical streetlights shall be included in the construction of new local roads and shall be paid by HART funds. Property owners participating in a road reconstruction and/or paving Special Assessment District may request streetlights. ~~If the project is deemed feasible, the property owners shall be assessed for the installation of the streetlights on an equal share per parcel methodology. Property owner approval of the street light assessment shall follow the process in HCC 17.02. Once constructed, the City will absorb the utility billing for the street-light(s).~~

VII. SPECIAL PROVISIONS

- ~~1. The Homer Planning Commission shall review the criteria for the H.A.R.T. program annually, with recommendations reported to the Homer City Council.~~
- ~~2. The City Council shall review the HART fund on an annual basis during the third quarter.~~
- 3.1. Pedestrian amenities-facilities shall be included in all new road projects unless exempted by the City Council.
- 4.2. Funds may be used to finance projects where property owners pay 100% of the costs. Subject to City Council approval.
3. The City Council may exempt lands from assessment if the land will not be developed due to a conservation easement, or if the land is owned by a conservation organization that holds the land for public purpose or for habitat protection.
- 5.4. The City Council should review the HART Policy every 5 years.

VIII. HISTORY

Ordinance 85-14 07/01/85, Ordinance 94-16(A), Ordinance 02-08(A), 04/08/03,
Ordinance 02-23(A), 06/10/02, Ordinance 06-42(S), 08/15/06, Ordinance 12-15, 04/10/12,
Ordinance 19-23(S-2)(A), 09/24/19

Resolution 87-61(S), 08/24/87, Resolution 88-47, 05/09/88, Resolution 88-77(A), 08/22/88,
Resolution 91-48, 07/08/91, Resolution 91-68, 10/07/91, Resolution 94-50, 05/09/94, Resolution
95-97, 11/27/95, Resolution 96-73, 09/09/96, Resolution 03-116, 08/25/03, Resolution 04-41(A),
05/25/04, Resolution 05-50(A), 04/25/05, Resolution 05-70, 06/13/05,
Resolution 07-82, 09/10/07, Resolution 16-041(S-2)(A), 05/09/16, Resolution 17-038, 04/20/17
Resolution 19-067, 09/23/19, Resolution 26-xx