



Homer City Hall

491 E. Pioneer Avenue

Homer, Alaska 99603

www.cityofhomer-ak.gov

City of Homer Agenda

City Council Committee of the Whole

Monday, October 12, 2020 at 5:00 PM

City Hall Cowles Council Chambers via Zoom Webinar

Dial: (669) 900 6833 or (253) 215 8782 or Toll Free (888) 788 0099 or (877) 853 5247

Webinar ID: 953 097 829 Password: 234969

CALL TO ORDER, 5:00 P.M.

AGENDA APPROVAL (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual, pg. 6)

CONSENT AGENDA

REGULAR MEETING AGENDA

DISCUSSION TOPIC(S)

- [a.](#) 2nd Quarter Sales Tax
- [b.](#) Resolution 20-077, A Resolution of the City Council of Homer, Alaska Adopting a Reserve Fund Policy for the Collection and Use of Water and Sewer Depreciation Reserve Funds. Lord/Aderhold.

Memorandum 20-165 from Finance Director as backup

- [c.](#) Resolution 20-078, A Resolution of the City Council of Homer, Alaska Amending the Homer Accelerated Water and Sewer Program (HAWSP) Policy Manual to Modernize the Language and Clarify Qualifying Criteria for using HAWSP Funds. Lord/Aderhold.

COMMENTS OF THE AUDIENCE

ADJOURNMENT NO LATER THAN 5:50 P.M.

Next Regular Meeting is Monday, October 26, 2020 at 6:00 p.m., 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

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Finance Department

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Memorandum

TO: Mayor Castner and Homer City Council
THROUGH: Rob Dumouchel, City Manager
FROM: Elizabeth Walton, Finance Director
DATE: October 7, 2020
SUBJECT: 2nd Quarter Sales Tax Analysis

The purpose of this memo is to provide contextual information associated with the 2nd quarter sales tax figures.

Basic Sales Tax Information:

Sales tax is one of the primary drivers of revenue for the General Fund as it represents roughly 44% of total revenue for the FY20 budget. The sales tax rate for the City of Homer is 4.85%. Some components of the sales tax have dedicated purposes, while other portions of the tax cover the expenses associated with providing core services. Dedicated purposes of the City of Homer share of sales tax are as follows: HART (3/4 of 1%), HAWSP (3/4 of 1%), Public Safety Operations and Infrastructure (0.35%).

An important reminder is that the City of Homer does not collect sales tax directly. The City elects for the Kenai Peninsula Borough (KPB) to collect, administer and then remit sales tax revenue to us. KPB remits sales tax revenue to the City on a monthly basis, but there is a two month “lag” in the revenue received. This means that the revenue that is received by the City in one month is not a reflection on sales tax actually earned in that particular month. Finance makes an accounting entry at the end of the year to adjust for this delay. This is important to keep in mind when comparing sales tax revenue received vs. taxable sales.

Other Major Revenue Sources:

Although sales tax represents a significant majority of General Fund revenue it is also important to look at the other major components of revenue. These components are property tax and operating transfers.

Property taxes represent another significant component of revenue collected for the General Fund and it represents roughly 28% of total revenue for the FY20 budget. It is important to keep in mind that property tax revenue is primarily collected in September and November. However, this year we did see a spike in property tax revenue collected in July due to the early PFD payment. Therefore, we could see a slight drop in revenue collected in our normal timeframes as some property owners opted to pay this tax early.

Operating transfers are also significant for the General Fund and they represent roughly 16% of total revenue collected for the FY20 budget. Operating transfers for the General Fund include transfers from other funds (water/sewer, Port, HAWSP and HART) for overhead. Also included in this transfer figure is the allowable transfer from HART for roads and trails maintenance.

Current Climate and Potential Budgetary Impacts:

It is important to understand that the economic climate created by the COVID emergency puts the City in a constant stage of change. Our budget methodology incorporates data regarding historical revenue received and that has allowed for the City to experience less significant impacts associated with the uncertainty of the economic climate. For example, the City did not incorporate remote sales tax in the budget for FY20 revenue as we had yet to experience it.

There is always a huge focus on comparative data and performing an analysis on historical trends. The City has experienced several significant changes with sales tax collection over the last couple of years and it makes it difficult to find a “normal” year. These changes include diverting HART sales tax, transferring allowable HART revenue, and the increase in sales tax to cover bond payment and long term maintenance. In order to find a “normal” year we would have to go back at least 4 years and that can pose its own complications, as spending trends have evolved over time. It is important to keep these factors in mind when reviewing historical data and attempting to identify a “normal” year.

If the current economic situation remains, there is a potential for the City to tap into other financial sources to maintain operations. Council took great strides when updating HCC 3.05.049, which created an emergency fund balance within the General Fund. It is important to continue to monitor the financial status of the individual funds within the City and make spending decisions that don’t require the frequent use of our emergency funds or other reserve funds.

The Federal Government provided the City of Homer with \$7,899,085.29 in CARES funding and the Kenai Peninsula Borough provided the City with an additional \$2,251,058.85. This funding has allowed the City to infuse a significant amount of money into the local community through grants for local businesses, nonprofits and households. Please note that the City is not able to utilize this funding as revenue replacement and cannot be used to fill gaps left by weakened sales tax receipts.

The current fiscal climate created by the COVID emergency has brought significant operational challenges citywide. The City has taken a conservative approach to spending to ensure it is able to continue to provide core services to the community during an uncertain time. While reviewing current year financial reports it is important to remember that the decreased spending is a sign that some repairs and maintenance work may have been delayed in an effort to protect the City’s financial status this fiscal year. There could be requests in the coming fiscal years to make up for this deferment, as the expenses were not simply cut.

Enclosures:

Accompanying this memo are four documents to help provide context to the historical trends associated with sales tax revenue.

Attachment A provides a data set of sales tax revenue collected on a quarterly basis going back to 2015. The sales tax data is broken out by the funds that received a portion of the total revenue. One thing to note is that HART sales tax was diverted into the General Fund for fiscal years 2016-2018. In 2019, HART began receiving their respective share of the overall revenue. Also to note in 2019, the sales tax rate increased to fund debt service payments and maintenance of the police station facility.

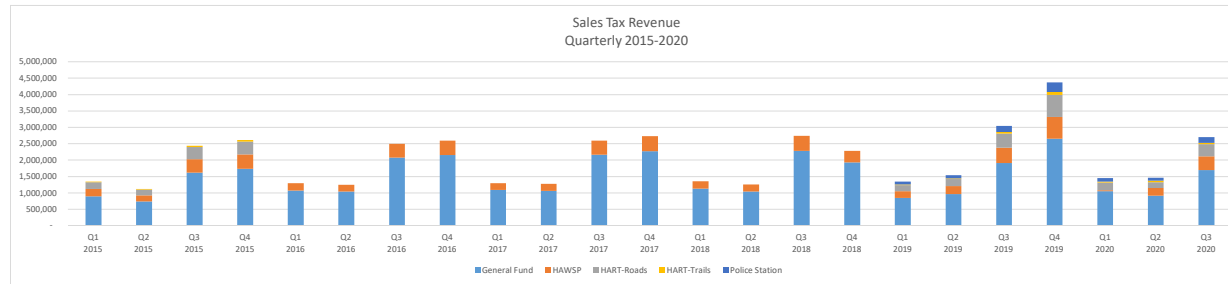
Attachment B provides a data set of sales tax revenue collected thru the 3rd quarter of each fiscal year going back to 2015. The purpose of this chart is to provide YTD sales tax revenue comparison with previous fiscal years.

Attachment C provides a data set comparing the Lines of Business (LOB) taxable sales on a quarterly basis back to 2016. The LOB categories are determined and reported by KPB.

Attachment D provides a data set of LOB taxable sales for the 2nd quarter going back to 2016. Looking at this attachment you can see that almost all of the business sectors experienced some level of a loss in taxable revenues. The biggest dollar share in taxable sales comes from the retail trade sector and it only experienced roughly a 5% loss comparative to the 2nd quarter in 2019. Most of the more significant sectors that experienced the more sizable losses are connected to the tourism industry. Overall, the City experienced a roughly 18% decrease in taxable sales comparative to the 2nd quarter in 2019.

Attachment A
Quarterly Sales Tax Revenue
Presented October 12, 2020

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
General Fund	901,537	748,551	1,628,397	1,744,277	1,081,421	1,045,450	2,084,965	2,164,351	1,098,377	1,068,738	2,167,895	2,282,295	1,136,958	1,049,686	2,285,324	1,937,016	848,744	972,481	1,917,010	2,656,754	1,058,824	924,369	1,700,041
HAWSP	225,384	187,138	407,099	435,992	216,284	209,096	417,093	433,081	203,692	213,799	433,683	456,366	227,446	209,988	457,167	349,894	208,708	239,135	471,396	663,850	31,541	227,304	418,043
HART-Roads	202,846	168,424	366,389	392,393	-	-	-	-	-	-	-	-	-	-	-	-	187,837	215,221	424,256	675,890	234,330	182,762	376,239
HART-Trails	22,538	18,714	40,710	43,289	-	-	-	-	-	-	-	-	-	-	-	-	20,871	23,913	47,140	81,879	26,037	44,542	41,804
Police Station	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83,483	95,654	188,558	297,006	104,147	90,922	167,217
Total	\$ 1,352,305	\$ 1,122,827	\$ 2,442,596	\$ 2,615,951	\$ 1,297,705	\$ 1,254,546	\$ 2,502,058	\$ 2,597,431	\$ 1,302,069	\$ 1,282,537	\$ 2,601,579	\$ 2,738,660	\$ 1,364,404	\$ 1,259,673	\$ 2,742,491	\$ 2,286,910	\$ 1,349,642	\$ 1,546,404	\$ 3,048,360	\$ 4,375,378	\$ 1,454,878	\$ 1,469,898	\$ 2,703,344

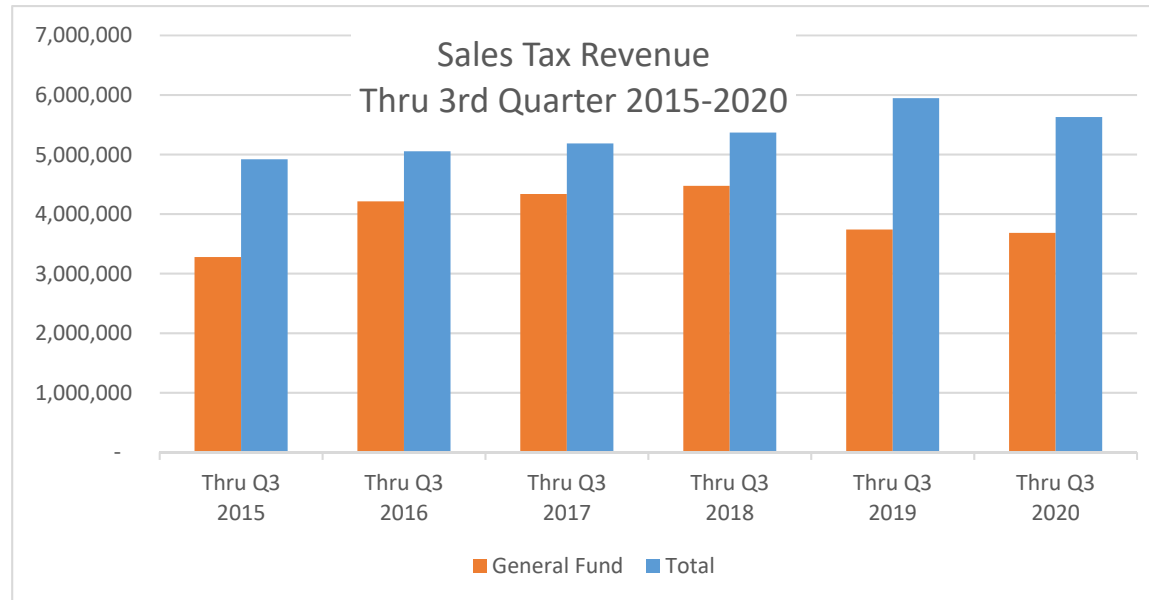


Key Points:
- HART Sales Tax was diverted into the General Fund from 2016-2018
- Sales Tax increased in 2019 to fund debt service payments associated with Police Station bond

Attachment B

Thru Third Quarter Sales Tax Revenue
Presented October 12, 2020

	Thru Q3 2015	Thru Q3 2016	Thru Q3 2017	Thru Q3 2018	Thru Q3 2019	Thru Q3 2020
General Fund	3,278,486	4,211,836	4,335,011	4,471,968	3,738,234	3,683,234
HAWSP	819,621	842,474	851,174	894,601	919,238	676,887
HART-Roads	737,659	-	-	-	827,314	793,330
HART-Trails	81,962	-	-	-	91,924	112,383
Police Station	-	-	-	-	367,695	362,285
Total	4,917,729	5,054,310	5,186,185	5,366,569	5,944,405	5,628,120



Attachment C
Quarterly LOB Taxable Sales
Presented October 12, 2020

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
ADMINISTRATIVE, WASTE MAN	214,519	307,936	401,661	224,073	207,412	305,688	336,793	164,649	155,528	203,986	204,971	155,250	136,996	210,867	202,322	166,876	126,571	115,955
AGRICULTURE, FORESTRY, FI	4,143	110,003	144,270	22,190	14,600	144,996	205,859	49,869	33,710	203,853	234,217	37,022	640,248	155,585	202,286	44,149	18,712	111,415
ARTS AND ENTERTAINMENT	253,949	417,206	677,310	268,703	249,016	472,227	674,135	328,352	249,287	501,469	737,507	277,357	253,475	545,213	731,228	303,677	216,312	165,688
CONSTRUCTION CONTRACTING	372,572	477,737	486,586	406,932	484,978	438,379	381,548	372,787	315,934	409,170	385,926	386,079	333,640	353,421	336,222	364,590	367,431	392,005
EDUCATIONAL SERVICES	66,901	50,233	47,609	73,547	71,272	52,994	53,633	66,973	61,687	54,866	55,190	78,859	58,316	56,828	75,184	90,528	72,931	42,283
FINANCE AND INSURANCE	15,710	17,884	16,893	16,324	19,204	23,980	28,566	30,128	27,385	25,820	25,924	27,189	28,275	31,896	29,481	26,563	26,553	19,785
GUIDING LAND	41	65,599	132,975	500	-	94,324	169,829	5,898	-	105,778	228,047	-	-	123,664	258,602	-	-	42,822
GUIDING WATER	104,823	2,687,936	6,225,895	78,346	36,497	2,697,548	6,158,152	117,984	79,447	2,869,368	6,061,804	134,694	187,753	2,973,716	5,988,975	120,809	110,697	1,359,274
HEALTH CARE AND SOCIAL AS	45,037	76,757	131,576	63,034	77,243	126,554	134,541	54,418	80,890	95,062	80,786	50,658	78,958	82,195	45,090	38,063	21,795	15,422
HOTEL/MOTEL/BED & BREAKFA	1,789,574	4,657,728	7,026,750	1,712,384	1,532,096	4,558,923	7,153,924	1,641,953	1,490,223	4,422,516	7,518,922	1,455,582	1,543,084	4,457,808	8,375,973	1,734,109	1,279,481	2,828,851
INFORMATION	1,127,408	1,115,491	1,108,504	1,043,506	1,020,993	1,084,186	1,093,603	985,693	972,981	1,061,677	1,031,736	1,008,965	984,852	978,052	1,037,924	992,162	983,669	883,165
MANAGEMENT OF COMPANIES	-	-	-	-	-	-	-	-	-	-	-	-	-	126,214	311,026	-	-	10,508
MANUFACTURING	237,863	470,938	581,747	326,180	225,385	503,806	633,841	318,410	249,843	530,866	641,802	339,803	281,903	602,471	715,234	406,462	344,961	505,214
MINING/QUARRYING	-	-	-	-	500	-	-	-	-	-	150	150	150	1,150	10,926	19,981	3,220	14,961
PROFESSIONAL, SCIENTIFIC	654,874	773,463	732,636	647,970	698,422	708,767	771,398	700,387	691,012	756,620	770,672	680,434	648,929	780,729	761,163	635,037	702,504	767,048
PUBLIC ADMINISTRATION	644,546	954,300	2,150,884	1,188,557	1,100,933	1,309,629	2,560,676	999,094	816,016	1,427,693	2,458,720	1,143,132	829,928	1,432,237	2,845,900	1,022,188	971,581	1,368,423
REMEDIAL SERVICES	32,704	-	-	-	32,666	-	-	-	38,717	-	-	-	33,767	-	-	-	-	-
RENTAL COMMERCIAL PROPERTY	42,061	59,602	63,881	59,815	58,558	96,775	101,707	61,466	69,250	85,800	130,158	64,428	196,565	99,765	95,207	60,191	58,935	80,696
RENTAL NON-RESIDENTIAL PRO	128,148	170,232	256,561	171,965	128,347	180,793	246,013	146,382	144,070	187,303	238,829	148,707	138,064	183,990	234,955	126,417	92,816	90,896
RENTAL OF SELF-STORAGE &	249,716	296,770	643,544	385,338	201,259	248,428	561,005	284,593	232,561	265,933	528,323	276,934	217,415	272,863	537,757	294,635	231,287	271,739
RENTAL PERSONAL PROPERTY	132,816	166,630	229,364	147,841	138,081	197,202	242,233	150,791	148,701	210,142	259,883	157,676	141,064	221,419	229,691	174,262	165,835	194,678
RENTAL RESIDENTIAL PROPERTY	1,020,110	1,510,996	1,799,042	1,052,578	1,035,396	1,512,623	1,835,339	1,140,120	1,146,434	1,638,398	1,880,675	1,089,752	1,077,295	1,559,698	1,834,018	1,116,156	1,101,887	1,402,570
RESTAURANT/BAR	3,145,686	6,149,338	8,195,446	3,149,958	2,787,404	6,211,565	8,780,547	3,337,515	3,101,373	6,773,895	9,542,688	3,482,700	3,179,549	6,655,645	9,553,633	3,501,273	2,514,895	3,762,292
RETAIL TRADE	12,275,910	24,767,175	29,665,962	14,894,226	12,505,192	24,992,523	30,421,714	15,948,127	12,769,708	27,043,054	34,053,544	17,314,037	14,151,272	26,325,212	34,490,183	18,463,774	15,612,943	27,598,497
SERVICES	1,675,348	2,384,956	2,202,016	1,708,265	1,799,351	2,703,585	2,645,475	2,078,565	1,894,742	2,768,109	2,305,938	2,071,964	1,749,725	2,471,128	2,586,137	2,001,089	1,608,833	2,196,866
TELECOMMUNICATIONS	387,800	396,570	419,879	430,659	408,560	430,719	428,326	440,014	449,669	469,468	511,781	534,464	401,118	338,293	332,138	334,477	335,461	440,569
TELECOMMUNICATIONS-CABLE	75	653	235	130	627	642	1,811	2,771	574	1,202	1,305	519	495	6,604	691	429	861	516
TIMBERING	487	-	-	-	500	-	430	-	-	-	-	500	505	-	-	-	-	-
TRANSPORTATION AND WAREHO	141,573	664,934	1,110,780	144,554	190,285	780,040	1,569,692	178,728	177,563	853,236	1,545,966	168,374	196,800	884,990	1,410,586	165,792	195,409	347,778
UTILITIES	2,070,114	1,772,903	1,602,262	1,993,120	2,322,217	1,992,650	1,795,759	2,156,588	2,445,497	2,058,123	1,757,390	2,045,862	2,503,521	2,114,934	1,727,760	2,028,860	2,710,459	2,197,539
WHOLESALE TRADE	231,382	340,526	193,516	404,805	262,379	317,823	214,032	421,454	325,567	355,069	298,755	355,568	296,494	390,950	280,016	223,920	273,328	338,319
TOTAL	27,065,890	50,864,496	66,247,784	30,615,500	27,609,373	52,187,369	69,200,581	32,183,709	28,168,369	55,378,476	73,491,609	33,486,659	30,290,138	54,437,537	75,240,308	34,456,469	30,149,367	47,565,777

Attachment D

2nd Quarter LOB Taxable Sales
Presented October 12, 2020

	2016	2017	2018	2019	2020	% Δ 2020 - 2019
ADMINISTRATIVE, WASTE MAN	307,936	305,688	203,986	211,749	115,955	-45%
AGRICULTURE, FORESTRY, FI	110,003	144,996	203,853	160,020	111,415	-30%
ARTS AND ENTERTAINMENT	417,206	472,227	501,469	548,940	165,688	-70%
CONSTRUCTION CONTRACTING	477,737	438,379	409,170	373,100	392,005	5%
EDUCATIONAL SERVICES	50,233	52,994	54,866	56,928	42,283	-26%
FINANCE AND INSURANCE	17,884	23,980	25,820	36,654	19,785	-46%
GUIDING LAND	65,599	94,324	105,778	125,677	42,822	-66%
GUIDING WATER	2,687,936	2,697,548	2,869,368	2,985,820	1,359,274	-54%
HEALTH CARE AND SOCIAL AS	76,757	126,554	95,062	62,473	15,422	-75%
HOTEL/MOTEL/BED & BREAKFA	4,657,728	4,558,923	4,422,516	4,629,194	2,828,851	-39%
INFORMATION	1,115,491	1,084,186	1,061,677	978,052	883,165	-10%
MANAGEMENT OF COMPANIES	-	-	-	126,214	10,508	-92%
MANUFACTURING	470,938	503,806	530,866	756,819	505,214	-33%
MINING/QUARRYING	-	-	-	1,150	14,961	1201%
PROFESSIONAL, SCIENTIFIC	773,463	708,767	756,620	785,571	767,048	-2%
PUBLIC ADMINISTRATION	954,300	1,309,629	1,427,693	1,432,737	1,368,423	-4%
REMEDIATION SERVICES	-	-	-	-	-	0%
RENTAL COMMERCIAL PROPERT	59,602	96,775	85,800	99,765	80,696	-19%
RENTAL NON-RESIDENTAL PRO	170,232	180,793	187,303	184,240	90,896	-51%
RENTAL OF SELF-STORAGE &	296,770	248,428	265,933	272,863	271,739	0%
RENTAL PERSONAL PROPERTY	166,630	197,202	210,142	221,419	194,678	-12%
RENTAL RESIDENTAL PROPERT	1,510,996	1,512,623	1,638,398	1,632,238	1,402,570	-14%
RESTAURANT/BAR	6,149,338	6,211,565	6,773,895	6,848,886	3,762,292	-45%
RETAIL TRADE	24,767,175	24,992,523	27,043,054	29,033,873	27,598,497	-5%
SERVICES	2,384,956	2,703,585	2,768,109	2,701,456	2,196,866	-19%
TELECOMMUNICATIONS	396,570	430,719	469,468	337,618	440,569	30%
TELECOMMUNICATIONS-CABLE	653	642	1,202	6,282	516	-92%
TIMBERING	-	-	-	-	-	0%
TRANSPORTATION AND WAREHO	664,934	780,040	853,236	925,578	347,778	-62%
UTILITIES	1,772,903	1,992,650	2,058,123	2,114,934	2,197,539	4%
WHOLESALE TRADE	340,526	317,823	355,069	398,831	338,319	-15%
TOTAL	50,864,496	52,187,369	55,378,476	58,049,081	47,565,777	-18%

**CITY OF HOMER
HOMER, ALASKA**

Lord/Aderhold

RESOLUTION 20-077

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
ADOPTING A RESERVE FUND POLICY FOR THE COLLECTION AND
USE OF WATER AND SEWER DEPRECIATION RESERVE FUNDS.

WHEREAS, Homer City Council instituted a two-year budget in December 2019 (Ordinance 19-51(A)); and

WHEREAS, As part of that budgeting process, Homer City Council discussed and initiated the process of establishing reserve fund policies; and

WHEREAS, Water and Sewer Depreciation Reserve funds are collected by Homer water and sewer rate payers; and

WHEREAS, Per Homer City Code 9.16.010(b), the City of Homer collects a three-quarters percent tax to fund the Homer Accelerated Water and Sewer Program (HAWSP); and

WHEREAS, Concurrently with developing a policy for Water and Sewer Depreciation Reserve funds, Homer City Council is revising the HAWSP policy manual to modernize the language and clarify qualifying criteria for using HAWSP funds; and

WHEREAS, The City of Homer Public Works Department is developing Capital Improvement Plans for water and sewer infrastructure; and

WHEREAS, Having clear policies regarding the use of Water and Sewer Depreciation Reserve funds and HAWSP funds supports the development and implementation of the Capital Improvement Plans.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska adopts the Reserve Fund Policy for the Collection and Use of Water and Sewer Reserve Funds.

PASSED AND ADOPTED by the Homer City Council on this _____ day of _____ 2020.

CITY OF HOMER

KEN CASTNER, MAYOR

43 ATTEST:

44

45 _____

46 MELISSA JACOBSEN, MMC, CITY CLERK

47

48 Fiscal Note: N/A

CITY of HOMER WATER and SEWER DEPRECIATION RESERVES POLICY MANUAL

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- I. Purpose
- II. Definitions
- III. Qualifying Project Criteria
- IV. Financing
- V. Special Provisions
- VI. History

I. PURPOSE

The intent of the City of Homer Water and Sewer Depreciation Reserves is to fund improvements, repairs, and replacements to the City's existing water system and sewer system.

In addition to the Water and Sewer Depreciation Reserve funds, the City has a Homer Accelerated Water and Sewer Program (HAWSP). The intent of the Water and Sewer Reserve is to fund projects associated with the existing water and sewer system. HAWSP is intended to fund new water and sewer projects (see HAWSP policy manual for more information).

II. DEFINITIONS

- a. **Capital Improvement Plan (CIP)** – A multi-year document that lays out priorities for capital projects, including descriptions of each project, rationale for why each project is needed, schedule and progress to date, and estimated total cost
- b. **Fund Balance** – The balance within the water and sewer reserve funds that are not allocated to a project
- c. **HART** – Homer Accelerated Roads and Trails program, a fund established by the voters of the City of Homer and funded by a voter-approved dedicated sales tax, intended to improve roads, sidewalks, and trails within the City of Homer, thereby improving property values and quality of life
- d. **HAWSP** – Homer Accelerated Water and Sewer Program, a fund established by the voters of the City of Homer and funded by a voter-approved dedicated sales tax, intended to improve the health and welfare of the Citizens of Homer by connecting residences to City water and/or sewer, thereby increasing the number of users on the system, increasing property values, and improving the quality of life; the funds may also be used on other water and sewer infrastructure that expand the systems

- e. **Water and Sewer System Improvements** – Any work, such as planning, design or construction, etc., which improves the City’s water and sewer infrastructure, including, but not limited to, the extension, expansion, repair or rehabilitation of
- i. The City’s water supply, raw water transmission lines, water treatment facilities, water storage facilities, water distribution lines, fire-fighting devices, and related or similar appurtenances.
 - ii. The City’s sewer collection lines, sewer lift stations, RV Dump Stations, waste water treatment facilities, discharge outfall and related or similar appurtenances.
 - iii. Other facilities related to providing public access to clean water and the sanitary disposal of human wastes to protect public health.

III. QUALIFYING PROJECT CRITERIA

Criteria for Qualifying Water and Sewer System Improvements: Water and Sewer Reserve funds may be used for projects, which meet ### of the criteria below are met:

- A. The project must be located within City limits.
- B. The project is listed on the citywide CIP, Water or Sewer CIPs, or Water/Sewer Master Plan.
- C. The project addresses exigent issues related to public health and safety as well as actual or imminent regulatory changes.
- D. The project repairs, rehabilitates, or corrects deficiencies in existing water or sewer systems.
- E. The project would reduce maintenance costs.
- F. Other factors deemed appropriate by the City Council.

G. FINANCING

- Water and sewer reserve expenditures are subject to the availability of funds.
- Projects may be funded through the reserve fund, bonds, grants, or a combination of these or other funding mechanism that may be identified by the City.
- Depending on the nature of the project, reserve and HAWSP funds may be used to fund a project. Reserve funds should be used for portions of the project that improve, repair, or replace existing water or sewer infrastructure while HAWSP funds should be used for portions of the project that result in new water or sewer infrastructure.

H. SPECIAL PROVISIONS

- The City Council shall review the Water and Sewer Reserve funds biannually during the budget process.
- The Public Works Department will maintain CIPs for Water and Sewer that are presented to City Council for review annually. The Public Works Department may nominate projects from the Water and Sewer CIPs to the Citywide CIP

I. HISTORY

Listing of Ordinances & Resolutions



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

Memorandum 20-165

TO: Mayor Castner and Homer City Council
THROUGH: Rob Dumouchel, City Manager
FROM: Elizabeth Walton, Finance Director
DATE: October 6, 2020
SUBJECT: Water and Sewer Rate Model – Rate Scenarios

There has been some interest in performing a what-if analysis on adjusting the reserve requirement and its implications on the utility rates. Staff spent time identifying a couple different scenarios that aligned with previous council conversations. Below are descriptions on four different rate scenarios. Included as supplemental information to this memo are detailed rate models for each scenario and a comparison chart. This chart compares each of the proposed rates with our existing 2020 rate.

Scenario 1 – Maintain Current Rate Model (15% Reserve Requirement)

This scenario keeps everything status quo and utilizes a 15% reserve requirement. All other line items and definitions remain consistent with the original proposed model.

The model under these terms proposes the following rates:

Water Rates:

Commodity (per gal): \$0.0133

Bulk (per gal): \$0.0173

Monthly Fees: \$13

Sewer Rates:

Non-Lift Station: \$0.0157

Lift Station: \$0.0256

Scenario 2 – Utilize Current Rate Model, Amend to 10% Reserve Requirement

This scenario utilizes rate model, but amends the reserve requirement to 10% (instead of the original 15%). All other line items and definitions remain consistent with the original proposed model.

The model under these terms proposes the following rates:

Water Rates:

Commodity (per gal): \$0.0126

Bulk (per gal): \$0.0166

Monthly Fees: \$13

Sewer Rates:

Non-Lift Station: \$0.0149

Lift Station: \$0.0247

Scenario 3 – Utilize Current Rate Structure, Amend Inputs to match 2021 Budgeted Costs

This scenario utilizes current rate model structure, but amends inputs to match the adopted 2021 budgeted costs. The following line items in the water model were adjusted to match the budget: total revenue required, reserve requirement and service fee deduction. The hydrant rents line item is amended, as it is a fraction of the total revenue required. All other line items and definitions remain consistent with the original proposed model.

The model under these terms proposes the following rates:

Water Rates:

Commodity (per gal): \$0.0130

Bulk (per gal): \$0.0170

Monthly Fees: \$14

Sewer Rates:

Non-Lift Station: \$0.0148

Lift Station: \$0.0249

Scenario 4 – Utilize Current Rate Model, Amend to 2021 Budgeted Reserve Transfer

This scenario utilizes the current rate model, but amends the reserve requirement to match the FY21 budgeted reserve transfer (instead of the original 15%). All other line items and definitions remain consistent with the original proposed model.

The model under these terms proposes the following rates:

Water Rates:

Commodity (per gal): \$0.0127

Bulk (per gal): \$0.0167

Monthly Fees: \$13

Sewer Rates:

Non-Lift Station: \$0.0138

Lift Station: \$0.0237

Current Rates:

To provide additional context our current rates are as follows:

Water Rates:

Commodity (per gal): \$0.0132

Bulk (per gal): \$0.0172

Monthly Fees: \$13

Sewer Rates:

Non-Lift Station: \$0.0145

Lift Station: \$0.0224

Recommendation:

Without a detailed analysis on the budgetary implications of changing the inputs of the rate model it would seem to be worth considering Scenario 3, as it would further connect the model with our budget.

Future considerations should be given to adjusting the schedule of water/sewer rate passage. Some efficiencies could be found in timing the rate setting discussion around our budget schedule.

Scenario 1 - Rate Calculations

WATER Rate Model	
Revenues	
2020 Total Revenue Required - Water	\$ 1,911,348
15% Reserve Requirement	286,702
Deduct Portion Collected through Service Fee	(286,547)
Hydrant Rents (10% of Total)	(95,567)
Surplus Water Sales (Bulk) surcharge only	(67,796)
Revenue Required for Commodity Rate Calculation	\$ 1,748,140
Water Consumption (Gallons)	
Total Estimated Water Sales	131,000,000
Water Rates:	
Commodity Rate (per gal)	\$ 0.0133
Bulk Rate (per gal)	\$ 0.0173
Monthly Fees	\$ 13
Consumption Additional Information:	
FY19 Gross Meters Water Sales (Gallons)	131,478,500
SEWER Rate Model	
Revenues	
2020 Total Operating Revenue Required - Sewer	\$ 1,627,400
15% Reserve Requirement	244,110
Lift Stations Costs	(217,160)
Pumping Fee	(10,050)
Dumping Station Fees	(5,978)
Multi-Units and K-city (\$5/unit/mo.)	(70,320)
Revenue Required for Commodity Rate Calculation	\$ 1,568,002
Sewer Usage (Gallons)	
Projected Billable Volume	78,000,000
Projected Billable Volume - Lift Zone Only	22,000,000
Total Projected Billable Volume	100,000,000
Sewer Rate	
Non-Lift Station Rate	\$ 0.0157
Lift Station Rate	\$ 0.0256
Lift Station Additional Information:	
FY 19 Actually Billed Gallons (Lift Station Zone Only)	21,706,300

Scenario 2 - Rate Calculations

WATER Rate Model	
Revenues	
2020 Total Revenue Required - Water	\$ 1,911,348
10% Reserve Requirement	191,135
Deduct Portion Collected through Service Fee	(286,547)
Hydrant Rents (10% of Total)	(95,567)
Surplus Water Sales (Bulk) surcharge only	(67,796)
Revenue Required for Commodity Rate Calculation	\$ 1,652,573
Water Consumption (Gallons)	
Total Estimated Water Sales	131,000,000
Water Rates:	
Commodity Rate (per gal)	\$ 0.0126
Bulk Rate (per gal)	\$ 0.0166
Monthly Fees	\$ 13
Consumption Additional Information:	
FY19 Gross Meters Water Sales (Gallons)	131,478,500
SEWER Rate Model	
Revenues	
2020 Total Operating Revenue Required - Sewer	\$ 1,627,400
10% Reserve Requirement	162,740
Lift Stations Costs	(217,160)
Pumping Fee	(10,050)
Dumping Station Fees	(5,978)
Multi-Units and K-city (\$5/unit/mo.)	(70,320)
Revenue Required for Commodity Rate Calculation	\$ 1,486,632
Sewer Usage (Gallons)	
Projected Billable Volume	78,000,000
Projected Billable Volume - Lift Zone Only	22,000,000
Total Projected Billable Volume	100,000,000
Sewer Rate	
Non-Lift Station Rate	\$ 0.0149
Lift Station Rate	\$ 0.0247
Lift Station Additional Information:	
FY 19 Actually Billed Gallons (Lift Station Zone Only)	21,706,300

Scenario 3 - Rate Calculations

WATER Rate Model	
Revenues	
2021 Total Revenue Required - Water	\$ 1,962,599
Reserve Requirement - 2021 Budgeted Transfer	206,071
Deduct Portion Collected through Service Fee	(301,116)
Hydrant Rents (10% of Total)	(98,130)
Surplus Water Sales (Bulk) surcharge only	(67,796)
Revenue Required for Commodity Rate Calculation	\$ 1,701,629
Water Consumption (Gallons)	
Total Estimated Water Sales	131,000,000
Water Rates:	
Commodity Rate (per gal)	\$ 0.0130
Bulk Rate (per gal)	\$ 0.0170
Monthly Fees	\$ 14
Consumption Additional Information:	
FY19 Gross Meters Water Sales (Gallons)	131,478,500
SEWER Rate Model	
Revenues	
2021 Total Operating Revenue Required - Sewer	\$ 1,734,023
Reserve Requirement - 2021 Budgeted Transfer	54,594
Lift Stations Costs	(222,021)
Pumping Fee	(10,050)
Dumping Station Fees	(6,156)
Multi-Units and K-city (\$5/unit/mo.)	(70,320)
Revenue Required for Commodity Rate Calculation	\$ 1,480,070
Sewer Usage (Gallons)	
Projected Billable Volume	78,000,000
Projected Billable Volume - Lift Zone Only	22,000,000
Total Projected Billable Volume	100,000,000
Sewer Rate	
Non-Lift Station Rate	\$ 0.0148
Lift Station Rate	\$ 0.0249
Lift Station Additional Information:	
FY 19 Actually Billed Gallons (Lift Station Zone Only)	21,706,300

Scenario 4 - Rate Calculations

WATER Rate Model	
Revenues	
2020 Total Revenue Required - Water	\$ 1,911,348
Reserve Requirement - 2021 Budgeted Transfer	206,071
Deduct Portion Collected through Service Fee	(286,547)
Hydrant Rents (10% of Total)	(95,567)
Surplus Water Sales (Bulk) surcharge only	(67,796)
Revenue Required for Commodity Rate Calculation	\$ 1,667,509
Water Consumption (Gallons)	
Total Estimated Water Sales	131,000,000
Water Rates:	
Commodity Rate (per gal)	\$ 0.0127
Bulk Rate (per gal)	\$ 0.0167
Monthly Fees	\$ 13
Consumption Additional Information:	
FY19 Gross Meters Water Sales (Gallons)	131,478,500
SEWER Rate Model	
Revenues	
2020 Total Operating Revenue Required - Sewer	\$ 1,627,400
Reserve Requirement - 2021 Budgeted Transfer	54,594
Lift Stations Costs	(217,160)
Pumping Fee	(10,050)
Dumping Station Fees	(5,978)
Multi-Units and K-city (\$5/unit/mo.)	(70,320)
Revenue Required for Commodity Rate Calculation	\$ 1,378,486
Sewer Usage (Gallons)	
Projected Billable Volume	78,000,000
Projected Billable Volume - Lift Zone Only	22,000,000
Total Projected Billable Volume	100,000,000
Sewer Rate	
Non-Lift Station Rate	\$ 0.0138
Lift Station Rate	\$ 0.0237
Lift Station Additional Information:	
FY 19 Actually Billed Gallons (Lift Station Zone Only)	21,706,300

City of Homer
Water and Sewer Rates Comparison
Presented October 12, 2020

	Average Volume					High Volume					Lift Station (Year-Round)				
	City Hall					Library					Port & Harbor - Maintenance				
	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Existing	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Consumption	3800	3800	3800	3800	3800	6600	6600	6600	6600	6600	1800	1800	1800	1800	1800
Water Rate	0.0132	0.0133	0.0126	0.0130	0.0127	0.0132	0.0133	0.0126	0.013	0.0127	0.0132	0.0133	0.0126	0.013	0.0127
Sewer Rate	0.0145	0.0157	0.0149	0.0148	0.0138	0.0145	0.0157	0.0149	0.0148	0.0138	0.0224	0.0256	0.0247	0.0249	0.0237
Charges:															
Water	50.16	50.54	47.88	49.40	48.26	87.12	87.78	83.16	85.80	83.82	23.76	23.94	22.68	23.40	22.86
Sewer	55.10	59.66	56.62	56.24	52.44	95.7	103.62	98.34	97.68	91.08	40.32	46.08	44.46	44.82	42.66
Service	13	13	13	14	13	13	13	13	14	13	13	13	13	14	13
Total Bill	\$ 118.26	\$ 123.20	\$ 117.50	\$ 119.64	\$ 113.70	\$ 195.82	\$ 204.40	\$ 194.50	\$ 197.48	\$ 187.90	\$ 77.08	\$ 83.02	\$ 80.14	\$ 82.22	\$ 78.52
Impact		\$ 4.94	\$ (0.76)	\$ 1.38	\$ (4.56)	\$ 8.58	\$ (8.58)	\$ (1.32)	\$ 1.66	\$ (7.92)	\$	\$ 5.94	\$ 3.06	\$ 5.14	\$ 1.44

**CITY OF HOMER
HOMER, ALASKA**

Lord/Aderhold

RESOLUTION 20-078

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
AMENDING THE HOMER ACCELERATED WATER AND SEWER
PROGRAM (HAWSP) POLICY MANUAL TO MODERNIZE THE
LANGUAGE AND CLARIFY QUALIFYING CRITERIA FOR USING
HAWSP FUNDS.

WHEREAS, The Homer Accelerated Water and Sewer Program (HAWSP) was authorized
June 28, 1999 by Resolution 99-53 and most recently updated May 9, 2016 by Resolution 16-
041(S-2)(A); and

WHEREAS, Per Homer City Code 9.16.010, HAWSP is funded by a "... consumer's sales
tax in the amount of three-quarters percent is hereby levied by the City of Homer on all sales,
rents and services within the City except as the same may be otherwise exempted by law, for
the purpose of funding debt retirement of the sewer treatment plant improvements, and to the
extent revenues from such tax exceed such debt retirement obligations, for the purpose of
funding water and sewer systems"; and

WHEREAS, The current revision of the HAWSP manual is unclear, not user friendly, and
leads to confusion regarding the use of HAWSP funds for new water and sewer infrastructure
versus maintenance, repairs, and upgrades to existing water and sewer infrastructure; and

WHEREAS, Homer City Council is in process of establishing policies for reserve funds,
including the Water and Sewer Depreciation Reserves, and clarifying how and when HAWSP
funds and Water and Sewer Depreciation Reserve funds should be used for water and sewer
infrastructure; and

WHEREAS, In revising the HAWSP manual, Homer City Council reviewed the history of
legislation associated with the program.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska amends the
HAWSP Policy Manual

PASSED AND ADOPTED by the Homer City Council on this _____ day of _____, 2020.

CITY OF HOMER

42

43

44

45 ATTEST:

46

47

48 _____
MELISSA JACOBSEN, MMC, CITY CLERK

49

50 Fiscal Note: N/A

KEN CASTNER, MAYOR

H.A.W.S.P. POLICY MANUAL

(Homer Accelerated Water and Sewer Program)

Table of Contents

- I. Purpose
- II. Definitions
- III. Qualifying Project Criteria
- IV. Financing and Assessments
- V. Special Provisions
- VI. History

I. PURPOSE

The intent of the Homer Accelerated Water and Sewer Program (HAWSP) as established by the voters of the City of Homer is to improve the health and welfare of the Citizens of Homer **by connecting residences to City water and/or sewer**, thereby increasing the number of users on the system, increasing property values and improving the quality of life. The HAWSP is funded by a voter-approved dedicated sales tax, and assessments levied on adjacent benefited properties (HCC 9.16.010(b)).

The intention of the HAWSP has been since its inception, as defined through adopted legislation and the original voter initiative, is to:

- “provide for utility improvements without the heavy financial burden placed on individual property owner(sic) and will increase users to the system(s), thereby increasing revenues to the Water and Sewer Enterprise Funds.” Resolution 99-53
- “to promote construction of additional improvements to the City water and sewer **systems**” Ordinance 99-14(S)(A)
- “Shall the entire amount of the $\frac{3}{4}$ of 1 percent sales tax levy be dedicated **to water and sewer system improvements**?” Excerpt from the proposition approved by voters on October 5, 1999 and adopted within Ordinance 99-14(S)(A)

In addition to HAWSP, the City of Homer has a **Water and Sewer Depreciation Reserve fund**. HAWSP is intended to fund water and sewer projects that are in the best interest of the public at large, such as extending water and sewer infrastructure. The intent of the Water and Sewer Depreciation Reserve Fund is to fund projects that benefit existing ratepayers, such as upgrades and repairs to the existing water and sewer treatment systems.

II. DEFINITIONS

- a. **Fund Balance** – The unreserved balance within the HAWSP fund that is not allocated to pay the City portion of a project
- b. **HART** – Homer Accelerated Roads and Trails program

Commented [JK1]: Was this the only stated intent? It seems to say we can't use HAWSP for projects that don't involve extensions of the system to new residences. Do we want to expand this intent?

Commented [DA2R1]: Language in city code states: for the purpose of funding debt retirement of the sewer treatment plant improvements, and to the extent revenues from such tax exceed such debt retirement obligations, for the purpose of funding water and sewer systems.

I suggest changing this language to “by funding water and sewer systems,”

Commented [JK3]: This language suggests we can use HAWSP for projects not related to an “extension”. Do we need to get the voters to ratify this idea?

Commented [JK4]: This language is much broader than limiting HAWSP to projects that “connect [new] residences”

Commented [DA5]: Suggested language to differentiate the 2 funds. Reword as appropriate.

Commented [DA6]: Or depreciation funds?

Commented [JK7]: I suggest we define “water and sewer system improvement”. **See proposed language**

Commented [DA8R7]: Do we also want to define reserve and depreciation funds? Or is that getting too far in the weeds?

Commented [RL9R7]: I think the paragraph above helps to flesh out the difference.

- c. **Special Assessment District** –Created for the purpose of acquiring, installing or constructing a capital improvement that primarily benefits real property in the district, in contrast to capital improvements that benefit the entire community and are paid for with general government resources or improvements that benefit a specific individual parcel
- d. **Water and Sewer System Improvements** – Any work, such as planning, design or construction, etc., which improves the City’s water and sewer infrastructure, including, but not limited to, the extension, expansion, repair or rehabilitation of
 - i. The City’s water supply, raw water transmission lines, water treatment facilities, water storage facilities, water distribution lines, fire-fighting devices, and related or similar appurtenances.
 - ii. The City’s sewer collection lines, sewer lift stations, RV Dump Stations, waste water treatment facilities, discharge outfall and related or similar appurtenances.
 - iii. Other facilities related to providing public access to clean water and the sanitary disposal of human wastes to protect public health.

Commented [RL10]: I read this definition as working to a liberal use of HAWSP to fund “improvements” that

Commented [JK11]:

Commented [JK12R11]: I want to propose the use of HAWSP to rebuild/upgrade public restrooms. What do you think about this idea?

Commented [DA13R11]: I feel like this would be outside the original intention of HAWSP and it could be appropriate to ask the voters that question. It is worth discussion at the council table to get a sense from the body. The restrooms definitely benefit the public at large and we have many needs in this regard.

Commented [RL14R11]: I agree with Donna – restrooms would be beyond the original intent of this tax. I would argue that public restrooms (and their maintenance) should NOT be payed out of any part of the utility fund.

III. QUALIFYING PROJECT CRITERIA

All projects will be authorized only after a public hearing to assure public participation in the process pursuant to HCC 17.

- A. Criteria for Qualifying Water and Sewer System Improvements: HAWSP funds may be used for projects, which meet the following criteria:
 - a. The project must be located within City limits.
 - b. If the proposed improvement involves the extension of water/sewer lines to private residences via a special assessment district (SAD) process, the resulting assessment district must have been approved by property owners in accordance with HCC Title 17. HAWSP funds are available for 25% of a qualifying project.
 - c. If the proposed improvement is for existing infrastructure:
 - i. the project repairs, rehabilitates, or corrects deficiencies in existing systems that benefit the health and safety of Homer residents in general;
 - ii. would reduce maintenance costs
 - iii. The project is listed in the City’s Water or Sewer Capital Improvement Plan or Water/Sewer Master Plan.
 - d. If involving privately built systems, the systems must have been built to City standards.
 - e. HAWSP funds may be used in accordance with Title 17 to pay a developer for the costs of providing excess capacity at the City’s request.
 - f. Other factors deemed appropriate by the City Council, which may include: system-wide vs. localized issues, economic development, public health and safety, actual or imminent regulatory changes.
- B. All HAWSP projects and connections to the water/sewer system will be to City standards.

Commented [DA15]: How would we differentiate what comes from HAWSP and what comes from reserves?

C. FINANCING AND ASSESSMENTS

- All HAWSP projects must follow all provisions within HCC Title 17.

DRAFT 2020 HAWSP Policy Re-write (v. 8/19/2020)

- All water and/or sewer projects and utility connections must follow all provisions within HCC Title 14.
- Expenditures under HAWSP are subject to the availability of funds.
- HAWSP-eligible assessment districts may be initiated by citizens or City Council on a rolling basis (i.e. first-come first-served). City Council shall assess the health of the HAWSP fund prior to approving a new assessment district (see Special Provisions).
- The City may attempt to secure long-term financing for up to ten years for the private share of funding.
- Interest, if any, generated from the program will remain with program funds.
- The City will pay all costs, with HAWSP funds, for any additional improvements required when deemed necessary by the City and subject to approval by City Council.
- Non-existing water and sewer assessment districts shall be encouraged whenever possible, including lots immediately adjacent to the water and/or sewer main lines within the project boundaries as defined by Public Works.
- Certain water and sewer utility relocations and extensions in conjunction with roads projects may be paid for with HART funds (see the HART policy manual).

Commented [JK16]: What's a "rolling basis"?

Commented [DA17R16]: On a first come, first served basis?

Commented [JK18]: Are you sure you want to use the word "will"?

Commented [DA19R18]: I agree! Will is a bad word! But what's a better one?

Commented [DA20]: How would reserve or depreciation funds play in this arena?

Commented [JK21]: What's this "catch all" sentence for?

Commented [RL22R21]: I don't really know. It's in the current policy.

Commented [JK23]: What does this refer to?

Commented [RL24R23]: Also don't really know. Also in the current policy.

D. SPECIAL PROVISIONS

- The City Council shall review the HAWSP fund bi-annually during the budget process. All efforts shall be made to ensure the assessment payments levied on benefited properties cover the annual debt service of the fund.
- When financing a HAWSP project, the City shall provide cash for its required percentage whenever possible. Alternatives must be approved by the City Council.
- Whenever and wherever practical, road improvements shall be done in conjunction with water and/or sewer projects but not before.
- Certain lands that will not be developed due to Conservation Easements or owned by organizations that conserve land for public purpose and/or habitat protection may be exempted from HAWSP-funded assessment district assessments on a case by case basis (Resolution 05-50).
- All SADs are governed by the provisions of Homer City Code and the HAWSP Policy Manual at their time of inception.
- A comment from Heath at the March 9 worksession that I'm not sure how/where to work in: HAWSP funds may be used to pay off HAWSP-project debt, subject to Council approval.
- When the balance of the HAWSP fund exceeds \$3 million, the City Manager shall propose projects from the Water and Sewer Capital Improvement plans that utilize the funds to the Homer City Council for consideration. The City Manager must include at least two alternative projects meeting project criteria above for consideration by City Council. (Resolution 13-078(S)(A))
- To ensure that funds remain in place for the development of SADs, the debt service ratio of the HAWSP fund should be maintained above 1.25. If the fund balance results in a debt service ratio below 1.25, the City Council will evaluate a moratorium on use of the fund until the debt service ratio rises above 1.25.

Commented [DA25]: Biannually?

Commented [JK26]: Does this mean if there is no water/sewer line in a road, a Road Assessment District will not be considered?

Commented [DA27R26]: I believe the intent is that we don't redo road work when a water/sewer project is planned for a road that also requires road work. But this could be worded much better.

Commented [RL28R26]: I'm open to suggestions for wording. This is copied from the current policy, and there is sister-policy within HART policy. This came up recently (past couple of years) for a proposed HART district off East Hill.

Commented [JK29]: Please clarify – what do you mean by this? What about smaller projects?

Commented [RL30R29]: This language is from the 2013 resolution

Commented [JK31]: What does this mean?

Commented [RL32R31]: This is all from the 2013 resolution

Commented [DA33]: This is a really interesting resolution. I revised the paragraph to provide context from the whereas clauses. I think this is a good resolution to present to council to determine whether it continues to meet our intent. How does it relate to our intent of maintaining a debt service ratio above 1.25? What if we are planning for a large project in the future?

Also, I'm pretty sure HART does not make such a reference and may not be in compliance with this resolution. But I'll have to review HART again.

Commented [DA34]: I added this language because it feels like the debt service ratio conversations we've had are at odds with the paragraph above. It's also highlighted below in text by Rachel. I have no druthers where it goes, but we need to make sure our policies are consistent and work together.

- Insert here (or somewhere else in the policy) criteria for assessing the health of the fund and forecasting for budgeting and giving a green light to projects. Resolution 16-041(S-2)(A) sets the 1.25 debt-service coverage ratio, however it's not defined and we've had extensive conversations about metrics. Consider clearly describing what needs to be presented to Council from Finance Dept. and PW for their consideration of this question. Notes from March 9th → *Mayor: No debt service ratio/no forward funding. Make sure that our projected tax revenue is never less than the debt service. Keep it simple. 1:1 ratio if we only look at tax revenue. Look at ability to repay debt and the fund balance. When looking at 'forward funding' the debt service, consider a 'floor' of the coming year's debt service payments. Heath: consider restricting 6 months of debt payments. Joey: maybe 8 months. Hedging the risks.*

E. HISTORY

Listing of Ordinances & Resolutions