



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

City of Homer Agenda

**City Council Regular Meeting
Monday, August 12, 2019 at 6:00 PM
City Hall Cowles Council Chambers**

CALL TO ORDER, PLEDGE OF ALLEGIANCE

AGENDA APPROVAL (Addition of items to or removing items from the agenda will be by unanimous consent of the Council. HCC 2.08.040.)

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. Homer City Council unapproved Regular Meeting Minutes of July 22, 2019. City Clerk. Recommend adoption.
- b. Ordinance 19-36, An Ordinance of the City Council of Homer, Alaska, Authoring the Expenditure of \$1,500 from the HART Funds for Work on the Woodard Creek and Fairview Trail within Karen Hornaday Park. Venuti. Recommended dates: Introduction August 12, 2019, Public Hearing and Second Reading August 26, 2019.

Memorandum 19-095 from Parks Art Recreation & Culture Advisory Commission as backup.

- c. Ordinance 19-38, An Ordinance of the City Council of Homer, Alaska, Amending the FY 2019 Operating and Capital Budgets to Provide for Necessary Mid-Year Adjustments by Appropriating and Transferring funds from the General and Water Sewer Funds. City Manager/Finance Director. Recommended dates: Introduction August 12, 2019, Public Hearing and Second Reading August 26, 2019.
- d. Resolution 19-050, A Resolution of the City Council of Homer, Alaska, Reaffirming the City of Homer's Status as an Official Purple Heart City and Recognizing August 7th as Purple Heart Medal Day. Stroozas/Smith. Recommend adoption.

- e. [Resolution 19-051](#), A Resolution of the City Council of Homer, Alaska, Amending the City Council Operating Manual to add a Task Force Section to Provide a Framework for Efficient Operation and Effective Use of Task Force Time and Effort. Recommend adoption.

VISITORS

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

- a. Committee of the Whole Report
- b. Worksession Report
- c. Special Meeting Report
- d. Mayor's Report
 - [i.](#) North Pacific Fishery Management Council Update
- e. Borough Report
- f. Library Advisory Board
- g. Homer Advisory Planning Commission
- h. Economic Development Advisory Commission
- i. Parks Art Recreation and Culture Advisory Commission
- j. Port and Harbor Advisory Commission
 - [i.](#) Memorandum from City Clerk Re: Request for Sponsor for Legislation Submitted by Port & Harbor Advisory Commission.
- k. Americans with Disabilities Act Compliance Committee
- l. Employee Committee
 - [i.](#) Memorandum from Employee Committee Re: COLA Request

PUBLIC HEARING(S)

- [a.](#) Ordinance 19-33, An Ordinance of the City Council of Homer, Alaska, Appropriating Funds in the amount of \$10,000 from the Port and Harbor Reserves Fund for Engineering Services for Deep Water Dock Contingency Planning. City Manager/Port Director. Introduction July 22, 2019, Public Hearing and Second Reading August 12, 2019.
- [b.](#) Ordinance 19-34, An Ordinance of the City Council of Homer, Alaska, Amending the Capital Budget and Authorizing Pass Through Funds for the Alaska Department of Transportation (ADOT) Lake Street Project. City Manager/Public Works Director. Introduction July 22, 2019, Public Hearing and Second Reading August 12, 2019.

- c. Ordinance 19-35, An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code Chapter 3.05, Budget to Institute a Biennial Budget; Repealing Homer City Code 3.05.040, Equipment Replacement Reserve, Homer City Code 3.05.042, Alternative Funding For Depreciation, And Homer City Code 3.05.043, Health Insurance Reserve Fund; Amending Homer City Code 3.05.045, Balanced Budget Requirements; and Enacting Homer City Code 3.05.046, Emergency Operations Fund; 3.05.047, Capital Asset Repair And Maintenance Account; 3.05.048, Capital Improvement Fund; 3.05.049, General Fund - Fund Balance; And 3.05.050, Prioritization of Funding. Mayor. Introduction July 22, 2019, Public Hearing and Second Reading August 12, 2019.

Ordinance 19-35(S), An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code Chapter 3.05, Budget to Institute a Biennial Budget; Repealing Homer City Code 3.05.040, Equipment Replacement Reserve, Homer City Code 3.05.042, Alternative Funding For Depreciation, And Homer City Code 3.05.043, Health Insurance Reserve Fund; Amending Homer City Code 3.05.045, Balanced Budget Requirements; and Enacting Homer City Code 3.05.046, Emergency Operations Fund; 3.05.047, Capital Asset Repair And Maintenance Account; 3.05.048, Capital Improvement Fund; 3.05.049, General Fund - Fund Balance; And 3.05.050, Prioritization of Funding. Mayor.

Policy Discussion Points from Mayor
Memorandum 19-097 from City Manager as backup

ORDINANCE(S)

- a. Ordinance 19-37, An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code Chapter 2.08, Section 2.08.040(h) Quorum-Voting to Require the Mayor to Vote in the Case of a Tie. Lord. Recommended dates: Introduction August 12, 2019, Public Hearing and Second Reading August 26, 2019.

CITY MANAGER'S REPORT

- a. [City](#) Manager's Report
- b. Bid Report – Informational only

PENDING BUSINESS

- a. Ordinance 19-32(S), An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code 2.72 Advisory Planning Commission; Homer City Code 11.12.010 Street Address Assignment Plan Adopted; Homer City Code 21.03.040 Definitions Used in Zoning; and Homer City Code 22.10.040 Applicable and Exempted Subdivisions to Change the Name of the Advisory Planning Commission to the Planning Commission Throughout. Introduction June 24, 2019, Public Hearing and Refer to Planning Commission July 22, 2019, Second Reading August 12, 2019.

NEW BUSINESS

- [a.](#) Memorandum 19-098 from City Clerk Re: Request for Homer City Council to Veto Kenai Peninsula Borough Approval of the vacation of a 10 ft. wide drainage easement on Lot 24-A, AA Mattox Peggi's Addition (Plat HM 99-64); within Section 17, Township 6 South, Range 13 West, Seward Meridian, Alaska, within the Kenai Peninsula Borough KPB File 2019-048V.

RESOLUTIONS

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, August 26, 2019 at 6:00 p.m., Worksession 4:00 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.

Session 19-20 a Regular Meeting of the Homer City Council was called to order on July 22, 2019 by Mayor Ken Castner at 6:00 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska and opened with the Pledge of Allegiance.

PRESENT: COUNCILMEMBERS: ADERHOLD, ERICKSON, LORD, SMITH, STROOZAS, VENUTI

STAFF: CITY MANAGER KOESTER
CITY CLERK JACOBSEN
LIBRARY DIRECTOR BERRY
FIRE CHIEF KIRKO
CITY PLANNER ABOUD

AGENDA APPROVAL (Addition of items to or removing items from the agenda will be by unanimous consent of the Council. HCC 2.08.040.)

The following changes were made: **Worksession** HERC Next Steps, Written public comments; **Mayoral Recognitions & Proclamations** Letter of Appreciation for Chief Purcell; **Consent Agenda** Revisor Corrections to Memorandum 19-086 changing Denali Borough in first paragraph to Soldotna, AK and to Ordinance 19-34 adding referenced memo number 19-090 on line 21; **Mayor's Report** Recognition presented to Joy Steward; **City Manager's Report** FY19 Quarterly General Fund Expenditure Report; **New Business** Memorandum 19-088 from City Clerk Re: Letter from City Council to Governor Dunleavy, Senator Stevens and Representative Vance regarding effects of line item vetoes on the Homer Community, Amended letter; **Resolutions** Resolution 19-049(S) A Resolution of the City Council of Homer, Alaska, Awarding the Contract for the A Frame Water Tank Demolition Project to the firm of Building Specialties of Anchor Point, Alaska, in the amount of \$145,850, and authorizes the City Manager to execute the appropriate documents. City Clerk. Memorandum 19-093 from Public Works Director as backup. Request for Executive Session Pursuant to AS §44.62.310(A-C)(1 & 5) Matters, the Immediate Knowledge of which would Clearly have an Adverse Effect upon the Finances of the Government Unit and Attorney Client Privilege. (Attorney Advice and Direction Regarding RCA Tariff Filing 310-4), following council comments.

LORD/VENUTI MOVED TO APPROVE THE AGENDA AS AMENDED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

MAYORAL PROCLAMATIONS AND RECOGNITIONS

- a. Swearing in Chief Mark Kirko, Homer Volunteer Fire Department

Mayor Castner swore in Fire Chief Kirko and presented a letter of appreciation to Interim Chief Purcell.

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. Homer City Council unapproved Special Meeting minutes of June 19, July 10, and July 15, 2019 and Regular Meeting minutes of June 24, 2019. Recommend approval.
- b. Memorandum 19-082 from Deputy City Clerk Re: Liquor License Transfer for Cafe Cups. Recommend approval.
- c. Memorandum 19-083 from Deputy City Clerk Re: Retail Marijuana License #12866 Renewal for Uncle Herb's. Recommend approval.
- d. Memorandum 19-086 from City Clerk Re: Travel Authorization for Mayor and Two Councilmembers to Attend the AML Summer Conference held August 13-15, 2019 in Soldotna, AK. Recommend approval.
- e. Memorandum 19-087 from City Clerk Re: Travel Authorization for Mayor and Councilmembers to Attend the RCA Tariff 310-4 Hearing Scheduled July 29-August 7, 2019 in Anchorage, AK. Recommend approval.
- f. Memorandum 19-091 from City Clerk Re: Replenishment of City Lapel Pins. Recommend approval.
- g. Ordinance 19-33, An Ordinance of the City Council of Homer, Alaska, Appropriating Funds in the amount of \$10,000 from the Port and Harbor Reserves Fund for Engineering Services for Deep Water Dock Contingency Planning. City Manager/Port Director. Recommended dates: Introduction July 22, 2019, Public Hearing and Second Reading August 12, 2019.
- h. Ordinance 19-34, An Ordinance of the City Council of Homer, Alaska, Amending the Capital Budget and Authorizing Pass Through Funds for the Alaska Department of Transportation (ADOT) Lake Street Project. City Manager/Public Works Director.

Recommended dates: Introduction July 22, 2019, Public Hearing and Second Reading August 12, 2019.

- i. Resolution 19-046, A Resolution of the City Council of Homer, Alaska, Approving a New One-Year Contract with Premera Blue Cross, VSP, and Prudential with a Renewal Date of August 1, 2019. City Manager. Recommend adoption.

Memorandum 19-084 from Employee Committee as backup.

- J. Resolution 19-047, A Resolution of the City Council of Homer, Alaska, Formally Authorizing the City Manager to Submit a Harbor Facility Grant Application to the State of Alaska, Department of Transportation and Public Facilities (AKDOT&PF) in the Amount of \$714,240 for the Homer Harbor Cathodic Protection Project. City Manager/Port Director. Recommend Adoption.

Memorandum 19-085 from Port Director as backup.

- k. Resolution 19-048, A Resolution of the City Council of Homer, Alaska, Establishing Administrative Guidelines and Expectations for City Board Members and Commissioners who Represent the City of Homer on Outside Boards or Commissions. Aderhold. Recommend adoption.

City Clerk Jacobsen read the consent agenda.

VENUTI/ADERHOLD MOVED TO ADOPT THE CONSENT AGENDA AS READ.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

VISITORS

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

- a. Committee of the Whole Report

Councilmember Smith reported they heard an update on employee benefits and discussed Ordinance 19-35 that will move us into a biennial budget process. There are some policy items that still need to be discussed and decided.

- a. Worksession Report

City Manager Koester reported Council had a productive discussion on HERC next steps. There was a lot of conversation about a timeline for demolition and emphasizing the need to

continue to be able to offer recreational services regardless of what next steps for the facility look like. Some things Council would like to look at in the next worksession are options for keeping the gym while other half of the building is demoed, the value of the concrete foundation, the notion of moving Public Works from HERC 2 to HERC 1, and what other communities are doing with community recreation.

- c. Special Meeting Report – None-
- d. Mayor's Report
 - i. Letters from Mayor to Senator Stevens and Representative Vance Re: State Budget
 - ii. Letter to AKDOT Area Planner Joselyn Biloan Re: Pedestrian Safety Study
 - iii. South Peninsula Behavioral Health Services Inc. 40th Anniversary
 - iv. Recognition for Joy Steward

Mayor Castner reviewed the items listed under his report.

- e. Borough Report
- f. Library Advisory Board

Mark Massion, Library Advisory Boardmember, reported on library events and budget impacts to library.

- g. Homer Advisory Planning Commission

Roberta Highland, Planning Commissioner, reported the heard from local bee keeper Linda Gorman about bee keeping and starting educational program to address some concerns about bee hives. At their regular meeting they discussed an up to 75 foot height limit in the East End Mixed Use District to assist boat building businesses. They also discussed Ordinance 19-19(S) and have asked for more information to be presented at their next worksession. They selected the Storm Water Master Plan and Barge Mooring/Large Vessel Haul out as their top two CIP projects. In review of the Transportation Plan, they recommended separating Streetscapes and Wayfinding from the plan, and postponing more work on the plan until after the Census is complete as it will provide some needed information. They are reviewing information for an ordinance amending GC1 & 2 regarding manufacturing.

- h. Economic Development Advisory Commission
- i. Parks Art Recreation and Culture Advisory Commission
- j. Port and Harbor Advisory Commission

Catherine Ulmer, Port & Harbor Advisory Commissioner encouraged Council to support Ordinance 19-33 to assist in completing the study and help in serving all possible users, and

expressed the importance of Resolution 19-047, the cathodics will help us save pilings in the harbor.

k. Americans with Disabilities Act Compliance Committee

Councilmember Aderhold reported the Committee met and reviewed items from the Transition Plan that could be incorporated into the Capital Improvement Plan. She also said they got to test out the new grating at the upstairs entrance to City Hall. It's now in compliance.

PUBLIC HEARING(S)

- a. Ordinance 19-23(S), An Ordinance of the City Council of Homer, Alaska, Repealing and Reenacting Homer City Code Title 14 to be Entitled "Homer Public Utility Systems" and Homer City Code Title 17 to be Entitled "Public Assessments" to: 1) Consolidate Water and Sewer System Regulations and Rates; 2) Update Definitions and Common Terms, and 3) Create Uniformity Between Service and Assessment Practices and Repealing Homer City Code Chapters 9.08, 13.24 and 13.28 to Relocate Utility Construction Practices and Fees from Homer City Code 13.24 and Homer City Code 13.28 Into Titles 14 and 17 and Move Homer City Code 9.08 to Homer City Code 17.03 and Update Assessment Lien Enforcement Provisions to Incorporate State Law Requirements. Lord/Stroozas. Introduction May 28, 2019, Worksession June 10 and July 10, 2019, Public Hearing June 10, June 24, July 22, 2019.

Memorandum 19-089 from Councilmember Lord as backup.

Memorandum 19-080 from Councilmembers Lord and Stroozas as backup.

Memorandum 19-058 from Councilmembers Lord and Stroozas as backup.

Memorandum 19-063 from City Attorney as backup.

Mayor Castner opened the public hearing. There were no comments and the hearing was closed.

Councilmember Lord reported briefly on the worksession that was held on Ordinance 19-23(S) on July 10th and memo 19-089 that provides a summary of their discussion.

LORD/ERICKSON MOVED TO POSTPONE TO A WORKSESSION ON AUGUST 12, 2019 AND SCHEDULE AN EXTENDED WORKSESSION SEPTEMBER 16TH FROM 3:00 TO 5:00 P.M. AND A PUBLIC HEARING SEPTEMBER 23, 2019.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

- b. Ordinance 19-31, An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code Chapter 21.18 Central Business District, Section 21.18.020, Permitted Uses

and Structures, to Add Medical Clinics as a Permitted Use. Introduction June 24, 2019, Public Hearing and Second Reading July 22, 2019

Memorandum 19-078 from City Planner as backup

Mayor Castner opened the public hearing. There were no comments and the hearing was closed.

VENUTI/ERICKSON MOVED TO ADOPT ORDINANCE 19-31 BY READING OF TITLE ONLY FOR SECOND AND FINAL READING.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

- c. Ordinance 19-32(S), An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code 2.72 Advisory Planning Commission; Homer City Code 11.12.010 Street Address Assignment Plan Adopted; Homer City Code 21.03.040 Definitions Used in Zoning; and Homer City Code 22.10.040 Applicable and Exempted Subdivisions to Change the Name of the Advisory Planning Commission to the Planning Commission Throughout. Mayor. Introduction June 24, 2019, Public Hearing and Refer to Planning Commission July 22, 2019, Second Reading August 12, 2019.

Mayor Castner opened the public hearing. There were no comments and the hearing was closed.

ADERHOLD/LORD MOVED TO REFER ORDINANCE 19-32(S) TO THE PLANNING COMMISSION AND SCHEDULE FOR SECOND READING ON AUGUST 12TH.

There were brief comments confirming that a question raised by the public at the last meeting had been answered.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

ORDINANCE(S)

- a. Ordinance 19-35, An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code Chapter 3.05, Budget to Institute a Biennial Budget; Repealing Homer City Code 3.05.040, Equipment Replacement Reserve, Homer City Code 3.05.042, Alternative Funding For Depreciation, And Homer City Code 3.05.043, Health Insurance Reserve Fund; Amending Homer City Code 3.05.045, Balanced Budget Requirements; and

Enacting Homer City Code 3.05.046, Emergency Operations Fund; 3.05.047, Capital Asset Repair And Maintenance Account; 3.05.048, Capital Improvement Fund; 3.05.049, General Fund - Fund Balance; And 3.05.050, Prioritization of Funding. Mayor. Recommended dates: Introduction July 22, 2019 Public Hearing and Second Reading August 12, 2019.

ERICKSON/LORD MOVED TO INTRODUCE ORDINANCE 19-35 BY READING OF TITLE ONLY.

It was noted that Council discussed this at their Committee of the Whole, and suggested that more discussion is needed. Lengthy discussion ensued regarding how to proceed to allow for more discussion and consideration, and still allow time for staff to do the work that needs to be done to present a budget to Council on schedule.

Discussion points included:

- Concern with the compressed timeline for adoption of this ordinance.
- A lack of back up items including a memo that walks through the policy decisions, the Mayor's budget chart from a previous meeting along with the City Manager's report regarding fund balance and reserve policies, and more information from the Finance Department regarding annual cash flow and current general fund.
- There are two effective dates, the early date allows the City Manager to proceed with a two year process and the later date allows time to address policy decisions.
- Amending the ordinance to separate the portions that need to be addressed now for the two year budget cycle be addressed, and separate ordinance at the next meeting that addresses the rest of the code amendments.
- Council can put in the time to stay on schedule to work through the ordinance and resolve the policy portions.
- Submitting questions to the City Manager to have them addressed at the next meeting to keep this moving forward.
- The Finance Director comment at Committee of the Whole that she's comfortable with the ordinance and ready to move forward with it.
- There things that need to be clarified to ensure there is a good understanding of the budget process and components of the fund balance, including the proposed new Capital Asset Repair and Maintenance Allowance fund.

VOTE: YES: VENUTI, SMITH, ADERHOLD, LORD, STROOZAS, ERICKSON

Motion carried.

CITY MANAGER'S REPORT

- a. City Managers Report

City Manager Koester provided an update on the East Road Cottages project, the low income housing development in Kachemak City, issuance of notice to rescind the agreement for providing water. After the packet deadline, they reached out and said they are going try again at getting the permission required per the agreement from Kachemak City for the City of Homer to provide those services. She doesn't expect to hear back from them until the end of August.

In response to a question about the Ocean Drive Loop final report, City Manager Koester said Council will see a copy of the final report. It's not in the packet because she wants to provide some cost scenarios for property owners when it's issued. She'll have it in her next report.

- b. Bid Report - Informational Only

PENDING BUSINESS

NEW BUSINESS

- a. Memorandum 19-088 from City Clerk Re: Letter from City Council to Governor Dunleavy, Senator Stevens and Representative Vance regarding effects of line item vetoes on the Homer Community

ADERHOLD/VENUTI MOVED TO APPROVE MEMO 19-088 TO INCLUDE THE AMENDED LETTER IN THE SUPPLEMENTAL PACKET FOR MAILING.

There was brief discussion that Councilmember Aderhold drafted the original letter and the amended letter includes changes suggested by the Mayor.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

RESOLUTIONS

- a. Resolution 19-049, A Resolution of the City Council of Homer, Alaska, Awarding the Contract for the A Frame Water Tank Demolition Project to a Firm to be Announced in an Amount to be Disclosed and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk.

Resolution 19-049(S) A Resolution of the City Council of Homer, Alaska, Awarding the Contract for the A Frame Water Tank Demolition Project to the firm of Building Specialties of Anchor Point, Alaska, in the amount of \$145,850, and authorizes the City Manager to execute the appropriate documents. City Clerk.

Memorandum 19-093 from Public Works Director as backup.

ADERHOLD/ERICKSON MOVED MOVE TO ADOPT RESOLUTION 19-049 BY READING OF TITLE ONLY.

ADERHOLD/ERICKSON MOVED TO SUBSTITUTE RESOLUTION 19-049(S) FOR 19-049.

There was no discussion.

VOTE (substitution): NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

There was brief discussion about process for substituting.

VOTE (main motion): NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

COMMENTS OF THE AUDIENCE

Tom Zitzmann, city resident, thanked Mayor and Council for the letter to the legislature regarding the budget, it's tragic for the kids that are being adversely impacted by what's happening in Juneau. Regarding the two year budgeting cycle, he agrees with the Mayor's approach and asked that they put their confidence in the City Manager and Finance Department. If the City is receiving audits with none or few adjustments and if the Finance Department is confident they can provide information to accomplish this task, they should go for it. He thinks the disconnect is in talking about finances we get tied up in the annual audit report and discussion about fund balances. A good Finance Department will be able to tell you what the fund balance is and the cash position every day.

Dave Berry, Library Director, thanked Board member Massion for his report earlier and clarified that with the State budget impacts to the Alaska Library Network, which provides 56 of our electronic databases and access to the Alaska Digital Library, that network will not be shutting down. It will continue to exist, but there will be some impact on the services we can provide. The library will not be losing will not be losing their internet access.

COMMENTS OF THE CITY ATTORNEY

City Attorney Wells commented regarding developments in a case with Mr. Griswold. This is the case where a CUP was applied for by Jose Ramos for more than one building with a principal use, a duplex on a Central Business District lot. The Board of Adjustment granted the permit, it was appealed by Mr. Griswold to the Superior Court. That appeal was dismissed by the Judge based on standing, and that decision was appealed to the Alaska Supreme Court which disagreed and sent it back to the lower court to be decided on the merits. For the first time, we've received an order from the Judge, and basically the City prevailed on all the issues and

numerous questions that have been asked over many years, such as is the Advisory Planning Commission advisory or is it a decision making body, conflict of interest and questions regarding bias that have been repeatedly raised, and questions regarding zoning laws. These are things that are important to the City and come up repeatedly in these cases, and were found to be appropriately decided by the City and the Board of Adjustment. This is just a Superior Court decision, there are several others out there, but it gives us a lot of direction for the Planning Department and an importation one for the City to be aware of. There are a couple more cases outstanding, and she'll continue to keep Council updated.

COMMENTS OF THE CITY CLERK

City Clerk Jacobsen reported there are openings on the Planning Commission and the Economic Development Advisory Commission, and there are student representative seats for a high school student to participate on. Information and applications are available on line and at the City Clerk's office.

COMMENTS OF THE CITY MANAGER

City Manager Koester had no comment.

COMMENTS OF THE MAYOR

Mayor Castner commented briefly regarding the RCA hearings upcoming in Anchorage. The City is in discussion with other parties who have standing.

COMMENTS OF THE CITY COUNCIL

Councilmembers Venuti commented the college is going to be open and classes are going on for the fall. President Johnson said they'll be keeping as many programs as possible, but things keep changing. She encouraged people interested in signing up for classes to do so. It's been a difficult time for the staff there. She learned a lot tonight about the biennial budget and thanked everyone who spoke, including Mr. Zitzmann. She said yes to better bags, the question of whether to prohibit retailers from providing single use plastic bags will be on the October 2019 ballot. She shared a few facts about plastic bags, only 1% of plastic bags are returned for recycling, according to waste management, the average American family takes home almost 1500 shopping bags a year, plastic bags are use on an average of 12 minutes, and up to 80% of ocean plastics enter enter the ocean from the land. She hopes people become informed and vote yes for better bags in October.

Councilmember Smith welcomed Chief Kirko and thanked Interim Chief Purcell. He thanked Mr. Zitzmann for his comments tonight and thinks we have plenty of work ahead on the budget policies but he has complete confidence they can work them out. He commented about his experience in South America relating it to adjusting to change. He was there for a couple of years and in one location for three months where there was no hot water, so he had to take

cold showers. The adaptability of people and communities is pretty amazing, we're resilient. We talk about resiliency in the face of addiction, trauma, ACES, and so forth, but change can be traumatic, and right now we're facing unknowns with the state, but in comparison to how quickly he adapted and got used to the cold showers, we can adapt and adjust, and be fine at the end of the day. It may not always be comfortable, but we accomplish what we need to do over time. He hopes people hold strong and that we do our part. We don't have to hold silent, Council issued their letter tonight, hopefully represent a good portion of our community. Let your Representatives and your Governor know how you feel and what you expect from them, as they have the ability to appropriate your money.

Councilmember Lord said she thinks most everyone is paying attention, and it's take up a tremendous amount of mental and emotional space for her and a lot of people she knows since February. As Councilmember Smith said, there is a lot of adaption potential. She's though with gratitude about our administration and the job we do at this table where the City Manager works with staff to provide a budget that we make our own. It's our job to vet it and ensure its meeting the needs of the community. She doesn't envy any of the legislators trying to work through the State budget in the timeframe they were given. The capital budget is not funded, and it's not only state dollars but also local matching dollars on the table for harbor projects, federal dollars for infrastructure projects, health care dollars, public safety, education, and so on. Change can happen but it should happen with time, leadership, and vision. That's the message she's been trying to send, and she's glad they work with that at the City level to implement with leadership and vision for the long term. She's thankful for the City of Homer. She congratulated Fire Chief Kirko, and thanked Chief Purcell, she learned a lot from him. The Homer Garden Club has a Gardeners Weekend with a garden tour on Sunday, and her garden is on the tour this year. Lastly she said her nephew from Bristol, England is in the audience, he just arrived.

Councilmember Erickson commented she was in Anchorage with her sister and they were talking about the budget, and she had to say she's pretty proud of us. We saw where the State was heading when putting together funds for the new Police Station to do it on our own. We've been looking at the future and paying attention, we're cleaning up some things that have been stressful at the table and thinks we've been wise. There have been a number of nasty things happening on our roads with car wrecks and the plane crash across the bay. She thanked all of the first responders and EMT's. She hears reports about how everyone works so well together in the midst of these emergencies. She asked everyone to slow down and pay attention on the roads. Tomorrow the cruise ships start coming back for the next couple of weeks. Passengers will just be on Pioneer Avenue because of the construction so keep an eye out for pedestrians. The fireweed is incredible this year, she encouraged everyone enjoy it and all the blessings around us.

Councilmember Aderhold also thanked our first responders, including the Good Samaritan first responders, it's been really amazing and nice to see people working together for the good

of others. Work has started on the loop trail on the Poopdeck Platt property, it's going to be a nice trail when it's done. With the number of people who will be on Pioneer Avenue, she reminded everyone to share the road. Remember pedestrians have the right-of-way in cross walks, so please pause for them, and be on the lookout for bicyclists also.

Councilmember Stroozas commented it's been a great summer, it's been terrific to look at the fireweed and all the other flora, the fishing has been phenomenal, and he encouraged everyone to get out and enjoy the rest of the summer.

SMITH/ADERHOLD MOVED TO ADJOURN INTO EXECUTIVE SESSION PURSUANT TO AS §44.62.310(A-C)(1 & 5) MATTERS, THE IMMEDIATE KNOWLEDGE OF WHICH WOULD CLEARLY HAVE AN ADVERSE EFFECT UPON THE FINANCES OF THE GOVERNMENT UNIT AND ATTORNEY CLIENT PRIVILEGE. (ATTORNEY ADVICE AND DIRECTION REGARDING RCA TARIFF FILING 310-4), AND THAT CITY MANAGER KOESTER AND CITY ATTORNEY WELLS PARTICIPATE AND ATTORNEY ROSS AND CONSULTANT KEEN WILL PARTICIPATE TELEPHONICALLY.

PASSED without discussion.

Council adjourned into executive session at 7:50 p.m. The meeting reconvened at 8:27 p.m.

Councilmember Smith reported council met in executive session pursuant to AS §44.62.310(A-C)(1 & 5) Matters, the Immediate Knowledge of which would Clearly have an Adverse Effect upon the Finances of the Government Unit and Attorney Client Privilege and gave direction to our attorneys regarding the RCA Tariff Filing 310-4.

ADJOURN

There being no further business to come before the Council Mayor Castner adjourned the meeting at 8:28 p.m. The next Regular Meeting is Monday, August 12, 2019 at 6:00 p.m., Worksession 4:00 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.

Melissa Jacobsen, MMC, City Clerk

Approved: _____

ORDINANCE REFERENCE SHEET
2019 ORDINANCE
ORDINANCE 19-36

An Ordinance of the City Council of Homer, Alaska Authorizing the Expenditure in an Amount of up to \$1,500 from the HART Funds for Work on the Woodard Creek and Fairview Trails with Karen Hornaday Park.

Sponsor: Venuti

1. City Council Regular Meeting August 12, 2019 Introduction

**CITY OF HOMER
HOMER, ALASKA**

Venuti

ORDINANCE 19-36

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
AUTHORIZING THE EXPENDITURE IN AN AMOUNT UP TO \$1,500
FROM THE HART FUNDS FOR WORK ON THE WOODARD CREEK
AND FAIRVIEW TRAILS WITHIN KAREN HORNADAY PARK

WHEREAS, Ordinance 2017-21 authorized the expenditure of \$8,000 to construct trails within Karen Hornaday Park; and

WHEREAS, More work is needed to ensure a safe and sustainable trail; and

WHEREAS, The Parks, Art, Recreation and Culture Advisory Commission voted to use \$500 of its funds for this work but finds that additional material and labor is needed.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The FY 2019 Capital Budget is hereby amended by appropriating \$1,500 for work on the Woodard Creek and Fairview trails within Karen Hornaday Park.

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
165 -0375	HART Trails	\$1,500

Section 2. This is a budget amendment ordinance, is not permanent in nature, and shall not be codified.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this ____ day of _____, 2019.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

MELISSA JACOBSEN, MMC, CITY CLERK

42

43 YES:

44 NO:

45 ABSTAIN:

46 ABSENT:

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48

49 First Reading:

50 Public Hearing:

51 Second Reading:

52 Effective Date:

53

54 Reviewed and approved as to form:

55

56 _____

57 Katie Koester, City Manager

58

59 Date: _____

Holly Wells, City Attorney

Date: _____



City of Homer

www.cityofhomer-ak.gov

491 East Pioneer Avenue
Homer, Alaska 99603

(p) 907-235-8121
(f) 907-235-3140

MEMORANDUM 19- 095

TO: MAYOR CASTNER AND HOMER CITY COUNCIL
THROUGH: KATIE KOESTER, CITY MANAGER
FROM: PARKS, ART, RECREATION AND CULTURE ADVISORY COMMISSION
DATE: July 29, 2019
Subject: REQUEST FOR HART FUNDS FOR TRAIL IMPROVEMENTS AT KAREN HORNADAY PARK

Recommended Action:

1. Council authorize \$1,500 for the materials and labor to rework a portion of the new trails at Hornaday Park

Background

In 2017, Council authorized up to \$8,000 or HART funds to provide materials for a volunteer built trail in Karen Hornaday Park. Volunteers have found that more trail material (gravel, etc) is needed and portions of the trail need more work than anticipated. The Commission has authorized using up to \$500 of Commission funds, but additional funds are needed.

PARCAC Minutes Excerpt 6/20/2019

A. Memorandum from Deputy City Planner re: Funding Request for Karen Hornaday Park Trails

Chair Harrald introduced the item by reading of the title and requested Ms. Engebretsen to provide her report for the Commission.

Ms. Engebretsen reported that Commissioner Lowney requested this item on the agenda and gave the floor over to her.

Commissioner Lowney provided background on the request and also requested staff input on postponing the discussion, in which Ms. Engebretsen did not recommend a postponement providing guidelines on the Council approval process.

Commissioner Lowney was recommending that the Commission request funds in the amount of \$500-\$1500 for replacement materials to renourish and labor to install materials for the trail around the park.

ARCHIBALD/LEWIS MOVED TO USE \$500 FROM PARKS COMMISSION FUNDS FOR MATERIALS FOR TRAIL IMPROVEMENTS IN KAREN HORNADAY PARK.

Discussion ensued on the requirements, the best fund (HART or Commission) to appropriate funds from and how it would improve the trails and that if the Commission does not use the funds Council may not provide them funding in the future.

VOTE. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

ARCHIBALD/LEWIS MOVED TO FORWARD A REQUEST TO CITY COUNCIL TO APPROVE EXPENDITURE OF \$1500 FROM THE TRAILS PORTION OF THE HART FUND FOR TRAIL IMPROVEMENTS AT KAREN HORNADAY PARK.

Further discussion ensued on the labor portion of the proposed improvements and having a plan defined before they request the money; speaking with Parks Maintenance Staff and Public Works Staff for minimal equipment use and obtaining Council support for the ordinance to request the funds.

VOTE. NON-OBJECTION. UNANIMOUS CONSENT.



Vicinity Map

*Disclaimer:
It is expressly understood the City of
Homer, its council, board,
departments, employees and agents are
not responsible for any errors or omissions
contained herein, or deductions, interpretations
or conclusions drawn therefrom.*

0 250 500 Feet

ORDINANCE REFERENCE SHEET
2019 ORDINANCE
ORDINANCE 19-38

An Ordinance of the City Council of Homer, Alaska, Amending the FY 2019 Operating and Capital Budgets to Provide for Necessary Mid-Year Adjustments by Appropriating and Transferring funds from the General and Water Sewer Funds.

Sponsor: City Manager/Finance Director.

1. City Council Regular Meeting August 12, 2019 Introduction

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Expenditure:

<u>Account</u>	<u>Description</u>	<u>Amount</u>
100-0176-5207	Vehicle and Boat Maintenance	\$40,000

Section 2. The City Council hereby appropriates \$10,000 from the Library Depreciation Reserve to provide additional funding for the replacement of security cameras at the Library:

Expenditure:

<u>Account</u>	<u>Description</u>	<u>Amount</u>
156-0390	Security Camera Replacement	\$4,194

Section 3. The City Council hereby appropriates \$85,500 from the Fire Fleet Reserve to purchase a new command vehicle and to repurpose Utility 2 as another command vehicle:

Expenditure:

<u>Account</u>	<u>Description</u>	<u>Amount</u>
156-0381	Purchase New Command Vehicle	\$75,000
156-0381	Repurpose Utility 2 as Command Vehicle	\$10,500

Section 4. The City Council hereby appropriates \$33,000 from the Airport Depreciation Reserve to fund the design of the airport terminal roof replacement and provide additional funding for the replacement of security cameras at the airport:

Expenditure:

<u>Account</u>	<u>Description</u>	<u>Amount</u>
100-0388	Design Terminal Roof Replacement	\$23,000
100-0388	Security Camera Replacement	\$10,000

Section 5. The City Council hereby appropriates \$25,643 from the Public Works Depreciation Reserve to fund the replacement of road traffic and construction inventory, to fund a policy change that impacts the accounting of inventory, and to fund the replacement of GIS equipment:

80 Expenditure:

81 <u>Account</u>	<u>Description</u>	<u>Amount</u>
82 100-0395	Inventory Replacement	\$6,300
83 100-0395	Inventory Policy Change - Accounting	\$12,526
84 100-0395	GIS Equipment Replacement	\$6,817

85

86 Section 6. The City Council hereby appropriates \$35,000 from the transfer to Water
87 Fund Reserve to the Water Meters budget for meter head installation:

88

89 Expenditure:

90 <u>Account</u>	<u>Description</u>	<u>Amount</u>
91 200-0406-5202	Operating Supplies	\$35,000

92

93 Section 7. The City Council hereby appropriates \$106,817 from the Sewer Fund
94 Reserve to fund the upgrade to the Sewer Treatment Plant HVAC control system, to purchase
95 a new ½ ton pick-up truck with flatbed, and to fund the replacement of GIS equipment:

96

97 Expenditure:

98 <u>Account</u>	<u>Description</u>	<u>Amount</u>
99 256-0379	STP HVAC Control System Upgrade	\$83,500
100 256-0379	½ ton Pick-Up Truck with Flatbed	\$16,500
101 256-0379	GIS Equipment Replacement	\$6,817

102

103 Section 8. The City Council hereby appropriates \$23,317 from the Water Fund Reserve
104 to purchase a new ½ ton pick-up truck with flatbed, and to fund the replacement of GIS
105 equipment:

106

107 Expenditure:

108 <u>Account</u>	<u>Description</u>	<u>Amount</u>
109 256-0378	½ ton Pick-Up Truck with Flatbed	\$16,500
110 256-0378	GIS Equipment Replacement	\$6,817

111

112 Section 9. This is a budget amendment ordinance only, is not permanent in nature,
113 and shall not be codified.

114

115 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this _____ day of
116 _____, 2018.

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CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

MELISSA JACOBSEN, MMC, CITY CLERK

YES:

NO:

ABSTAIN:

ABSENT:

First Reading:

Public Reading:

Second Reading:

Effective Date:

Reviewed and approved as to form:

Katie Koester, City Manager

Holly C. Wells, City Attorney

Date: _____

Date: _____

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

3 Smith/Stroozas

4 **RESOLUTION 19-50**

5
6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
7 REAFFIRMING THE CITY OF HOMER'S STATUS AS AN OFFICIAL
8 PURPLE HEART CITY AND RECOGNIZING AUGUST 7TH AS
9 PURPLE HEART MEDAL DAY.

10
11 WHEREAS, The Purple Heart Medal is the oldest United States military decoration in
12 present use; and

13
14 WHEREAS, The Purple Heart Medal is awarded in the name of the President of the
15 United States to recognize members of the Armed Forces who are killed or wounded in action
16 against an enemy of the United States or are killed or wounded while held as prisoners of
17 war; and

18
19 WHEREAS, The Purple Heart Medal has been awarded to more than 1,800,000
20 recipients; and

21
22 WHEREAS, The U.S. Department of Veterans Affairs' National Center for Veterans
23 Analysis and Statistics estimates 69,000 living veterans reside in Alaska with countless others
24 already laid to rest; and

25
26 WHEREAS, Resolution 13-057 established the City of Homer as an official Purple Heart
27 City; and

28
29 WHEREAS, August 7 is known as National Purple Heart Recognition Day; and

30
31 WHEREAS, The City of Homer would like to honor the recipients of the Purple Heart
32 Medal and join national efforts to demonstrate support for people who have been awarded
33 the Purple Medal.

34
35 NOW, THEREFORE, BE IT RESOLVED that the Homer City Council hereby re-affirms its
36 status as an official Purple Heart City and recognizes August 7th as Purple Heart Medal Day.

37
38 PASSED AND ADOPTED by the Homer City Council this 12th day of August, 2019.

39
40 CITY OF HOMER

41
42 _____
43 KEN CASTNER, MAYOR

44 ATTEST:

45

46 _____

47 MELISSA JACOBSEN, MMC, CITY CLERK

48

49 Fiscal Note: N/A

**CITY OF HOMER
HOMER, ALASKA**

Lord/Erickson

RESOLUTION 19-51

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
AMENDING THE CITY COUNCIL OPERATING MANUAL TO ADD A
TASK FORCE SECTION TO PROVIDE A FRAMEWORK FOR
EFFICIENT OPERATION AND EFFECTIVE USE OF TASK FORCE
TIME AND EFFORT.

WHEREAS Homer City Council occasionally creates Task Forces for the purpose of gathering information, providing an in-depth analysis of options and presenting recommendations on a particular topic to City Council for consideration; and

WHEREAS, Advisory Boards and Commissions are required to get Council's approval to create a Task Force to serve the same purposes and to present their findings to the Board or Commission instead of Council; and

WHEREAS, Council approval is required for a Task Force of the Board and Commissions because additional task forces require staff support similar to Boards and Commissions; and

WHEREAS, Administrative guidelines for forming City Task Forces are lacking; and

WHEREAS, It is in the best interest of the City of Homer to provide a framework for efficient operation and effective use of Task Force time and effort; and

WHEREAS, Task Forces are temporary in nature and typically will not have adopted bylaws, they will follow the same general guidelines and process as the Advisory Boards and Commissions of the City.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, hereby amends the City Council Operating Manual to establish a Task Force section with the following provisions:

Definition:

A city task force is a temporary body appointed by the City Council to study or work on a particular subject or problem. Task Forces serve only in an advisory capacity to City Council; they retain no official, independent authority and may not speak or act for the City Council.

Creating Task Forces:

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Task Forces are created solely by City Council Resolution. At a minimum, the establishing resolution shall:

- Clearly articulate the Task Force purpose, scope of work and deliverables;
- Provide a timeframe for completion. Unless otherwise stated, a task force will cease to exist upon completion of its charge as given by the City Council; and
- Fix an odd number of Task Force members of no less than five and no more than nine.

Additionally, City Council will consider whether it is in the best interest of the City to define requirements for serving on the Task Force such as:

A residency requirement to ensure that membership on the Task Force is representative of people in the community (e.g. all appointees to a task force shall be residents of the City of Homer, defined as maintaining their principal place of residence within Homer City limits or own and operate a business within City limits); And/or any additional requirements or qualifications (e.g. professional qualifications or stakeholder group representation).

Appointment Structure:

The Mayor nominates appointees to a Task Force from a list of applicants; nominees must be approved by City Council. All appointees shall serve at the pleasure of the Council and may be removed from their position by a majority of the Council at any time without cause.

Advisory Boards or Commissions may request a Task Force be formed by submitting a memorandum to City Council that includes their recommendations for the items listed above.

PASSED AND ADOPTED by the Homer City Council this 12th day of August, 2019.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal Note: N/A



North Pacific Fisheries Association, NPFA

P.O. Box 796 Homer, AK 99669

npfahomer@gmail.com

July 24, 2019

Homer Community Leaders,

North Pacific Fisheries Association (NPFA) has been around since 1955, comprised of over 65 multi-gear, multi-species commercial fishing business owners, their families and crew. We do our best to represent our membership, but also support Homer in whatever way we can. You may have seen some of our advertisements or banners mentioning “local commercial fishermen supporting the community”. Homer is our home.

As many of you know, there will be a North Pacific Fishery Management Council (NPFMC or “the Council”) meeting September 30 through October 9 in Homer. The bulk of the meeting will take place at Land’s End Resort, while some of the meetings will also take place at the Best Western Bidarka. The Council is a body established by the Magnusen-Stevens Act which was passed in the 70’s setting up regional Councils across our nation to make policy decisions that impact federal fisheries and stocks nation-wide.

The North Pacific Council coming to Homer is a big deal. This is their first time here for a full Council meeting. Our community is made up of a great number of commercial and sport fishing business owners, captains, crew members, marine trades, and concerned citizens. These meetings impact Homer directly, and it is our chance to throw out the welcome mat and shake the hands of those who make management decisions that impact the ebb and flow of our local economy and culture. Participation in these meetings requires a more formal process which I would be happy to discuss with anyone who is interested in making public comment, or you can check out their website at www.npfmc.org.

I have received several requests to put together some facts and figures to help our community better understand this event or potentially even prepare them for business decisions they may make knowing that the Council body, stakeholders and various industry influencers will be present. Please see the following and if you have any questions, please do not hesitate to contact myself, Malcolm Milne (NPFA, President) or any of our members. We are happy to answer any questions that you may have.

Thank you for your time,

Abigail Turner-Franke
Project Coordinator, **NPFA**



North Pacific Fisheries Association, NPFPA

P.O. Box 796 Homer, AK 99669

npfahomer@gmail.com

North Pacific Fishery Management Council (NPFMC , or The Council)

David Witherell, Executive Director

Diana Evans, Deputy Director

Altogether Council staff total: **16 employees**

The Council: 16 members, some of whom come with support staff.

The Industry Advisory Panel (AP): 22 members

The Science and Statistical Committee (SSC): 19 members

Alaska Fisheries Science Center: 10 staff regularly represented at meetings.

National Marine Fisheries Service: 10 staff regularly represented at meetings.

The above numbers are in regular attendance at meetings: Approximately 77.

Approximately 65-70 stakeholders are in regular attendance. For example, in the Council meeting room alone, the audience must have at least 70 chairs. This does not include seating in the AP or SSC meeting rooms which take place on a bit of an overlapping schedule.

Typically, the NPFMC rents 2,500 sq ft for the Council, 2,000 sq ft for the AP and 1,900 sq ft for the SSC. **Combined, that is a meeting space requirement of 6,400 sq ft.** This does not include community meetings and events. Several of which will be taking place during the October meeting.

Most major Council events/receptions require space for at least 150 people.

Average number of hotel room nights during meetings: 500



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue
Homer, Alaska 99603

clerk@cityofhomer-ak.gov

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(f) 907-235-3143

Memorandum

TO: MAYOR CASTNER AND HOMER CITY COUNCIL

FROM: MELISSA JACOBSEN, MMC, DEPUTY CITY CLERK

DATE: AUGUST 7, 2019

SUBJECT: REQUEST FOR SPONSOR FOR DRAFT ORDINANCE AND RESOLUTION SUBMITTED BY
THE PORT AND HARBOR ADVISORY COMMISSION

The Port and Harbor Advisory Commission has reviewed and considered changes to Tariff No. 1 relating to Barge Ramp use by small vessels through five regular meetings, a worksession, and facilitating public comments and the schedule of fines and offences found in Homer City Code 1.16.040.

Copies of the draft legislation is included with this memorandum and the Commission seeks a Council member sponsor to bring these items forward for introduction at the August 26, 2019 regular City Council meeting.

Informational only

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

3 Sponsor

4 **ORDINANCE 19-xx**

5
6 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
7 AMENDING HOMER CITY CODE 1.16.040, DISPOSITION OF
8 SCHEDULED OFFENCES-FINES SCHEDULE.
9

10 WHEREAS, The Port and Harbor Advisory Commission has reviewed and considered
11 changes to Tariff No. 1 relating to Barge Ramp use by small vessels through five regular
12 meetings, a worksession, and facilitating public comments; and
13

14 WHEREAS, Resolution 19-0xx amends Harbor Tariff No. 1 and the City Fee Schedule to
15 amend wharfage and Barge Ramp fees for ensuring equitable distribution of rates and fees
16 for the use and maintenance of harbor facilities; and
17

18 WHEREAS, Regarding adoption of the proposed changes to Harbor Tariff No. 1, Homer
19 City Code 1.08.005(c) states that an Ordinance is required when a City action provides for a
20 fine or other penalty, or establishes rules and regulations for violation of which a fine or other
21 penalty is imposed.
22

23 NOW, THEREFORE, The City of Homer Ordains:
24

25 Section 1. Subsection (c) of Homer City Code 1.16.040, Disposition of scheduled
26 offenses- fine schedule, is amended by adding new lines to read as follows:
27
28

HCC 10.04.035	Going dry/causing blockage or restricted access to the Barge Ramp	\$150.00 /per tide cycle
HCC 10.04.035	Commercial loading at the Load and Launch Ramp during the hours of 6am-6pm Memorial Day to Labor Day	\$100 /per occurrence

29
30 Section 2. This ordinance is of a permanent and general character and shall be
31 included in Homer City Code.
32

33 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this ___ day of _____,
34 2019.
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CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

MELISSA JACOBSEN, MMC, CITY CLERK

YES:

NO:

ABSTAIN:

ABSENT:

First Reading:

Public Hearing:

Second Reading:

Effective Date:

Reviewed and approved as to form.

Katie Koester, City Manager

Holly Wells, City Attorney

Date: _____

Date: _____

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

Sponsor

3
4 **RESOLUTION 19-0xx**

5
6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
7 AMENDING THE HOMER TARIFF NO. 1 AND THE CITY OF HOMER
8 FEE SCHEDULE UNDER RULE 34. SMALL BOAT HARBOR PUBLIC
9 LAUNCH RAMP AND 37. BEACHES AND BARGE RAMP FOR BARGE
10 RAMP USE BY SMALL VESSELS.

11
12 WHEREAS, There are a growing number of small vessels that use the Barge Ramp and/or
13 the Load and Launch ramp to load supplies; and

14
15 WHEREAS, Smaller vessels have reported difficulty with tracking and implementing the
16 self-reported wharfage, and consequently it is not being reported and equitable implantation
17 of the Tariff rates for all vessels is not occurring; and

18
19 WHEREAS, The Port and Harbor Advisory Commission has reviewed and considered
20 changes to Tariff No. 1 relating to Barge Ramp use by small vessels through five regular
21 meetings, a work session, and facilitating public comments; and

22
23 WHEREAS, These amendments to Homer Tariff No. 1 will better capture the use of our
24 barge ramp facility by this fleet and find a consistent approach towards managing an equitable
25 rate for the use.

26
27 NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, amends the
28 Homer Tariff No. 1 and the City Fee Schedule as follows:

29
30 **RULE 34 – SMALL BOAT HARBOR PUBLIC LAUNCH RAMP**

31
32 34.01. BOAT PUBLIC LAUNCH RAMP – The City owns and provides access to public launch ramps. The
33 principal intended use of the LAUNCH RAMP is the launch and recovery of small, boats on trailers. An
34 authorized subsidiary use is the incidental, noncommercial, loading or unloading of goods, supplies or
35 materials. . Rate for a single launch is \$13.00 plus the addition of a \$7 levied parking impact fee for a
36 total of \$20.00(see also 12.09) ; a season pass covering April 1 to October 15 is \$130.00 with the addition
37 of a \$70 levied parking impact fee for a total of \$200.00(see also 12.09). The person who is obligated to
38 pay the fee for using the load and launch ramp must make the ticket verifying payment available upon
39 request, or display the seasonal permit on the port side of the permit holder’s vessel. There is a \$20.00
40 per hour fee for vessels that are left unattended on the Launch Ramp and are blocking ramps. Reserved
41 stall holders are exempt from launch fees for the vessel assigned to and registered to the stall only, not
42 for other boats owned by the same individual. At the Harbormaster’s discretion, reasonable
43 restrictions may be placed on the use of the public launch ramp.

45 **34.02. COMMERCIAL LOADING - Commercial loading shall be defined as loading any**
46 **amount of materials that exceed a total weight of 500 lbs. Commercial Loading at the**
47 **Load and Launch Ramp shall be subject to the same use, application of fees, and charges**
48 **as the Beaches and Barge Ramp. See Rule 37 Beaches and Barge Ramp Section 37.01 Use,**
49 **37.02 Application of Fees, and Section 37.03 Charges.**

50
51 **To avoid congestion at the Load and Launch Ramp during peak months, load and launch**
52 **activities will be prioritized and commercial loading at the load and launch ramp will be**
53 **restricted to the evening hours of 6pm to 6am from Memorial Day to Labor Day. Any**
54 **commercial loading, not pre-approved by the harbormaster that occurs during the hours**
55 **of 6am to 6pm from Memorial Day to Labor Day will be prohibited and violators will be**
56 **charged a penalty of \$100 per occurrence.**

57
58 RULE 37 – BEACHES AND BARGE RAMP

59 37.01. USE – The use of beaches and barge ramp under the City ownership or control for
60 commercial barge vessel repair, equipment loading or similar purposes, must be approved by
61 the Harbormaster. At the Harbormaster’s discretion, reasonable restrictions may be placed on
62 the use of the beach and barge ramp. Congestion, risk of loss of public or private property and
63 public safety and/or response may result in restrictions. A beach use agreement will be filled
64 out and signed by the user and Harbormaster prior to use of the beach.

65
66 **37.01 (b) Any vessel over 50’ in length will have priority use of the barge ramp facility**
67 **and, depending on need, may be required to schedule use in order to avoid conflicts. All**
68 **other users must work around the priority vessel use and schedule.**

69
70 **Any vessel going dry on the barge ramp, and thereby causing blockage or restricted**
71 **access to the ramp, without permission/approval of the harbormaster’s office, shall be**
72 **charged a penalty of \$150 per tide cycle.**

73
74 37.02 APPLICATION OF FEES – The Harbormaster shall charge a fee per foot based on length
75 overall of the vessel, for vessels landing or parking on the beaches under City ownership or
76 control. This same rate shall apply to vessels using the barge ramp. The rate per linear foot for
77 all vessels is \$1.50 per landing. Charges for extended beach or barge ramp use may be adjusted
78 by the Harbormaster under appropriate circumstance. **Additionally, an annual pass**
79 **covering from January 1 to December 31 of each year is available for vessels under 50’ at**
80 **the following rate:**

81
82 **Annual Pass for vessels under 50’ = single landing + wharfage x 10**

83
84 37.03 CHARGES – Wharfage rates shall also apply for the beaches and barge ramp. Charges for
85 extended beach or barge ramp use may be adjusted by the Harbormaster under appropriate
86 circumstances. **A flat rate fee of one ton wharfage per landing will be applied to vessels**
87 **under or equal to 36’ using the beaches or barge ramp. Vessels from 37’ to 50’ using the**

88 **beaches or barge ramp will be charged a flat rate of two tons wharfage per landing.**
89 **Vessels over 50' are required to report and pay for wharfage monthly at tariffed rate.** See
90 Wharfage, Section I, Rule 13.

91
92 37.04. DAMAGE – The user of any beach area or barge ramp must repair any damage to the
93 beach or ramp and remove all debris. Failure to make such repairs and removal will result in
94 repairs and cleanup by Harbor staff. The costs incurred by the Harbor staff will be fully charged
95 to the beach user. Labor rate for the Harbor staff will be one hundred and two dollars (\$102.00
96 USD) per hour per person, plus appropriate equipment rental and material costs.

97
98 37.05. PROHIBITIONS – Sandblasting of vessels is not permitted on City beaches or barge
99 ramps; water blasting using pressures that result in removal of paint is also prohibited. No
100 paint chips or other paint materials are to be put into the water as a result of any maintenance
101 done on the beach, ramp, on the tidelands or uplands.

102
103 PASSED AND ADOPTED by the Homer City Council this ___ day of _____, 2019.

104
105
106 CITY OF HOMER

107
108 _____
109 KEN CASTNER, MAYOR

110
111 ATTEST:

112
113 _____
114 MELISSA JACOBSEN, MMC, CITY CLERK

115
116 Fiscal note: N/A



City of Homer

www.cityofhomer-ak.gov

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Homer, Alaska 99603

(p) 907-235-8121

(f) 907-235-3140

Memorandum

TO: Mayor Castner and Homer City Council
THROUGH: Julie Engebretsen, Chair
FROM: Employee Committee
DATE: July 30, 2019
SUBJECT: Request for a COLA for Fiscal Year 2020

Request Action: 3% COLA for FY 2020 budget

In 2017, the Administration completed a Salary and Benefits Survey. In the analysis of the results, one conclusion was that the City needs to regularly budget for Cost Of Living Increases (COLAs) in order to retain and recruit employees and to prevent wages from devaluing due to inflation. Historically, the City inconsistently budgeted for COLAs, resulting in a decrease in city wages compared to other municipalities. More recently, since about 2014, and with the results of the 2017 parity study, the City Council has been more successful in keeping wages steady with inflation. Continuing this trend is vital to maintaining industry parity and to retaining and recruiting quality employees.

The Employee Committee recommends a COLA of 3% for FY 2020. The method of determination is simple. Inflation for Urban Alaska in 2018, according to the Consumer Price Index, was 3%; we ask that the FY 2020 budget also include a 3% COLA.

If the City adopts a two-year budget cycle, a FY 2021 COLA should also be included, consistent with observed inflation in 2019.

ORDINANCE REFERENCE SHEET
2019 ORDINANCE
ORDINANCE 19-33

An Ordinance of the City Council of Homer, Alaska, Appropriating Funds in the amount of \$10,000 from the Port and Harbor Reserves Fund for Engineering Services for Deep Water Dock Contingency Planning.

Sponsor: City Manager/Port Director

1. City Council Regular Meeting July 22, 2019 Introduction
2. City Council Regular Meeting August 12, 2019 Public Hearing and Second Reading

43 NOW, THEREFORE, The City of Homer Ordains:
44

45 Section 1. That the FY 2019 Port and Harbor capital budget is hereby amended by
46 appropriating funds in the amount of \$10,000 From the Port and Harbor Reserves for the
47 purpose of engineering services for Deep Water Dock Contingency Planning, as follows:
48

49 Account No.	Description:	Amount:
50 456-0380	Port & Harbor Reserves	\$10,000

51
52 Section 2. This is a budget amendment ordinance, is not permanent in nature, and
53 shall not be codified.
54

55 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this ____ day of _____, 2019.
56

57
58 CITY OF HOMER
59

60
61 _____
KEN CASTNER, MAYOR

62 ATTEST:
63

64 _____
65 MELISSA JACOBSEN, MMC, CITY CLERK
66

67 YES:

68 NO:

69 ABSTAIN:

70 ABSENT:
71

72 First Reading:

73 Public Hearing:

74 Second Reading:

75 Effective Date:
76

77 Reviewed and approved as to form:
78

79 _____
80 Katie Koester, City Manager

Holly Wells, City Attorney

81
82 Date: _____

Date: _____

ORDINANCE REFERENCE SHEET
2019 ORDINANCE
ORDINANCE 19-34

An Ordinance of the City Council of Homer, Alaska, Amending the Capital Budget and Authorizing Pass Through Funds for the Alaska Department of Transportation (ADOT) Lake Street Project.

Sponsor: City Manager/Public Works Director

1. City Council Regular Meeting July 22, 2019 Introduction
2. City Council Regular Meeting August 12, 2019 Public Hearing and Second Reading

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

3 City Manager/Public Works Director
4

5 **ORDINANCE 19-34**
6

7 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
8 AMENDING THE CAPITAL BUDGET AND AUTHORIZING PASS
9 THROUGH FUNDS FOR THE ALASKA DEPARTMENT OF
10 TRANSPORTATION (ADOT) LAKE STREET PROJECT.
11

12 WHEREAS, When ADOT completes a project within the City limits, they authorize
13 Public Works to support the design and construction effort. The cost of this work is
14 reimbursed by ADOT. The effort is usually small and within the fiscal authority of the Director
15 and City Manager; and
16

17 WHEREAS, ADOT has been asking Public Works to support their efforts in a more
18 significant way (costs exceed City Manager authorization); and
19

20 WHEREAS, The cost of supporting ADOT is expected to be \$95,000 (see Memorandum
21 19-from Public Works).
22

23 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:
24
25

26 Section 1. The Homer City Council hereby authorizes \$95,000 to be expended from
27 and reimbursement deposited in the account described below:
28

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
151-7013	ADOT Lake Street Reimbursement	\$95,000

29
30
31
32

33 Section 2. This is a budget amendment ordinance, is temporary in nature, and shall
34 not be codified.
35

36 ENACTED BY THE HOMER CITY COUNCIL this 12th day of August, 2019.
37
38

39 CITY OF HOMER
40
41

42 _____
43 KEN CASTNER, MAYOR

44 ATTEST:

45

46

47 _____

48 MELISSA JACOBSEN, MMC, CITY CLERK

49

50 YES:

51 NO:

52 ABSENT:

53 ABSTAIN:

54

55 First Reading:

56 Public Hearing:

57 Second Reading:

58 Effective Date:

59

60 Reviewed and approved as to form:

61

62 _____

63 Katie Koester, City Manager

64

65 Date: _____

Holly Wells, City Attorney

Date: _____



City of Homer

www.cityofhomer-ak.gov

Public Works

3575 Heath Street
Homer, AK 99603

publicworks@cityofhomer-ak.gov

(p) 907- 235-3170

(f) 907-235-3145

Memorandum 19-090

TO: Katie Koester, City Manager
FROM: Carey S. Meyer, Public Works Director
DATE: July 16, 2019
SUBJECT: ADOT/City Agreement – Reimbursement for City Support
ADOT Lake Street Improvements

Whenever ADOT completes a project within the City limits, they authorize Public Works to review plans, comment on potential impacts to public infrastructure (usually water and sewer), and inspect adjustments made during construction to City owned facilities. The cost of this work is reimbursed by ADOT. Normally, this effort is small and within the fiscal authority of the Director and City Manager.

Recently, ADOT has been asking Public Works to support their efforts in a more significant way (costs exceed City Manager authorization).

Support Requested/Expected	Approx. Cost
Hire Contractors to “pothole” buried utilities	\$15,000
Adjust Water System PRV Station	\$10,000
Hire Engineering firm to assist in design of Storm Drain	\$50,000
Construction Inspection and Contingency	<u>\$20,000</u>
Total Potential Support Cost	\$95,000

Recommendation: City Council pass an ordinance amending the 2019 Capital Budget authorizing the acceptance of pass-through funds not to exceed \$95,000 for City support of the ADOT Lake Street Improvement project and authorizing the City Manager to execute all appropriate documents.

Fiscal note: 151-7013

ORDINANCE REFERENCE SHEET
2019 ORDINANCE
ORDINANCE 19-35

An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code Chapter 3.05, Budget to Institute a Biennial Budget; Repealing Homer City Code 3.05.040, Equipment Replacement Reserve, Homer City Code 3.05.042, Alternative Funding For Depreciation, And Homer City Code 3.05.043, Health Insurance Reserve Fund; Amending Homer City Code 3.05.045, Balanced Budget Requirements; and Enacting Homer City Code 3.05.046, Emergency Operations Fund; 3.05.047, Capital Asset Repair And Maintenance Account; 3.05.048, Capital Improvement Fund; 3.05.049, General Fund - Fund Balance; And 3.05.050, Prioritization of Funding.

Sponsor: Mayor

1. City Council Regular Meeting July 22, 2019 Introduction
2. City Council Regular Meeting August 12, 2019 Public Hearing and Second Reading

Policy Discussion Points from Mayor

Memorandum 19-097 from City Manager as backup

- Ordinance 05-11(S)
- Ordinance 94-05
- Councilmember Lord's comments w/tasks
- 2018 Income & Expense Quarterlies
- General Fund Reserve Balance Policies Paper
- General Fund Reserve Balance Polices Presentation

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

4 Mayor

5 **ORDINANCE 19-35**
6

7 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
8 AMENDING HOMER CITY CODE CHAPTER 3.05, BUDGET TO
9 INSTITUTE A TRADITIONAL BIENNIAL BUDGET; REPEALING
10 HOMER CITY CODE 3.05.040, EQUIPMENT REPLACEMENT
11 RESERVE, HOMER CITY CODE 3.05.042, ALTERNATIVE FUNDING
12 FOR DEPRECIATION, AND HOMER CITY CODE 3.05.043, HEALTH
13 INSURANCE RESERVE FUND; AMENDING HOMER CITY CODE
14 3.05.045, BALANCED BUDGET REQUIREMENTS; AND ENACTING
15 HOMER CITY CODE; 3.05.047, CAPITAL ASSET REPAIR AND
16 MAINTENANCE ALLOWANCE FUND; 3.05.048, CAPITAL
17 IMPROVEMENT FUND; 3.05.049, GENERAL FUND - FUND
18 BALANCE; AND 3.05.050, PRIORITIZATION OF FUNDING.
19

20 WHEREAS; It is the intent of the City to budget in a fair and transparent manner and
21 provide adequate oversight by the City Council; and
22

23 WHEREAS; The City Manager is required to prepare and present a budget proposal for
24 the following budget period by the third Friday in October; and
25

26 WHEREAS; It is imperative that the budget process provide the City Council adequate
27 opportunities to fulfill their appropriation and oversight duties; and
28

29 WHEREAS; Establishing funds and fund balance and reserve policies will provide
30 better fiscal accuracy and a more informed budget process; and
31

32 WHEREAS; It is in the best interest of the City to set aside funds for maintenance and
33 repairs to ensure the City is funding the highest city-wide priorities; and
34

35 WHEREAS; The unique location of the City next to the North Pacific Ocean and subject
36 to frequent earthquakes, volcanic eruptions, flooded rivers, and high fire danger, requires
37 that the City maintain an emergency reserve sufficient to carry out its municipal duties at a
38 time of disaster; and
39

40 WHEREAS; The City Council may supplement, or further delineate designations.
41

42 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:
43

44 Section 1. Homer City Code 3.05.005 through 3.05.035 of Homer City Code Chapter
45 3.05, Budget are amended to read as follows:

46

47 **3.05.005 Budget assumptions.**

48 The City of Homer operates on a traditional biennial budget. The budget shall be adopted
49 every second year of a mayoral term. By the third Friday in September the City Manager shall
50 present to the Council an overview of preliminary budget assumptions for a budget period
51 containing the next two fiscal years. These preliminary assumptions will address, by fund,
52 revenue projections, tax and utility rates, program additions or deletions, wages and
53 benefits, or other issues with potential effects upon the City's overall financial condition.

54

55 **3.05.010 Budget submission - Contents.**

56 By the third Friday in October the City Manager shall present to the Council a budget proposal
57 covering each of the next two fiscal years of the City.

58

59 **3.05.011 City Manager's budget message.**

60 The City Manager's budget message shall explain the budget in fiscal terms and in terms of
61 work programs. It shall contain an outline of the proposed financial policies of the City for the
62 ensuing two fiscal years, describe the important features of the budget, indicate any major
63 changes from the prior budget period and from current financial policies, expenditures, and
64 revenues, together with the reasons for such changes, summarize the City's debt position and
65 include other material as deemed desirable.

66

67 **3.05.012 Complete financial plan.**

68 a. The budget shall provide a complete financial plan of all City funds and activities for
69 the next two fiscal years. In organizing the budget, the City Manager shall utilize the most
70 feasible combination of expenditure classification by fund, organizational unit, program,
71 purpose or activity and objective.

72 b. The budget shall begin with a clear general summary of its contents, which
73 summary shall show principal sources of anticipated revenue, stating separately the amount
74 to be raised by property taxes, and by department the kinds of expenditures in such a
75 manner as to present to the public a clear and simple estimate of budget detail.

76 c. The budget shall show in detail all estimated income, including the proposed
77 property tax levy, but shall exclude State revenue sharing, which will be appropriated when
78 received. The budget also shall show in detail all proposed expenditures, including debt
79 service, for the ensuing budget period.

80 d. The budget shall be prepared on a modified accrual basis and subsequent reporting
81 shall recognize revenues when they become available and measurable and recognize
82 expenditures when liabilities are incurred.

83 e. The budget shall include in separate sections:

84 1. Proposed expenditures for each current fund operation during the ensuing budget
85 period detailed by offices, departments and agencies in terms of their respective work
86 programs, and the method of financing such expenditures;

87 2. Anticipated net surplus or deficit (fund balance) for the ensuing budget period of
88 each fund owned or operated by the City and the proposed method of its disposition;
89 subsidiary budgets for each such fund, giving detailed income and expenditures
90 information, shall be presented in the budget;

91 3. Proposed capital budget will be presented as a separate section of the biennial
92 budget. The capital budget shall show capital expenditures during the ensuing budget
93 period, detailed by offices, departments and agencies, when practicable, and the
94 proposed method of financing each such capital expenditure.

95 f. Comparative data for the previous and ensuing budget periods shall be provided in a
96 format for ease of comparison of previous with proposed revenues and expenditures.

97

98 **3.05.015 Review - Hearing - Adoption - Appropriations.**

99 a. At a Council meeting held not less than 10 days prior to the end of the current
100 budget period, the Council shall, by ordinance, appropriate the money needed for the
101 ensuing budget period.

102 b. The budget proposal of the City Manager shall be reviewed by the Council and shall
103 be available for public inspection in the office of the City Clerk and posted on the City's
104 website.

105 c. A public hearing on the appropriation ordinance shall be held in accordance with
106 provisions for adoption of an ordinance. All interested parties shall be given an opportunity
107 to be heard on matters relative to the budget.

108 d. A separate appropriation shall be made to each of the various funds of the City.
109 From the effective date of the budget, the amounts stated therein as expenditures shall be
110 and become appropriated to the objects and purposes therein named. The City Council may
111 make supplemental and emergency appropriations, but payment may not be authorized or
112 made and an obligation may not be incurred except in accordance with approved
113 appropriations.

114

115 **3.05.020 Amendments.**

116 The Council may, by ordinance, increase or decrease appropriations during the course of the
117 budget period, and may also amend the budget using the same method used for its initial
118 adoption.

119

120 **3.05.025 System of accounts.**

121 All City accounts shall be organized in a manner consistent with the approved budget. The
122 City Council may supplement or further delineate designations.

123

124 **3.05.030 Unencumbered balances of appropriations - Transfers.**

125 a. The necessary accounting records shall be maintained to reflect the unencumbered
126 balances of all appropriations. The Finance Director/Treasurer shall submit to the City
127 Council a quarterly report reflecting operating activity and anticipated expenditures.

128

129 b. Unencumbered appropriation balances may be transferred from one budget line item to
130 another within the same department by the City Manager at any time. Transfer of
131 appropriations within departments which would permanently amend the approved staffing
132 level or level of service delivery shall require Council approval.

133
134 c. At the request of the City Manager, or on its own initiative, the Council may, by resolution,
135 transfer unencumbered appropriation balances from one department to another within the
136 same fund.

137
138 d. Nothing allowed in this section shall violate the requirements of presenting a balanced
139 budget (HCC3.05.045).

140

141 **3.05.035 Lapse of appropriation at end of fiscal year.**

142 a. Except as provided in this section and in HCC 3.05.047 – 3.05.049, appropriations
143 shall lapse at the end of the fiscal year to the extent that they have not been fully expended or
144 fully encumbered. Any earnings from investment of monies accumulated in a fund shall
145 accrue to the fund.

146 b. An appropriation for a capital expenditure shall continue in force until the purpose
147 for which it is made has been accomplished or abandoned; the purpose of such
148 appropriation shall be deemed abandoned if three years pass without disbursement or
149 encumbrance of the appropriation.

150

151 Section 2. Homer City Code 3.05.040, Equipment replacement reserve fund, is repealed.

152

153 Section 3. Homer City Code 3.05.042, Alternative funding for depreciation, is repealed.

154

155 Section 4. Homer City Code 3.05.043, Health insurance reserve fund, is repealed.

156

157 Section 5. Homer City Code 3.05.045, Balanced budget requirements, is amended to read as
158 follows:

159

160 **3.05.045 Balanced budget requirements.**

161 Projected expenditures shall not exceed projected revenues in the operating budget. Any
162 action to reconsider, rescind, or veto the budget which would affect a balanced budget must
163 be accompanied by action which maintains a balanced budget.

164

165 Section 6. Homer City Code 3.05.047, Capital asset repair and maintenance account, is
166 enacted to read as follows:

167

168 **3.05.047 Capital Asset Repair and Maintenance Allowance Fund.**

169 a. There is established in the general fund a Capital Asset Repair and Maintenance
170 Allowance Fund (CARMA). The amount of the fund shall be established by City Council in the
171 biennial budget based on the projected maintenance and repair needs of the City.

172 b. Purpose. Capital asset management is essential to extending the life and use of
173 taxpayer funded assets, facilities and infrastructure.

174 c. Funds in the Capital Asset Repair and Maintenance Account shall be available for
175 appropriation and expenditure for equipment replacement, fleet replacement, engineering
176 or planning services, major maintenance of city facilities, or any other purpose as identified
177 and recommended by the City Manager and authorized by the City Council.

178
179 Section 7. Homer City Code 3.05.048, Capital improvement fund, is enacted to read as
180 follows:

181
182 **3.05.048 Capital Improvement Fund**

183 a. There is established in the General Fund a General Fund Capital Improvement Fund
184 (CIF). The fund shall be comprised of various Council appropriations for capital projects
185 which shall not be limited to only the current budget period.

186 b. Purpose. The purpose of the Capital Improvement Fund is to help fund major
187 capital projects, new infrastructure or equipment replacement for the City of Homer.

188 c. Monies in the Capital Improvement Fund shall be designated for major capital
189 projects or initiatives, as identified and authorized by the City Council.

190
191 Section 8. Homer City Code 3.05.049, General fund – Fund balance, is enacted to read as
192 follows:

193
194 **3.05.049. General Fund – Fund Balance.**

195 a. Purpose. General Fund – Fund Balance represents the net assets of the general fund
196 and serves as a measure of financial resources. The purpose of the General Fund – Fund
197 balance is twofold:

198 1. Restricted fund balance shall not fall below six months operating revenue
199 and is intended to help the City of Homer provide quick response to weather
200 economic uncertainty and unexpected situations such as natural disasters so
201 as to avoid the need for short-term borrowing.

202 2. Unrestricted fund balance shall be available for appropriation by City
203 Council

204
205 b. Any General Fund budget surplus at the end of a fiscal year will lapse into the
206 General Fund – Fund Balance.

207
208 Section 9. Homer City Code 3.05.050, Priority of funding, is enacted to read as follows:

209
210 **3.05.050 Priority of Funding**

211 Within the General Fund during the biennial budget process available revenue will be
212 budgeted in the following priority order in order to meet the financial obligations of the City
213 of Homer:

214 i. Operating budget

- 215 ii. General Fund – Fund Balance Restricted
- 216 iii. Capital Asset Repair and Maintenance Allowance Fund
- 217 iv. General Fund – Fund Balance Unrestricted

218
219

220 Section 10. Section 1 of this ordinance shall take effect immediately

221

222 Section 11. Sections 2-9 shall take effect January 1, 2020.

223

224 Section 12. This ordinance is of a permanent and general character and shall be included in
225 Homer City Code.

226

227 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this ____ day of _____,
228 2019.

229

CITY OF HOMER

230

231

232

KEN CASTNER, MAYOR

233

234 ATTEST:

235

236

237 MELISSA JACOBSEN, MMC, CITY CLERK

238

239 YES:

240

240 NO:

241

241 ABSTAIN:

242

242 ABSENT:

243

244 First Reading:

245

245 Public Hearing:

246

246 Second Reading:

247

247 Effective Date:

248

249 Reviewed and approved as to form.

250

251

252 Mary K. Koester, City Manager

Holly C. Wells, City Attorney

1 CITY OF HOMER
2 HOMER, ALASKA

3 Mayor

4 ORDINANCE 19-35(S)
5

6 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
7 AMENDING HOMER CITY CODE CHAPTER 3.05, BUDGET TO
8 INSTITUTE A TRADITIONAL BIENNIAL BUDGET; REPEALING
9 HOMER CITY CODE 3.05.040, EQUIPMENT REPLACEMENT
10 RESERVE, HOMER CITY CODE 3.05.042, ALTERNATIVE FUNDING
11 FOR DEPRECIATION, AND HOMER CITY CODE 3.05.043, HEALTH
12 INSURANCE RESERVE FUND; AMENDING HOMER CITY CODE
13 3.05.045, BALANCED BUDGET REQUIREMENTS; AND ENACTING
14 HOMER CITY CODE 3.05.047, CAPITAL ASSET REPAIR AND
15 MAINTENANCE ALLOWANCE FUND; 3.05.048, CAPITAL
16 IMPROVEMENT FUND; 3.05.049, GENERAL FUND - FUND
17 BALANCE; AND 3.05.050, PRIORITIZATION OF FUNDING.
18

19 **WHEREAS, Biennial budgeting will provide an opportunity to streamline**
20 **government services through better long range and strategic financial planning, a**
21 **longer perspective on program planning, and consolidation of the effort invested in the**
22 **budget development and approval process, thereby improving services to the citizens of**
23 **Homer; and**
24

25 WHEREAS, It is the intent of the City to budget in a fair and transparent manner and
26 provide adequate oversight by the City Council; and
27

28 WHEREAS, The City Manager is required to prepare and present a budget proposal for
29 the following budget period by the third Friday in October; and
30

31 WHEREAS, It is imperative that the budget process provide the City Council adequate
32 opportunities to fulfill their appropriation and oversight duties; and
33

34 WHEREAS, Establishing funds and fund balance and reserve policies will provide
35 better fiscal accuracy and a more informed budget process; and
36

37 WHEREAS, It is in the best interest of the City to set aside funds for maintenance and
38 repairs to ensure the City is funding the highest city-wide priorities; and
39

40 WHEREAS, The unique location of the City next to the North Pacific Ocean and subject
41 to frequent earthquakes, volcanic eruptions, flooded rivers, and high fire danger, requires

42 that the City maintain an emergency reserve sufficient **fund balance** to carry out its
43 municipal duties at a time of disaster; and.

44
45 ~~WHEREAS, The City Council may supplement, or further delineate designations.~~

46
47 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

48
49 Section 1. Homer City Code 3.05.005 through 3.05.035 of Homer City Code Chapter
50 3.05, Budget are amended to read as follows:

51
52 **3.05.005 Budget assumptions.**
53 **The City of Homer operates on a traditional biennial budget beginning with the two-**
54 **year biennium commencing January 1, 2020. The 2020-21 biennial budget and all**
55 **subsequent budgets shall be prepared, considered and adopted under the provisions of**
56 **this chapter. The budget shall be adopted every second year of a mayoral term.** By the
57 third Friday in September the City Manager shall present to the Council an overview of
58 preliminary budget assumptions for the next fiscal year of the City **a budget period**
59 **containing the next two fiscal years.** These preliminary assumptions will address, by fund,
60 revenue projections, tax and utility rates, program additions or deletions, wages and
61 benefits, or other issues with potential effects upon the City's overall financial condition.

62
63 **3.05.010 Budget submission – Contents.**
64 By the third Friday in October **of a budget year,** the City Manager shall present to the Council
65 a budget proposal for the next **covering each of the next two fiscal years** of the City.

66
67 **3.05.011 City Manager's budget message.**
68 The City Manager's budget message shall explain the budget in fiscal terms and in terms of
69 work programs. It shall contain an outline of the proposed financial policies of the City for the
70 ensuing **two** fiscal years, describe the important features of the budget, indicate any major
71 changes from the current year **prior budget period** and from current financial policies,
72 expenditures, and revenues, together with the reasons for such changes, summarize the
73 City's debt position and include other material as deemed desirable.

74
75 **3.05.012 Complete financial plan.**
76 a. The budget shall provide a complete financial plan of all City funds and activities for
77 the next **two** fiscal years. In organizing the budget, the City Manager shall utilize the most
78 feasible combination of expenditure classification by fund, organizational unit, program,
79 purpose or activity and objective.

80
81 b. The budget shall begin with a clear general summary of its contents, which
82 summary shall show principal sources of anticipated revenue, stating separately the amount

83 to be raised by property taxes, and by department the kinds of expenditures in such a
84 manner as to present to the public a clear and simple estimate of budget detail.

85
86 c. The budget shall show in detail all estimated income, including the proposed
87 property tax levy, but shall exclude State revenue sharing, which will be appropriated when
88 received. The budget also shall show in detail all proposed expenditures, including debt
89 service, for the ensuing ~~fiscal year~~ budget period.

90 d. The budget shall be prepared on a modified accrual basis and subsequent reporting
91 ~~and auditing shall reflect this basis of goods and services are received, and revenues are~~
92 ~~recorded when payment is received; except for material or available revenue which should be~~
93 ~~accrued to reflect properly the taxes levied and the revenues earned~~ **shall recognize**
94 **revenues when they become available and measurable and recognize expenditures**
95 **when liabilities are incurred.**

96
97 e. The budget shall include in separate sections:

98
99 1. Proposed expenditures for each current **fund** operations during the ensuing
100 ~~fiscal year~~ **budget period** detailed by offices, departments and agencies in
101 terms of their respective work programs, and the method of financing such
102 expenditures;

103
104 2. Anticipated net surplus or deficit (fund balance) for the ensuing ~~fiscal year~~
105 **budget period** of each ~~enterprise fund~~ owned or operated by the City and the
106 proposed method of its disposition; subsidiary budgets for each such
107 ~~enterprise fund~~, giving detailed income and expenditures information, shall be
108 presented in the budget;

109
110 3. Proposed capital budget will be presented ~~under as~~ a separate **section**
111 ~~document of the biennial budget. The capital budget shall show capital~~
112 expenditures during the ensuing ~~fiscal year~~ **budget period**, detailed by offices,
113 departments and agencies, when practicable, and the proposed method of
114 financing each such capital expenditure.

115
116 f. Comparative data for the previous and ~~current fiscal years~~ **ensuing budget periods**
117 shall be provided in a format for ease of comparison **of previous** ~~with the proposed revenues~~
118 and expenditures.

119
120 g. ~~Data for the current fiscal year shall include the total of the amounts actually received~~
121 ~~or encumbered to the time of preparing the budget, plus anticipated receipts and~~
122 ~~expenditures for the remainder of the current year.~~

123
124 **3.05.015 Review – Hearing – Adoption – Appropriations.**

125 a. ~~The budget proposal of the City Manager shall be reviewed by the Council and shall~~
126 ~~be available for public inspection in the office of the City Clerk and the budget summary shall~~
127 ~~be posted in three public places and published at least once in one or more newspapers of~~
128 ~~general circulation in the city.~~ **At a Council meeting held not less than 10 days prior to the**
129 **end of the current budget period, the Council shall, by ordinance, appropriate the**
130 **money needed for the ensuing budget period.**

131
132 b. ~~A public hearing on the appropriation ordinance shall be held in accordance with~~
133 ~~provisions for adoption of an ordinance. All interested parties shall be given an opportunity~~
134 ~~to be heard on matters relative to the budget.~~ **The budget proposal of the City Manager**
135 **shall be reviewed by the Council and shall be available for public inspection in the office**
136 **of the City Clerk and posted on the City's website.**

137
138 c. ~~At a Council meeting held not less than 10 days prior to the end of the fiscal year,~~
139 ~~the Council shall, by ordinance make appropriation of the money needed for the following~~
140 ~~year.~~ **A public hearing on the appropriation ordinance shall be held in accordance with**
141 **provisions for adoption of an ordinance. All interested parties shall be given an**
142 **opportunity to be heard on matters relative to the budget.**

143
144 d. A separate appropriation shall be made to each of the various funds of the City.
145 From the effective date of the budget, the amounts stated therein as expenditures shall be
146 and become appropriated to the objects and purposes therein named. The City Council may
147 make supplemental and emergency appropriations, but payment may not be authorized or
148 made and an obligation may not be incurred except in accordance with approved
149 appropriations.

150
151 **e. The City Council shall provide for a midbiennium review, and any modification**
152 **shall occur no sooner than eight (8) months after the start, but no later than the**
153 **conclusion of the first year of the biennium. The City Manager shall prepare a proposed**
154 **budget modification and the City shall provide for publication of notice of hearings**
155 **consistent with publication of notices for adoption of other City ordinances. Such**
156 **proposal shall be submitted to the City Council and shall be a public record and be**
157 **available to the public. A public hearing shall be advertised at least once and shall be**
158 **held no later than the first regular Council meeting in December and may be considered**
159 **from time to time. At such a hearing or thereafter, the Council may consider a proposed**
160 **ordinance to carry out such modifications.**

161
162
163 **3.05.020 Amendments.**

164 The Council may, by ordinance, increase or decrease appropriations during the course of the
165 budget period, and may also amend the budget using the same method used for its initial
166 adoption.

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3.05.025 System of accounts.

All City accounts shall be organized in a manner consistent with the approved budget. ~~For purposes of appropriations under HCC3.05.15, the funds of the City are those established by the Finance Director/Treasurer, recommended by the City Manager and approved by the City Council.~~ **The City Council may supplement or further delineate designations.**

3.05.030 Unencumbered balances of appropriations – Transfers.

a. The necessary accounting records shall be maintained to reflect the unencumbered balances of all appropriations. ~~In determining the unencumbered balances of appropriations, the estimated amounts of commitments for goods or services ordered but not paid for shall be taken into consideration, and t~~ **The Finance Director/Treasurer shall submit to the City Manager City Council a quarterly monthly report of all unencumbered balances reflecting operating activity and anticipated expenditures.**

b. Unencumbered appropriation balances may be transferred from one budget line item to another within the same department by the City Manager at any time. Transfer of appropriations within departments which would permanently amend the approved staffing level or level of service delivery shall require Council approval.

c. At the request of the City Manager, or on its own initiative, the Council may, by resolution, transfer unencumbered appropriation balances from one department to another within the same fund.

~~d. Nothing allowed in this section shall violate the requirements of presenting a balanced budget (HCC3.05.045).~~

3.05.035 Lapse of appropriation at end of fiscal year.

a. Except as provided in this section and in HCC ~~3.05.040 and 3.05.043~~ **3.05.047 – 3.05.049**, appropriations shall lapse at the end of the fiscal year to the extent that they have not been fully expended or fully encumbered. **Any earnings from investment of monies accumulated in a fund shall accrue to the fund.**

b. An appropriation for a capital expenditure shall continue in force until the purpose for which it is made has been accomplished or abandoned; the purpose of such appropriation shall be deemed abandoned if three years pass without disbursement or encumbrance of the appropriation.

Section 2. Homer City Code 3.05.017, Minimum annual transfer for Homer Accelerated Roads and Trails capital accounts is repealed.

208 Section 3. Homer City Code 3.05.040, Equipment replacement reserve fund, is
209 repealed.

210
211 Section 4. Homer City Code 3.05.042, Alternative funding for depreciation, is repealed.

212
213 Section 5. Homer City Code 3.05.043, Health insurance reserve fund, is repealed.

214
215 Section 5 **6**. Homer City Code 3.05.045, Balanced budget requirements, is amended to
216 read as follows:

217
218 **3.05.045 Balanced budget requirements.**

219 ~~The budget which is adopted shall be balanced considering all sources of funds.~~

220
221 ~~a. Any action to reconsider, rescind or veto the budget which creates an “imbalance” shall be~~
222 ~~in violation of this section.~~

223
224 **Projected expenditures shall not exceed projected revenues in the operating budget.**

225 ~~b.~~ Any action to reconsider, rescind, or veto the budget which would affect a balanced budget
226 must be accompanied by action which maintains a balanced budget.

227
228 Section 6 **7**. Homer City Code 3.05.047, Capital asset repair and maintenance account,
229 is enacted to read as follows:

230 **3.05.047 Capital Asset Repair and Maintenance Allowance Fund.**

231 **a. There is established in the general fund a Capital Asset Repair and**
232 **Maintenance Allowance Fund (CARMA). The amount of the fund shall be established by**
233 **City Council in the biennial budget based on the projected maintenance and repair**
234 **needs of the City.**

235
236 **b. Purpose. Capital asset management is essential to extending the life and use of**
237 **taxpayer funded assets, facilities and infrastructure.**

238
239 **c. Funds in the Capital Asset Repair and Maintenance Allowance Fund shall be**
240 **available for appropriation and expenditure for equipment replacement, fleet**
241 **replacement, engineering, or planning services, major maintenance of city facilities, or**
242 **any other purpose as identified and recommended by the City Manager and authorized**
243 **by the City Council.**

244

245 Section 7 8. Homer City Code 3.05.048, Capital improvement fund, is enacted to read
246 as follows:

247

248 **3.05.048 Capital Improvement Fund**

249 **a. There is established a Capital Improvement Fund (CIF). The fund shall be**
250 **comprised of various Council appropriations for capital projects, acquisitions or**
251 **initiatives as identified and authorized by the City Council which shall not be limited to**
252 **only the current budget period.**

253

254 Section 8 9. Homer City Code 3.05.049, General fund – Fund balance, is enacted to
255 read as follows:

256

257 **3.05.049. General Fund – Fund Balance.**

258 **a. Purpose. General Fund – The fund balance of the general fund represents the**
259 **net assets of the general fund and serves as a measure of financial resources.**

260

261 **b. There is established within the fund balance of the general fund an amount**
262 **equal to six months revenue for the current fiscal year that is restricted to emergency**
263 **use only. Emergency restricted fund balance shall only be spent to help the City of**
264 **Homer provide quick response to weather economic uncertainty and unexpected**
265 **situations such as natural disasters so as to avoid the need for short-term borrowing.**

266

267 **c. Unassigned fund balance shall be available for appropriation by City**
268 **Council**

269

270 **b. Any General Fund budget surplus at the end of a fiscal year will lapse into the**
271 **General Fund – Fund Balance.**

272

273 Section 9 10. Homer City Code 3.05.050, Priority of funding, is enacted to read as
274 follows:

275

276 **3.05.050 Priority of Funding**

277 **Within the General Fund during the biennial budget process available revenue will be**
278 **budgeted in the following priority order in order to meet the financial obligations of the**
279 **City of Homer:**

280

i. Operating budget

281

ii. General Fund – Fund Balance Restricted

282

iii. Capital Asset Repair and Maintenance Allowance Fund

283

iv. General Fund – Fund Balance Unrestricted

284

285

286 Section ~~10~~ 11. Section 1 of this ordinance shall take effect immediately

287
288 Section ~~11~~ **12**. Sections 2-9 shall take effect January 1, 2020.

289
290 Section ~~12~~ **13**. This ordinance is of a permanent and general character and shall be
291 included in Homer City Code.

292
293 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this ___ day of _____,
294 2019.

295
296 CITY OF HOMER

297
298 _____
299 KEN CASTNER, MAYOR

300 ATTEST:

301
302 _____
303 MELISSA JACOBSEN, MMC, CITY CLERK

304
305 YES:

306 NO:

307 ABSTAIN:

308 ABSENT:

309
310 First Reading:

311 Public Hearing:

312 Second Reading:

313 Effective Date:

314
315 Reviewed and approved as to form.

316
317 _____
318 Katie Koester, City Manager

316
317 _____
318 Holly C. Wells, City Attorney

Policy Discussion Point #1 General Fund – Fund Balance Emergency Fund Component

The General Fund – Fund Balance has three components:

1. An emergency fund component
2. A funds in transition component
3. A small component to cover the day-to-day obligations

The Emergency Fund component is targeted to equal 50% of the budgeted GF *income*. (2018 GF income = \$12,247,111. \$2018 expenditures = \$11,243,492.)

Consideration was given to break this component out of the GF-Fund Balance, but it seems advisable that there should be continuity to past financial statements.

Policy Decisions:

- How large a fund should be maintained?
- Does it get adjusted annually?
- How is the fund tapped?
 - As a revenue replacement?
 - As an additional source for expenditure?
 - Limitations and reimbursable expenditures?
- How much of the fund should be made available for any single event?

Policy Discussion Point #2 General Fund – Fund Balance Funds in Transition Component

The General Fund – Fund Balance has three components:

1. An emergency fund component
2. A funds in transition component
3. A small component to cover the day-to-day obligations

The Funds in Transition component contains money that is available to the Council for appropriation. Appropriations (expenditures) include: budgetary shortfalls, capital improvement projects, unanticipated obligations, and any other funding needs the Council may determine that fall outside of the budgetary process. The revenue for this component is derived from GF budget surpluses, prior year income in excess of projected (budgeted) income, and prior year savings of budgeted expenses.

Policy Decisions:

- Since these funds are entirely available to be appropriated at the will of the Council, it would seem the funds are of a transitory nature – funds that are destined to either end up in a capital project account or included in some other “funds available” project. However this is parsed, this money needs to be clearly identified, enumerated and reported.
- At what point can lapsed income in excess of budgeted amount be appropriated?
- At what point can lapsed expenses in deficit of budgeted amount be appropriated? (Following the audit?)
- Is there a priority of funding decisions?
- Should the fund be annually depleted?

Policy Discussion Point #3 General Fund – Fund Balance Cash on Hand Component

The General Fund – Fund Balance has three components:

1. An emergency fund component
2. A funds in transition component
3. A small component to cover the day-to-day obligations

A Cash on Hand component might contains money that is available to cover the day-to-day checking and credit accounts obligations. However it has not proved necessary to tap these funds as fiscal management and liquidity measures are in place that meet the needs of meeting GF and other Funds obligations. It is included as a topic only because of Council' concerns.

Policy Decisions:

- Given the liquidity and fungibility of the City's cash positions, is there a necessity to reserve a portion of this fund for ordinary budgeted expenses?

Policy Discussion Point #4
CARMA Fund
Capital Asset Repairs and Maintenance Allowances
(Replaces Depreciation Reserve Funds 152 and 156)

The CARMA Fund will provide a better dedicated platform for annual expenditures that cover the wear, tear and depreciated value of the City's equipment. The fund should be large enough to do advanced planning and scheduling, and receive annual fund injections to maintain a minimum balance.

For discussion purposes, the average annual expenditure from GF-Fleet (152) has been ~\$250,000 and GF-Reserves (156) has been ~\$350,000. As a starting point, and given there is a list of "deferred" maintenance items, a fund of between \$1,200,000 (two years of "normal" funding) and \$2,400,000 (accelerated funding) would seem prudent. The two funds, at the close of 2018, held \$2,988,184.

Policy Decisions:

- Does the City need to supplement its workforce to move into a better planning and budgeting program – especially when it comes to depreciable assets?
- What differentiates the purpose of this fund (for maintenance and scheduled replacements) and the Capital Improvements Fund? (See Discussion Point #5 concerning multiple appropriations for more expensive equipment purchases.)
- Over the course of time can the fund balance become more finely tuned as better schedules of maintenance and replacement are developed?
- Is the Council comfortable in allowing Management to allocate these funds amongst the departments? OR
- Should the Council, as part of its budget reviews, approve the City's schedule of replacements?

Depreciation Reserves Analysis

GF - Fleet (152)	Transfers in	Expenditures	Revenue	Balance
12/31/2006				813,619
12/31/2007	426,680	549,456	20,477	711,320
12/31/2008	556,221	515,123	14,163	766,582
12/31/2009	80,000	95,594	5,780	756,768
12/31/2010	30,000	103,545	941	684,164
12/31/2011	30,000	194,797	4,877	524,244
12/31/2012	246,420	-	2,599	773,263
12/31/2013	82,140	285,459	7,537	577,481
12/31/2014	-	46,661	18,343	549,163
12/31/2015	-	53,884	2,992	498,272
12/31/2016	307,000	310,028	6,264	501,508
12/31/2017	305,500	274,109	2,501	535,400
*11/30/2018	600,000	269,012	4,990	871,378
*12/31/2019	304,421			1,175,799

PH - Fleet (452)	Transfers in	Expenditures	Revenue	Balance
12/31/2006				-
12/31/2007				-
12/31/2008				-
12/31/2009				-
12/31/2010	103,545	34,749	-	68,796
12/31/2011	30,000	30,163	-	68,634
12/31/2012	30,000	11,440	-	87,194
12/31/2013	30,000	26,999	-	90,195
12/31/2014	30,000	17,303	-	102,892
12/31/2015	30,000	2,157	-	130,735
12/31/2016	30,000	39,521	-	121,214
12/31/2017	30,000	-	-	151,214
*11/30/2018	30,000	18,611	-	162,603
*12/31/2019	30,000			192,603

GF - Reserves (156)	Transfers in	Expenditures	Revenue	Balance
12/31/2006				610,600
12/31/2007	1,181,313	982,635	32,644	841,922
12/31/2008	1,237,134	234,262	119,310	1,964,105
12/31/2009	179,425	406,184	16,253	1,753,598
12/31/2010	31,015	397,434	3,553	1,390,733
12/31/2011	303,004	329,318	10,568	1,374,987
12/31/2012	740,713	438,174	6,817	1,684,343
12/31/2013	20,000	442,962	118,394	1,379,775
12/31/2014	45,000	156,877	9,977	1,277,875
12/31/2015	28,051	451,628	8,960	863,258
12/31/2016	436,731	155,835	7,874	1,152,028
12/31/2017	590,243	172,252	14,518	1,584,538
*11/30/2018	544,033	34,180	22,415	2,116,806
*12/31/2019	422,000	80,912		2,457,894

PH Reserves (456)	Transfers in	Expenditures	Revenue	Balance
12/31/2006				-
12/31/2007	1,296,772	220,380	32,317	1,108,709
12/31/2008	384,530	294,515	20,541	1,219,264
12/31/2009	324,530	171,008	11,050	1,383,836
12/31/2010	324,530	91,302	35,752	1,652,816
12/31/2011	500,000	360,757	-	1,792,059
12/31/2012	954,252	662,787	-	2,083,525
12/31/2013	1,156,593	651,344	-	2,588,774
12/31/2014	2,295,938	3,600,411	-	1,284,301
12/31/2015	3,551,500	1,916,913	-	2,918,888
12/31/2016	870,188	147,911	-	3,352,765
12/31/2017	852,763	22,834	4,000	3,896,745
*11/30/2018	798,420	267,148	190	3,896,745
*12/31/2019	586,875	20,727		3,896,745

W/S Reserves (256)	Transfers in	Expenditures	Revenue	Balance
12/31/2006				-
12/31/2007	4,249,069	101,324	82,161	4,229,906
12/31/2008	230,000	446,297	73,023	4,086,632
12/31/2009	224,115	270,266	29,271	4,069,753
12/31/2010	500,000	324,245	4,035	4,249,543
12/31/2011	500,000	411,905	-	4,337,639
12/31/2012	213,181	255,372	10,900	4,306,348
12/31/2013	300,000	623,850	-	3,982,499
12/31/2014	213,184	115,352	-	4,080,331
12/31/2015	233,484	201,665	-	4,112,150
12/31/2016	452,114	117,689	-	4,446,576
12/31/2017	599,966	169,310	-	4,877,232
*11/30/2018	590,241	644,104	-	4,823,368
*12/31/2019	279,258	19,268		5,083,358

*11/30/18 Transfers in, expenditures, revenue as of 11/30/18
 *12/31/19 Budgeted transfers in and expenditures (draft 2019 budget)

Policy Discussion Point #5 Capital Improvements Fund

The Capital Improvements Fund is comprised of various project accounts that are waiting for additional funding from:

1. Subsequent Council appropriation; and/or
2. Grants; and/or
3. Proceeds from a loan; and/or
4. Proceeds from a bond; and/or
5. Any other source of project funding.

These projects would be representative of the larger capital expenditures the City might take on outside of HART, HAWSP and Port projects.

The Council might decide to establish project accounts within this fund to make major equipment purchases.

Policy Decisions:

- The draft ordinance reflects current policy of “sun setting” a project after three years. Is this something to be kept in the ordinance? IF NOT:
- How often should the City Council revisit the purposes of the projects and the likelihood of fulfilling the funding requirement for acquisition or construction?
- Should there be some consideration of some continuing contributions in determining viability?
- Should there be a priority of funding fulfillments that keep a project going?
 - The promise of a matching grant?
 - The availability of a low interest loan?
 - Support from the issuance of a municipal bond?
 - Proceeds from a dedicated tax?
 - The willingness of the Council to make annual appropriations?
 - The likelihood of cost sharing through partnership?
- How will this fund interact with the City’s Capital Improvement Projects list??

Policy Discussion Point #6

Funding Growth and Maintaining Infrastructure

The Homer City Council has tackled the problem of the necessity for identifying the source of revenue that will support new employees, growing costs of doing business, and maintaining and replacing the City's equipment, buildings and infrastructure.

In the case of the new police station, the citizen's approved a 5 basis point addition to the sales tax structure. It might be argued that the expansive growth of income derived from the property and sale tax regimes will mirror spending growth. This requires some thoughtful evaluation which might follow the 2018 audit.

Re-examination will also be required given the current political shifting of costs from the state and borough governments to the cities.

Policy Decisions:

- Sustainability: Who pays? How are things paid for?
- Are the audited statements, in their current form, helpful to the Council in understanding the City's cost centers?



City of Homer

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Memorandum 19-097

TO: Mayor Castner and Homer City Council
FROM: Katie Koester, City Manager
DATE: August 7, 2019
SUBJECT: Staff responses to questions on Ordinance 19-35

The purpose of this memo is to answer questions that Councilmembers asked since the introduction of Ordinance 19-35.

1. The Finance Director stated at introduction that we would no longer be able to track spending by project and would like to learn more about that (I know I'm oversimplifying). Is there a way we can establish our new reserve funds and also be able to track projects?

Finance Director Walton's statement was in reference to consolidating the General Fund Depreciation Reserve fund (156). Currently, we have a "bucket" assigned with specific purposes (typically by department). If we restructured the reserve fund into the CARMA fund and eliminated these "buckets" it would be much more difficult for us to keep track of expenditures. To help explain, let's use the City Hall Roof repair/replacement project. Currently, there is a "bucket" assigned for City Hall (156-0384) and all invoices associated with this project would get assigned here. If we chose to consolidate and eliminate those "buckets", we would simply code all invoices to the CARMA fund (156) and they would be mixed in with all other invoices that impact that fund. So, we would lose the quick ability to give current balances on reserve projects. The only solution I can see to combat this is to create a spreadsheet that a staff member would have to manually update every time an invoice processes through (this would be in addition to the data entry that is necessary to actually pay the vendor). Part of the challenge is in the way our chart of accounts is structured and how that interfaces with the software. If Council decides to consolidate the funds we will explore purchasing an expanded package through Caselle and the cost of associated staff training.

I will point out, Ordinance 19-35 does not dictate the consolidation of funds; you could still maintain CARMA as structured in the ordinance and have individual reserve accounts. (For example, existing code just establishes depreciation reserves, we have designated reserve and fleet reserve accounts under that authority).

2. Chapter 3.05.012 Compete financial plan, b (lines 76-77). I know this is currently in code. Property taxes are specifically called out in this paragraph. I'm curious why property taxes only are called out. Wouldn't we want to separately account for all revenue sources?

I do not have the background on why property taxes is separated, but it is likely because this is the most politically sensitive revenue source. The section states "The budget shall begin with a clear

general summary of its contents, which summary shall show principal sources of anticipated revenue, stating separately the amount to be raised by property taxes...” The language already requires principal revenue sources of revenue to be enumerated. Nevertheless, sales tax has become a critical component of our revenue, Council may want to consider calling out sales tax in addition to property tax since sales tax and property tax combined accounts for over 75% of general fund revenue.

3a. Ordinance Section 4 would repeal Chapter 3.05.043 Health insurance reserve fund. You and I have discussed this fund in the past and the fact that the council likely removed too much money from this fund to allocate funds to the police station. Is it wise to repeal this fund? Where would we maintain reserves for health insurance if this fund is repealed?

The answer to this question depends on how Council wants the fund to operate and the policy question of whether or not the city should be setting aside reserves specifically for health insurance expenses. After Council transferred funds from there to the police station project, we now budget that fund to zero every year.

The 2019 budget uses the health insurance reserve fund as a mechanism to pay health insurance; we deposit \$1,410 per employee per month there at the beginning of the year and make all health insurance payments from that fund. Finance has checked with the auditors and believes that we could still remove this section of code and keep the Health Insurance Reserve Fund for that purpose. Under Ordinance 19-35 any accumulated funds would lapse at the end of the year. If Council wants a fund to set aside reserves for health insurance, I would recommend not deleting this section and adding a purpose section to existing code to provide clarity.

3b. Background on this section and its use?

The fund was created while the City of Homer was still self-insured. Council allowed funds to accrue in the fund to act as a buffer against the rising costs of health insurance. This helped insulate the operating budget from steep increases.

If we repealed this section but maintained the fund as a cost center, we would still be required to have it in a separate section in our financial statements.

4. How does a repeal of 3.05.042, Alternative funding for depreciation, impact 18.04.010, Disposition of Foreclosed Properties?

There have been no instances of the City selling foreclosed property as an alternate funding source for depreciation since the ordinance was adopted. If Council repeals 18.04.010 and foreclosed property were to be sold, the authorizing ordinance would specify where the funds would go. As written, I would interpret 18.01.010 to direct funds from the sale of foreclosed properties to CARMA as the replacement fund for depreciation expenses. Council may want to consider clarifying this intent with a code change.

5. The CARMA fund and the Capital Improvement fund both contain language about equipment replacement (see lines 173 and 184). Is this intentional or a mistake? Should equipment replacement be in CARMA since we are talking about replacement? If it is intentional to include equipment replacement in both funds, should we better define what we mean by equipment replacement in each case? I'm presuming we wouldn't save money for the same equipment in each fund.

Mayor Castner is preparing additional policy guidance regarding CARMA and the Capital Improvement Fund for council consideration. The substitute removes the reference to equipment in the Capital Improvement Fund.

6. Ordinance Section 9 adding Chapter 3.05.050 Priority of funding, does not include all the funds established (see lines 209-212). Allocation to the Capital Improvement fund is missing. If this was intentional, I believe there still needs to be something in code that states how moneys will be allocated to fund.

The Capital Improvement Fund acts much like a project fund where Council can put aside funds for specific projects. For example, the police station project would live in this fund. The funding of these projects is by Council, lines 185-186 “Monies in the Capital Improvement Fund shall be designated for major capital projects or initiatives, as identified and authorized by City Council.” This same language is retained in the substitute but consolidated into subsection a.

6a. Lines 193-198 These two categories, restricted and unrestricted, are not “purposes” of the fund balance as indicated in lines 193-194. What is our current restricted fund balance? In our budget document, the fund balance recommendation of six months operating is to fund the operations of the City.

Under proposed Ordinance 19-35, for 2019 \$6,125,181 of the draft 2018 audit general fund fund balance would be restricted to emergency expenditures only leaving just over \$300,000 as unassigned and available for appropriation.

Per our statements found in the annual audit, there are four classifications of spendable fund balance: restricted, committed, assigned, and unassigned. Unaudited draft 2018 fund balances are included below.

- **Restricted fund balance** – Reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
 - Examples: HART fund balance and seawall
 - Restricted fund balance: \$7,501,802 government wide
- **Committed fund balance** – These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council-the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use through ordinance. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
 - Examples: Police Station construction fund balance
 - Committed fund balance: \$956,541 excluding bond revenue
- **Assigned fund balance** – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
 - Examples: Water and sewer fund, depreciation reserves (156), fleet reserves (152), donation funds, and energy revolving loan fund.

- Assigned fund balance: \$8,436,860
- **Unassigned fund balance** – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.
 - Unassigned general fund balance: \$6,425,584

When both restricted and unrestricted resources are available for use, it is the City’s policy to use externally restricted resources first, then unrestricted resources-committed, assigned, and unassigned-in order as needed.

6b. If this new designation is intended for emergencies only, is it available for cash flow purposes?

The City operates under a central treasury, which means in practice all dollars are comingled; some are invested according to our investment policy, others are held in a liquid account with Alaska Municipal League Investment Pool (AMLIP) and Wells Fargo carries a cash balance. The movements of funds between Wells Fargo and AMLIP is fairly liquid. For accounting purposes we track and keep the funds and accounts separate.

6c. How does the City Council access those funds – what are the sideboards that constitute meeting the restriction imposed in this language?

By Ordinance in accordance with the rules established by Council. Ordinance 19-35 provides the following guidance on lines 195-198 “Restricted fund balance shall not fall below six months operating revenue and is intended to help the City of Homer provide quick response to weather economic uncertainty and unexpected situations such as natural disasters so as to avoid the need for short term borrowing.” This is reworded in the substitute for clarity, but the intent remains the same. Mayor Castner is developing further policy guidelines on how these funds can be accessed for Council consideration.

It is worth noting that because the restriction is imposed by Council and not an external constraint, such as by the voters or a funding agency, Council can exempt themselves from this section of code and spend the fund balance for any purpose, much like was done when the Permanent Fund was used to fund the police station.

7. Under the proposed code, will unexpended and unencumbered appropriations from CARMA and CIF funds lapse back into their respective reserve accounts?

No. Ordinance 19-35 gets rid of reserve accounts as we know them currently and replaces it with CARMA and CIF. Per section 3.05.035, funds in CARMA, Capital Improvement Fund, and general fund fund balance do not lapse at end of year. That section of code does provide some language for when projects fizzle out (lines 144-147) “An appropriation for a capital expenditure shall continue in force until the purpose for which it is made has been accomplished or abandoned; the purpose of such appropriation shall be deemed abandoned if three years pass without disbursement or encumbrance of the appropriation.” This is current code.

Enc:

Ordinance 05-11(S)

Ordinance 94-05

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**CITY OF HOMER
HOMER, ALASKA**

WYTHE

ORDINANCE 05-11(S)

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA AMENDING HOMER CITY CODE TITLE 18 TO ENACT A NEW CHAPTER 18.04, DISPOSITION OF FORECLOSED PROPERTIES AND AMENDING HOMER CITY CODE CHAPTER 3.05 TO ADD A NEW SECTION 3.05.042, ALTERNATIVE FUNDING OF DEPRECIATION.

WHEREAS, The City of Homer periodically receives ownership of properties due to delinquent property tax payments; and

WHEREAS, The intended purpose of the properties being transferred to the City is the recapture of revenues lost due to the uncollected property taxes; and

WHEREAS, Additional revenue sources are needed to correct the under funding for depreciable assets and future expansion projects.

NOW THEREFORE, the City of Homer Ordains:

Section 1. The Homer City Code is hereby amended by enacting a new Chapter 18.04, entitled Disposition of Foreclosed Properties, to read as follows:

18.04.010. Disposition of Foreclosed Properties. There is established the Alternative Funding of Depreciation. The Alternative Funding of Depreciation will consist of the City real property classified by the City Council for sale according to this chapter.

18.04.020 Transfer of Funds for Foreclosed Properties Classified for Public Purpose or Undesignated. Any such property that the City Council classifies, pursuant to HCC §18.04.042 shall be purchased by the transfer of funds from the General Fund or the General Fund - Fund Balance *18.06.042* **to the depreciation fund** in the amount equal to fair market value of the property.

18.04.030 Proceeds Derived from the Sale of Foreclosed Properties. All real property received through foreclosure proceedings and designated for resale shall be sold pursuant to the provisions of HCC Chapter 18.12 and all proceeds, after satisfying delinquent taxes, assessments and/or City costs, shall be allocated to the funding of depreciation.

Section 2. The Homer City Code Chapter 3.05 is hereby amended by enacting a new section 3.05.042 Alternative Funding for Depreciation to read as follows:

3.05.042 Alternative Funding for Depreciation. a. There is established in the General Fund of the City an Alternate Funding for Depreciation.

47 Page Two
48 Ordinance 05-11(S)
49 City of Homer

51 Section 2. This ordinance is of a permanent and general character and shall be included in the
52 Homer City Code.

55 PASSED AND ENACTED by the Homer City Council this 29th day of March, 2005.



CITY OF HOMER

James C. Hornaday
JAMES C. HORNADAY, MAYOR

64 ATTEST

Mary L. Calhoun
MARY L. CALHOUN, CMC, CITY CLERK

69 Introduction: 02/28/05
70 Public Hearing: 03/14/05
71 Second Reading: 03/29/05
72 Effective Date: 03/30/05

74 Ayes: 6
75 Noes: 0
76 Abstain: 0
77 Absent: 0

79 Reviewed and approved as to form and content:

Walt Wrede
Walt Wrede, City Manager

Gordon Tans
Gordon Tans, City Attorney

86 Date: 3/31/05

Date: 4 April 2005

88 Fiscal Note: Establishing an Alternative Funding for Depreciation.

CITY OF HOMER
HOMER, ALASKA

ORDINANCE 94-5

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HOMER AMENDING CHAPTER 3.05 OF THE CITY CODE BY ADDING SECTION 3.05.043, HEALTH INSURANCE RESERVE FUND, AND AMENDING SECTION 3.05.035.

WHEREAS, the rising costs of health insurance is of great concern to the City of Homer; and

WHEREAS, establishing a reserve account for future health insurance premium increases for deposit of claim rebate funds is of benefit to both the City and the city's employees;

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. Homer City Code Chapter 3.05 is hereby amended by adding Section 3.05.043 to read as follows:

3.05.043 Health Insurance Reserve Fund.

A. There is established in the general fund of the City a health insurance reserve fund. All health insurance claim rebates received shall be appropriated to and deposited in the health insurance reserve fund. The City Council may appropriate additional sums to the fund.

B. Any earnings from investment of monies accumulated in the health insurance reserve fund shall accrue to the health insurance reserve fund.

C. At the year end, all unexpended and unencumbered appropriations from the health insurance reserve fund shall be lapsed into that reserve fund.

D. Monies in the health insurance reserve fund shall be available for appropriation and expenditures for health insurance premium increases as recommended by the City Manager and authorized by the City Council.

Section 2. Homer City Code Section 3.05.035, subsection a, is hereby amended to read as follows:

A. Except as provided in this section and in section subsection 3.05.040 and 3.05.043 of this code, appropriations shall lapse at the end of the fiscal year to the extent that they have not been fully expanded or fully encumbered.

Section 3. This ordinance is of a permanent and general character and shall be included in the City Code.

ENACTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this 11th day of April, 1994.

CITY OF HOMER



Harry E. Gregoire, Mayor

ATTEST:

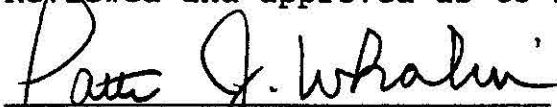


Mary L. Calhoun, City Clerk

Ayes: 5
Noes: 0
Abstain: 0
Absent: 1

First Reading: 3-14-94
Public Hearing: 3-29-94
Second Reading: 4-11-94
Effective Date: 4-12-94

Reviewed and approved as to form and content:



Patti J. Whalin
Interim City Manager

Gordon J. Tans
City Attorney

Requests for more information:

- A memo that highlights substantive code changes
- Proposed additional policies needed from Council & ideal timeline
- Previous documents provided to Council (presentation, CM paper)
- City's annual cashflow
- Current general fund designations (restricted, unrestricted)

None of the WHEREAS clauses speak to the shift to a biennial budget. Propose adding a clause. Suggestion, amended from the City of Anacortes: "WHEREAS, biennial budgeting will provide an opportunity to streamline government services through better long range and strategic financial planning, a longer perspective on program planning, and consolidation of the effort invested in the budget development and approval process, thereby improving services to the citizens of Homer"

Line 37: Consider amending to read: "requires that the City maintain sufficient fund balance to carry out its municipal duties at a time of disaster"

Line 40: Council sets all Code & policy for the City. What is the purpose of this Whereas clause?

Lines 48-49: Amend to read: "The City of Homer operates on a traditional biennial budget, beginning with the two-year biennium commencing January 1, 2020. The 2020-21 biennial budget and all subsequent budgets shall be prepared, considered and adopted under the provisions of this chapter."

Line 56: Should this clarify that this occurs every other year? "By the third Friday in October of a budget year, ..."

Lines 124-125: Current code reads that reports go to the CM and they are monthly. Is this referring to the financial reports that we receive, similar to at the last meeting? Is there anticipated quarterly Council action?

HCC 3.05.017: Should it be noted clearly that this section is repealed, similar to health insurance reserve fund?

Mid-biennial review & modification? In moving to a biennial budget, it seems as though it would augment the importance of the mid-year/mid-biennial review process. Also modified from Anacortes: "the City Council shall provide for a midbiennium review, and any modification shall occur no sooner than eight (8) months after the start, but no later than the conclusion of the first year of the biennium. The City Manager shall prepare a proposed budget modification and the City shall provide for publication of notice of hearings consistent with publication of notices for adoption of other City ordinances. Such proposal shall be submitted to the City Council and shall be a public record and be available to the public. A public hearing shall be advertised at least once and shall be held no later than the first regular Council meeting in December and may be considered from time to time. At such a hearing or thereafter, the Council may consider a proposed ordinance to carry out such modifications.

3.05.042 Repealed. Background on this section and its use? How does a repeal impact 18.04.010?

PHCC 3.05.047 CARMA Fund This would ostensibly replace our current reserve fund(s) – under HCC 3.05.040 Equipment replacement reserve fund? If we are truly going to set some better guiding policy on reserve funding, change (a) to reflect where that policy will be found.

Lines 170-171: Reword – "The purpose of the CARMA fund is to provide for adequate funds for capital asset management that is essential to extending the life and use of ..."

Lines 172-175 & Lines 183-184: The distinction between CARMA fund and CI fund is unclear to me. Line 173 states that CARMA fund can be used for equipment & fleet replacement. Line 184 states the CI fund can be used for new infrastructure or equipment replacement. Need further clarification on the differences between these funds.

Line 180: Amend to read: "There is established in the general fund a Capital Improvement Fund (CIF)."

Line 183: Strike the first "Purpose." See above question re: clarification of CARMA vs CIF

Line 185: How is this subsection different from (a)? Somewhere should be mentioned the CIP. Suggest: "b. The purpose of the Capital Improvement Fund is to help fund major capital projects identified in the approved Capital Improvement Plan for the City of Homer."

CARMA Fund: This is likely a conversation for the further policy work ahead, but it does seem important to maintain the different reserve pots under this one fund (i.e. fire fleet). As Finance stated, they will need to track those individual projects regardless and it will be more transparent and less duplicative if it's maintained in our budget document.

Under the proposed code, will unexpended and unencumbered appropriations from CARMA and CI funds lapse back into their respective reserve accounts? (I think they should..)

Line 192. Amend to read "The fund balance of the general fund represents the net assets of the general fund and serves as a measure of financial resources."

Lines 193-198 These two categories, restricted and unrestricted, are not "purposes" of the fund balance as indicated in lines 193-194. What is our current restricted fund balance? In our budget document, the fund balance recommendation of six months operating is to fund the operations of the City. If this new designation is intended for emergencies only, is it available for cash flow purposes? How does the City Council access those funds – what are the sideboards that constitute meeting the restriction imposed in this language?

Line 199 ALL funds of the City are available for appropriation by City Council, and only by Council. I'm not sure what this is supposed to mean? What is our current unrestricted fund balance?

Line 201-202 The fund balance is a statement of the City's position in time, correct? So any surplus or deficit would come out of/be credited to the unrestricted fund balance of the City? Just a point of clarification.

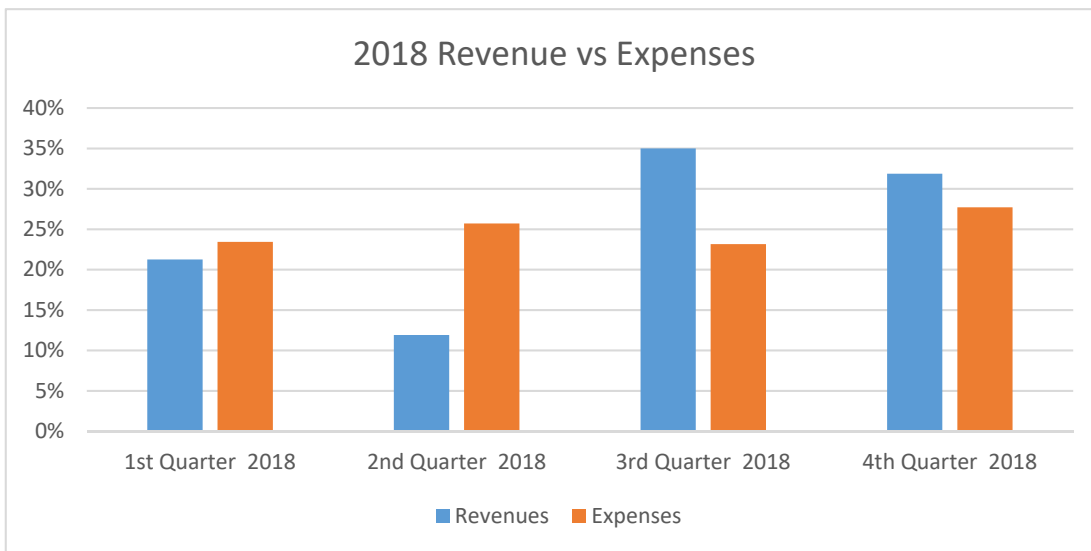
Lines 206-212 How/why would the City Manager ever present the Council with a budget that had projected revenue budgeted into the unrestricted fund balance, as defined on line 199? Why isn't the Capital Improvement Fund included on this list?

2018 City of Homer
Cash Flow Analysis
Prepared August 7, 2019

	GF Expenses			
	1st Quarter 2018 Actual	2nd Quarter 2018 Actual	3rd Quarter 2018 Actual	4th Quarter 2018 Actual
ADMIN	218,506 21.33%	287,035 30.03%	206,229 21.58%	312,728 32.72%
CLERKS	98,114 14.53%	177,795 26.34%	153,591 22.75%	245,602 36.38%
PLANNING	82,122 23.04%	92,760 26.02%	80,460 22.57%	101,154 28.37%
LIBRARY	197,243 23.15%	220,780 25.91%	204,364 23.98%	229,811 26.97%
FINANCE	139,699 21.75%	168,767 26.28%	150,708 23.46%	183,129 28.51%
FIRE	219,626 23.28%	237,533 25.18%	218,320 23.14%	268,040 28.41%
POLICE	750,428 23.44%	800,561 25.01%	783,855 24.49%	866,006 27.06%
PUBLIC WORKS	470,418 19.39%	666,745 27.49%	609,105 25.11%	679,551 28.01%
AIRPORT	70,951 35.48%	39,962 19.98%	39,827 19.91%	49,259 24.63%
CITY HALL, HERC	36,249 23.62%	40,015 26.08%	36,972 24.09%	40,213 26.21%
NON-DEPT	69,000 73.40%	25,000 26.60%	- 0.00%	- 0.00%
LEAVE CASH OUT	161,373 100.00%	- 0.00%	- 0.00%	- 0.00%
XFER TO RESERVES	1,540,055 100.25%	- 0.00%	- 0.00%	(3,800) -0.25%
TOTAL	4,053,784	2,756,954	2,483,429	2,971,692
			less xfer to reserves	
	23.44%	25.70%	23.15%	27.71%

2018 City of Homer
Cash Flow Analysis
Prepared August 7, 2019

CASH FLOWS	GF Income			
	1st Quarter 2018 Actual	2nd Quarter 2018 Actual	3rd Quarter 2018 Actual	4th Quarter 2018 Actual
PROPERTY TAX	67,596 1.93%	43,559 1.25%	1,739,464 49.79%	1,643,093 47.03%
SALES TAX	1,155,608 17.88%	1,050,686 16.26%	2,318,982 35.88%	1,938,016 29.98%
OTHER INCOME	1,486,300 53.16%	423,656 15.15%	404,420 14.46%	481,565 17.22%
Total Quarter	2,709,504	1,517,901	4,462,866	4,062,674
	21.25%	11.90%	34.99%	31.86%



Note: Prepared by Mayor Castner with data from Finance Department.



City of Homer

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Memorandum

TO: Mayor Castner and Homer City Council
FROM: Katie Koester, City Manager
DATE: June 5, 2019
SUBJECT: Fund Balance and Reserve Balance Policy Recommendations

The purpose of this memo is to summarize the research and analysis that went into the recommendation that the City of Homer develop a general fund fund balance and reserve balance policy. The memo tries to call out major policy changes and considerations, best practices and recommendations and decision points so Council can consider each touchpoint.

FUND BALANCE

According to the Municipal Research and Services Center (MSRC), fund balance is a term used to describe the difference between a fund's assets and liabilities and describes the net position of local government funds (MRSC.org, 2019).

Keeping a healthy fund balance is important to provide a government with cash flow and options to respond to emergencies and better withstand unexpected issues (earthquake, tsunami, essential infrastructure failure, revenue volatility) that pose significant threat to public health, safety, life, property or economic activity. Nevertheless, it is important to realize that that fund balance is constituent tax money and should not accumulate in excess.

Fund Balance Policy Considerations

Appropriate Level. It is important to note that the City of Homer GF fund balance is a snapshot in time and fluctuates with cash flow, expenditures and revenue. Homer City Code 3.05.035 dictates that appropriations shall lapse at the end of the fiscal year to the extent they have not been fully expended or encumbered (HCC online) but remains silent on a target or a goal funding amount for fund balance.

Sizing the fund balance requires estimating highly uncertain events. Government Finance Officers Association (GFOA) recommends performing a risk analysis and thorough financial assessment following a "*Triple-A*" Risk-Based Approach to determine how much to keep in reserves:

- *Accept* that we are subject to uncertainty, including events that we haven't even imagined.
- *Assess* the potential impact of the uncertainty. Historical references provide useful baselines.

•*Augment.* The range of uncertainty we really face will almost always be greater than we assess it to be, so we should augment that range. Historical reference cases provide a baseline, but that baseline may not be adequate to account for all realistic future possibilities.

(https://www.gfoa.org/sites/default/files/GFR_OCT_12_10.pdf)

GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. Risk analysis then informs how far above the minimum a municipality should maintain its general fund reserve.

<https://gfoa.org/fund-balance-guidelines-general-fund>. In literature review, GFOA has recommended GF fund balance levels ranging from 2 to 6 months operating budget. Some municipalities had targets as low as 10% of operating budget.

The proposed policy recommends City of Homer maintain 50% (or 6 months' worth) of operating budget in fund balance. This is a conservative number given a variety of risk factors: how frequently Council uses fund balance for non-emergency expenditures; our dependence on sales tax revenue, which is traditionally a more volatile revenue source; our susceptibility to natural disasters and cash flow.

Restrictions. GFOA recommends that reserve amounts be categorized by component making the purpose of the reserve more transparent. Policy should identify and clearly state the purposes for which the funds are intended (which should include, at a minimum, an emergency reserve for one-time events like earthquakes, and a stabilization reserve to offset economic downturns).

GFOA further recommends that the reserve policy clearly state the purposes for which the funds are *not* allowed to be used, for example, to fund ongoing operations or to start new programs; and for the policy to establish the authorization to access the funds (requiring, for example, a two-thirds vote or a formal declaration of a state of emergency).

Replenishing. GFOA further recommends that reserve policy should establish the method and timing for fund replenishment when funds dip below an identified level.

RESERVES

Reserves exist to fund anticipated and predictable expenditures to maintain and replace major assets. The City of Homer uses approximately 20 different reserve accounts in three different reserve categories: Fleet, Depreciation/Capital, and Capital Project Funds. Capital Project Funds account for financial resources used for the acquisition or construction of major capital facilities.

The Fleet Reserves and Depreciation/Capital Reserves fund routine major maintenance and replace smaller capital items. These expenditures are outside the scope of the operating budget and are generally one-time expenses over \$25,000. Examples of projects funded through reserves are the replacement of a roof at City hall, a new patrol vehicle for the Homer Police Department or a feasibility study for a proposed improvement.

Fleet Reserves provide for the replacement of the City's fleet of vehicles on a planned rotation basis as their useful life expires. The June 5, 2019 memo "City Fleet Summary and Current/Impending Needs"

(attached) provides a detailed snapshot of the City's fleet needs from 2019-2020. As you can see in the fleet replacement schedule developed by Superintendent Gardner, GF Fleet Reserves funded none of the scheduled replacements for 2019, deferring \$53,333 to 2020. In 2020, six pieces of equipment valued over \$1.5 Million are due to be replaced. Each piece of equipment not replaced when its "years of life remaining" expires adds additional cost to the upcoming calendar years and runs the risk of increasing the City's maintenance costs in order to take care of an outdated fleet.

Depreciation/Capital Reserves provide consistent funding to maintain capital assets at a level such that it protects the taxpayer's capital investments and minimizes future maintenance and replacement costs. While it's difficult to accurately quantify the amount of money deferring maintenance wastes, some research indicates that consistent maintenance can reduce the lifecycle costs of long service life infrastructure like roads, bridges, tunnels, drainage systems, water and sewer system by as much as 75-90%, primarily by extending the life of capital assets and making costly replacements less frequent. The percentage of lifecycle savings will be lower for facilities because of their relative shorter service life, but it underscores the importance of maintenance of assets. (*Dornan, Daniel L, GASB 34's Impacts on Infrastructure Management, Financing & Reporting. June 2000.*

https://www.researchgate.net/publication/237266261_GASB_34's_Impacts_on_Infrastructure_Management_Financing_Reporting)

Reserve Policy Considerations for Capital Asset Repair and Maintenance

Appropriate Level. Resolution 2006-101 establishes a reserve goal of 40% of depreciable assets. However, this goal is unrealistic as the City has only ever been able to reach about 10% of the value of depreciable assets. A more realistic goal based on asset management forecasts will make a more useful policy.

Mayor Castner has proposed a target for reserves that is no more than four times the average spending. Under this model, every year the budget would include a replacement of ¼ of the previous four years of spending. This model will even out over time as deferred maintenance needs are taken care of and the amount Council needs to set aside for maintenance becomes a predictable part of the budget cycle.

The City's investment in deprecation and regular maintenance has been lacking over the last ten years due to budget constraints and a lack of appetite to dedicate funds to care for what we have. Deferring maintenance is generally one of the first things a City does to cut costs in difficult years. When the City defers maintenance, it is essentially liquidating its capital assets by allowing them to deteriorate in order to free up cash for other programs. The consequences are not apparent for many years. Over time, though, the practice can be costly for both City government and future taxpayers in terms of deferred maintenance costs and fixes that become more extensive and expensive. The HERC is an example of a building that has suffered deferred maintenance to the point where the Borough gave the facility to the City of Homer and the costs to repair or replace the facility are high.

To establish adequate reserve amounts, GFOA recommends an inventory of all municipal capital assets, development of an asset management plan that identifies the most outstanding needs and a depreciation schedule. I am working to provide Council with that information, but with a capital assets valued at over \$100 million City-wide, it is likely to be a long list, labor intensive to create, and large

number. The number is more manageable for fleet as we have established schedules and can anticipate lifespan for fleet and apparatus.

Another best practices guideline for facilities management (developed by the National Academy of Sciences, Engineering & Medicine and widely cited in the facilities management literature) is for property owners to reserve, on average, two to four percent of the replacement value of a facility annually for capital asset repair and maintenance.

It is important to note, that although the metric is replacement value, 2-4% annual spending on major maintenance it does not provide for replacement at end of life. Nor does is the metric expected to cover operational maintenance. It includes:

- preventative maintenance of equipment and systems for which a specific operator is not assigned and which if disabled, would interfere with an essential operation, endanger life or property, or involve high cost or long lead time for replacement;
- programmed major maintenance whose cycle exceeds one year (e.g. painting, roofs);
- predictive testing and inspection;
- routine repairs (like replacement of a failed boiler) and replacement of obsolete items. (Budgeting for Facilities Maintenance and Repair Activities: Report Number 131, 1996

<https://www.nap.edu/read/9226/chapter/1.>)

Currently, the City of Homer GF reserve is used to maintain 14 buildings and structures and a variety of other constructed assets, primarily at our parks. Using AMLJIA replacement values, the current replacement value (CRV) of these assets is \$27,868,382.

			Purchase	Useful Life	AMLJIA CRV
Airport	Building	Airport Terminal	1993	40	\$ 3,352,338
Gen Govt	Building	City Hall	1977	40	\$ 3,927,269
Gen Govt	Building	HERC	2000	40	\$ 2,570,000
Library	Building	Library	2006	40	\$ 7,117,792
Parks & Rec	Building	Downtown Restrooms	2014	30	\$ 492,130
Parks & Rec	Improvements	Ben Walters Park Restroom*	1984	40	\$ 338,280
Parks & Rec	Improvements	End of Road Restroom*		40	\$ 215,000
Parks & Rec	Improvements	Jack Gist Park*	2008	10	\$ 251,992
Parks & Rec	Improvements	Karen Hornaday Park Ph 1*	2014	20	\$ 433,416
Public Safety	Building	Fire Hall Buildings & Improvements	1980	40	\$ 2,582,339
Public Safety	Building	Skyline Fire Station	2015	40	\$ 611,172
Public Safety	Building	Police Station (Heath St. location)	1984	40	\$ 2,063,271
Public Safety	Building	New Animal Shelter	2005	40	\$ 979,478
Public Works	Building	Public Works Building	1986	40	\$ 2,383,852
Public Works	Building	Public Works Pole Barn	2005	40	\$ 343,705
Public Works	Building	Public Works Storage Shed	2016	40	\$ 206,348

\$ 27,868,382

The guideline suggests that the City would expend from \$557,368 to \$1,114,735 per year in reserves for long-term maintenance of the City's existing General Fund capital assets.

AMLJIA replacement values are based on *estimates* for buildings under \$5 million and on actual appraisals for buildings over \$5 million. Many of the estimates are low. Additionally, the range does not account for funds needed to "catch up" on past years of deferred maintenance. Without an actual facilities inventory and capital asset management plan, however, this offers another method to consider when sizing the reserve fund. *Please note that CRVs for park improvements were based on current book value from the City's Depreciation Schedule.

Whether or not the Council uses a percent of assets, historical spending, or some other formula, setting a target balance for reserves in an important policy decision for Council.

Consolidation The proposed policy consolidates all reserve funds into one account in the general fund. The pros to this methodology are that it ensures the highest and best need is funded at any given point. A negative is it becomes difficult to set aside funding and justify funding for smaller or lower priority projects. It also becomes more difficult to track the capital expenditure needs department. Furthermore, departments or interest groups may see that their needs are not getting addressed when specific reserves are not identified. This is an important policy call for Council to discuss.

If reserve accounts are consolidated into one fund, an asset management plan, if developed could prioritize use of reserve funds (highest need to lowest) or the assessment could be used by Departments and/or Council to assign priority use of annual reserve funds.

CAPITAL IMPROVEMENT FUND

This policy introduces a new fund, the capital improvement (CI) fund. The City has innumerable potential expenses that might not go on a depreciation schedule or are too large to be funded out of the reserve fund as proposed with additional restrictions. A CI fund provides a place for Council to place funds for larger projects to either provide seed money or accomplish items on the Capital Improvement Plan. The purpose of this account is not to establish a replacement fund for major infrastructure, but rather provide a place for holding funds for needed capital projects, be they replacement projects like a new police station or new projects that the Council and community has identified.

An approach I've seen in other City's CIP's is a restructure of the CIP where the first year of the six-year plan represents the approved Capital budget scheduled for expenditure, which is incorporated into the City's annual budget. The CIP becomes an appendix to the budget.

PRIORITIZATION OF FUNDS

The attached policy prioritizes filling funds in a cascading manner: first into fund balance to achieve the six-month target, then to reserves (renamed Capital Asset Repair and Maintenance Account, or CARMA) to meet the-reserve requirement, and finally to the CI fund. Establishing an expectation of where available dollars will go is another important policy decision for Council.

This is consistent with many fund balance policies that prioritize maintaining existing capital infrastructure before building new facilities. This prioritization makes sure adequate resources are allocated to preserve existing infrastructure before targeting resources to build new facilities that will also carry operating and maintenance obligations.

RECOMMENDATION

Council discuss and provide input on the proposed fund balance and reserve balance policy and establishment of a capital improvement funds. Topics to discuss are itemized below:

1. GF Fund Balance
 - a. What should that number be?
 - b. What restrictions should or could be placed in code that limit the spending of those funds?
 - c. What does replenishment look like?
2. Reserve Balance
 - a. Is no more than four times the average spending a reasonable goal?
 - b. Should restrictions on what can be funded from here be further codified?
 - c. Should all general fund reserve funds be consolidated into one fund?
3. Capital Improvement Fund
 - a. Should this fund be established?
 - b. What would a ranking system look like?
 - c. Is the purpose of the fund established in the draft policy adequate?
4. Prioritization of Funds

Enc:

Fleet Memo

Policy Recommendations Paper

Draft Policy



City of Homer

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Memorandum

TO: Mayor Castner and Homer City Council
FROM: Katie Koester, City Manager
DATE: June 5, 2019
SUBJECT: City Fleet Summary and Current/Impending Needs

Background

The City's fleet consists of over 120 pieces of equipment ranging from graders and plows to police cars and fire trucks with a total replacement cost value estimated at \$11.7 million dollars. Each piece of equipment has a specific use for the City depending on the department it serves. The Police, Fire, Public Works, Port/Harbor, and Administrative Departments preserve the integrity of their fleet by conducting regular maintenance on the equipment while City Council also transfers funds to their respective fleet reserve accounts for future replacement and acquisition needs. In regards to transfers, the Administrative Department is the only exception as there have been no transfers into the Admin Fleet Reserve Account for the past 5 years

The most recent fleet acquisition needs presented in the 2019 Budget included continuing the replacement of the Police Department's aged Chevrolet Impalas with all-season four wheel drive Ford Explorers and replacing Port and Harbor's truck mounted sanding unit. The Public Works Water and Sewer Division requested a ½ ton pickup truck used to haul parts and fittings to various job sites however this request was denied this calendar year due to budgetary concerns.

The chart below details each *general fund-supported* department's fleet reserve budget and account balance as adopted in the 2019 budget; the estimated 2019 balance reflects expenditures encumbered by the 2019 budget.

2019 General Fund-Supported Department Fleet Reserve Budget and Account Balance

Account	Dept.	Approved 2019 Budget	Est. 2019 Balance
152-0375	Admin (City Hall)	\$41,929	\$41,929
152-0383	Public Works (GF)	\$141,959	\$22,959
152-0382	Police	\$296,853	\$208,853
152-0381	Fire	\$355,433	\$355,433
Total GF \$		\$836, 174	\$629, 174

Superintendent Gardner compiled a fleet replacement schedule detailing the City’s fleet based on department, the internal City-assigned equipment number, equipment year and make, current age, total expected life, years remaining, replacement cost, and mileage/hours currently on the piece of equipment (“Attachment A1” and “Attachment A2”). In order to determine the vehicle’s total expected life, interviews were conducted with mechanics and Department Heads to discuss the use of the equipment, type of use, and maintenance history over time.

Based on Attachment A1, the below tables summarizes General Fund fleet replacement needs for calendar years 2019 and 2020 with equipment ranging from 0 to 2 years of remaining life.

2019

DEPT	Year	DESCRIPTION	CURRENT AGE	TOTAL EXPECTED LIFE	YEARS OF LIFE REMAINING	NEEDS TO BE REPLACED IN THIS YEAR	REPLACEMENT COST	FUNDING SOURCE
PWHDE	1992	International Vacuum Truck	27 Years	25	-2	2017	N/A	GF/W/S
PWHDEA	1995	Patchman Asphalt Mixer	25 Years	25	0	2019	\$ 40,000	GF/W/S
PWLVA	1989	1989 GMC 3/4 TON	29 Years	29	0	2019	N/A	GF/W/S
PWLVA	1987	1987 CHEVY FLAT BED - PAINT TRUCK	32 Years	32	0	2019	N/A	GF
PWLVA	1999	1999 FORD E250 VAN	20 Years	20	0	2019	\$40,000	GF
FDHDE	2002	2002 POLARIS 6-WHEELER	17 Years	17	0	2019	N/A	GF

2019 GF Deferred Total: \$53,333

2020

DEPT	Year	DESCRIPTION	CURRENT AGE	TOTAL EXPECTED LIFE	YEARS OF LIFE REMAINING	NEEDS TO BE REPLACED IN THIS YEAR	REPLACEMENT COST	FUNDING SOURCE
PWHDE	1995	410D John Deere Backhoe	24 Years	25	1	2020	\$ 120,000	GF/W/S
HPDLV	2009	2009 CHEV IMPALA	10 Years	11	1	2020	\$40,000	GF
HPDLV	2009	2009 CHEV IMPALA	10 Years	11	1	2020	\$40,000	GF
FDLV	1990	BRUSH 1 - 1990 FORD	29 Years	30	1	2020	\$95,000	GF
FDHDE	1987	1987 Tanker 1 Huri	32 Years	33	1	2020	\$650,000	GF
FDHDE	1989	1989 Tanker 2 E-One	30 Years	31	1	2020	\$650,000	GF

2020 GF Total: \$1,515,000

No department’s fleet reserve account will cover their upcoming acquisition needs as listed above. Therefore, the City prioritizes replacing life and safety equipment first while other pieces of equipment are maintained past their total expected life. Parts on these older models can be very expensive and difficult to come by. For example, in 2017 Public Works ordered a replacement mullboard for the City’s 31 year old grader, which is no longer made by the manufacturer and had to be acquired after market. Also in 2017, Public Works had to find a used radiator for the older steamer truck as this part is not made by the manufacturer. Maintaining older pieces of equipment can be not only challenging, but also increase maintenance costs to the point where, over time, it outweighs purchasing new equipment. Superintendent Gardner shared that some pieces of equipment can be purchased used, however the advantage of used equipment has to take into account the City's ability to capitalize on government discounts when purchasing new.

The City does recycle older vehicles by changing the intended use of the equipment. For example, when Chief Robl’s Durango was replaced with a new patrol car, the Durango then replaced Public Work’s 1989 GMC pick-up truck, which is now listed as a surplus vehicle.

Fleet Replacement/Acquisition Reserve Account and Future Planning

Mayor Castner has proposed to consolidate all reserve funds into one account in the General Fund and fund it at no more than four times the average spending. Thus far this model has been applied to General Fund only, but time permitting Administration will be working with the Mayor on establishing similar policies for Port/Harbor and Public Works' Water/Sewer Division since they are enterprise funds, which are intended to be self-contained and separate from the general fund.

Overall, there is merit behind having one independent fleet reserve account in the general fund given the predictable replacement needs of the City's fleet. The fleet replacement schedule is a useful tool for City Council members when planning for the future fleet replacement/acquisition needs of each department and deciding what fleet need is most pressing that calendar year. This replacement schedule does not propose to automatically fund fleet replacement when each piece of equipment reaches its predicted end of life; staff will still perform an analysis of replacement based on life expectancy, intended use, and other factors like a mechanical analysis of the vehicle/equipment. It is my intention that the fleet replacement schedule and recommendations from staff on individual vehicle/equipment replacement would be provided to Council in the budget process. The fleet replacement schedule will also give guidance on Council contributions to fleet reserves.

2019-2020 Fleet Replacement Schedule

DEPT	Year	DESCRIPTION	CURRENT AGE	TOTAL EXPECTED LIFE	YEARS OF LIFE REMAINING	NEEDS TO BE REPLACED IN THIS YEAR	REPLACEMENT COST	FUNDING SOURCE	ALREADY FUNDED BY BUDGET	
2019 PWHDE	1992	International Vacuum Truck	27	Years	25	-2	2017	N/A	GF/W/S	
PWHDEA	1995	Patchman Asphalt Mixer	25	Years	25	0	2019	\$ 40,000	GF/W/S	
PWLV	1989	1989 GMC 3/4 TON	29	Years	29	0	2019	N/A	GF/W/S	
PWLV	1987	1987 CHEVY FLAT BED - PAINT TRUCK	32	Years	32	0	2019	N/A	GF	
PWLV	1999	1999 FORD E250 VAN	20	Years	20	0	2019	\$40,000	GF	
FDHDE	2002	2002 POLARIS 6-WHEELER	17	Years	17	0	2019	N/A	GF	
PWLV	1994	1994 FORD 4X4 F-150 P/U	25	Years	25	0	2019	\$30,000	W/S	
PWLV	1997	1997 FORD F-350 4x4 UTILITY TRUCK	22	Years	22	0	2019	\$52,250	W/S	X
PWLV	2000	2000 K2500 4X4 W/SERVICE BODY	19	Years	19	0	2019	\$46,350	W/S	X
PHLV	1994	HV-1 - 1994 FORD F-150 PU	25	Years	25	0	2019	\$30,000	PH	
PHHDE	1995	1995 Grove Manlift MV11	24	Years	24	0	2019	\$30,000	PH	
PHHDE	1999	1999 20' Skiff with 90 HP Honda Motor	20	Years	20	0	2019	\$50,000	PH	

2019 GF Deferred Total	\$53,333
2019 PH Enterprise Deferred Total	\$110,000
2019 W/S Enterprise Deferred Total	\$155,267
	-\$98,600
	\$56,667

N/A = will not be replaced

2020 PWHDE	1995	410D John Deere Backhoe	24	Years	25	1	2020	\$ 120,000	GF/W/S	
HPDLV	2009	2009 CHEV IMPALA	10	Years	11	1	2020	\$40,000	GF	
HPDLV	2009	2009 CHEV IMPALA	10	Years	11	1	2020	\$40,000	GF	
FDLV	1990	BRUSH 1 - 1990 FORD	29	Years	30	1	2020	\$95,000	GF	
FDHDE	1987	1987 Tanker 1 Huri	32	Years	33	1	2020	\$650,000	GF	
FDHDE	1989	1989 Tanker 2 E-One	30	Years	31	1	2020	\$650,000	GF	
PHHDE	1995	1995 T2 Fish Carcass Dump Trailer	24	Years	25	1	2020	\$12,000	PH	

2020 GF Total	\$1,515,000
2020 PH Enterprise Total	\$12,000
2020 W/S Enterprise Total	\$80,000

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 FDLV = Fire Department Light Vehicles
 FDHDE = Fire Department Heavy Duty & Equipment

2021-2044 Fleet Replacement Schedule

Supplemental Information: 2021-2044

DEPT	Year	DESCRIPTION	CURRENT AGE	TOTAL EXPECTED LIFE	YEARS OF LIFE REMAINING	NEEDS TO BE REPLACED IN THIS YEAR	REPLACEMENT COST	FUNDING SOURCE	
PWLV	2001	2001 CHEV S-10 EXTEND CAB	18	Years	20	2	2021	\$30,000	GF
PWLV	2006	2006 FORD F-350 4X4	13	Years	15	2	2021	\$45,000	GF
PWLV	2013	2013 FORD F-550 2-TON 4X4 Truck/Sander	6	Years	8	2	2021	\$48,000	GF
PWHDE	1986	140G Cat Grader	33	Years	35	2	2021	\$200,000	GF
PHLV	1995	MV1 - 1995 CHEV S-10 4X4 PU	24	Years	26	2	2021	\$30,000	PH
HPDLV	2009	2009 CHEV IMPALA	10	Years	12	2	2021	\$40,000	GF
FDLV	1997	MEDIC 1 (1997 FORD 4X4 F350)	22	Years	24	2	2021	\$200,000	GF
FDLV	2006	2006 FORD EXPEDITION - COMMAND VEHICLE	13	Years	15	2	2021	\$75,000	GF
PWHDEA		Grader Wing x3	22	+ Years	25	3	2022	\$60,000	GF
PWHDEA		Grader Snow Gate x3	22	+ Years	25	3	2022	\$30,000	GF
PWLV	1992	1992 FORD RANGER	27	Years	30	3	2022	\$30,000	W/S
PWLV	1994	1994 FORD PU	25	Years	28	3	2022	\$30,000	GF
PWLV	1994	1994 CHEV SVC TRK	25	Years	28	3	2022	\$40,000	GF/W/S
PWLV	1997	1997 FORD RANGER XLT 4X4	22	Years	25	3	2022	\$30,000	GF/W/S
PWHDE	1987	950 Cat Loader	32	Years	35	3	2022	\$210,000	GF/W/S
HPDLV	2007	2007 FORD EXPEDITION	12	Years	15	3	2022	\$40,000	GF
HPDLV	2007	2007 FORD EXPEDITION	12	Years	15	3	2022	\$40,000	GF
FDLV	2003	UTILITY 1 - 2003 FORD F-350, CREW CAB	16	Years	19	3	2022	\$75,000	GF
PWLV	1995	1995 FORD F-150 4X4	24	Years	28	4	2023	\$30,000	GF
PWLV	1998	1998 FORD EXPEDITION XLT - 4X4	21	Years	25	4	2023	\$40,000	GF
PWLV	2003	2003 FORD F-550 2-TON 4X4	16	Years	20	4	2023	\$40,000	GF
PWHDE	2003	Toolcat 5600	16	Years	20	4	2023	\$60,000	GF
PHLV	1993	1993 CHEV STEP-SIDE VAN	26	Years	30	4	2023	\$30,000	PH
PHLV	2003	2003 FORD F-250 4X4 Plow Truck Ice Plant	16	Years	20	4	2023	\$40,000	PH

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PHLV	2003	2003 FORD F-250 4X4 Plow Truck Maintenance	16	Years	20	4	2023	\$40,000	PH
HPDLV	2008	2008 CHEV VAN (JAIL VAN)	11	Years	15	4	2023	\$40,000	GF
FDLV	2001	UTILITY 3 - 2001 F-550 FORD	18	Years	22	4	2023	\$95,000	GF
FDHDE	2008	2008 Polaris 6x6 Wheeler ATV	11	Years	15	4	2023	\$15,000	GF
PWLV	1999	1999 RANGER	20	Years	25	5	2024	\$30,000	GF
PWLV	1999	1999 RANGER TRUCK	20	Years	25	5	2024	\$30,000	W/S
PWLV	1999	1999 FORD F-550 2 TON 4X4	20	Years	25	5	2024	\$30,000	GF
PWLV	2016	2016 FORD F-550 2-TON 4x4 Truck/Sander	3	Years	8	5	2024	\$48,000	GF
PWHDE	1984	Ford Steam Truck 4x6	35	Years	40	5	2024	\$80,000	GF/W/S
PWHDE	1989	Ford F800 Bucket Truck	30	Years	35	5	2024	\$50,000	GF
PWHDE	1994	720A Champion Grader	25	Years	30	5	2024	\$240,000	GF
FDHDE	1983	1983 Engine 4 Spartan	35	Years	40	5	2024	\$650,000	GF
FDHDE	2009	2009 Achilles Inflatable Boat	10	Years	15	5	2024	\$17,500	GF
PWLV	2000	2000 K2500 4X4 W/SERVICE BODY	19	Years	25	6	2025	\$34,000	W/S
PWLV	2000	2000 DODGE DURANGO	19	Years	25	6	2025	\$30,000	GF/W/S
PWHDE	1980	12G Cat Grader	39	Years	45	6	2025	\$250,000	GF
PWHDE	2000	Freightliner End Dump Truck	19	Years	25	6	2025	\$187,000	GF/W/S
PHLV	2010	2010 F-350 4X4 Plow Truck	9	Years	15	6	2025	\$40,000	PH
PHHDE	2000	2000 Fish Carcass Trailer	19	Years	25	6	2025	\$12,000	PH
PWHDEA		Bomag Gravel Compactor	23	Years	30	7	2026	\$15,000	GF/W/S
PWLV	2006	2006 FORD F-150 4X4	13	Years	20	7	2026	\$30,000	W/S
PWLV	2006	2006 FORD F-150 4X4	13	Years	20	7	2026	\$30,000	GF/W/S
PWLV	2006	2006 FORD F-150 4X4	13	Years	20	7	2026	\$38,000	W/S
PHLV	2001	2001 F550 USED OIL VAC TRUCK	18	Years	25	7	2026	\$60,000	PH
PWHDEA	1987	Faire Snow Blower for Loader - backup	32	Years	40	8	2027	\$80,000	GF
PWLV	2002	2002 JEEP WRANGLER	17	Years	25	8	2027	\$30,000	GF/W/S
PWLV	2007	2007 FORD F-150 4X4	12	Years	20	8	2027	\$30,000	W/S
FDLV	2002	MEDIC 2 (2002 FORD F350)	17	Years	25	8	2027	\$200,000	GF
FDHDE	2002	2002 Utility Trailer for 6 Wheeler	17	Years	25	8	2027		GF

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FDLV = Fire Department Light Vehicles

FDHDE = Fire Department Heavy Duty & Equipment

PWLV	2008	2008 FORD F-250 4X4 FLATBED	11	Years	20	9	2028	\$38,000	GF
PHLV	2008	2008 FORD F-350 4X4 Plow Truck	11	Years	20	9	2028	\$40,000	PH
HPDLV	2003	2003 FORD EXCURSION	16	Years	25	9	2028	\$40,000	GF
HPDLV	2013	2013 FORD EXPEDITION	6	Years	15	9	2028	\$40,000	GF
FDLV	2013	UTILITY 2 2013 FORD EXPEDITION	6	Years	15	9	2028	\$95,000	GF
PWHDE	2004	EW 180B Volvo Wheeled Excavator	15	Years	25	10	2029	\$250,000	GF/W/S
PHHDE	2004	2004 Fish Carcass Trailer	15	Years	25	10	2029	\$12,000	PH
HPDLV	2014	2014 FORD EXPLORER	5	Years	15	10	2029	\$40,000	GF
PHLV	2005	2005 FORD F-150 2WD	14	Years	25	11	2030	\$30,000	PH
HPDLV	2015	2015 FORD EXPLORER	4	Years	15	11	2030	\$40,000	GF
HPDLV	2015	2015 FORD EXPLORER	4	Years	15	11	2030	\$40,000	GF
FDHDE	1999	1999 Rescue 1 Freightliner Truck	30	Years	41	11	2030	\$650,000	GF
PHLV	2011	2011 FORD ESCAPE HYBRID	8	Years	20	12	2031	\$30,000	PH
PHHDE	2006	2006 Komatsu Loader WA100M-5	13	Years	25	12	2031	\$70,000	PH
CH	2006	2006 FORD FREESTYLE AWD	13	Years	25	12	2031	\$32,000	GF
PWHDEA		OJK 125 Meleter - Asphalt Crack Sealer	17	Years	30	13	2032	\$35,000	GF
PWLV	2012	2012 CHEVY COLORADO EXT CAB	7	Years	20	13	2032	\$30,000	GF/W/S
PWLV	2012	2012 CHEVY COLORADO CREW CAB	7	Years	20	13	2032	\$30,000	GF
PWHDE	2002	163H Cat Grader	17	Years	30	13	2032	\$225,000	GF
PWHDE	2007	D37 Komatsu Dozer	12	Years	25	13	2032	\$100,000	GF
PHHDE	2002	2002 25' Peregrine Harbor Tug w Twin 150 HP	17	Years	30	13	2032	\$130,000	PH
HPDLV	2017	2017 FORD EXPLORER INTERCEPTOR	2	Years	15	13	2032	\$40,000	GF
HPDLV	2017	2017 FORD EXPLORER INTERCEPTOR	2	Years	15	13	2032	\$40,000	GF
FDLV	2016	MEDIC 3 (2016 FORD F3HZ)	3	Years	16	13	2032	\$200,000	GF
FDHDE	2017	2017 Argo Model 8x8 Frontier-S	2	Years	15	13	2032	\$25,000	GF
PWHDEA	2018	Diamond Brush Cutter for Loader	1	Years	15	14	2033	\$82,000	GF
PWHDEA	2003	Trailmax Heavy Equipment Trailer	16	Years	30	14	2033	\$25,000	GF/W/S
PWLV	2008	2008 FORD F-350 SD FLATBED	11	Years	25	14	2033	\$45,000	GF/W/S
PHHDE	2008	Genie Z-45/25 Articulating Boom Lift	11	Years	25	14	2033	\$65,000	PH

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FDHDE = Fire Department Heavy Duty & Equipment

HPDLV	2018	2018 FORD EXPLORER AWD 4DR K8AT	1	Years	15	14	2033	\$40,000	GF
PWHDEA	2004	Tex Steamer Unit for Truck E160	15	Years	30	15	2034	\$30,000	GF/W/S
PWLTV	2014	2014 F-150	5	Years	20	15	2034	\$30,000	W/S
PWLTV	2014	2014 F-150	5	Years	20	15	2034	\$30,000	GF
PWHDE	2009	Isuzu Sweeper Truck Vacuum	10	Years	25	15	2034	\$200,000	GF
PHLV	2009	2009 CHEV COLORADO	10	Years	25	15	2034	\$30,000	PH
FDHDE	2008	2008 Engine 2 KME Custom Pumper	12	Years	27	15	2034	\$650,000	GF
PHLV	2010	2010 FORD F-150 NEW TO CREW 2014	9	Years	25	16	2035	\$30,000	PH
FDHDE	2005	2005 Mako Air Compressor at HVFD	14	Years	30	16	2035	\$65,000	GF
PWHDEA	2011	Larue Snow Blower for Loader	8	Years	25	17	2036	\$150,000	GF
PWLTV	2016	2016 CHEVY EXPRESS 2500 VAN	3	Years	20	17	2036	\$40,000	GF
PWHDE	2006	PC160LC-7 Track Excavator	13	Years	30	17	2036	\$175,000	GF/W/S
PWHDE	2006	Freightliner Steam Truck 2x4	13	Years	30	17	2036	\$80,000	GF/W/S
PHLV	2016	2016 F-SERIES SD F350 4X4 Sander	3	Years	20	17	2036	\$40,000	PH
PHHDE	2011	Bobcat Versa Handler	8	Years	25	17	2036	\$70,000	PH
PHLV	2012	2012 CHEVROLET SILVERADO 1500 1/2 TON	7	Years	25	18	2037	\$30,000	PH
PWHDE	2003	644H JD Loader	16	Years	35	19	2038	\$200,000	GF/W/S
PHLV	2013	2013 F-150 PICKUP	6	Years	25	19	2038	\$30,000	PH
FDHDE	2008	2008 Utility Trailer for 6 Wheeler	11	Years	30	19	2038	\$4,500	GF
PWHDEA		Wacker Plate Compactor	0	Years	20	20	2039	\$4,000	GF/W/S
PWHDE	2014	Pelican Sweeper	5	Years	25	20	2039	\$237,000	GF
PWHDE	2015	Mac End Dump Truck	4	Years	25	21	2040	\$187,000	GF/W/S
PWHDEA	2016	Light Duty Car Hauler Trailer	3	Years	25	22	2041	\$8,000	GF
PWHDEA	2012	Steamer Unit for Truck E176	7	Years	30	23	2042	\$30,000	GF/W/S
FDHDE	2017	Big Tex Utility Trailer	2	Years	25	23	2043	\$4,500	GF
PWHDE	2018	Sewer Vac Truck	1	Years	25	24	2044	\$500,000	GF/W/S

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Introduction

The goal of this paper is to develop a General Fund Fund Balance and Reserve Balance policy for the City of Homer. In order to do achieve that lofty goal, the paper establishes common definitions of these terms and methodology for reviewing recommendations and finding the best fit for the City of Homer. The current state and local fiscal climate is taken into consideration, as are the implications, both legal and in human resources, of the absence of a policy, or the ‘do nothing’ option. Best practices are analyzed from literature, professional organizations and the experiences of similarly sized municipalities around the country. A deep dive into the City of Homer’s current practices in fund balance and reserve management exposes challenges the municipality faces. Finally, this paper concludes with a recommendation on maintaining a fund balance reserve target and a three-pronged approach to reserve balance policy that takes capital asset management into consideration. The appendix of this paper has a draft policy establishing General Fund Fund Balance and Reserve Balance policies for consideration by the Homer City Council.

Definitions

What is a fund balance policy? How does it differ from a reserve policy? According to the Municipal Research and Services Center (MSRC), fund balance is a term used to describe the difference between a fund’s assets and liabilities and describes the net position of local government funds (MRSC.org, 2019). Fund balance policies are necessary to make sure there is enough actual money on hand to pay the bills even though tax revenue and cash flow may be cyclical in nature. It is also critical to have funds on hand to be able to meet unanticipated, or emergency expenditures. The definition of an emergency could be an unexpected sharp and sudden reduction in revenue or increased spending due to a natural disaster. May municipalities spend a great deal of time defining what an emergency is to their community through strategic planning and code changes so as to protect the corpus of the fund balance.

Fund balance is a constantly moving number since it is a snapshot in time of what the overall position of the fund is. Generally speaking, the City of Homer aims to keep 6 months operating budget, or \$6 million in General Fund Fund Balance. If annual revenue versus expenditures falls short, the difference is made up in fund balance. Conversely, if there is a surplus, it rolls into fund balance. Homer City Code 3.05.035 dictates that appropriations shall lapse at the end of the fiscal year to the extent they have not been fully expended or encumbered (HCC online) but remains silent on a target or goal funding about for fund balance.

It is difficult for the layperson to distinguish between reserves and fund balance. Some municipalities use fund balance more as a capital reserve account, but they are fundamentally different with different purposes.

Methodology

This paper analysis a combination of best practices derived from the General Finance Officers Association (GFOA) and literature from other professional organizations. GFOA has gone so far as to develop a rating system and numeric tool to help municipalities in setting fund balance goals. The second part of the analysis was to review what other municipalities have implemented for target levels and how they got to

those levels. With the exception of the Kenai Peninsula Borough, these municipalities were recommended through the Municipal Research and Services Center (MRSC), a Washington nonprofit that provides professional advice and policy recommendations to citizens and local governments (MRSC.org).

Background: Politics and Economics

State Fiscal Climate

The State of Alaska is facing a fiscal crisis not seen since the oil crash in the 1980s. This has triggered a state-wide recession and cuts to government – both state programs and contracts with local governments to provide state services. This has resulted in job losses in state and local government. In addition to cuts that have been already made, there are threats of more cuts from the Dunleavy administration and general uncertainty that is stymieing growth in the economy as lawmakers have failed to reach an agreement on how to resolve the fiscal crisis (ADN, 2018).

State budget cuts and general economic uncertainty has effected the City of Homer in very real ways; in 2015 the City laid off six employees and contracted spending. A successful request to change a dedicated sales tax to help fund general government has helped the City keep their head above water; however officials are watching Juneau carefully for cuts to programs that have a direct impact on the City of Homer operating budget like contracts with community jails, decreases to the on behalf payments into Public Employees Retirement System (PERS) and erosion of Community Assistance. Other cuts that the administration has proposed will have a more indirect impact on City finances by putting pressure on Borough government (who will in turn pressure the cities and residents) and changing our economic landscape with reductions in locally available well-paying jobs and a potential decrease in the capacity of the education system.

City of Homer Political and Fiscal Climate

The Homer City Council is a non-partisan body. Nevertheless, members vary in their philosophies on the role of government and the value of saving for capital improvement projects versus bonding.

For example, conservatives have long criticized government for policies that squirrel away money instead of offering tax relief. In this regard, policies that establish generous savings accounts for government can be seen as irresponsible and unfair to the taxpayers. Nevertheless, conservatives are fiscally conservative by their nature and favor limiting spending on non-core services in favor of ensuring there is adequate savings for emergencies without forcing new taxes. Progressive thought puts more value on increased taxes for increased government services. However, sometimes that philosophy puts pressure on reserve funds and savings account as the temptation to spend money on expanding services is great. The key, and what this paper hopes to address, is to find a balance between the competing demands of funding government through reasonable taxes with adequate savings for both maintenance and emergencies. One thing the Homer City Council can agree on is the need for a fund balance and reserve balance policy. Members on all sides have been requesting administration develop a policy for some time.

Vulnerabilities

An absence of city code to direct the use of fund balance and how to adequately manage reserves leaves a municipality vulnerable on multiple fronts. There is vulnerability to legal challenges without language to authorize the transfer of funds. Furthermore, a lack of reasonable policy and expectations in fund balance

and reserve balance management can lead to irresponsible fiscal habits that compromise an organizations ability to fund basic services. A delicate balance needs to be struck that ensures adequate funding to maintain city services, city infrastructure and prioritize employee safety.

Legal Implications

The potential ramifications of improper financial management can be far reaching, and a solid fund balance and reserves policy is part of responsible financial management. Alaska law requires a single audit for all first class and home rule municipalities. The audit ensures the public that funds are being spent in accordance with established practices (Alaska Division of Community and Regional Affairs, online). Findings on the audit, or an audit that is not made in a timely manner, jeopardizes an entity's ability to receive state and federal funds. This puts a dollar value and very real consequences on proper accounting practices and best practices.

A fund balance policy also protects from the illegal transfer of funds without proper authority. For example, in the City of Homer all transfers over \$25,000 need to be approved by City Council. This has made some members question how an overage gets automatically rolled into fund balance, which is current practice, instead of expressly appropriated by Council. While administration is not behaving illegally by leaving the funds where they accumulate (HCC 3.05.035 authorizes appropriations to lapse to the fund they originated from at the end of the fiscal year), there is the appearance of impropriety, which can sometimes be just as bad. Another example where operating without policy can create legal vulnerability is keeping funds and transfers between funds separate. The City of Homer has an enterprise fund (Port and Harbor) that is kept separate from the General Fund. Any comingling of those funds would be against City code, and single audit standards, which could have legal consequences.

Human Resources

In the public sector, employees are the biggest expense. Municipalities provide services, and employees are needed to provide those services. Personnel costs constitute 44% of the budget of the City of Homer (City of Homer Budget, p.33 FY2019). While it is wise and prudent to have a reserve policy that puts away enough to fund major maintenance and essential repairs, getting that balance right is critical or you are putting aside money at the expense of your operating budget and compromising your ability to hire employees and adequately perform the services the public demands. Often part of a reserve policy is a required annual minimum transfer, either as a dollar amount or as a percent of operating budget. Nevertheless, this is also often the first place to cut – or not to fund, when times become lean. Councils have to develop a policy that is flexible enough that they can be responsive in lean years and adjust the transfer to reserves without having to lay off workforce to meet reserve balance goals. This means in the good years, the policy needs to mandate a sufficient transfer to buffer against the unexpected. If the policy cuts too close to the bone, you run the risk of not being able to adapt to changing conditions and quickly run out of funds not only for major maintenance and repairs, but also for staffing and providing essential services. On the flip side, if you over prioritize the growth of the municipality's fund balance or reserves, it is at the expense of hiring employees to provide services. For example, at the City of Homer we do not have enough police officers to have double coverage on every shift. This means if something really terrible and involved happens, our staff could have no back up. This of course has legal implications, as discussed previously, and puts our staff at great risk to harm. If we had a very large and comfortable police reserves that we added to every year, one could question if those fund would not be better spent on hiring more staff to mitigate risk and protect the safety of our employees.

Employee safety is a critical element of why a reserve policy is essential. Reserves are used to fund the replacement of essential equipment like vehicles, and fund safety improvements at facilities. A grate to cover exposed wells to protect water and sewer employees from confined spaces is a great example of an expenditure from reserves that recently happened in the City of Homer budget to protect employees. Safe vehicles is another great example, as is turn out gear for fire fighters – the City of Homer just purchased 2 new patrol vehicles and 10 sets of turn out gear from our reserves to the tune of \$110,000. From a broader perspective, providing a safe, comfortable and pleasant work environment where employees can be productive and thrive is also the responsibility of an employer. This was one of the core messages behind a campaign to fund a new police station for our officers - \$2.7 million of which was funded from City funds on hand. This seed money was able leverage approval of a \$5 million bond from voters tied to an increase in sales tax. This was possible because the City of Homer had reserves to initiate this project and move it beyond the ‘dream’ stage.

Best Practices and Case Studies

Fund Balance

GFOA recommends performing a risk analysis and thorough financial assessment to determine recommended level of fund balance. The recommended levels found in the literature ranged from 2 -6 months operating budget, though some municipalities had targets as low as 10% of operating budget (GFOA, 5024). Various factors determine whether or not municipal savings should be on the higher or lower end of that range including how the fund is used, how volatile revenue is, impact on bond ratings, and the level of exposure to significant one-time outlays. The literature encourages municipalities to undergo a risk analysis of all these factors. For example, pressure on the fund balance from other funds, such as a poor performing enterprise fund that has to be buoyed up by the general fund, will naturally necessitate a higher balance (MRSC, 2019). Where this pressure on the fund balance is most often seen is when municipalities have insufficient capital reserves, a topic we will discuss later, and have to dip into the ‘rainy day fund’ to cover necessary major maintenance and capital expenditures. However, one big no-no is using Fund Balance for ongoing operations; it should only be used for one-time expenditures. Generally speaking, the one-time outlays of cash from Fund Balance are unpredictable and the municipality should have as part of their policy plan in place to replenish the fund balance. Such surprise expenditures could take the form of natural disasters, cuts from State or Federal government, and litigation.

Volatility of revenue is another consideration. A fund balance is designed ‘to provide sufficient cash flow to meet operating needs’ so a policy has to take into consideration when revenue is taken in (when property taxes are remitted, for example) and how predictable the revenue is (MRSC, 2019). Property tax is considered a very stable form of revenue; conversely, sales tax can be more volatile. Therefore, if your municipality depends primarily on sales tax revenue a higher target is appropriate. A third factor to consider is external reasons you might need a large savings account, such as to maintain a favorable bond rating. As part of the risk analysis, GFOA recommends not only considering these factors, but defining how likely each one is to happen (i.e., how likely is a major earthquake?).

Reserves

Reserves should be considered separately from fund balance, though they are interrelated and affect each other, as described above. Reserves exist to fund anticipated and predictable expenditures to maintain and replace major assets. In some ways, an adequate reserve policy is easier to decipher and defend than a fund

balance policy because the anticipated costs are very real and predictable. Nevertheless, it takes time and expertise to determine the adequate levels of funding for reserves, or capital asset management, as GFOA terms it. Adequate capital asset management involves taking a physical inventory of capital assets on a regular basis and translating this into a depreciation schedule that is regularly and adequately funded. In addition to an annual assessment of capital assets by a qualified engineer, GFOA recommends developing an educational campaign every few years to bring the decision making body and public up to speed on why it is necessary to save and plan for major maintenance and depreciation (GFOA, 501). One aspect of a capital asset management plan that varies (based on philosophical approach to government finances) is whether municipalities plan for replacement cost. Many argue that debt should be used to replace major infrastructure, versus saving and paying in advance, as a mechanism for the current user or beneficiary to pay for the current assets. This is compounded by the fact that often saving for replacement requires so much to be put into savings that there is not the political appetite to either leave the savings untouched for a long enough period or collect sufficient revenue to fund it. The ‘pay as you go’ philosophy needs additional financial management and oversight as it can be more risky.

Communication is the key to any good capital asset management plan. Not only do you have to spend time and effort ensuring that the data inputted is accurate and defensible, but you have to convince taxpayers that it is wise and prudent to plan for the future. In order to do this, GFOA recommends using condition ratings, replacement life cycles, actual expenditures and long-term trends (GFOA, 501).

What other municipalities are doing

Best practices from other communities can be a great starting place for developing both a Fund Balance policy and capital asset management plan. However, it is important to note that each municipality will be different in how their finances are structured, limitations and rules that govern how they are used, and most importantly the political will and financial landscape.

The town of Atherton, California has a simple but easy to follow policy that begins with a clearly stated purpose, to “provide quick response to weather economic uncertainty, unexpected situations such as natural disasters, provide sufficient cash flow to avoid the need for short-term borrowing” (Atherton Fund Balance Policy for General Fund). As part of this policy, Atherton assesses the risk to fund balance according to 3 funds up into 3 distinct categories: emergency, economic uncertainty and working capital. Using these metrics, they have set an absolute floor of 15% of the Town’s annual General Fund expenditures.

Closer to home, the Kenai Peninsula Borough (KPB), Alaska has developed a fund balance policy based on five major components: 1) working capital requirements, 2) bond rating and debt service, 3) revenue volatility amount, 4) unexpected expenditure and 5) future capital expansion and contingencies (KPB, March 2018). The KPB policy has a text book quality to it – each element enumerated above has a mathematical formula attached to that, when looked at comprehensively creates a minimum and maximum fund balance for each fiscal year for each fund, including the General Fund. It is worth noting that this strategy does not use a percentage of operating budget as a target, but rather develops a numerical range. One critique could be that though very logical and numbers driven, the complexity of the model makes it difficult to communicate and thereby justify to decision makers and taxpayers.

The Village of Barrington, Illinois establishes a minimum for fund balance by fund based on the specific risk factors to each fund. For example, General Fund is limited to three months operating revenue where the street maintenance program has a higher threshold of 50%. This not only ensures sufficient savings to

maintain this critical program, but as a way to ‘forward fund’ street and road maintenance (Village of Barrington, 2009-2010 Biennial Budget). Barrington is an established community outside of Chicago with a very high value property tax base, which means its revenue is considered relatively stable by GFOA standards.

The City of Ferndale, Washington goes so far as to call the fund balance the ‘rainy day fund’ in policy and stresses the prudent and limited use of it. However, the target for fund balance is low by GFOA standards, 10% of operating expenditures. The municipality is aware of this deficiency and established a goal of increasing this to 20% ‘if a new major retailer comes online after 2012’ (City of Ferndale). The City has a separate Facilities Capital Reserve with a dedicated funding source for “unforeseen City facilities capital expenditures” of \$300,000.

The final community examined was the Community of Leavenworth, Kansas with a robust fund balance policy that sets a goal of 25% operating budget for General Operating Reserves. Their plan further details that any surpluses should be limited to one-time operational expenditures, a planned capital facilities expenditure, or increasing the general fund operating reserve (Leavenworth). It is important to have a plan in place that replenishes fund balance when it dips below the desired levels. Leavenworth’s policy goes on to define optimum levels of savings by fund depending on the specific nature, risk factors and volatility of the fund. The Leavenworth case is a good case study when looking at debt as there is considerable policy developed around how to manage healthy debt service ratios by fund when a high level of debt is incurred.

The City of Homer Experience – Current Practice and Recommendations

Fund Balance

City of Homer Current Practice

The City of Homer has no stated policy in code or otherwise for how fund balance is managed. Rather, the administration and Council work under the assumption that the City of Homer should have at a minimum six months operating revenue (or \$6 million for FY2019) in General Fund Fund Balance. When overall General Fund budget comes in under, or over, it impacts fund balance through no action of City Council. For example, if the City comes in \$250,000 under budget in a fiscal year, those funds grow Fund Balance. Conversely, if expenditures exceed revenue, Fund Balance takes the hit. This unstated policy has come under criticism as of late and Council wants to have more agency in this transaction in order to be able to dedicate surplus funds to an expenditure of their choosing.

Recommendation

After analyzing GFOA best practices and what other municipalities do, I recommend the City of Homer adopt a formal policy that aims to maintain General Fund Fund Balance at 50% of one-year operating expenses. This may seem high compared to other municipalities analyzed, however, my reasoning stems from the following factors:

- 1) The City Council uses Fund Balance for general spending. In many instances in the past three years, City Council has spent funds directly from fund balance. The most notable project was \$800,000 on a remodel of the Fire Hall. If this is going to be a common practice, the fund needs to have sufficient revenue to still be healthy with those dips, or there needs to be the political will to

only dip into fund balance for emergency expenditures. If the latter is the case, I would recommend developing a solid policy on what constitutes an emergency.

2) Although the City does have a reserve fund, between the two this constitutes the entirety of the City of Homer's general fund 'savings.' Other municipalities have emergency funds, capital improvements funds, permanent funds or other places whereby funds are set aside for either emergencies or major expenditures.

3) GFOA recommends a higher fund balance if your funding source is more volatile. The City of Homer primarily depends on sales tax revenue, which is considered more volatile than property tax revenue. Furthermore, given the fiscal situation of the state budget and uncertain impact cuts will have on the overall economy, a conservative approach is recommended.

4) A higher fund balance is recommended by GFOA if your region is prone to natural disasters Homer lies within both an earthquake zone and tsunami zone; either one of those events could have catastrophic short and longer-term impacts that we need to be prepared to handle.

4) A higher fund balance is necessary to be able to maintain cash flow. Property taxes, 1/3 of general fund revenue, are only paid once a year. Sales tax, the bulk of revenue, is paid quarterly but the bulk of it is earned during the summer months.

The question has come up with City Council of what to do when the fund balance exceeds six months operational expenses, which is where it sits for FY2019. Should the excess be spent? Should it be transferred into a reserve account or possibly a permanent fund with less restrictive investment policy where it is able to earn a greater rate of return for the City? My recommendation would be to create a capital projects fund for major capital projects that can serve as seed or match money in the future. We know we are facing many large infrastructure replacement projects such as the Homer Education and Community Recreation Complex, a new public works complex and the wholesale replacement of a fire fleet that is, on average, over 30 years old. In the absence of state and federal money, having local capital to seed these major projects is going to be key to the long-term health of the City.

Reserves

Current Practice

In the case of the City of Homer, there are approximately 20 different reserve accounts that range from fleet reserves to information and technology reverse sub funds for funding IT infrastructure. These funds pay for routine capital expenditures that are outside the scope of the operating budget and are generally one-time expenses over \$25,000. The City of Homer does have a reserves policy on the books, Resolution 2006-101 establishes a goal of 40% of depreciable assets. However, this goal is unrealistic as the City has only ever been able to reach about 10% of the value of depreciable assets. The ambitious nature of the goal makes it not useful to administration or policy makers and the City Council is begging for more concrete standards that they can justify.

Investment in depreciation and regular maintenance has been lacking over the last 10 years at the City due to budget constraints and a lack of appetite to take care of what we have. For example, the fire department fleet is entirely beyond its lifespan and there is no sustainable fleet management plan. In lean years, spending on major maintenance and transfers to reserves is sacrificed to maintain the operating budget –

which makes average spending a poor metric of demand. In addition, major replacement and repairs has depended in the past on robust capital budget and grants, both of which have dried up in the last five years.

Recommendation

After reviewing the literature, best practices, and current City of Homer practices, I believe the City should take a three-pronged approach to reserve management: 1) inventory deferred maintenance and get infrastructure to an adequate baseline 2) establish a goal of keeping reserve funds at a balance of 4 years average spending and 3) establish a capital assets account where funding is set aside for major maintenance or replacement.

The City needs to perform a detailed analysis of our infrastructure and produce a schedule that identifies the most outstanding needs to bring infrastructure up to a reasonable level. This will result in a concentrated push to fund and perform deferred maintenance tasks. This will require an influx of cash and staff capacity to take care of the most egregious projects and establish a schedule for others. From this, we can work backward on how much we should be investing annually in maintaining the infrastructure, plan for replacement at its end of life and put adequate funds away in reserves to fund anticipated expenditures. However, this approach is staff and resource intensive. It is a large project that would be handled by the overstretched Public Works department and likely require hiring outside engineers. Furthermore, there would be significant ongoing cost to keep this list updated and relevant. There is also the very real fear that this number will be so high that there will be no political appetite to save, or spend, at recommended levels.

Once maintenance projects that have been ignored for years are taken care of, budgeted for, or at least planned for, a reasonable and much more conservative approach to reserve management can be implemented. One approach that has been suggested by the current Mayor, Ken Castner, is to cap the necessary reserve spending amount at the four times the average annual spending. Under this scenario, the Council would prioritize replenishing the fund annually with whatever the four-year average in spending is. For the general fund, this only works if you consolidate the 20 separate reserve funds since spending annually in one reserve can be sporadic and not consistent enough to derive reliable averages. Combining these funds may provide the ability to more effectively direct funds to the greatest need, versus departments taking a proprietary approach to available funding.

Evaluating Success

While the recommendations developed in this paper are sound and justifiable for the City of Homer at this moment in time, it is important to revisit the effectiveness of the policy as circumstances change and the City has experience with the policy. For example, if the political climate and comfort level for saving versus borrowing changes within the community and the Council, the target amount for fund balance and reserves may need to be adjusted. Another variable that will influence the effectiveness of the policy is available revenue. If times become lean, it may be impossible to fund at the recommended levels while continuing to provide basic services. If this becomes the case, Council needs to make a policy decision on how to prioritize resources. An unexpected windfall may also prompt tweaking of the policy as the highest and best use of unexpected dollars is explored by Council. Lastly, an emergency draw on fund balance, such as a fiscal crisis or natural disaster will prompt a careful analysis of the policy as Council and management work to rebuild recommended reserve levels.

In addition to being incorporated into city code, the fund balance and reserve balance policy should be integrated as a part of the budget process and published document to prompt review and reflection on a regular basis.

Conclusion

In conclusion, the City of Homer is overdue for a fund balance and reserve balance policy. Though the current practice established in code of surplus funds reverting back to their originating source allowed for a healthy and responsible growth of fund balance, putting reasoning, definitions and targets further institutionalizes this practice. Another problem the City of Homer had was an unrealistic target for reserve funding, 40% of depreciable assets. With millions of dollars in depreciable assets, it became unrealistic to set aside more than 10% making the goal meaningless.

This paper proposes a conservative and reasonable approach to general fund fund balance policy setting a target amount of 6 months operating budget. The recommendations are more divergent from current practice when it comes to the reserve policy. The paper recommends combining all funds into one common general fund reserve and capping it at four times average spending. This only works with the third recommendation of the paper, the establishment of a capital improvement fund to save money for major capital projects and council priorities. The paper further recommends prioritizing the replenishment of the funds in the order listed: fund balance, reserves, and finally capital improvement.

The changes proposed in this paper will require thoughtful deliberation and discussion by Council with input from the Manager, Finance Director and department heads that know their budgets, facilities, and anticipated expenditures best. Decisions on restrictions on spending, prioritization of funds, and what the prudent level of reserves are a matter of policy influenced by the political and economic climate and the personal philosophies of each member. It is a conversation I am looking forward to observing. I appreciate the Council's commitment to good governance and budgeting by pursuing this topic and setting aside time for its careful consideration.

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City of Homer

Fund Balance Policy for the General Fund

General Fund Fund Balance

Purpose

To help the City of Homer provide quick response to weather economic uncertainty, unexpected situations such as natural disasters, and provide sufficient cash flow to avoid the need for short-term borrowing. This policy establishes the appropriate level of reserves which the City will strive to maintain in its General Fund balance; how the target balances will be funded; and the conditions under which fund balance can be used.

Funding Target

Funding of general fund balance targets will generally come from excess revenue over expenditures or one-time revenues. The target fund balance for the fund is six months general fund annual operating expenditures.

Conditions for Use

The use of fund balance shall be limited to unanticipated, emergency non-recurring needs. If the annual audit determines there is more than six months general fund operating revenue in fund balance, it can be appropriated by Council to other funds or to fund qualifying expenditures. Fund balance shall not be used for normal or recurring annual operating expenditures.

Capital Asset Repair and Maintenance Account (CARMA)

Purpose

Capital asset management is essential to extending the life and use of taxpayer funded major assets, facilities and infrastructure. Funds should be set aside annually to ensure funding is available to replace fleet, repair facilities, and replace equipment.

Funding Target

The City will strive to hold no less than four times average annual expenditure in general fund reserves. All general fund reserves will be combined into one fund. This ensures that the highest and best need for the city is prioritized in any given year. The general fund reserves will be replenished by appropriation in the budget process by taking the average of the actual spending for the four prior years.

Any revenue available in excess of ¼ average annual spending will be available for appropriation by Council into the Capital Improvement Fund or other Capital expenditures as determined by Council.

Conditions for Use

Reserve funds should be used to fund fleet replacement, repairs to facilities, and replacement equipment. Reserve funds are not intended to fund major capital projects such as new facilities.

Capital Improvement Fund

Purpose

The purpose of the Capital Improvement Fund is to help fund major capital projects and/or new infrastructure for the City of Homer.

Funding Target

Funding of the Capital Improvement Fund will come from excess revenue over expenditures or one-time revenues.

Conditions for Use

Major Capital projects are defined as projects that have been prioritized through the City of Homer Capital Improvement Plan and, in general, have a total project cost of \$1 million or more. The Capital Improvement Fund is not intended to fund 100% of major capital projects, but rather be a place to accumulate funds as seed money or match funding in anticipation of larger, multiyear projects.

Prioritization of Funds

The funds will be funded in the following priority order: 1) general fund fund balance, 2) CARMA and 3) Capital Improvement Fund.



Developing a GF Fund Balance and Reserve Policy

City Council Committee of the Whole Presentation – June 10, 2019

Objectives

- Overview of Best Practices for GF Fund Balance & Reserve Funds Policy
- Variables to Consider
- Where City of Homer Fits in Those Variables
- City's Capital Asset Long-Term Maintenance Needs
- Historical Context of Capital Asset Funding

Best Practices – GFOA Recommendations

- **Policy should set appropriate level for GF Fund Balance**

- **“Triple A” Risk-Based Approach**

- **A**ccept uncertainty
 - **A**ssess impact
 - **A**ugment

- **Sizing GF Fund Balance**

- No less than 2-6 months of regular general fund operating expenditures
 - Then augment after risk analysis

Best Practices – GFOA recommendations

- **Restrictions – Policy should**

- **Rather than one Fund, categorize reserves:**

- Makes the purposes of the reserves more transparent

- **State the purposes for which the funds are not allowed**

- Fund on-going operations or start new programs

- Define authorization process to access emergency funds

- **Replenishing – Policy should**

- Prioritize funds

- Establish the method and timing for fund replenishment when funds dip below an identified level.

COH GF Fund Balance & Reserve Balance Policy Considerations

- Establish three funds:
 - GF Fund Balance is emergency reserve for one-time events/stabilization funds to offset economic downturns
 - Capital Asset Repairs & Maintenance Account (CARMA)
 - Capital Improvement Fund

Sizing GF Fund Balance – Variables to consider

- **Risk Factors**

- Cash flow needs
- Volatility of revenues
- How frequently GF Fund Balance used for non-emergency expenditures
- Susceptibility to and severity of natural disasters
- Susceptibility to critical infrastructure failure

GF Fund Balance Policy Recommendations

- Target GF fund balance:

6 months of general fund annual operating expenditures

Restricted to unanticipated, emergency, non-recurring needs.

1st priority for replenishing

- Based on risk factors:

- COH cash flow needs
- Relatively volatile revenue source: sales tax revenues
- Historical use of GF Fund Balance
- Susceptibility to major infrastructure damage due to earthquake and/or tsunami
- Age & condition of critical infrastructure (e.g. water/sewer)

Sizing Capital Asset Repair & Maintenance Account (CARMA) Best Practices

- **GFOA**

- Base reserve level on asset management plan and fleet replacement schedule
- Augment if there has been deferred maintenance

- **National Academy of Sciences, Engineering & Medicine**

- Recommend property owners reserve, on average, 2-4% of the replacement value of a facility annually for capital asset repair and maintenance.

Capital Asset Repair & Maintenance Account

- CARMA fund balance:

No more than four times the average annual spending:
 $\$350,000 \times 4 = \$1,400,000$

Restricted to major non-recurring repair/maintenance of capital assets (infrastructure & fleet)

2nd priority for replenishing

- Infrastructure

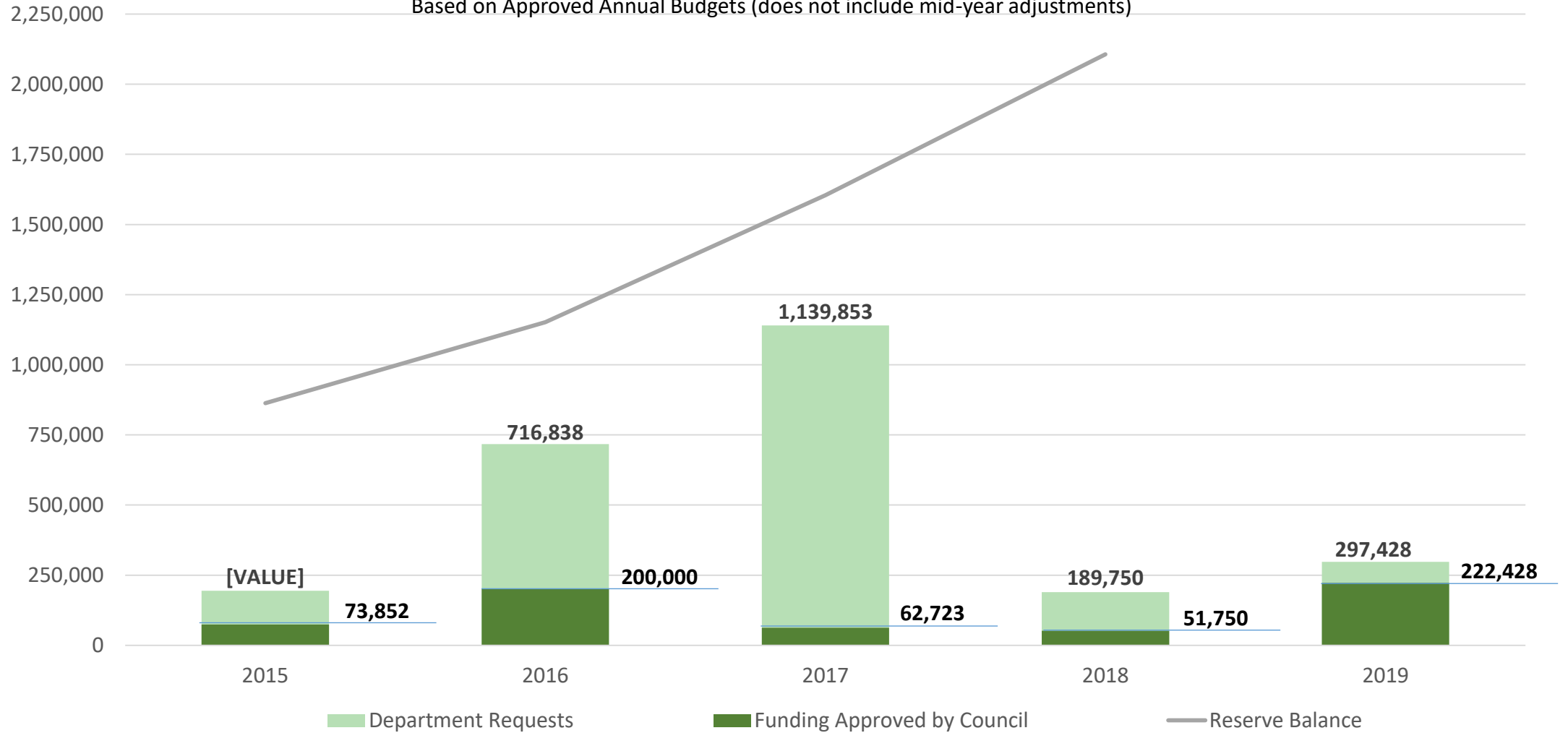
Following NASEM metric:

➤ At GF Infrastructure \$28M replacement value

budget \$550,000 (2%) to \$1.1M (4%) per year for repair

GF Capital Budget Requests and Capital Funding Approved

Based on Approved Annual Budgets (does not include mid-year adjustments)



CARMA: Fleet

- CARMA fund balance:

No more than four times the average annual spending:
 $\$250,000 \times 4 = \$1,000,000$

2nd priority for replenishing

- GF Fleet Reserve

- Replaces City's fleet on a planned, rotation basis as their useful life expires.
- 2019 budget funded \$836,174 for GF fleet replacement, leaving \$53,333 deferred
- 2020 fleet replacement schedule calls for replacing \$1.5M

2019 General Fund-Supported Department Fleet Reserve Budget

Dept.	Approved 2019 Budget
Admin (City Hall)	\$41,929
Public Works (GF)	\$141, 959
Police	\$296,853
Fire	\$355,433

Total: \$836,174

General Fund fleet replacement needs for 2019 and 2020 (replacing equipment ranging from 0 to 2 years of remaining life).

2019

DEPT	Year	DESCRIPTION	CURRENT AGE	TOTAL EXPECTED LIFE	YEARS OF LIFE REMAINING	NEEDS TO BE REPLACED IN THIS YEAR	REPLACEMENT COST	FUNDING SOURCE
PWHDE	1992	International Vacuum Truck	27 Years	25	-2	2017	N/A	GF/W/S
PWHDEA	1995	Patchman Asphalt Mixer	25 Years	25	0	2019	\$ 40,000	GF/W/S
PWLTV	1989	1989 GMC 3/4 TON	29 Years	29	0	2019	N/A	GF/W/S
PWLTV	1987	1987 CHEVY FLAT BED - PAINT TRUCK	32 Years	32	0	2019	N/A	GF
PWLTV	1999	1999 FORD E250 VAN	20 Years	20	0	2019	\$40,000	GF
FDHDE	2002	2002 POLARIS 6-WHEELER	17 Years	17	0	2019	N/A	GF

2019 GF Deferred Total: \$53,333

2020

DEPT	Year	DESCRIPTION	CURRENT AGE	TOTAL EXPECTED LIFE	YEARS OF LIFE REMAINING	NEEDS TO BE REPLACED IN THIS YEAR	REPLACEMENT COST	FUNDING SOURCE
PWHDE	1995	410D John Deere Backhoe	24 Years	25	1	2020	\$ 120,000	GF/W/S
HPDLV	2009	2009 CHEV IMPALA	10 Years	11	1	2020	\$40,000	GF
HPDLV	2009	2009 CHEV IMPALA	10 Years	11	1	2020	\$40,000	GF
FDLV	1990	BRUSH 1 - 1990 FORD	29 Years	30	1	2020	\$95,000	GF
FDHDE	1987	1987 Tanker 1 Huri	32 Years	33	1	2020	\$650,000	GF
FDHDE	1989	1989 Tanker 2 E-One	30 Years	31	1	2020	\$650,000	GF

2020 GF Total: \$1,515,000

Sizing Capital Asset Repair & Maintenance Account (CARMA) Considerations

- Capital expenditures not captured in average 4 years spending:
 - Fire Hall Deferred Maintenance
 - New Police Station
 - Projects have 3 years to expend appropriation
- Past availability of State Capital Project Grants
- Deferred maintenance/Fleet replacement

Capital Improvement (CI) Fund

- Recommend establishing a new CI Fund

- Place where Council can dedicate funds to
- provide seed money for major capital replacements \geq \$1M (like Police Station or upcoming Public Works offices) or
- accomplish items on the Capital Improvement Plan.

3rd priority for replenishing

- Funding of the CI Fund will come from excess revenue over expenditures or one-time revenues.

Next steps

Discuss and give direction on the proposed fund balance and reserve balance policy and establishment of a capital improvement funds.

- GF Fund Balance
 - What should that number be?
 - What restrictions should or could be placed in code that limit the spending of those funds?
 - What does replenishment look like?
- Reserve Balance
 - Is no more than four times the average spending a reasonable goal?
 - Should restrictions on what can be funded from here be further codified?
 - Should all general fund reserve funds be consolidated into one fund?
- Capital Improvement Fund
 - Should this fund be established?
 - What would a ranking system look like?
 - Is the purpose of the fund established in the draft policy adequate?
- Prioritization of Funds

ORDINANCE REFERENCE SHEET
2019 ORDINANCE
ORDINANCE 19-37

An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code 2.08.040(h) Quorum. Voting to Require the Mayor to Vote in the Case of a Tie.

Sponsor: Lord

1. City Council Regular Meeting August 12, 2019 Introduction

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

Lord

3
4 **ORDINANCE 19-37**

5
6 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
7 AMENDING HOMER CITY CODE CHAPTER 2.08, SECTION
8 2.08.040(H) QUORUM-VOTING TO REQUIRE THE MAYOR TO VOTE
9 IN THE CASE OF A TIE.

10
11 WHEREAS, Unlike Commissioners and other appointed city officials, Homer City Code
12 1.18.045 emphasizes the importance of Councilmember participation in decision making by
13 mandating their participation unless the body declares a conflict of interest; and

14
15 WHEREAS, Even though the Mayor is not a Councilmember, he or she is an elected
16 public official at the table and fundamental to the governance of the City, and it is equally
17 important that his or her voice is heard; and

18
19 WHEREAS, It is the Mayor and Council's duty and obligation to govern even when
20 making those decisions is difficult; and

21
22 WHEREAS, Requiring that the Mayor vote in the case of a tie provides clarity to the
23 listening public and for the minutes of meetings in the record, and is consistent with the
24 practice of former City of Homer Mayors; and

25
26 WHEREAS, According to Roberts Rules an abstention by the Mayor is considered the
27 same as a 'no' vote; and

28
29 WHEREAS, For all the reasons listed above, clarifying Homer City Code to specify that
30 the Mayor shall vote in the case of a tie is in the best interest of the City.

31
32 NOW THEREFORE, THE CITY OF HOMER ORDAINS:

33
34 Section 1. HCC Section 2.08.040(h) is hereby amended as follows:

35
36 h. Quorum – Voting. Four Council members shall constitute a quorum. Four
37 affirmative votes are required for the passage of an ordinance, resolution, or motion.
38 A member of the Council acting as Mayor Pro Tem shall not lose his vote as the result
39 of serving in such office. The Mayor is not a Council member and ~~may vote only~~ **shall**
40 **vote only** in the case of a tie. The final vote on each ordinance, resolution, or
41 substantive motion may be a roll call vote or may be done in accordance with
42 subsection (k) of this section (see AS 29.20.160(c)(d)).

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Section 2. This ordinance is of a permanent and general character and shall be included in the City Code.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this ___ day of _____, 2019.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

MELISSA JACOBSEN, MMC, CITY CLERK

YES:

NO:

ABSTAIN:

ABSENT:

First Reading:

Public Hearing:

Second Reading:

Effective Date:

Reviewed and approved as to form:

Katie Koester, City Manager

Holly Wells, City Attorney

Date: _____

Date: _____



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

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Homer, Alaska 99603

citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

(f) 907-235-3148

Memorandum

TO: Mayor Castner and Homer City Council
FROM: Katie Koester, City Manager
DATE: August 7, 2019
SUBJECT: August 12 City Manager's Report

Regulatory Commission of Alaska Hearing on Enstar Tariff 310-4

The week of July 29th I, along with Mayor Castner, attended the Regulatory Commission of Alaska (RCA) hearing on Enstar Tariff filing 310-4. Councilmembers Stroozas and Aderhold were able to attend for a few days each and provide support, strategy and input. It was very meaningful to have Homer represented; the panel that heard the filing consisted of 2 former Mayors and the significance of 3 municipal governments aligning and the effort it took for elected officials to take the time out of their schedules was not lost on the Commission. I served as a witness to represent the Homer Area Ratepayers, the the name we gave ourselves to speak collectively as the Kenai Peninsula Borough, Kachemak City and the City of Homer. I explained how upset customers were when they learned that the surcharge could last more than 30 years. I was there to help put a 'face' to the issue and remind the Commission how their decision effected customers.

Homer Area Ratepayers entered into a settlement agreement with Enstar preceding the hearing. This agreement was much more favorable to us than Enstar's original position and represented significant compromise on Enstar's part. Under this agreement the tariff would remain the same (\$1 per MCF) and it would have a hard end date (2032) instead of remaining place potentially indefinitely. It was meaningful to be able to show the Commission that two adversarial parties were able to come together and compromise; both emphasized in testimony how important it was to have a positive relationship moving forward. Another critical component of the settlement agreement was regular reporting to the municipal governments on the status of the tariff to bring greater awareness to the issue. If natural gas sales exceed expectations, the \$1 per MCF could be removed before 2032.

The settlement was contested by the Regulatory Affairs and Public Advocacy (RAPA) section of the Attorney General's Office which made for a longer hearing and potentially more uncertain outcome. A key component of the settlement was rolling the cost overruns from installation of the trunk line in 2012 (\$1.08 million) into overall customer rate base. This represents an annual increase to the average customer of .05 cents a month. The benefits to the overall system of the Homer area connected to the system and sharing in the overall system costs was clearly demonstrated.

The RCA will make their decision any time between now and November 3, their statutory end date. They could agree with the settlement, or alter it in some way based on the hearing. A clear take away I had from the week of hearings was how important it was the municipalities spoke up and participated; taking an active role was necessary to get the Commission's attention and represent Homer area constituents.

quick action by the Mayor upon discovering that the tariff was not functioning as it should and the responsiveness of all three bodies will undoubtedly put Homer area ratepayers in a better position moving forward.

Update on Poopdeck Trail Project

In July, Ptarmigan Ptrails, a Northwest-based trail construction company and member of the nationally recognized Professional Trail Builders Association, began trail construction on Kachemak Heritage Land Trust Poopdeck Platt property and on the adjacent City of Homer property. The new universally accessible trail is part of the Poopdeck Community Park project, aiming to help make Homer a more accessible community. Currently, construction is on hold until September due to a delay in shipment of building materials but is still on track to be completed this fall.

The trail construction is being done in collaboration with the City of Homer and the Homer Independent Living Center with funding from the Alaska Recreational Trails grant program and a required 10% match from the City. Other upcoming features of the Poopdeck Community Park project include informational signs with interactive elements, and in partnership with Homer Animal Friends, dog lending leashes and waste disposal stations.

Municode and Commission Chair Training

The Clerk's office has been busy training and being trained. Staff sat in on a webinar provided by Municode Meetings that addressed some program updates and upcoming features that include the ability to display agenda titles on the Council Chamber screens as they come up for discussion, as well as the vote results when members vote on their iPads, and the option for legislators to submit agenda packet materials through the system. They've improved the PDF bookmarks of the agenda packet that direct the user to the first page of the agenda item, and the ability to publish ADA compliant HTML agendas and agenda packets to the City website. Municode Meetings is working on an integration between the Agenda program and the Municode codification program. The codification program is used to provide our City Code online and currently the City uses another company for this service. The Clerk is looking into the possibility of transitioning to Municode. They are also looking into integration with Laserfiche, which is a service the City uses for document management. Then integration with Laserfiche is down the road a year or two but has the potential to enhance our ability to easily provide public information through our website.

On July 24th the City Clerk held a training for Commission and Board Chairs and Vice Chairs. All of the groups were represented with seven Chairs and/or Vice Chairs in attendance along with each group's staff liaison. The training focused on the roles and responsibilities of the Chair/Vice Chair, the duties of staff in respect to their commission or board, and Alaska Statutes 44.62.310 and .312 Government meetings public and State policy regarding meetings. This is the first time a training like this has been offered in quite some time and it was well received with everyone who attended asking great questions and participating in the discussion. They touched on the 11 duties of the Chair per Robert's Rules of Order and recognized those duties are about procedure and running a meeting well, and not about exercising the leadership position to determine an outcome or be in control of the groups decision. They addressed ways to have productive discussion and ensure all members have an opportunity to share their views, processes for developing agendas and submitting materials in a way that leads the groups into productive meetings, and their role to conduct the public's business openly.

Visit with Senator Murkowski

Mayor Castner, Port and Harbor Director Hawkins and I had the change to visit with Senator Murkowski on Saturday, August 3rd as she was in town for the Field to Vase dinner showcasing our outstanding local peony industry. We spent most of our 45 minutes updating her on the Large Vessel Harbor project as it is moving into the next phase and will be up for funding consideration by the Corps in the next budget cycle. We also solicited her help on navigating erosion issues on the Homer Spit as it will require a collaborative approach between the City, state and Federal government. Her office has kept very involved in the conversation and we appreciate her interest and concern.

Alaska Municipal League Summer Conference

The day after City Council (August 13th) is the first day of the AML summer conference. We are fortunate it will be held in our back yard - Soldotna. The week promises to be interesting and I will have a full report for the next meeting. Some of the topics I am looking forward to include professional development on managing department heads put on by the Municipal Managers Association and an update on online sales tax. No doubt the state budget impacts will dominate the meeting.

The Bees Knees

Stoked Beekeeping Co. has been approved to temporarily place a beehive on City property near Alice's Champagne palace to generate interest for a fundraising benefit for Homer Wilderness Leaders (HOWL) on September 8th. The hive can be accessed on foot by the interested public through the Alice's parking lot. The entrance of the hive will be south facing, so much of the coming and going of foraging bees will go unnoticed over the two large vacant lots south of the hive. The hive will be regularly tended and removed by September 10th. In the meantime, City property will enjoy a visit from these friendly pollinators.

Seawall Study

I have attached the engineering report exploring long term preservation options for the seawall in addition to a cash flow analysis that went out to property owners on August 8th. The report recommends installing rip rap at the toe of the seawall at a cost of between 1.5 and 2.1m. Even if we are able to use existing revenue to finance this solution, it will require a significant increase in revenue either in the form of property taxes or a special assessment district. I have scheduled a neighborhood meeting with property owners for August 20 at 5:30pm. Potential next steps include funding a more detailed cost analysis and selecting a preferred option.

Enc:

Seawall engineering report, cash flow analysis and August 7 letter to property owners

Thank you from KBBI

Memo

Date: Thursday, June 27, 2019

Project: Homer Seawall Study

To: Carey Meyer, PE Homer City Engineer

From: Ronny McPherson, PE HDR

Subject: Homer Seawall Alternatives Analysis



The purpose of this technical memorandum is to review the condition of the Homer seawall (herein referred to as the “seawall”) and provide concepts for improving the structure that would reduce maintenance cost and extend the functional life of the structure.

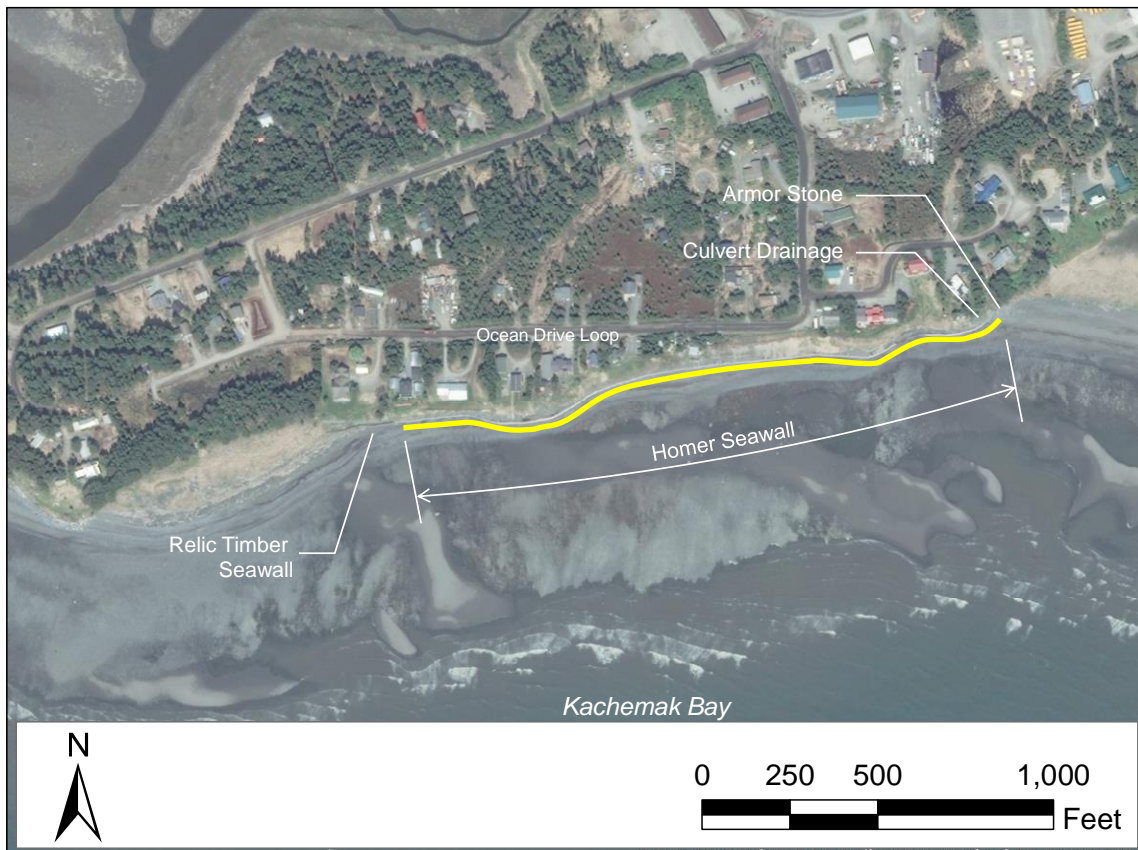


Figure 1. Homer seawall location map.

The seawall was constructed in 2002 using fiberglass sheet pile. Based on information provided by the City of Homer, the structure experienced immediate challenges primarily due to several major storm events occurring during construction and has since required continued maintenance to maintain functionality. One issue that was observed early in the project, was the

degradation of the sheet pile material due to abrasion from the beach sediments. Timber paneling was subsequently installed to mitigate the abrasion. A steel whaler (horizontal structural member) was also installed to provide additional structural support for the wall (Figure 2 and Figure 3). Over time, it has been observed that the elevation of the seafloor at the toe of the wall is lowering, noting that the elevation of the toe varies greatly throughout the year (i.e. seasonal variations). Continued lowering of the toe elevation will eventually undermine the seawall and allow retained uplands to slough.

Existing Homer Seawall Observations

A site visit was conducted on April 25, 2019 with the City of Homer City Engineer to observe the condition of the seawall. During the visit, several sink holes at the top of the seawall were observed. These were generally correlated with local failures of the timber facing at the toe of seawall (Figure 4). Within these local failures, the degrading effects of the prior abrasion were observed. Seawall height, as measured from the beach to the top of the sheet pile, was measured near the culvert drainage located on the east side of the seawall (Figure 1) and was found to be approximately 15 feet. A schematic showing the approximate conditions of the existing seawall is shown in Figure 2. Armor stone was observed on the eastern terminal of the seawall and is shown in Figure 5. Many of the armor stone were observed to have rounded edges indicating recurring movement over time which is assumed to be due to wave action. Based on rough measurements and an assumed density of 160 pounds per cubic foot, stones were found to range from 1,500 lbs. to 7,500 lbs. in weight with most stones weighing less than 2,000 lbs.

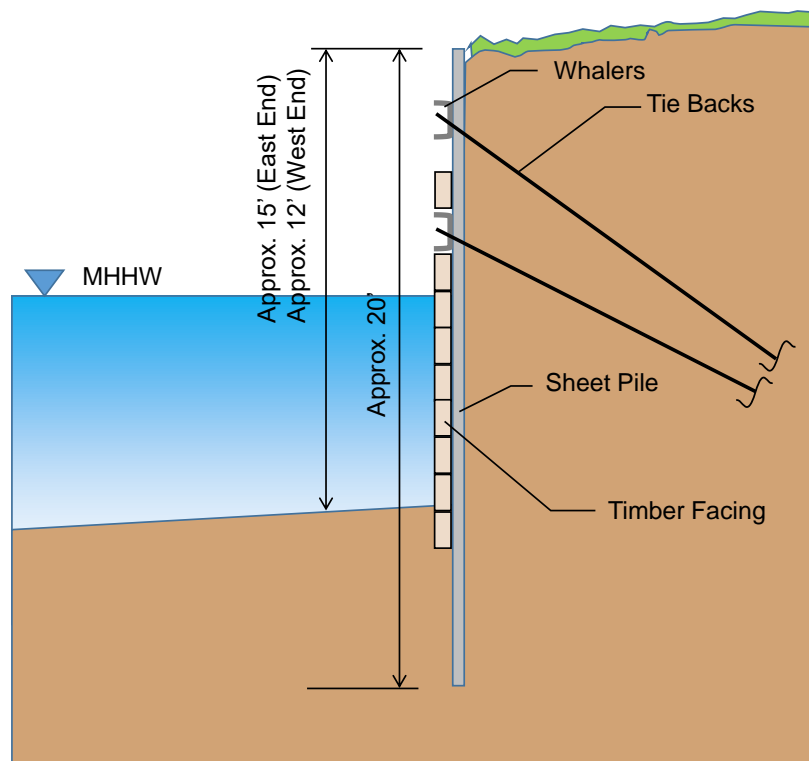


Figure 2. Existing seawall schematic.

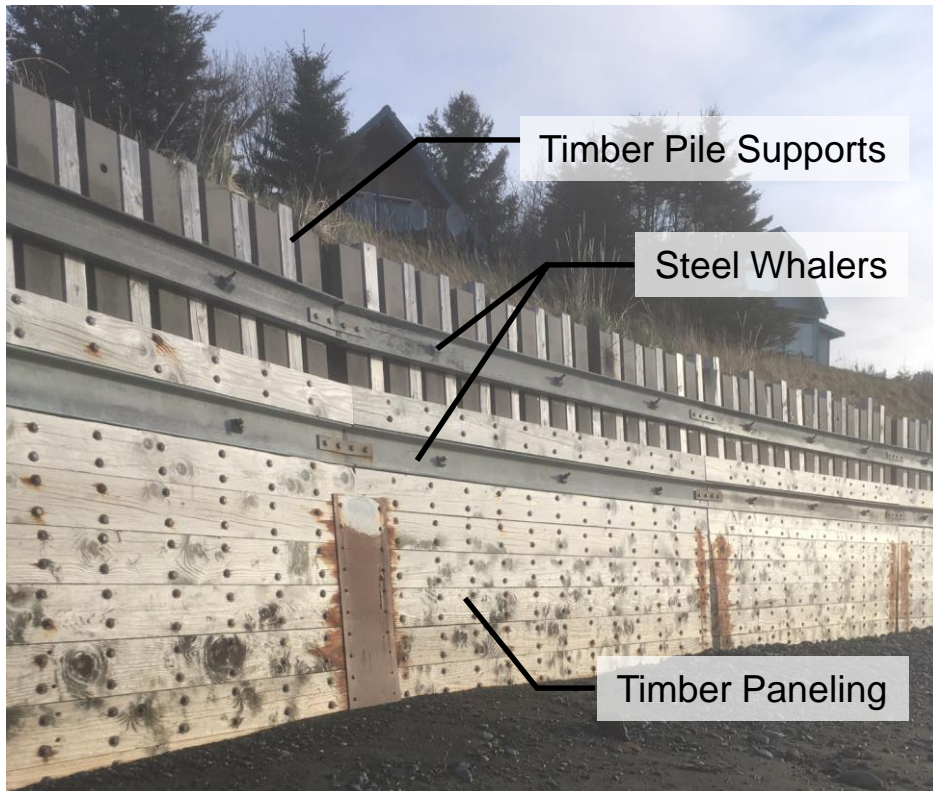


Figure 3. Seawall existing condition.



Figure 4. Example of observed local failure – correlates to sink hole at top of the seawall. Inset shows previous assumed abrasion damage.



Figure 5. Observed armor stone at east terminal of the seawall.

Metocean Conditions and Sediment Transport

The following provides a brief description of the meteorological and oceanographic (metocean) conditions as well as sediment transport trends near the seawall.

Tide

Tide datums for the area were gathered from the NOAA tide station located at Seldovia, AK and are provided in Table 1. Although this station is located across Kachemak Bay, the tide datums provide a good representation of conditions at the project site. The base of the seawall is estimated to be at an elevation of approximately +12' Mean Lower Low Water (MLLW) based on observed tide levels during the site visit.

Table 1. Tidal Datums at Seldovia NOAA Tide Gauge (NOAA 2019)

	Elevation, FT (MLLW)	Elevation, FT (NAVD88)
Mean Higher High Water	18.1	12.7
Mean High Water	17.2	11.9
Mean Sea Level	9.6	4.3
Mean Low Water	1.7	-3.6
Mean Lower Low Water (MLLW)	0.0	-5.3
North American Datum of 1988 (NAVD88)*	5.3	0.0

**NAVD88 conversion calculated using Alaska Department of Natural Resources – Alaska Tidal Datum Portal (DGGGS 2019).*

Wind

Figure 6 provides a wind rose from data gathered at the Homer airport. The wind rose graphically shows the wind direction, magnitude, and frequency of occurrence. A silhouette of the Homer spit with the seawall location shown as a “star” is also included in the figure in the background. This provides a graphical orientation of the shoreline at the seawall in relation to the wind trends. From the figure, it can be seen that annually wind predominantly blows in two directions: northeast and west southwest.

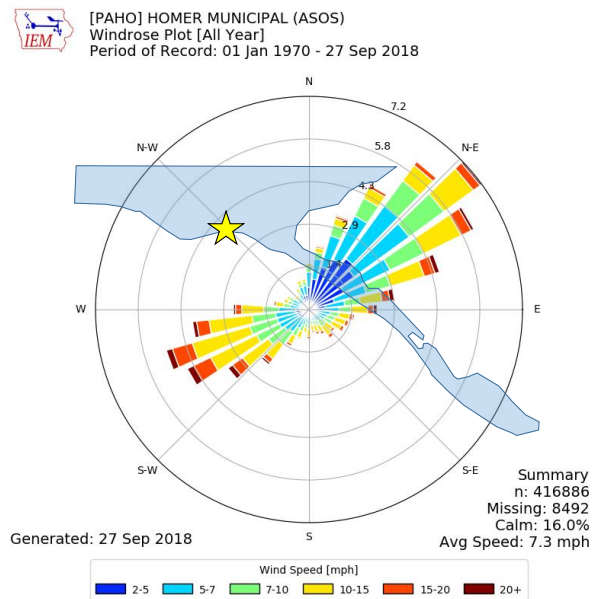


Figure 6. Wind rose showing predominant wind direction, frequency, and magnitude at Homer, AK (ISU 2019).

Waves

Kachekmak Bay is relatively shielded from open ocean swell coming from the Gulf of Alaska. Waves generated at the site are primarily wind-generated waves that have developed within the Kachekmak Bay/Cook Inlet water bodies. Because of this, wave directional trends will closely align with wind directional trends shown in Figure 6. Due to the presence of the Homer spit and orientation of the project shoreline, waves traveling from the northeast direction will not be able to develop to any significant size prior to impacting the seawall. However, waves traveling from west southwest can reach a significant size due to the large fetch (>80 miles) and deep water across Kachekmak Bay and Cook Inlet. Considering these conditions, it is believed that depth limited storm waves impact the seawall on a regular basis. Figure 7 provides an example of storm conditions during a high tide at the seawall. In addition to the large wind-generated waves impacting the seawall, wave reflection off the seawall likely amplifies the waves just seaward of the structure.



Figure 7. Storm waves impacting existing Homer seawall (photo courtesy of City of Homer).

Sediment Transport

For discussion purposes, sediment transport can be simplified as cross-shore transport and long shore transport.

Cross-shore transport is the movement of sediment up and down the beach profile (section view). In typical open-ocean beaches, wave action from winter storms will cause cross-shore sediment transport to the lower part of the beach profile creating a skinner beach or lower beach elevations. During calmer summer periods, cross-shore transport will move this sediment back up into the higher portions of the beach profile creating a seasonally wider beach. This trend or some variation is likely occurring as seasonal variations of the Homer beach elevations are typical.

Long shore sediment transport is the movement of sediment parallel to the shoreline. Sediment will move along the shoreline as waves approach a shoreline from an oblique angle. The more oblique the angle and more wave energy, the more sediment is transported. Based on the wave directional trends and orientation at the Homer seawall, the beach experiences waves impacting the shoreline from a consistent oblique angle, thus a net sediment transport from west to east can be assumed with minimal to no seasonal transport from east to west. In addition, the overall presence and orientation of the neighboring Homer spit also indicates that the net sediment transport is from west to east at the seawall.

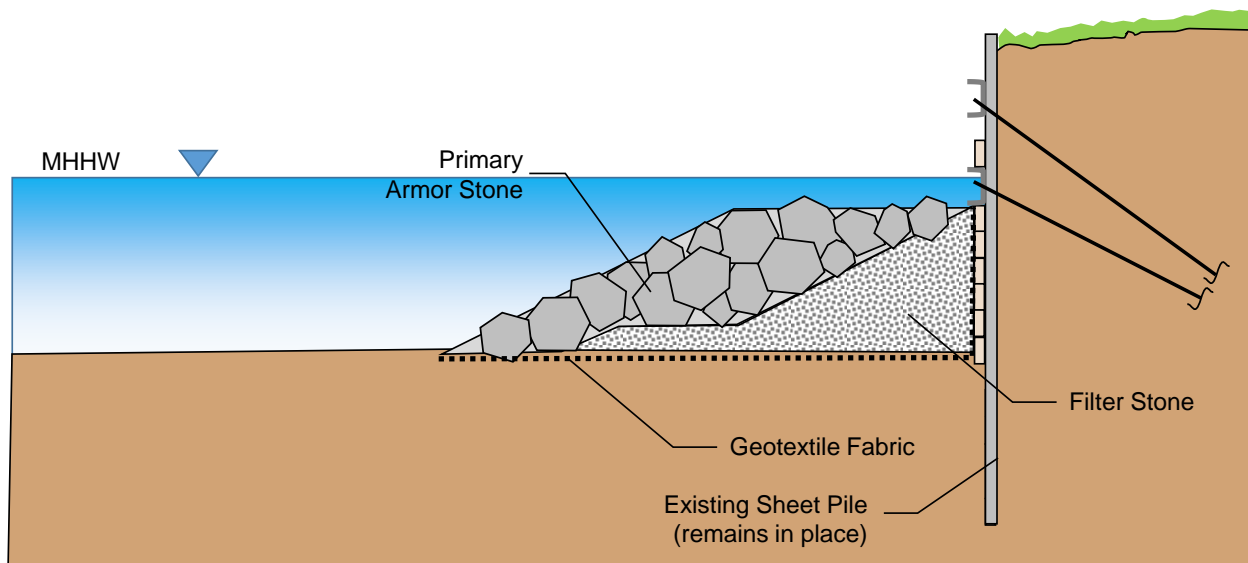
Seawall Improvement Concepts

Several concepts for improving the longevity of the existing seawall were reviewed.

- 1) Armor Stone Scour Protection
- 2) Geotextile Container Scour Protection
- 3) Groin Field
- 4) New Steel Sheet Pile Wall
- 5) New Soldier Pile and Concrete Lag Wall

Concept 1: Armor Stone Scour Protection

Armor stone scour protection involves constructing a revetment type structure at the base of the existing seawall. The structure would utilize at least two stone material classes: a filter stone and a primary armor stone. A non-woven geotextile fabric would be placed as a barrier between the filter stone and the seawall as well as the beach. Filter stone would then be placed as a wedge between the primary armor stone and the seawall. This rock material and geotextile fabric will act as filter layers to reduce sediment migration through the structure. Sediment loss behind the seawall should thereby be minimized, which would reduce localized failure from “sink holes.” The filter stone will also provide protection to the existing seawall from the larger primary armor stone which could damage the seawall during construction or if stones moved during a storm event. This revetment concept would reduce scour (lowering of the beach) at the base of the seawall, which if were to continue, could result in the collapse of the seawall. This concept should also prevent continued damage at the base of the seawall such as the “kicking out” of the seawall at the base as observed during the site visit. However, it should be noted that repairing a localize failure of the seawall would become significantly more challenging with a rock structure in place at the toe. Figure 8 provides a schematic of this concept.



CONCEPT 1 – ARMOR STONE SCOUR PROTECTION

Figure 8. Concept 1 - Armor stone scour protection schematic.

Advantages:

- The seawall toe would be shored up with the armor stone mitigating localized failures of the seawall increasing the longevity of the structure. Continued lowering of the beach elevation in front of the seawall would not be a major concern.
- Armor stone structures can be design to have a long service life.

Disadvantages:

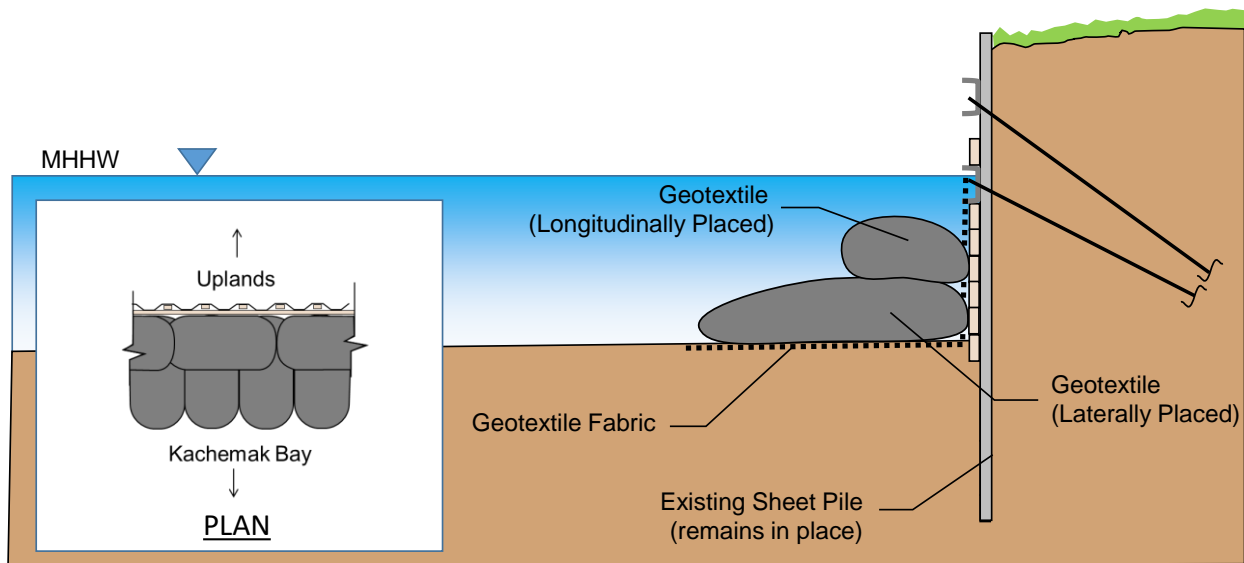
- If a localized failure were to occur due to a seepage of sediment through the seawall, repair of the failure would be more challenging (costly) than the current repair method.
- Armor stone can have a high construction cost.

Variations of Concept 1 – There are several other materials that can be used in lieu of armor rock for revetment type structures. These include gabion mattresses or baskets, geotextile marine mattresses, articulating concrete blocks, and concrete armor units. The following provides a few thoughts on these types of technologies for this application.

- Gabions – Gabions are wire baskets or mattresses that contain stone. Their advantage is that through the containment of smaller stones, their ability to withstand waves and currents is much greater than if the same size stones were uncontained. However, gabions will become ineffective and may fail if the wave environment is too great – which may be the case along the seawall. Since gabions are made of steel, they have a tendency to degrade quickly in a saltwater environment. To combat corrosion, gabions are manufactured with galvanized steel, stainless steel, and PVC coatings.
- Marine Mattress – Marine mattresses are similar to gabions in that they contain smaller stone, however, marine mattress use a flexible geosynthetic material. These structures are generally able to withstand the saltwater environment better. Similar to the gabion concept, marine mattresses are not effective and subject to failure if the wave environment becomes too extreme which may be the case along the seawall.
- Articulating Block Mats (ABMs) – ABMs come in a variety of shapes, sizes, and configurations. Often, ABMs interlock/connect with a puzzle type shape and/or rope or cable. ABMs offer good mitigation against erosion but are often damaged due to undermining of the structure and do not have the ability to self-adjust like an armor stone revetment. In addition, ABMs are typically used in lower energy wave environments.
- Concrete Armor Units (CAUs) – CAUs come in a variety forms but often resemble large concrete “jacks.” These type of structures can be very advantageous in high wave energy environments because they can be constructed larger than easily quarried armor stone. CAUs would breakdown wave energy approach the seawall but are not preferred over traditional armor stone in this situation because they would not easily mitigate localized scour and local failure of the existing seawall (i.e. they would not prevent sediment migration through the existing seawall).

Concept 2: Geotextile Container Scour Protection

Geotextile container scour protection would be very similar to the shape and functionality of the armor stone scour protection (Concept 1), however, the primary building material would be a sand-filled geotextile fabric container. The container would be made using a two-layer geotextile fabric system. The inner-fabric of the container would be made of non-woven geotextile material to prevent sediment migration through the container. The outer-fabric would be made of a strong woven geotextile fabric to support the weight of the container which can be upwards of 2,000 lbs. Containers would be fabricated with three sides pre-fabricated (sewn) similar to a pillow case. The container would also have pre-fabricated straps sewn in to allow a spreader bar to place the container in the desirable location. The containers would then be filled with locally sourced sand using a hopper and the remaining side sewn in the field. Ideally containers would be sized to be the maximum weight the construction equipment could handle and maneuver. The containers would be placed along the toe of the seawall to prevent scour. Figure 9 provides a schematic showing the section and plan of this concept. Figure 10 provides an example of a geotextile container revetment, however, note the containers are placed differently (pyramid-layout) than shown in Figure 9 and are not placed directly against the seawall.



CONCEPT 2 – GEOTEXTILE CONTAINER SCOUR PROTECTION (SECTION)

Figure 9. Concept 2 - Geotextile container scour protection section schematic.



Figure 10. Example of geotextile container revetment (pyramid layout). In the Homer seawall case, the containers would be placed against the seawall.

Advantages:

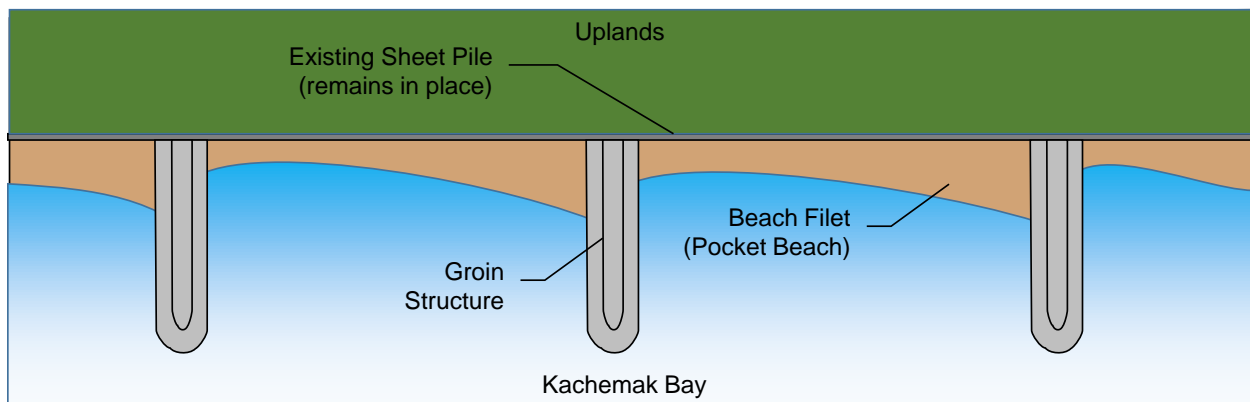
- The seawall toe would be shored up with the geotextile container mitigating localized failures of the seawall increasing the longevity of the structure. Continued lower of the beach elevation in front of the seawall would not be a major concern.
- Geotextile container fabrication is significantly less costly than armor stone. Sand used to fill the containers is assumed to be readily available in the Homer area.
- If a localized failure were to occur due to a seepage of sediment through the seawall, repair of the failure would not be as challenging as an armor stone revetment since only a few containers would need to be removed and replaced.
- The structure would be fairly inexpensive to repair if some containers were damaged. At the time of initial construction, additional containers could be fabricated and stored until needed.

Disadvantages:

- More easily damaged by larger wave forces and has higher potential for rupturing due to debris.
- Geotextile containers do not have as long of a design life as other materials such as armor stone or steel sheet pile. The fabric breaks down overtime due to sunlight and weathering.
- Geotextile containers are easily vandalized (e.g. cut with a knife) and rendered ineffective.

Concept 3: Groin Field

A groin is a coastal structure that is orientated perpendicular to the shoreline with the intent of disrupting the long shore sediment transport. A groin field is a series of groins placed relatively uniformly along a shoreline that create pocket beaches between structures. Groins can be constructed with a variety of materials but are most often constructed with armor stone. As sediment travels along the shoreline due to wave action and currents, a groin will disrupt the flow of sediment and accrete sediment along the up-drift side of the groin (called a filet). Since wave action and/or currents will continue to move sediment, the down-drift side of the groin will lose sediment/erode. In the situation of a groin field, sediment between groins is relatively stable. The most down-drift groin, however, is still subject to this potential erosional effect. Since there is a significant net long shore sediment transport along the seawall, a groin field would be very effective at retaining sediment in front of the seawall. However, erosion effects at the down-drift side of the seawall could be very significant with minimal opportunities for wave action to replenish the down-drift side with sediment. A potential solution to offset the significance of the down-drift erosion is to create a groin structure that is quasi-porous allowing a portion of the sediment to transport through the groin structure. An example of this would be a series of timber piles driven close to each other or armor rock structure with a low crest elevation. Making the groin structure quasi-porous also limits the effectiveness of the groin. Figure 11 provides a plan-view schematic of this concept.



CONCEPT 3 – GROIN FIELD (PLAN)

Figure 11. Concept 3 - Groin field plan schematic.

Advantages:

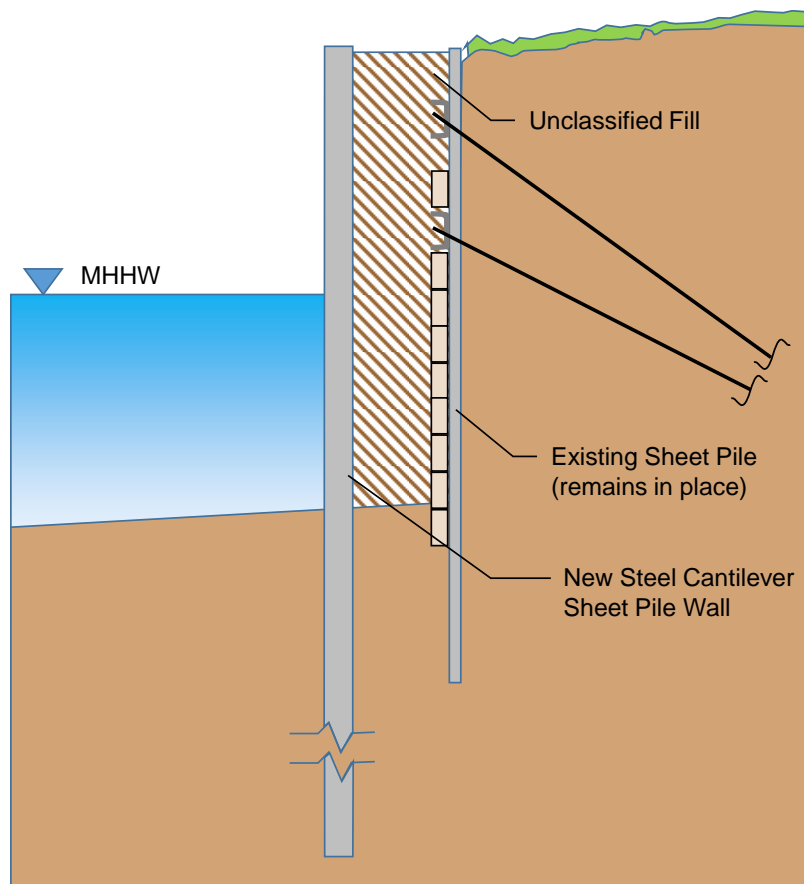
- The seawall toe would be shored up with additional natural sediment. Continued lowering of the beach elevation would be halted or slowed greatly.
- Localized failures of the seawall would not be any more challenging than they are today.
- Depending on the amount of sediment accumulation in front of the seawall, localized failures would likely be reduced.

Disadvantages:

- Groins do not limit cross-shore sediment transport. A large storm could erode sediment at the base of the seawall.
- Multiple groin structures, especially made of armor stone or sheet pile, would be very costly.
- Groin structures made of timber would have a limited life span compared to armor stone.
- Potential for down-drift erosional impacts are great.

Concept 4: New Steel Sheet Pile Wall

A new steel sheet pile wall, similar to the wall used to repair the seawall on the eastern side could be installed just seaward of the existing wall. The wall could be design to be cantilevered (i.e. requiring no tie backs). Fill would be placed between the new steel sheet pile wall and the existing sheet pile wall effectively encapsulating the structure. The design life of the existing structure would then be negated as the design life would solely rely on the new steel sheet pile wall. This concept would be similar to the current seawall, but with a more robust structure. Figure 12 provides a schematic of this concept.



CONCEPT 4 – NEW STEEL SHEET PILE WALL

Figure 12. Concept 4 - New steel sheet pile wall schematic.

Advantages:

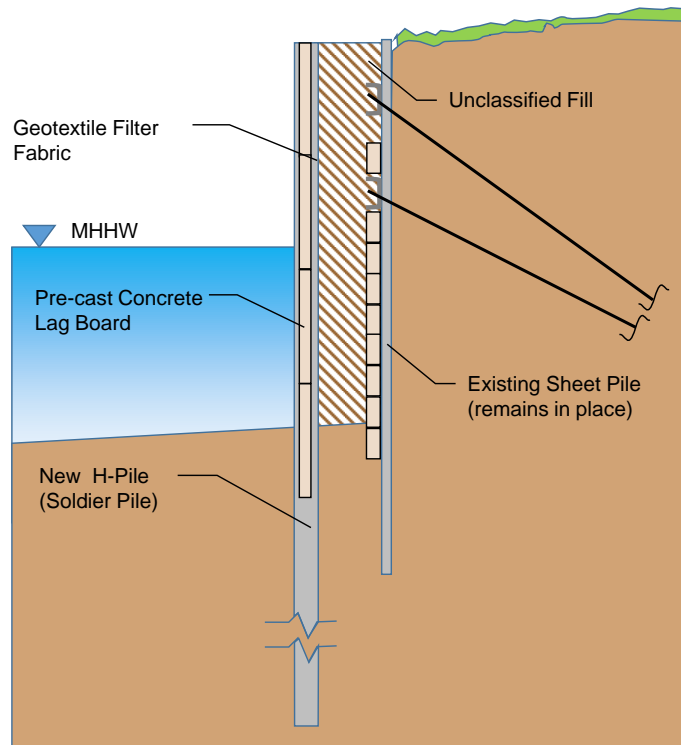
- Condition of the existing seawall (e.g. localized failures) would not be a factor in the longevity of the retaining structure.
- Lowering of the beach elevation could be factored into the design.
- Steel sheet pile walls can be design to have a long service life.

Disadvantages:

- Installation of steel sheet pile can very expensive and is often more expensive than armor stone structures.

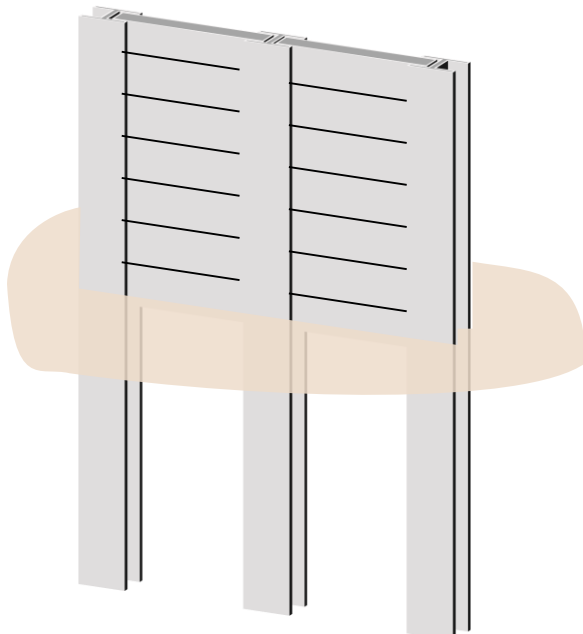
Concept 5: New Soldier Pile and Concrete Lag Wall

A soldier pile and concrete lag wall would be an innovative approach to shoring up the existing seawall. A soldier pile is a single pile that is designed to be stout and handle significant loading. A concrete lag is a pre-cast concrete block. This concept would entail driving steel H-piles and then sliding concrete lags between H-piles to create a wall. The overall wall would be designed to be cantilevered (i.e. does not require tie-backs). This wall would be installed just seaward of the existing seawall and fill would be placed between the new seawall and the existing seawall. A unique feature of this concept is that as the beach elevation lowers over time, the concrete lags can be lowered to meet the new beach grade (and might lower due to their own weight). Then additional lags can be placed on top of the existing lags to continue expanding the height of the wall. Note, placing additional lags would require mobilizing construction equipment. A geotextile filter fabric would need to be installed on the landward side of the wall to prevent sediment from piping through the concrete lags. If existing lags are moved deeper and additional lags are placed, careful maintenance of the geotextile filter fabric will be required to mitigate sediment from migrating through the wall. Figure 13 and Figure 14 provide schematics of Concept 5. An example of this concept is shown in Figure 15

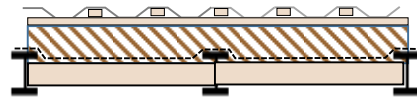


CONCEPT 5 – NEW SOLDIER PILE AND CONCRETE LAG WALL (SECTION)

Figure 13. Concept 5 - New soldier pile and concrete lag wall section schematic.



CONCEPT 5 – NEW SOLDIER PILE AND CONCRETE LAG WALL (OBLIQUE)



CONCEPT 5 – NEW SOLDIER PILE AND CONCRETE LAG WALL (PLAN)

Figure 14. Concept 5 - New soldier pile wall and concrete lag wall section oblique and plan schematic.

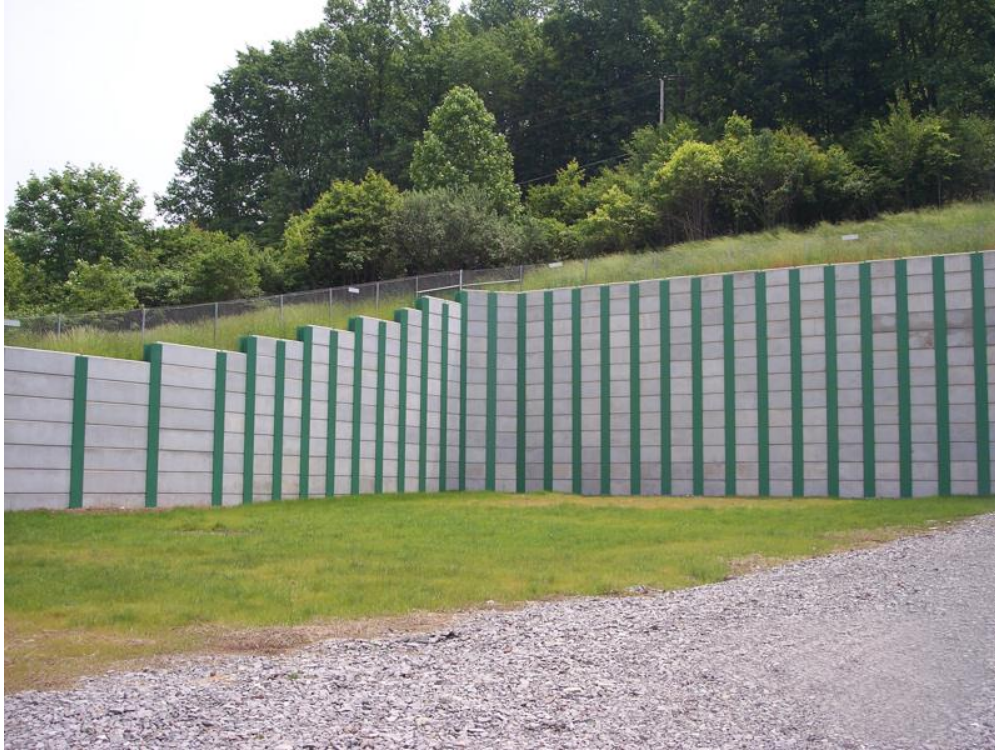


Figure 15. Example of a concrete lag wall (source: easternvault.net).

Advantages:

- Condition of the existing seawall (e.g. localized failures) would not be a factor in the longevity of the retaining structure.
- Lower of the beach elevation can be addressed by lowering concrete lags as necessary and adding additional lags on top of existing lags.
- Steel pile and concrete can be design for an extremely long design life.

Disadvantages:

- Installation of piles and lags can be very expensive and is likely more expensive than armor stone structures.
- Concrete lags require geotextile fabric to prevent sediment migration (piping) through the structure.

Rough Order Magnitude Costs

A rough order of magnitude (ROM) cost for each concept was developed. Quantities were determined through conceptual design and assumed rough unit rates were applied to develop the ROM costs. Note, no design has been performed to determine quantities, and comparable project costs were not reviewed. ROM costs should be used as a general “order of magnitude” and not used for financial planning purposes. Costs associated with design and permitting of the concepts is include in the ROM cost values.

Table 2. Rough Order Magnitude Costs for Reviewed Concepts

	Rough Order Magnitude Cost
Concept 1 – Armor Stone Scour Protection	\$1.5M to \$2.1M
Concept 2 – Geotextile Container Scour Protection	\$0.6M to \$0.9M
Concept 3 – Groin Field (assumes 4 groins)	\$3.0M to \$4.3M
Concept 4 – New Steel Sheet Pile Wall	\$2.9M to \$4.0M
Concept 5 – New Soldier Pile and Concrete Lag Wall	\$3.2M to \$4.4M

Recommendations

The following provides some recommendations for advancing improvements to the Homer Seawall.

- Consider performing a more detailed alternatives analysis that focuses on 2 or 3 preferred concepts from this effort to advance the designs to a preliminary level and obtain more informed potential costs.
- Only consider the geotextile container option if funds are limited and the opportunity to receive additional funds is not likely in the foreseeable future.
- If the City of Homer procurement rules allow, consider advancing the seawall options as a design/build delivery project. These designs are not complicated and the cost can be highly influenced by the contractor’s availability, equipment spread and location, and on-hand materials.
- For concepts using armor stone, recommend advancing the project through a traditional design/bid/build or construction manager/general contractor (CM/GC) delivery project.
- For the groin field concept, recommend performing an extensive modeling and performance analyses to inform potential for down-drift erosion impacts.

References

- DGGS, 2019. Alaska Department of Natural Resources, Division of Geological & Geophysical Surveys, Alaska Tidal Datum Port. Webpage, <http://dggs.alaska.gov/sections/engineering/ak-tidal-datum-portal/calculator.php>
- ISU, 2019. Iowa State University, Iowa Environmental Mesonet. Webpage, <http://mesonet.agron.iastate.edu/sites/locate.php>
- NOAA, 2019. Center for Operational Oceanographic Products and Services (CO-OPS), webpage, <http://tidesandcurrents.noaa.gov/>



Homer Seawall Cash Flow Analysis Based on Two Alternatives

Produced by Public Works Director Carey Meyer, P.E.

Introduction

The analysis prepared by Coastal Engineer Ronald McPherson of HDR, Inc. details five preventative maintenance measures that would minimize the Seawall's future repair costs. The purpose of the following discussion is to entertain the two most affordable options and demonstrate how investment in either of these preventative capital projects would produce a positive benefit/cost ratio compared to the current "reactive" process.

Current "Reactive Process"

Yearly maintenance/repair costs are trending up for the Seawall. Exhibit A charts the Seawall's maintenance/repair costs for 2006-2018 and projects future costs out 20 years assuming a "status quo" approach.

Projecting the current trend into the future, the total cost to complete maintenance/repair over the next 20 years "as is" will accumulate to approximately \$996,000 (or \$49,800/year; see Exhibit B).

Preventative Capital Projects: Concept 1 & Concept 2

The average of the costs to complete *Concept 1- Armor Stone Scour Protection* is \$1,800,000 (the engineer estimates the cost ranges from \$1,500,000 to \$2,100,000). Borrowing this amount at 5% interest means annual payments over a twenty year period would total \$144,432 for this preventative project expense.

The average of the cost to complete *Concept 2-Geotextile Container Scour Protection* is \$750,000 (the engineer estimates the cost ranges from \$600,000 to \$900,000). Borrowing this amount at 5% interest means annual payments over a twenty year period would total \$60,180 for this preventative project expense.

Please note that this analysis does not take into consideration many important factors (i.e. – inflation, expected life of existing seawall or relative effectiveness of alternative improvements, ability to secure environmental permits, etc). As noted by the Engineer, Concept 2 is more easily damaged, has a higher potential for rupturing, and does not have as long of a design life as other materials like armor stone, which means these materials may need to be replaced again within the 20 year timeframe. Following Engineer McPherson's first recommendation is therefore highly recommended: *"Consider performing a more detailed alternative analysis that focuses on 2 or 3 preferred concepts from this effort to advance the designs to a preliminary level and obtain more informed potential costs."*

Summary

The intent of either preventative capital project is to save the Seawall, reduce the "reactive" annual maintenance costs of the Seawall, and save money over the long run for ODLA property owners.

An optimistic assumption would be that by protecting the toe of the seawall with these preventative capital projects, maintenance/repair costs could be reduced by up to 80%. This could reduce the current "status quo" maintenance costs over the next 20 years from \$996,000 to \$199,200 – an overall savings of \$796,800 (or \$39,840/year), making either preventative measure a worthwhile, fiscally prudent next step. In theory, this could take what is currently spent on maintenance alone (\$49,800) and reduce it to \$9,960 a year.

The below table summarizes what this reduction in annual maintenance costs would look like along with annual expenses and revenue estimates.

Approach	Annual Preventative Capital Project Cost	Annual Maintenance Cost	Total Cost over 20 Years (Preventative Project + Maintenance)	Annual Cost Per Lot (16 Lots)	Average Annual Revenue based on 2012-2018 (ODLSA Mil Rate currently 9.962541)	Total Revenue for 20 Years (Based on 2012-2019 Average)	Outstanding Expenses
Status Quo		\$ 49,800	\$ 996,000	\$ 3,113	\$ 44,952	\$ 899,043	\$ (96,957)
Concept 1	\$ 144,432	\$ 9,960	\$ 3,087,840	\$ 9,650	\$ 44,952	\$ 899,043	\$ (2,188,797)
Concept 2	\$ 60,180	\$ 9,960	\$ 1,402,800	\$ 4,384	\$ 44,952	\$ 899,043	\$ (503,757)

As the “Outdating Expenses” column in the above table shows however, ODLSA residents will need to finance either status quo or preventative capital project options above what is currently being collected. The two accounts that fund Seawall maintenance/repair (Mil Rate Deposits and the City’s Seawall Reserve Account) do not have enough funds to cover these expenses outright.

Exhibit A

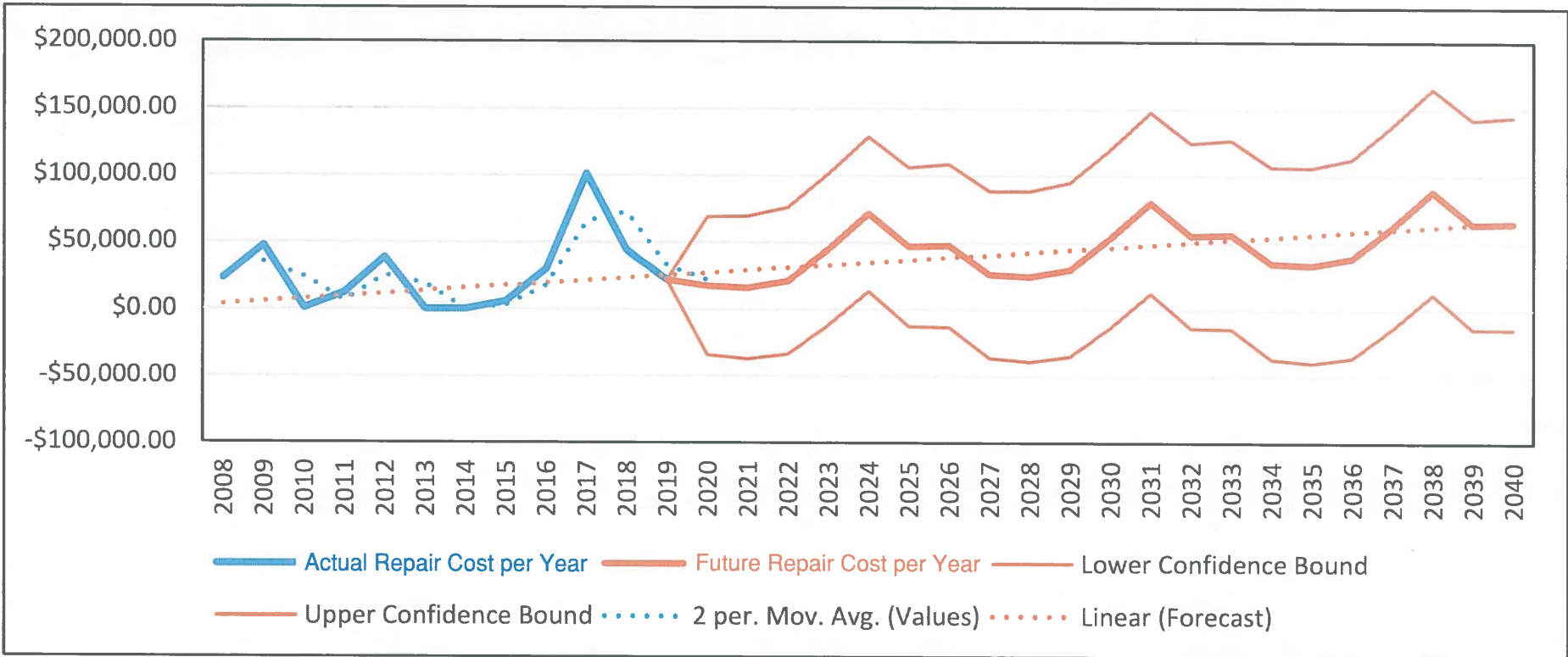


Exhibit B

Timeline	Values	Forecast	Lower Confidence Bound	Upper Confidence Bound
2008	\$23,000.00			
2009	\$47,318.30			
2010	\$715.17			
2011	\$11,971.10			
2012	\$38,292.31			
2013	\$0.00			
2014	\$0.00			
2015	\$5,616.96			
2016	\$29,720.25			
2017	\$101,126.83			
2018	\$43,597.51			
2019	\$21,809.00	\$21,809.00	\$21,809.00	\$21,809.00
2020		\$17,420.09	-\$34,155.87	\$68,996.05
2021		\$15,904.44	-\$37,283.96	\$69,092.83
2022		\$21,107.29	-\$33,658.34	\$75,872.92
2023		\$44,796.63	-\$11,514.04	\$101,107.31
2024		\$71,309.01	\$13,482.86	\$129,135.16
2025		\$46,734.86	-\$12,579.51	\$106,049.23
2026		\$47,553.59	-\$13,223.79	\$108,330.97
2027		\$26,020.83	-\$36,207.23	\$88,248.89
2028		\$24,505.18	-\$39,140.49	\$88,150.86
2029		\$29,708.03	-\$35,334.98	\$94,751.04
2030		\$53,397.37	-\$13,024.01	\$119,818.76
2031		\$79,909.76	\$12,127.76	\$147,691.75
2032		\$55,335.61	-\$13,790.32	\$124,461.53
2033		\$56,154.33	-\$14,299.84	\$126,608.51
2034		\$34,621.57	-\$37,155.91	\$106,399.06
2035		\$33,105.92	-\$39,970.91	\$106,182.76
2036		\$38,308.77	-\$36,054.25	\$112,671.79
2037		\$61,998.12	-\$13,638.62	\$137,634.86
2038		\$88,510.50	\$11,611.85	\$165,409.15
2039		\$63,936.35	-\$14,213.01	\$142,085.71
2040		\$64,755.08	-\$14,634.35	\$144,144.50

SUM	\$996,902.33
AVG	\$86,687.16



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

August 7th, 2019

Dear Ocean Drive Loop Service Area (ODLSA) Property Owners,

At the February 2019 neighborhood meeting, there was general consensus that hiring a coastal engineering firm to conduct an analysis of the seawall; provide maintenance work recommendations; and evaluate potential improvements that would significantly extend the life of the seawall and reduce maintenance needs and costs in the long-term would be in the ODLSA's best interests.

Attached please find Coastal Engineer McPherson's "Homer Seawall Alternatives Analysis" as well as a cash flow analysis developed by Public Works Director Meyer based on Mr. McPherson's findings.

The cash flow analysis flushes out the two most affordable concepts proposed for the Seawall: Armor Stone Scour Protection and Geotextile Container Scour Protection. It is clear that additional revenue is needed to fund maintaining the Seawall "as is" (which is not recommended) or by taking a proactive approach and initiating a capital improvement project to reinforce the wall. I encourage you to read more about these two concepts in Mr. McPherson's report as there are pros and cons to each concept.

I would like to have another neighborhood meeting with ODLSA residents on Tuesday, August 20th at 5:30PM in the upstairs conference room of City Hall. At this meeting, Mr. McPherson will be available over the phone to answer questions regarding his report. My hope is for the neighborhood to collectively determine next steps for protecting the Seawall. As mentioned before, the Seawall is showing its age (16 years old), which is increasing the amount of needed repairs as the trend shows. I am concerned the funds used to pay for Seawall maintenance are at an unsustainable level and prompt action is needed.

Please confirm with my Executive Assistant Rachel Friedlander if you can or cannot attend. Rachel's direct line is (907) 435-3102 and her email is RFriedlander@ci.homer.ak.us. Please note there is a way to call in to the meeting if you cannot attend in person.

Thank you in advance for your response. I look forward to seeing you August 20th at 5:30PM.

Best,

Katie Koester, City Manager



July 30th, 2019

Dear Homer City Council,

KBBi would like to recognize the importance of the City of Homer Grants program, of which KBBi was an award recipient in Fiscal Year 2019. Our distribution of \$3,025.00 was used for General Operating Support.

We thank the City of Homer for partnering with the Homer Foundation to administer this funding to KBBi and our incredible Nonprofit community. One of Homer's greatest strengths is its Nonprofit sector, and this is partly due to the leadership of the City of Homer and the Homer Foundation. It is rare to find funds for Operating Support in any Grant program and to be able to apply for it locally is extremely valuable to us at the station and to our cohort in the community. Moreover, Council Members Lord and Venuti attended a meeting with all the awarded Nonprofits at the Homer City Hall on Thursday, June 6th to garner feedback and discussion around the Grants program. This was very much appreciated by all parties attending.

Thank you all,

Alder Snow

KBBi Development Director

alder@kbbi.org



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue
Homer, Alaska 99603

clerk@cityofhomer-ak.gov

(p) 907-235-3130

(f) 907-235-3143

Memorandum

TO: MAYOR CASTNER AND CITY COUNCIL
FROM: RENEE KRAUSE, MMC, DEPUTY CITY CLERK
DATE: AUGUST 7, 2019
SUBJECT: BID REPORT – INFORMATIONAL ONLY

INVITATION TO BID FOR SNOW REMOVAL AND SANDING SERVICES 2019/2020, 2020/2021, 2021/2022

Sealed Bids will be received by the Office of the City Clerk, 491 E. Pioneer Avenue, Homer, Alaska 99603 until **2:00 p.m. on August 22, 2019** at which time they will be publicly opened and read. Bids received after the time specified will be considered non-responsive shall not be considered.

The project consists of furnishing all labor, materials, equipment, tools, supervision, and other facilities necessary to perform the work. The work includes, but is not limited to the following:

The plowing and sanding of five (5) parking lots and associated sidewalks. Areas of work consist of the Fire Department, the Police Department, City Hall, Library, and Skyline Drive Fire Station (6th location, new HPD added in 2020/2021).

Please direct all questions regarding this project to: Dan Gardner, Public Works Superintendent 3575 Heath Street, Homer, Alaska 99603 (907) 235-3170

Proposal Requirements and plan holder registration forms are available on line at <http://www.cityofhomer-ak.gov/rfps> **All proposers must submit a City of Homer Plan Holders Registration form to be on the Plan Holders List and to be considered responsive.** An electronic copy of the Request for Proposals is available on the City's website <http://www.cityofhomer-ak.gov/rfps>. Paper copies of the Proposal Documents may be purchased at the Office of the City Clerk upon payment of \$5 per set (\$10 for priority mail delivery). All fees are non-refundable.

REQUEST FOR PROPOSALS FOR GENERAL COUNSEL LEGAL SERVICES

Proposals to provide general counsel legal services for the City of Homer will be received at the Office of the City Clerk, City Hall, City of Homer, 491 E. Pioneer Avenue, Homer, Alaska until Thursday, August 22, 2019 at 4:00 p.m. The time of receipt will be determined by the City Clerk's time stamp. Proposals received after the time fixed for the receipt of the bids shall not be considered. All bidders must submit a City of Homer Plan Holders Registration form to be on the Plan Holders List and to be considered responsive. Plan holder registration forms and Plans and Specifications are available online at <http://www.cityofhomer-ak.gov/rfps> It is the intention of the City of Homer to enter into a contract with a general counsel that will serve the Homer City Council, the City Manager and City Commissions as appropriate. The City Attorney is hired by and serves at the pleasure of the City Council. Proposals are invited from any qualified State of Alaska licensed attorney at law or law firm. Attorney/Firms (proposers) must be qualified to represent the City in all State of Alaska Courts and the U.S. District Court for the District of Alaska.

Please direct all questions regarding this project in writing to: Melissa Jacobsen, MMC, City Clerk
mjacobsen@ci.homer.ak.us 491 E. Pioneer Avenue, Homer, Alaska 99603 907-235-3130

An electronic copy of the Request for Proposals is available on the City's website <http://www.cityofhomer-ak.gov/rfps>. Paper copies of the Proposal Documents may be purchased at the Office of the City Clerk upon payment of \$10 per set (\$15 for priority mail delivery). All fees are non-refundable.

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

3 Mayor

4 **ORDINANCE 19-32(S)**

5
6 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
7 AMENDING HOMER CITY CODE 2.72 ADVISORY PLANNING
8 COMMISSION; HOMER CITY CODE 11.12.010 STREET ADDRESS
9 ASSIGNMENT PLAN ADOPTED; HOMER CITY CODE 21.03.040
10 DEFINITIONS USED IN ZONING; AND HOMER CITY CODE
11 22.10.040 APPLICABLE AND EXEMPTED SUBDIVISIONS TO
12 CHANGE THE NAME OF THE ADVISORY PLANNING COMMISSION
13 TO THE PLANNING COMMISSION THROUGHOUT.

14
15 WHEREAS, The Homer Advisory Planning Commission provides local knowledge and
16 advice to the Kenai Peninsula Borough Planning Commission for matters that fall within their
17 authority; and

18
19 WHEREAS, The Homer Advisory Planning Commission provides Advisory comments
20 concerning municipal policy and code development to the Homer City Council; and

21
22 WHEREAS, The Homer Advisory Planning Commission is a decision-making body
23 authorized and required to make decisions regarding variances, conditional use permits, and
24 other land use matters; and

25
26 WHEREAS, The inclusion of the word “Advisory” in the Commission’s name highlights
27 its role as an advisory commission to the Kenai Peninsula Borough, but not its identity as a
28 decision-making governing body under the Homer City Code.

29
30 NOW THEREFORE, THE CITY OF HOMER ORDAINS:

31
32 Section 1. HCC Chapter 2.72 “Advisory Planning Commission” is hereby amended as
33 follows:

34
35 Chapter 2.72
36 ~~ADVISORY~~ PLANNING COMMISSION

37
38 Sections:

39 2.72.010 Homer ~~Advisory~~ Planning Commission established.

40 2.72.020 Incorporation of State law.

41 2.72.030 Duties and powers.

42 2.72.040 Terms of Commission members.

43 2.72.050 Zoning powers and duties.

44 2.72.060 Record of proceedings.

45

46 2.72.010 Homer ~~Advisory~~ Planning Commission established.

47

48 a. In order to maximize local involvement in planning, and in the implementation and
49 modification of the Homer zoning ordinance, the Homer ~~Advisory~~ Planning Commission is
50 established. ~~Advisory~~ Planning Commission jurisdiction is limited to the area within the City
51 boundaries.

52

53 b. The Homer ~~Advisory~~ Planning Commission shall have seven members. No more than one of
54 its members may be from outside the City limits. Members shall be appointed by the Mayor
55 subject to confirmation by the City Council.

56

57 c. A Chairman and Vice-Chairman of the Commission shall be selected annually and shall be
58 appointed from and by the appointive members.

59

60 d. **In addition to the seven Commission members appointed by the Mayor, t**he Mayor, City
61 Manager **or the City Manager's designee** ~~or his designee and Public Works Director, or his~~
62 ~~designee,~~ shall serve as consulting members of the Commission **when the Commission is**
63 **sitting in its advisory-only capacity.** ~~In addition to the seven appointive members, and~~
64 ~~may attend all meetings as consultants, but~~ **Consulting members of the Commission** shall
65 have no vote.

66

67 2.72.020 Incorporation of State law.

68

69 The laws of the State of Alaska and dealing with the planning and zoning commissions
70 present and future are incorporated into this chapter as if expressly included in this chapter.

71

72 2.72.030 Duties and powers.

73

74 The Commission shall be required to do the following:

75

76 a. Develop, adopt, alter or revise, subject to approval by the City Council, a master plan for
77 the physical development of the City. Such master plan with accompanying maps, plats,
78 charts, descriptive and explanatory matter shall show the Commission's recommendations
79 for the development of the City territory, and may include, among other things:

80

81 1. Development of the type, location and sequence of all public improvements;

82

83 2. The relocation, removal, extension or change of use of existing or future public
84 ways, grounds, spaces, buildings, properties and utilities;

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3. The general extent and location of rehabilitation areas.

When a master plan for the City has been approved by the Council, amendments, revisions and extensions thereof may be adopted by the Council after consideration and report by the Commission;

b. Review and comment on all proposed vacations, abbreviated subdivision plats, subdivision plat waivers, and preliminary plats of land within the City before their submittal to the Kenai Peninsula Borough, as provided in **the Kenai Peninsula Borough Code of Ordinances 20.25.050**;

c. Draft an official map of the City and recommend or disapprove proposed changes in such map;

d. Promote public interest in and understanding of the master plan and of general regulations with regard to planning and zoning;

e. Make investigations regarding any matter related to City planning;

f. Make and prepare reports, prints, plats and plans for approval by the City Council;

g. Make or cause to be made surveys, maps and plans relating to the location and design of any public building, dock, beach, ski ground, statue, memorial, park, parkway, boulevard, street, alley or playground. For the purpose of implementing this subsection, all departments of the City considering any such improvement are required, and all public agencies not a part of the City are requested, to inform the Commission of the proposed improvement, and submit such pertinent information to the Commission and within such time as will enable the Commission to recommend to City Council whether the proposed improvement is consistent with the general plan and established planning principles. No public improvement shall be authorized by City Council until the recommendation of the Commission shall have been received, but the City Council shall not be bound by that recommendation.

2.72.040 Terms of Commission members.

a. Members of the first Commission shall be appointed for the following terms:

1. Three members shall be appointed for three-year terms;
2. Two members shall be appointed for two-year terms;
3. Two members shall be appointed for one-year terms.

b. At the end of the respective terms set forth in subsection (a) of this section, members shall be appointed for full three-year terms.

127
128 c. Any Commissioner who shall have two successive unexcused absences shall be subject to
129 removal by the Commission by a majority vote of the members present.

130
131 2.72.050 Zoning powers and duties.

132
133 a. ~~The Homer Advisory Planning Commission, sitting as the Homer Advisory Planning~~
134 ~~Commission to the Kenai Peninsula Borough, shall exercise zoning authority delegated by the~~
135 ~~Borough Assembly:~~

- 136
137 1. ~~Interpret the provisions of this chapter and make zoning compliance~~
138 ~~determinations when requested by the local administrative official;~~
139 2. ~~Act upon requests for PUDs, variances and conditional use permits; and~~
140 3. ~~Prepare and recommend to the Homer City Council modifications to the Homer City~~
141 ~~zoning ordinance.~~
142 b. ~~The Homer Advisory Planning Commission shall adopt additional procedural rules~~
143 ~~approved by the City Council.~~
144 c. ~~The fee schedule shall be established by resolution of the City Council.~~

145
146 **The Commission shall act in an advisory capacity to the Kenai Peninsula Borough**
147 **Planning Commission regarding the following matters:**

- 148 **1. Subdivision plat proposals.**
149 **2. Right-of-way and easement vacation petitions.**
150 **3. City of Homer Comprehensive Plan amendments.**

151
152 2.72.060 Record of proceedings.

153
154 The Commission shall meet regularly twice a month, and permanent records or minutes shall
155 be kept of Commission proceedings, and such minutes shall record the vote of each member
156 upon every question. Copies of such minutes shall be filed in the office of the City Clerk, shall
157 be provided to the City Council not later than its first regular meeting after their preparation,
158 and shall be a public record open to inspection by any person.

159
160 Section 2. HCC 11.12.010 Street address assignment plan adopted is hereby amended
161 to read:

162
163 11.12.010 Street address assignment plan adopted.

164
165 A plan for assigning street addresses in the City of Homer, Alaska, dated January 8, 1975, and
166 amended August 13, 1979, as prepared by the Homer ~~Advisory~~ Planning Commission is
167 adopted. The plan is to be kept on file in the office of the City Clerk, and is subject to
168 amendment by Council resolution.

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Section 3. HCC 21.03.040 Definitions used in zoning code shall be amended as follows:

21.03.040 Definitions used in zoning code.

As used in this title, the words and phrases defined in this section shall have the meaning stated, except where (a) the context clearly indicates a different meaning or (b) a special definition is given for particular chapters or sections of the zoning code.

“Abut” means to touch by sharing a common boundary at one or more points. Two adjacent lots separated by a road right-of-way do not abut.

“Accessory building” means an incidental and subordinate building customarily incidental to and located on the same lot occupied by the principal use or building, such as a detached garage incidental to a residential building.

“Accessory use” means a use or activity that is customary to the principal use on the same lot, and which is subordinate and clearly incidental to the principal use.

“ADT” or “average daily traffic” means the estimated number of vehicles traveling over a given road segment during one 24-hour day. ADT is usually obtained by sampling and may be seasonally adjusted.

“Adverse impact” means a condition that creates, imposes, aggravates or leads to inadequate, impractical, detrimental, unsafe, or unhealthy conditions on a site proposed for development or on off-site property or facilities.

Aggrieved. See “person aggrieved.”

“Agricultural activity” shall mean farming, including plowing, tillage, fertilizing, cropping, irrigating, seeding, cultivating or harvesting for the production of food and fiber products (excluding commercial logging and timber harvesting operations); the grazing or raising of livestock (excluding feedlots); aquaculture; sod production; orchards; Christmas tree plantations; nurseries; and the cultivation of products as part of a recognized commercial enterprise. “Agricultural activity” excludes private stables and public stables.

“Agricultural building” means a building used to shelter farm implements, hay, grain, poultry, livestock, horticulture, or other farm products, in which there is no human habitation and which is not used by the public.

“Aisle” means an area within a parking lot that is reserved exclusively for ingress, egress and maneuvering of automobiles.

211
212 “Alley” means a public thoroughfare, less than 30 feet in width, that affords only a secondary
213 means of access to abutting property.

214
215 “Alteration” means any change, addition or modification in construction, occupancy or use.

216
217 “Animal unit equivalent” is a convenient denominator for use in calculating relative grazing
218 impact of different kinds and classes of domestic livestock. An animal unit (AU) is generally
219 one mature cow of approximately 1,000 pounds and a calf as old as six months of age, or their
220 equivalent. Animal unit equivalents vary according to kind and size of animals.

221 The following table of AU equivalents applies to the Homer Zoning Code.

222

Kinds and classes of animals

Animal- equivalent	unit
-------------------------------	-------------

Slaughter/feed cattle	1.00
Mature dairy cattle	1.40
Young dairy cattle	0.60
Horse, mature	2.00
Sheep, mature	0.20
Lamb, one year of age	0.15
Goat, mature	0.15
Kid, one year of age	0.10

223
224 Exotic species (e.g., llamas, alpaca, reindeer, musk ox, bison and elk) and unlisted species
225 require application to the Planning Commission for determination of AU equivalents.

226
227 Apartment House. See “dwelling, multiple-family.”

228
229 “Area, building” means the total area, taken on a horizontal plane at the main grade level, of
230 a building, exclusive of steps.

231
232 “Area, floor” means the total area of all floors of a building as measured to the outside
233 surfaces of exterior walls, including attached garages, porches, balconies, and other
234 structures when covered by a roof.

235
236 “Area, footprint” has the same meaning as “area, building.”

237
238 “Area, lot” means the total horizontal net area within the boundary lines of a lot, exclusive of
239 rights-of-way for streets and alleys.

240

241 “Area ratio, floor” or “floor area ratio” means the ratio of floor area of all buildings on a lot to
242 the area of the lot.

243 “Arterial” means a street whose principal function is the transmission of vehicular through
244 traffic, that performs a major role in serving the transportation needs of the community, and
245 that is identified as a “major arterial” or “community arterial” in the Homer Roads and
246 Streets Master Plan.

247

248 “Assisted living home” has the meaning given in AS 47.32.900.

249

250 “Auto and trailer sales or rental area” means an automobile related use that may consist of
251 any combination of the following:

252 1. An open, outdoor display area for automobiles, light trucks or trailers for rent, lease
253 or sale;

254 2. Buildings for the indoor display and sale or leasing of automobiles, light trucks or
255 trailers, and sale of parts and accessories customarily incidental to the sale of such
256 vehicles; and

257 3. Buildings at the location of a motor vehicle dealership used for auto repairs
258 customarily incidental to the operation of a dealership.

259

260 “Auto fueling station” means any premises used to sell motor fuels and lubrication to motor
261 vehicles. An auto fueling station may include the sale of minor accessories. Auto fueling
262 station does not include auto repair.

263

264 “Auto repair” means service and repair of motor vehicles, trailers and similar mechanical
265 equipment, including painting, upholstering, rebuilding, reconditioning, body and fender
266 work, frame straightening, undercoating, engine or transmission rebuilding or replacement,
267 tire retreading or recapping, and the like. It also includes minor service work to automobiles
268 or light trucks including tune up, lubrication, alignment, fuel system, brakes, mufflers, and
269 replacement of small items.

270

271 “Basement” means any floor level partly or wholly underground, except when such floor level
272 meets the definition of “story.”

273

274 “BCWP district” means the “Bridge Creek Watershed Protection District” described in Chapter
275 21.40 HCC.

276

277 “Bed and breakfast” means a dwelling in which an individual or family resides and rents
278 bedrooms in the dwelling to overnight guests, if the bed and breakfast use is accessory to the
279 principal use of the dwelling as the primary residence of the operator. If the dwelling has six
280 or more bedrooms available for rental to overnight guests it is a hotel and not a bed and
281 breakfast.

282

283 “Bluff” means an abrupt elevation change in topography of at least 15 feet, with an average
284 slope of not less than 200 percent (two feet difference in elevation per one foot of horizontal
285 distance).

286

287 “Boat storage yard” means a lot used for the indoor or outdoor commercial dry storage of
288 boats.

289

290 “Bridge Creek Watershed” means the watershed contributing to the City’s reservoir at Bridge
291 Creek.

292

293 “Buffer” means an open space, landscaped area, fence, wall, berm, or any combination
294 thereof used to physically separate or screen one use or property from another so as to shield
295 or block visibility, noise, lights, or other undesirable effects.

296

297 “Buffer, runoff” means an area of natural or planted vegetation through which stormwater
298 runoff flows in a diffuse manner so that the runoff does not become channelized and that
299 provides for infiltration of the runoff and filtering of silt and pollutants. The buffer is
300 measured landward from the normal full water elevation of impounded structures and from
301 the top of the bank of each side of a stream, river, ditch, or other channel.

302

303 “Buffer, stream” means a runoff buffer of a designated distance on each side of a channel
304 measured perpendicularly from the top of the bank of each side of a stream, river, ditch, or
305 other channel.

306

307 “Building” means any structure used or intended for supporting or sheltering any use or
308 occupancy.

309

310 “Building construction” means the placing of construction materials in a permanent position
311 and fastened in a permanent manner in the course of constructing or erecting a building.

312

313 “Building height” is the vertical distance from grade to the maximum point of measurement
314 of the building, measured according to HCC 21.05.030.

315

316 “Building, main” means the building of chief importance or function on the lot.

317

318 “Business, open air” or “open air business” means the retail sale or display of merchandise or
319 services, including but not limited to farmers’ markets and flea markets, conducted outdoors
320 or under a canopy for protection from the elements and held on a regular or periodic basis.
321 Open air business does not include (1) outdoor display or sales of goods or services by a retail
322 or wholesale business that is principally located in a building, or (2) sales, services or rentals
323 of any kind of boat or motorized vehicle.

324

325 “Business, retail” means a place of business principally engaged in selling goods, substances
326 or commodities in small quantities to the ultimate consumer, and may include rendering
327 services incidental to the sale of such goods, substances or commodities. The term “retail
328 business” does not include, as either a principal or accessory use, automobile oriented uses,
329 the sale, rental, storage, service, or repair of any motor vehicles, or any use separately
330 defined or listed in any zoning district.

331
332 “Business, wholesale” or “wholesale” means a place of business principally engaged in
333 selling or distributing goods, substances or commodities in quantity to retailers or to
334 industrial, commercial or institutional users mainly for resale or business use.

335
336 “Campground” means a parcel of land where two or more campsites are located that
337 provides facilities for temporary recreational living in any manner other than a permanent
338 building.

339
340 “Cemetery” means land used or intended to be used for burial of the dead and dedicated for
341 cemetery purposes, including columbaria and mausoleums when operated in conjunction
342 with and within the boundary of such cemetery.

343
344 “Channel protection storage volume” or “Cpv” means the volume used to design structural
345 management practices to control stream channel erosion.

346
347 Church. See “religious, cultural, and fraternal assembly.”

348
349 “City Engineer” means an engineer within the Homer Department of Public Works designated
350 by the Director of Public Works.

351
352 “Clearing” means the removal of trees and brush from the land, but shall not include the
353 ordinary pruning of trees or shrubs or mowing of grass.

354
355 “Clinic” means a professional office with facilities for providing outpatient medical, dental or
356 psychiatric services, which may include as incidental to the principal use a dispensary to
357 handle medication and other merchandise prescribed by occupants in the course of their
358 professional practices.

359
360 “Coalescing plate separators” or “CPS” are oil/water separators that employ a series of oil-
361 attracting plates. Oil droplets collect and float to the surface, where they can be skimmed off
362 or removed mechanically and separators may be installed above or below ground.

363
364 “Coastal bluff” means a bluff whose toe is within 300 feet of the mean high water line of
365 Kachemak Bay.

366

367 “Cold storage” means a building equipped with refrigeration or freezing facilities that
368 provides cold or frozen storage or freezing services.

369
370 “Collocation” means the placement or installation of wireless communications equipment on
371 an existing wireless communications support structure or in an existing equipment
372 compound.

373
374 “Commercial vehicle” means any motor vehicle defined in AS 28.90.990 as a commercial
375 motor vehicle or any motor vehicle with signs or logos exceeding nine square feet in
376 combined area.

377
378 “Commission” means the Homer Advisory Planning Commission.

379
380 “Community Design Manual” means the Community Design Manual for the City of Homer,
381 adopted by City Council Resolution 04-34, as may be amended from time to time.
382 Comprehensive Plan. See HCC 21.02.010.

383
384 “Construction camp” means one or more buildings, trailers, mobile homes or similar
385 structures used to house workers or employees for logging, mining, off-shore and on-shore
386 construction, development and other projects, installed primarily for the duration of the
387 project or operation and not open for use by the general public as accommodations or for
388 permanent mobile home living.

389
390 “Date of distribution” means the date on which a City official mails a written decision or order
391 issued under the zoning code or, if the document is personally delivered, the date of such
392 personal delivery.

393
394 “Day care facility” means any establishment for the care of children, whether or not for
395 compensation, excluding day care homes and schools. Such day care facility must also be
396 duly licensed by the State, if so required by State law or regulation.

397
398 “Day care home” means the principal dwelling unit of one or more persons who regularly
399 provide(s) care, in the dwelling unit, whether or not for compensation, during any part of the
400 24-hour day, to eight or less children at any one time, not including adult members of the
401 family residing in the dwelling. The term “day care home” is not intended to include baby-
402 sitting services of a casual, nonrecurring nature, child care provided in the child’s own home,
403 or cooperative, reciprocating child care by a group of parents in their respective dwellings.

404
405 “Department” or “Planning Department” means the department or division of the City of
406 Homer under the direction of the City Planner, whose functions and powers include the
407 administration and enforcement of the zoning code as described in Chapter 21.90 HCC.

408

409 “Design year” means the year that is 10 years after the opening date of development.
410

411 “Detention, extended” means a stormwater design feature that provides gradual release of a
412 volume of water in order to increase settling of pollutants and protect downstream channels
413 from frequent storm events.
414

415 “Detention structure” means a permanent structure for the temporary storage of water
416 runoff that is designed so as not to create a permanent pool of water.
417

418 “Develop” or “development activity” means to construct or alter a structure or to make a
419 physical change to the land, including but not limited to excavations, grading, fills, road
420 construction, and installation of utilities.
421

422 “Development” means all manmade changes or improvements on a site, including buildings,
423 other structures, parking and loading areas, landscaping, paved or graveled areas, and areas
424 devoted to exterior display, storage, or activities. Development includes improved open areas
425 such as public spaces, plazas and walkways, but does not include natural geologic forms or
426 unimproved land. See also “project.”
427

428 “Development activity plan” or “DAP” means a plan, prepared according to standards set
429 forth in this title, that provides for the control of stormwater discharges, the control of total
430 suspended solids, and the control of other pollutants carried in runoff during construction
431 and the use of the development.
432

433 “Development, new” means development on a site that was previously unimproved or that
434 has had previously existing buildings demolished.
435

436 “Direct discharge” means the concentrated release of stormwater to tidal waters or
437 vegetated tidal wetlands from new development or redevelopment projects in critical habitat
438 areas.
439

440 “Dividers” means areas of landscaping that separate from each other structures or
441 improvements, including parking lots or buildings.
442

443 “Dog lot” means any outdoor area where more than six dogs over the age of five months are
444 kept.
445

446 “Dormitory” means a building or portion of a building that provides one or more rooms used
447 for residential living purposes by a number of individuals that are rented or hired out for
448 more than nominal consideration on a greater than weekly or pre-arranged basis. A building
449 or structure that provides such rooms on less than a weekly basis shall be classified as a

450 “hotel” or “motel,” “rooming house,” or other more suitable classification. “Dormitory”
451 excludes hotel, motel, shelter for the homeless and bed and breakfast.

452

453 “Drainage area” means that area contributing water runoff to a single point measured in a
454 horizontal plane, which is enclosed by a ridge line.

455

456 “Dredging/filling” means an activity that involves excavating along the bottom of a water
457 body for the purpose of channeling, creating a harbor, mineral extraction, etc., and the
458 subsequent deposition of the dredge material to build up or expand an existing land mass or
459 to create a new one.

460

461 “Drip line” means the outermost edge of foliage on trees, shrubs, or hedges projected to the
462 ground.

463

464 “Drive-in car wash” means automated or manual car wash facilities and equipment used for
465 retail car wash services enclosed within a building, which may include accessory vacuum
466 cleaning and other equipment for car interior detailing outside of a building.

467

468 “Driveway” means the aisle area within a parking lot which abuts designated parking spaces
469 and which is reserved exclusively for ingress, egress and maneuvering of automobiles in and
470 out of those spaces.

471

472 “Dwelling” or “dwelling unit” means any building or portion thereof designed or arranged for
473 residential occupancy by not more than one family and includes facilities for sleeping,
474 cooking and sanitation.

475

476 “Dwelling, duplex” means a building designed or arranged for residential occupancy by two
477 families living independently, the structure having only two dwelling units.

478

479 “Dwelling, factory built” means a structure containing one or more dwelling units that is built
480 off-site, other than a manufactured home, and: (1) is designed only for erection or installation
481 on a site-built permanent foundation; (2) is not designed to be moved once so erected or
482 installed; and (3) is designed and manufactured to comply with a nationally recognized
483 model building code or an equivalent local code, or with a State or local modular building
484 code recognized as generally equivalent to building codes for site-built housing.

485

486 “Dwelling, multiple-family” means a building or a portion thereof designed for residential
487 occupancy by three or more families living independently in separate dwelling units.

488

489 “Dwelling, single-family” means a detached dwelling unit designed for residential occupancy
490 by one family.

491

492 “Easement” means a grant or reservation by the owner of an interest in land for the use of
493 such land for a specific purpose or purposes, and which must be conveyed or reserved by an
494 instrument affecting the land.

495

496 “Educational Institution”. See “school.”

497

498 “Employee-occupied recreational vehicle” means a recreational vehicle utilized by an
499 employee or employer for housing.

500

501 “Entertainment establishment” means a public or private institution or place of business
502 providing live or pre-recorded shows or performances for entertainment.

503

504 “Equipment compound” means the area occupied by a wireless communications support
505 structure and within which wireless communications equipment is located.

506

507 “Extractive enterprises” means uses and activities that involve the removal of ores, liquids,
508 gases, minerals, or other materials or substances from the earth’s surface or subsurface.

509

510 “Extreme flood volume” or “Q_f” means the storage volume required to control those
511 infrequent but large storm events in which overbank flows reach or exceed the boundaries of
512 the 100-year floodplain.

513

514 “Family” means an individual or two or more persons related by blood, marriage or adoption,
515 or a group not to exceed six unrelated persons living together as a single housekeeping unit
516 in a dwelling unit.

517

518 “Farmers’ market” means a location where the primary activity is the sale of goods:

519 1. Grown upon the land that the seller controls, in the case of fruits, nuts, vegetables,
520 other plant products, or other processed agricultural products;

521 2. Bred, raised, cultivated or collected by the seller, in the case of animal, poultry,
522 viticulture, vermiculture, aquaculture, eggs, honey and bee products;

523 3. Cooked, canned, preserved, or otherwise significantly treated by the seller, in the
524 case of prepared foods; or

525 4. Created, sewn, constructed, or otherwise fashioned from component materials by
526 the seller.

527

528 Fence Height. See HCC 21.05.030(d).

529

530 “Financial institution” means banks, credit unions, saving and loan companies, stockbrokers,
531 and similar businesses.

532

533 “Flow attenuation” means prolonging the flow time of runoff to reduce the peak discharge.

534
535 “Garage, parking” means any building (including an underground structure), except one
536 described as a private garage, used principally for the parking or storage of motor vehicles.
537
538 “Garage, private” means a building, or a portion of a building, in which motor vehicles used
539 only by the occupants of the building(s) located on the premises are stored or kept.
540 Garage, Public. See “auto repair.”
541
542 “Gardening, personal use” means gardening for personal purposes as an accessory use to the
543 primary residential use of a lot.
544
545 “Glare” means direct light emitted by a luminaire that causes reduced visibility of objects or
546 momentary blindness.
547
548 “Grade” in reference to adjacent ground elevation means the lowest point of elevation of the
549 existing surface of the ground within the area between the structure and a line five feet from
550 the structure.
551
552 “Grading” means any act by which soil is cleared, stripped, stockpiled, excavated, scarified,
553 or filled, or any combination thereof.
554
555 “Group care home” means a residential facility that provides training, care, supervision,
556 treatment or rehabilitation to the aged, disabled, infirm, those convicted of crimes or those
557 suffering the effects of drugs or alcohol. The term “group care home” does not include day
558 care homes, day care facilities, foster homes, schools, hospitals, assisted living homes,
559 nursing facilities, jails or prisons.
560
561 “Guest room” means a single unit for the accommodation of guests without kitchen or
562 cooking facilities in a bed and breakfast, rooming house, hotel or motel.
563
564 “Guesthouse” means an accessory building without kitchen or cooking facilities and
565 occupied solely by nonpaying guests or by persons employed on the premises.
566
567 “Helipad” means any surface where a helicopter takes off or lands, but excludes permanent
568 facilities for loading or unloading goods or passengers, or for fueling, servicing or storing
569 helicopters.
570
571 “Heliports” means any place including airports, fields, rooftops, etc., where helicopters
572 regularly land and take off, and where helicopters may be serviced or stored.
573 Highway. See “street” and “State highway.”
574

575 “Home occupation” means any use customarily conducted entirely within a dwelling or a
576 building accessory to a dwelling, and carried on by the dwelling occupants, that is clearly
577 incidental and secondary to the use of the dwelling for dwelling purposes and does not
578 change the character thereof, and includes no display of stock in trade, no outside storage of
579 materials or equipment and no commodity sold upon the premises. “Home occupation” does
580 not include bed and breakfast.

581
582 “Hospital” has the meaning given in AS 47.32.900.

583
584 “Hostel” means any building or portion of a building containing dormitory-style sleeping
585 accommodations for not more than 15 guests that are used, rented or hired out on a daily or
586 longer basis.

587
588 “Hotel” or “motel” means any building or group of buildings containing six or more guest
589 rooms that are used, rented or hired out to be occupied for sleeping purposes by guests.
590 “Hotel” or “motel” also means any building or group of buildings containing five or less guest
591 rooms that are used, rented or hired out to be occupied for sleeping purposes by more than
592 15 guests. The terms “hotel” and “motel” exclude bed and breakfast, rooming house,
593 dormitory, shelter for the homeless, and hostel.

594
595 “Impervious coverage” means an area of ground that, by reason of its physical characteristics
596 or the characteristics of materials covering it, does not absorb rain or surface water. All
597 parking areas, driveways, roads, sidewalks and walkways, whether paved or not, and any
598 areas covered by buildings or structures, concrete, asphalt, brick, stone, wood, ceramic tile or
599 metal shall be considered to be or have impervious coverage.

600
601 “Impound yard” means a lot, establishment, area, facility or place of business used for the
602 temporary custody of abandoned or junk vehicles, as defined in HCC 18.20.010, or other
603 abandoned or illegally stored personal property pending determination of possessory or
604 proprietary rights therein. If impounded property is held in custody longer than six months, it
605 shall be classified as a junk yard and not an impound yard.

606
607 “Independent business” means a business establishment that operates independently of
608 other business establishments. If retail and wholesale business establishments have
609 common management or common controlling ownership interests, they are not operated
610 independently of one another.

611
612 “Infiltration” means the passage or movement of water into the soil surface.

613
614 “Islands,” when used to describe landscaped areas within parking lots, means compact areas
615 of landscaping within parking lots designed to support mature trees and plants.

616

617 “Itinerant merchant” means a “transient or itinerant merchant” as defined in HCC 8.08.010.

618

619 “Joint use parking area” means a parking lot that contains required off-street parking spaces
620 for more than one lot.

621

622 “Junk” means any worn out, wrecked, scrapped, partially or fully dismantled, discarded, or
623 damaged goods or tangible materials. Junk includes, without limitation, motor vehicles that
624 are inoperable or not currently registered for operation under the laws of the State and
625 machinery, equipment, boats, airplanes, metal, rags, rubber, paper, plastics, chemicals, and
626 building materials that cannot, without further alteration or reconditioning, be used for their
627 original purpose.

628

629 “Junkyard” means any lot, or portion of a lot, that is used for the purpose of outdoor
630 collection, storage, handling, sorting, processing, dismantling, wrecking, keeping, salvage or
631 sale of junk.

632

633 “Kennel” means any land and any buildings thereon where three or more dogs, cats, or other
634 animals at least four months of age are kept for boarding, propagation or sale. If a use meets
635 the definitions of both “dog lot” and “kennel,” it shall be classified as a dog lot.

636

637 “Kitchen” means any room or part of a room intended or designed to be used for cooking or
638 the preparation of food. The presence of a range or oven, or utility connections suitable for
639 servicing a range or oven, shall be considered as establishing a kitchen.

640

641 “Landscaping” means lawns, trees, plants and other natural materials, such as rock and
642 wood chips, and decorative features, including sculpture.

643

644 “Level of service” or “LOS” means a qualitative measure describing operational conditions
645 within a traffic stream, based on service measures such as speed and travel time, freedom to
646 maneuver, traffic interruptions, comfort, and convenience. Six levels of service, from A to F,
647 are used to represent a range of operating conditions with LOS A representing the best
648 operating conditions and LOS F the worst.

649

650 1. “LOS A” means the LOS at which vehicles are almost completely unimpeded in their
651 ability to maneuver within the traffic stream, passing demand is well below passing
652 capacity, drivers are delayed no more than 30 percent of the time by slow moving
653 vehicles.

654 2. “LOS B” means the LOS at which the ability to maneuver a vehicle is only slightly
655 restricted; passing demand approximately equals passing capacity, and drivers are
656 delayed up to 45 percent of the time; the level of physical and psychological comfort
657 provided to drivers is still high.

658 3. "LOS C" means the LOS at which the ability to maneuver a vehicle is noticeably
659 restricted and lane changes require more care and vigilance on the part of the driver;
660 percent time delays are up to 60 percent; traffic will begin to back up behind slow
661 moving vehicles.

662 4. "LOS D" means the LOS at which speeds begin to decline with increasing traffic
663 flow, density begins to increase somewhat more quickly, passing demand is very high
664 while passing capacity approaches zero, and the driver experiences reduced physical
665 and psychological comfort levels; the percentage of time motorists are delayed
666 approaches 75 percent, even minor incidents can be expected to back up traffic
667 because the traffic stream has little space to absorb disruptions.

668 5. "LOS E" means the LOS at which roadway is at capacity; the percentage of time
669 delay is greater than 75 percent, passing is virtually impossible, as there are virtually
670 no usable gaps in the traffic stream; vehicles are closely spaced, leaving little room to
671 maneuver, physical and psychological comfort afforded to the driver is poor.

672 6. "LOS F" means the LOS at which traffic is heavily congested with traffic demand
673 exceeding traffic capacity, there is a breakdown in vehicular flow, and vehicle delay is
674 high.

675
676 "Light trespass" means light emitted by a luminaire that shines beyond the boundaries of the
677 property on which the luminaire is located.

678
679 "Living ground cover" means low growing, spreading, perennial plants that provide
680 continuous coverage of the area.

681
682 "Living plant life other than ground cover" means plants, including, but not limited to, trees,
683 flower beds, rock gardens, shrubs and hedges.

684
685 "Loading space" means an off-street space on the same lot with a building or contiguous to a
686 group of buildings, designated or intended for the use of temporarily parked commercial
687 vehicles while loading and unloading, and that abuts upon a street, alley or other appropriate
688 means of access.

689
690 "Lodging" means any building or portion of a building that does not contain a dwelling unit
691 and that contains no more than five guest rooms that are used, rented or hired out to be
692 occupied for sleeping purposes by guests.

693
694 "LOS". See "level of service."

695
696 "Lot" means a single parcel of land of any size, the boundaries of which have been
697 established by some legal instrument of record, that is recognized and described as a unit for
698 the purpose of transfer of ownership. It may shown on a subdivision plat map, or record of

699 survey map, or described by metes and bounds and recorded in the office of the District
700 Recorder. “Lot” includes tracts and parcels of land of any size or shape.

701

702 “Lot, corner” means a lot situated at the intersection of two or more streets having an angle
703 of intersection of not more than 135 degrees.

704

705 “Lot depth” means the horizontal distance between the front and rear lot lines measured on
706 the longitudinal centerline.

707

708 “Lot, interior” means a lot other than a corner lot.

709

710 “Lot line, front” means the shortest lot line that is a street line. In the case of (1) a square, or
711 nearly square-shaped, corner lot, or (2) a through lot, the owner may choose which street to
712 designate as the front of the lot by giving written notice to the Department. Once the choice
713 of frontage has been made, it cannot be changed unless all requirements for yard space with
714 the new front lot line are satisfied.

715

716 “Lot line, rear” means a lot line that is opposite and most distant from the front lot line and,
717 in case of an irregular or triangular lot, a line 10 feet in length within the lot, parallel to and at
718 the maximum distance from the front lot line.

719

720 “Lot line, side” means any lot boundary line that is not a front lot line or rear lot line.

721

722 “Lot, through” means a lot having a frontage on two parallel or approximately parallel
723 streets.

724

725 “Lot width” means the width of a lot calculated according to HCC 21.05.050.

726

727 “Luminaire” means a complete lighting unit, including a lamp or lamps together with parts to
728 distribute light.

729

730 “Luminaire, cut-off” means a luminaire that allows no direct light from the luminaire above
731 the horizontal plane through the luminaire’s lowest light emitting part, in its mounted form
732 either through manufacturing design or shielding.

733

734 “Luminaire, height of” means the vertical distance from the ground directly below the
735 centerline of the luminaire to the lowest direct light emitting part of the luminaire.

736

737 “Ministorage” means one or more buildings containing units available for rent for the
738 purpose of the general storage of household goods and personal property in which each unit
739 (1) is separated from all other such units, (2) is fully enclosed, and (3) does not have an area
740 greater than 600 square feet.

741
742 “Mitigation plan” means a plan designed to mitigate the effect of impervious cover on water
743 flow and loss of ground cover, and may include systems of water impoundment, settling
744 ponds, grease and sand traps, and leach fields among others.

745
746 “Mobile commercial structure” means a structure constructed as a movable or portable unit,
747 capable of being transported on its own chassis or wheels, that is designed for
748 nonpermanent uses and placed on a nonpermanent foundation and is used in any activity
749 that promotes, supports or involves a land use permitted outright in the zoning district in
750 which the mobile commercial unit is to be placed.

751
752 “Mobile food service” has the meaning defined in HCC 8.11.020 and, for purposes of the
753 zoning code, is treated as a temporary business.

754
755 “Mobile home” or “manufactured home” means a structure, transportable in one or more
756 sections: (1) that in the traveling mode is eight feet or more in width or 40 feet or more in
757 length, or when erected on site is 320 square feet or more; and (2) that is built on a
758 permanent chassis and is designed for use as a dwelling with or without a permanent
759 foundation when the plumbing, heating, and electrical systems contained therein are
760 connected to the required utilities. A mobile home shall be construed to remain a mobile
761 home whether or not wheels, axles, hitch or other appurtenances of mobility are removed,
762 and regardless of the nature of the foundation provided. A mobile home shall not be
763 construed to be a recreational vehicle or a factory built dwelling.

764
765 “Mobile home park” means one or more lots developed and operated as a unit with
766 individual sites and facilities to accommodate two or more mobile homes.

767
768 “Native vegetation” means native plant communities that are undisturbed or mimicked.

769
770 “Natural or manmade features” means features in landscaping other than plants, including,
771 but not limited to, boulders, or planters.

772
773 Nonconforming Lot. See HCC 21.61.010.

774
775 Nonconforming Structure. See HCC 21.61.010.

776
777 Nonconforming Use. See HCC 21.61.010.

778
779 “Nursing facility” means a facility that is primarily engaged in providing skilled nursing care
780 or rehabilitative services and related services for those who, because of their mental or
781 physical condition, require care and services above the level of room and board. “Nursing

782 facility” does not include a facility that is primarily for the care and treatment of mental
783 diseases or an assisted living home.

784

785 “Occupancy” means the purpose for which a building is used or intended to be used. The
786 term may also include the building or room housing such use. Change of occupancy does not
787 result from a mere change of tenants or proprietors.

788

789 “Office” means a physical location designed for, or used as, the office of professional,
790 business, administrative, institutional, charitable, personal service or public organizations or
791 persons, but does not include direct retail or wholesale sale of goods except for those sales
792 that are clearly incidental to the principal office use.

793

794 “Office, general business” means an office maintained and operated for the conduct of
795 management level administrative services or in which individuals or entities are provided
796 services in office settings in the nature of government, business, real estate, insurance,
797 property management, title companies, investment and financial, personnel, travel, and
798 similar services, including business offices of public utilities or other activities when the
799 service rendered is a service customarily associated with office services. Offices that are part
800 of and are located with a business or industrial firm in another category are considered
801 accessory to that firm’s primary activity. Professional office is excluded.

802

803 “Office, professional” means an office maintained and operated for the conduct of a
804 professional business or occupation requiring the practice of a learned art or science through
805 specialized knowledge based on a degree issued by an institute of higher learning, including
806 but not limited to medicine, dentistry, law, architecture, engineering, accounting, and
807 veterinary medicine. General business office and clinic are excluded.

808

809 “Off-road vehicle” means any motorized vehicle designed for or capable of cross-country
810 travel on or immediately over land, water, sand, snow, ice, wetland, or other natural terrain,
811 except that such terms exclude (1) registered motorboats, (2) military, fire, emergency, and
812 law enforcement vehicles when used for such military, emergency, and law enforcement
813 purposes, and (3) any vehicle whose use is expressly approved by the City of Homer.

814 “Oil water separators” means passive, physical separation systems, designed for removal of
815 oils, fuels, hydraulic fluids, and similar products from water. They are generally large-
816 capacity, underground cement vaults installed between a drain and the connecting storm
817 drain pipe. These vaults are designed with baffles to trap sediments and retain floating oils.
818 The large capacity of the vault slows down the wastewater, allowing oil to float to the surface
819 and solid material to settle out.

820

821 “Open space” means an area reserved or developed for recreational uses or preserved for its
822 natural amenities. Open space may include squares, parks, bicycle and pedestrian paths,

823 refuges, campgrounds, picnic areas, playgrounds, and gardens. “Open space” does not
824 include outdoor recreation facilities.

825

826 “Overbank flood protection volume” or “Qp” means the volume controlled by structural
827 practices to prevent an increase in the frequency of out of bank flooding generated by
828 development.

829

830 “Overlay district” means a defined area with supplementary regulations that is superimposed
831 upon all or part of one or more underlying zoning districts. The boundaries of an overlay
832 district are usually shown on the official map, but may be established by description

833 .

834 “Overslope development” means an overslope platform and the structures located on the
835 overslope platform.

836

837 “Overslope platform” means an elevated horizontal structure designed to support buildings
838 that are located above the slope between an upland lot and the water of the Homer small
839 boat harbor.

840

841 “Parking lot” means an off-street, ground level open area, usually improved, containing
842 parking spaces for motor vehicles.

843

844 “Parking lot, double-loaded” means all or any portion of a parking lot in which there are
845 parking spaces on both sides of the driving aisle.

846

847 “Parking lot, single-loaded” means all or any portion of a parking lot in which there are
848 parking spaces on only one side of the driving aisle.

849

850 “Parking space” is a space in a parking lot that is reserved for the parking of a vehicle.

851

852 “Parking stall” is synonymous with “parking space.”

853

854 “Peak hour” in reference to traffic means a one-hour period representing the highest hourly
855 volume of traffic flow on the adjacent street system during the morning (a.m. peak hour),
856 during the afternoon or evening (p.m. peak hour) or representing the hour of highest volume
857 of traffic entering or exiting a site (peak hour of generator).

858

859 “Pedestrian way” means a maintained walkway or path, no less than four feet wide, that
860 connects two or more focal points of pedestrian activity, including other pedestrian ways,
861 trails, transit stops, street or parking area crossings, or building entry points. Sidewalks may
862 be pedestrian ways.

863

864 “Performance standards” means minimum requirements or maximum allowable limits on
865 the effects or characteristics of a use.

866

867 “Permeable, continuous nonliving ground cover” means landscaping surfaces made up of
868 materials such as, but not limited to, crushed rock, bark and mulch.

869

870 “Permit” means any permit, approval or other authorization issued by the City under the
871 authority of the Homer Zoning Code or regulations.

872

873 “Person aggrieved” means a person who shows proof of the adverse effect an action or
874 determination taken or made under the Homer Zoning Code has or could have on the use,
875 enjoyment, or value of real property owned by that person. An interest that is no different
876 from that of the general public is not sufficient to establish aggrievement.

877

878 “Personal service” means a business primarily engaged in providing services involving the
879 care of an individual or his or her personal goods or apparel.

880

881 “Pipeline” means a line six inches or larger, which may include accessory pumps, valves and
882 control devices, for conveying liquids, gases or finely divided solids that are constructed
883 within rights-of-way or easements or from one parcel to another. However, for the purpose of
884 securing a conditional use permit the following are excluded: the mains, hydrants, pumps,
885 services, and pressure stations of the City of Homer water utility; the mains, services,
886 manholes and lift stations of the City of Homer sewer utility; and the local service mains,
887 valves and services of a gas utility legally authorized to provide such service within the City.

888

889 “Planned unit development” or “PUD” means a residential, commercial, office, industrial, or
890 other type of development, or a combination thereof, approved under the conditional use
891 procedures and applicable provisions of this title and characterized by comprehensive
892 planning for the entire project, the clustering of buildings to preserve open space and natural
893 features, and provision for the maintenance and use of open space and other facilities held in
894 common by the property owners within the project.

895

896 “Planning Commission” means the Homer Advisory Planning Commission.

897

898 “Pollutant” in reference to waters means any substance that causes contamination or other
899 alteration of the physical, chemical, or biological properties of waters including change in
900 temperature, taste, color, turbidity, or odor of the waters, or such discharge of any liquid,
901 gaseous, solid, radioactive or other substance into the waters that will or is likely to create a
902 nuisance or render such waters harmful. These substances include, but are not limited to,
903 any dredge, spoil, solid waste, incinerator residue, oil, grease, garbage, sewage, sludge,
904 medical waste, chemical waste, biological materials, heat, petrochemical, and sediment.

905

906 “Pollution, nonpoint source” means pollution from any source other than from any
907 discernible, confined, and discrete conveyances and shall include, but not be limited to,
908 parking lots and roof tops and include substances such as pathogens, petrochemicals,
909 sediments, debris, toxic contaminants, or nutrients.

910
911 “Pollution, point source” means pollution from any discernible, confined, and discrete
912 conveyance, including but not limited to any pipe, ditch, channel, tunnel, conduit, well,
913 discrete fissure, container, landfill leachate collection system, vessel or other floating craft
914 from which pollutants are or may be discharged.

915
916 Principal Use. See “use, principal.”

917
918 “Project” means an existing or proposed development.

919
920 “Public spaces” means space containing amenities for public use or enjoyment, for example,
921 benches, bike racks, water features, public art, and kiosks that enhance the community.

922
923 “Public utility facility or structure,” for the purpose of requiring a conditional use permit,
924 means (1) any facility or structure owned and operated by a public or private utility, or (2) a
925 telecommunications tower or antenna, but it excludes water distribution mains, pressure
926 stations and hydrants, sewage collection lines, manholes and lift stations, underground and
927 overhead electrical, cable and telephone lines and poles, street lights and small wind energy
928 systems.

929
930 “Ravine” means a long, deep hollow in the earth’s surface with walls that have a height of at
931 least 15 feet and an average slope of not less than 500 percent (five feet difference in
932 elevation per one foot of horizontal distance).

933
934 “Recharge volume” or “Rev” means that portion of the water quality volume used to
935 maintain groundwater recharge rates at development sites.

936
937 “Recreational facility, indoor” means a building used for indoor sports, recreation, physical
938 activities or games such as bowling alleys, racquetball courts, skating rinks, and other
939 physical recreation activities.

940
941 “Recreational facility, outdoor” means a lot used for outdoor sports activities or games such
942 as skating rinks, batting cages, sports fields, golf courses, miniature golf, driving ranges,
943 equestrian arenas, open air performing arts centers and similar activities. It does not include
944 sport fishing in the waters of any watercourse, water body, or Kachemak Bay.

945
946 “Recreational vehicle” is a vehicular unit, other than a manufactured home, that is designed
947 and manufactured as temporary lodging for travel, recreational and vacation use, and which

948 is either self-propelled, mounted on or pulled by another vehicle. Examples include, but are
949 not limited to, a travel trailer, camping trailer, truck camper, motor home, and fifth-wheel
950 trailer.

951
952 “Recreational vehicle park” means a parcel of land that has been planned and improved for
953 use by two or more recreational vehicles for transient occupancy.

954
955 “Religious, cultural and fraternal assembly” means a use or building owned or maintained by
956 an organized religious organization or nonprofit entity for assemblies for social, cultural,
957 civic, or philanthropic purposes, or where persons regularly assemble for worship.

958
959 “Reservoir” means a pond, lake, or basin, either natural or artificial, for the storage,
960 regulation, and control of water.

961
962 “Residential districts” or “residential zoning districts” means the rural residential, urban
963 residential, and residential office zoning districts.

964
965 “Retention structure” means a permanent structure that provides for the storage of water
966 runoff.

967
968 “Right-of-way” means the entire width of property dedicated for a public street or private
969 easement providing ingress and egress from property abutting thereon.

970
971 Road. See “street.”

972
973 “Roadside stand” means a temporary structure on land adjacent to a street, usually for the
974 attraction of motorists for profit-making purposes. Common roadside stands sell local food,
975 produce, firewood, handcrafted items or imported goods.

976
977 “Rooming house” means a dwelling containing not more than five guest rooms that are used,
978 rented or hired out to be occupied for sleeping purposes by guests. A rooming house shall not
979 accommodate in excess of 15 guests. A rooming house shall also include any structures
980 associated with the dwelling, such as guest cabins; provided, that a conditional use permit
981 was obtained for any associated structures, if a permit is required in order to have more than
982 one building containing a permitted principal use on the lot. “Rooming house” does not
983 include bed and breakfast.

984
985 “School” means an institution or place for instruction or education, including all structures
986 and land necessary to the accomplishment of educational purposes.

987
988 “School, commercial” means a school for the teaching of clerical, managerial, administrative,
989 service or artistic skills. This applies to schools operated privately for profit that do not offer a

990 complete educational curriculum, e.g., beauty school, modeling school and secretarial
991 school. Commercial school does not include trade, skilled or industrial school.

992

993 “School, private” means a school that provides a complete educational curriculum and is
994 owned and operated by private educational, religious, charitable, or other institution. It may
995 provide elementary, secondary or post-secondary levels of education.

996

997 “School, public” means a school owned and operated or chartered by the Kenai Peninsula
998 Borough or the State or University of Alaska for the purpose of public education.

999

1000 “School, trade, skilled or industrial” means a school for the teaching of industrial,
1001 construction, technical and skilled trades skills, including schools operated by or for labor
1002 unions. Examples include welding, carpentry, electrician, and similar training schools.

1003

1004 “Sediment” means soils or other surficial materials transported or deposited by the action of
1005 wind, water, ice, or gravity as a product of erosion.

1006

1007 “Senior housing” means attached or detached independent living developments, including
1008 retirement communities, age-restricted housing and active adult communities.

1009

1010 Service Station. See “auto fueling station” and “auto repair.”

1011

1012 “Setback” means the required minimum distance between the lot line and a building,
1013 measured according to Chapter 21.05 HCC. The setback area establishes a required yard in
1014 which structures are prohibited or limited as provided in the zoning code.

1015

1016 “Sewer, community” means that portion of a nonpublic sewerage serving:

1017

1. One or more multifamily dwellings;

1018

2. A mobile home park, a trailer park, or a recreational vehicle park;

1019

3. Two or more:

1020

a. Single-family homes or duplexes;

1021

b. Commercial establishments;

1022

c. Industrial establishments; or

1023

d. Institutions; or

1024

4. Any combination of two or more of the structures listed in subsections (3)(a)
1025 through (d) of this definition.

1026

1027 “Sewer, public” means a sewer system operated for the benefit of the public by the City of
1028 Homer or a public utility under a certificate of convenience and necessity issued by the
1029 Regulatory Commission of Alaska or by its predecessor or successor agency.

1030

1031 “Shelter for the homeless” means a building used primarily to provide on-site meals, shelter
1032 and secondary personal services such as showers and haircuts to the homeless and the
1033 needy on a nonpermanent basis for no or nominal compensation.

1034

1035 Sign. See HCC 21.60.040.

1036

1037 “Site” means any lot, tract, or parcel of land, or a portion thereof, or any combination thereof
1038 that is in one ownership or is contiguous and in diverse ownership, where development exists
1039 or will be created as one unit, subdivision, or project.

1040

1041 “Site plan” means a plan, to scale, showing the proposed use and development of a site. The
1042 plan generally includes lot lines, streets, points of vehicular access to the site, building sites,
1043 reserved open space, existing buildings, major landscape features (both natural and
1044 manmade), and the locations of utility lines. Additional information may be required on a site
1045 plan by applicable provisions of the zoning code.

1046

1047 “Slash pile” means a row or pile of woody debris from timber harvesting, land clearing, or
1048 similar activity.

1049

1050 “Slope” means, with respect to two points on the surface of the ground, the ratio, expressed
1051 as a percentage, of the difference between their elevations divided by the horizontal distance
1052 between them. Slope is measured as provided in HCC 21.05.040.

1053

1054 “Small wind energy system” means a wind energy system having a rated capacity of less than
1055 25 kilowatts and a total height less than 170 feet, whose primary function is to provide
1056 electric power for on-site consumption.

1057

1058 “Stabilization” means the prevention of soil movement by any of various vegetative or
1059 structural means.

1060

1061 “Stable, private” means an accessory building in which one or more horses are kept for
1062 private use and enjoyment and not for boarding, hire or sale; or in which not more than one
1063 horse is kept for boarding, hire or sale.

1064

1065 “Stable, public” means a building in which two or more horses are kept for boarding, hire or
1066 sale.

1067

1068 “State highway” means a street designated by the State as a part of the State highway
1069 system.

1070

1071 “Steep slope” means an elevation change in topography of at least 15 feet, with an average
1072 slope of not less than 45 percent (one foot difference in elevation per 2.22 feet of horizontal

1073 distance). A steep slope can occur naturally or can be created by excavation into or filling
1074 over natural ground.

1075

1076 “Stormwater management” means:

1077 1. For quantitative control, a system of vegetative and structural measures that
1078 control the increased volume and rate of surface runoff caused by manmade changes
1079 to the land; and

1080 2. For qualitative control, a system of vegetative, structural, and other measures that
1081 reduce or eliminate pollutants that might otherwise be carried by surface runoff.

1082

1083 “Stormwater management, off-site” means the design and construction of a facility
1084 necessary to control stormwater from more than one development.

1085

1086 “Stormwater management, on-site” means the design and construction of systems necessary
1087 to control stormwater within an immediate development site.

1088

1089 “Stormwater management plan” or “SWP” means a set of drawings or other documents
1090 prepared according to the requirements of this title and submitted by a person as a
1091 prerequisite to obtaining a stormwater management approval. A SWP will contain all of the
1092 information and specifications pertaining to stormwater management.

1093

1094 “Stormwater runoff” means flow on the surface of the ground, resulting from precipitation or
1095 snow melt.

1096

1097 “Story” means that portion of a building included between the upper surface of any floor and
1098 the upper surface of the floor next above, except that the topmost story shall be that portion
1099 of a building included between the upper surface of the topmost floor and the ceiling or roof
1100 above. If the finished floor level directly above a basement or cellar is more than six feet
1101 above grade for more than 50 percent of the total perimeter or is more than 12 feet above
1102 grade at any point, such basement or cellar shall be considered a story.

1103

1104 “Story, half” means a story under a gable, hip, gambrel or mansard roof, the wall plates of
1105 which on at least two of its opposite exterior walls are not more than two feet above the floor
1106 of such story.

1107

1108 “Stream” means anybody of flowing water, including a river, creek, tributary, or other
1109 watercourse.

1110

1111 “Stream banks” are defined by the steep or sloping ground that borders a stream and
1112 confines the water in the natural channel when the water level or flow is normal.

1113

1114 “Stream, intermittent” means a stream that does not flow continuously but stops or dries up
1115 from time to time.

1116

1117 “Stream, perennial” means a stream that flows continuously throughout the year, in contrast
1118 to an intermittent stream.

1119

1120 “Street” means a public thoroughfare including a public street, road or highway of any
1121 description that affords a principal means of access to abutting property. Street does not
1122 include alley or driveway.

1123

1124 “Street line” means the line of demarcation between a street right-of-way and the abutting
1125 lot(s).

1126

1127 “Stripping” means any activity that removes the vegetative surface cover including tree
1128 removal, clearing, grubbing and storage or removal of topsoil.

1129

1130 “Structural alteration” means any change of the supporting members of a building or
1131 structure such as bearing walls, columns, beams or girders.

1132

1133 “Structure” means anything constructed or erected that requires location on the ground or
1134 that is attached to something having location on the ground.

1135

1136 “Studio” means a room, rooms or building where an artist or photographer does work, a
1137 place where dancing lessons, music lessons, or similar artistic lessons are given, or where
1138 radio or television programs are produced or where recordings are made.

1139

1140 “Taxi” means any motor vehicle, permitted and licensed by the City, having a manufacturer-
1141 rated seating capacity of nine passengers or less engaged in the carrying of persons in
1142 exchange for receiving fares, not operated over a fixed route, and subject to calls from a
1143 central location or otherwise operated for hire to perform public transportation.

1144

1145 “Taxi operation” means a taxi business operated from a fixed location, but not limited in its
1146 operation to any particular route, which may include a dispatch office and vehicle fleet
1147 parking.

1148

1149 “Timber growing, harvesting and forest crops” means the growing, harvesting, or both, for
1150 commercial purposes, of (1) trees including, without limitation, live trees, Christmas trees
1151 and tree products in the form of logs, chunks, bark chips or similar items; or (2) minor forest
1152 crops such as cones, ferns, greenery, berries and moss.

1153

1154 “Total suspended solids” means the sum of the organic and inorganic particles (e.g.,
1155 sediment) suspended in and carried by a fluid (e.g., water).

1156
1157 “Tower, amateur radio” means a fixed vertical structure used exclusively to support an
1158 antenna used by an amateur radio operator licensed by the Federal Communications
1159 Commission, plus its accompanying base plates, anchors, guy cables and hardware.

1160
1161 “Tower, communications” means a fixed vertical structure built for the primary purpose of
1162 supporting wireless communications equipment, plus its accompanying base plates,
1163 anchors, guy cables and hardware.

1164
1165 “Townhouse” means a building on its own separate lot containing one dwelling unit that
1166 occupies space from the ground to the roof and is attached to one or more other townhouse
1167 dwelling units by at least one common wall.

1168
1169 “Trip” in reference to traffic means a single one-way motor vehicle movement either to or
1170 from a subject property or study area.

1171
1172 “Turbidity” means an expression of the optical property that causes light to be scattered and
1173 absorbed rather than transmitted in straight lines through a water sample; turbidity in water
1174 is caused by the presence of suspended matter such as clay, silt, finely divided organic and
1175 inorganic matter, plankton, and other microscopic organisms.

1176
1177 “Use” means the purpose for which land or a structure is occupied, arranged, designed or
1178 intended, or for which either land or a structure is or may be occupied or maintained.

1179
1180 “Use, principal” means the use of a lot or structure that is of chief importance or function on
1181 the lot.

1182
1183 “Variance” means any deviation from the requirements of the zoning code authorized by the
1184 Planning Commission pursuant to Chapter 21.72 HCC.

1185
1186 “Vehicle fleet” means a group of vehicles operated under unified control.

1187
1188 Vehicle Maintenance. See “auto repair.”

1189
1190 Vehicle Repair. See “auto repair.”

1191
1192 “Visibility or vision clearance” means the assurance of adequate and safe vision clearance
1193 particularly for vehicle operators and pedestrians; a specified area of clearance at corners of
1194 intersections where no plantings, walls, structures or temporary or permanent obstructions
1195 exceeding a specified height above the curb level are allowed.

1196

1197 “Water-dependent” means a use or activity that can be carried out only on, in or adjacent to
1198 water areas because the use requires access to the water body.

1199

1200 “Water quality volume” or “WQv” means the volume needed to capture and treat 90 percent
1201 of the average annual runoff volume at a development site.

1202

1203 “Water-related” means a use or activity that is not directly dependent upon access to a water
1204 body, but which provides goods and services that are directly associated with water-
1205 dependent uses or activities.

1206

1207 “Watercourse” means any natural or artificial stream, river, creek, ditch, channel, canal,
1208 conduit, culvert, drain, waterway, gully, ravine or wash, in and including any adjacent area
1209 that is subject to inundation from overflow or floodwater.

1210

1211 “Watershed” means any area of land that water flows or drains under or across ground on its
1212 way to a lake, pond, river, stream, or wetland. A watershed can be delineated on a
1213 topographical map by connecting the high points of the contour lines surrounding any water
1214 body.

1215

1216 “Wetland” means an area of land that is inundated or saturated by surface or groundwater at
1217 a frequency and duration sufficient to support, and that under normal circumstances do
1218 support, a prevalence of vegetation typically adapted for life in saturated soil conditions.
1219 Wetlands generally include swamps, marshes, bogs, and similar areas.

1220

1221 Wholesale. See “business, wholesale.”

1222

1223 “Wind energy system” means a wind turbine and its supporting wind energy system tower.

1224

1225 “Wind energy system tower” means a fixed vertical structure that supports a wind turbine,
1226 including a monopole or lattice tower, plus its accompanying base plates, anchors, guy
1227 cables and hardware.

1228

1229 “Wind turbine” means a bladed or other type of rotating mechanism that converts wind
1230 energy into electric energy.

1231

1232 “Wireless communications equipment” means the set of equipment and network
1233 components used in the provision of wireless communications services, including without
1234 limitation antennas, transmitters, receivers, base stations, equipment shelters, cabinets,
1235 emergency generators, power supply cables, and coaxial and fiber optic cables, but excluding
1236 any wireless communications support structure.

1237

1238 “Wireless communications services” means transmitting and receiving information by
1239 electromagnetic radiation, by an operator (other than an amateur radio operator) licensed by
1240 the Federal Communications Commission.

1241
1242 “Wireless communications support structure” means a structure that is designed to support,
1243 or is capable of supporting, wireless communications equipment, including a
1244 communications tower, utility pole, or building.

1245
1246 “Yard” means a required open, unoccupied space on a lot. A yard is unobstructed by any
1247 structure or portion of a structure from 30 inches above the general ground level of the
1248 graded lot upward, except (1) fences, walls, posts, poles and other customary yard
1249 accessories, ornaments and furniture may be permitted in any yard subject to height
1250 limitations and requirements limiting obstruction of visibility, and (2) certain structures may
1251 be permitted in certain yards when authorized by code provisions applicable to a particular
1252 zoning district.

1253
1254 “Yard, front” means a yard extending across the full width of a lot, the depth of which is the
1255 minimum horizontal distance between the front lot line and a line parallel thereto.

1256
1257 “Yard, rear” means a yard extending across the full width of the lot, the depth of which is the
1258 minimum horizontal distance between the rear lot line and a line parallel thereto.

1259 “Yard, side” means a yard between a main building and the side lot line extending from the
1260 front yard to the rear yard.

1261
1262 “Zoning code” means this title.

1263
1264 “Zoning districts” means those districts established and described in Division II of this title.

1265
1266 Section 4. HCC 22.10.040 Applicable and exempted subdivisions is amended to read as
1267 follows:

1268
1269 22.10.040 Applicable and exempted subdivisions.

1270
1271 The standards of this chapter shall apply to all subdivisions in the City of Homer. Exemptions
1272 from the requirements of this chapter may be granted concurrent with preliminary plat
1273 approval by the Homer ~~Advisory~~ Planning Commission under the following conditions:

1274
1275 a. Resubdivision of existing subdivisions not to exceed three lots, and involving no new
1276 dedications of rights-of-way;

1277

1278 b. Special conditions and circumstances exist which are peculiar to the property involved,
1279 and are not generally applicable to other properties in the City. These special conditions
1280 cannot be caused by the actions of the applicant;

1281
1282 c. Financial hardship or inconvenience shall not be considered grounds for granting
1283 exception;

1284
1285 d. Previous exceptions shall not be considered grounds for granting exception.

1286
1287 Section 5. This ordinance is of a permanent and general character and shall be
1288 included in the City Code.

1289
1290 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this ___ day of _____, 2019.

1291
1292
1293 CITY OF HOMER

1294
1295 _____
1296 KEN CASTNER, MAYOR

1297 ATTEST:
1298
1299 _____
1300 MELISSA JACOBSEN, MMC, CITY CLERK

1301
1302
1303 YES:
1304 NO:
1305 ABSTAIN:
1306 ABSENT:
1307
1308 First Reading:
1309 Public Hearing:
1310 Second Reading:
1311 Effective Date:

1312
1313
1314 Reviewed and approved as to form:

1315
1316 _____
1317 Katie Koester, City Manager

1318
1319 Date: _____

Holly Wells, City Attorney
Date: _____



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue
Homer, Alaska 99603

clerk@cityofhomer-ak.gov

(p) 907-235-3130

(f) 907-235-3143

Memorandum 19-098

TO: MAYOR CASTNER AND HOMER CITY COUNCIL

FROM: MELISSA JACOBSEN, MMC, CITY CLERK

DATE: AUGUST 7, 2019

SUBJECT: REQUEST FOR HOMER CITY COUNCIL TO VETO KENAI PENINSULA BOROUGH APPROVAL OF THE VACATION OF A 10 FT. WIDE DRAINAGE EASEMENT ON LOT 24-A, AA MATTOX PEGGI'S ADDITION (PLAT HM 99-64); WITHIN SECTION 17, TOWNSHIP 6 SOUTH, RANGE 13 WEST, SEWARD MERIDIAN, ALASKA, WITHIN THE KENAI PENINSULA BOROUGH KPB FILE 2019-048V.

Robert Molloy, counsel for Echo Trading, has submitted a request of the City Council to veto the Kenai Peninsula Borough Approval of the vacation of a 10 foot wide drainage easement on Lot 24-A, AA Mattox Peggi's Addition.

This request has prompted discussion with City Attorney Wells and Sean Kelley, Deputy Borough Attorney and as a result the Borough will be sending the vacation approval to the City of Homer for a 30 day veto review in time for the August 26th meeting.

Included with this memo is a letter from Attorney Wells to Mr. Molloy.

Attorney Goldsmith, an Associate of Attorney Wells, will be providing an informational memo that will be included in the supplemental packet for this meeting.

RECOMMENDATION: Informational only.



Birch Horton Bittner & Cherot

a professional corporation

Holly C. Wells

Respond to Anchorage Office
T 907.263.7247 • F 907.276.3680
hwells@bhb.com

August 2, 2019

Robert Molloy
Molloy Schmidt LLC
110 South Willow Street, Suite 101
Kenai, Alaska 99611

RE: *Request for Veto of the Kenai Peninsula Borough's Approval of the vacation of a 10 ft. wide drainage easement on Lot 24-A, AA Mattox Peggi's Addition (Plat HM 99-64); within Section 17, Township 6 South, Range 13 West, Seward Meridian, Alaska, within the Kenai Peninsula Borough KPB File 2019-048V. Request for Homer City Council Veto.*

Dear Mr. Molloy:

Thank you for your letter received July 17, 2019, regarding the Kenai Peninsula Borough Planning Commission's June 24, 2019 approval of the easement vacation application referenced above. Shortly after receiving your correspondence, and in light of the timing of the request, the City Manager requested legal review of your request to determine if there was a way to present your request to Council despite the time constraints imposed by the standard Borough vacation review process.

Generally, the City limits its involvement in the Borough's vacation process to consideration and recommendations by the Homer Advisory Planning Commission. However, when and if an interested person, a Borough representative or the City Planner or Public Works Director specifically requests Council's opinion on a Borough vacation, the administration ensures that the request is presented to Council along with the Notice of Decision issued by the Borough Planning Commission and, if requested, a copy of the application itself. Additionally, the requesting person may make comments and requests verbally to Council during public comment.

Unfortunately, in light of City responsibilities and obligations in practice and as a matter of disclosure and transparency laws, the City needs to receive requests for Council consideration of a Borough vacation within 10 business days after the Borough issues its approval. This provides the City itself approximately 10 business days to (1) seek input from the Public Works Director and City Planner and alert them to the request and its inclusion on the next Council meeting agenda; (2) afford the public, the requesting party, and the applicant notice of the topic and an opportunity to comment on it; and (3) prepare and submit packet materials to the Clerk, if needed.

While the administration and Council did not have sufficient time to consider your request before the end of the 30-day period imposed by Borough Code, we did consult with the Borough regarding the process and any remaining options available to you. In response, the Borough

August 2, 2019

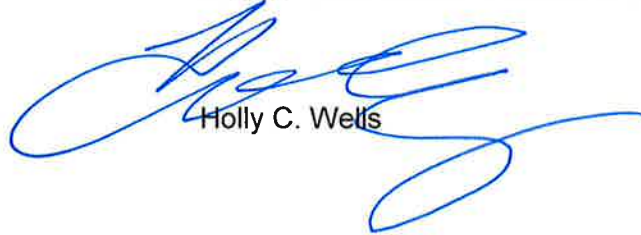
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informed the City Planner that your client's protest is being brought before the Borough Assembly. Although we are unsure of the Borough's process regarding protest before the Assembly, the City Manager has transferred your request to the Clerk for inclusion on the agenda for the next regularly scheduled Council meeting, which is on August 12, 2019. While the City cannot guarantee that Council will take action on the vacation or that the Borough will consider Council comments at this late date, this approach will ensure that your client's request is given consideration to the greatest extent possible given the time constraints.

If you have any questions regarding this process, please do not hesitate to contact me.

Sincerely,

BIRCH HORTON BITTNER & CHEROT



Holly C. Wells