



## Homer City Hall

491 E. Pioneer Avenue

Homer, Alaska 99603

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

# City of Homer Agenda

**City Council Regular Meeting**

**Monday, April 26, 2021 at 6:00 PM**

**City Hall Cowles Council Chambers via Zoom Webinar**

**Dial: +1 669 900 6833 or +1 253 215 8782 or Toll Free 877 853 5247 or 888 788 0099**

**Webinar ID: 205 093 973 Password: 610853**

## **CALL TO ORDER, PLEDGE OF ALLEGIANCE**

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

## **MAYORAL PROCLAMATIONS AND RECOGNITIONS**

## **PUBLIC COMMENT ON MATTERS ALREADY ON THE AGENDA**

## **RECONSIDERATION**

- a. Ordinance 21-18, An Ordinance of the City Council of Homer, Alaska, Amending the 2021 Capital Budget and Authorizing an Additional Expenditure of \$33,185 from the Water CARMA Fund for a Total Expenditure of \$247,585 for the Raw Water Transmission Line Project – Design. City Manager/Public Works Director. *Timely notice of Reconsideration issued by Councilmember Smith. If reconsideration passes this will come up under Pending Business.*

Memorandum 21-049 from Public Works Director as backup

**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 and Regular Meeting Minutes for April 12, 2021.](#) City Clerk. Recommend adoption.
- b. [Memorandum 21-068 from City Manager Re: Administrative Fee Amendment to Homer Foundation Donation Agreements.](#) Recommend approval.
- c. [Ordinance 21-24, An Ordinance of the City Council of Homer, Alaska Accepting Grant Funds from the State of Alaska Department of Health and Social Services for Distribution of COVID-19 Vaccines, as well as other COVID-19 Related Recovery and Prevention Strategies and Approving a Memorandum of Agreement.](#) City Manager.

Recommended dates Introduction April 26, 2021 Public Hearing and Second Reading May 10, 2021

- d. Ordinance 21-25, An Ordinance of the City Council of Homer, Alaska Amending the FY21 Capital Budget by Accepting and Appropriating the FY21 State of Alaska Community Assistance Program Payment in the Amount of \$76,842.94 to the Fire Capital Asset Repair and Maintenance Allowance (CARMA) Fund and Authorizing the Expenditure of up to \$260,000 from the Fire CARMA fund to Replace the Fire Department's Self Contained Breathing Apparatus System. City Manager. Recommended dates Introduction April 26, 2021 Public Hearing and Second Reading May 10, 2021

Memorandum 21-069 from Fire Chief as backup

- e. Resolution 21-025, A Resolution of the City Council of Homer, Alaska Amending the Homer Public Library Gift Acceptance Policy and Renaming it the Homer Public Library Donation Acceptance and Management Policy. City Manager/Library Director. Recommend adoption.

Memorandum 21-072 from Library Director as backup

## **VISITORS**

- a. Unified Command Report (20 Minutes)

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

- a. Committee of the Whole Report
- b. Mayor's Report
- c. Borough Report
  - i. Borough Report Attachments
- d. Planning Commission
- e. Economic Development Advisory Commission
- f. Parks Art Recreation and Culture Advisory Commission
- g. Public Works Campus Task Force

## **PUBLIC HEARING(S)**

- a. Ordinance 21-19, An Ordinance of the City Council of Homer, Alaska, Amending the 2021 Capital Budget by Allocating an Additional \$25,000 from the Information System CARMA Fund for a Total Expenditure of \$75,000 to Replace and Upgrade Departmental Servers across City Departments. City Manager. Introduction April 12, 2021 Public Hearing and Second Reading April 26, 2021

Memorandum 21-058 from Library Director as backup

- [b.](#) Ordinance 21-20, An Ordinance of the City Council of Homer, Alaska, Amending the 2021 Capital Budget and Authorizing the Expenditure of an Additional \$13,500 from the ADA CARMA Fund for a total of \$48,060 for the Spit Handicapped Parking Paving Project. City Manager/Harbormaster. Recommended dates Introduction April 12, 2021 Public Hearing and Second Reading April 26, 2021

Memorandum 21-059 from Harbormaster as backup

- [c.](#) Ordinance 21-21, An Ordinance of the City Council of Homer, Alaska Authorizing the Issuance and Sale of a Series of Harbor Revenue Refunding Bonds for the Purpose of Refunding All or a Portion of the City's Outstanding Harbor Revenue Bond, 2013; Establishing the Terms of the Harbor Revenue Refunding Bond, 2021; and Authorizing the Sale of the Harbor Revenue Refunding Bond, 2021. City Manager. Introduction April 12, 2021 Public Hearing and Second Reading April 26, 2021

Memorandum 21-060 from City Attorney as backup

- [d.](#) Ordinance 21-23, An Ordinance of the City Council of Homer, Alaska Amending Homer City Code 19.20.020 General Rules, Adding Launching, Landing or Retrieving of Motorized Watercraft in Prohibited from City Owned Beaches Except for Official Business Use. City Manager/Harbormaster. Introduction April 12, 2021 Public Hearing and Second Reading

Memorandum 21-073 from City Clerk as backup

Memorandum 21-062 from Harbormaster as backup

## **ORDINANCE(S)**

- [a.](#) Ordinance 21-26, An Ordinance of the City Council of Homer, Alaska Amending Homer City Code 10.08.210 Vessel Speed Limits, Renaming the Section, Extending the No Wake Zone throughout City Tidelands, and Closing Louie's Lagoon and the Entrance to Beluga Slough to Motorized Vessels and Amending the FY21 Operating Budget to Authorize Expenditure of up to \$2,000 for Motorized Vessel Regulation Changes. Lord. Introduction April 26, 2021 Public Hearing and Second Reading May 10, 2021

Memorandum 21-070 from Councilmember Lord as backup

- [b.](#) Ordinance 21-27, An Ordinance of the City Council of Homer, Alaska Amending Homer City Code Title 14.08.040 to create a Process for Waiving the Requirement that Property be connected to City Sewer as a Condition Precedent to be connected to City Water. City Manager/Public Works Director. Introduction April 26, 2021 Public Hearing and Second Reading May 10, 2021

Memorandum 21-071 from Public Works Director as backup

## **CITY MANAGER'S REPORT**

- a. City Manager's Report

## **PENDING BUSINESS**

- a. Resolution 20-077(S), A Resolution of the City Council of Homer, Alaska Adopting a Reserve Fund Policy for the Collection and Use of Water and Sewer Depreciation Reserve Funds **Capital Asset Repair And Maintenance Allowance Fund** . Lord/Aderhold. (Postponed from March 8, 2021)

Memorandum 21-074 from Public Works Director as backup  
Memorandum 21-042 from Public Works Director as backup  
Memorandum 20-205 from Public Works Director as backup  
Memorandum 20-165 from Finance Director as backup

- b. Ordinance 21-18, An Ordinance of the City Council of Homer, Alaska, Amending the 2021 Capital Budget and Authorizing an Additional Expenditure of \$33,185 from the Water CARMA Fund for a Total Expenditure of \$247,585 for the Raw Water Transmission Line Project – Design. City Manager/Public Works Director. *(If reconsideration passes)*

Memorandum 21-049 from Public Works Director as backup

## **NEW BUSINESS**

### **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, May 10, 2021 at 6:00 p.m., Committee of the Whole at 5:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

Session 21-09 a Special Meeting of the Homer City Council was called to order on April 12, 2021 by Mayor Ken Castner at 4:00 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska, and opened with the Pledge of Allegiance.

491 E. Pioneer Avenue, Homer, Alaska, and opened with the Pledge of Allegiance.

**PRESENT:** COUNCILMEMBER ADERHOLD, EVENSEN, HANSEN-CAVASOS, LORD, SMITH, VENUTI

**STAFF:** CITY MANAGER DUMOUCHEL  
CITY CLERK JACOBSEN  
PUBLIC WORKS DIRECTOR KEISER  
CITY ATTORNEY GATTI

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

LORD/VENUTI MOVED TO APPROVE THE AGENDA

**PUBLIC COMMENT ON MATTERS ALREADY ON THE AGENDA** (3 minute time limit)

**PENDING BUSINESS**

**NEW BUSINESS**

- a. Memorandum 21-056 from City Clerk re: Request for Executive Session Pursuant to AS 44.62.310 (C)(1 & 3) Matters, the Immediate Knowledge of Which would Clearly have an Adverse Effect upon the Finances of the Government Unit, Pending and Potential Litigation, and Attorney/Client Privilege. (Tire Town RCA Filing)

LORD/VENUTI MOVED TO RECESS INTO EXECUTIVE SESSION PURSUANT TO AS 44.62.310 (C)(1 & 3) MATTERS, THE IMMEDIATE KNOWLEDGE OF WHICH WOULD CLEARLY HAVE AN ADVERSE EFFECT UPON THE FINANCES OF THE GOVERNMENT UNIT, PENDING AND POTENTIAL LITIGATION, AND ATTORNEY/CLIENT PRIVILEGE, REGARDING THE TIRE TOWN RCA FILING.

Mayor Castner noted for the record City Manager Dumouchel, City Attorney Gatti, Attorney Holmquist, and Public Works Director Keiser will participate in the executive session.

VOTE: YES: VENUTI, SMITH, ADERHOLD, LORD, EVENSEN, HANSEN-CAVASOS

Motion carried.

Council recessed into executive session at 4:03 p.m. and Mayor Castner called the meeting back to order at 4:53 p.m.

Councilmember Lord reported Council met in executive session and gave the City Attorney direction in continuing to develop the response to the RCA complaint in regards to Tire Town and their RCA filing.

**COMMENTS OF THE AUDIENCE**

**ADJOURNMENT**

There being no further business to come before the Council Mayor Castner adjourned the meeting at 4:54 p.m. The next Regular Meeting is Monday, April 26, 2021 at 6:00 p.m., Committee of the Whole at 5:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

\_\_\_\_\_  
Melissa Jacobsen, MMC, City Clerk

Approved:\_\_\_\_\_

Session 21-10 a Regular Meeting of the Homer City Council was called to order on April 12, 2021 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:** COUNCILMEMBER ADERHOLD, EVENSEN, HANSEN-CAVASOS, LORD, SMITH, VENUTI

**STAFF:** CITY MANAGER DUMOUCHEL  
CITY CLERK JACOBSEN  
FINANCE DIRECTOR WALTON  
PUBLIC WORKS DIRECTOR KEISER  
PERSONNEL DIRECTOR BROWNING  
CITY ATTORNEY GATTI

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

Mayor Castner read the following into the record: **CONSENT AGENDA** Ordinance 21-19, An Ordinance of the City Council of Homer, Alaska, Amending the 2021 Capital Budget by Allocating an Additional \$25,000 from the Information System CARMA Fund for a Total Expenditure of \$75,000 to Replace and Upgrade Departmental Servers across City Departments. City Manager. Backup Memorandum 21-058 changed to Memorandum 21-066 to correct duplicate memo number. **ORDINANCES** Ordinance 21-23, An Ordinance of the City Council of Homer, Alaska Amending Homer City Code 19.20.020 General Rules, Adding Launching, Landing or Retrieving of Motorized Watercraft in Prohibited from City Owned Beaches Except for Official Business Use. City Manager/Harbormaster. Written public comments

LORD/VENUTI MOVED TO APPROVE THE AGENDA.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

## **MAYORAL PROCLAMATIONS AND RECOGNITIONS**

### **PUBLIC COMMENT ON MATTERS ALREADY ON THE AGENDA**

Jackson Fox, Director of FAST Planning and nonresident, explained FAST is the State designated transportation planning organization for the Fairbanks and North Pole area. Mr. Fox commented in support of Resolution 21-029 and Homer Council's support or opposition of their proposed amendments to Title 13 of the Alaska Administrative Code to improve safety to

pedestrian and bicyclists on our roadways before they submit their final proposal to the Alaska Department of Public Safety. He briefly reviewed the proposed amendments.

Roberta Highland, city resident, commented in support of Resolution 21-029 and Ordinance 21-23. She has concerns regarding our sensitive tidelands and the safety of those on jet skis, kayaks, paddle boarders, kite surfers and swimmers, and urged the ordinance be adopted on April 26<sup>th</sup>. She expressed her disappointment with the Northern Edge exercises being held during migration times.

Robert Archibald, city resident, commented in support of Ordinance 21-23 and hopes Council keeps in mind the City owned tidelands and the affects these vessels would have on the intertidal areas if permitted to operate in there.

Rika Mouw, city resident, expressed her support of Ordinance 21-23 and of the comments shared by the others. She agrees Homer boat harbor is the only location where motorized watercraft should access in to and out of the water. She appreciates the work of the Harbormaster and the Commissions who made recommendations to Council.

Sue Christianson commented in opposition of the Northern Edge exercises because of impacts to marine life. She expressed support for Ordinance 21-23 and asked that jet skis be restricted in City waters as an effort to maintain bird habits and marine organisms in the tidelands, and cited the Comprehensive Plan as a reference for Council's authority to protect the City owned areas.

Jeanne Parker, city resident, agrees with others in supporting Ordinance 21-23. She's disappointed they're having to take these measures and that jet skis are no longer banned in Kachemak Bay. She shared her observations of areas where she's snorkeled and the impacts of jet skis in those areas.

Patricia Cue commented in support of Ordinance 21-23 and echoes what others have shared regarding support of the ordinance. She challenged the City to develop enforcement guidelines with the input of the Port & Harbor Advisory Commission and the Parks Art Recreation & Culture Advisory Commission.

## **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 Meeting Minutes for March 22, 2021. City Clerk. Recommend adoption.



- b. Memorandum 21-057 from Mayor Castner Re: Appointment of Adele Person to the Economic Development Advisory Commission and Michael McKinney to the Library Advisory Board. Recommend approval.
- c. Memorandum 21-058 from Deputy City Clerk Re: Liquor License Renewals for Two Sisters Bakery, Kannery Grill, and Mermaid Cafe. Recommend approval.
- d. Ordinance 21-19, An Ordinance of the City Council of Homer, Alaska, Amending the 2021 Capital Budget by Allocating an Additional \$25,000 from the Information System CARMA Fund for a Total Expenditure of \$75,000 to Replace and Upgrade Departmental Servers across City Departments. City Manager. Recommended dates Introduction April 12, 2021 Public Hearing and Second Reading April 26, 2021

Memorandum 21-066 from Library Director as backup

- e. Ordinance 21-20, An Ordinance of the City Council of Homer, Alaska, Amending the 2021 Capital Budget and Authorizing the Expenditure of an Additional \$13,500 from the ADA CARMA Fund for a total of \$48,060 for the Spit Handicapped Parking Paving Project. City Manager/Harbormaster. Recommended dates Introduction April 12, 2021 Public Hearing and Second Reading April 26, 2021

Memorandum 21-059 from Harbormaster as backup

- f. Ordinance 21-21, An Ordinance of the City Council of Homer, Alaska Authorizing the Issuance and Sale of a Series of Harbor Revenue Refunding Bonds for the Purpose of Refunding All or a Portion of the City's Outstanding Harbor Revenue Bond, 2013; Establishing the Terms of the Harbor Revenue Refunding Bond, 2021; and Authorizing the Sale of the Harbor Revenue Refunding Bond, 2021. City Manager. Recommended dates Introduction April 12, 2021 Public Hearing and Second Reading April 26, 2021

Memorandum 21-060 from City Attorney as backup

- g. Ordinance 21-22, An Emergency Ordinance of the City Council of Homer, Alaska Accepting Grant Funds from the State of Alaska Department of Health And Social Services for Distribution of COVID-19 Vaccines, as well as other COVID-19 Related Recovery and Prevention Strategies and Approving a Memorandum of Agreement. City Manager. Recommend adoption.

Memorandum 21-061 from Special Projects and Communications Director as backup

- h. Resolution 21-026, A Resolution of the City Council of Homer, Alaska Approving a Contract with Corvus Design of Anchorage, Alaska, for an Amount not to Exceed \$49,000 for the Wayfinding and Streetscape Project, and Authorizing the City Manager to Negotiate and Execute the Appropriate Documents. City Clerk. Recommend adoption.

Memorandum 21-063 from City Clerk as backup

- i. Resolution 21-027, A Resolution of the City Council of Homer, Alaska Authorizing the City to Apply for a State of Alaska Recreational Trails Program Grant in an Amount up to \$150,000 for Funds to Construct an ADA Accessible Entrance Trail in Karen Hornaday Park and Expressing it's Commitment to Provide a 10% Local Match to Grant Funds. City Manager. Recommend adoption.

Memorandum 21-064 from Special Project and Communications Coordinator as backup

- j. Resolution 21-028, A Resolution of the City Council of Homer, Alaska Accepting the Road Financial Plan as a Blueprint for Planning Homer's Transportation Needs and Declaring it should be Updated as part of the City's Budget Cycle. City Manager/Public Works Director. Recommend adoption.

Memorandum 21-065 from Public Works Director as backup

City Clerk Jacobsen read the consent agenda and its recommendations.

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

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

## **VISITORS**

- a. Alaska Command Northern Edge Exercise - John Mosher and Michael Hertzog (10 minutes)

John Mosher and Major Michael Hertzog provided an overview of Northern Edge 21 a biennial exercise held in odd numbered years dating back to 1975. The exercise is schedule for May 3-14 and is an air focused exercise with safety and environment as top priorities. It will be similar in size to the 2019 event with approximately 10,000 personnel, 200 fixed wing aircraft, and 4 Navy ships including three Destroyers and one Aircraft Carrier. They reviewed the activities that will take place and protective measures that are in place. The described the minimal impacts to marine species, including fish and mammals, reviewed The Marine Species Monitoring Program that's in place, and also environmental planning and engagement efforts.

- b. Kenai Peninsula Economic Development District (KPEDD) Community Economic Development Strategy Update - Tim Dillon KPEDD Executive Director (10 minutes)

Tim Dillion, KPEDD Executive Director, presented on the Regional Community Economic Development Strategy (CEDS) Update. He shared regarding the planning and outreach efforts that will be taking place, emphasizing their objection to gain feedback. He touched on perceptions and outlook from around the Kenai Peninsula Borough, and their continuing outreach efforts and samplings from major industries and businesses. Mr. Dillion reviewed the identified strengths, weakness, opportunities, and threats throughout the area and addressed the significance and importance of the Regional CEDS for the Borough.

c. Unified Command Report (20 minutes)

City of Homer Fire Chief Mark Kirko reported the number of positive cases in Homer remains low, however there's a little bit of an uptick on the peninsula. Over the last 7 to 10 days the numbers out of Anchorage, Mat Su, and Fairbanks have stabilized or come down slightly, which is good news as we anticipate a lot of intrastate recreating this summer in our area. He shared his appreciation for all of the partners in the vaccination efforts.

Public Health Nurse Mary Darbonne shared the approximate number of Southern Kenai Peninsula (SKP) vaccination doses give are 9,381, and the total of fully vaccinated is 4,442. Last week was National Public Health Week, recognized as a time to come together as a nation, state, and community to recognize the collective impact our public health system has. Their goal is for everyone to have a chance to live long, happy, healthy lives, and in order to do that we have address underlying causes of poor health. She thanked the City for teaming up with them in making our public health system and community a happy and healthier place.

South Peninsula Hospital (SPH) Public Information Officer Derotha Ferraro reported there have been COVID hospitalizations in the last month. Daily testing continues at the testing and vaccine site on Bartlett where they resulted 714 tests in the last two weeks with 6 positive, putting us at a 1% positivity rate for testing. They continue to stay busy with getting vaccines out to the community. SPH has delivered just over 6,000 doses, and she reminded listeners anyone ages 16 and over living or working in Alaska are eligible for a vaccine. She reviewed upcoming dispensing events that are both by appointment and at their first mass vaccine walk-in clinic. Information is available at [www.sphosp.org](http://www.sphosp.org) and by calling 235-0235. SPH is working to accommodate daily walk-in vaccinations at the Bartlett Street site. Mass vaccination clinics will likely end in April as they transition to Pop-Up events that are smaller and targeted to a more specific audience.

City of Homer Public Information Officer Jenny Carroll thanked Council for adopting emergency Ordinance 21-22 and the Memorandum of Agreement with the State for funds they've made available to support the efforts that Unified Command is engaged in for vaccinations. Those funds will support personnel costs associated with planning and logistical support for clinics that have happened and future clinics as well.

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

a. Committee of the Whole Report

Councilmember Lord reported Council discussed Ordinance 21-23 regarding personal watercraft and Resolution 21-029 regarding amendments to Alaska Administrative Code for pedestrian and bicycle safety, and received public comments on 21-029 . They spent a bulk of the time discussing Resolution 21-028 regarding the Road Financial Plan with Public Works Director Keiser.

b. Special Meeting Report

Councilmember Lord reported Council met in executive session and gave the City Attorney direction in continuing to develop the response to the RCA complaint in regards to Tire Town and their RCA filing.

b. Mayor's Report

Mayor Castner reported in the three weeks since they last met they held two worksessions with administration and gone over various elements of the next two year capital budget. He thinks there was a lot more information exchanged than he's seen in other budgets. He also reported that on Friday one of the Griswold cases against the City on zoning was won by the City. This settles a lot of issues that have been lingering for many years and he'll comment more at the end of the meeting.

c. Borough Report

Kenai Peninsula Borough Assembly member Lane Chesley reported the Assembly received notice from the Borough's Grant Administrator that the Borough is in line to receive an estimated \$11.3 million from the American Rescue Plan Act. They're waiting for more guidance on it, but it looks like there are four general categories there will be general funding available for. The School Board had notified the Assembly as well that they'll be receiving funding and lowered their additional amount from the Borough down to \$48 million from the cap of \$53.5 million. At their next meeting the Assembly will set their floor for the Assembly's contribution and the Mayor is bringing the floor forward at \$45 million, leaving a \$3 million gap.

e. Planning Commission

i. Planning Commission Report

f. Port and Harbor Advisory Commission

g. Americans with Disabilities Act Compliance Committee

Councilmember Aderhold reported their meeting was canceled for lack of a quorum.

h. Public Works Campus Task Force

Councilmember Venuti reported the Task Force met and addressed the probability of a tsunami overwhelming the current Public Works Campus to assist with some language for Deputy City Planner Engebretsen to use in community outreach. They reviewed the risk catalog and evaluation, and a memo will be coming to Council with a draft.

Mayor Castner called for a 10 minute break at 7:25 p.m. and reconvened the meeting at 7:36 p.m.

i. Library Advisory Board

Library Advisory Board Chair Marcia Kuszmaul reported the Board held a worksession with the Friends of the Library to further their collaboration on fundraising and major gifts. The result was common messaging framework they developed to facilitate their common goal of supporting the Library. At their regular meeting on April 6 they approved a new donation acceptance and management policy to replace the current gift acceptance policy. This expands on the types of gifts the library accepts and adds information about the library endowment fund. She recognized outgoing members Jacque Peterson and Gordy Vernon for their work on the Board and welcomed Emilie Springer with her reappointment and new member Michael McKinney who was appointed tonight. She also recognized Deb Lowney recipient of the Lifelong Learning Award and Larry Dunn recipient of the Youth Learner award in the Friends of the Homer Library Celebration of Life Long Learning.

**PUBLIC HEARING(S)**

- a. Ordinance 21-15, An Ordinance of the City Council of Homer, Alaska, Amending the 2021 Capital Budget and Authorizing Expenditure of \$49,000 from the Sewer CARMA fund and \$49,000 from the Water CARMA fund to pay for Betterments to the City's Utilities Located in East Hill Road as part of the Alaska Department of Transportation and Public Facilities Repaving Project. City Manager/Public Works Director. Introduction March 22, 2021 Public Hearing and Second Reading April 12, 2021.

Memorandum 21-046 from Public Works Director as backup

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

LORD/ADERHOLD MOVED TO ADOPT ORDINANCE 21-15 BY READING OF TITLE ONLY FOR SECOND AND FINAL READING.

Mayor Castner addressed his concern regarding use of the term “betterments” and that it means something beyond the normal scope of what the design has been. In this case it’s more of a replacement and repair of existing infrastructure and not a betterment.

There was brief discussion acknowledging the concern expressed and that different wording will be used going forward.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

- b. Ordinance 21-16, An Ordinance of the City Council of Homer, Alaska, Amending the 2021 Capital Budget and Authorizing Expenditure of \$50,000 from the HART-Road fund and \$50,000 from the Water CARMA fund to pay for Ground Water Research in the City Limits and Bridge Creek Reservoir Watershed. City Manager/Public Works Director. Introduction March 22, 2021 Public Hearing and Second Reading April 12, 2021.

Memorandum 21-047 from Public Works Director as backup

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

LORD/ADERHOLD MOVED TO ADOPT ORDINANCE 21-16 BY READING OF TITLE ONLY FOR SECOND AND FINAL READING.

There was brief discussion regarding using the Water CARMA Fund to pay for a portion of this expenditure and given the nature of the work being done it would be more appropriate to be expended from the HAWSP Fund.

LORD/ADERHOLD MOVED TO AMEND ORDINANCE 21-16 TO CHANGE ALL REFERENCES TO \$50,000 FROM THE WATER CARMA FUND TO READ \$50,000 FROM THE HAWSP FUND.

Question was raised regarding the balance of the HAWSP Fund. Public Works Director Keiser responded there’s at least \$2 million in the fund as noted in a memo she prepared.

VOTE (amendment): NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

Councilmember Evensen asked about expanding this past the city limits because of potential impacts to groundwater from outside the boundaries and noted the landfill area as an example.

Public Works Director Keiser responded this will be tied into a bigger picture ground water study that was done by Professor Mark Rains out of the University of South Florida, and the well logs that Geoph Coble has collected also go beyond the city limits. Once we see what the trends are, we can come back and adjust the direction if needed.

VOTE (main motion as amended): VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

- c. Ordinance 21-17, An Ordinance of the City Council of Homer, Alaska, Amending the 2021 Capital Budget and Authorizing Expenditure of Additional Pass Through Funds for the Alaska Department of Transportation and Public Facilities Lake Street Project. City Manager/Public Works Director. Introduction March 22, 2021 Public Hearing and Second Reading April 12, 2021.

Memorandum 21-048 from Public Works Superintendent as backup

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

LORD/ADERHOLD MOVED TO ADOPT ORDINANCE 21-17 BY READING OF TITLE ONLY FOR SECOND AND FINAL READING.

Councilmember Smith noted resolutions that have been sent to the State requesting a crosswalk be installed. He would like to continue to follow up on that to help ensure it's done.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

- d. Ordinance 21-18, An Ordinance of the City Council of Homer, Alaska, Amending the 2021 Capital Budget and Authorizing an Additional Expenditure of \$33,185 from the Water CARMA Fund for a Total Expenditure of \$247,585 for the Raw Water Transmission Line Project – Design. City Manager/Public Works Director. Introduction March 22, 2021 Public Hearing and Second Reading April 12, 2021

Memorandum 21-049 from Public Works Director as backup

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

LORD/ADERHOLD MOVED TO ADOPT ORDINANCE 21-18 BY READING OF TITLE ONLY FOR SECOND AND FINAL READING.

Councilmember Smith asked about the raw water line and its placement

Public Works Director Keiser responded it will be parallel to the existing line. This redesigns where the pipeline goes into the building to make it more efficient and easier to access the building and remove the old pressure tank.

Councilmember Smith questioned the \$15,000 for Seabright Surveys if the pipelines will be parallel with what exists already.

Public Works Director Keiser explained it isn't for surveying per say, it's for actual redesign of the configuration of the entry point.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

### **ORDINANCE(S)**

- a. Ordinance 21-23, An Ordinance of the City Council of Homer, Alaska Amending Homer City Code 19.20.020 General Rules, Adding Launching, Landing or Retrieving of Motorized Watercraft in Prohibited from City Owned Beaches Except for Official Business Use. City Manager/Harbormaster. Recommended dates Introduction April 12, 2021 Public Hearing and Second Reading

Memorandum 21-062 from Harbormaster as backup

LORD/ADERHOLD MOVED TO INTRODUCE ORDINANCE 21-23 BY READING OF TITLE ONLY.

Councilmember Lord appreciates the Commission's work and input on this. She's heard concerns from folks that it doesn't address all the issues. One thing she feels that can be done in addition to this ordinance is to look at our speed limit on City waters. She'll be bringing something forward to add to this that expands on our wake zone and falls under a separate section of code.

Councilmember Aderhold also appreciates the Commission's work and knows this is a big issue for a number of public members. She reminded listeners that we're taking this action because of a decision by the State and the City can't change their decision. She agrees with what Councilmember Lord has suggested bringing forward and expressed her concern and the need to address sensitive tidal area that have defined waterway entrances and exits at Louie's Lagoon and Beluga Slough.



Councilmember Evensen shared he's bothered by the decision at the State level putting further obligation by the City and Harbor in terms of search and rescue and police monitoring beaches, with no additional funding to do that. He raised the question regarding increasing the user fees for that type of watercraft. City Attorney Gatti noted the question and responded he'd like to examine that with the City Manager and Harbormaster before responding.

Councilmember Lord commented the City doesn't have nearshore search and rescue. Our Harbor staff and Fire Department are well trained and if we're able to respond that's great, but we can't guarantee that response, we don't have the capacity.

There was further discussion regarding city tidelands, the possibility of amending this ordinance instead of bringing forward a second one, and an urgency to get something addressing tidelands in place before the shorebird festival. Concerns were noted and no amendments were proposed.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

### **CITY MANAGER'S REPORT**

a. City Manager's Report

City Manager Dumouchel highlighted items from his written report including the teamwork efforts for the recent kayak rescue, ongoing work on the Special Events permit process, ongoing hiring for seasonal employees, and clean-up day on the Homer Spit.

Councilmember Aderhold noted the Sisters & Sea Messages video that Matt Steffy and Stevie Drescher entered in the Japan-Alaska Friendship video campaign, they did a great job on the video. She thanked Homer Police Department for the Annual Report.

Councilmember Venuti noted Earth Day is April 22<sup>nd</sup> so she's glad to learn about the clean-up, and she also appreciated the annual report.

Councilmember Smith suggested having the Police Chief attend to answer questions related to the report and interpret some of the information. The State accounts for 40% of what goes on in our jail and he'd like to see what they pay in relationship to that and if we have a better position to request increased funding.

Councilmember Smith also noted over the last few meetings we've had ordinances where there's been increased funding for certain projects because of cost change over time and a worldwide supply problem. He's curious about the Manager's approach to prioritize things that need to be done in the short term and in this calendar year that we might be able to push

into a time where costs can be better controlled. He'd like to see where we're going toward gauging the timing of some of our projects and how critical they might be.

City Manager Dumouchel responded he and staff are aware of this and have had some difficulties and slowdowns due to supply chain issues internationally. With the capital projects that have already been approved if we're going to bring something forward we're looking at whether it makes sense to do it now based on critical need, cost, etc. He noted with the ADA Parking project ordinance, we had funds appropriated but when it went to bid, no one bid low enough. He also noted that was the first round of a two year budget and there were a lot of good faith estimates made, but it's hard to forecast some of these things at a distance and get it right. That's why we're seeing things come back now that we have realistic pricing in the second year of the two year budget.

Councilmember Lord shared is pleased about the COVID status of the City being downgraded and is curious of the Library's plan for opening on Saturdays. City Manager Dumouchel shared his understanding that the Library Director is working with his staff to be able to be open, clean, and manage the flow of people through the building. He'll follow up with Library Director Berry for a more complete answer.

Councilmember Smith followed up with questioning the status of opening City Hall. City Manager Dumouchel shared that City Hall and other buildings are open by appointment. He's been conservative related to walk-ins to allow for staff that wants to be are fully vaccinated and ensure we can always provide full city services. It only takes one sick person to infect a few more, and then to be missing a whole department. He hasn't been in a rush to have a lot of people in the building to protect the ability to provide city services and remain in a good spot while we're in a pandemic.

Councilmember Evensen noted the information regarding the derelict vessel North Pacific and the citizens and staff who helped with that effort. He appreciates their work.

Mayor Castner shared his disappointment that there doesn't appear to be any progress made with the Council Chambers. City Manager Dumouchel explained we're still waiting on camera units and the ceiling is still open to allow for installation when they arrive. The dais is there, microphones have been reconditioned, and a majority of what we need is in place. But to have hybrid meetings, we have to have the cameras and time to calibrate and test the equipment before going live.

Mayor Castner reiterated information he shared over a year ago that fomites were not going to be the problem in the pandemic from a well-respected source related to single source transmission. The CDC recently came out with fomites are not a problem and you don't need to spend all your time scrubbing surfaces. It seems that continuing that practice can be curtailed.

**PENDING BUSINESS**

**NEW BUSINESS**

**RESOLUTIONS**

- a. Resolution 21-029, A Resolution of the City Council of Homer, Alaska Supporting the Efforts of the Fairbanks Area Surface Transportation Planning Organization and Revision to the Alaska Administrative Code to Improve Safety for Pedestrians and Bicyclists using the Transportation Network. Aderhold.

LORD/ADERHOLD MOVED TO ADOPT RESOLUTION 21-029 BY READING OF TITLE ONLY.

Councilmember Aderhold commented that FAST (Fairbanks Area Surface Transportation Planning Organization) has been working on a resolution to present to the State Department of Public Safety regarding potential changes to Alaska Administrative Code related to bicyclist and pedestrian safety. They're looking for comment and feedback from other communities around the State. We've been working on our own issues related to pedestrian and bicycle safety for a while by adding sidewalks, having the Homer Share's the Road Program, and considering Sharrow markings for narrower roads shared by motorized vehicles and bicycles. She added that FAST has gone through a very rigorous process to vet their proposed changes.

There were comments in support of the resolution and appreciating Mr. Fox who commented at Committee of the Whole and earlier in this meeting regarding FAST efforts in this.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

**COMMENTS OF THE AUDIENCE**

Robert Archibald thanked Council for introducing Ordinance 21-23. He noted a regulation coming from the Governor's office permitting snow machines, ATV's, and hovercrafts on State roads where the speed limit is less than 45 miles per hour, and hopes Council will consider opting out of that in the city limits.

**COMMENTS OF THE CITY ATTORNEY**

City Attorney Gatti had no comments.

**COMMENTS OF THE CITY CLERK**

City Clerk Jacobsen acknowledged she failed to include the updated memo regarding the funding change in Ordinance 21-16 confirming the balance referenced by Public Works Director

Keiser and would get it out to Council and posted on line following the meeting. She announced openings on the Economic Development Advisory Commission, Library Advisory Board, Planning Commission, and ADA Compliance Committee.

### **COMMENTS OF THE CITY MANAGER**

City Manager Dumouchel had no comments.

### **COMMENTS OF THE MAYOR**

Mayor Castner commented further regarding the Alaska Supreme Court Decision that came out on Friday. It brought a lot of our city angst to an end. Article 1, Section 2 of the Constitution says all the power of the Government is inherent from the people. The people pass that power along through their elected officials and the court system and the court systems have always given great deference to what elected officials do. He's spoke before about the presumption of correctness and that's the standard that was applied by the Alaska Supreme Court. He explained the ways they applied it in that they don't care to examine the decisions a City Council makes in any real particular way, and they said the City Council was clear as to what a conditional permit can be used for, and that the presumption of correctness carried not only from the City Council down to the Planning Commission level in how they apply their interpretation of Councils direction. With that presumption come incredible responsibility to get it right, because it's expensive when you get it wrong. What was unsettled is if there's any difference between a conditional use permit (CUP) and a variance, because that's what's been argued. They didn't decide that because Council has decided that a CUP can be used for a variety of reasons. He said congratulations, but be cautious because it's a huge responsibility when you're given that level of latitude.

### **COMMENTS OF THE CITY COUNCIL**

Councilmember Smith added that it doesn't matter if we're right or wrong, it still costs us a lot of money.

Councilmember Evensen wished everyone a good evening.

Councilmember Hansen- Cavasos hopes everyone has a good night.

Councilmember Lord congratulated Deb Lowney and Larry Dunn for their lifelong learner awards. She's loving going back into the library and is thankful for the ongoing vaccination efforts. She appreciates the efforts going in to making them widely available.

Councilmember Venuti shared condolences to family and friends of Gail Phillips who recently passed. Gail served on City Council, Borough Assembly, State Representative, and Speaker of

the House. Gail really listened to constituents and was very hardworking on getting East End Road paved. She also commented regarding the Library receiving the National Parks Award and they'll start their work in May.

Councilmember Aderhold had no comments.

**ADJOURN**

There being no further business to come before the Council Mayor Castner adjourned the meeting at 8:47 p.m. The next Regular Meeting is Monday, April 26, 2021 at 6:00 p.m., Committee of the Whole at 5:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

---

Melissa Jacobsen, MMC, City Clerk

Approved: \_\_\_\_\_



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Administration

491 East Pioneer Avenue  
Homer, Alaska 99603

(p) 907-235-8121 x2222

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## Memorandum 21-068

TO: Mayor and City Council  
FROM: Rob Dumouchel, City Manager  
DATE: April 14, 2021  
SUBJECT: Administrative Fee Amendment to Homer Foundation Donation Agreements

This memo is to advise you that the Homer Foundation Board of Directors recently adopted a new policy that assesses a 1% to 1.5% administrative fee on the funds they manage, depending on the type of fund.

This change requires an amendment to the donation agreement for the City's two donor advised funds: the City of Homer Fund and the Library Endowment Fund. The amendment agrees to a 1% administrative fee to be assessed annually at the start of the Foundation's fiscal year, July 1. Nothing else about the original donation agreement changes.

In a letter to the fund holders, Homer Foundation Director Mike Miller explained that this change not only recognizes the cost of administering Funds, but it adds diversity to the Foundation's sources of operating revenue. Until this change, their operating revenue had primarily come from donations for operations. Administrative fees are common practice in the field and supports the Foundation's long-term operational stability by providing about 27% of operating revenues from a predictable source.

The new administrative fee will not lower distributions from the City Fund (established in 2002 with a current balance of \$238,932.79). Annual distributions are set at 4% of fund balance. Rates of return on Homer Foundation investments have been 5.45% in FY19 and 6.54% in FY20. In the past, the difference between what distributed through grants and what was earned was reinvested back into the fund. So going forward, administrative fee affect the rate of fund growth over time. (The Library Endowment Fund, established in March 2020 has a current balance of \$31,880.28.)

Services provided by the Homer Foundation have provided great value to the City over the years. They have partnered with the City in support of collaborative projects such as the Boathouse Pavilion and the Karen Hornaday Park Playground rebuild, distributing CARES Act economic relief funds via their Community Chest Fund and through stewardship and distribution of City-advised funds through the City of Homer Nonprofit Grant program to name a few. This administrative fee is consistent with fees that would be charged to fund balances held by the Alaska Community Foundation.

Staff recommendation: Approve City Manager entering into the Homer Foundation donation agreement amendment.

Attachment: Homer Foundation 01-10 Funds Policy v1.28.21

Funds Policy
Policy # 01-01 v. 1.27.21
Appendix 1: Definition of Fund Types Appendix 2: Designation of Contributions to Agency Endowment Funds Appendix 3: Homer Foundation Fee Structure
Review Date: Annually/January
Total pages: 8

**HOMER FOUNDATION  
FUNDS POLICY AND PROCEDURE #01-01 v.1.27.21**

**Introduction:**

A principal goal of the Homer Foundation is to attract many donors to help build discretionary funds to provide both flexible and permanent funding sources for meeting changing community needs. By law all assets held by the Foundation are unrestricted. The Foundation recognizes that there will be donors who will wish to restrict the use of their contributions, either by advising us from time to time as to the beneficiaries they wish the income from their contributions to benefit, or by designating one or more beneficiaries when the gift is made. The Foundation accepts such restricted contributions provided they are in accordance with our established purpose and policies and federal law and tax code.

**General Policies:**

- 1) A minimum gift of \$10,000 is required to open a named fund either endowed or non-endowed. This and any subsequent gifts directed to the fund are irrevocable gifts to the Foundation.
- 2) All donations are credited to a fund in the first full quarter after it is received, starting on the first day of the quarter after they are received. Additional gifts may be added to an existing fund at any time, in any amount, as long as they meet HF gift acceptance policies.
- 3) The Board of Trustees, or their designee, may accept gifts of cash or publicly traded securities to establish or add to a fund. All other types of gifts must meet established gift acceptance policies, and be approved by the Board of Trustees or their designee. (See Gift Acceptance Policy 01-06.)
- 4) All funds shall be a component part of the Homer Foundation and are combined for investment purposes. The Foundation Finance Committee provides oversight for the investment of all assets. The funds share in the total return on investment based on the fund’s portfolio share in accordance with the current Investment & Spending Policy #19-01 and #20-01.
- 5) Administrative Fees are assessed per the schedule in appendix 3 of this policy.
- 6) All fund holders will receive a quarterly fund statement and an annual report.

- 7) No Donor, Successor, Designee or any related parties shall derive any benefit, goods or services in exchange for a grant or distribution from a Donor Advised Fund. Advisors and their related parties are also prohibited from making any distribution to discharge or satisfy a legally enforceable pledge or obligation.

**Procedures:**

- 1) Foundation staff will work with the donor to determine their intent, and assure their intent is understandable and appropriate. Staff will draft the Fund Agreement (two copies) to establish an appropriate fund type. Staff will review the components of the letter with the donor, including:
  - a) “charitable purpose” according to IRS code,
  - b) the board’s variance power, which states that the board has the power and duty to modify any restrictions or conditions on the distributions from any fund, and
  - c) no donor, successor, designee or related parties shall derive any benefit, goods or services as a result from a grant or distribution from the Fund.
- 2) Both copies of the Fund Agreement are to be signed and dated by the donor and then presented to the Board of Trustees for acceptance at the next board meeting. The President signs to indicate acceptance of the fund. One fully executed copy is returned to the donor, the second fully executed copy is filed at the Foundation. The Fund Agreement will also be scanned and stored digitally. All donor and fund information are entered into the database and added to the annotated Funds list, which states the purpose of the fund and/or donor intent.
- 3) All gifts are to be acknowledged by the Foundation within one week. Donors will receive a gift acceptance letter and receipt. A hand written thank you note will be sent under separate cover as soon as practicable. The confirmation letter will state the designation for the gift, the type of gift, the receipt date, and for cash gifts, the amount, and verifies whether the gift is to be anonymous or not. For non-cash gifts the letter will not state a cash value. The letter will also state that no goods or services were received in exchange for the gift. **Note:** In the case of gifts to Donor Advised Funds, the Pension Protection Act of 2006 requires that the letter also state that the Homer Foundation has exclusive legal control over the contributed assets, and that federal tax law requires that the donor maintain the receipt to substantiate their charitable deduction.
- 4) When a specific charitable recipient is named, the recipient will be notified as to the donor, unless the donor specifies the gift to be anonymous. (See Confidentiality Policy 01-04).



## Appendix 1: DEFINITION OF FUNDS

**Unrestricted Funds: provides The Homer Foundation with the most flexibility to meet community needs as they change over time.**

- 1) The Homer Foundation Opportunity Fund an unrestricted fund and functions at the discretion of the Board of Trustees. Other unrestricted funds can either be a named component of the Homer Foundation Opportunity Fund, or a separate named endowment fund with an unrestricted purpose.
- 2) During the annual budget process the Board may designate a dollar amount for unrestricted grants and that amount will be transferred from the HF Opportunity Fund to the Board restricted Grants Reserve Fund. Any balance in the Grants Reserve Fund will roll forward into the next fiscal year. The Grant Reserve Fund will support unrestricted grants distributed through the review/evaluation process outlined in the Homer Foundation's current Community Grants Policy (04-02), or as directed by the board for special projects.
- 3) The annual amount available to spend (ATS) from the Opportunity Fund is allocated to the Operating Fund annually, once the amount has been calculated.
- 4) Donations in any amount to the Homer Foundation's Opportunity Fund may become named funds at the discretion of the Board of Trustees. (Historically this has been reserved to founding donors as a way of keeping their name associated with the Foundation.)

**Operating Fund: provides the accounting mechanism for funding the Homer Foundation's annual operations, it does not function as an endowment fund. The Operating Fund is comprised of the following:**

- 1) The annual distributable amount from the Homer Foundation Fund at the Alaska Community Foundation;
- 2) The annual ATS from the Aquila Fund, an Agency Endowment Fund at the Homer Foundation that functions as an operating endowment for the foundation;
- 3) The ATS from "float" (the amount accumulated on pending distributions);
- 4) The ATS from the Homer Foundation Opportunity Funds; and
- 5) Donations, particularly from Trustees, who are encouraged to donate to the Operating Fund.

**Agency Endowment Fund: a permanent fund set up to provide investment income for a specific 501(c)(3) organization. The agency benefits from the size of the Foundation's investment pool, as well as increased visibility from association with the Foundation. Note:** For accounting of contributions to Agency Endowment Funds see Appendix 2: Designation of Contributions to Agency Endowment Funds.

- 1) The agency must be a recognized 501(c)(3) non-profit organization.
- 2) The organization receives the benefit of their portion of the ATS which is distributed annually. The ATS may be paid directly to the organization or rolled into the corpus of their Fund, at their written direction.
- 3) The ATS from the Agency Endowment Funds are used for the charitable purposes or general operations of these nonprofit organizations. If the organization ceases to exist or ceases its charitable purpose, the ATS shall go to the nearest similar 501(c)(3) organization in the community, as determined by the variance power of the Homer Foundation Board of Trustees.

**Donor Advised Fund: permanently endowed, named fund, whose ATS may be advised by the donor from time to time. While tax laws require that a community foundation not be bound by the donor's suggestion, the Homer Foundation is pleased to have the opportunity to consider recommendations consistent with the Foundation's mission and all current laws and tax codes.**

- 1) The donor selects the name of their Donor Advised Fund.
- 2) ATS from Donor Advised Funds shall be distributed according to the Homer Foundations Investment and Spending Policy.
- 3) The donor may make recommendations regarding distributions from their fund. Recommendations must be in writing. No benefit may accrue to the donor advisor or their family. Distributions must meet all applicable laws, IRS guidelines and established Homer Foundation policies.
- 4) The Community Grants Committee and/or staff will take a proactive stance in approaching donor advised fund holders with projects to consider for funding, and in keeping the fund holders actively involved in their fund.
- 5) If, despite the Foundation's best efforts to regularly communicate and promote the importance of annual grant disbursements, the Advisor for a Donor Advised Fund has not provided recommendations for a distribution from the Fund for a period of **two years**, the Foundation reserves the right to direct a grant equal to the equivalent of the current spending policy percentage to the Homer Foundation Opportunity Fund. This policy is in accordance with the recommendation of the Council on Foundations regarding inactive Donor Advised Funds.
- 6) Assigning a successor advisor:
  - a) A Donor Advised Fund holder may name a one or more successor advisors, such as a spouse or child at least 18 years of age. Each named advisor will have the authority to make a recommendation without approval of the other advisors.
  - b) If a successor advisor is named, the Fund will be retained as a named Donor Advised Fund and will continue to be managed by the Board of Trustees taking into consideration recommendations of the new advisor, so long as the advisor continues to play an active role. If the advisor does not make a grant recommendation and/or add to the fund in a period of two years, and the Foundation has made a reasonable effort to make contact, the Board of Trustees will reclassify the fund to a designated, unrestricted, or field of interest fund that honors the donor's original intent.
  - c) If the donor fails to name a successor advisor, the Board of Trustees will reclassify the fund to a designated, unrestricted, or field of interest fund that honors the donor's original intent.
  - d) Instead of naming a successor advisor, the fund advisor may designate that their fund become an unrestricted fund, either as a component of the Homer Foundation Opportunity Fund or a named endowed unrestricted fund, a part of the Foundation's designated endowment (the Aquila Fund), rolled into an existing fund, or used to create a new named designated endowment fund at the Foundation.

**Field of Interest Fund: permanently endowed, named funds set up to provide support to areas of special concern such as education, arts & culture, youth etc., regardless of individual charitable agencies. Scholarship Funds are classed as Field of Interest Funds.**

- 1) The donor may name the fund and give general guidelines at the time the fund is established.
- 2) The Homer Foundation's Community Grants Committee oversees awards from the Field of Interest Fund's ATS, at least annually, through the established grants process, or a direct distribution through the waiver process, depending on the purpose of the fund.

**Scholarship Funds: provide financial assistance: 1) for a particular class of individuals, i.e. Homer High School graduates, 2) to attend a specific educational institution, or 3) to pursue a particular field of study (see Scholarship Funds Policy 06-02).**

- 1) Each Scholarship Fund will have an announcement schedule, designated selection committee (which must be approved by the Board of Trustees), written guidelines for candidate selection and award use. Committee recommendations must be approved by the Board of Trustees.
- 2) To assure funds are used for intended purposes, scholarship awards will be distributed directly to the institution.
- 3) The Foundation may act as a pass-through vehicle for contributions for current year awards for existing scholarships. These contributions must be received prior to the selection process for any given scholarship award.
- 4) Pass-through contributions are held in the corpus of the fund until the award is paid.

**Acorn Fund: to allow a donor to build their fund to the \$10,000 minimum over a twenty-four-month period.**

- 1) Each Acorn Fund will be named, and will accrue capital gains/losses. The annual ATS will be rolled into the corpus of the fund at the end of the fiscal year, and no distributions will be made from the earnings until the fund reaches the \$10,000 fund minimum.
- 2) An Acorn Fund that fails to meet the minimum balance within the twenty four month timeframe may be folded into the Homer Foundation's designated endowment fund, the Aquila Fund, at the discretion of the Board of Trustees.

**Restricted Funds: temporary funds established to provide for tracking of pass-through donations for approved projects or to expand donor advised fund grant making. See Community Grants Policy 04-02**

- 1) Pass-through donations will be accepted for projects with an approved Memorandum of Understanding. The MOU will outline the purpose, time frame, responsibilities of all parties, fees if any, and designation of income. The Community Grants Committee and staff will provide due diligence to assure the distributions are for charitable purposes, and that reporting requirements are met.
- 2) Pass-through donations will be accepted to create Grant Reserve Funds associated with existing donor advised funds for the purpose of expanding their ability to recommend and make grants. All pass-through grant recommendations will go through the regular distributions process unless they meet the test for the established waiver process.

**Non-Endowed Funds: funds in which any or all of the fund corpus can be accessed. These funds are invested in a portfolio with a lower risk factor than endowed funds and may be modified by the HF Board of Trustees from time to time. With a non-endowed fund, the donor has full access to any or all of the fund balance in the account to support their philanthropic goals.**

- 1) Any amount of the fund balance may be requested by an authorized representative for grant making. There are the following parameters for these requests:
  - a. Authorized representatives must verify fund and submit a request.
  - b. Requests below \$5,001 are distributed in 1-2 weeks
  - c. Requests above \$5,000 will require Homer Foundation board approval and may take 1-2 months to be disbursed
- 2) **A non-endowed fund can be converted to an endowed fund, with directive from the fund donor representatives and/or board of directors. An endowed fund, however, cannot be converted to a non-endowed fund, since the assets are permanently protected.**
- 3) A donor may add internal controls if they would like the non-endowed fund to be treated like an endowment, e.g. requiring additional signature from authorized representative or family members.

**Appendix 2:**  
**Designation of Contributions to Agency Endowment Funds v. 3.27.19**

The Homer Foundation classifies a fund held for a 501c3 exempt organization as an “Agency Endowment Fund,” and collectively as “Funds Managed for Others” for accounting purposes.

The Statement of Financial Accounting Standard No. 136 (FAS 136) sets the standard for accounting for funds held for 501c3 exempt organizations based on their exempt status and the fund agreement which states that the organization will receive a future benefit from the investment of the fund.

To comply with FAS 136, the Homer Foundation designates contributions to funds held for exempt organizations either as an asset or a liability to the Foundation based on the following:

1. When a contribution comes directly from the exempt organization the Foundation must establish a liability for the market value, representing the present value of the future payments expected to be made to the nonprofit organization. These are classified as “Endowment” amounts.
2. When a contribution comes directly from a donor to the foundation for designation to an Agency Endowment Fund, (the HF is the payee on the check), and the donor has been made aware of the Foundation’s variance power over the funds (contained in our standard gift receipt letter), the contribution is booked as an asset to the Foundation, in the same way it accounts for all other unrestricted contributions. These gifts from donors are considered “Designated” and are accounted for as a sub-class of the agency endowment fund.

**Reporting:**

The agency endowment fund holder will receive a quarterly fund report. The fund report will show the full value of the fund and the total amount available to spend (ATS), but also delineate between “Endowment” and “Designated” amounts.

The Endowment portion of the fund is considered a liability to the HF and an asset to the organization. The “Designated” portion of the fund is considered an asset to the HF and a liability to the organization.

### Appendix 3: Fee Structure

Homer Foundation Annual Fees		
	Fund Type	Fees
Endowed Funds (Note 1,2 & 3)	Nonprofit Agency	1% but not less than \$100
	Field of Interest	1% but not less than \$100
	Donor Advised	1.5% but not less than \$150
	FOI Scholarship	1.5% but not less than \$150
Non Endowed Funds	Nonprofit Agency	1% but not less than \$100
	Field of Interest	1% but not less than \$100
	Donor Advised	1.5% but not less than \$150
	Scholarship	1.5% but not less than \$150
Other Non-Endowed Funds	Designated	Board of Trustees sets on case by case basis
	Project Pass Through	For Projects of \$25,000 or less – One time \$250 plus 1% of all funds disbursed For projects over \$25,000 – To be determined on case by case basis
<p>Note 1: When a fund subject to fees reaches \$1,000,000, the fees on the amount in excess of \$1,000,000.00 will be reduced by .25% while the fees on the first \$1,000,000.00 will remain at the original level</p> <p style="padding-left: 40px;">Example: Endowed Field of Interest fund worth \$1,500,000.00</p> <p style="padding-left: 40px;">On \$1-1,000,000 the fee is 1%</p> <p style="padding-left: 40px;">On \$1,000,001-\$1,500,000 the fee is 0.75%</p>		
<p>Note 2: Fees are assessed at the start of the Foundation fiscal year. Any donations received during the year will not be assessed fees until the start of the next fiscal year.</p>		

**ORDINANCE REFERENCE SHEET**  
**2021 ORDINANCE**  
**ORDINANCE 21-24**

An Ordinance of the City Council of Homer, Alaska Accepting Grant Funds from the State of Alaska Department of Health and Social Services for Distribution of COVID-19 Vaccines, as well as other COVID-19 Related Recovery and Prevention Strategies and Approving a Memorandum of Agreement.

Sponsor: City Manager

1. City Council Regular Meeting April 26, 2021 Introduction

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

3 City Manager

4 **ORDINANCE 21-24**  
5  
6

7 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA  
8 ACCEPTING GRANT FUNDS FROM THE STATE OF ALASKA  
9 DEPARTMENT OF HEALTH AND SOCIAL SERVICES FOR  
10 DISTRIBUTION OF COVID-19 VACCINES, AS WELL AS OTHER  
11 COVID-19 RELATED RECOVERY AND PREVENTION STRATEGIES  
12 AND APPROVING A MEMORANDUM OF AGREEMENT.  
13

14 WHEREAS, Homer City Council passed Emergency Ordinance 21-22 on April 12, 2021  
15 approving a memorandum of agreement with the State of Alaska Department of Health and  
16 Social Services (DHSS) to accept \$278,416.00 in grant funds in support of efforts to respond to  
17 and recover from the COVID-19 pandemic and to help decrease health inequities; and  
18

19 WHEREAS, Approving the memorandum of agreement via Emergency Ordinance  
20 expedited acceptance of grant funds and allowed a timely start of the performance period; and  
21

22 WHEREAS, Per Homer City Code 1.08.040 Emergency Ordinances are effective for 60  
23 days; and  
24

25 Whereas, The performance period for utilizing funds from this DHSS grant extends to  
26 March 31, 2022, beyond the 60 days; and  
27

28 WHEREAS, Expenditure of these funds on eligible activities will extend beyond the 60  
29 days authorized by Ordinance 21-22, making approval by regular Ordinance necessary.  
30

31 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:  
32

33 Section 1. The Homer City Council hereby approves the Memorandum of Agreement  
34 between the City of Homer and the State of Alaska DHSS, a copy of which is attached and  
35 incorporated herein.  
36

37 Section 2. The Homer City Council hereby appropriates the DHSS Community funding  
38 in the amount of \$278,416 for the purpose outlined in the Memorandum of Agreement as  
39 follows:  
40  
41

42 Revenue:



	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
43			
44	119-0375-493	DHSS COVID-19 Community Grant	\$278,416
45			
46	Expenditure:		
47			
48	119-0375-493	DHSS COVID-19 Community Grant	\$278,416
49			

50 Section 3. The City Manager is authorized to negotiate and execute the appropriate  
51 documents.

52  
53 Section 4. This is a budget amendment ordinance, is temporary in nature, and shall  
54 not be codified.

55  
56 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 10th day of May, 2021.

57  
58  
59 CITY OF HOMER

60  
61  
62 \_\_\_\_\_  
63 KEN CASTNER, MAYOR

64  
65 ATTEST:

66  
67  
68 \_\_\_\_\_  
69 MELISSA JACOBSEN, MMC, CITY CLERK

70  
71  
72  
73 Introduction:  
74 Public Hearing:  
75 Second Reading:  
76 Effective Date:

77  
78 YES:  
79 NO:  
80 ABSTAIN:  
81 ABSENT:



**Memorandum of Agreement (MOA) Between  
State of Alaska - Department of Health and Social Services  
Division of Public Health – COVID-19 Emergency Operations Center (DPH-EOC)  
- and -  
City of Homer  
MOA # C0621-570-C**

**I. PURPOSE AND SCOPE**

The purpose of this MOA is to provide funding to government entities to implement community-driven strategies that support COVID-19 related activities. These activities include improving efforts and increase access to COVID-19 testing in the community, building capacity to increase access to COVID-19 vaccine in the community and implementing strategies that decrease health inequities, as well as other COVID-19 related recovery and prevention strategies.

**II. THE DPH AGREES TO:**

Provide support to the community on COVID-19 vaccine administration, testing, and other COVID-19 related activities. The COVID-19 EOC Team is available to consult and provide technical assistance to government entities and to pre-approved pass-through recipients of award funding. The team will also ensure that approved activities meet the funding requirements.

**III. THE CITY OF HOMER AGREES TO:**

Provide vaccination clinics to serve the cities of Homer and Katchemak, COVID-19 vaccine and testing communication and education, and pass-through funding to community organizations/businesses providing COVID-19 outreach services in the community.

Recipient must establish/maintain/provide electronic reporting of SARS-CoV2/COVID-19 laboratory data to CDC daily per the guidance provided by CDC (e.g., CELR). This includes all testing (e.g., positive/negative, PCR, Point-of-Care, etc.) and complete data elements (e.g., race/ethnicity) per CARES legislation and ELC performance measures.

Any additional activities not specifically stated in this MOA must be approved by the COVID-19 EOC Team prior to those activities occurring.

**IV. JOINT RESPONSIBILITIES:**

Both parties will make a good faith effort to communicate about any issues that might arise that will impact the timeliness of activities, reporting, or payment.

V. PERIOD OF AGREEMENT AND TERMINATION:

This agreement will terminate on March 31, 2022 and receipts must be for activities prior to this date. Funds are intended to be used to support staff time (including overtime), supplies, and other materials as needed to support COVID-19 related activities.

VI. TERMS OF PAYMENT

The State agrees to pay the City of Homer up to \$278,416.00 over the term of this agreement.

The Contractor will submit monthly invoices detailing services performed in accordance with appendix A.

The invoice must:

- reference the contractor's name, address and phone number
- reference the contract number: C0621-570-C
- include an invoice number
- Reference the Alaska Division of Public Health – COVID Admin

The Contractor shall submit final invoices to the address specified below no later than 30 days after March 31, 2022. Failure to include the required information on the invoice may cause an unavoidable delay to the payment process. The State will pay all invoices within thirty (30) days of invoice approval by the Project Director.

Email invoices to:

[covidadmin@alaska.gov](mailto:covidadmin@alaska.gov)

(please reference *Community MOA Reimbursement Request* in the subject line)

Notwithstanding any other provision of this contract, it is understood and agreed that the State shall withhold reimbursement at any time the Contractor fails to comply with the terms of the MOA.

VII. GRANT COMPLIANCE FROM THE FEDERAL NOTICE OF GRANT AWARD

- Recipients must comply with the Terms and Conditions of this award, all Code of Federal Regulations, and the Alaska Administrative Manual.
- In addition to the federal laws, regulations, policies, and CDC General Terms and Conditions for Non-research awards at <https://www.cdc.gov/grants/federalregulationspolicies/index.html>, the Centers for Disease Control and Prevention (CDC) hereby incorporates Notice of Funding Opportunity (NOFO) number CK19-1904 entitled "Cooperative Agreement for Epidemiology and Laboratory Capacity (ELC), which is hereby made a part of this non-research award, hereinafter referred to as the Notice of Award (NoA).
- Coronavirus Disease 2019 (COVID-19) Funds: A recipient of a grant or cooperative agreement awarded by the Department of Health and Human Services (HHS) with funds made available under the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (P.L. 116-123); the Coronavirus Aid, Relief, and Economic Security Act, 2020 (the "CARES Act") (P.L. 116-136); the Paycheck Protection Program and Health Care Enhancement Act (P.L. 116-139); and/or the Consolidated Appropriations Act, 2021, Division M – Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (P.L. 116-260), agrees, as applicable to the award, to: 1) comply with existing and/or future directives and guidance

from the Secretary regarding control of the spread of COVID-19; 2) in consultation and coordination with HHS, provide, commensurate with the condition of the individual, COVID-19 patient care regardless of the individual's home jurisdiction and/or appropriate public health measures (e.g., social distancing, home isolation); and 3) assist the United States Government in the implementation and enforcement of federal orders related to quarantine and isolation.

- To achieve the public health objectives of ensuring the health, safety, and welfare of all Americans, Recipient must distribute or administer vaccine without discriminating on non-public-health grounds within a prioritized group. This includes, but is not limited to, immigration status, criminal history, incarceration, or homelessness. To this end, and to help achieve the public health imperative of widespread herd immunity to COVID-19, Recipient must administer or distribute vaccine to any and all individuals within a prioritized group in the same timeframe, taking into account available vaccine doses. For example, if meatpacking plant workers are a prioritized group, then all workers in that group, including undocumented immigrants, must be vaccinated to help assure that the plant is in a position to safely resume essential functions. In addition, to the extent applicable, Recipient will comply with Section 18115 of the CARES Act, with respect to the reporting to the HHS Secretary of results of tests intended to detect SARS-CoV-2 or to diagnose a possible case of COVID-19. Such reporting shall be in accordance with guidance and direction from HHS and/or CDC. HHS laboratory reporting guidance is posted at: <https://www.hhs.gov/sites/default/files/covid-19-laboratory-data-reporting-guidance.pdf>.
- Further, consistent with the full scope of applicable grant regulations (45 C.F.R. 75.322), the purpose of this award, and the underlying funding, the recipient is expected to provide to CDC copies of and/or access to COVID-19 data collected with these funds, including but not limited to data related to COVID-19 testing. CDC will specify in further guidance and directives what is encompassed by this requirement.
- This award is contingent upon agreement by the recipient to comply with existing and future guidance from the HHS Secretary regarding control of the spread of COVID-19. In addition, recipient is expected to flow down these terms to any subaward, to the extent applicable to activities set out in such subaward.

#### **Unallowable Costs:**

- Resources funded by another HSS Contract or HSS-Cares source
- Purchase of vehicles
- Reimbursement of pre-award costs
- Research
- Indirect costs associated with the award
- Food and/or water for events
- Hospital bill or insurance claims
- Clinical care (except as otherwise noted in Domain 5 and as may be provided in further guidance from CDC)
- Publicity and propaganda (lobbying):
- Other than for normal and recognized executive-legislative relationships, no funds may be used for:
  - publicity or propaganda purposes, for the preparation, distribution, or use of any material designed to support or defeat the enactment of legislation before any legislative body
  - the salary or expenses of any grant or contract recipient, or agent acting for such recipient, related to any activity designed to influence the enactment of legislation, appropriations, regulation, administrative action, or Executive order proposed or pending before any legislative body
  - See Additional Requirement (AR) 12 for detailed guidance on this prohibition and additional guidance on lobbying for CDC recipients: [https://www.cdc.gov/grants/documents/Anti-Lobbying\\_Restrictions\\_for\\_CDC\\_Grantees\\_July\\_2012.pdf](https://www.cdc.gov/grants/documents/Anti-Lobbying_Restrictions_for_CDC_Grantees_July_2012.pdf)
  - All unallowable costs cited in CDC-RFA-TP18-1802 remain in effect, unless specifically amended in this guidance, in accordance with 45 CFR Part 75 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards.

## VII. CONTACT INFORMATION

DPH-EOC primary point of contact: Maria Caruso

Division of Public Health, COVID Program Coordinator  
3601 C Street, Suite 722  
Anchorage AK 99503  
Office: 907-310-6092  
Email: [maria.caruso@alaska.gov](mailto:maria.caruso@alaska.gov)

City of Homer primary point of contact: Jennifer Carroll  
City of Homer, Special Projects & Communications Coordinator  
Office: 907-435-3101  
Email: [jcarroll@ci.homer.ak.us](mailto:jcarroll@ci.homer.ak.us)

City of Homer finance contact: Elizabeth Walton  
City of Homer, Finance Director  
Office: 907-435-3117  
Email: [ewalton@ci.homer.ak.us](mailto:ewalton@ci.homer.ak.us)

City of Homer additional contact: Rob Dumouchel  
City of Homer, City Manager  
Office: 907-435-3102  
Email: [rdumouchel@ci.homer.ak.us](mailto:rdumouchel@ci.homer.ak.us)

VIII. SIGNATURES

By signature of the below, both parties agree to the terms of this MOA.

**City of Homer**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Robert Dumouchel, City Manager, City of Homer

**State of Alaska**

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Maria Caruso, DPH-EOC Program Coordinator

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Heidi Hedberg, EOC/Unified Commander & DPH Director

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Jason Grove, Procurement Manager

**ORDINANCE REFERENCE SHEET**  
**2021 ORDINANCE**  
**ORDINANCE 21-25**

An Ordinance of the City Council of Homer, Alaska Amending the FY21 Capital Budget by Accepting and Appropriating the FY21 State of Alaska Community Assistance Program Payment in the Amount of \$76,842.94 to the Fire Capital Asset Repair and Maintenance Allowance (CARMA) Fund and Authorizing the Expenditure of up to \$260,000 from the Fire CARMA fund to Replace the Fire Department's Self Contained Breathing Apparatus System.

Sponsor: City Manager

1. City Council Regular Meeting April 26, 2021 Introduction

Memorandum 21-069 from Fire Chief as backup

**CITY OF HOMER  
HOMER, ALASKA**

City Manager

**ORDINANCE 21-25**

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA, AMENDING THE FY21 CAPITAL BUDGET BY ACCEPTING AND APPROPRIATING THE FY21 STATE OF ALASKA COMMUNITY ASSISTANCE PROGRAM PAYMENT IN THE AMOUNT OF \$76,842.94 TO THE FIRE CAPITAL ASSET REPAIR AND MAINTENANCE ALLOWANCE (CARMA) FUND AND AUTHORIZING EXPENDITURE OF UP TO \$260,000 FROM THE FIRE CARMA FUND TO REPLACE THE FIRE DEPARTMENT'S SELF CONTAINED BREATHING APPARATUS SYSTEM.

WHEREAS, In FY21 the City of Homer received \$76,842.94 from the Community Assistance Program (CAP) which has not yet been accepted or appropriated; and

WHEREAS, The application for the FY CAP funds indicated the City of Homer would designate those funds towards City reserves, specifically the Old Middle School (HERC) CARMA account; and

WHEREAS, The State's CAP program allows communities to deviate from their applications as long as the resultant use will be used for a public purpose as required under AS 29.60.850(a) and the municipality agrees to make available a service or facility with the funds under AS 29.60.855-29.60.879 to every person in the community; and

WHEREAS, The current Self Contained Breathing Apparatus (SCBA) system in use by the Volunteer Fire Department is nearing the end of its useful life; and

WHEREAS, Firefighters with use and access of an appropriate SCBA system helps to provide a critical public service to the community; and

WHEREAS, The City has been unsuccessful in its pursuit of grant funding for this replacement project; and

WHEREAS, Administration believes that using the CAP funds to updated safety equipment for the Volunteer Fire Department is a more appropriate use of these funds at this time; and

WHEREAS, The FY20 budget previously authorized up to \$170,000 for SCBA improvements; and

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WHEREAS, After the transfer of CAP funds to the Fire CARMA account, there will be sufficient funds for this replacement project.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby accepts and appropriates a 2021 Community Assistance Program payment in the amount of \$76,842.94 to the Fire CARMA fund as follows:

Revenue:

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
151-7012-4520	Community Assistance	\$76,842.94

Transfer:

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
156-0393-5901	Fire CARMA	\$76,842.94

Section 2. The City of Homer’s 2021 Capital Budget is hereby amended by appropriating funds of up to \$265,000 from the Fire CARMA Fund to purchase a replacement Self Contained Breathing Apparatus (SCBA) System for the Volunteer Fire Department.

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
156-0393-5901	Fire CARMA	\$265,000

Section 3. This ordinance is a budget ordinance only, it is not permanent in nature and shall not be codified.

ENACTED BY THE HOMER CITY COUNCIL this 10<sup>th</sup> day of May, 2021.

CITY OF HOMER

\_\_\_\_\_  
KEN CASTNER, MAYOR

ATTEST:

\_\_\_\_\_  
MELISSA JACOBSEN, MMC, CITY CLERK



- 85 YES:
- 86 NO:
- 87 ABSENT:
- 88 ABSTAIN:
- 89
- 90 First Reading:
- 91 Public Hearing:
- 92 Second Reading:
- 93 Effective Date:



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Office of the City Manager

491 East Pioneer Avenue  
Homer, Alaska 99603

[citymanager@cityofhomer-ak.gov](mailto:citymanager@cityofhomer-ak.gov)

(p) 907-235-8121 x2222

(f) 907-235-3148

## Memorandum 21-069

TO: Mayor Castner and Homer City Council  
FROM: Rob Dumouchel, City Manager  
DATE: April 14, 2021  
SUBJECT: Ord 21-25 Re: Appropriation of CAP Funds and SCBA Replacement

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### Community Assistance Program

Each year the State of Alaska provides Community Assistance Program (CAP) funds. The amount is highly variable and the City chose some years back to not include CAP funds in the budget. Instead we accept and allocate upon receipt. See below for examples of CAP usage in previous years:

- FY18 - \$205,118 to the Police Station Fund
- FY19 - \$177,172 to the Police Station Fund
- FY20 - \$152,080 to the Old Middle School CARMA

In FY 21 we were awarded \$76,842.94. These funds have been received by the City and are ready to be accepted and appropriated. In our application to the State for the funds, we indicated that we may place them in to the Old Middle School CARMA account like we did with FY20's disbursement. We do not have to follow through with the plan in the application, we just have to ensure that our use meets a public purpose as required under AS29.60.850(a) and accurately report how the funding was spent when we submit our application for FY22.

### Self-Contained Breathing Apparatus System Replacement

Self-Contained Breathing Apparatus (SCBA) are worn by firefighters when working, or expected to work, in situations immediately dangerous to life and health such as atmospheres with smoke conditions, hazardous material spills, or other conditions that could result in a life threat. The Volunteer Fire Department has a total of 34 SCBA, one for each riding position on the fire vehicles.

SCBA consist of four parts: 1) the backpack frame and straps 2) the regulator assembly 3) the face piece, and 4) the high pressure cylinder. Cylinders are regulated by DOT standards and have a 15-year lifespan. The other SCBA components are regulated by OSHA and NFPA standards. Our current models are outdated by three NFPA cycles and some parts are no longer serviceable.

Full replacement of the SCBA inventory is approximately \$255,000. In the FY21 Capital Budget, \$170,000 was set aside to help replace the City's SCBA inventory. That number only funds a partial replacement of the SCBA. At that time there was an active attempt to supplement that replacement with grant funds. The grant attempt was unsuccessful and we do not have strong prospects for another program that could step in and fill the

gap. It is important that we replace these SCBA units soon, and it is important to firefighter health and safety that we replace them all to have a complete matching set. Mixing and matching different versions of this equipment could result in injury or death while responding to an emergency situation.

The SCBA units pair with a compression system which must also be replaced at a regular interval. The unit costs roughly \$110,000. Administration had previously expected that we would need to make a capital request for this item in FY 22/23 Capital Budget. Recently we were able to secure grant funding which paid for the cost of the unit which is now installed at the Fire Station.

**Funding**

Fire CARMA	\$203,549
Community Assistance Program Funds (to be added to Fire CARMA)	\$76,842
SCBA Replacement	(\$255,000)
<b>Total Remaining</b>	<b>\$25,391</b>

**Staff Recommendation:** Accept CAP funds, transfer to Fire CARMA, approve purchase of SCBA system replacement

**CITY OF HOMER  
HOMER, ALASKA**

City Manager/Library Director

**RESOLUTION 21-025**

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,  
AMENDING THE HOMER PUBLIC LIBRARY GIFT ACCEPTANCE  
POLICY AND RENAMING IT THE HOMER PUBLIC LIBRARY  
DONATION ACCEPTANCE AND MANAGEMENT POLICY.

WHEREAS, Resolution 20-020(A)(S) established a Library Endowment Field of Interest Fund with the Homer Foundation and outlined the process for oversight of those funds; and

WHEREAS, Since the establishment of the endowment fund, the Library Advisory Board and Library Director have continued developing a Planned Giving Program at several worksessions and regular meetings; and

WHEREAS, Part of these efforts include rewriting the Homer Public Library Gift Acceptance Policy, which was last amended January 23, 2012, to align with the new program and to allow receiving a wider range of donations and gifts; and

WHEREAS, The policy title has been amended to the Homer Public Library Donation Acceptance and Management Policy; and

WHEREAS, The Library Advisory Board approved the policy at their April 6, 2021 Regular Meeting; and

WHEREAS, The new Donation Acceptance and Management Policy is included as Attachment A.

NOW THEREFORE BE IT RESOLVED that the City Council of Homer, Alaska hereby amends the Homer Public Library Gift Acceptance Policy and renaming it the Homer Public Library Donation Acceptance and Management Policy.

PASSED AND ADOPTED by the Homer City Council this 26<sup>th</sup> day of April, 2021.

CITY OF HOMER

\_\_\_\_\_  
KEN CASTNER, MAYOR

ATTEST:

\_\_\_\_\_  
MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal note: N/A

## **Attachment A**

### **HOMER PUBLIC LIBRARY DONATION ACCEPTANCE AND MANAGEMENT POLICY**

The library welcomes donations of materials, funds and other real property, provided such donations align with the library’s mission. Donations will be managed differently depending on the type of donation and its uses. Donations made directly to the library or the Library Endowment Fund will be used for purchasing materials, upgrading or replacing equipment, and improving facilities and services. Donations made to the Friends of the Homer Public Library (FHL) or the FHL Endowment Fund will support that organization’s mission, “to provide support for the Homer Public Library programs and services, to raise funds that enrich the library experience, and to promote the use and enjoyment of the library.”

As a general rule, the library and FHL cannot accept restrictions for specific purposes, such as particular collections or programs. Donors who wish to make a gift for a specific purpose should contact the Library Director to discuss options.

#### **MATERIALS**

The Library Director shall be authorized to accept gifts of materials on behalf of the library. The library adds gift materials to the collection with the understanding that such material is an integral part of the collection. The library will not set up special collections and will not permit circulation restrictions or stipulations for future use. Books and other materials not deemed appropriate for inclusion in the library collection may be offered to other libraries or institutions or offered for sale.

#### **ARTWORK**

All donations of artwork are referred to the Parks, Art, Recreation and Culture Advisory Commission (PARCAC), which evaluates donations in accordance with their policies.

#### **EQUIPMENT AND OTHER PHYSICAL ITEMS**

When considering any gift, the Library Director may solicit the recommendation of a gift acceptance committee, a group made up of advisors knowledgeable about financial, legal, and community matters, to be chosen by the Library Director. Authority for accepting or rejecting gifts resides with the Library Director, although high-value gifts may require further approval of the Library Advisory Board and/or the Homer City Council. Gifts that may require an opinion from the gift acceptance committee include, but are not limited to, the following:

- Any gift with recognition requirements other than those ordinarily provided by the library or Friends of the Homer Public Library (FHL).
- Gifts of valuables that will encumber the library either financially or administratively.
- Large or highly specialized equipment, which requires operator expertise beyond that normally held by library staff.

Because of limited space, as a general rule the library is unable to accept donations of furnishings or other tangible personal property given on condition that they be retained by or displayed at the library.

## **FUNDS**

Financial donations to benefit the library can be made in two ways: directly to the library or to the Friends of the Homer Public Library (FHL), an independent, nonprofit 501(c)3 organization.

Donations to the library supplement materials for the library's collection, purchases or upgrades for library equipment, and improvements or repairs to library facilities and services. Donations to FHL benefit the organization's mission: to support library programs and services, enrich the library experience, and promote use and enjoyment of the library.

To make a gift to the library or FHL for immediate or specific use, contact the Library Director or visit the Friends' donate page (<https://friendsofthehomerpubliclibrary.wildapricot.org/Donate>).

To make a significant gift or planned gift for sustained support over time, visit the Homer Foundation (<https://www.homerfoundation.org/give-now>). The Homer Foundation's tax ID number is 92-0139183. Homer Public Library benefits from two separate endowment funds, both managed by the Homer Foundation. The Library Endowment Fund supplements the library budget in the same manner as a direct donation to the library. The Friends of the Homer Public Library Endowment Fund supports FHL's mission and long-term success.

Donations to the endowments should comply with the Homer Foundation's gift-acceptance policy.

## **SECURITIES, REAL ESTATE AND OTHER NON-CASH DONATIONS**

On behalf of the two endowment funds, The Homer Foundation (tax ID # 92-0139183) can accept donations in all of the following categories, with the understanding that such donations will usually be liquidated and the resulting monies deposited in the designated fund. All gifts should be considered in the context of preserving the Foundation's public support test and avoiding exposure to any significant monetary obligation or any legal or ethical problems.

- Marketable securities and bonds
- Cash and cash equivalents (including estate remainders)
- Gifts of usable furniture and equipment
- Gifts of precious metals, where the value is easily established
- Insurance policies, where the donor pays any annual premium, and Individual Retirement Accounts. Such donations should name the Homer Foundation's Friends of the Homer Public Library Endowment Fund or the Homer Foundation's Library Endowment Fund as beneficiary.

The Homer Foundation also can accept the following types of donations, although such gifts may require review by the Foundation's Gift Acceptance Committee:

- Real estate. Every proposed gift of real estate must be examined on its individual merits, including, but not limited to, the title to the property and its insurability, the results of environmental investigations, and marketability. The donor must provide an appraisal by a qualified appraiser, completed within the previous 12 months.
- Gift annuities.
- Charitable Remainder or Lead trusts.
- Named endowment funds.

**OTHER INFORMATION**

The library does not accept donations that are not outright gifts. The library and the Friends of the Homer Public Library reserve the right to decline any gift that interferes with the library’s ability to fulfill its mission or that unduly encumbers either the library or the City of Homer.

The library cannot legally appraise gifts for tax purposes. Upon request, donors will be provided a signed and dated gift statement as a receipt.

Approved by the Library Advisory Board April 6, 2021

Adopted by City Council \_\_\_\_\_, 2021



## City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Homer Public Library

500 Hazel Avenue  
Homer, AK 99603

[library@cityofhomer-ak.gov](mailto:library@cityofhomer-ak.gov)

(p) (907)-235-3180

(f) (907)-235-3136

### Memorandum 21-072

TO: HOMER CITY COUNCIL & MAYOR CASTNER  
FROM: DAVE BERRY, LIBRARY DIRECTOR  
DATE: APRIL 16, 2021  
SUBJECT: HOMER PUBLIC LIBRARY DONATION ACCEPTANCE AND MANAGEMENT POLICY

---

The Library Advisory Board has been developing a Planned Giving Program for some time. As part of this effort, the LAB and the Friends of Homer Public Library have collaborated on rewriting the library's existing Gift Acceptance Policy. The new Donation Acceptance and Management Policy describes a wider range of methods to support the library and clarifies how donations will be managed and expended.

#### RECOMMENDATION

Adopt the new Donation Acceptance and Management Policy as a replacement for the existing Gift Acceptance Policy.



Introduced by: Bjorkman, Elam  
Date: 04/20/21  
Hearing: 05/18/21  
Action:  
Vote:

**KENAI PENINSULA BOROUGH  
ORDINANCE 2021-18**

**AN ORDINANCE AMENDING TITLE 4 REGARDING BOROUGH ELECTIONS AND ENACTING A NEW CHAPTER OF CODE, KPB 4.60, ELECTION SECURITY AND INTEGRITY, TO ENSURE BOROUGH ELECTIONS ARE ACCESSIBLE, RELIABLE AND SECURE**

**WHEREAS**, the peoples' confidence in the integrity of election results is reliant on their confidence in the security of the election equipment, election workers, and infrastructure that make elections possible; and

**WHEREAS**, free and fair elections play a vital and integral role in a democratic society; and

**WHEREAS**, all election equipment must be publicly tested, secure, and accountable in order to prove its reliability; and

**WHEREAS**, poll watchers must be able to closely observe elections; and

**WHEREAS**, voters must show proper identification to an election official before voting; and

**WHEREAS**, any absentee by-mail ballots must be witnessed and the voter's identity verified; and

**WHEREAS**, any reasonable suspicion of election fraud should be forwarded to the Alaska Attorney General; and

**WHEREAS**, this ordinance enacts a new chapter in borough code to establish election security and publicity procedures to protect the integrity of local elections;

**NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:**

**SECTION 1.** That KPB 4.50.110 is hereby amended as follows:

**4.50.110. Closing of the polls.**

- A. Fifteen minutes before the closing of the polls, and at the time of closing the polls, an election official shall announce both the designated closing time and the actual time at which the announcement is made. Failure to make the announcement at 15 minutes before closing time shall not in any way invalidate the election or extend the time for closing of the polls. After

closing, no person will be allowed to enter the polling place for purposes of voting. Every qualified voter present and in line at the time prescribed for closing the polls may vote.

- B. When the polls are closed and the last vote has been cast, the election board shall account for all ballots by completing a ballot statement containing, in a manner prescribed by the clerk, the number of official ballots supplied.
- C. The election board shall count the number of questioned ballots and shall compare that number to the number of questioned voters in the register. Discrepancies shall be noted on the ballot statement.
- D. The election board shall announce the total vote tally and sign the final results tape. No less than two members of the election board shall transport the election tabulator and election materials to the election supervisor in accordance with KPB 4.60.050.

**SECTION 2.** That KPB Chapter 4.60. - Election Integrity and Security is enacted as follows:

**4.60.010. Purpose; Scope.**

The purpose of this chapter is to ensure borough elections are secure and reliable, and to provide added public trust in the integrity of borough election results. This chapter only applies to local elections administered by the borough.

**4.60.020. - Elections security.**

- A. A ballot printer who prepares ballots for use at a borough election will be provided a certificate to sign indicating that any overruns have been destroyed and that all official ballots ordered by the borough have been delivered to the election supervisor. Upon receipt of the official ballots from the printer, the election supervisor shall secure the ballots. A locked room with access limited to election personnel will be provided wherever possible.
- B. When voted absentee ballots begin to arrive in the election supervisor's office, the ballots will be secured and access limited to personnel of the clerk's office and the Canvass Board. The absentee ballots will be bundled, date stamped by bundle, and processed according to the date stamped for the bundle. The information contained on the affidavit envelope will be compared to the master list of registered voters. The register may be reviewed by interested persons at any time during the election process at the election supervisor's offices.
- C. The security of the polling place and electronic voting equipment must be maintained by the election board during the hours when election equipment is present at the polling place. The election board shall inspect the tamper-evident seal on electronic voting equipment upon receipt and before the

polls open on the day of the election and shall immediately report any evidence of tampering to the election supervisor.

- D. After the counting of voted ballots has been completed in a precinct, the election board shall seal the ballots in the envelopes provided and place their initials across the seal.
- E. The central ballot counting center is located in Soldotna at the Borough Administration Building in the Clerk's Office. Access into the central ballot counting center is restricted to those persons approved by the election supervisor. The election supervisor will prepare the listing of persons who will have access to the restricted area and provide those persons with the appropriate identification.
- F. Following the counting of absentee and questioned ballots at the central ballot counting center, the ballot containers must be sealed. The election supervisor shall prepare a receipt indicating the number of containers of ballots. When the count is completed, the ballots must be transported to the arranged secured storage areas previously determined by the election supervisor.

**4.60.030. Ballot tabulator tests and security.**

- A. The automatic tabulating equipment used for counting ballots (tabulator) at voting places shall be tested publically three times for each election: before the election, immediately before the counting of ballots, and immediately after the counting of ballots.
- B. Before an election, the tabulator must be tested as follows:
  - 1. The election coordinator board is responsible for performing and certifying the initial logic and accuracy test of the ballot counting program and memory cards;
  - 2. The election review board is responsible for performing a second logic and accuracy test of the ballot counting program memory cards and preparing the memory cards for election use.
- C. Before the opening of the polls on election day at locations where there is a tabulator, the election board is responsible for certifying that the precinct tabulator prints a zero totals report. In addition, before counting absentee or questioned ballots, the Canvass Board will verify that a zero totals report is printed before each memory card is used; if the same memory card is used in a subsequent count, the board will print a totals report before resuming count, and verify that it matches the totals report from the subsequent count.

- D. Upon completion of the automatic count, the tabulator shall again be tested, and if the initial test is successful the automatic count is valid for the purpose of certifying the election returns. Otherwise, the automatic ballot count is void.
- E. A test is successful if a perfect count of the test ballots is obtained and the tabulator otherwise functions properly during the counting of the test ballots. The testing authorities shall determine whether a test is successful.
- F. Tabulator tests are open to the public. The borough clerk shall provide public notice of the election and testing calendar as follows:
1. By publication in a newspaper of general circulation at least one week prior to the scheduled election;
  2. By posting on the borough’s website; and
  3. By physically posting at the borough administration building in Soldotna.
- G. In addition to the public notice required under subsection F, the borough clerk shall provide notice, via e-mail if known and if not known by U.S. mail delivery, to all candidates and interested parties. For the purposes of this subsection the term “interested parties” shall mean any initiative or referendum sponsors.

**4.60.040. Security of Test Materials.**

- A. On completing each test, the testing authority shall place the test ballots and other test materials in a container provided for that purpose and seal the container so it cannot be opened without breaking the seal. The election supervisor, election coordinators, and not more than two watchers, if one or more watchers are present, shall sign the seal. The watchers must be of opposing interests if such watchers are present.
- B. The test materials shall remain sealed for the period for preserving the precinct election records.
- C. The container may not be unsealed unless the contents are necessary to conduct a test under this subchapter, a criminal investigation, election contest, or other official proceeding under this code. If the container is unsealed, the authority in charge of the proceeding shall reseal the contents when not in use.

**4.60.050. - Transportation and receipt of ballots.**

- A. In locations where an automatic tabulating equipment used for counting ballots (tabulator) is used, the voted ballots counted by the tabulator must be transported on election night to a secured storage area prearranged by the election supervisor.
- B. On the day following the election the ballots described in (a) of this section that were not transported to the central ballot counting center will be transported by ground by an election official, if transported by air the container must be secured with tamper proof seal. The ballots must be accompanied from the secured storage area to the airport of departure, and from the airport of destination to a designated secured storage area by an election official.
- C. A chain of custody document will accompany each ballot shipment. Access to the secured area will be limited to election personnel.
- D. On each day after the election designated by the clerk for the counting of absentee and questioned ballots and after the completion of the counting by Canvass Board, the counted absentee and questioned ballots will be secured in a locked room as determined by the election supervisor.

**4.60.060. - Questioned and absentee facsimile ballots.**

- A. The procedures in this section apply to a voted questioned or absentee ballot that has been received at central office for a determination as to whether the ballot is eligible for counting. Board members shall temporarily set aside a questioned ballot, and therefore not immediately count the questioned ballot, for a eligibility determination if:
  - 1. The voted ballot cannot be counted by the tabulator because
    - (A) the voter marked the ballot in a manner that causes the tabulator to reject the ballot; or
    - (B) the ballot is otherwise damaged; and
  - 2. The board members determined that the ballot contains clear and convincing evidence of the voter's intent.
- B. The board members shall make an exact copy of a voted ballot described in subsection A above, for substitution as a facsimile ballot.
- C. The original of a voted ballot for which a facsimile ballot is prepared under this section must be clearly labeled "original." A facsimile ballot prepared under this section must be clearly labeled "facsimile." After completion of

the counting process, the original and the facsimile of a voted ballot must be placed in envelopes and the envelopes must be sealed.

- D. In this section, "board members" means members of the Canvass Board, designated by the election supervisor and confirmed by the assembly to perform the functions described in this section.

**4.60.070. Uncounted ballots at tabulator precincts.**

- A. The procedures set out in this section apply to a voted ballot that was unable to be counted by the automatic tabulating equipment used for counting ballots (tabulator) and subsequently reviewed by the Canvass Board for a determination as to whether the ballot is eligible for counting.
- B. The Canvass Board shall instruct voters to place the voter's ballot in the emergency compartment of the tabulator ballot box if the voted ballot cannot be counted in the tabulator because:
1. The tabulator is unable to accept ballots due to a malfunction or power loss;
  2. The voter marked the ballot in a manner that causes the tabulator to reject the ballot and the voter does not wish to correct the ballot;  
or
  3. The tabulator rejects the ballot for an unknown reason.
- C. When the polls have closed and all eligible voters have voted, the Canvass Board shall remove all ballots from the emergency compartment and feed the ballots through the tabulator. If there are any ballots that are unable to be counted by the tabulator, the election board shall place those ballots in an envelope labeled "uncounted ballot envelope" and seal the envelope in a manner that the envelope cannot be opened without breaking the seal and the seal must be signed by two members of the Canvas Board. The envelope will then be placed inside the precinct register.
- D. The Canvass Board will conduct its review and count ballots that have been sent in the uncounted ballot envelope, described in subsection B above, using the rules specified in KPB 4.90.030 or KPB Chapter 4.70

**4.60.080. Poll Watcher.**

- A. Each candidate may appoint a poll watcher for each voting place.
- B. A poll watcher shall have the right to
1. Observe the conduct of the election.

2. Monitor the preliminaries of opening the polls.
3. Remain at the polling place through the election until the results of the election have been posted and the voting machines sealed, as provided by law.
4. Observe the ballots as they are counted.
5. Observe absentee ballots when they are called during the count.
6. See, at a distance of normal reading ability, all oaths administered and signed, the record of assisted voters, the list of qualified voters, the poll list, and any and all records made in connection with the election.

C. Each poll watcher shall be sworn to faithfully observe the rule of law prescribed for the conduct of elections. Poll watchers may be present to be sworn in with the precinct election officials, or as time allows, but so as not to interfere with the election. Each poll watcher shall be a resident and qualified voter of the State of Alaska and the Kenai Peninsula Borough. Election officials, including returning officers, may not serve as poll watchers. Poll watchers are not permitted to take pictures or make copies of any ballot, list, or record provided in accordance with subsection B above.

D. A poll watcher shall not disturb voters, attempt to influence voters, campaign at the polling place, nor display or wear any campaign material or buttons while inside any polling place.

**SECTION 3.** That KPB 4.80.070 is amended as follows:

**4.80.070. Absentee voting—By mail.**

- A. A qualified voter may apply for an absentee ballot by mail if postmarked not earlier than the first of the year in which the election is to be held nor less than seven days before an election. A voter may request [HIS]their name be placed on permanent absentee by mail status. The application shall include the address to which the absentee ballot is to be returned, the applicant's full Alaska residence address, and the applicant's signature.
- B. After receipt of an application by mail, the borough clerk shall send the absentee ballot and other absentee voting material to the applicant by first class mail. The materials shall be sent as soon as they are ready for distribution. The return envelope sent with the materials shall be addressed to the borough clerk.
- C. Upon receipt of an absentee ballot by mail, the voter[, IN THE PRESENCE OF A NOTARY PUBLIC, COMMISSIONED OFFICER OF THE ARMED FORCES INCLUDING THE NATIONAL GUARD, DISTRICT

JUDGE OR MAGISTRATE, UNITED STATES POSTAL OFFICIAL, OR OTHER PERSON QUALIFIED TO ADMINISTER OATHS,] may proceed to mark the ballot in secret, to place the ballot in the small envelope, to place the small envelope in the larger envelope, and to sign the voter's certificate on the back of the larger envelope in the presence of an official[LISTED IN THIS SUBSECTION] who shall sign as attesting official and shall date [HIS]their signature. Officials recognized to attest to the veracity of signatures listed in this subsection are: a notary public, a commissioned officer of the armed forces including the National Guard, state court judge, United States postal official, or other person qualified to administer oaths. If none of the officials listed in this subsection are reasonably accessible, an absentee voter shall have the ballot witnessed by a person over the age of 18 years.

- D. An absentee ballot must be marked and attested on or before the date of the election. If the voter returns the ballot by mail, he shall use the most expeditious mail service and mail the ballot not later than the day of the election to the borough clerk. It must be postmarked on or before midnight of election day and received by the clerk no later than the Tuesday following the election. Ballot envelopes received after that time shall not be opened but shall be marked "invalid", with the date of receipt noted thereon, and shall be preserved with other ballots of the election.
- E. The clerk [MAY]shall require a voter casting an absentee ballot by mail to provide proof of identification, including one of three unique pieces of personal identification data which shall include the voter's date of birth, last four digits of the voter's social security number, or the voter's voter identification number[, OR OTHER INFORMATION]to aid in the establishment of [HIS]the voter's identity. These unique identifiers shall be provided by the voter on the ballot package and sworn to be the voter's signature and the signature of an official as described in subsection C above.
- F. The clerk shall maintain a record of the name of each voter to whom an absentee ballot is sent by mail. The record must list the date on which the ballot is mailed and the date on which the ballot is received by the borough clerk and the dates on which the ballot was executed and postmarked.
- G. Upon reasonable suspicion of fraud, misconduct, or plural voting by a registered voter, the clerk shall notify the attorney general and request that the matter be prosecuted to the fullest extent of the law.

**SECTION 4.** That KPB 4.90.020(A) is amended as follows:

**4.90.020. Canvass of returns.**

- A. No later than the Monday following each election, the election canvass board shall meet in public session and canvass all election returns. In full view of those present, and in accordance with the procedures set forth in



KPB Chapter 4.60, the election canvass board shall judge the applicability of absentee and questioned ballots, shall open and tally those accepted, and shall compile the total votes cast in the election. The canvass of the ballot vote counted by the precinct election boards shall be accomplished by reviewing the tallies of the recorded vote to check for mathematical error by comparing totals with the precinct's certificate of results. All obvious errors found by the election canvass in the transfer of totals from the precinct tally sheets to the precinct certificate of results shall be corrected by the canvass board. A mistake which has been made in precinct returns that is not clearly an error in the transfer of the results from the tallies to the certificate of results empowers the canvassing board to recommend a recount of the results of the precinct or precincts for that portion of the returns in question.

- B. Upon completion of the canvass, the canvassing board shall prepare a final certificate of the results of votes cast by absentee, questioned and challenged ballots and of votes cast by regular ballot, and shall prepare a written report of the results to be submitted to the assembly.
- C. If election materials have not been received from a precinct prior to completion of the canvass, but election results have been transmitted by telephone, telegram, radio or electronic transmission, the canvassing board shall count the election results received. If the borough clerk has reason to believe that a missing precinct certificate, if received, would affect the result of the election, the clerk shall await the receipt of the certificate until 2:00 p.m. on the Tuesday following the election. If the certificate is not received by the clerk by 2:00 p.m., Tuesday, then the certificate shall not be counted nor included in the final certification of the canvassing board.

**SECTION 5.** That this ordinance is effective immediately upon enactment.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS \*  
DAY OF \* 2021.**

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Brent Hibbert, Assembly President

ATTEST:

---

Johni Blankenship, MMC, Borough Clerk


Yes:

No:

Absent:

**MEMORANDUM**

**TO:** Brent Hibbert, Assembly President  
Members, Kenai Peninsula Borough Assembly

**FROM:** Jesse Bjorkman, Assemblyman 

**DATE:** April 8, 2021

**RE:** Ordinance 2021-18, Amending Title 4 Regarding Borough Elections and Enacting a New Chapter of Code, KPB 4.60, Election Security and Integrity, to Ensure Borough Elections are Accessible, Reliable and Secure (Bjorkman)

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The purpose of this ordinance is to ensure public confidence in the integrity of election results.

Section 1 of this ordinance amends KPB 4.50.110, -Closing of the polls, to state that results will be announced at the polling location and that the signed results tape along with the election equipment and materials will be transported by two members of the election board to the election supervisor (the borough clerk).

Section 2 enacts a new chapter of borough election code to clarify and codify borough election practices by providing code provisions that address:

- security of election equipment (KPB 4.60.020),
- chain of custody procedures for voting equipment (KPB 4.60.020, 4.60.030);
- public testing of ballot tabulators (KPB 4.60.030);
- chain of custody for transportation and receipt of ballots (KPB 4.60.050);
- procedures for questioned or uncounted ballots (KPB 4.60.070); and
- a process for candidates appointing poll watchers (KPB 4.60.080);

Section 3 amends KPB 4.80.070 to provide a list of officials recognized to attest to signature verification on absentee ballots and establishes that at least one of three unique pieces of personal identification data shall be required for absentee ballots. The unique identifiers are a voter's voter identification number, date of birth, and last four digits of the voter's social security number. A new subsection G is added that addresses suspected voter fraud, misconduct and/or plural voting.

Section 4 amends KPB 4.90.020(A) for cross-reference and consistency purposes.

Your consideration is appreciated.

Introduced by: Bjorkman, Elam  
Date: 04/20/21  
Action:  
Vote:

**KENAI PENINSULA BOROUGH  
RESOLUTION 2021-032**

**A RESOLUTION ADOPTING A POLICY THAT THE BOROUGH WILL CONDUCT A  
PRE-ELECTION SECURITY RISK AND VULNERABILITY ASSESSMENT AND  
DEVELOP A SECURITY DESIGN FOR ANY ELECTION SYSTEM USED TO  
ADMINISTER BOROUGH ELECTIONS**

**WHEREAS**, the peoples' confidence in the integrity of election results is reliant on their confidence in the security of the election equipment, election workers, and infrastructure that make elections possible; and

**WHEREAS**, free and fair elections play a vital and integral role in a democratic society; and

**WHEREAS**, all election equipment must be independently validated as secure and accountable in order to prove its reliability; and

**WHEREAS**, a policy providing for a pre-election security risk and vulnerability assessment of the borough's election infrastructure, a security design, where needed, and a post-implementation audit of any new election system, equipment or software used by the borough to administer elections is in the best interests of the borough;

**NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:**

**SECTION 1.** To the extent authorized by law and within available resources, a policy is hereby adopted that the borough, with the assistance of an independent third party cybersecurity professional, will conduct a security risk and vulnerability assessment, and develop a security design for the election system used to administer borough elections.

**SECTION 2.** That, within available resources, the borough will conduct an election security risk and vulnerability assessment, carried out by a provider of cybersecurity services, prior to the October 2021 borough election.

**SECTION 3.** That, within available resources, a security design, developed by a provider of cybersecurity services in coordination with the borough's information technology department, will be in place prior to the October 2021 borough election.

**SECTION 4.** That, within available resources, a security audit, performed by a provider of cybersecurity services in coordination with the borough's information technology

department, will be performed immediately after the initial implementation of any election system used to administer borough elections.

**SECTION 5.** That this resolution shall become effective immediately upon its adoption.

**ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS \* DAY OF \*, 2021.**

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Brent Hibbert, Assembly President

ATTEST:

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Johni Blankenship, MMC, Borough Clerk



Yes:

No:

Absent:

**MEMORANDUM**

**TO:** Brent Hibbert, Assembly President  
Members, Kenai Peninsula Borough Assembly

**FROM:** Jesse Bjorkman, Assembly Member   
Bill Elam, Assembly Member 

**DATE:** April 13, 2021

**RE:** Resolution 2021-032, Adopting a Policy that the Borough Will Conduct a Pre-Election Security Risk and Vulnerability Assessment and Develop a Security Design for Any Election System Used to Administer Borough Elections (Bjorkman, Elam)

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This resolution would establish a borough policy providing for a pre-election security risk and vulnerability assessment of the borough's election infrastructure, a security design, where needed, and a post-implementation audit of any new election system, equipment or software used by the borough to administer elections is in the best interests of the borough.

The security and vulnerability assessment and security design would be conducted and developed by an independent third party professional IT security provider prior to the October 2021 borough election.

Your consideration is appreciated.

**ORDINANCE REFERENCE SHEET**  
**2021 ORDINANCE**  
**ORDINANCE 21-19**

An Ordinance of the City Council of Homer, Alaska, Amending the 2021 Capital Budget by Allocating an Additional \$25,000 from the Information System CARMA Fund for a Total Expenditure of \$75,000 to Replace and Upgrade Departmental Servers across City Departments.

Sponsor: City Manager

1. City Council Regular Meeting April 12, 2021 Introduction  
Memorandum 21-058 from Library Director as backup
2. City Council Regular Meeting April 26, 2021 Public Hearing and Second Reading

**CITY OF HOMER  
HOMER, ALASKA**

City Manager

**ORDINANCE 21-19**

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA AMENDING THE 2021 CAPITAL BUDGET BY ALLOCATING AN ADDITIONAL \$25,000 FROM THE INFORMATION SYSTEMS CARMA FUND FOR A TOTAL EXPENDITURE OF \$75,000 TO REPLACE AND UPGRADE DEPARTMENTAL SERVERS ACROSS CITY DEPARTMENTS.

WHEREAS, The City of Homer relies on various arrays of servers for file storage and communications; and

WHEREAS, These servers reached the end of their normal service life in calendar year 2020 and their storage capacity is no longer sufficient for the City's needs; and

WHEREAS, The Homer City Council has previously allocated \$50,000 in the FY 2020 Capital Improvements budget to replace these servers, but placed the project on the deferred projects list at that time; and

WHEREAS, Resolution 21-012 Authorized the City Manager to review and release approved capital Projects put on hold by Resolution 20-050 on a case by case basis; and

WHEREAS, The cost has increased due to passage of time, disruptions in global supply chains caused by COVID-19, and new security requirements driven by U.S.-China relations.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The 2021 Capital budget is hereby amended as follows to allocate an additional \$25,000 to replace and upgrade departmental servers across the City departments:

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
156-0398	Departmental Servers Replacement and Upgrade	\$25,000

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 \_\_\_\_\_, 2021.

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CITY OF HOMER

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KEN CASTNER, MAYOR

ATTEST:

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MELISSA JACOBSEN, MMC, CITY CLERK

YES:

NO:

ABSTAIN:

ABSENT:

First Reading:

Public Hearing:

Second Reading:

Effective Date:





## City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Homer Public Library

500 Hazel Avenue  
Homer, AK 99603

[library@cityofhomer-ak.gov](mailto:library@cityofhomer-ak.gov)

(p) (907)-235-3180

(f) (907)-235-3136

### Memorandum 21-058

TO: Mayor Castner and Homer City Council  
THROUGH: Robert Dumouchel, City Manager  
FROM: David Berry, Library Director  
DATE: March 1, 2021  
SUBJECT: Citywide Server Upgrades

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The City of Homer hosts most of its electronic records on a set of servers spread across departments throughout the City. The servers are the foundation for nearly all the City's operations—they store files, serve public-facing websites and handle all remote-work operations. They also preserve official records and provide backups in case of data theft or loss.

The servers have been in need of upgrading for some time. Their performance storage capacity is 90-95% full and the hardware is approaching the end of its lifespan. The IT division recommends expanding the existing capacity from its current 8 TB to 12 TB, modernizing the hardware and upgrading the operating software to present-day standards. The expected lifespan for new equipment is approximately 5 years.

In Ord. 19-51(A) the City Council adopted the budget for FY 2020/2021 and included \$50,000 to fund upgrades and replacements to City servers. This replacement project was placed on hold, along with other capital projects, by Resolution 20-050. While staff made their best effort to accurately estimate the cost of server replacements in 2019, the real cost is now estimated to be approximately \$75,000. Factors such as supply chain disruptions caused by COVID-19 and new security requirements driven by U.S.-China relations have driven up prices over the last two years. If the servers are replaced soon, the additional storage capacity should last the City until roughly 2026, based upon current usage statistics.

#### RECOMMENDATION

Adopt an ordinance appropriating an additional \$25,000 in total funding from the Information Systems CARMA Fund for upgrades to the departmental servers, with the goal of beginning work as soon as possible.

**ORDINANCE REFERENCE SHEET**  
**2021 ORDINANCE**  
**ORDINANCE 21-20**

An Ordinance of the City Council of Homer, Alaska, Amending the 2021 Capital Budget and Authorizing the Expenditure of an Additional \$13,500 from the ADA CARMA Fund for a total of \$48,060 for the Spit Handicapped Parking Paving Project.

Sponsor: City Manager/Harbormaster

1. City Council Regular Meeting April 12, 2021 Introduction  
Memorandum 21-059 from Harbormaster as backup
2. City Council Regular Meeting April 26, 2021 Public Hearing and Second Reading

**CITY OF HOMER  
HOMER, ALASKA**

City Manager/Harbormaster

**ORDINANCE 21-20**

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,  
AMENDING THE 2021 CAPITAL BUDGET AND AUTHORIZING THE  
EXPENDITURE OF AN ADDITIONAL \$13,500 FROM THE ADA CARMA  
FUND FOR A TOTAL OF \$48,060 FOR THE SPIT HANDICAPPED  
PARKING PAVING PROJECT.

WHEREAS, The City Council approved a budget amendment on December 4<sup>th</sup>, 2019 amending the 2020-2021 ADA CARMA capital budget appropriating \$34,560 for ADA spit parking improvements; and

WHEREAS, Public Works completed the design and bid the Spit Handicapped Parking Space Paving improvements in 2020. The low bid exceeded the budget established by the City Council; and

WHEREAS, Funding available in the ADA CARMA account.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends the 2021 Capital Budget and authorizes an expenditure up to an additional \$13,500 for the Spit Handicapped Parking Improvements:

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
156-0400	ADA CARMA	\$13,500

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

ENACTED BY THE HOMER CITY COUNCIL this 12th day of April, 2021.

CITY OF HOMER

\_\_\_\_\_  
KEN CASTNER, MAYOR

44 ATTEST:

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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:



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Public Works

3575 Heath Street  
Homer, AK 99603

[publicworks@cityofhomer-ak.gov](mailto:publicworks@cityofhomer-ak.gov)

(p) 907- 235-3170

(f) 907-235-3145

## Memorandum 21-059

TO: Rob Dumouchel, City Manager  
THROUGH: Janette Keiser, Director of Public Works  
FROM: Bryan Hawkins, Harbormaster  
DATE: March 23, 2021  
SUBJECT: Spit Handicapped Parking Space Paving

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### **Background:**

The City Council approved a budget amendment on December 4<sup>th</sup>, 2019 amending the 2020-2021 ADA CARMA capital budget appropriating \$34,560 for ADA spit parking improvements. Public Works completed the design and bid the Spit Handicapped Parking Space Paving improvements in 2020. The low bid exceeded the budget established by the City Council.

### **Funding is available:**

According to the finance department, there is \$100,000 in the ADA CARMA account. The City Manager believes that there are no other designs on those funds.

### **Recommendation:**

That the City Council appropriate an additional \$13,500 to complete this project.

**ORDINANCE REFERENCE SHEET**  
**2021 ORDINANCE**  
**ORDINANCE 21-21**

An Ordinance of the City Council of Homer, Alaska Authorizing the Issuance and Sale of a Series of Harbor Revenue Refunding Bonds for the Purpose of Refunding All or a Portion of the City's Outstanding Harbor Revenue Bond, 2013; Establishing the Terms of the Harbor Revenue Refunding Bond, 2021; and Authorizing the Sale of the Harbor Revenue Refunding Bond, 2021.

Sponsor: City Manager

1. City Council Regular Meeting April 12, 2021 Introduction  
Memorandum 21-060 from City Attorney as backup
2. City Council Regular Meeting April 26, 2021 Public Hearing and Second Reading

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

3 City Manager

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6 **ORDINANCE 21-21**  
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9 AN ORDINANCE OF THE CITY OF HOMER, ALASKA,  
10 AUTHORIZING THE ISSUANCE AND SALE OF A SERIES OF  
11 HARBOR REVENUE REFUNDING BONDS FOR THE PURPOSE OF  
12 REFUNDING ALL OR A PORTION OF THE CITY'S OUTSTANDING  
13 HARBOR REVENUE BOND, 2013; ESTABLISHING THE TERMS OF  
14 THE HARBOR REVENUE REFUNDING BOND, 2021; AND  
15 AUTHORIZING THE SALE OF THE HARBOR REVENUE  
16 REFUNDING BOND, 2021.  
17

18 WHEREAS, The City of Homer, a first class city organized under the Constitution and  
19 laws of the State of Alaska (the "City") owns and operates a harbor (as further defined in Section 1,  
20 the "Harbor") as a revenue-producing enterprise; and  
21

22 WHEREAS, The City has authorized the issuance of harbor revenue bonds in one or more  
23 series pursuant to Ordinance 13-15, adopted by the City Council on May 13, 2013 (the "Master  
24 Ordinance"); and  
25

26 WHEREAS, The City, to finance harbor capital improvements, issued and sold its Harbor  
27 Revenue Bond, 2013, in the original principal amount of \$3,735,000 (the "2013 Bond") to the  
28 Alaska Municipal Bond Bank (the "Bond Bank"), as authorized by the Master Ordinance and  
29 Ordinance No. 13-16, adopted by the City Council on May 13, 2013 (the "2013 Series Ordinance,"  
30 and together with the Master Ordinance, the "Ordinance"), on the terms and conditions set forth in  
31 the Ordinance and a loan agreement between the City and the Bond Bank dated as of June 1, 2013  
32 (the "Loan Agreement"); and  
33

34 WHEREAS, The Bond Bank issued and sold its General Obligation Bonds, 2013A Series  
35 Two Bonds (the "Bond Bank Bonds"), to provide funds to purchase the 2013 Bond, as provided  
36 in the Loan Agreement; and  
37

38 WHEREAS, Section 6 of the Loan Agreement provides that payments of principal of and  
39 interest on the 2013 Bond may be adjusted to reduce debt service on the 2013 Bond if the Bond  
40 Bank is able to achieve debt service savings by refunding the Bond Bank Bonds; and  
41

42 WHEREAS, The Bond Bank now intends to issue a series of its general obligation  
43 refunding bonds for the purpose, among others, of refunding a portion or all of the Bond Bank  
44 Bonds to achieve debt service savings; and  
45  
46

47 WHEREAS, The Council wishes to approve the City’s participation in this refinancing and  
48 authorize the issuance of a series of harbor revenue refunding bonds for purposes of refunding all  
49 or a portion of the outstanding 2013 Bond if the Bond Bank successfully refinances all or a portion  
50 of the Bond Bank Bonds; and

51  
52 WHEREAS, The Council finds that it is necessary and appropriate to delegate to each of  
53 the City Manager, acting City Manager, City Finance Director or acting Finance Director to  
54 determine the final maturity date, the principal installment amounts, interest rates and other details  
55 of the harbor revenue refunding bond, and to determine other matters that are not provided for in  
56 this ordinance.

57  
58 NOW, THEREFORE, THE CITY OF HOMER HEREBY ORDAINS:

59 Section 1. Definitions. The terms used in this Series Ordinance which are defined in  
60 the Master Ordinance shall have the meanings set forth in the Master Ordinance. In addition the  
61 following terms shall have the following meanings in this Series Ordinance:

62  
63 “Amendatory Loan Agreement” means the agreement amending terms of the Loan  
64 Agreement.

65  
66 “Bond Bank Refunding Bonds” means general obligation refunding bonds issued by the  
67 Bond Bank following the date of this Ordinance, all or part of the proceeds of which are used to  
68 refund, in whole or in part, its General Obligation Bonds, 2013A Series Two Bonds.

69  
70 “Code” means the Internal Revenue Code of 1986, as amended from time to time, together  
71 with all regulations applicable thereto.

72  
73 “Government Obligations” means obligations that are either (i) direct obligations of the  
74 United States of America or (ii) obligations of an agency or instrumentality of the United States  
75 of America the timely payment of the principal of and interest on which are unconditionally  
76 guaranteed by the United States of America.

77  
78 “Loan Agreement” has the meaning set forth in the recitals to this Series Ordinance.

79  
80 “Refunded Bond” means the portion of principal installments of the 2013 Bond refunded  
81 by the 2021 Bond.

82  
83 “2013 Bond” means the City of Homer, Alaska, Harbor Revenue Bond, 2013.

84  
85 “2021 Bond Fund” means the Harbor Revenue Bond Fund, 2021, established by Section  
86 13 of this Series Ordinance.

87  
88 “2021 Bond” means the City of Homer, Alaska, Harbor Revenue Refunding Bond, 2021  
89 authorized by this Series Ordinance.

90  
91 “2021 Debt Service Account” means the account of that name created in the 2021 Bond



92 Fund by Section 13(a) of this Series Ordinance.  
93

94 “2021 Reserve Account” means the account of that name created in the 2021 Bond Fund  
95 by Section 13(b) of this Series Ordinance.

96 Section 2. Authorization of 2021 Bond and Purpose of Issuance. For the purpose of  
97 refunding the Refunded Bond, to make any required deposit into the 2021 Reserve Account, and  
98 to pay all costs incidental thereto and to the issuance of the 2021 Bond, the City hereby authorizes  
99 and determines to issue and sell, as a series of Bonds under the Master Ordinance, referred to  
100 herein as the 2021 Bond in the aggregate principal amount of not to exceed \$2,300,000.

101 Section 3. Obligation of 2021 Bond. The 2021 Bonds shall be an obligation only of  
102 the 2021 Bond Fund and shall be payable and secured as provided herein and in the Master  
103 Ordinance. The 2021 Bond shall be on a parity of lien with other series of Bonds issued pursuant  
104 to the Master Ordinance. Neither the faith and credit nor the taxing power of the City is pledged  
105 for the payment of the 2021 Bond.

106 Section 4. Description of 2021 Bond. The 2021 Bond shall be designated “City of  
107 Homer, Alaska, Harbor Revenue Refunding Bond, 2021.” The 2021 Bonds shall be in the  
108 denomination of \$5,000 or any integral multiple thereof, shall be numbered separately in the  
109 manner and with such additional designation as the Registrar deems necessary for purposes of  
110 identification, and may have endorsed thereon such legends or text as may be necessary or  
111 appropriate to conform to the rules and regulations of any governmental authority or any usage or  
112 requirement of law with respect thereto.  
113

114 The 2021 Bonds shall mature in one or more years commencing on or after June 1, 2021  
115 and ending no later than December 31, 2034. The 2021 Bond shall bear interest from its dated  
116 date, payable commencing on a date on or after June 1, 2021, and semi-annually thereafter in each  
117 year. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.  
118

119 Subject to Section 2 and the remainder of this section, the aggregate principal amount, the  
120 principal amount of each installment, the interest rates, the dated date, the principal and interest  
121 payment dates and the record dates for principal and interest payments on the 2021 Bond shall be  
122 determined at the time of execution of the Amendatory Loan Agreement under Section 17 and set  
123 forth in the Amendatory Loan Agreement.

124 Section 5. Optional Redemption. Optional redemption of the 2021 Bond by the City,  
125 the dates on when such principal installments are subject to optional redemption, the terms upon  
126 which such principal installments may be optionally redeemed, and the redemption price or  
127 redemption prices for such optional redemption, shall be determined at the time of execution of  
128 the Amendatory Loan Agreement under Section 17 and set forth in the Amendatory Loan  
129 Agreement.

130

131            Section 6.        Selection of 2021 Bond for Redemption; Notice of Redemption.

132            (a) Selection of 2021 Bond Principal Installments for Redemption. When the Bond Bank  
133 is the Registered Owner of the 2021 Bond, the selection of the principal installments of the 2021  
134 Bond to be redeemed shall be made as provided in the Amendatory Loan Agreement. When the  
135 Bond Bank is not the Registered Owner of the 2021 Bond, the selection of principal installments  
136 of the 2021 Bond to be redeemed shall be made as provided in this subsection (a). If the City  
137 redeems at any one time fewer than all of the principal installment of the 2021 Bond having the  
138 same maturity date, the same principal installment date, or portions of 2021 Bond of such principal  
139 installment to be redeemed, shall be selected by pro rata pass-through distribution of principal (or  
140 in such other manner determined by the Registrar) in increments of \$5,000. In the event that only  
141 a portion of the principal amount of the 2021 Bond is redeemed, upon surrender of such 2021 Bond  
142 at the office of the Registrar there shall be issued to the Registered Owner, without charge therefor,  
143 for the then unredeemed balance of the principal sum thereof, at the option of the Registered  
144 Owner, a 2021 Bond or 2021 Bonds of like maturity and interest rate in any of the denominations  
145 authorized herein.

146            (b) Notice of Redemption. When the Bond Bank is the Registered Owner of the 2021  
147 Bond, notice of any intended redemption of the 2021 Bond shall be given as provided in the Loan  
148 Agreement or Amendatory Loan Agreement, as the case may be. When the Bond Bank is not the  
149 Registered Owner of the 2021 Bond, notice of any intended redemption of 2021 Bond shall be  
150 made as provided in this subsection (b). Notice of redemption shall be mailed not less than 30 nor  
151 more than 45 days prior to the date fixed for redemption by first class mail to the Registered  
152 Owners of the 2021 Bond to be redeemed at their addresses as they appear on the Bond Register  
153 on the day the notice is mailed. Notice of redemption shall be deemed to have been given when  
154 the notice is mailed as herein provided, whether or not it is actually received by the Registered  
155 Owners. All notices of redemption shall be dated and shall state: (1) the redemption date; (2) the  
156 redemption price; (3) if fewer than all of the outstanding 2021 Bond is to be redeemed, the  
157 identification (and, in the case of partial redemption, the respective principal installment amounts)  
158 of the 2021 Bond to be redeemed; (4) that on the redemption date the redemption price will become  
159 due and payable upon each such 2021 Bond or portion thereof called for redemption, and that  
160 interest thereon shall cease to accrue from and after said date; and (5) the place where such 2021  
161 Bond is to be surrendered for payment of the redemption price, which place of payment shall be  
162 the office of the Registrar.

163  
164            Official notice of redemption having been given as aforesaid, the 2021 Bond or portions of  
165 2021 Bond to be redeemed shall, on the redemption date, become due and payable at the  
166 redemption price therein specified, and from and after such date, such 2021 Bond or portions of  
167 2021 Bond shall cease to bear interest. Upon surrender of such 2021 Bond for redemption in  
168 accordance with said notice, such 2021 Bond shall be paid at the redemption price. Installments of  
169 interest due on or prior to the redemption date shall be payable as herein provided for payment of  
170 interest. Upon surrender of any 2021 Bond for partial redemption, there shall be prepared for the  
171 Registered Owner a new 2021 Bond or Bonds of the same maturity in the amount of the unpaid  
172 principal installment. The 2021 Bond which have been redeemed shall be canceled and destroyed  
173 by the Registrar and shall not be reissued.

174

175  
176 Each check or other transfer of funds issued to pay the redemption price of 2021 Bond shall  
177 bear the CUSIP number, if any, identifying, by maturity, the 2021 Bond being redeemed with the  
178 proceeds of such check or other transfer.

179 Section 7. Form of Bond. The 2021 Bond shall be in substantially the following form,  
180 with such variations, omissions and insertions as may be required or permitted by this Series  
181 Ordinance or the Master Ordinance:

182  
183 UNITED STATES OF AMERICA STATE OF ALASKA  
184 CITY OF HOMER

185  
186 NO. \_\_\_\_\_ \$ \_\_\_\_\_

187  
188 HARBOR REVENUE REFUNDING BOND, 2021

189  
190 REGISTERED OWNER:

191  
192 PRINCIPAL AMOUNT:

193  
194 The City of Homer, a municipal corporation of the State of Alaska (the “City”),  
195 acknowledges itself indebted and for value received promises to pay (but only out of the sources  
196 mentioned herein) to the Registered Owner identified above, or its registered assigns, the principal  
197 amount shown above in the following installments on \_\_\_\_\_ 1 of each of the following years,  
198 and to pay interest on such installments from the date hereof, payable on \_\_\_\_\_ 1, 20\_\_ and  
199 semiannually thereafter on the 1st days of \_\_\_\_\_ and \_\_\_\_\_ of each year, at the rates per  
200 annum as follows:

201  
202 Year Principal Amount Interest Rate Year Principal Amount Interest Rate

203  
204  
205 When this 2021 Bond is owned by the Alaska Municipal Bond Bank (the “Bond Bank”),  
206 payment of principal and interest shall be made as provided in the Loan Agreement dated June 1,  
207 2013, as amended by an Amendatory Loan Agreement dated as of \_\_\_\_\_ 1, 2021, between the  
208 Bond Bank and the City (together, the “Loan Agreement”). When this 2021 Bond is not owned  
209 by the Bond Bank, installments of principal and interest on this 2021 Bond shall be paid by check  
210 or draft mailed by first class mail to the Registered Owner as of the close of business on the \_\_\_\_\_  
211 day of the month \_\_\_\_\_, each an installment payment date; provided that the final installment of  
212 principal and interest on this 2021 Bond shall be payable upon presentation and surrender of this  
213 2021 Bond by the Registered Owner at the office of the Registrar. Interest will be computed on  
214 the basis of a 360-day year consisting of twelve 30-day months. Both principal of and interest on  
215 this 2021 Bond are payable in lawful money of the United States of America which, on the  
216 respective dates of payment thereof, shall be legal tender for the payment of public and private  
217 debts.

218  
219 Installments of principal of this 2021 Bond due on and after \_\_\_\_\_, 20\_\_, shall be subject

220 to prepayment on and after \_\_\_\_\_, 20\_\_\_, at the option of the City (subject to any applicable  
221 provisions of the Loan Agreement or Amendatory Loan Agreement, as applicable), in such  
222 principal amounts and from such maturities as the City may determine, and by lot within a  
223 maturity, at a redemption price equal to the principal amount to be prepaid, plus accrued interest  
224 to the date of prepayment.

225  
226 This 2021 Bond is a special obligation of the City and is one of a duly authorized issue of  
227 Bonds of the City designated “City of Homer, Alaska, Harbor Revenue Bonds” (the “Bonds”),  
228 issued and to be issued in various series under Ordinance 13-15 (the “Master Ordinance”),  
229 adopted May 13, 2013, and a Series Ordinance authorizing each such series. As provided in the  
230 Master Ordinance, the Bonds may be issued from time to time pursuant to Series Ordinances in  
231 one or more series, in various principal amounts, may mature at different times, may bear interest  
232 at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate  
233 principal amount of Bonds which may be issued under the Master Ordinance is not limited, and  
234 all Bonds issued and to be issued under said Master Ordinance are and will be equally and ratably  
235 secured by the pledges and covenants made therein, except as otherwise expressly provided or  
236 permitted in the Master Ordinance.

237  
238 This 2021 Bond is one of a series of Bonds issued in the aggregate principal amount of  
239 \$\_\_\_\_\_ under the Master Ordinance and Ordinance 20-\_\_ (the “Series Ordinance”),  
240 adopted \_\_\_\_\_, 2021, for the purpose of refunding outstanding Bonds.

241  
242 This 2021 Bond shall be an obligation only of the 2021 Bond Fund and shall be payable  
243 and secured as provided in the Master Ordinance and the Series Ordinance. Neither the faith and  
244 credit nor the taxing power of the City is pledged for the payment of the 2021 Bond. The City has  
245 pledged to pay into the 2021 Bond Fund from Net Revenue or money in the Harbor Revenue Fund,  
246 on or prior to the respective dates on which the same become due, such amounts as are required to  
247 pay the interest and principal to become due on this 2021 Bond. Said amounts so pledged are  
248 hereby declared to be a lien and charge upon Gross Revenue superior to all other charges of any  
249 kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged  
250 are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure  
251 the payment of the principal of and interest on any Parity Bonds.

252  
253 IT IS HEREBY CERTIFIED and declared that this 2021 Bond is issued pursuant to and in  
254 strict compliance with the constitution or statutes of the State of Alaska, and that all acts, conditions  
255 and things required to happen, to be done, and to be performed precedent to and on the issuance  
256 of this 2021 Bond have happened, been done and been performed.

257  
258 IN WITNESS WHEREOF, THE CITY OF HOMER, ALASKA, has caused this 2021  
259 Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor  
260 and its corporate seal (or a facsimile thereof) to be impressed or otherwise reproduced hereon and  
261 attested by the manual or facsimile signature of its Clerk, all as of the \_\_\_ day of \_\_\_ 2021.

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264  
CITY OF HOMER

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\_\_\_\_\_  
\_\_\_\_\_  
Mayor

A T T E S T:

\_\_\_\_\_  
Clerk

[SEAL]

281           Section 8. Execution. The 2021 Bond shall be executed in the name of the City by  
282 the manual or facsimile signature of the Mayor, and its corporate seal (or a facsimile thereof) shall  
283 be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of  
284 the City Clerk. The execution of a 2021 Bond on behalf of the City by persons who at the time of  
285 the execution are duly authorized to hold the proper offices shall be valid and sufficient for all  
286 purposes, although any such person shall have ceased to hold office at the time of delivery of the  
287 2021 Bond or shall not have held office on the date of the 2021 Bond.

288           Section 9. Payment of Principal and Interest. The 2021 Bond shall be payable in  
289 lawful money of the United States of America which at the time of payment is legal tender for the  
290 payment of public and private debts. When the Bond Bank is the Registered Owner of the 2021  
291 Bonds, payment of principal and interest on the 2021 Bond shall be made as provided in the Loan  
292 Agreement, as amended by the Amendatory Loan Agreement. When the Bond Bank is not the  
293 Registered Owner of the 2021 Bond, installments of principal and interest on the 2021 Bond shall  
294 be paid by check mailed by first class mail to the Registered Owner as of the record date for the  
295 installment payment at the address appearing on the Bond Register; provided that the final  
296 installment of principal and interest on a 2021 Bond shall be payable upon presentation and  
297 surrender of the 2021 Bond by the Registered Owner at the office of the Registrar.

298           Section 10. Registration. The 2021 Bond shall be issued only in registered form as to  
299 both principal and interest. The Registrar shall keep, or cause to be kept, the Bond Register at the  
300 principal office of the City. The City and the Registrar may treat the person in whose name any  
301 2021 Bond shall be registered as the absolute owner of such 2021 Bond for all purposes, whether  
302 or not the 2021 Bond shall be overdue, and all payments of principal of and interest on a 2021  
303 Bond made to the Registered Owner thereof or upon its order shall be valid and effectual to satisfy  
304 and discharge the liability upon such 2021 Bond to the extent of the sum or sums so paid, and  
305 neither the City nor the Registrar shall be affected by any notice to the contrary.

306           Section 11. Transfer and Exchange. The 2021 Bond shall be transferred only upon the  
307 books for the registration and transfer of 2021 Bond kept at the office of the Registrar. Upon  
308 surrender for transfer or exchange of any 2021 Bond at such office, with a written instrument of  
309 transfer or authorization for exchange in form and with guaranty of signature satisfactory to the  
310 Registrar, duly executed by the Registered Owner or the duly authorized attorney of the Registered  
311 Owner, the City shall execute and deliver an equal aggregate principal amount of 2021 Bond of  
312 the same maturity of any authorized denominations, subject to such reasonable regulations as the  
313 City may prescribe and upon payment sufficient to reimburse it for any tax, fee or other  
314 governmental charge required to be paid in connection with such transfer or exchange. A 2021  
315 Bond surrendered for transfer or exchange shall be canceled by the Registrar.

316           Section 12. Bonds Mutilated, Destroyed, Stolen or Lost. Upon surrender to the  
317 Registrar of a mutilated 2021 Bond, the City shall execute and deliver a new 2021 Bond of like  
318 maturity and principal amount. Upon filing with the Registrar of evidence satisfactory to the City  
319 that a 2021 Bond has been destroyed, stolen or lost and of the ownership thereof, and upon  
320 furnishing the City with indemnity satisfactory to it, the City shall execute and deliver a new 2021  
321 Bond of like maturity and principal amount. The person requesting the execution and delivery of  
322 a new 2021 Bond under this section shall comply with such other reasonable regulations as the  
323 City may prescribe and pay such expenses as the City may incur in connection therewith.

324           Section 13. 2021 Bond Fund. A special fund of the City designated the “Harbor  
325 Revenue Bond Fund, 2021” is hereby created for the purpose of paying and securing the payment  
326 of the 2021 Bond. The 2021 Bond Fund shall be held separate and apart from all other funds and  
327 accounts of the City and shall be a trust fund for the owners, from time to time, of the 2021 Bond.

328           (a) 2021 Debt Service Account. A 2021 Debt Service Account is hereby created in the  
329 2021 Bond Fund for the purpose of paying the principal of and interest on the 2021 Bond. The  
330 City hereby irrevocably obligates and binds itself for as long as the 2021 Bond remain Outstanding  
331 to set aside and pay into the 2021 Debt Service Account from Net Revenue or money in the Harbor  
332 Revenue Fund, on or prior to the respective dates on which the same become due (i) such amounts  
333 as are required to pay the interest scheduled to become due on the Outstanding 2021 Bond, and  
334 (ii) such amounts as are required to pay maturing principal of the Outstanding 2021 Bond.

335           (b) 2021 Reserve Account. A 2021 Reserve Account is hereby created in the 2021 Bond  
336 Fund for the purpose of securing the payment of the principal of and interest on the 2021 Bond.  
337 On the date of issuance of the 2021 Bond, the City shall deposit a sum in the 2021 Reserve Account  
338 that is equal to the Reserve Requirement for the 2021 Bond. If a deficiency occurs in the 2021  
339 Debt Service Account, an amount sufficient to make up the deficiency shall be withdrawn from  
340 the 2021 Reserve Account and transferred to the 2021 Debt Service Account. The City shall make  
341 up any deficiency in the 2021 Reserve Account resulting from such a withdrawal within one year  
342 out of Net Revenue or out of any other moneys legally available for such purpose, after providing  
343 for the payments required to be made into the 2021 Debt Service Account within such year.

344           Any amount in the 2021 Reserve Account in excess of the Reserve Requirement for the  
345 2021 Bond may be transferred to the 2021 Debt Service Account and used to pay the principal of  
346 and interest on the 2021 Bond as the same becomes due and payable. Whenever there is a sufficient  
347 amount in the 2021 Bond Fund, including the 2021 Reserve Account and the 2021 Debt Service

348 Account, to pay the principal of and interest on all Outstanding 2021 Bond, the amount in the 2021  
349 Reserve Account may be used to pay such principal and interest.

350

351 (c) Pledge and Lien. Said amounts so pledged to be paid into the 2021 Debt Service  
352 Account and the 2021 Reserve Account are hereby declared to be a lien and charge upon Gross  
353 Revenue superior to all other charges of any kind or nature whatsoever, except for Operating  
354 Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon  
355 which may hereafter be made to pay and secure the payment of the principal of and interest on any  
356 Parity Bonds.

357 Section 14. Disposition of the Sale Proceeds of the 2021 Bond. Proceeds attributable  
358 to the sale of the 2021 Bond shall be applied to redeem the Refunded Bond and to pay issuance  
359 costs of the 2021 Bond and shall be deposited in the appropriate funds or accounts for such  
360 purposes.

361 Section 15. Tax Covenants. Subject to applicable law, the City may issue the 2021  
362 Bond on a taxable or tax-exempt basis. If the 2021 Bond is issued on a tax-exempt basis, the City  
363 covenants to comply with any and all applicable requirements set forth in the Code in effect from  
364 time to time to the extent that such compliance shall be necessary for the exclusion of the interest  
365 on the 2021 Bond from gross income for federal income tax purposes.

366 Section 16. Defeasance. In the event money and/or non-callable Government  
367 Obligations maturing at such times and bearing interest to be earned thereon in amounts sufficient  
368 to redeem and retire any or all of the 2021 Bond in accordance with their terms are set aside in a  
369 special trust account to effect such redemption or retirement and such moneys and the principal of  
370 and interest on such Government Obligations are irrevocably set aside and pledged for such  
371 purpose, then no further payments need be made to pay or secure the payment of the principal of  
372 and interest on such 2021 Bond and such 2021 Bond shall be deemed not to be Outstanding.

373 Section 17. Sale of 2021 Bond. The 2021 Bond shall be sold at negotiated sale to the  
374 Bond Bank as provided in the Amendatory Loan Agreement. Subject to the limitations provided  
375 in Sections 2 and 4, each of the City Manager or acting City Manager and the City Finance Director  
376 or acting City Finance Director is hereby authorized to determine the aggregate principal amount  
377 of the 2021 Bond, the amount of each principal installment of each maturity, the interest rates, the  
378 dated date, the principal and interest payment dates, the record dates for principal and interest  
379 payments, and the redemption terms, if any, for the 2021 Bond, and other details of the 2021 Bond.  
380 In determining the maturities, the principal installments amounts, the interest rates, yields, and  
381 redemption terms, if any, for the 2021 Bond, the City Manager or City Finance Director shall take  
382 into account those factors which, in his judgment, will result in the lowest true interest cost on the  
383 2021 Bond to their maturity, including without limitation current financial market conditions and  
384 current interest rates for obligations comparable in tenor and quality to the 2021 Bond.

385 Notwithstanding, in no event shall the 2021 Bond be issued if the Annual Debt Service in  
386 each Fiscal Year on all Bonds Outstanding after the issuance of the 2021 Bond is greater than the  
387 Annual Debt Service in the same Fiscal Year if the 2021 Bond was not issued. Based upon the  
388 foregoing determinations, the City Manager, the acting City Manager, the City Finance Director,  
389 and acting Finance Director each is authorized to execute the Amendatory Loan Agreement, in

390 substantially the form presented at this meeting.

391           Section 18. Ongoing Disclosure. The City acknowledges that, under Rule 15c2-12 of  
392 the Securities and Exchange Commission (the “Rule”), the City may now or in the future be an  
393 “obligated person” with respect to the Bond Bank Bonds. In accordance with the Rule and as the  
394 Bond Bank may require, the City shall undertake to provide certain annual financial information  
395 and operating date as reasonably requested by the Bond Bank.

396           Section 19. Authority of Officers. The City Manager, the acting City Manager, the  
397 Finance Director, the acting Finance Director, the Clerk and the acting Clerk are, and each of them  
398 hereby is, authorized and directed to do and perform all things and determine all matters not  
399 determined by this Series Ordinance, to the end that the City may carry out its obligations under  
400 the 2021 Bond and this Series Ordinance.

401           Section 20. Miscellaneous.

402           (a) All payments made by the City of, or on account of, the principal of or interest on the  
403 2021 Bond shall be made on the several 2021 Bond ratably and in proportion to the amount due  
404 thereon, respectively, for principal or interest as the case may be.

405           (b) No recourse shall be had for the payment of the principal of or the interest on the 2021  
406 Bond or for any claim based thereon or on the Master Ordinance or this Series Ordinance against  
407 any member of the Council or officer of the City or any person executing the 2013 Bonds. The  
408 2021 Bond are not and shall not be in any way a debt or liability of the State of Alaska or of any  
409 political subdivision thereof, except the City, and do not and shall not create or constitute an  
410 indebtedness or obligation, either legal, moral or otherwise, of said state or of any political  
411 subdivision thereof, except the City.

412           Section 21. Severability. If any one or more of the provisions of this Series Ordinance  
413 shall be declared by any court of competent jurisdiction to be contrary to law, then such provision  
414 shall be null and void and shall be deemed separable from the remaining provisions of this Series  
415 Ordinance and shall in no way affect the validity of the other provisions of this Series Ordinance  
416 or of the 2021 Bond.

417           Section 22. Non-Code Ordinance. This ordinance is not permanent in nature and shall  
418 not be codified.

419           Section 23. Effective Date. This ordinance shall take effect upon passage and approval.

420



421 ENACTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this  
422 \_\_\_\_ day of \_\_\_\_\_, 2021

423

424

CITY OF HOMER

425

426

427

\_\_\_\_\_  
KEN CASTNER, MAYOR

428

429

430 ATTEST:

431

432

433

\_\_\_\_\_  
MELISSA JACOBSEN, MMC, CITY CLERK

435

436

437 YES:

438 NOES:

439 ABSTAIN:

440 ABSENT:

441

442

443 First Reading:

444 Public Reading

445 Second Reading:

446 Effective Date:

## MEMORANDUM 21-060

TO: Members of the City Council  
City of Homer, Alaska

THRU: City Manager  
Robert Dumouchel

FROM: Jermain, Dunnagan & Owens, P.C.  
Bond Counsel

DATE: April 7, 2021

RE: Proposed Issuance of Harbor Revenue Refunding Bond, 2021

---

The City of Homer, Alaska ("City") authorized the issuance of harbor revenue bonds in one or more series pursuant to Ordinance 13-15, adopted by the City Council on May 13, 2013 ("Master Ordinance"). The City, to finance harbor capital improvements, issued and sold its Harbor Revenue Bond, 2013 ("2013 Bond") to the Alaska Municipal Bond Bank (the "Bond Bank"), as authorized by the Master Ordinance and Ordinance No. 13-16, adopted by the City Council on May 13, 2013.

The Bond Bank purchased the City's 2013 Bond with proceeds of its General Obligation Bonds, 2013A Series ("2013 Bond Bank Bonds") pursuant to the terms of a loan agreement dated as of June 1, 2013 ("Loan Agreement"). The Bond Bank now intends to refinance all or a portion of the 2013 Bond Bank Bonds to achieve debt service savings. The City may realize these savings under the terms of the Loan Agreement.

The Ordinance before you authorizes the City's participation in the refinancing through the issuance of a City harbor revenue refunding bond.

The transaction is currently scheduled to close in June 2021.

**ORDINANCE REFERENCE SHEET**  
**2021 ORDINANCE**  
**ORDINANCE 21-23**

An Ordinance of the City Council of Homer, Alaska Amending Homer City Code 19.20.020 General Rules, Adding Launching, Landing or Retrieving of Motorized Watercraft is Prohibited from City Owned Beaches Except for Official Business Use.

Sponsor: City Manager/Harbormaster

1. City Council Regular Meeting April 12, 2021 Introduction  
Memorandum 21-062 from Harbormaster as backup
2. City Council Regular Meeting April 26, 2021 Public Hearing and Second Reading

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

3 City Manager/Harbormaster

4 **ORDINANCE 21-23**

5  
6 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA  
7 AMENDING HOMER CITY CODE 19.20.020 GENERAL RULES,  
8 ADDING LAUNCHING, LANDING OR RETRIEVING OF MOTORIZED  
9 WATERCRAFT IS PROHIBITED FROM CITY OWNED BEACHES  
10 EXCEPT FOR OFFICIAL BUSINESS USE.

11  
12 WHEREAS, On January 9, 2021, the State of Alaska Department of Fish and Game  
13 repealed the prohibition for the use of Personal Watercraft in the Kachemak Bay and Fox River  
14 Flats Critical Habitat Area; and

15  
16 WHEREAS, Much of the tourism economy of Homer is associated with ecologically rich  
17 resources of Kachemak Bay, which include the Critical Habitat Area and the Western  
18 Hemispheric Shorebird Reserve Network Site; and

19  
20 WHEREAS, The Parks, Art, Recreation & Culture and Port & Harbor Advisory  
21 Commissions have discussed the use and impact of personal watercraft to the areas of the  
22 harbor and city owned beaches at multiple meetings; and

23  
24 WHEREAS, It is in the best interest of the City of Homer to limit where motorized  
25 watercraft may be launched, landed or retrieved from tidal waters within city limits; and

26  
27 WHEREAS, Limiting the launching, landing and or retrieving of motorized watercraft to  
28 specific areas will insure public safety and protect sensitive habitat and wildlife.

29  
30 NOW, THEREFORE, The City of Homer Ordains:

31  
32 Section 1. Homer City Code Section 19.20.020 General Rules. Is hereby amended as  
33 follows:

- 34 a. No person may deface, disfigure, damage, tamper with, or displace or remove any  
35 building, structure, table, bench, fireplace, sign, notice, vegetation, or placard in a park.  
36 b. No person may cut, pick or damage trees, flowers or other vegetation in a park.  
37 c. No person may camp in a park except in an area and at a time designated for that  
38 purpose by the City Manager.  
39 d. No person may light, build, use or maintain an open fire or portable camp stove in a  
40 park except in a receptacle or area designated for that use. No person may leave an  
41 open fire or operating portable camp stove unattended. No person may use a  
42 flammable liquid other than charcoal lighting fluid to start or accelerate a fire.

- 43 e. No person may operate, or stop, stand or park, a motorized vehicle in a park except:
- 44 1. In an area designed for the use, and in a manner permitted by the designation; or
- 45 2. Construction, enforcement, maintenance or emergency vehicles operated by the
- 46 State, the Kenai Peninsula Borough, the City or their respective contractors.
- 47 f. Where the operation of motor vehicles is permitted in a park, motor vehicles shall be
- 48 operated in accordance with posted speed limits, in a prudent and safe manner, and at
- 49 a speed not exceeding 10 miles per hour in parking areas.
- 50 g. A person having control or supervision of an animal that excretes feces in a park shall
- 51 immediately collect and properly dispose of the feces.
- 52 h. No person may dump, deposit, or leave any bottles, broken glass, ashes, paper,
- 53 boxes, cans, dirt, rubbish, waste, garbage or refuse, or other trash, or water, sewage or
- 54 effluent from sinks, portable toilets or other plumbing fixtures, directly upon the
- 55 surface of land or water in a park.
- 56 i. Dumpsters provided at park facilities are intended for park use only.
- 57 **j. No person may launch, load or retrieve a motorized watercraft from city owned**
- 58 **beaches except for official business use or with harbormaster approval.**

59  
60 Section 2. This ordinance is of a permanent and general character and shall be included  
61 in Homer City Code.

62  
63 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this \_\_\_\_ day of \_\_\_\_\_,  
64 2021.

65  
66 CITY OF HOMER

67  
68 \_\_\_\_\_  
69 KEN CASTNER, MAYOR

70 ATTEST:

71  
72 \_\_\_\_\_  
73 MELISSA JACOBSEN, MMC, CITY CLERK

74  
75 YES:

76 NO:

77 ABSTAIN:

78 ABSENT:

79  
80 First Reading:

81 Public Hearing:

82 Second Reading:

83 Effective Date:



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Office of the City Clerk

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(f) 907-235-3143

## Memorandum 21-073

TO: MAYOR CASTNER AND HOMER CITY COUNCIL  
THROUGH: ROBERT DUMOUCHEL, CITY MANAGER  
FROM: MELISSA JACOBSEN, MMC, CITY CLERK  
DATE: APRIL 20, 2021  
SUBJECT: ORDINANCE 21-23(S)

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When tentative agendas were posted and the public hearing notice was advertised it included notice of proposed substitute ordinance 21-23(S).

The substitute ordinance was pulled before the final agenda was reviewed and approved.



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Port and Harbor

4311 Freight Dock Road  
Homer, AK 99603

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## Memorandum 21-062

TO: HOMER CITY COUNCIL & MAYOR CASTNER  
THRU: ROB DUMOUCHEL, CITY MANAGER  
FROM: BRYAN HAWKINS, HARBORMASTER  
DATE: APRIL 1, 2021  
SUBJECT: AMEND HCC 19.20.020 TO ADDRESS PERSONAL WATERCRAFT

With the repeal of the Personal Water Craft (PWC) ban by the State, PWCs are currently allowed in Kachemak Bay as of January 9, 2021. This change in State policy triggered public interest and questions on what that might mean for the City of Homer.

At City Council's January 11<sup>th</sup> meeting, City Council passed and adopted Resolution 21-008 to provide comment on the Alaska Department of Natural Resources Division of Parks and Outdoor Recreation (DPOR)'s Management Plan for the Kachemak Bay State Park in regards to how they address PWC, and held discussion on what the introduction of PWCs might mean for the City. Based on the discussion held at that meeting, the City Manager initiated gathering staff and public committee input on how the City could address PWCs within City-jurisdiction waters, and to bring it back to Council at a future meeting.

The Port and Harbor Advisory Commission addressed Resolution 21-008 and PWCs in Kachemak Bay at their January 27<sup>th</sup> regular meeting, making policy implementation recommendations to the City Manager and staff. At their March 24<sup>th</sup> regular meeting, the commission reviewed Parks, Art, Recreation & Culture Advisory Commission's draft ordinance and approved the suggested changes to HCC 19.20.020 with their own revision. The final addition, as written, reads:

**j. No person may launch, load, or retrieve a motorized watercraft from city owned beaches except for official business use or with Harbormaster approval.**

Meeting minutes are attached to reflect the discussion held and motions made.

PARCAC, PHC, and staff now ask the City Manager to bring their recommendations and the draft ordinance before Council for review and approval.

### Recommendation

Approval and adoption of Ordinance 21-23.

Attached: PHC January 27, 2021 Meeting Minutes Excerpt  
PHC March 24, 2021 Meeting Minutes Excerpt  
Memo from PARCAC to PHC Re Recommendations on use of Personal Watercraft

- Consultation with staff on what recommendations should be taken.
- Commissioners felt the City bent over backwards to bring the lessee into compliance and it does not seem that much has changed or improved; next step is for this to go to Council.
- Current status of the lease and the reasons for default, including having a delinquent account balance with the City, property taxes are in arrears, and lack of proof of insurance.
- How eviction would affect the three subleases on the property and, if the City used eviction as a lease default remedy, if there was a way to maintain/take over the subleases so the lot does not stay vacant all summer.
- There is no provision in the lease for the City to take over any subleases; that should be included in future leases.

MATTHEWS/ULMER MOVE TO NOTIFY COUNCIL OF THE DEFAULTED LEASE WITH ALASKA CUSTOM SEAFOODS.

In response to requests for guidance on the matter, Mr. Hawkins said that it's pretty clear in City Code that the action is eviction. Commissioners concurred that eviction does seem to be the route to go. There was discussion and questions directed to staff on the general timeframe and how that affects the sublessees going into summer. Commissioner Matthews suggested that in the eviction process, the "areas to cure" could include transfer of lease for the subleases.

ZIMMERMAN/SIEKANIEC MOVED TO AMEND TO INCLUDE THE REQUEST THAT CONSIDERATIONS BE TAKEN TO ASSIST THE SUBLESSEES ON THE PROPERTY.

Chair Zimmerman commented that he would like to see Council look at a way to keep those sublessees operating so if they do decide to evict, we're not kicking three other businesses off. During discussion with the commission he clarified that in that scenario the City would be the landlord and would charge a small per-square-foot rate for the season, similar to the short-term leases the City used to provide at the other end of the harbor.

VOTE (amendment): NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

VOTE (main motion): NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

- B. PARCAC Recommendations on Personal Watercraft (PWC)
- i. Parks, Art, Recreation & Culture Advisory Commission February 18, 2021 Regular Meeting Minutes Excerpt Re: Personal Watercraft
  - ii. Draft Ordinance 20-46 Amending HCC 19.20.020 to Address Personal Watercraft
  - iii. Port & Harbor Advisory Commission January 27, 2021 Regular Meeting Minutes Excerpt Re: Personal Watercraft

Chair Zimmerman introduced the item by reading the title and opened the floor for discussion.



Port Director Hawkins commented on how the commission has already discussed the use of personal watercraft, and his takeaway from that conversation was that the Port and Harbor is going to treat them the same as vessels. They will have to follow the same posted rules, such as no-wake speeds, and paying for their launch at the Load and Launch Ramp. The commission had also discussed stronger enforcement of the no-wake policy at the entrance of the harbor, especially when it came to safety concerns for smaller watercraft.

Mr. Hawkins recapped what was discussed at the PARCAC meetings he attended. The recommended regulations from PARCAC were 1.) Personal Watercraft can only be launched and or retrieved from the Load & Launch Ramp in the Harbor; and 2.) Motorized Watercraft are prohibited from being launched, landed or retrieved from any City beach with the exception of official business use.

Discussion ensued on what kind of amendments the commission would like to make, with discussion covering the following areas:

- Beach rules that are already in place; you can't launch from the beach because vehicles aren't allowed in those areas.
- These proposed rules are in relation to City-owned beaches; personal watercraft could be launched on private land, but tidelands from high-tide and out are City property.
- Technically it would be illegal if they pulled up to a beach just to hop off to stretch their legs.
- Policing/enforcing these policies.
- Personal watercraft vs. motorized watercraft; State's definition for a personal water craft (PWC) and what terminology should be included in the code amendment.
- Motorized vessels currently being hauled out do complete a Beach Landing/Barge Use Agreement with the Harbormaster's Office beforehand; this is part of that "official business use" caveat.
- Clarification of what part of HCC is being amended (Parks and Recreational Facilities); that code does include penalties if sections of Chapter 19 are violated.

STOCKBURGER/ZIMMERMAN MOVED TO INCLUDE "...OR WITH HARBORMASTER APPROVAL." TO HCC 19.20.020(J).

There was discussion on leaving the terminology as motorized watercraft.

Commissioners requested better signage at the beaches for education/enforcement purposes; all of the rules should be enforced equally, and better signage would help with that.

Commissioner Zeiset clarified how without adding in "harbormaster's approval" that emergency beach landings would not be allowed, referring to the example of when a broken-down vessel had to do an emergency beach landing on the south end of the Spit. He commented how in those situations, he loves the idea of being able to work with somebody individually. If someone's boat breaks down and they're forced to drift into the beach because they have no other choice, we're not slapping them with a fine. It gives working space for different situations.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

[ Motion carried.

### **INFORMATIONAL MATERIALS**

- A. Port & Harbor Monthly Statistical Report for February 2021
- B. Water/Sewer Bills Report for February 2021
- C. Crane & Ice Report
- D. Dock Activity Reports
- E. PHC 2021 Meeting Calendar

Commissioner Stockburger clarified his comments regarding marine repair facility statistics and thanked harbor staff for including the to-date numbers. There was discussion on statistics and revisions to the PHC meeting schedule. Deputy City Clerk Tussey responded to questions regarding the meeting schedule and when commissioners are expected to give their City Council reports.

### **COMMENTS OF THE AUDIENCE**

### **COMMENTS OF THE CITY STAFF**

Deputy City Clerk Tussey commented it was a great meeting.

Port Director Hawkins commented that he will not be here for the next meeting; he is taking leave time to visit family and meet a new grandchild.

### **COMMENTS OF THE CITY COUNCILMEMBER**

### **COMMENTS OF THE CHAIR**

Chair Zimmerman thanked the commission for a lively meeting.

### **COMMENTS OF THE COMMISSION**

Commissioner Matthews reminded commissioners that Winter King Salmon Tournament will be taking place next month.

Commissioner Ulmer thanked Deputy City Clerk Tussey and Port Director Hawkins for all their work.

Commissioner Zeiset congratulated Port Director Hawkins on the new family member.

Commissioner Stockburger thanked the commission for the meeting and the further discussion on 2022 budget and other revenue resources.

Commissioners Erickson and Siekaniec did not have additional comments.



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

## Community Recreation

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## Memorandum

TO: PORT & HARBOR ADVISORY COMMISSION  
CC: ROB DUMOUCHEL, CITY MANAGER  
FROM: PARKS ART RECREATION & CULTURE ADVISORY COMMISSION  
THRU: MIKE ILLG, COMMUNITY RECREATION MANAGER  
DATE: MARCH 8, 2021  
SUBJECT: RECOMMENDATIONS ON USE OF PERSONAL WATERCRAFT

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### **Background**

The regulations regarding the use of personal watercraft in Kachemak Bay and the Fox River Flats (5 AA 93.310) was repealed by the State of Alaska and became effective on January 9, 2021. This has brought concern from the public and city personnel on the how this use may and or will affect Homer city beaches and harbor areas.

The Parks, Art, Recreation & Culture Advisory Commission (PARCAC) entertained a discussion at a worksession on February 4, 2021 and then at a regular meeting on February 18, 2021. Following are the recommendations that were developed and requested to be forwarded to the Port & Harbor Advisory Commission (PHC) for consideration. These recommendations will be forwarded to City Council after further discussion by the PARCAC during their biennial review and update to the beach policy scheduled for the March 18, 2021 regular meeting. It is understood that the PHC will have the proposed recommendations on their agenda for review at March 24, 2021. The proposed timeline would be to incorporate the recommendations into the Beach Policy which would be adopted by City Council via resolution at the April 26, 2021 meeting. Also additional actions could be implemented to introduce an ordinance to amend Homer City Code Chapter 19.20.020 General Rules which would be introduced at that same meeting and possibly approved at the May 10, 2021.

### Recommended Regulations:

1. Personal Watercraft can only be launched and or retrieved from the Load & Launch Ramp in the Harbor; and
2. Motorized Watercraft are prohibited from being launched, landed or retrieved from any City beach with the exception of official business use.

The excerpt of the unapproved minutes of the February 18, 2021 PARCAC meeting are attached for your consideration.

Recommendation:

Review and provide recommendations or amendments to proposed policy language regarding the use and operation of personal watercraft.

February 18, 2021 Regular Meeting Minutes Excerpt  
Parks, Art, Recreation & Culture Advisory Commission

**PENDING BUSINESS**

- A. Discussion on Personal Watercraft Use
  - Boundary Lines and Enforcement
  - Jurisdiction on the Water but within City Limits
  - Priorities for Sensitive Areas, Beaches and Harbor Entrance
  - Review of regulations imposed by other Communities
  - Existing Regulations that Apply to Personal Watercraft
  - Review and Recommendation on the Draft Ordinance Submitted by KBSC

Chair Lewis introduced the item by reading of the title.

Commissioner Archibald declared that he has a conflict since he was involved in the writing the proposed ordinance.

Chair Lewis requested a motion.

LOWNEY/ROEDL MOVED THAT COMMISSIONER ARCHIBALD HAS A CONFLICT.

There was a brief discussion.

VOTE. NO. LOWNEY, ROEDL, HARRALD, GALBRAITH, LEWIS.

Motion failed.

Chair Lewis opened the floor to discussion.

Recreation Manager Illg requested clarification citing that at the previous worksession the Commission determined that they should forward motions to the city Manager for review by the city attorney. He believed that they were going to wait until they received a response from the city attorney before further discussion.

Port Director Hawkins reported that the City Manager did forward to the City Attorney but they have not been able to carve out time to review it as yet. The City Manager wanted to the commission to be aware of that it is on the list but they just haven't had time to address it before this meeting.

Chair Lewis recommended that the Commission should make a policy that personal watercraft have to be launched at the harbor and cannot be launched from beaches or any place else, just like regular boats.

Commissioner Archibald noted that was stated in the proposed language of that ordinance and he would support that recommendation.

LOWNEY/HARRALD MOVED TO RECOMMEND THAT PERSONAL WATERCRAFT BE LAUNCHED FROM THE HARBOR ONLY.

ARCHIBALD/LOWNEY MOVED TO AMEND THE MOTION TO DESIGNATE THE LOAD AND LAUNCH RAMP.

Discussion ensued on clarifying that personal watercraft should only be launched and or retrieved from the Load and Launch Ramp in the Harbor and if they should also include land such as landing on the beach for a respite as an example. It was determined that landing could be addressed in the recommendations.

LOWNEY/MOVED TO AMEND THE MOTION TO DESIGNATE THE LOAD AND LAUNCH RAMP FOR LAUNCHING AND RETRIEVING OF PERSONAL WATERCRAFT.

Discussion ensued on the language in the amendment should be clear that personal watercraft are to be launched or retrieved from the Load and Launch Ramp in the Harbor.

VOTE. (Amendment) NON-OBJECTION. UNANIMOUS CONSENT.

Motion passed.

Chair Lewis asked for any further discussion on the main motion as amended.

VOTE. (Main) NON-OBJECTION. UNANIMOUS CONSENT.

Motion passed.

There was a brief discussion on submitting all recommendations regarding personal watercraft forwarded to the Port & Harbor Advisory Commission for them to review at their next meeting. It was determined that due to agenda deadlines this would be on the Port & Harbor Commission's March agenda for review and recommendations. It was noted that advice from the City Attorney may be available by that time.

## NEW BUSINESS

### A. Beach Policy Review

Chair Lewis introduced the item by reading of the title and requested any amendments to the policy that would relate to the use of personal watercraft, noting the recommendations previously made under that topic earlier in the agenda. He opened the floor to discussion. Seeing no hands raised to comment, Chair Lewis then opened discussion by offering the following amendment for consideration:

No personal watercraft allowed on city beaches.

Discussion was facilitated between staff and Commissioners on the following:

- Banning Personal Watercraft from city beaches
- Defining exactly where city limits were to the right of the Bishops Beach Access
- Applying the same methods used to control vehicles on Mariner Beach to Bishops Beach

- Clarification with the City Attorney if they can block vehicle access west of Bishops Beach Access March 1 to September 30th
- Previous complaints from property owners regarding the vehicles, parties, and trash on the beach
- Difficulties in enforcing no vehicle access past West Hill, but maybe limiting it to a road bed and keep vehicles from the mud flats
- Recommended prohibition of landing motorized watercraft on beaches within city limits

LOWNEY/ARCHIBALD – MOVED THAT MOTORIZED WATERCRAFT ARE PROHIBITED FROM BEING LAUNCHED, LANDED OR RETRIEVED FROM ANY CITY BEACH WITH THE EXCEPTION OF OFFICIAL BUSINESS USE.

Discussion ensued on the language being used is appropriate but allowing emergency responders, Coast Guard, etc. to be able to access the beaches as needed. IT was noted that there was existing language that could be used.

VOTE. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Recreation Manager Illg pointed out the following:

- Typographical error on page 16, item 3 title, should read, "...for all Homer Beaches."
- Budget \$500 per year for sign repair, updating and replacement, Item B on page 17
- Develop and distribute brochures with a coordinated public relations campaign
- Budget \$500 per year for advertising the beach rules and etiquette , Item E on page 17
- To discourage the use of driftwood maybe we should issue and RFP or something similar

Recreation Manager Illg wanted to make sure that the staff and commission are following the recommendations outlined in the policy regarding public education and information. He can work with Parks Superintendent Steffy on developing a brochure if they do not have one.

Parks Superintendent Steffy reported on previous attempts with regard to supplying firewood and the lack of success. He recommended a vending machine style firewood supply with a money drop box or swipe machine that the customer then takes product. He then provided an example of the bike rentals that they had last year which was a success. He then noted that they would like to allow third party operations in the city parks which are currently not allowed but with expectations of a percentage of revenue being paid to the city as the rental or lease fee.

Commissioner Lowney requested the commission to address the beach clean-up through establishing a day or supplies such as bags and promoting or building energy within the community for beach clean-up. She then requested reviewing and analyzing the beach access points to determine if they are feasible as an access point to the beach. Commissioner Lowney suggested that they may even want to vacate those access points due to the proximity to private property, steepness of the access, etc.

Commissioner Archibald supported the statements made by Commissioner Lowney and then commented on the proposed easement on page 23 of the packet and noted that there is a berm that is walkable but access is difficult when the tide comes in and a person could get stuck in that area of Louie's Lagoon, but it should be pursued by the Commission.

Parks Superintendent Steffy continued reporting on the idea to allow mobile food vendors in city parks which is currently prohibited and will be bringing forward for further discussion.

Public Works Director Keiser reported that she has noticed that one item that she believes is very important is maintaining natural flow of tidal waters where appropriate and in review of the policy this is not addressed. She reported being asked by several people regarding dredging work to open up the Mariner Beach slough and Beluga Slough areas. She recommended adding on page 18 a section that addressed the requirement to perform dredging efforts to maintain the natural tidal flow into the inland area.

Chair Lewis requested a motion to make that recommendation.

Commissioner Archibald commented on the verbiage used in a motion, since it was natural tidal efforts that closed off those waterways and why those channels must be maintained and opened mechanically.

Parks Superintendent Steffy recommended contacting the Kachemak Bay Research Reserve to get some technical specifications in order to make informed decisions on recreational and ecological function of the two areas.

Commissioner Archibald noted that there is a private property owner that dredges their property and it may be a good idea to contact them to see how often they perform dredging.

Parks Superintendent Steffy noted that he would like to get the information to properly manage those openings before implementing more prescriptive language.

Chair Lewis turned the gavel over to Vice Chair Archibald noting he needed to depart the meeting for a few minutes.

Vice Chair Archibald requested additional recommendations. Hearing none from the Commission he stated that he would like to address motorcycles/dirt bikes, loud vehicles and unlicensed vehicles on the beach. He noted that they spoke about prohibiting unlicensed vehicles on the beach it would prohibit the use of dirt bikes on the beach.

Parks Superintendent Steffy recalled a previous conversation, during the last Beach Policy review, with Chief Robl indicating that laws of the road apply to the beach so if someone was on the beach spinning “brodies” that would be considered reckless driving and they could be cited. But he then noted that he recalled reading that if you are not operating a vehicle on a state maintained road there were some exceptions, so he would need to get some clarification on that issue. He then noted that if they are having issues again then they need to encourage reporting of incidents to the Police Department.

Further discussion made points on enforcement issues and staff resources and creating or marking a dedicated road bed and installation of signage to ensure that vehicles stay out of the mud flats.

The item was requested to be on the March agenda for further review to discuss beach access and recommending that the Commissioners visit the accesses shown so that they can see if there are any that could be developed better so that Bishop’s Beach does not get too crowded. It was suggested that the commissioners visit the beach easement behind the property with all the derelict vessels also before the next meeting.

Recreation Manager Illg suggested that the Commission schedule a worksession since they are representatives to the Homer Community and some of them have no idea where these access locations are collectively.

Chair Lewis stated that they could schedule worksessions in April when the weather is better.

Parks Superintendent Steffy noted that they can schedule the Spring Park Walk Through.

Deputy City Clerk Krause confirmed with the Commission that a worksession will be scheduled prior to the April regular meeting.



Mr. Hawkins explained how he felt it was important for the commission to look at the entire facility infrastructure from a management point of view and answer some pertinent questions. He referenced his memo and harbor staff's deferred maintenance spreadsheet, explaining what the data entails. Mr. Hawkins shared a photo presentation to highlight some of the dock infrastructure issues that are in need of complete replacement, and explained how Port Maintenance staff has done their best to maintain the float systems.

Mayor Castner shared information on potential funding from the State that could help pay for these maintenance projects. Mr. Hawkins commented on a bond study, hoping that it will provide the needed matching funds to make this project happen.

Mr. Hawkins posed the question to the commission: Are we meeting our mission? He does not believe they are as they are unable to fund these projects and they need to have conversations about their expenditures. It is high time to learn what charges are real and what needs to change.

Discussion ensued on the harbor's history with City expenses, areas that they've tried to cut costs, other areas that fees have been applied and/or increased, and the amount of sales tax that harbor activity brings to the City. There was an agreement to discuss the budget further at a future meeting.

- B. Resolution 21-008 & Personal Watercraft (PWCs) in Kachemak Bay
  - i. Resolution 21-008
  - ii. Memo from City Manager Re: Personal Water Crafts (PWCs) in Kachemak Bay

Chair Zimmerman introduced the item by reading the title and opened the floor for discussion.

Commissioner Ulmer commented on her 17 years of experience serving on the State of Alaska's Critical Habitat Area Service Board. She voiced her objection to personal watercrafts in the Kachemak Bay area, primarily due to noise pollution.

Commissioner Donich voiced his support of personal watercraft and how they're not any worse than a motorized skiff. He opined that allowing personal jet boats in critical habitat areas, but not personal watercrafts, is unwarranted discrimination. Mr. Donich and Ms. Ulmer commented on the need for compromise, that if they have to be banned, perhaps there could be designated areas where they're allowed and not allowed.

Commissioner Carroll noted that everyone will have their opinion but he hopes that the City would have an election on the matter.

At Chair Zimmerman's request for a motion, Commissioner Donich stated a possible motion of compromise to allow personal watercraft on the west side of the Spit, and closing it to the east side of the Spit. He opined that it would just be a matter of enforcement of open/closed areas, such as how vehicles are not allowed in certain beach areas and you're subject to a citation if you violate that law.

Commissioner Zeiset commented that he was under the impression that the State's decision to allow personal watercraft in Kachemak Bay was already a done deal, and that the commission is only

providing recommendations to City Council so that the City can pass those comments to the State. Mayor Castner clarified that there are waters controlled by the City and they have a say on what the City can do to influence behaviors in those areas. Mr. Donich rescinded his suggested motion and provided additional comments regarding how there are already established laws enforcing vehicles not access certain parts of the beach. The same can be done for personal watercraft.

Mr. Zeiset opined that the commission's feedback should focus more on personal watercraft use in the harbor, including the Load and Launch Ramp and other ramp areas. They should be treated as a boat: they go up and down the ramp, pay the launch fee, and not get to offload on any beach.

Mayor Caster posed the question on which ramp should personal watercrafts use to launch: the regular launch ramp where they would have to traverse the entire length of the harbor to exit (which poses greater safety risks), or have them launch elsewhere that's closer to the mouth of the harbor.

Discussion ensued on the following topics:

- Safety risks surrounding enter/exiting the harbor due to excess wakes.
- High traffic of various vessel sizes at the harbor entrance.
- How Harbor Officers are expected to enforce policies; need for cooperative enforcement with other agencies, such as Alaska State Troopers, Coast Guard, or Department of Fish and Game.
- How having a camera at the mouth of the harbor would greatly help.
- How modern-day jet-skis are capable of minding wake speeds; they are not like older ones that require to be on-step to get going.
- There will still be personal watercraft users that follow the rules responsibly and others that violate the policies just like any other user group.
- Looking at other harbors in Alaska to see what policies they've implemented to address personal watercraft in their harbors; Homer is the only place that has banned them.
- The need to write citations and implement policy for all harbor users, not just geared towards personal watercraft.

STOCKBURGER/ULMER MOVED TO DIRECT THE CITY MANAGER AND STAFF TO IMPLEMENT THE FOLLOWING:

- INCREASE ENFORCEMENT OF EXISTING RULES REGARDING VEHICLES ON THE BEACH AND NO WAKE ZONES.
- RESEARCH A CAMERA SYSTEM FOR THE HARBOR ENTRANCE.
- WORK WITH OTHER AGENCIES TO ENFORCE WAKE SPEED REGULATIONS AND VESSEL SAFETY FOR ALL VESSEL TYPES AT THE HARBOR ENTRANCE.
- RESEARCH POLICIES IN OTHER HARBORS THAT ALLOW PERSONAL WATERCRAFT.
- CREATE AND IMPLEMENT AN EDUCATIONAL CAMPAIGN ABOUT THE USE OF THE LOAD AND LAUNCH RAMP AND HARBOR.

There was discussion on the motion's verbiage and suggested amendments to the wording to include additional recommendations of action to staff.

VOTE: YES: ZIMMERMAN, CARROLL, ERICKSON, ULMER, ZEISET, STOCKBURGER, DONICH

**From:** [michael Bavers](#)  
**To:** [Department Clerk](#)  
**Subject:** personal watercraft ("jet skis")  
**Date:** Tuesday, April 20, 2021 11:54:36 AM

---

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

I advocate and support the most restrictive laws and regulations regarding personal watercraft, including tidal area protections.

michael bavarsky

**From:** [Kara Clemens](#)  
**To:** [Department Clerk](#)  
**Subject:** Ordinance 21-23  
**Date:** Tuesday, April 20, 2021 11:58:14 AM

---

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

I support the ordinance 21–23 that would limit launching and landing of Jetskis except from the Homer Harbor.  
Thank you.  
Sincerely, Kara Clemens  
Homer resident

Sent from my iPhone

**From:** [Ruth Dickerson](#)  
**To:** [Department Clerk](#)  
**Subject:** Ordinance 21-23  
**Date:** Wednesday, April 21, 2021 7:26:08 AM

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

I am writing to ask Home City Council to **please** limit the launching and landing of jets skis to the Homer Harbor

**AND create a** no-wake zone for all city tidelands to all motorized watercraft.

My only other letters to City Council have been in thanks for supporting non-profits (namely our Food Pantry) through the grants program BUT the calamitous overturning of the jet-ski ban raises my ire. We love Kachemak Bay for its rich sea life and for what the peacefulness of the beaches and waters does for our souls. I surely hope there will be city council support for this effort to reduce the threats to these life giving gifts that sustain us.

Ruth Dickerson

**From:** [Clyde Boyer and Vivian Finlay](#)  
**To:** [Department Clerk](#)  
**Subject:** Support for Ordinance 21-23  
**Date:** Tuesday, April 20, 2021 3:31:02 PM

---

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

For all Council members:

We are strongly supportive of Ordinance 21-23 which will limit the launching and landing of jet skis to the Homer Harbor.

We further support any additional ordinances which would provide a no-wake zone for all city tidelands - and would like to see this applied to ALL motorized watercraft.

Our tidelands are habitat for so many species of birds, fish and mammals, and we must protect them. Recreation opportunities abound in Kachemak Bay, we do not need to have motorized recreation in the tidelands area.

Thank you.

Vivian Finlay and Clyde Boyer (wife and husband).

--

455 Elderberry Drive,  
Homer, AK. 99603 USA

**From:** [Kate Finn](#)  
**To:** [Department Clerk](#)  
**Subject:** Jetskis  
**Date:** Wednesday, April 21, 2021 10:02:03 AM

---

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

Thanks Melissa for passing on this opinion note to all the Council members!

Dear City Council members,

I fully support Ordinance 21-23, limiting the launching and landing of jetskis to the Homer Harbor. If we cannot stop their presence, then at least we can minimize their impact to the maximum extent of our ability.

It seems that there is likely to be an additional ordinance proposed, that would create a no-wake zone within city tidelands applicable to all watercraft. I also support this.

The science and sentiments are clear that jetskis are very disruptive to life underwater, so I will not bore you with a reiteration of what you already know. So PLEASE support Ordinance 21-23 and generate an ordinance to additionally protect all tidelands within the Homer City limits.

Thank you!!!

Kate Finn

1st Note: From San Francisco to New York City, to Seattle and the San Juans in Washington to Florida and Sheboygan Wisconsin for Pete's, jetskis have been restricted to launching in certain areas and not coming closer than 1,200 to 1,700 feet from shore.

Thank you for taking up these important counter measures needed to protect our precious city and bay!!

2nd note: How can the users of Jetskis help defray the inevitable costs of emergency rescue. Do they need permits? Maybe based on driving tests and emergency equipment required on board??

I guess the question is, how do we comply with the ADF&G regs and yet pull through with the intent of health and safety for the jetski drivers and the world of underwater creatures-large and small??

THANKS FOR YOUR THOUGHTFUL WORK ON THIS ISSUE!

**From:** [Judith James](#)  
**To:** [Department Clerk](#)  
**Subject:** Ordinance 21-23  
**Date:** Wednesday, April 21, 2021 12:15:49 PM

---

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

Dear City Clerk

I am strongly in favor of limiting the launch of Jetskis to the Homer Harbor as Ordinance 21-23 proposes to do. We must protect our tidelands -- both a valuable natural resource and habitat, and a visitor attraction.

(I am a resident of Kachemak City)  
Judith James





Kachemak Bay Conservation Society  
3734 Ben Walters Ln, Homer, AK 99603  
907 235.8214  
kbayconservation@gmail.com

Dear Homer City Council:

Kachemak Bay Conservation Society is writing in strong support of Ordinance 21-23 and Ordinance 21-23(S).

As more and more people move to the Homer area and more and more boats—and kinds of boats—enter Kachemak Bay, we believe that the City of Homer should take a responsible approach to the management of its tidelands. In the spirit of the City of Homer Comprehensive Plan, we believe that “growth will need to be guided to meet Homer’s concerns about protecting community character and the quality of the environment.”

Ordinance 21-23 will ensure that no damage to our beaches is incurred through the launching and landing of personal watercraft. Ordinance 21-23(S) will ensure that high speed jet propulsion does not do irrevocable harm to our tidelands. The city is already for protecting our tidelands: According to City of Homer Code 18.28.200, “it is unlawful for any person to commit waste or other injury upon City-owned tideland and contiguous submerged land.” These ordinances provided much needed clarification to that existing code. Our tidelands are a rich ecosystem that is critical habitat for shorebirds, ducks, salmon, marine mammals, and shellfish and we need clear, comprehensive rules to protect these areas. Consider, for example, that the Kachemak Bay Shorebird Festival is Alaska’s largest wildlife viewing festival with over 900 annual visitors and a significant portion of their activities occur around the City-owned tidelands.

Given that the city of Homer doesn’t currently have the personnel or equipment to patrol the tidelands, we encourage the city to move toward evaluating the need for enforcement by developing a solid citizen reporting system. The city should invest in apps that allow people to film and photograph people breaking the rules and to send those photos and videos to the city. Signs on how to report bad actors should be posted along the bike path and in other strategic locations. A strong citizen reporting system will allow the city to monitor the severity of the problem of bad actors and help the city to formulate a budget for enforcement as needed. Additionally, a budget is needed to educate watercraft users and the general public about the value of our tidelands and the harm that can be done with a jet engine through signs, pamphlets, etc. The city’s tideland rules should be clearly communicated through signs at the harbor, in the harbormaster's office, and at the launch ramps. Lastly, the fine for violation needs to be high enough to act as a deterrent to bad behavior.

Thank you,

Penelope Haas

Kachemak Bay Conservation Society

**From:** [Ken Landfield](#)  
**To:** [Department Clerk](#)  
**Subject:** Ordinance 21-23  
**Date:** Tuesday, April 20, 2021 12:20:34 PM

---

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I support this ordinance, as a good start.

Sent from my iPad

**From:** [Rob Lund](#)  
**To:** [Department Clerk](#)  
**Subject:** Jet skis  
**Date:** Wednesday, April 21, 2021 11:56:38 AM

---

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

Please support Ordinance 21-23: Jet skis have no place in Kachemak Bay and should be banned from city tidelands.

Thank you.

Rob Lund  
Homer

**From:** [Daniel Perry](#)  
**To:** [Department Clerk](#)  
**Subject:** ordinance 21-23  
**Date:** Tuesday, April 20, 2021 12:22:40 PM

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

I fully support Ordinance 21-23, limiting the launching and landing of jet skis to the Homer Harbor and urge all council members to support this ordinance.

In addition, in light of the fact that Homer hosts the Kachemak Bay Shorebird Festival, Alaska's largest wildlife viewing festival with over 900 annual visitors, centering their activities around Homer's tidelands, I fully support an ordinance that would provide a no-wake zone for all city tidelands to all motorized watercraft.

There are abundant, fact-based reasons not to allow jet skis in Kachemak Bay but a legal obligation exists for the city to protect its tidelands. Jet skis pose an imminent threat to this rich resource for people and birds due to their intrinsic ability to operate at high speeds in shallow waters and propagate disturbing wakes, noise, and erratic movements.

Thank you for protecting one of Homer's greatest financial and ecological resources wisely.

Daniel Perry  
555 Waddell Street  
Homer, Alaska 99603

Teacher, Guide, Boat Owner

**From:** [Elaine Velsko](#)  
**To:** [Department Clerk](#)  
**Subject:** Ordinance 21-23  
**Date:** Wednesday, April 21, 2021 7:28:26 AM

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

City council of Homer;

Please support Ordinance 21-23! Jet skis have no place in our critical habitat area. High speed jet propulsion could be devastating to our tidelands. The noise from these will certainly degrade the experience of walking on our beautiful beaches for us residents as well as countless visitors.

Thank you for helping to protect our beautiful home.

Elaine Velsko

**ORDINANCE REFERENCE SHEET**  
**2021 ORDINANCE**  
**ORDINANCE 21-26**

An Ordinance of the City Council of Homer, Alaska Amending Homer City Code 10.08.210 Vessel Speed Limits, Renaming the Section, Extending the No Wake Zone throughout City Tidelands, and Closing Louie's Lagoon and the Entrance to Beluga Slough to Motorized Vessels and Amending the FY21 Operating Budget to Authorize Expenditure of up to \$2,000 for Motorized Vessel Regulation Changes.

Sponsor: Lord

1. City Council Regular Meeting April 26, 2021 Introduction

Memorandum 21-070 from Councilmember Lord as backup



41 a. It is unlawful to operate a vessel at a speed greater than two miles per hour (no wake speed)  
42 while entering, leaving, and inside the small boat harbor. The seaward boundary of the no  
43 wake speed zone will be marked by signs.

44  
45 b. **Throughout all City tidelands and** while within one-quarter mile of (1) the boundary of  
46 the no wake speed zone at the small boat harbor entrance, (2) the City’s Deep Water Dock, or  
47 (3) the City’s Pioneer Dock it is unlawful to operate a vessel at a speed that will cause a wake,  
48 wash, or wave action that will damage, endanger or cause undue distress to any other vessel  
49 or occupant thereof, **or wildlife including birds**, regardless of established speed limits or the  
50 lack thereof.

51  
52 **c. All motorized vessels are prohibited from the entrance to Beluga Slough and from all**  
53 **waters within Louie’s Lagoon.**

54  
55 Section 2. The City Council hereby amends the FY2021 Operating Budget and authorizes  
56 an expenditure up to \$2,000 for motorized vessel regulation changes:

57  
58

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
100-0110-xxxx	City Manager	\$2,000

59  
60

61 Section 3. Section 1 of this ordinance is of a permanent and general character and shall  
62 be included in Homer City Code.

63  
64 Section 4. Section 2 of this ordinance is a budget amendment, is temporary in nature,  
65 and shall not be codified.

66  
67 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this \_\_\_ day of \_\_\_\_\_, 2021.

68  
69 CITY OF HOMER

70  
71 \_\_\_\_\_  
72 KEN CASTNER, MAYOR

73 ATTEST:

74  
75 \_\_\_\_\_  
76 MELISSA JACOBSEN, MMC, CITY CLERK

77  
78 YES:

79 NO:

80 ABSTAIN:

81 ABSENT:

82



- 83 First Reading:
- 84 Public Hearing:
- 85 Second Reading:
- 86 Effective Date:



## **Memorandum 21-070**

TO: MAYOR CASTNER AND HOMER CITY COUNCIL  
FROM: COUNCILMEMBER LORD  
DATE: APRIL 21, 2021  
SUBJECT: ORDINANCE 21-26

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With new State of Alaska regulations allowing personal watercraft (PWC) in the Kachemak Bay Critical Habitat Area, there are concerns from the community regarding nearshore habitat and nonmotorized recreation protections. Currently, motorized vessels are not commonly operating within City tidelands. These areas may be more attractive to shallow draft PWCs. This ordinance is intended to set boundaries that prioritize and protect habitat and nonmotorized uses of City-owned tidelands.

There are several considerations to consider when discussing this proposal:

- Clarity of boundaries for public education and enforcement. The City tidelands boundary is not readily obvious. We need to be able to communicate the new regulation in a meaningful way. Maintaining buoy markers presents substantial logistical challenges and is likely not the most pragmatic option. This marking system could be reassessed depending on the level of need as we experience PWC use patterns and outreach effort success.
- Restricted/no access areas. Currently these are drafted as Louie's Lagoon and the entrance to Beluga Slough. In consideration of the above concern, consider amending the proposal to have two larger restricted/no access areas and forego the No Wake speeds.
- Beluga Slough itself is owned by a mixture of the U.S. Fish and Wildlife Service and private entities. The City owns tidelands at (or near) the entrance to the slough, and in the far back corner by the sewer treatment plant.
- Is a distance seaward too unclear? i.e. No wake 1,000 feet seaward of the shoreline within all City tidelands where motorized vessels are allowed.
- While the lifting of the PWC prohibition has catalyzed this conversation, this proposal would apply equally to all motorized vessels. Per the AK Dept. of Natural Resources: "PWCs are considered powerboats under state and federal law, and operators must meet the same boat registration and equipment requirements (see Resources) as other powerboats." (Alaska Boater's Handbook, Prince William Sound Supplement)
- Ultimately, public outreach and education will be required to ensure that whatever regulation the City adopts is communicated effectively to the impacted user groups. This should include not only the areas under speed limit/restriction, but also who to call in case of questions or concerns. It could also be used as a great opportunity for some positive information about tidelands, possibly in partnership with KBNERR? There are funds appropriated in the ordinance for introduction, but this should be discussed in terms of an appropriate amount.
- While the City must make substantive efforts towards educating the impacted user groups on regulation changes, it is ultimately the responsibility of the users to know and comply with all applicable local, state, and federal laws. We must make that good faith effort for outreach, but after that "I didn't know" is not a defensible claim in most aspects of adult life.

- Current Homer City Code Chapter 10.08 is titled ‘Protection of the Harbor and Waterways’. The proposed code changes would come under this chapter, and within the section there already exists a penalty structure. See HCC 10.08.220

I have talked with Port & Harbor Commission Chair Steve Zimmerman, and he has agreed to have this Ordinance on the April 28<sup>th</sup> agenda for their review and recommendations. If Council would like to also refer to Planning, it would be great to get on their May 5<sup>th</sup> agenda. My hope is that Council can introduce this at our April 26<sup>th</sup> meeting, then receive comments back from Port & Harbor (and Planning if applicable), make amendments and pass a final version of the ordinance at our May 10<sup>th</sup> regular Council meeting.

**Below are several examples of how state regulations define speed limits and and restricted use areas for motorized boats and PWC.**

From Alaska Administrative Code (AAC, state regulation), 200’ is used as a boundary for No Wake zones around state managed docks, boat launches, or swimming beaches:

**11 AAC 20.115. Motorized boats** (a) The use of a boat with a motor, other than a personal watercraft, is allowed in Kachemak Bay State Park only on saltwater, China Poot Lake, Hazelle Lake, or Petrof Lake. (b) A person may not launch or operate a personal watercraft in Kachemak Bay State Park. (c) A person may not operate a motorized boat in excess of "Slow No-wake" speed, five miles per hour maximum, within two hundred feet of a state managed dock, swimming beach, or boat launch, or within an area designated and marked as a "Slow No-wake" zone.

From AAC for the Kenai River Special Management Area. Although there is a 300’ of shore no wake designation, most of these regulations reference physical landmarks and/or river mile markers.

**11 AAC 20.865. Non-motorized areas** (a) The operation of a boat by the use of a motor is prohibited (1) on the Kenai River between river mile 80.7 and Skilak Lake; and (2) on the Kenai River between Skilak Lake and river mile 47.0 from March 15 through June 14. (b) Repealed 3/1/2008. (c) On the waters of the Kenai River Special Management Area, a person may not launch or operate (1) an airboat, hovercraft, or hydroplane; or (2) a personal watercraft, except as provided in [11 AAC 20.867](#).

**11 AAC 20.867. Personal watercraft** (a) A person may operate a personal watercraft within the Kenai River Special Management Area only on Kenai Lake on the portion of the lake that is north of a line running from the Primrose Campground boat launch to a prominent marker on the east shore of Kenai Lake, and east of a line running from the Chugach Electric Association powerhouse to a marker on the south side of Porcupine Island, and thence north to the United States Forest Service campground on the north side of Porcupine Island. (b) Within the area on Kenai Lake described in (a) of this section in which a personal watercraft may be operated, a person may not operate a personal watercraft (1) within 300 feet of shore (A) greater than five miles per hour; or (B) in a manner that creates a wake; or (2) between the hours of 10:00 p.m. and 10:00 a.m.

**11 AAC 20.870. Boating and aircraft speed limits** (a) A person may not operate a boat at a speed greater than five miles per hour in the no wake area between the Kenai Lake Bridge and river mile 80.7 on the Kenai River. (b) No person may operate a boat or aircraft at a speed greater than five miles per hour in the no wake area of the Moose River between the Sterling Highway Bridge and the confluence with the Kenai River. (c) No person may operate a boat or aircraft at a speed greater than five miles per hour in the no wake area of the side (north) channel of the Kenai River from river mile 11 downstream through lower Beaver Creek to its confluence with the main channel of the Kenai River at approximately river mile 10. (d) A person may not operate a boat or aircraft at a speed greater than five miles per hour in the no wake area within the channel north of the island located between river mile 15.2 and river mile 14.7, which includes the upstream and downstream entrances to Castaway Cove.

# City Owned Waterfront Properties

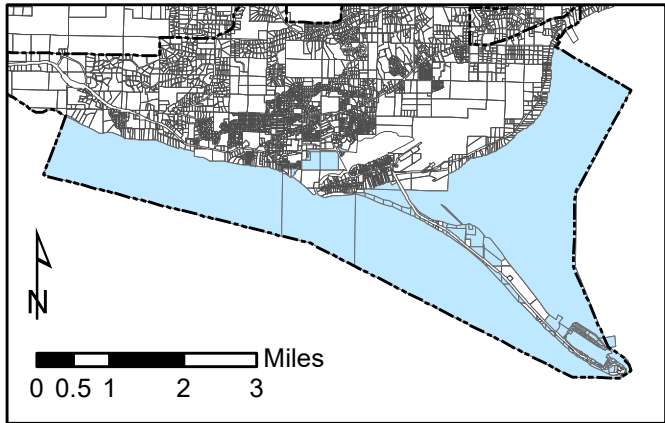
Beluga Slough

Mariner Park

Mud Bay

Louie's Lagoon

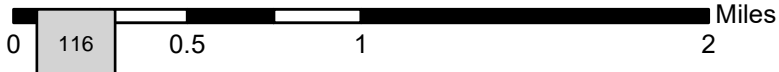
Harbormaster



**Legend**

- City Limits
- City Tidelands and waterfront properties

*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.



**ORDINANCE REFERENCE SHEET**  
**2021 ORDINANCE**  
**ORDINANCE 21-27**

An Ordinance of the City Council of Homer, Alaska Amending Homer City Code Title 14.08.040 to create a Process for Waiving the Requirement that Property be connected to City Sewer as a Condition Precedent to be connected to City Water.

Sponsor: City Manager/Public Works Director

1. City Council Regular Meeting April 26, 2021 Introduction

Memorandum 21-071 from Public Works Director as backup

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

3 City Manager/  
4 Public Works Director

5 **ORDINANCE 21-27**  
6

7 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,  
8 AMENDING HOMER CITY CODE TITLE 14.08.040 TO CREATE A  
9 PROCESS FOR WAIVING THE REQUIREMENT THAT PROPERTY BE  
10 CONNECTED TO CITY SEWER AS A CONDITION PRECEDENT TO BE  
11 CONNECTED TO CITY WATER.  
12

13 WHEREAS, The Homer City Council adopted Ordinance 20-74, to add language, which  
14 made a connection to the City's sewer system a condition precedent to being connected to the  
15 City's water system; and  
16

17 WHEREAS, The rationale behind this provision, when it was first introduced last year, is  
18 that it was in the best interests of the public health and welfare to require people who want  
19 access to City water to connect to City sewers; and  
20

21 WHEREAS, This is especially true in Homer where on-site septic systems can be  
22 challenging because of bad soils, high ground water and copious quantities of surface water  
23 from rainfall, open springs and storm water runoff, and  
24

25 WHEREAS, The City still supports this rationale, but believes, there are times when, in  
26 the interests of equity and with due diligence, exceptions can be made; and  
27

28 WHEREAS, Tools for administering such exceptions exist so the public health is  
29 protected.  
30

31 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:  
32

33 Section 1. Homer City Code Title 14 Water Connection and Extension Permit is hereby  
34 amended as follows:  
35

36 14.08.040 Water connection and extension permit.  
37

38 a. All property owners connecting to the water system must obtain a permit prior to starting  
39 construction.  
40

41 b. The water system connection and extension permit application shall be available at the City  
42 Clerk's office, the Public Works Department, and/or on the City's website. The permit fee must

43 be paid at the time the application is submitted. The criteria for the permit shall be included in  
44 the application.

45  
46 c. The Public Works Director or his or her designee may revoke, modify or impose conditions  
47 upon a water system permit if he or she finds, in his or her sole discretion, that revocation,  
48 conditions or modifications to the permit are required to prevent or stop damage to the water  
49 system or protect public health or sanitation. Except when immediate action is necessary to  
50 protect the water system and prevent immediate harm to public health and sanitation, the  
51 Public Works Director shall provide notice to the property owner at least 30 days before  
52 revoking or modifying a water system permit.

53  
54 d. Installation of a water system connection or extension of a water main must meet the  
55 standards and specifications in the permit application, the Homer City Code, and any  
56 applicable State or Federal law or regulations, including but not limited to State of Alaska  
57 Department of Labor Occupational Safety and Health requirements. Except as otherwise  
58 provided for in the Homer City Code, permits for connections to the water system or an  
59 extension of a water main to properties that are not served with City sewer service, will not be  
60 issued.

61  
62 e. **The Public Works Director may authorize a waiver of the requirement that connection**  
63 **to the City’s sewer system is a prerequisite to a connection to the City’s water system,**  
64 **under the following conditions:**

65 **1. The property served will be developed as a single family residence.**

66 **2. The water main to which the property will be connected must be directly**  
67 **adjacent to subject property.**

68 **3. The design, installation and operation of the on-site waste water disposal**  
69 **system must be in accordance with Alaska Department of Environmental Conservation**  
70 **(“ADEC”).**

71 **4. A copy of the annual inspection report for the on-site waste water disposal**  
72 **system must be submitted to the Department of Public Works, within 30 days of the date**  
73 **of the inspection.**

74 **5. In addition to the remedies set forth in Paragraph (c) above, the Public**  
75 **Works Director may revoke the waiver in the event the inspection report for the waste**  
76 **water disposal system indicates deficiencies and after having been given 60 days of the**  
77 **date of the inspection report, the deficiencies have not corrected and a plan for**  
78 **correcting the deficiencies has not been submitted.**

79  
80 e-f. A property owner installing an on-site water connection line or extending a water main is  
81 solely responsible for all costs and liability associated with or arising from the excavation,  
82 connection, and installation of the on-site water line or water main extension. [Ord. 19-23(S-  
83 2)(A) § 4, 2019].

84







## **Memorandum 21-071**

TO: City Council  
THROUGH: Rob Dumouchel, City Manager  
FROM: Janette Keiser, Director of Public Works  
DATE: April 12, 2021  
SUBJECT: Amendment to HCC 14.08.040 relating to the connection between City water and City Sewer

---

**Issue:** In October 2020, the City Council approved Ordinance 20-74, to add language, which made a connection to the City’s sewer system a condition precedent to being connected to the City’s water system. Since then, we’ve become aware of some circumstances, which warrant some flexibility in administering this language. The purpose of this Memorandum is to propose language, which offers such flexibility.

### **Background:**

Homer City Code states:

*...Except as otherwise provided in the Homer City Code, permits for connections to the water system or an extension of a water main to properties that are not served with City sewer service, will not be issued. HCC 14.08.040(d)*

The rationale behind this provision, when it was first introduced last year, is that it is in the best interests of the public health and welfare to require people who want access to City water to connect to City sewers. This is especially true in Homer where on-site septic systems can be challenging because of bad soils, high ground water and copious quantities of surface water from rainfall, open springs and storm water runoff. Further, on-site systems are often not regularly inspected, due to budget cutbacks at the AK Department of Environmental Conservation. We stand behind this rationale.

That being said, there are times when, in the interests of equity and with due diligence, exceptions can be made. We propose to allow for this by editing the Homer City Code to allow a waiver to be issued under certain conditions.

### **14.08.040 Water connection and extension permit.**

- a. All property owners connecting to the water system must obtain a permit prior to starting construction.

b. The water system connection and extension permit application shall be available at the City Clerk's office, the Public Works Department, and/or on the City's website. The permit fee must be paid at the time the application is submitted. The criteria for the permit shall be included in the application.

c. The Public Works Director or his or her designee may revoke, modify or impose conditions upon a water system permit if he or she finds, in his or her sole discretion, that revocation, conditions or modifications to the permit are required to prevent or stop damage to the water system or protect public health or sanitation. Except when immediate action is necessary to protect the water system and prevent immediate harm to public health and sanitation, the Public Works Director shall provide notice to the property owner at least 30 days before revoking or modifying a water system permit.

d. Installation of a water system connection or extension of a water main must meet the standards and specifications in the permit application, the Homer City Code, and any applicable State or Federal law or regulations, including but not limited to State of Alaska Department of Labor Occupational Safety and Health requirements. Except as otherwise provided for in the Homer City Code, permits for connections to the water system or an extension of a water main to properties that are not served with City sewer service, will not be issued.

e. The Public Works Director may authorize a waiver of the requirement that connection to the City's sewer system is a prerequisite to a connection to the City's water system, under the following conditions:

1. The property served will be developed as a single family residence.

2. The water main to which the property will be connected must be directly adjacent to subject property.

3. The design, installation and operation of the on-site waste water disposal system must be in accordance with Alaska Department of Environmental Conservation ("ADEC") regulations.

4. A copy of the annual inspection report for the on-site waste water disposal system must be submitted to the Department of Public Works, within 30 days of the date of the inspection.

7. In addition to the remedies set forth in Paragraph (c) above, the Public Works Director may revoke the waiver in the event an inspection report for the waste water disposal system indicates deficiencies and after having been given 60 days of the date of the inspection report, the deficiencies have not corrected and a plan for correcting the deficiencies has not been submitted.

e. A property owner installing an on-site water connection line or extending a water main is solely responsible for all costs and liability associated with or arising from the excavation, connection, and installation of the on-site water line or water main extension. [Ord. 19-23(S-2)(A) § 4, 2019].

**17.02.170 Water and sewer connections required.**

(a) Except as otherwise provided in the code, the owner of property in a water or sewer special assessment district that contains an occupied building shall connect to the improvement constructed in the district within three years after the date that the resolution confirming the assessment roll for the district becomes final. [Ord. 19-23(S-2)(A) § 5, 2019].

(b) Property owners and developers interested in initiating water special assessment districts should review the provisions of Homer City Code Section 14.08.040, which provides that “[e]xcept as otherwise provided in the Homer City Code, permits for connections to the water system or an extension of a water main to properties that are not served with City sewer service, will not be issued”. Thus, Special Assessment Districts for water main extensions will only be formed (1) where city sewer is available or (2) if a Special Assessment District for a sewer main extension is also formed.

**Recommendations:**

That the City Council adopt the proposed edits to HCC 14.08.040.



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Office of the City Manager

491 East Pioneer Avenue  
Homer, Alaska 99603

[citymanager@cityofhomer-ak.gov](mailto:citymanager@cityofhomer-ak.gov)

(p) 907-235-8121 x2222

(f) 907-235-3148

## Memorandum

TO: Mayor Castner and Homer City Council  
FROM: Rob Dumouchel, City Manager  
DATE: April 21, 2021  
SUBJECT: City Manager's Report for April 26, 2021 Council Meeting

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### **FY22/23 Budget**

Finance Director Walton and I have been very engaged in working through preparation of the draft budget. We met with all of the Department Directors and Division Managers to review all of their line item budgets. We were able to complete that process ahead of schedule providing more time for us to spend on the “big picture” of the budget as a whole. We expect to have an initial draft of the operating budget numbers ready for the May 10<sup>th</sup> Council Meeting.

### **Seawall Update**

Report provided by Public Works Director Keiser:



*Late last week, multiple owners of property along the Ocean Drive seawall reported, with concern, that the “rocks were moving” on the armor rock revetment. We mobilized a team to investigate, including Ronny McPherson, the coastal design engineer who designed the armor rock revetment; Carey Meyer, who served as Owner’s Representative; multiple Ocean Drive neighbors; and me. We were all very interested in Ronny’s opinion about what was happening and whether it was something to be worried about. We observed that some rocks had migrated off the wall and some general shifting had occurred. Ronny crawled over almost every rock on the revetment, observing the nature of the rock’s quality and placement and testing rocks to see if he could dislodge them. He was very pleased with the overall performance of the wall.*

*He explained that the rock revetment is a “natural structure” and that some movement is to be expected. We marked various rocks, with spray paint, that had migrated off the wall, which should be picked up and placed back on the wall. We also marked areas where rocks had shifted, creating “holes” in the wall. We told the neighbors we would make arrangements for equipment to be mobilized to do this work as soon as possible.*

*East Road Services happened to be excavating the gravel storm berm at the Mariner Park Lagoon the same day we made the beach walk. We asked them to move to the seawall and do the maintenance work on the armor rock revetment. They were able to move over the next day. The photo shows Phillip Jones, East Road Services, and Carey Meyer, Seabold Consulting, in the work of moving rocks around. (East Road Services has worked on the seawall numerous times over the years.) They moved along the revetment 10 feet at a time, stopping at each section to look at the rocks that had been marked with paint. They developed a mitigation strategy for that section – determining which rocks should be moved where. When they finished with a section, they moved down 10 feet. We believe this typifies the type of on-going maintenance the revetment will require over time.*

### **Special Use Camping**

In 2020 the City of Homer offered a special use camping program at Karen Hornaday Park for those who needed a place to quarantine due to COVID and didn't have the means to secure some other type of shelter. There have been some questions regarding whether the City would repeat the program this year. I hosted a meeting with staff from Police, Fire, Planning, Public Works, and the Library to discuss this year's context. Based on experience from last year, the current COVID context, and feedback from staff, I am not recommending a second year of special use camping. A follow up action item from the meeting is the consolidation and update of information on health and social services within the area that City staff can provide to those who are looking for help this year. I assigned Library Director Dave Berry as the coordinator of this effort. He is currently reviewing programs, contact information, etc. to ensure we have the most up to date lists that can be used by Police Officers, Parks crews, Library staff, and others who regularly interact with people who would benefit from the existing health and social service programs offered in the area.

### **General Fund CARMA Fund Balance Update**

At the April 5<sup>th</sup> Budget Work Session, it was noted that we hold a negative balance in the "general" CARMA fund (156-0375). A negative balance of \$262,803 was shown in the FY 20/21 budget and a negative balance of \$247,181 was shown in the update provided at the April 5<sup>th</sup> work session. At that work session, Council was interested in learning how that negative balance can come off the books. There are two options: 1) allow CARMA fund interest to accumulate and pay it off over time, 2) transfer sufficient funds into the account to eliminate the negative balance. See attached for some background discussion from Finance Director Walton and an additional statement from Porter & Allison (a financial consulting firm with whom we work regularly).

### **Public Works 5-Year Plan Update**

As a follow up to the roads plan provided by Director Keiser at our last meeting, a memo and draft 5-year plan is attached to this report. The long-term goal is to integrate the strategies being developed into the City's Capital Improvement Plan. Please forward any comments on the draft to myself and Director Keiser.

### **Municipal Clerks Week**

This May 2 through 8, 2021 will be the 52nd Annual Professional Municipal Clerks Week. Initiated in 1969 by IIMC and endorsed by all of its members throughout the United States, Canada and 15 other countries, the week is a time of celebration and reflection on the importance of the Clerk's office. In 1984, President Ronald Reagan signed a proclamation that officially declared Municipal Clerks Week the first full week of May. In 1994 and 1996, President Bill Clinton also signed proclamations confirming Municipal Clerks Week.

Some Homer City Clerk highlights, Melissa started in 2004 and achieved her designations as Certified Municipal Clerk (CMC) in 2008 and Master Municipal Clerk (MMC) in 2016, Renee started in 2007 and achieved her CMC in 2010 and her MMC in 2018, and Rachel returned to the Clerk's office in 2019 after 10 years at the Harbormaster's office, and achieved her CMC earlier this year. It takes a minimum of 60 hours of continuing education for each designation. An additional 50 e

Professional Contribution category for MMC. In addition to their professional work responsibilities the Clerks are all involved with the Alaska Association of Municipal Clerks. Over the years Melissa has served on the Finance Committee, Legislative Committee, served on and Chaired the Scholarship Committee, and served on the Executive Board as Communications Director, 2<sup>nd</sup> Vice President, 1<sup>st</sup> Vice President, President, and this year as Immediate Past President, and was selected as the 2020 AAMC Clerk of the Year. Renee served on the Fundraising and Banquet Decorating Committees, and currently serves on the Finance Committee and Chairs the Elections Committee, and Rachel has served on and is Chairing the Publications Committee.

### Homer Steps Up

Update enthusiastically provided by Personnel Director Andrea Browning:

*In 2017 the City of Homer won the first ever “Homer Steps Up!” team challenge. Then in 2018, 2019, and 2020 the City repeated! Now, it’s time to defend our title again! Homer Steps Up! Will run from May 1<sup>st</sup> – 28<sup>th</sup>. City employees and spouses, and of course Council Members, can enroll in the challenge at <https://homerstepsup.walkertracker.com> and select the City of Homer team!*



### Electronics Recycling Event

Cook Inlet Keeper is hosting their annual electronics recycling event on Saturday, May 1<sup>st</sup> from 10am to 2pm at Spenard Builders Supply. For more information, visit <https://inletkeeper.org/recycling/> or contact Mandy Bernard at [recycle@cookinletkeeper.org](mailto:recycle@cookinletkeeper.org) or 907-235-4068 x21.

## COVID-Related Updates

### COVID Risk Status

On March 30<sup>th</sup> I moved the City from the “Orange” to “Yellow” level on our COVID risk framework. The City remains in yellow status after the most recent review completed on April 19<sup>th</sup>. While the risk level remains the same, I am authorizing some small operational changes to allow increased access to City Hall and the Library (see below).

### City Hall Update

I have been intentionally slow to open City Hall because an outbreak of COVID within the building could cause great harm to our ability to provide City services, and we are able to provide virtually all services either at a distance or by appointment. Now that all staff who wish to receive vaccinations have had a chance to get two shots plus two weeks (recommended time to realize the full effect of the vaccine), I feel more comfortable with a limited opening of City Hall. Starting April 26<sup>th</sup> we will begin allowing access to the lobby area at the Pioneer Avenue entrance (pictured below) and the lobby area between the City Clerk’s Office and the Council Chambers. Masks and social distancing requirements remain in place.



### Library Hours Update

The Library Director and I have received a number of questions related to the Library’s plans to expand its hours as we move towards summer. The Library is currently short 1.5 employees and is spread quite thin between regular library activities and all the new services that were added for COVID response purposes (i.e. curbside service). That said, the Library staff have been reviewing options for modifying services which would allow them to expand service hours. We expect that at staff will be able to handle extended hours, including Saturdays, starting April 26<sup>th</sup>. Additionally, we have open recruitments for a part-time (28 hour) library technician, temporary library aides, and a youth services librarian (visit <https://cityofhomerak.applicantpro.com/jobs/> to a

## Council Chambers

In past meetings I have told the Council that the Chambers remodel is largely hinging on the delivery of a camera unit. The type and quality of camera used in a facility like ours is quite unique and difficult to duplicate well with other options. Our IT Division laid out four alternatives for me to help understand what could be possible in regards to getting a hybrid digital meeting accomplished in Chambers (see below). I believe that Option A, while the longest pathway to in-person meetings, continues to be the option which will lead to the most satisfying meeting experience for the Council and the Public

<p><b>OPTION A: JUST WAIT</b></p> <p>DESCRIPTION: Wait for the second camera to arrive. In the meantime, meetings continue to happen over Zoom. Meetings that don't require recording can be done in person.</p> <p>PROS: Equipment requires only one setup process, and results will be high-quality from the beginning. This is the most efficient use of staff time and labor.</p> <p>CONS: Delay.</p>	<p><b>OPTION C: USE THE SECURITY CAMERA IN THE CORNER OF THE ROOM</b></p> <p>DESCRIPTION: There is a security camera mounted on the corner of the room, with a distant view of the entire dais and most of the audience area.</p> <p>PROS: The camera is already in place.</p> <p>CONS: Can record video, but can't export directly to Zoom. Resolution is low and the figures at the dais will be quite small. This would be useful only for records retention, rather than live broadcasting.</p>
<p><b>OPTION B: SET UP A TEMPORARY CAMERA ON THE SPEAKER'S PODIUM</b></p> <p>DESCRIPTION: The City has an existing camera array that could be mounted on the speaker's podium directly in front of the dais. The video feed and all microphone feeds will be routed to the soundboard and from there to Zoom.</p> <p>PROS: Equipment is already in hand (although it may need significant reassembly).</p> <p>CONS: Can be mounted on the existing TV bracket, but that requires removing the TV. Alternatively, if the camera is mounted above the TV, it will obstruct the view of the audience and the speaker. The camera will only capture about 6 seats in the middle of the dais.</p>	<p><b>OPTION D: SET UP THE EXISTING POLYCOM CAMERA AS THE PRIMARY, RECORD FROM ONE ANGLE ONLY</b></p> <p>DESCRIPTION: One of the Polycom cameras has arrived. We could shift it over to the primary position and set it up to record the room from one side only.</p> <p>PROS: Recording is high-quality and can be fed directly to Zoom.</p> <p>CONS: People on one side of the dais would have their backs to the view. The Polycom cameras require an immense amount of calibration and testing, and when the second camera arrives, we would have to go through all of it again.</p>

Enclosures:

1. Memo from Director Walton – General Fund CARMA Fund Balance Update
2. Memo from Porter & Allison – Negative Fund Balance
3. Memo from Director Keiser – 5-year CIP with attachment
4. Municipal Clerks Week Fact Sheet





## Memorandum

TO: Mayor Castner and Homer City Council  
THROUGH: Rob Dumouchel, City Manager  
FROM: Elizabeth Walton, Finance Director  
DATE: April 11, 2021  
SUBJECT: General Fund CARMA Fund Balance Update

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The purpose of this memo is to provide additional context regarding the negative balance in the General department within the General Fund CARMA Fund.

### Project Cleanup:

A huge focus of the Finance Department FY19 was the cleanup and closure of several outstanding capital project accounts. Two memorandum's (19-155 and 20-012) accompanied ORD 19-57(S-2) that ultimately provided necessary appropriations to close out aged projects in the City's General Ledger.

Memo 19-155 includes the following narrative in connection to the General Fund CARMA account (156-0375):

#### 151-0775 – City Hall Expansion & Remodel – completed 2013

- Project was initially reported with a negative balance of \$583,068.18. However, there was a funding transfer that was missing. In 2019, we recorded this missing transfer of \$486,948 (per Ord 11-19(S)) and now the project has a negative balance of \$96,120.18.
  - Further complication: In 2010 the revolving energy fund was created and \$19,773 of that fund was created by a transfer from the “New City Hall”. We subsequently closed out the “New City Hall” into this project (151-0775) but never removed that \$19,773 in funding from the revolving energy fund. Ord 11-47 authorized a transfer of \$415,873 from the “New City Hall” into this project. The transfer was done, but for \$19,773 less than the authorized amount.
  - Finance recommendation: Clean up the \$19,773 shortage by transferring that amount from the revolving energy fund. If this is done, the project will have a negative balance of \$76,347.18 (expenditures exceeding revenues). Transfer this amount from General Fund reserves (156-0375) as this was the additional funding source for this project.

As mentioned in Memo 19-155, we recorded the missing funding transfer of \$486,948. This transfer compounded with the \$76,347 necessary to close out the project drew the balance of the General CARMA account (156-0375) into the negative.

### **GF CARMA Balance Timeline**

- 2018 ending balance - \$157,556
- 2019 before transfers - \$ 280,315
- 2019 ending transfers - \$(286,188)
- 2020 ending balance - \$(246,964)

### **Funding Options:**

There are essentially two options available to eliminate the negative balance of the General CARMA account:

1. Allow the interest income to accrue over time to “reimburse” the negative balance. This option could take time, as the investment market is volatile and interest income could swing drastically from year to year.
2. Transfer sufficient funds into the account to eliminate the negative balance.

### **Recommendation:**

To quickly eliminate the negative balance in the General CARMA account, transfer sufficient funds of \$246,964 from the General Fund Fund Balance.



**PORTER & ALLISON**  
**INC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

April 15, 2021

To the Finance Department  
and Homer City Council

RE: Negative Fund Balance

If any fund has a negative fund balance, the fund activity should be reviewed to determine the cause of the negative balance. The City should develop a plan to rectify the negative fund balance. The normal corrective action taken is to record a transfer into the fund with negative fund balance from another fund with fund balance. This is normally from the general fund, since the majority of all other governmental funds have revenue sources that are designated for only that fund or do not create fund balance as they are grant funded. Other actions would require the fund to generate revenues greater than expenditures until the fund deficit is eliminated. This could take several years depending on the source of the revenues and ability to minimize expenditures.

Respectfully,

Ben Allison  
Shareholder  
Porter & Allison, Inc.



## Memorandum

TO: City Council  
THROUGH: Rob Dumouchel, City Manager  
FROM: Janette Keiser, PE, Director of Public Works  
DATE: March 31, 2021  
SUBJECT: Proposed 5-Year Capital Improvement Plan for Public Works

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**I. The Issue:** The City Council has asked for longer-term capital planning. The purpose of this memorandum is to present a proposed 5-year Capital Improvement Plan for Public Works.

**II. Background:**

The City's capital planning process has not been systematic over the years. Homer has commissioned the development of multiple planning documents over the years, which include recommendations for capital projects for various elements of Homer's infrastructure – the Water/Sewer Master Plan, the Non-Motorized Trails & Transportation Plan, the Drainage Management Plan, the Karen Hornaday Park Master Plan and numerous others. Some of the projects identified in these plans have been funded on an *ad hoc* basis; that is, as some project raises to the top of a priority list in some given year. However, there's been no means to collect high priority projects into one planning document.

The City has multiple means to fund capital projects for its infrastructure, including the HAWSP Fund, the HART Roads Fund, the HART Trails Fund and the Water/Sewer CARMA Funds. But, there has been no systematic means of programming these funds to address serious repair, replacement or system capacity needs. We're sitting on millions of dollars of reserves, with millions of dollars in unmet repair/replacement needs, and no way to bridge the gap. The purpose of the 5-Year Capital Improvement Plan serves that purpose. It shows how the funds can be used over time, to address deferred maintenance, replace deteriorating facilities and provide for expanded capacity.

**Q** – Why a 5-year Plan? **A** – Five years is a reasonable period of time to look into the future. It's long enough that it requires some mindful forecasting, but short enough to avoid sheer speculation. There is precedence for a 5-year time frame; for example, federally-funded transportation programs are required to use a 5-year look-ahead.

**Q** – What is included? **A** – The proposed 5-year CIP includes all aspects of Public Works operations – Roads, Sidewalks, Trails, Parks, Drainage works, Building Maintenance, ADA Compliance, Water & Sewer. It also includes distributions, for each category of operations, for Fleet Replacements and the Computerized Maintenance Management System (CMMS) software. And, in cases where Special Assessment Districts could be formed, the proposed 5-year CIP includes a reserve for the City’s share of such districts.

**Q** – How is the proposed plan based on? **A** – Generally, for each project, there is corresponding documentation in a topic-specific planning document. For example, the Roads element is based on the Road Financial Plan, which was reviewed at the April 12, 2021 City Council meeting. The Fleet Replacement elements are based on the Fleet Replacement Schedule, which was reviewed at the March 31, 2021 City Council Work Session. The Water/Sewer elements are based on the Water/Sewer CIPs, which were originally adopted in 2020 and are in the process of being updated.

**Q** – Does approval of the proposed plan mean the projects are automatically approved for all five years? **A** – No. We are not seeking appropriation for the entire five years of projects, at this time. The intent is that the City Council would approve the overall strategies behind the 5-year Plan, so the process/policies become institutionalized as part of the budget process. As part of the current budget cycle, we will be seeking appropriation for projects for the immediate budget cycle; that is, Years 1 and 2.

**Q** – Does the proposed plan consider cash flow? **A** – Partially. We have tried to take into consideration the extent to which some of the funds ebb and flow as sales taxes are received and payments are made for projects. However, we do not yet have a system for receiving regular reports of these matters so we cannot yet sensibly predict cash flow. We are working on a way to do this.

### **III. Recommendation**

We recommend the City Council adopt the proposed 5-Year Public Works Capital Improvement Plan. What does this mean? It means the City Council would adopt the strategies behind the proposed Plan and commit to the concept of a long-term plan to repair/rebuild Homer’s infrastructure. We are not asking for specific appropriations for specific projects at this time. We will do this later, as part of this year’s budget process.

	Year 1 - July 2020 - June 2021	Year 2 July 2021- June 2022	Year 3 July 2022-June 2023	Year 4 2023- 2024	July June
<b>Roads</b>					
Road share of Ocean Drive SAD	\$ 52,606				
Fleet Replacement - Roads share	\$ 416,000	\$ 184,999	\$ 31,666	\$ 459,166	
Small Works Road Repair Program	\$ 105,000	\$ 70,000	\$ 10,000	\$ 20,000	
CMMS - Fleet Share		\$ 20,000			
Grind & Pave Program		\$ 177,895	\$ 70,784	\$ 200,000	
Road Base Reconstruction Program		\$ 240,000	\$ 240,000	\$ 240,000	
Fuel Island Replacement - Design		\$ 20,000			
Fuel Island Replacement - Construction			\$ 190,000		
<b>Total - Roads</b>	<b>\$ 573,606</b>	<b>\$ 712,894</b>	<b>\$ 542,450</b>	<b>\$ 919,166</b>	

## Sidewalks

Main Street Sidewalk - Design	\$ 110,700				
Main Street Sidewalk - Construction		\$ 1,100,000			
Ben Walters Way Sidewalk - Design & Survey			\$ 100,000		
Ben Walters Way Sidewalk - construction				\$ 1,500,000	
Svedlund to Sr. Citizens Center Sidewalk - design & construction					
<b>Total - Sidewalks</b>	<b>\$ 110,700</b>	<b>\$ 1,100,000</b>	<b>\$ 100,000</b>	<b>\$ 1,500,000</b>	

## Trails

Small Works Trails Maintenance	\$ 36,000	\$ 10,000	\$ 10,000	\$ 10,000	
Poopdeck Trail ADA ramp	\$ 45,000				
Karen Hornaday Park - new pedestrian access trail - construction		\$ 150,000			
Old Nelson Trail - design, survey & permitting			\$ 40,000		
Old Nelson Trail - construction				\$ 180,000	

Fairview Ave Trail - east - design, survey & construction				\$	30,000		
Fairview Ave Trail - west - design, survey & permitting							
Fairview Ave Trail - west - construction							
Beluga Boardwalk Extension - design, survey & permitting							
<b>Total - Trails</b>	<b>\$</b>	<b>81,000</b>	<b>\$</b>	<b>160,000</b>	<b>\$</b>	<b>80,000</b>	<b>\$</b> 190,000

## Parks

Fleet Replacement - Parks share			\$	60,000	\$	60,000	\$	50,000
Automatic Pay Kiosks	\$	85,000						
Woodard Creek trail	\$	7,025						
Karen Hornaday Park - Road Realignment	\$	15,000	\$	120,000				
Karen Hornaday Park - Restroom Replacement			\$	300,000				
Karen Hornaday Park - Water & Sewer Line replacement			\$	25,000				
Karen Hornaday Park - Parking Area			\$	75,000				
Pioneer Ave Pocket Park					\$	5,000		
Bartlett Street Pocket Park					\$	10,000		
Parks ADA Transition Plan			\$	50,000				
Parks ADA Implementation					\$	20,000	\$	20,000
Bishop's Beach Restroom Replacement - Design			\$	25,000				
Nick Dudiak Fishing Lagoon Accessible Ramp & Retaining Wall - design			\$	5,000				
Bishop's Beach Restroom Replacement - Construction					\$	400,000		
Fishing Hole Restroom Replacement						\$	350,000	
Nick Dudiak Fishing Lagoon Accessible Ramp & Retaining Wall - Construction						\$	55,000	
Ben Walters Restroom Renovations								
Jack Gist Park Improvements - Drainage								
Picnic Table Replacement Program			\$	3,000	\$	3,000	\$	3,000
KHP Ballfield Renovation Program			\$	10,000	\$	10,000	\$	10,000
Implentation for Wayfinding Program				20,000	\$	20,000	\$	10,000

	<b>Total - Parks</b>	\$	<b>107,025</b>	\$	<b>693,000</b>	\$	<b>528,000</b>	\$	<b>498,000</b>
	<b>Total Cost of Parks + Trails</b>	\$	<b>188,025</b>	\$	<b>853,000</b>	\$	<b>608,000</b>	\$	<b>688,000</b>
Additional needed from Parks Fund for costs, which can't covered by another fund		\$	-	\$	233,000	\$	208,000	\$	348,000
		\$	674,618	\$	831,639	\$	755,639	\$	704,660
		\$		\$		\$		\$	513,681

### Drainage

Small Works Drainage Program	\$	110,000	\$	-	\$	-	\$	25,000
Horizon Court Landslide Repair	\$	20,000						
Woodard Creek Culvert- Construction	\$	463,353						
Mt. Augustine Drainage Improvements - Construction	\$	97,000	\$	75,000				
Update to Drainage Master Plan	\$	90,000						
<b>Total - Drainage</b>	\$	<b>780,353</b>	\$	<b>75,000</b>	\$	<b>-</b>	\$	<b>25,000</b>

### Building Maintenance

HERC Strategic Plan		\$	50,000					
Repairs to sidewalk entrance at Airport Terminal		\$	20,000					
Address PW Campus Inundation Zone issues		\$	50,000	\$	5,000,000	\$	5,000,000	
Ionization Units in City Buildings		\$	50,000					
Fleet Replacement - Building Maint		\$	50,000	\$	50,000.00			
<b>Total - Building Maintenance</b>		\$	<b>220,000</b>	\$	<b>5,050,000</b>	\$	<b>5,000,000</b>	

### ADA Compliance

Signage		\$	10,000					
Address primary access issues		\$	15,000					
Airport Restroom		\$	30,000					
Parking Lot Paving		\$	40,000	\$	50,000	\$	75,000	
Parks ADA Transition Plan		\$	30,000					
Parks ADA Transition Plan Implementation				\$	30,000	\$	30,000	
<b>Total - ADA Compliance</b>		\$	<b>125,000</b>	\$	<b>80,000</b>	\$	<b>105,000</b>	

### Water

Water Share of Ocean Drive SAD

52,606



Reserve for Water SAD				\$	400,000
Water share of Fleet Replacement		\$	184,999.0	\$	46,666
Water share of Financial Management Services	\$	17,500		\$	41,666
LED lights at water treatment plant	\$	16,546			
CMMS - water share		\$	20,000		
Disinfection By-Products Mitigation	\$	210,000			
Tasmania Court Water - SAD - Construction	\$	234,105			
Tasmania Court Water - Betterment to serve future water storage tank	\$	88,569			
Alder Lane Water - SAD - Construction	\$	253,193			
Replace flow meters at Main & Danview PR stations & East Rd Monitor		\$	15,000		
East Trunk - FPI Mag Flow Meter		\$	9,000		
WTP HVAC Control System Upgrade		\$	55,955		
Ground Water Research		\$	100,000	\$	50,000
MIOX Chlorine Generator Cell		\$	30,000		
Charles Street Water - design		\$	50,000		
Charles Street Water - construction				\$	509,000
East Hill Rd Water Betterments				\$	49,000
Shellfish Tank 12" Distribution Line -design & construction (betterment to Tasmania Court Water SAD)		\$	88,569		
Shellfish Water Storage Tank - construction				\$	1,700,000
Raw Water Transmission Line Replacement - Design	\$	215,000			
Raw Water Transmission Line Replacement - Construction					1,470,000

Replace Compressors at WTP when construct new raw water transmission line		\$	50,000			
Tesoro Vault - increase from 6" to 10"		\$	100,000			
PRV Replacement - West Truck Water Line		\$	25,000			
<b>Total - Water</b>	<b>\$</b>	<b>1,087,519</b>	<b>\$</b>	<b>2,198,523</b>	<b>\$</b>	<b>654,666</b>
					<b>\$</b>	<b>2,141,666</b>

## Sewer

Sewer Share of Ocean Drive SAD	\$	52,606				
Fleet Replacement - Sewer			\$	184,999	\$	46,666
					\$	41,666
Reserve for Sewer SAD						\$ 400,000
LED lights at sewer plant	\$	35,844				
Sewer share of Financial Management Services	\$	17,500				
Digester Blowers			\$	189,000		
CMMS - Sewer share			\$	20,000		
Tasmania Court Sewer - SAD - Design & Construction			\$	230,272		
Upgrade SCADA for 7 sewer lift stations			\$	210,000		
Influent station back-up pump			\$	16,136		
Sewer Inspection Camera			\$	57,200		
WWTP Pond - Liner			\$	25,000		
Safety Hoist for Lift Stations & other underground work			\$	10,282		
Beluga Lift Station - preliminary design	\$	19,573				
Beluga Lift Station - construction			\$	2,000,000		
Charles Street Sewer - design			\$	55,000		
Charles Street Sewer - construction					\$	600,000
East Hill Rd Sewer Betterments					\$	49,000
Shaft Compressors			\$	85,000		
<b>Total - Sewer</b>	<b>\$</b>	<b>125,523</b>	<b>\$</b>	<b>3,082,889</b>	<b>\$</b>	<b>695,666</b>
					<b>\$</b>	<b>441,666</b>

Year 5 July 2024- June 2025	Recommended Funding Source	Total Investment in Category
\$ 408,333	HART Road - Year 1 already appropriated HART Road - Year 1 already funded by Ord 21-06	
\$ 20,000	HART- Roads - Year 1 already funded by Ord 20-33	
\$ 240,000	HART Road	
\$ 240,000	HART Road	
	PW CARMA	
	PW CARMA - \$90,000 already appropriated	
<b>\$ 908,333</b>		<b>\$ 3,656,449</b>

**Legend**

- Funding has already been appropriatead
- Hypothetical result if HART Trails Fund could be used to support Parks.

	HART Road - Year 1 Already funded by Ord 20-32 & Ord 21-12	
	HART Road	
	HART Road	
\$ 500,000	HART Road	
<b>\$ 500,000</b>		<b>\$ 3,310,700</b>

\$ 10,000	HART Trails - Year 1 already funded by Ord 20-36 HART Trails - Year 1 already funded by Ord 20-54  applying for grant funding; use HART Trails for required match	
	HART Trails	
	HART Trails	

HART Trails

\$ 40,000 HART Trails

\$ 50,000 HART Trails

**\$ 100,000**

**\$ 611,000**

CARES Act - sole source contract  
approved by Reso 20-108

Donation - appropriated by Ord  
20-90

Year 1 already appropriated by  
Acct 160-0777-5261. Balance to  
come from HART Road

HAWSP

HAWSP

Parks Fund

Parks Fund

Parks Fund

Parks Fund

\$ 20,000 Parks Fund

HAWSP

Parks Fund & ADA Fund

HAWSP

HAWSP

Parks Fund & ADA Fund

\$ 75,000 HAWSP

\$ 60,000 HART Road

\$ 3,000 Parks Fund

\$ 10,000 Parks Fund

\$ 10,000 Parks Fund

\$ 178,000

\$ 2,004,025

\$ 278,000

\$ 113,000

\$ 552,702

\$ 25,000 HART- Roads - Years 1-3 already  
funded by Ord 20-34  
HART Road - Already funded by  
Ord 20-61(A)(S)  
HART- Roads - already  
appropriated by Ord 21-08  
HART- Roads - Year 1 already  
funded by Ord 20-85  
HART Roads - Already funded by  
Ord 20-31.

\$ 25,000

\$ 905,353

TBD

\$ 2,000,000 TBD

Other departments CARMA  
accounts

\$ 2,000,000

\$ 12,270,000

ADA Compliance Fund  
ADA Compliance Fund  
ADA Compliance Fund  
ADA Compliance Fund  
ADA Compliance Fund

\$ 30,000 ADA Compliance Fund

\$ 30,000

\$ 340,000

Water CARMA

\$ 400,000 Financed by HAWSP & ADEC. City Share could be funded by HAWSP.

\$ 83,333 Water CARMA  
Water CARMA - already funded by Ord 21-03  
Water CARMA- already funded by Ord 20-92  
Water CARMA  
Water CARMA - already funded by Ord 20-56  
Financed by HAWSP & ADEC - already appropriated by Ord 20-68 City Share to be funded by HAWSP. Grant available.  
Financed by HAWSP & ADEC - already appropriated by Ord 21-11. Grant available  
  
Financed by HAWSP & ADEC - already appropriated by Ord 20-83. City Share to be funded by HAWSP. ADEC Grant available

Water CARMA

Water CARMA

Water CARMA

Water CARMA

Water CARMA

Would be financed by HAWSP & ADEC. City Share could be funded by HAWSP. Grant funding is available

Would be financed by HAWSP & ADEC. City Share could be funded by HAWSP.

Water CARMA

Water CARMA - already funded by Ord

Water CARMA & HAWSP

Water CARMA. Already funded by Ord 20-56

Waiting for FEMA Grant

Water CARMA

Water CARMA - Already funded  
by - Ord 20-56

Water CARMA - Already funded  
by Ord 20-56

**\$ 483,333**

**\$ 6,565,707**

Sewer CARMA

**\$ 83,000**

Sewer CARMA

Would be Financed by HAWSP &  
ADEC. City Share could be funded  
by HAWSP.

**\$ 400,000**

Sewer CARMA - already funded  
by Ord 20-92 and Ord 21-10

Sewer CARMA - Already funded  
by Ord 21-03

Sewer CARMA - Already funded  
by Ord 20-57

Sewer CARMA

Financed by HAWSP & ADEC. City  
Share to be funded by HAWSP.

Sewer CARMA - Already funded  
by Ord 20-57.

Sewer CARMA

Sewer CARMA

Sewer CARMA

Sewer CARMA

Sewer CARMA. Already funded  
by Ord. 21-01

Sewer CARMA

Would be financed by HAWSP &  
ADEC. City Share could be funded  
by HAWSP.

Sewer CARMA

Sewer CARMA

Sewer CARMA - already funded  
by Ord 20-57

**\$ 483,000**

**\$ 4,828,744**



# **52<sup>nd</sup> Annual Professional Municipal Clerks Week**

## **May 2 - May 8, 2021**

### **FACT SHEET**

Sponsored by the International Institute of Municipal Clerks

*Professionalism In Local Government Through Education*

#### **PURPOSE**

To recognize the vital and appreciated services performed by Municipal and Deputy Clerks in serving the changing needs of their communities.

#### **HISTORY**

This May will be the 52<sup>nd</sup> Annual Professional Municipal Clerks Week, initiated in 1969 by IIMC and is endorsed by all of its members throughout the United States, Canada and 15 other countries. In 1984 and in 1994, Presidents Ronald Reagan and Bill Clinton, respectively, signed a Proclamation officially declaring Professional Municipal Clerks Week the first full week of May and recognizing the essential role Municipal Clerks play in local government.

#### **TYPICAL RESPONSIBILITIES OF THE MUNICIPAL AND DEPUTY CLERK:**

- Maintains the official council minutes, ordinance books and all records and documents.
- Indexes all official actions of council.
- Issues licenses and permits.
- Processes contracts and agreements.
- Keepers of community history and vital records.
- Receives, distributes and files correspondence from citizens and other governmental agencies.
- Administers elections, registration and voting.
- Acts as a key liaison between local government and its citizens.
- Handles significant financial responsibilities including preparation of tax rolls, special assessments and budgets.
- Provides central services such as personnel, purchasing, etc.

IIMC is a professional association of City, Village, Town, Township, Borough and County Clerks, Secretaries and Recorders. IIMC prepares its members to meet the challenges of the diverse role of the Municipal and Deputy Clerk by providing services and continuing professional development opportunities to benefit members and the government entities they serve. Founded in 1947 in French Lick, Indiana, IIMC has 14,700 members throughout the United States, Canada and 15 other countries.





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KEN CASTNER, MAYOR

ATTEST:

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MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal Note: N/A



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

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(f) 907-235-3145

## Memorandum 21-074

TO: Mayor Castner and Homer City Council  
Through: Rob Dumouchel, City Manager  
FROM: Janette Keiser, PE, Director of Public Works  
DATE: April 20, 2021  
SUBJECT: Discussion about financial policies related to water/sewer utilities

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**Issue:** The purpose of proposed Resolution 20-077(S) will be to adopt policies related to the City's water and sewer Capital Asset Repair and Maintenance Allowance Funds. This resolution has been postponed, pending HDR's research relating to the City's water/sewer utility financial matters. The goal of this research is to (a) review our existing cost accounting and other financial methodologies and (b) make recommendations that will bring us more into compliance with established industry standards. The purpose of this memo is to report on HDR's progress and move the discussion forward.

### Background:

HDR has submitted the attached Discussion Paper, which identifies a set of financial policies the City needs to establish, to move forward sensibly. The Discussion Paper addresses policies related to the following topics:

- a. Operating Reserves
- b. Capital Reserves
- c. Bond Reserves
- d. Rate Stabilization Reserves
- e. Debt Issuance and Debt Management
- f. Balancing the Operating Budget
- g. Establishing Rates & Fees

Each of these topics requires City Council deliberation and decision making to establish a set of sustainable financial policies that will govern the water and sewer utilities financial management. Many of the policies will probably affect the water/sewer utility operations, capital planning and rate setting.

### RECOMMENDATIONS:

We recommend that a work session be established to talk through these matters.

# City of Homer Water and Sewer Discussion of the Development of the City's Financial/Rate Setting Policies

## Introduction

Financial policies are an important tool for maintaining a financially healthy utility while also maintaining required and/or mandated measures. The Government Finance Officers Association (GFOA), bond rating agencies, and other industry organizations (e.g. the American Water Works Association (AWWA), the Water Environment Federation (WEF), etc.) recommend written financial/rate setting policies to provide clear policy direction and guidance.

The establishment of written financial policies is intended to:

- Institutionalize sound financial practices
- Clarify strategic intent
- Define boundaries
- Support bond ratings
- Promote long range strategic thinking
- Manage risk
- Adhere to established best practices

To be effective, the policies must be written and, if possible, adopted by the governing body; policies should furthermore be well understood by management to enable consistent and accurate application throughout the financial planning and rate setting process.

Standard & Poor's (S&P), Fitch and Moody's Rating Agencies each have unique methodologies for determining a utility's bond rating. These rating methodologies contain quantitative measures which are largely financial, as well as qualitative measures that assess a spectrum of qualities such as management and governance. A qualitative measure common to each of the rating agency's review methodologies is the presence and strength of financial policies. Generally, a strong set of written financial policies demonstrates to the rating agencies a well-managed utility which uses policies to help guide the utility in a business-like and apolitical manner.

In addition to supporting the need for written financial policies, the bond rating agencies also provide survey information (medians) on the specific financial metrics for various rated utilities (i.e. "AAA", "AA" etc.). S&P does not explicitly state their target measure for different rating levels, but rather refers to what they consider strong or good, which may be interpreted as leaning more towards being "AAA" or "AA" rating, respectively.

At the current time, the City has various documents and information that outline some of the basic financial policies and approaches to setting water and sewer rates. However, there does not appear to be a single, stand alone, document that summarizes the City's water and sewer rate setting policies and approaches.

## Financial Policy Goals and Objectives

The goals of the City’s financial policies are to:

1. Maintain sufficient revenues for operating and capital needs,
2. Maintain sufficient reserves, and,
3. Provide rate stability. Notwithstanding (1) and (2) above, rates will be set to provide rate/revenue stability and avoid major periodic increases.

A detailed set of financial policies have been drafted to provide guidance and consistency in utility financial planning and rate setting decision-making for the City Council and management team.

## Objective of this Discussion Paper

The purpose of this paper is to outline the City’s various policies and approaches into a more comprehensive financial framework and to establish clear financial targets based on a review of industry data and City documents. For example, in establishing a policy on minimum reserve levels, this framework provides recommendations that take into consideration the typical or median reserve levels for a “AAA” versus a “AA” rated utility. By providing this level of understanding, the City Council can make more informed decisions in establishing the financial targets contained within the financial policies.

# Review and Discussion of the City's Financial/Rate Setting Policies

The following discussion provides the specific policy being proposed and then provides a brief discussion of the need for the policy, and if appropriate, the financial metrics used by the rating agencies.

## 1. Reserve Funds

Reserve funds shall be established for the City to properly account for the City's funds, but to also provide adequate reserve levels to address the different types of funding requirements of the City. The City's reserve policies shall be as follows:

- 1.1 **Operating Reserve** – The City's operating reserve is an unrestricted reserve. The minimum operating reserve shall be established at **90** Days of annual O&M expenses (approximately 25% of O&M for both Water and Sewer Funds).

*Discussion: An operating reserve is the most basic of reserves; it holds the funds used to meet the utility's day-to-day expenses. Generally, an operating reserve is an unrestricted fund and the target minimum balance is set at a level to assure liquidity is sufficient to pay liabilities as they are due for payment. A common measure for a target balance is a function of the number of days of O&M expenses, excluding depreciation, which is reflective of the lead/lag of revenues and expenses. In the case of the City, 90 days of O&M as a minimum operating reserve level would be approximately equal to \$600,000 for water and \$480,000 for sewer.*

*At the present time, the City does not appear to have a current target for Water and Sewer operating reserve funds. The balance of the Water Reserve Fund is reported at \$2.84 M and the Sewer Reserve Fund at \$ 2.07 M as of 3/31/20. These reserve funds appear to serve functions beyond that of a typical operating reserve to support capital projects and act as a Bond Reserve and Rate Stabilization Reserve described in Sections 1.3 and 1.4.*

- 1.2 **Capital Reserve** – The City currently has two different capital reserves for the water and sewer utilities. The first is the Homer Accelerated Water and Sewer Program (HAWSP). HAWSP is funded through a portion of the voter approved sales tax and assessments levied on benefited properties. The second is the Capital Asset Repair and Maintenance Allowance (CARMA). CARMA is funded annually through a rate surcharge equal to 15% of water and sewer costs and collected through the water and sewer rates. In general, HAWSP is intended to provide seed money to support expanded access to the City water and sewer system while CARMA is intended to support improvements, repairs, and replacements of the City's existing infrastructure, and may also be used for Capital Contingencies or Infrastructure Replacement. CARMA and HAWSP funds may be used jointly to fund a project where applicable.

**1.2.1 Homer Accelerated Water and Sewer Program (HAWSP)** – Voters in the City of

Homer established the HAWSP fund to improve the Health and Welfare of the community by funding capital improvements to the City’s water and sewer system. The HAWSP is funded by a voter approved dedicated sales tax, and assessments levied on benefited properties. (See HCC 9.16.010(b).) Specifically, the HAWSP Fund is built from a levy of ¾ of a percent on the retail sales tax. This tax was established by voters and can only be modified through another ballot measure. The key objectives of the HAWSP fund are as follows:

- Provide for water/sewer improvements without placing a heavy financial burden on individual property owners. (Resolution 99-53.)
- Increase the number of users to the system(s), thereby increasing revenues to the Water and Sewer Enterprise Funds. (Resolution 99-53.)
- Promote construction of additional improvements to the City water and sewer systems. (See Ordinance 99-14(S)(A).)
- Protect public health. (2016 HAWSP Policy Manual.)

The HAWSP is generally intended to provide “Seed Money” for major projects (projects that exceed \$1.1 million) but is not intended to be the primary source of funding. The target HAWSP fund value is to be maintained at **\$2 million** as specified in the draft HAWSP policy manual. The HAWSP fund may additionally be used to pay off HAWSP-project debt, subject to City Council approval, and may furthermore be used in conjunction with CARMA for project funding, especially where an element of the project involves extension of service, expansion of capacity, or promotion of public health.

*Discussion: The HAWSP fund has a relatively narrow focus and should be thought of as a supplemental reserve to accelerate capital projects as defined above. While the HAWSP fund does not appear to provide a rate-adjustment mechanism for the City Council to balance future capital needs. Adjustments can be accomplished by augmenting HAWSP funding with funding from CARMA and the general reserve, both of which offer the City adjustment mechanisms to meet the overall planned capital needs.*

**1.2.2 Capital Asset Repair and Maintenance Allowance (CARMA)** – The CARMA reserve was established to fund improvements, repairs, and replacements to the City’s existing water and sewer systems. CARMA is currently is funded annually through a rate surcharge equal to 15% of water and sewer costs and collected through the water and sewer rates. The level of CARMA funding can be adjusted by the City Council. “The amount of the CARMA funds shall be established by City Council in the biennial budget based on the projected maintenance and repair needs of the City.” (Ordinance 19-35(S)(A)).

The intent of the City of Homer Water and Sewer CARMA Fund is “for appropriation and expenditure for equipment replacement, fleet replacement, engineering or planning services, major maintenance of city facilities, or any other purpose as identified and recommended by the City Manager and authorized by the City Council...and to extend the life and use of taxpayer funded assets, facilities and infrastructure.” (See Ordinance 19-35(S)(A)). The City Council established similar CARMA accounts across multiple City programs and departments within the General Fund. The Water and Sewer Utilities - which operate independently - use CARMA Funds for improvements, repairs, and replacements to the City’s existing water and sewer systems. CARMA Funds may



additionally be used for capital contingencies or infrastructure replacement and can be used in conjunction with HAWSP to jointly fund a project.

*Discussion: CARMA provides a mechanism through which funding levels can be adjusted to meet anticipated capital repair and replacement needs. Funding adjustments should be determined in consideration of capital needs and in conjunction with the rate setting process. Capital needs should be determined annually through an appropriate planning process (such as an asset management plan and CIP) to enable accurate forecasting. As discussed in Policy #2, a prudent practice is the develop an annual level of capital replacement funding through current rate levels. CARMA essentially provides that annual funding for ongoing renewal and replacement needs. An important concept is that if annual funds are not used in the current year, these funds are placed in reserves and can be utilized in future years where renewal and replacement needs are greater than annual CARMA funding levels. In this way, the City is continually replacing and improving the water and sewer systems on an annual basis.*

- 1.3 Bond Reserve** – A bond reserve fund is a restricted reserve. A bond reserve fund shall be established, as required and in accordance with bond covenants. The minimum fund balance of the bond reserve shall be equal to bond reserve requirements set by bond covenants.

*Discussion: Bond reserves are restricted funds that are generally required by bond covenants. The reserve balance, when required is set in the bond documents and is often equal to one year of debt service. For this particular reserve, the specific minimum balance is specified by each specific issuance.*

- 1.4 Rate Stabilization Reserve** – A rate stabilization reserve shall be established and maintained at a level equal to approximately **10% of the annual rate revenue** derived from the water and sewer utility. These funds are unrestricted but their use shall be limited to mitigating large or unanticipated rate impacts, or emergency/catastrophe situations.

*Discussion: A rate stabilization reserve can used to help mitigate the need for large rate adjustments, but it can also function as a form of an emergency reserve. In that sense, this reserve can serve in a dual roll. While these are a form of unrestricted reserves, their use should be limited and clear direction developed for when and how these funds should be used. Generally, rate stabilization funds are to be used to mitigate short term rate impact such as economic or drought-driven revenue shortfalls. Using the assumed 10% of rate revenues as the level of the rate stabilization reserve, the water utility would be \$240,000 and the sewer would be \$195,000.*

When a reserve fund falls below the designated policy minimum, the City’s management team shall inform the City Council. The Council will take appropriate action to address any shortfalls. A reserve fund which falls below the minimum reserve level, on its own, shall not trigger the need for a rate adjustment.

*Discussion of the Overall Reserve Policy – In considering the financial targets for this policy it is important to understand that the rating agencies do not look at specific funds within the utility, rather, they look at the purpose and whether the funds are unrestricted or restricted. One exception to this is the Rate Stabilization Reserve, where a proper and well-defined usage of the*

*fund can be a benefit for the utility’s rating since this is a level of funding over and above basic funding levels. Table 1 shows each rating agency’s desired level of cash reserves for an AAA/Aaa or AA/Aa rated utility.*

<b>Table 1 Days of Cash on Hand</b>		
<b>Rating Agency</b>	<b>AAA/Aaa</b>	<b>AA/Aa</b>
Standard & Poor’s Ratings Services <sup>1</sup>	Greater than 150 days	90 to 150 days
Fitch Ratings (of Working Capital) <sup>2</sup>	Greater than 365 days	180 to 365 days
Moody’s Investors Service <sup>3</sup>	Greater than 250 days	150 to 250 days

*Each of the rating agencies may define “days cash” or “cash on hand” in slightly different ways, but each is intended to demonstrate that the utility has a strong cash position. That is, sufficient reserves to meet all short-term liabilities while also capable of handling the variability of seasonal cash flows. Finally, the reserve levels still have cash flow sufficiency to handle unexpected events. More specifically, the definitions for these financial metrics are as follows:*

**Standard and Poor’s Ratings Service**

***Days Cash**, all unrestricted cash and equivalents plus any reserves that are designated but ultimately available for any lawful purpose including long-term investments divided by 1/365<sup>th</sup> of operating expenditures.*

**Fitch Ratings**

*Measure was described as “Days cash and days of working capital”*

- ***Days Cash on Hand.** Current unrestricted cash and investments plus any restricted cash and investments (if available for general system purposes), divided by operating expenditures minus depreciation, and divided by 365.*
- ***Days of Working Capital.** Current unrestricted assets plus any restricted cash and investments (if available for general system purposes), minus current liabilities payable from unrestricted assets, divided by operating expenditures minus depreciation, divided by 365.*

**Moody’s Investors Service**

<sup>1</sup> Standard & Poor’s Ratings Services McGraw Hill Financial, “U.S. Public Finance Waterworks, Sanitary Sewer, and Drainage Utility System: Rating Methodology and Assumptions”, P. 26, Table 18, January 19, 2016

<sup>2</sup> Fitch Ratings, “U.S. Water and Sewer Revenue Bond Rating Criteria”, P. 6, Attributes: Financial Profile (Table), September 3, 2015

<sup>3</sup> Moody’s Investors Service, “Rating Methodology: US municipal Utility Revenue Debt”, Page 12, Exhibit 7, December 15, 2014

**Days Cash on Hand**, cash and cash equivalent that is both unrestricted and liquid, excluding cash held in a debt service reserve fund unspent bond proceeds or cash restricted for capital times 365 divided by operations and maintenance expense expressed in days.

Provided below in Table 2 is a simple summary of each rating agency’s desired level of cash reserves.

<b>Table 2                      Determination of the City’s Days of Cash on Hand                      Using the Proposed Financial Policies</b>			
Rating Agency	Fund Balances Included in Calculation	City’s Current Days of Cash on Hand	AA/Aa Target
S&P Ratings Services	Operating Reserve Capital Reserve Rate Stabilization Reserve	XX days	90 to 150 days
Fitch Ratings (Days of Cash)	Same as S&P + Bond Reserve	XX days	180 to 365 days
Moody’s Investors Service	Operating Reserve + Rate Stabilization Reserve	XX days	150 to 250 days

The City currently has approximately \$XX in unrestricted reserves. This is composed of approximately \$XX in operating reserves, \$XX in HAWSP reserves, and \$XX in rate CARMA reserves. This equates to approximately XX days of cash on hand.

## 2. Debt Issuance and Debt Management

The City, during the course of normal operations, may issue long-term debt to fund certain capital projects. The establishment of policies related to debt issuance and debt management are intended to minimize the overall long-term costs of the City and utilize long-term debt to the benefit of the City’s customers. Provided below are the debt issuance and debt management policies.

**2.1 Funding of Annual Renewal and Replacement Capital Projects** – The City will provide adequate annual rate funding to properly and adequately fund the City’s annual renewal and replacement capital projects. Given adequate funding from rates, as a matter of policy, the City will not issue long-term debt to fund annual renewal and replacement capital projects. The minimum annual funding from rates shall be at least equal to or greater than the City’s annual depreciation expense. The annual funding of CARMA is an example of annual renewal and replacement funding approach than can be used annually for infrastructure betterments and replacement.

*Discussion: Adequate annual rate funding for renewal and replacement capital projects has two key benefits to the City. First, it helps to maintain the City’s facilities and avoid deferrals of capital projects. The other major benefit is that appropriate capital funding from rates provides a stronger debt service coverage ratio which provides a positive signal to the bond rating agencies. The use of annual depreciation expense as a target*

for minimum annual funding reflects the current infrastructure in the City’s system, but it does not reflect the full replacement cost of those assets. Hence, the “equal to or greater than” portion of this policy is intended to reflect the issue of replacement cost funding.

Rating Agencies view capital funding through rates (i.e. renewal and replacement funding from rates) as important for the overall health of the system. Fitch views declining annual depreciation as an indication that the Utility is not keeping up with renewal and replacement. Moody’s considers fully funding depreciation an indication that the Utility is adequately conducting renewal and replacement of aging infrastructure. Table 3 provides Fitch and Moody’s specific measures for adequate funding for capital.

Table 3 Level of Rate Funding for Renewal and Replacement Capital Funding		
Rating Agency	AAA/Aaa	AA/Aa
S&P Ratings Services	None	None
Fitch Ratings <sup>4</sup>	Free cash relative to depreciation equal to 100% or greater	Free cash relative to depreciation equal to approximately 85%
Moody’s Investors Service <sup>5</sup>	Net Fixed Assets/Annual Depreciation Greater than 75 Years	Net Fixed Assets/Annual Depreciation 25 to 75 Years

As can be seen, Fitch and Moody’s each use annual depreciation expense to assess the adequacy of annual funding.

**2.2 Long-Term Debt as a Funding Mechanism – The City can consider the use of long-term debt to fund significant non-reoccurring capital projects.** The policy objective when issuing long-term debt is to minimize the financial and rate impacts of significant non-reoccurring capital projects.

*Discussion:* The intent of this policy is to signal a prudent use of long-term debt and avoidance of, or reliance upon, long-term debt for funding annual renewal and replacement activities. In that respect, this policy is a companion to Policy 2.1. Other considerations for the use of long-term debt include, but are not limited to:

- Current interest rates (costs)
- Current amount of the utility’s outstanding debt levels
- Consistency with the City’s debt policy and overall debt level

An important concept is the avoidance of an over-reliance upon debt. To assess this, the rating agencies use certain variations of debt/equity ratios. More specifically, the rating agencies may consider the measure of debt to capitalization or debt to operating revenue. These measures are a measure of leverage, rather than just the City’s ability

<sup>4</sup> Fitch Ratings, P. 6, Attributes: Financial Profile (Table)

<sup>5</sup> Moody’s Investors Service, P. 9 Exhibit 6

to pay. It is possible for a utility to have a high debt service coverage ratio, but be highly leveraged. Table 5 shows Standard & Poor’s and Moody’s measure of the extent the utility is leveraged.

Table 4 Rating Agency Debt Leverage Measures		
Rating Agency	AAA/Aaa	AA/Aa
S&P Ratings Services <sup>6</sup>	Up-to 20% Debt to Capitalization	20% to 35% Debt to Capitalization
Fitch Ratings	None	None
Moody’s Investors Service <sup>7</sup>	Less than 2.0 Debt to Operating Revenue	2.0 to 4.0 Debt to Operating Revenue

The S&P approach is the more common measure and likely more easily understood by the City Council and the Public. Given that, the City’s policy has been written to encourage a debt/equity ratio which is less than XX%.

**2.3 Types of Long-Term Debt** – To minimize the overall costs of debt, the City shall strive, at all times, to utilize the lowest and best available cost option for issuing debt.

*Discussion:* This policy is a logical perspective about the cost of debt and the City’s desire to maintain low costs of operation and funding of capital.

**2.4 Bond Covenants** – The City, at all times, shall adhere to and meet any bond covenants put forth by bonds issued by the City. Bond covenants are legal obligations placed upon the City. If the City is not in compliance with bond covenants, the City’s management team shall inform the City Council and appropriate action will be taken.

*Discussion:* This policy is not necessary since bond covenants are legal requirements associated with the issuance of debt and the City is legally obligated to meet the bond covenants or face a technical default on the bonds.

**2.5 Debt Service Coverage Ratio** – At all times, the City shall meet the minimum debt service coverage (DSC) requirements associated with bond covenants. For financial planning and rate setting purposes, the City shall target a minimum DSC of 1.50 times annual debt service on all outstanding debt.

*Discussion:* A debt service coverage (DSC) ratio is a financial measure of the City’s ability to repay the debt. The rate covenants typically require a minimum DSC of 1.25 or 1.30 on the outstanding bonds. Subordinate debt (e.g. SRF loans, etc.) typically require only a 1.00 DSC. While those are the minimum required DSC, the City should plan around a higher DSC to ensure meeting the bond covenants. Given that, a utility will establish a DSC for planning purposes which is higher than the minimums.

Ratings Agencies view debt service coverage, or similar calculation, as a critical measure. Fitch specifically speaks of conducting stress tests where there is either a

<sup>6</sup> Standard & Poor’s Ratings Services, P. 28, Table 21

<sup>7</sup> Moody’s Ratings Service, P. 12, Exhibit 7

drought or a key industrial customer leaves the area and views the impact to the DSC. Having a 1.0 indicates the utility has no more funds after paying debt service which would leave no room for unexpected events such as sudden economic downturn or even a drought. Table 5 provides an overview of the rating agency’s targeted debt service coverage ratio, or a relatively comparable ratio, for AAA/Aaa and AA/Aa rated utilities.

Rating Agency	AAA/Aaa	AA/Aa
S&P Ratings Services (All-in Ratio) <sup>8</sup>	Equal to or Greater than 1.6	1.4 to 1.6
Fitch Ratings <sup>9</sup>	Equal to or Greater than 2.0	1.5 to 2.0
Moody’s Investors Service <sup>10</sup>	Equal to or Greater than 2.0	1.7 to 2.0

**2.6 Accounting and Reporting Standards** – The City will comply with all applicable accounting and reporting standards.

*Discussion:* This policy is a very common sense policy, but it is also typically a part of the bond covenants.

### 3. Balanced Operating Budget

**3.1 Self-Supporting** – The water and sewer utility shall be self-supporting, where current revenue fully funds current operating and capital expenditures on an annual basis.

*Discussion:* The City currently separates the revenues and expenses between the water and sewer utilities. This allows for the City to review the funding needs for each utility on a stand-alone basis where water revenues fund water expenses and sewer revenues fund sewer expenses. Avoidance of subsidies between the water and sewer utility should be a goal of the City.

**3.2 Adequate Funding to Preserve System Assets** – The City’s assets shall be properly operated and maintained to provide for a long life. Annual operating expenditures will be budgeted and funded at a level that promotes the efficient operation of and preservation of assets through the asset’s useful life.

*Discussion:* This policy is a companion to Policy 2.1 and is intended to provide adequate funding to support the operation and maintenance of each system.

**3.3 Evaluation and Monitoring of Cost** – Costs will be monitored **monthly** to ensure the utility is operated in a cost effective and economically prudent manner.

*Discussion:* This policy is a companion to Policy 2.6 and is intended to demonstrate the City’s commitment to managing the utility in a cost-effective and prudent manner.

<sup>8</sup> Standard & Poor’s Ratings Services, P. 24, Table 17

<sup>9</sup> Fitch Ratings, P. 6 Attributes: Financial Profile (Table)

<sup>10</sup> Moody’s Investors Service, P. 12, Exhibit 7

- 3.4 Positive Annual Net Income** – The City shall plan for annual net income (total revenue less O&M, taxes or transfers, debt service, and capital projects funded from rates) greater than or equal to zero (positive balance of funds).

*Discussion: This policy is a companion to Policies 3.1 and 3.2 and is intended to provide a simple financial test to demonstrate positive cash-flow for the systems.*

- 3.5 Strive for Rate Stability** – The City’s rates should be stable over time while generating sufficient revenue. As a part of the annual budgeting process, the City shall review the rates to confirm the adequacy of the current rates.

*Discussion: Revenue stability can be viewed from two perspectives; from the City’s perspective and from the customer’s perspective. In this case, the focus is on stable revenue from the City’s perspective.*

- 3.6 Disposition of “One-Time” Revenue** – In instances of large one-time revenues (e.g. legal settlement), if not specifically earmarked, the funds will be transferred to an appropriate reserve(s) (operating, capital or rate stabilization).

*Discussion: The City Council should provide clear direction to management on the use of proceeds from a large “one-time” source of revenue.*

- 3.7 Alternative Funding/Revenue Diversification** – To minimize overall rates, the City should explore alternative revenue sources such as grants and direct developer contributions.

*Discussion: This policy is a companion to the policies to minimize overall costs of the utility.*

## 4. Establishing Rates and Fees

The City shall establish rates utilizing industry recognized “generally accepted” rate setting methodologies. This will provide the City with consistency in their ratemaking process, while also establishing rates which are legally defensible. The City’s policies on establishing the water and sewer rates and fees, and the general methodologies to be utilized, are as follows:

### 4.1 Revenue Requirement Analysis

The revenue requirement analysis provides a projection of the City’s revenues and expenditures for a defined time period. The revenue requirement analysis shall provide the City Council with the information and cost-basis to determine the size and timing of any proposed rate adjustments. The City’s revenue requirement analysis methodology shall consider the following:

4.1.1 The revenue requirement analysis will be developed for a projected five-year time period.

4.1.2 Revenue requirements will be established using the “cash basis” methodology. The “cash basis” methodology includes O&M expenses, taxes/transfer payments, debt service (P+I) and capital improvements (renewal and replacement) funded from rates. The revenue requirements may include a component for change in working capital/rate stabilization funds to manage reserve balances and mitigate rate impacts.

4.1.3 Costs shared across utilities shall be allocated to each utility based on an equitable

allocation method. These may include, but not be limited to, labor ratios, number of customers, revenues, usage etc. The allocation method should be whichever method most equitably allocates the specific cost.

4.1.4 Any wholesale increases imposed upon the City by a water supplier or wastewater treatment agency will be reviewed for financial/rate impacts.

4.1.5 The City's revenue requirement analysis shall fully incorporate the City's reserve, debt and budgeting policies.

*Discussion: Revenue requirements projects the City's revenues and expenses (operating and capital) to determine the overall level of rate adjustments needed.*

## 4.2 Cost of Service Analysis

A cost of service analysis provides an equitable method to allocate the City's water and sewer revenue requirements to the customers utilizing the service. The City's cost of service analysis for the water utility shall use generally accepted cost of service methodologies as defined by the American Water Works Association (AWWA) and the analysis developed for the City's sewer utility shall use cost of service methodologies as defined by the Water Environment Federation (WEF). The City's water and sewer cost of service shall be developed to provide an equitable allocation of costs by taking into consideration a customer group's (e.g. residential, commercial) facility requirements and usage characteristics. The City's specific cost of service policies are as follows:

4.2.1 The cost of service shall be developed for a projected one-year time period or the period over which rates will be set, utilizing the revenue requirements as developed in 4.1.

4.2.2 The cost of service analysis shall be designed and developed to consider the unique and specific circumstances of the City's water and sewer system.

4.2.3 The City shall allocate costs to customer class of service based upon facility requirements and usage characteristics.

4.2.4 When necessary, the City may phase-in the cost of service results to transition to fully-cost based rates.

*Discussion: A cost of service equitably allocates the City's water and sewer revenue requirements to the various customer classes of service. The City's recent rate study provides a similar approach to reviewing the differences in serving the various types of water and sewer customers served.*

## 4.3 Rate Design Analysis

The development of cost-based rate designs concludes the City's rate setting process. The development of rate designs utilizes the results from the revenue requirement and cost of service analysis to establish the target level of revenues for each customer class of service (rate schedule). The City's rate design analysis is primarily focused on the structure of the rates. The City's rate design analysis policies are as follows:

4.3.1 The City shall utilize the results of the revenue requirement analysis and cost of service analysis in the development of final proposed rate designs.

4.3.2 Rates shall be designed to collect the overall target level of revenues for each customer class of service.



- 4.3.3 The City’s rate designs shall be reflective of the City Council’s rate design goals and objectives, while also being reflective of the greater public purpose (e.g., economic development, conservation, etc.).
- 4.3.4 The City shall take into consideration both fixed and variable costs in the development of final proposed rates. The average unit costs calculated within the cost of service analysis provides the cost-information related to fixed and variable costs.
- 4.3.4 Bill comparisons shall be developed for all proposed rate designs to illustrate the general impacts to customers across a range of consumption.
- 4.3.5 In establishing the final water and sewer rates, the City’s Council may take into consideration neighboring utility rates, but not to the financial detriment of the City.

*Discussion: The final analytical step of a comprehensive rate study is the design of water and sewer rates. This policy and the sub-policies are intended to develop proposed rate designs which are based upon the findings, conclusions and recommendations from the revenue requirement and cost of service analysis.*

#### **4.4 Other Rate Setting Considerations**

Provided below are other policies related to the City’s rate setting process.

- 4.4.1 At a minimum, the City shall conduct a comprehensive rate study every five (5) years to update assumptions and determine financial sustainability.

*Discussion: This is a common industry best practice. Gaining an independent outside expert opinion and developing a well documented rate study is a significant document during the bond ratings process.*



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Public Works

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## Memorandum 21-042

TO: City Council  
THROUGH: Rob Dumouchel, City Manager  
FROM: Janette Keiser, Director of Public Works  
DATE: October 6, 2020  
SUBJECT: Resolution 20-077(S) – Water/Sewer Reserve Funds

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**Issue:** The City Council asked us to review and make recommendations on how the City’s Capital Asset Repair and Maintenance Allowance Funds for the Water and Sewer Utilities should be built and administered. Deliberation on Resolution 20-077(S) was postponed pending this work. We respectfully ask for additional time.

### **Background:**

The City Council adopted Ordinance 21-03 authorizing a contract to HDR Engineering for specialized Utility Financial Management Services, in an amount not to exceed \$35,000. We worked with HDR to identify a specific scope, which is set forth on the attached proposal and have a fully executed Task Order in place. The scope includes at least two Work Sessions with Council to update the body on findings and interim recommendations.

We need time to make progress through the proposed work in order to develop a meaningful new Policy Manual for the CARMA Funds. We ask that Resolution 20-077(S) be further postponed until we are able to come back with sensible recommendations. We will have a kick-off meeting the week of February 15 and will updated the Council through the City Manager’s Report that will be issued for the March 8 Council meeting.

### **Recommendation:**

That Resolution 20-077(S) be tabled until April 26, which is when, according to the Budget Schedule for FY 2022 and 2023, Council is scheduled to review “Preliminary Budget Assumptions”.

**TASK ORDER #6**  
**Water/Sewer Utility Financial Services**

This Task Order pertains to an Agreement by and between the City of Homer, (“OWNER”), and HDR Inc., (“ENGINEER”), dated May 8, 2017, (“the AGREEMENT”); extended December 20, 2019 to April 17, 2022. Engineer shall perform services on the project described below as provided herein and in the Agreement. This Task Order shall not be binding until it has been properly signed by both parties. Upon execution, this Task Order shall supplement the Agreement as it pertains to the project described below.

**PART 1.0 - PROJECT DESCRIPTION:** Review City’s financial policies and practices related to its water/sewer utilities and make recommendations for improvement

**PART 2.0 - SCOPE OF SERVICES TO BE PERFORMED BY ENGINEER:**

See attached HDR proposal, dated 2-3-21, which generally describes the work as:

- |         |  |
|---------|--|
| Task 1  | Data Collection and Review   |
| Task 2  | Kick-Off Meeting   |
| Task 3  | Review the City’s Past Rate Setting Approach and Key Financial Variables |
| Task 4  | Review and Development of Financial/Rate Setting Policies                |
| Task 5  | Preliminary Review of the Capital Planning Approach                      |
| Task 6  | Development of the Preliminary Financial Plan (Revenue Requirement)      |
| Task 7  | Participate in City Council Workshop                                     |
| Task 8  | Finalize the Phase I Revenue Requirement                                 |
| Task 9  | Review of the City’s Rate Designs  |
| Task 10 | Develop written report documenting technical analysis & recommendations  |
| Task 12 | Develop Computer model   |

**PART 3.0 - OWNER’S RESPONSIBILITIES:** Owner’s representative shall provide the consultant team with direction related to City’s improvement needs and:

- 1) Provide appropriate records.
- 2) Review submittals expeditiously.
- 3) Process pay requests expeditiously.

**PART 4.0 - DELIVERABLES AND TIME PERIOD:** See Attached Proposal

**PART 5.0 - PAYMENTS TO ENGINEER:** Time and expense contract, not to exceed \$35,000.

This Task Order is executed this 9th day of February 2021.

**CITY OF HOMER**  
“OWNER”

**HDR, Inc.**  
“ENGINEER”

By: Rob Dumouchel

By: Tim Gallagher

Signature:   
Title: City Manager

Signature:   
Title: Vice President

## City of Homer Water and Sewer Rate Study

### Scope of Services

#### Task 0—Project Management

This task includes the general project management activities that are required to complete the rate study on time and within budget. This includes allocating the appropriate labor resources to the project and working with the City's Project Manager to schedule project meetings and provide monthly invoices and progress reports.

##### ***Expected City Staff Support for Task 0:***

- Coordination with the HDR project manager and local liaison on scope, budget, and schedule

##### ***Deliverables as a Result of Task 0:***

- Monthly invoice and progress report of project status and budget.

#### Task 1—Data Collection and Review

HDR will provide a written data request to City for review prior to the project kick-off meeting. The written data request will provide a detailed and organized list of the data required for the study. It is anticipated that the data should be readily accessible information. In development of this study, additional data requests may be necessary to complete each task.

##### ***Expected City Staff Support for Task 1:***

- Collect the requested data as provided in the initial data request.
- Identify data constraints or unavailable data.

##### ***Deliverables as a Result of Task 1:***

- An initial written data request to City.
- Additional data request identifying outstanding data needs.

#### Task 2—Kick-Off Meeting

The kick-off meeting will be used to discuss the key objectives to be achieved in the study. The City project team and HDR project team will review the general approach (scope of services), project time schedule, the initial data provided by the City, and identify any outstanding data needs. HDR will schedule a virtual two-hour initial project kick-off meeting.

##### ***Expected City Staff Support for Task 2:***

- Have City project team members attend a two-hour kick-off meeting.
- Provide input on the study goals and objectives, challenges, and concerns for the study.

##### ***Deliverables as a Result of Task 2:***

- Lead a two-hour virtual kick-off meeting attended by up to three HDR project team members.
- Summary outline of the study approach, schedule, challenges, and concerns.

### **Task 5—Preliminary Review of the Capital Planning Approach**

A key element of the development of cost-based rates is the determination of the capital improvement needs. HDR will assist the City to evaluate annual needs (e.g., asset replacement, minimum annual depreciation expense) to provide the basis for capital improvement plan for each utility. This will include and consider the City provided data and approaches to establish the renewal and replacement needs, age and condition of the assets, and regulatory requirements of each utility.

#### ***Expected City Staff Support for Task 5:***

- Provide as needed assistance to clarify the City's data and information and provide as needed additional data and information.
- Collaborate with HDR in the development of the approach to establish capital improvement needs.

#### ***Deliverables as a Result of Task 5:***

- Preliminary list of capital improvement projects to be included in Task 6 – Preliminary Financial Plan.

### **Task 6—Development of the Preliminary Financial Plan (Revenue Requirement)**

This task will develop a preliminary financial plan, or revenue requirement, to provide the City with a long-term forecast that considers the prudent and proper funding for O&M and capital expenditures and evaluates the need for rate adjustments over the time period for each utility. The various analytical steps of this task are described below.

Using generally accepted methodologies, the revenue requirement analysis for each utility will be developed for a minimum five-year projected time period. This time period allows the City to review the impacts to rates, identify future revenue short falls, and develop a transition plan to adequately fund each utility's operating and capital improvement expenses on an annual basis.

Operational costs are generally projected from historical or budgeted costs, using escalation (inflationary) factors for future costs, and adjusted for known changes in operations (e.g., changes in personnel, operating costs, growth and expansion). For each utility, HDR will begin with the City's current budget and financial results to project costs into the future using escalation factors for the various types of costs that the City incurs (e.g., labor, benefits, electricity, consumable items). Costs will also be analyzed and adjusted for changes in service levels, customer growth, and other factors.

The starting point for projecting capital expenditures will be the results of the discussion in Task 5. The goal is to develop a capital funding plan for each utility that maximizes the funds available while minimizing overall rate impacts. Consideration of internal and external source of funds will be made to minimize rate impacts to the greatest extent possible.

This framework provides the proper approach to evaluate the financial/rate implications of the necessary capital improvements for each utility. From a financial planning perspective, HDR encourages utilities to fund, at a minimum, an amount equal to or greater than a utilities annual depreciation expense. This amount of funding reflects the portion of a utility's assets that are becoming obsolete or beyond its useful life. It is important to note that annual depreciation expense is not the same as replacement cost. If the City does not collect full replacement costs

- Participation one virtual meeting or workshop.
- Develop public meeting presentation materials (i.e., PowerPoint, charts, graphs).
- Review of the data provided by the City and identification of outstanding data needs.

#### **Task 8—Finalize the Phase I Revenue Requirement**

Based on the analysis completed, and direction received from City staff and City Council, this task will develop the final revenue requirement. This will include the final operating and capital funding approaches, financial and rate setting policies, and overall rate revenue transition plan for each utility. At the completion of the draft final revenue requirement a one-hour virtual project meeting will be held to review the analysis for each utility. At the conclusion of the meeting, HDR will develop the final revenue requirement for each utility.

##### ***Expected City Staff Support for Task 8:***

- Participate in a one-hour virtual project meeting to review the draft final revenue requirement.

##### ***Deliverables as a Result of Task 8:***

- An electronic version of the draft final, and final revenue requirement.
- Lead a one-hour virtual project meeting to review the draft final revenue requirement.

#### **Task 9—Review of the City's Rate Designs**

Transition is an important concept when setting water and sewer rates. This applies to both the level of the rates (how much) as well as the structure of the rates (how it is collected from customers). This task will not include the development of new water or sewer rate structures. It will, however, provide the City with the information necessary to develop future rates, based the development of the prior tasks.

This task will review the current rate structures and the City's approach to establishing rates. As noted, the starting point for this task will be the results and recommendations from the prior tasks and policy direction from City staff and Council as it relates to rate design goals and objectives. From these prior discussions and technical analyses, conceptual rate structures will be developed to reflect the City's rate setting approach. HDR will provide bill comparisons to demonstrate the bill impacts to customers at various levels of consumptive use. At the conclusion of this task, HDR will provide a recommendation on the rate structure and implementation approach.

Up to two, one-hour, virtual project meetings will be held to review and discuss the alternative rate structures and recommendations.

##### ***Expected City Staff Support for Task 9:***

- Participate in two virtual project meetings.
- Identification of key rate structure goals and objectives.

##### ***Deliverables as a Result of Task 9:***

- Development of conceptual rate structures and implementation approach.
- Lead two virtual project meetings.

**Estimated Project Time Schedule**

Based on HDR’s experience in developing similar studies, the following schedule has been developed.

**Exhibit B – Hourly Billing Rates and Project Fee**

**Project Fees**

Given the hourly billing rates, and the scope of services outlined in Exhibit A, the project fee for City’s water and sewer rate study was developed on a task basis. Provided below is a summary of the project fee for City’s study.

City of Homer Water and Sewer Rate Review	
Task Description	Total
<i>Labor:</i>	
Task 0: Project Management	\$2,456
Task 1: Data Collection and Review	\$1,051
Task 2: Kick-Off Meeting	1,110
Task 3: Past Rate Setting and Financial Variables	1,975
Task 4: Financial/Rate Setting Policies	2,394
Task 5: Review of the Capital Planning Approach	5,280
Task 6: Preliminary Financial Plan	7,841
Task 7: Council Workshop	1,332
Task 8: Finalize Revenue Requirement	3,286
Task 9: Review of the City’s Rate Designs	3,294
Task 10: Public Workshops	2,122
Task 11: Written Documentation	2,815
Task 12: Computer Models	<u>0</u>
<b>Total Phase II</b>	<b>\$34,956</b>
Total Expenses	<u>44</u>
<b>Grand Total “Not to Exceed” Fees</b>	<b><u>\$35,000</u></b>

The above project fee is based on the scope of services previously presented as Exhibit A. Should City request any additional services under this contract, the services will be provided at the hourly billing rates stated above and as agreed to in writing between City and HDR.





## Memorandum 20-205

TO: Mayor and Homer City Council

THROUGH: Rob Dumouchel, City Manager

FROM: Janette Keiser, Director of Public Works

DATE: December 3, 2020

SUBJECT: Industry Standards Relating to Water-Sewer Reserves and Q&A

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I have been continuing to research benchmarks related to the financial matters for water/sewer utilities, using the Environmental Protection Agency's Environmental Finance Service Center ("EPA"), American Water and Wastewater Association ("AWWA") and other water/wastewater industry experts, as well as the Government Finance Officers Association ("GFOA"), as resources. In particular, I've been looking for answers to questions posed by the Council and staff about such matters. Here is a summary of findings and conclusions:

### **Question #1:** What do we need reserves for?

**Answer:** Attached is a summary of the basic Elements of Reserves for a typical utility Fund, which identifies various categories of reserve funds, the total sum of which represents a utility's Reserve Fund:

- Operating Reserves
- Capital Contingencies
- Equipment Replacement
- Debt Service Coverage

### **Question #2:** How much money should we have in our Water/Sewer Reserve Funds?

**Answer:** There are industry standards for each element, which are identified on the attached Elements of Reserves. Obviously, the level of the City's Reserve Funds depends on affordability and need. There are industry standard tools for measuring both factors and for guiding the gradual development of a sustainable level of funding.

### **Question #3:** How should we build the Reserve Funds?

**Answer:** Usually, utilities include an element in their tariffs to build their reserve funds, because that is the only source of revenue they have, beyond grants, debtor or one-off injections of cash, such as from a sale of property. In Homer, we have another source of funding for capital projects, the HAWSP Fund, but

this is unique to Homer. And, analysis of the HAWSP Fund’s purpose and need demonstrates that Homer needs multiple sources of revenue to support its relatively expensive utility systems.

**Question #4:** How should we spend money from the Reserve Funds?

**Answer:** It is a Best Practice for utilities to have written financial policies that govern how their reserve funds are spent. Further, expenditure of reserve funds should require authorization by the governing body and be based on approved planning documents that identify project needs and project cash flow. Developing and maintaining a robust asset management system is also a Best Practice to assist with preventative maintenance and long-term planning of asset replacement.

**Question #5:** How do I know if our Reserve Funds are healthy?

**Answer:** The AWWA, EPA and GFOA all recommend that Reserve Funds be subject to oversight in accordance with Generally Accepted Accounting Practices and the municipality’s financial policies, generally through the budget process. There are Best Practices to guide these processes.

**Question #6:** How do we keep the Reserves from continuing to build at the expense of our rate/tax payers?

**Answer:** The Reserve Funds are built from the water/sewer rates, which are adjusted annually and linked to the budget and capital planning processes. This gives the governing body multiple opportunities to adjust the Reserve Funds to affordable levels, which address needs. Further, the governing body will receive financial reports, at least quarterly, which it can review in the context of the body’s established financial policies.

**Question #7:** What else can we do to bring some clarity to these matters?

**Answer:** All the resource agencies recommend as a Best Practice, that utilities have written, and codified financial policies, to guide decision making and accountability. The City of Homer has a number of financial policies, but they are not necessarily in the same place and some of the provisions are ambiguous enough to allow different interpretations, which can cause confusion and conflict. The City can review its financial policies to (1) fill in any blanks; (2) clarify any ambiguities; and (3) reconcile any conflicts.

## Elements of Reserves in a Utility Fund

- **Operating Reserves** – These are cash reserves available to cushion the time lag between when billing happens and when bills are paid. Industry standards recommend having reserves totaling 60-90 days of operating and maintenance costs.

<u>Utility</u>	<u>Total Operating Costs</u>	<u>Recommended Operating Reserve</u>
Water	\$2,320,278	\$381,415 - \$572,040
Sewer	\$1,788,617	\$294,000 - \$441,000

- **Capital Contingency** – These funds pay for unexpected major repairs. Industry standards recommend an amount equal to 1-2% of the system’s fixed assets.

<u>Utility</u>	<u>Value of Fixed Assets<sup>1</sup></u>	<u>Recommended Capital Contingency</u>
Water	\$48,920,806	\$489,208 - \$978,416
Sewer	\$44,707,860	\$447,078 - \$894,157

- **Infrastructure Replacement Funding** – These funds are used to replace assets, in accordance with established planning documents, such as an Asset Management Plan, a Capital Improvement Plan and an Equipment Replacement Schedule. The numbers below represent numbers from the Draft Asset Management Plan.

<u>Utility</u>	<u>Reserve Required to Build Replacement Fund<sup>2</sup></u>
Water	\$7,573,704
Sewer	\$5,280,544

- **Totals**

<u>Utility</u>	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>V</u>	<u>VI</u>
<u>Utility</u>	<u>Operating Reserve</u>	<u>Capital Contingency</u>	<u>Minimum (II + III)</u>	<u>Infrastructure Replacement</u>	<u>Totals</u>	
Water	\$572,000	\$978,416	\$1,550,416	\$7,573,704	\$9,124,120	
Sewer	\$441,000	\$894,157	\$1,335,157	\$5,280,544	\$6,615,701	

<sup>1</sup> From AML insurance worksheet showing 2019 value of City Building Assets

<sup>2</sup> From 2020 draft Asset Management Plan prepared by JAK

- **Debt Service Coverage** – This includes payments required to service debt as well as minimum levels of reserves required to cover bond covenants.

HAWSP Fund Debt Payment – principal & interest \$1,029,766/Year

- **Debt management** – Credit agencies don't like utilities to fund all their capital improvements with debt, but prefer that no more than 60% of a project is financed with debt.

# POLICY MANUAL FOR THE WATER AND SEWER CAPITAL ASSET REPAIR AND MAINTENANCE ALLOWANCE "CARMA" FUNDS

## Table of Contents

- I. Purpose
- II. Definitions
- III. Maximum Spending Limit and Spending Plan
- IV. Accounting Matters

## I. PURPOSE

The City Council established Capital Asset Repair and Maintenance Allowance (CARMA) accounts for multiple City programs and departments within the General Fund. The intent of the City of Homer CARMA Funds is *"for appropriation and expenditure for equipment replacement, fleet replacement, engineering or planning services, major maintenance of city facilities, or any other purpose as identified and recommended by the City Manager and authorized by the City Council...and to extend the life and use of taxpayer funded assets, facilities and infrastructure."* (See Ordinance 19-35(S)(A). It is appropriate that the Water and Sewer Utilities, which operate as independent utilities, comport with the intent and policy set forth in Ordinance 19-35(S)(A). Thus, the City Council hereby establishes CARMA Funds for the Water and Sewer Utilities to fund improvements, repairs, and replacements to the City's existing water and sewer systems; that is, to benefit existing customers by keeping the utility systems in a state of good repair. CARMA Funds may be used for Capital Contingencies or Infrastructure Replacement.

Note: In addition to the Water and Sewer CARMA Funds, the City has a Homer Accelerated Water and Sewer Program (HAWSP). HAWSP is intended to fund projects, which extend systems or otherwise expand capacity to serve new customers as well as support public health in other ways. (See HAWSP Policy Manual for more information on the HAWSP.)

## II. DEFINITIONS

- a. **Capital Contingency** – These funds pay for unexpected or unplanned major repairs. Industry standards recommend an amount equal to 1-2% of the system's fixed assets.

- b. **Capital Improvement Plan (CIP)** – A multi-year document that lays out priorities for capital projects, including descriptions of each project, rationale for why each project is needed, order of magnitude cost estimate, and other information about the project.
- c. **HART** – Homer Accelerated Roads and Trails program, a fund established by the voters of the City of Homer and funded by a voter-approved dedicated sales tax, intended to improve roads, sidewalks, and trails within the City of Homer, thereby improving property values and quality of life.
- d. **HAWSP** – Homer Accelerated Water and Sewer Program, a fund established by the voters of the City of Homer and funded by a voter-approved dedicated sales tax, intended to improve the health and welfare of the Citizens of Homer by connecting residences to City water and/or sewer, thereby increasing the number of users on the system, increasing property values, and improving the quality of life; the funds may also be used on other water and sewer infrastructure that expand the systems or protect the public health.
- e. **Infrastructure Replacement** – The replacement of assets, in accordance with established planning documents, such as an Asset Management Plan, a Capital Improvement Plan and an Equipment Replacement Schedule.
- f. **Operating Reserves** – These are cash reserves available to cushion the time lag between when billing happens and when bills are paid. Industry standards recommend having reserves totaling 30-45 days of operating and maintenance costs.
- g. **Unencumbered Fund Balance** – The balance within the Water and Sewer CARMA Funds that are not allocated to a project.
- h. **Water and Sewer System Improvements** – Any work, such as planning, design, or construction, etc., that improves the City’s water and sewer infrastructure, including, but not limited to, the extension, expansion, repair, or rehabilitation of
  - 1. The City’s water supply, raw water transmission lines, water treatment facilities, water storage facilities, water distribution lines, fire-fighting devices, and related or similar appurtenances.
  - 2. The City’s sewer collection lines, sewer lift stations, RV Dump Stations, wastewater treatment facilities, discharge outfall, and related or similar appurtenances.
  - 3. Other facilities related to providing public access to clean water and the sanitary disposal of human wastes to protect public health.

### III. MAXIMUM SPENDING LIMITS AND SPENDING PLAN

- a. *“The amount of the CARMA funds shall be established by City Council in the biennial budget based on the projected maintenance and repair needs of the City.” (Ordinance 19-35(S)(A)).* This means CARMA funds are supported by an appropriate planning document, which forecasts needs for repair and maintenance.
- b. The Public Works Department shall, on an annual basis, submit for City Council review, separate Capital Improvement Plans for the Water and Sewer Utilities, which shall identify Major Capital Projects required to (i) keep the utilities in a state of good repair or (ii) expand capacity. These Plans shall include cost projections and rank the projects in order of need, applying the following criteria:
  1. Expands service to currently unserved areas.
  2. Addresses public health, safety, or regulatory changes.
  3. Improves, repairs, replaces, rehabilitates, or otherwise corrects deficiencies in existing utility systems.
  4. Is listed in another planning document adopted by the City Council, such as the citywide CIP, Water/Sewer Master Plan, Parks Capital Improvement Plan, etc.
  5. Reduces maintenance costs.
  6. Other factors deemed appropriate by the City Council.
- c. As part of the budget process, the City Council shall:
  1. Assess the health of the CARMA Funds in accordance with the City’s Financial Policies.
  2. Establish by ordinance a Maximum Spending Limit and a Spending Plan for the Water and Sewer CARMA Funds for the subject year. Once adopted the Maximum Spending Limits and Spending Plans may only be changed by the City Council.

#### **IV. ACCOUNTING MATTERS**

- a. The Water/Sewer CARMA Funds are built from a commodity-based fee, contained within the water/sewer tariff, which is deposited into separate accounts and managed as Retained Earnings. These fees may vary from year to year depending on need and as adopted by Council as part of the water/sewer rate-setting process.
- b. Water/Sewer CARMA Funds should be sufficient to cover the following elements:
  1. Operating Reserves
  2. Debt Service Coverage
  3. Capital Contingencies
  4. Infrastructure Replacement Funding
  5. Funding to comply with existing or projected bond covenants
- c. Interest, if any, generated from a CARMA Fund will remain in that Fund.

- d. The Finance Department shall, on a quarterly basis, submit for City Council review, financial statements showing the status of the Water and Sewer CARMA Funds.
- e. The City may, at its discretion waive allocations of General Fund Overhead expenses for projects funded by CARMA funds.
- f. Projects may be funded through the CARMA Funds, bonds, grants, or a combination of these or other funding mechanism that may be identified by the City.
- g. All projects funded by the CARMA Funds must comply with the provisions of HCC Titles 14, City of Homer Public Utility Systems, and 17, Public Assessments.
- h. CARMA and HAWSP funds may be used to jointly fund a project. CARMA funds should be used for portions of the project that improve, repair, or replace existing water or sewer infrastructure while HAWSP funds should be used for portions of the project that expand capacity or result in new water or sewer infrastructure.
- i. The City does not expect to fully capitalize the replacement of Major Projects, but to instead, leverage debt in accordance with the City's Financial Policies.



# POLICY MANUAL FOR THE WATER AND SEWER CAPITAL ASSET AND MAINTENANCE ALLOWANCE "CARMA" FUNDS

## Table of Contents

- I. Purpose
- II. Definitions
- III. Qualifying Project Criteria
- IV. Financing
- V. Maximum Spending Limit and Spending Plan

## I. PURPOSE

The City Council established Capital Asset and Maintenance Allowance Funds for multiple City programs and departments, including the Water and Sewer utilities. The intent of the City of Homer Water and Sewer Capital Asset and Maintenance Allowance Funds ("CARMA Funds") is to fund improvements, repairs, and replacements to the City's existing water system and sewer systems; that is, to benefit existing customers by keeping the utility systems in a state of good repair.

In addition to the Water and Sewer CARMA Funds, the City has a Homer Accelerated Water and Sewer Program (HAWSP). HAWSP is intended to fund projects, which extend systems or otherwise expand capacity to serve new customers as well as support public health in other ways. (See HAWSP Policy Manual for more information on the HAWSP.)

## II. DEFINITIONS

- a. **Capital Improvement Plan (CIP)** – A multi-year document that lays out priorities for capital projects, including descriptions of each project, rationale for why each project is needed, schedule and progress to date, and estimated total cost.
- b. **HAWSP** – Homer Accelerated Water and Sewer Program, a fund established by the voters of the City of Homer and funded by a voter-approved dedicated sales tax, intended to improve the health and welfare of the Citizens of Homer by connecting residences to City water and/or sewer, thereby increasing the number of users on the system, increasing property values, and improving the quality of life; the funds may also be used on other water and sewer infrastructure that expand the systems or protect the public health.

- c. **Unencumbered Fund Balance** – The balance within the Water and Sewer CARMA Funds that are not allocated to a project.
- d. **HART** – Homer Accelerated Roads and Trails program, a fund established by the voters of the City of Homer and funded by a voter-approved dedicated sales tax, intended to improve roads, sidewalks, and trails within the City of Homer, thereby improving property values and quality of life.
- e. **Water and Sewer System Improvements** – Any work, such as planning, design or construction, etc., which improves the City’s water and sewer infrastructure, including, but not limited to, the extension, expansion, repair or rehabilitation of
  - 1. The City’s water supply, raw water transmission lines, water treatment facilities, water storage facilities, water distribution lines, fire-fighting devices, and related or similar appurtenances.
  - 2. The City’s sewer collection lines, sewer lift stations, RV Dump Stations, waste water treatment facilities, discharge outfall and related or similar appurtenances.
  - 3. Other facilities related to providing public access to clean water and the sanitary disposal of human wastes to protect public health.
- f. **Major Capital Project** – A project that exceeds \$1.1 million in value, which cannot be executed in an incremental fashion.

### III. QUALIFYING PROJECT CRITERIA

- a. All projects will be authorized only after a public hearing pursuant to HCC Title 17.
- b. All projects using funds from the Water/Sewer CARMA Funds must meet at least three of the following criteria:
  - 1. Is located within the City limits.
  - 2. Addresses public health, safety or regulatory changes.
  - 3. Improve, repairs, replace, rehabilitate or otherwise correct deficiencies in existing water or sewer facilities
  - 4. Is listed a planning document adopted by the City Council, such as the citywide CIP, Water or Sewer CIPs, or Water/Sewer Master Plan.
  - 5. Reduces maintenance costs.
  - 6. Other factors deemed appropriate by the City Council.

### IV. FINANCING

- a. Projects may be funded through the CARMA Funds, bonds, grants, or a combination of these or other funding mechanism that may be identified by the City.

- b. All projects funded by the CARMA Funds must comply with the provisions of HCC Titles 14 and 17.
- c. The Council shall review the CARMA Funds during the budget process.
- d. City Council shall assess the health of the CARMA Funds prior to approving a new project.
- e. Interest, if any, generated from a CARMA Fund will remain that Fund.
- f. The City shall not charge the CARMA Funds for General Fund Overhead.
- g. CARMA and HAWSP funds may be used to jointly fund a project. CARMA funds should be used for portions of the project that improve, repair, or replace existing water or sewer infrastructure while HAWSP funds should be used for portions of the project that expand capacity or result in new water or sewer infrastructure.

**V. MAXIMUM SPENDING LIMITS AND SPENDING PLAN**

- a. The Finance Department shall, on an annual basis, submit for City Council review, financial statements showing the status of the Water and Sewer CARMA Funds.
- b. The Public Works Department shall, on an annual basis, submit for City Council review, separate Capital Improvement Plans for the Water Utility and Sewer Utility, which shall identify Major Capital Projects required to (i) keep the utilities in a state of good repair or (ii) expand capacity. These Plans shall include cost projections and rank the projects in order with need.
- c. The City Council will, upon review of the documents described above, establish, by ordinance a Maximum Spending Limit and a Spending Plan for the Water and Sewer CARMA Funds for the subject year. Once adopted the Maximum Spending Limits and Spending Plans may only be changed by the City Council



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Finance Department

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## Memorandum 20-165

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

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

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

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

The model under these terms proposes the following rates:

#### Water Rates:

Commodity (per gal): \$0.0133

Bulk (per gal): \$0.0173

Monthly Fees: \$13

#### Sewer Rates:

Non-Lift Station: \$0.0157

Lift Station: \$0.0256

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

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

The model under these terms proposes the following rates:

Water Rates:

Commodity (per gal): \$0.0126

Bulk (per gal): \$0.0166

Monthly Fees: \$13

Sewer Rates:

Non-Lift Station: \$0.0149

Lift Station: \$0.0247

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

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

The model under these terms proposes the following rates:

Water Rates:

Commodity (per gal): \$0.0130

Bulk (per gal): \$0.0170

Monthly Fees: \$14

Sewer Rates:

Non-Lift Station: \$0.0148

Lift Station: \$0.0249

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

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

The model under these terms proposes the following rates:

##### Water Rates:

Commodity (per gal): \$0.0127

Bulk (per gal): \$0.0167

Monthly Fees: \$13

##### Sewer Rates:

Non-Lift Station: \$0.0138

Lift Station: \$0.0237

#### **Current Rates:**

To provide additional context our current rates are as follows:

##### Water Rates:

Commodity (per gal): \$0.0132

Bulk (per gal): \$0.0172

Monthly Fees: \$13

##### Sewer Rates:

Non-Lift Station: \$0.0145

Lift Station: \$0.0224

#### **Recommendation:**

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

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

# Scenario 1 - Rate Calculations

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

## Scenario 2 - Rate Calculations

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



## Scenario 3 - Rate Calculations

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

## Scenario 4 - Rate Calculations

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

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

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

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

3 City Manager/  
4 Public Works Director

5 **ORDINANCE 21-18**

6  
7 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,  
8 AMENDING THE 2021 CAPITAL BUDGET AND AUTHORIZING AN  
9 ADDITIONAL \$33,185 FROM THE WATER CARMA FUND FOR TOTAL  
10 EXPENDITURE OF \$247,585 FOR THE RAW WATER TRANSMISSION  
11 LINE PROJECT - DESIGN.

12  
13 WHEREAS, The City Council adopted Ordinance 20-56, which appropriated \$215,000 for  
14 the design of a new raw water transmission line; that is, a pipeline that conveys water from the  
15 pump house, near the reservoir, to the water treatment plant; and

16  
17 WHEREAS, To accomplish the design work, the City issued the following contracts:

18	Design	DOWL Engineers	\$164,600
19	Survey	Seabright Survey	\$ 15,000
20	Wetland Delineation	Homer Soil/Water Conservation District	<u>\$ 12,000</u>
21		Total	\$191,600

22  
23  
24 WHEREAS, In the process of investigating design options, the engineers discovered the  
25 existing configuration between the raw water transmission line and the existing water  
26 treatment plant could be simplified to be safer and more efficient; and

27  
28 WHEREAS, While the additional work for DOWL Engineers to design the new  
29 configuration will cost \$33,185 more, it will result in construction cost savings which should  
30 offset the additional design cost.

31  
32 NOW, THEREFORE, the City Council of Homer ordains:

33  
34 Section 1. The City of Homer's 2021 Capital Budget is hereby amended by  
35 appropriating funds from the Water CARMA Fund an additional \$33,185 for the Raw Water  
36 Transmission Line - Design Project, bringing the total appropriation for this project to  
37 \$247,585.

38	<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
39	256-0378	Water CARMA	\$33,185

40  
41  
42 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this \_\_\_ day of \_\_\_\_\_, 2021.

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ATTEST:

\_\_\_\_\_  
MELISSA JACOBSEN, MMC, CITY CLERK

YES:

NO:

ABSTAIN:

ABSENT:

First Reading:

Public Hearing:

Second Reading:

Effective Date:

CITY OF HOMER

\_\_\_\_\_  
KEN CASTNER, MAYOR



# City of Homer

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## Public Works

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## Memorandum 21-049

TO: Mayor Castner and Homer City Council

THROUGH: Rob Dumouchel, City Manager

FROM: Janette Keiser, PE, Director of Public Works

DATE: March 3, 2021

SUBJECT: Raw Water Transmission Line Design Project - Betterment

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**Issue:** In the course of designing the new Raw Water Transmission line, we’ve come across an opportunity to improve operations and save construction costs at the Water Treatment Plant. This will require some additional design work, for which we are seeking additional funding.

### Background:

The City Council adopted Ordinance 20-56, which appropriated \$215,000 for the design of a new raw water transmission line; that is, a pipeline that conveys water from the pump house, near the reservoir, to the water treatment plant. This is being done because the existing transmission line is old cast iron pipe, which has cracked numerous times. If this line were to be taken out in a serious earthquake, the City would have no water supply.

To accomplish the design work, we issued the following contracts:

a. Design	DOWL Engineers	\$164,600
b. Survey	Seabright Survey	\$ 15,000
c. Wetland Delineation	Homer Soil/Water Conservation District	<u>\$ 12,000</u>
	Total to Date	\$191,000

In the process of investigating design options, we evaluated how to best connect the new water line into the existing treatment plant. We discovered we could simplify this configuration by eliminating an existing surge tank and its related piping. This is a 500-gallon tank, which buffers the differing pressures generated within the water line by the supply pumps. It is already at the end of its useful life. Eliminating the surge tank would make the treatment plant operations more efficient and safer, by removing a source of high pressure water, in a tight, enclosed space. Eliminating the surge tank would also mean construction of the new water line would be simpler because we’ll have more room to work in. Plus, we won’t have to run new piping through tortuous, twisting routes to work around an obsolete surge tank.

It will cost \$56,585 more to do the extra design work. However, we believe this will be more than offset by the decrease in construction costs and increase in operational efficiency and safety.

**Recommendations:**

That an additional \$56,585 be appropriated from the Water CARMA Fund to the Raw Water Transmission Line Design budget for the additional design work. This would bring the new total cost for the design of this project to \$247,585.





**Funding is Available:**

