



## Agenda City Council Worksession

Tuesday, May 27, 2025 at 4:00 PM

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

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### Homer City Hall

491 E. Pioneer Avenue  
Homer, Alaska 99603  
[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

### Zoom Webinar ID: 965 8631 4135 Password: 792566

<https://cityofhomer.zoom.us>  
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(Toll Free) 888-788-0099 or 877-853-5247

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### CALL TO ORDER, 4:00 P.M.

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

### DISCUSSION TOPIC(S)

a. FY26/27 Budget Discussions

1. HART Transfers and Capital Projects

### COMMENTS OF THE AUDIENCE (3 minutes)

### ADJOURNMENT NO LATER THAN 4:50 P.M.

Next Regular Meeting is Monday, June 9, 2025 at 6:00 p.m., Committee of the Whole at 5:00 p.m. A Worksession is at 4:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.



# MEMORANDUM

## FY26/27 Capital Budget

**Item Type:** Informational Memorandum  
**Prepared For:** Mayor Lord and Homer City Council  
**Date:** May 22, 2025  
**From:** Melissa Jacobsen, City Manager

In working through the FY26/27 budget process departments and Commissions have provided approximately 54 capital budget requests for FY26 and 17 requests for FY27.

Fund	FY2026 Requested	FY2026 CM Funded	FY2027 Requested	FY2027 CM Funded
GF CARMA Subaccounts	\$4,099,600	\$340,600	\$2,045,000	\$0
Water/Sewer CARMA	\$189,200	\$189,200	\$446,500	\$326,500
Port & Harbor Reserves	\$897,000	\$260,000	\$0	\$0
HART Trails	\$515,00	\$265,000	\$0	\$0

Of those requests, I've submitted 23 for Council's approval, as follows:

General Fund CARMA		
Item	Amount	Rationale
E-195 Snowplow	\$15,000	Snowplows are necessary for winter road maintenance and public safety. Repair costs for current plow exceed the value. The current PW Fleet CARMA balance covers the expense.
E-268 Stainless Steel Sander	\$17,000	The sand used for winter road is mixed with salt to increase the melt on the roadways. The salt breaks down the metal in the sanders over time. Sanders are necessary for winter road maintenance and public safety. The current PW Fleet CARMA balance covers the expense.
E-283 Stainless Steel Sander	\$17,000	See above.
E-274 Flail Mower Head	\$30,000	The current mower head is in need of repair and it is cost prohibitive to repair in comparison to replacement. This equipment is necessary to for maintaining storm water flow in ditches and right of way clearing. The current PW Fleet CARMA balance covers the expense.
Hickerson Memorial Cemetery Improvements	\$25,000	Public concerns have been raised regarding cemetery grounds maintenance and Council has expressed interest in improvements at the cemetery. The current General CARMA balance covers the expense.
Bayview Park Fence	\$20,000	Bayview Park has been improved with new play equipment and accessibility features. There has been

		interest expressed in replacing the fence for aesthetics and safety. The current PW CARMA balance covers the expense.
Police Laptop Replacement	\$49,000	Officer's computers are critical pieces of equipment that are used in the office and in the field. Current computers have aged out and there are no backup units. All units need to be replaced at the same time for system integration and configuration issues. The current Police CARMA balance covers the expense.
HERC Gym Re-coat	\$7,200	The HERC gym is in high demand and the floor sees a lot of use and has not been re-coated since the City has taken ownership. The current HERC CARMA balance covers the expense.
Server Room Fire Suppression	\$22,000	Sprinkler systems above City electronics with critical data is the current fire suppression at six City locations. This will allow those systems to be replaced with CO2 or other oxygen displacement methods designed for electronics. The current General CARMA balance covers the expense.
Server Room Environmental Controls	\$22,000	Cooling equipment is necessary to maintain City server and network equipment. City Hall suffered a significant event when the cooling unit failed and require significant staff time to ensure continued operation of the equipment until the coolers could be replaced. The current General CARMA balance covers the expense.
Digital Video Recording Servers	\$84,000	Aging and failing hardware impacts continuity of security camera visibility and recording. This addresses a serious deferred maintenance backlog and IT will develop a planned replacement strategy for future needs. The current IT CARMA balance covers the expense.
<b>Water/Sewer CARMA</b>		
Membrane Train Replacement	\$99,200	Council acknowledged the intent to replace one filter per year through FY28 in the FY24/25 budget process. The current Water CARMA balance covers the expense.
WTP Pond Liner Repair	\$25,000	The wastewater treatment pond is critical in the water treatment process. The current Sewer CARMA balance covers the expense.
E-104 ¾ Ton 4x4 Pick-up	\$65,000	This will replace an aged out vehicle. The current Water CARMA and Sewer CARMA balances cover an equal portion of this expense.
<b>Port &amp; Harbor Reserves</b>		
Crane Control Software	\$100,000	The custom software is no longer supported and only a matter of time before it fails. The current Port Reserves balance covers the expense.
Handheld Computer Replacement	\$10,000	These computers are necessary for taking boat inventory and field reads for accurate harbor billing. The current Port Reserves balance covers the expense.
Repairs to Fish Dock Fendering	\$100,000	Some fenders on the Fish Dock are cracked and broken with exposed bolts that catch on lines of vessels tied up

		at the dock. The current Port Reserves balance covers the expense.
High Mast Light Inspection & Service	\$50,000	This will accomplish the repair and inspection of two high mast lights, readying them for another 30 years of service. The current Port Reserves balance covers the expense.
<b>HART Trails</b>		
Trackless MT7 Municipal Sidewalk Tractor	\$250,000	Public Works currently uses a Tool Cat for summer and winter sidewalk and trail maintenance. The Tool Cat is not designed to travel long distances at a time and is wearing out. The trackless municipal sidewalk tractor is designed to be used in this fashion and will improve pedestrian movement year round. The current HART Trails balance covers the expense. This could be split between HART Roads and Trails, however HART Roads has limited availability and there have been instances where Parks Trucks have been purchased with HART Trails dollars despite mixed use of Parks (PW fleet) and trails (HART) (FY22 & FY24)
Trail Improvements	\$15,000	Improvements to Upper Poopdeck, Lower Hornaday, and Calhoun Trails for better pedestrian movement through town. The current HART Trails balance covers the expense.

The remaining general fund capital requests were not funded because there was no transfer to reserves included in the FY26/27 draft budget.

My rationale for not approving the request from the Economic Development Advisory Commission for the AK Small Business Development Advisor position is, I don't feel it's appropriate for me to fund a position outside of the City's realm, when we have positions left unfilled, as we are looking for ways to support current City staff through a COLA, and affordable health care.

Parks, Art, Recreation, and Culture Advisory Commission submitted a request for \$250,000 in HART Trails funding for the Green Timbers Trail Head and construction of a trail connecting it with the nearest existing trail within the Diamond Creek Recreation Area. I did not include this in the Manager's proposed Capital Budget, because it is unclear at this time what the trail plan is for this area, aside from the desire for the pedestrian underpass. The City hasn't been successful in contacting private property owners for trail easements on their property and Alaska Department of Transportation and Public Facilities has not given consent to the notion of using their future maintenance route as an access. Once a plan for this connection is better developed and agreeable to the State and City, the City Council has the ability to appropriate HART Trails funding by ordinance.



# MEMORANDUM

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## Trail Projects and Trails Financial Plan

**To:** Mayor Lord and City Council  
**Through:** Melissa Jacobsen, City Manager  
**From:** Daniel Kort, Public Works Director  
**Date:** May 16, 2025

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### Background:

There has been a lot of interest in a host of trail projects and the Public Works Department has updated the Trails Financial Plan in a new format from the 2023 version. There are numerous independent plans among the Parks Division of the Public Works Department (PWD), City Council, Parks, Art, Recreation & Culture Advisory Commission (PARCAC), Trails Groups, and the public, so we saw this as an opportunity to discuss priorities so everyone is aligned. The updated draft includes new projects and other priorities that have come to light since then.

### Discussion:

The Trails Financial Plan is a valuable planning document that maps our efforts, so we can plan out work and stay within a budget without exhausting our HART Trails funding.

The updated draft of the Trails Financial Plan attached to this memo was used to detail out some project specific information so the City Council can provide thoughtful and informed guidance on priorities.

### Draft Trail Financial Plan

From Memorandum 17-133, I used 2017 sales tax contribution data of approximately \$130,000/year as a starting point for the annual deposit into HART Trails. I further plugged in the recommended trail maintenance number of \$78,400 for FY26 and added a 2% annual inflation factor to that number for subsequent years.

A Trail Maintenance line item of \$30,000 was added for each year which represents minor annual trail maintenance projects such as re-surfacing of trails, reestablishment of trail width, and brushing to maintain trail width.

The following section is where new trail planning, design, and construction are shown for each year. At the bottom of the sheet we tally the Net expenditures on trails for the year. We take the beginning

fund balance, subtract the net expenditures, add the Projected Sales Tax into the Fund to calculate the Year Ending Fund Balance. This Year Ending Fund Balance is carried forward into the next year's Beginning fund balance.

I added all of the proposed and planned projects to the new construction list of the following large scale projects under consideration:

- The Diamond Creek Recreational Area (DCRA) Trails Phase I(a) through Phase IV;
- Karen Hornaday Park Trails;
- Streamhill Park/Mission Road Trail (possibly under consideration);
- Hospital/Hornaday Park Trail and Bridge Reconstruction;
- Beluga Lake Trail;
- Bay Avenue Trail/Sidewalk Connector;
- Tundra Rose to Hornaday Park Trail Connector.

The allocation of the Homer Accelerated Road and Trails fund that goes directly to trails is 10% and the current balance is not enough to accomplish this list along with annual trail maintenance so it will be helpful to discuss and prioritize these projects in the Trails Financial Plan.

Some of the proposed projects may be eligible for grant funding opportunities (such as the DCRA), however for the purpose of this planning tool, that was not factored in.

### **Diamond Creek Recreation Area (DCRA) Trail Update**

The State of Alaska Department of Transportation (DOT) will be completing Sterling Highway improvements from Anchor Point to Ocean Drive over the 2025 and 2026 construction seasons. Trails advocates, including the Homer Trails Alliance (HTA) and the City have interest in a pedestrian culvert being installed as part of the 2026 phase of the DOT project to provide a safe crossing of the Sterling Highway to the DCRA. This is an objective that's identified in the DCRA Plan that was adopted by the City in 2013 after the City acquired lands in the area through the Forest Legacy Program.

Council adopted Ordinance 24-06(A) to appropriate funds to contract engineering services for preliminary design of non-motorized trails and trailhead connecting City of Homer Diamond Creek property to the proposed highway underpass to demonstrate to the State of Alaska Department of Transportation (DOT) the City's strong interest in connecting the DCRA to the Diamond Creek State Recreation Site (DCSRS). Time is of the essence for this effort as the Sterling Highway design is nearly complete and we estimate that the City has approximately 6 months or less to get the easements in place.

The conceptual design project was completed showing the trail crossing two private properties that would require property owners to grant easements to the City. The City has attempted to contact these two property owners and has received no response other than a rejected certified mailing from one. This is a pretty firm indication that the City will be unable to secure easements across private property to make the trail connection for the pedestrian tunnel.

A representative from the HTA who is a retired Alaska DOT engineer and manager, met with current Alaska DOT management to make the case for construction of the trail within the highway right of way (ROW) and utilizing the maintenance access road for a portion of this trail segment. While not being a direct participant to this conversation, it is my understanding that this concept was not embraced by the Alaska DOT as a possible solution.

The City has started looking at an alternative future route for connecting the DCRA with the DCSRS through the proposed pedestrian tunnel that uses existing platted easements adjacent to City property that could provide DOT with assurance of intended trail connection.

The HTA, through the PARCAC has submitted a budget request for \$250,000 of Homer Accelerated Roads and Trails (HART) Trails funds towards a match for an anticipated Rasmussen Grant. This funding is to construct the Green Timbers Trailhead Parking Lot and the portion of the trail connecting to the DCSRS. This request for funding represents approximately 2-years of projected sales tax that is deposited into the HART Trails Fund, discounting the fact that the City already draws approximately \$100,000 annually for trail maintenance.

Some challenges inherent with this project are as follows:

- The City does not have consent from the private property owners to secure easements through their properties.
- The conceptual design that indicates 5 phases outlined in the development plan will have to be revised without private property owner participation.
- The cost to fully develop the trail system in the DCSRS likely exceeds the \$500,000 in City and grant funding.
- The City is being asked to provide \$250,000 without a clear plan for how it will be used, nor has the cost for the initial project been estimated.
- It is not clear that HART Trails money can be used for a Trailhead Parking Lot according to the HART Policy.

### **Karen Hornaday Park Trail and Tundra Rose Connector Trail**

As everyone is aware, the City has purchased 20-acres above Karen Hornaday Park, which shares a boundary with the park as well as 10-acres of City land that was previously inaccessible. This makes 30-acres of new property that is contiguous with Karen Hornaday Park.

There are a lot of folks “chomping at the bit” to begin developing a trail network on this property. The PWD Parks Division is equally excited about the prospect of this trail network supplementing the offerings of this park and complimenting the park and campground. This is a very unique opportunity that the City should be focused on and excited about.

The City just took ownership of this property. The PWD has been trying to keep the community of “trail builders” from taking matters into their own hands and cutting trails in without the PWD’s blessing because the City does have Code pertaining to development on steep slopes. Due to the steep slopes of this property, the PWD would like to work with an engineer to design this trail network

responsibly so we don't create a situation for potential landslides. PWD intends to submit this trail design to PARCAC for comments prior to constructing what is expected to be a beautiful trail loop system on the property with several green spaces where the trail can showcase the dramatic views of Kachemak Bay and mountain vista's.

There has been interest expressed in connecting this property with a trail continuing uphill to the top of the ridge. This trail would likely require several trail easements onto private property. At this point, this trail extension is very theoretical and not fully vetted. While theoretical, there is a new proposed subdivision on Tundra Rose as well as one property owner who may be interested in granting a trail easement, leaving only one section of approximately 345-ft of trail alignment in question (of whether a trail easement would be possible). If this could be worked out, there could be a trail linkage that extends from Karen Hornaday Park linking all the way to Tundra Rose Rd., providing walkable access from downtown to Skyline Drive.

### **Streamhill Park to Mission Road Trail**

The City has been in conversations with groups on Mission Road who are interested in getting water and sewer service. In order to facilitate this desire, the most cost effective solution would be to connect water and sewer through Streamhill Park. In order to do this, a utility easement would need to be developed crossing Streamhill Park subdivision owned land and private property. These negotiations are very preliminary and fragile, but there did appear to be some interest in this concept with the possibility of the City taking over and improving the trail network that is already developed on the Streamhill Park subdivision land. The City would then be required to construct additional trail up to Mission Road. This would provide a trail system that gets hikers to nearly the top of the ridge near East Hill Road.

This new trail, if it ever comes to fruition, is likely to be an expensive trail to construct due to the steep slopes and acquisition of the easements. The PWD would also have to determine the costs for improving the existing trail network. Recent conversations with the Streamhill Park Home Owners has gone away from the City taking over the Streamhill Park Trails, however this was left in the planning queue, because it could always come back to being possible.

It is way too early to make a cost estimate of this trail; however, we'd anticipate this project being in the \$300,000 plus neighborhood.

### **Hospital/Karen Hornaday Park Trail and Bridge Reconstruction**

A trail linking the Hospital with Karen Hornaday Park, including a bridge crossing Woodard Creek was constructed a few years ago with volunteer labor. Due to the soil, slopes, and trail design, the trail is eroding into Woodard Creek, and the bridge is becoming unsafe for pedestrian use due to deterioration and will need to be closed for safety very soon. Public Works is monitoring the condition of this trail and bridge closely. The Public Works Department is planning to do a formalized engineering design of this trail and bridge with the hopes that we can leverage expertise to provide a trail that is more robust and long lasting without the trail eroding into Woodard Creek.



### **Beluga Lake Trail**

The Beluga Lake Trail is a newly discovered trail easement that dates back to the 1980's that is a shared easement with the sanitary sewer that is on the north side of Beluga Lake. We need to do more Title research to determine the length of this trail easement. We discovered this trail easement as part of another effort, and learned that what was originally thought to be a Utility Easement is actually written as a Public Use and Utility Easement. If this easement is found to extend the full distance of the sanitary sewer pipe, it would give the City the opportunity to construct a new trail extending from the area near McDonald's all the way to near Jack Gist Park.

This could be an awesome trail that would provide alternatives to pedestrians walking down the East End Road Trail/Sidewalk. This potential project is in its infancy, and when confirmed, may cost several millions to construct, and likely would be constructed in several phases over many years unless a grant opportunity is found.

### **Bay Avenue Trail/Sidewalk Connector**

This project was purely conceptual until the approval of the Doyan development. The vision of this project would be to:

- connect the sidewalk/trail that crosses the Beluga Slough/Beluga Lake as Lake Street splits the two areas; and
- continue this trail down Lake Street, possibly using an undeveloped road ROW and using a trail easement to cross two properties to reach Bay Avenue; and
- continue a sidewalk down Bay Avenue to the Doyan property, using the newly proposed Doyan ADA Sidewalk/Trail and eventually pass through the Doyan property to a Sterling Highway pedestrian crossing to the Homer Spit Trail.

This proposed Trail would complete a missing link from Downtown to the Homer Spit Trail, divert pedestrian traffic away from the busy Ocean Drive corridor, and go a long way towards improving pedestrian safety. This is purely a conceptual trail/sidewalk alignment that PWD has not vetted through the City Council or PARCAC yet.

### **Summary:**

The intention of this information memorandum is to introduce Council to the new format of the Trail Financial Plan and stimulate conversations on trail priorities, as well as, update Council on proposed projects and their current status.

<div> <div>City of Homer</div> <div>Trails Financial Plan</div> </div>							
<div> <div>Fund 165 - HART Trails</div> <div>Public Works Department</div> </div>							
	FY2025 Active Projects	FY2026 Dept Proposed	FY2027 Projected	FY2028 Projected	FY2029 Projected	FY2030 Projected	FY2030 Projected
Miscellaneous							
Wayfinding & Streetscape	50,000						
Trackless		250,000					
<b>Total Miscellaneous Projects</b>	<b>50,000</b>	<b>250,000</b>	-	-	-	-	-
Trail Maintenance							
Operating Budget Transfer - Trail Maintenance FY25	118,663						
Operating Budget Transfer - Trail Maintenance FY26		78,400					
Operating Budget Transfer - Trail Maintenance FY27			79,968				
Operating Budget Transfer - Trail Maintenance FY28				81,567			
Operating Budget Transfer - Trail Maintenance FY29					83,199		
Operating Budget Transfer - Trail Maintenance FY30						84,863	
Operating Budget Transfer - Trail Maintenance FY31							86,560
FY26 Trail Maintenance (Calhoon/Upper Poopdeck/Lower Hornaday)		30,000					
FY27 Trail Maintenance (Daybreeze/Lower Poopdeck)			30,000				
FY28 Trail Maintenance (TBD)				30,000			
FY29 Trail Maintenance (TBD)					30,000		
FY30 Trail Maintenance (TBD)						30,000	
FY31 Trail Maintenance (TBD)							30,000
Pest Management on Trails	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<b>Total Trail Maintenance Projects</b>	<b>138,663</b>	<b>128,400</b>	<b>129,968</b>	<b>131,567</b>	<b>133,199</b>	<b>134,863</b>	<b>136,560</b>
Trail Projects and Planning							
DCRA Highway Underpass Conceptual Design Study	28,145						
DCRA Easement Acquisition		300,000					
DCRA Trail Phase I(a) Engineering (Green Timbers PL to DCSRS)		50,000					
DCRA Trail Phase I(a) Construction (Green Timbers PL to DCSRS)			500,000				
DCRA Trail Phase I(b) Engineering (Green Timbers PL to View Pt)			25,000				
DCRA Trail Phase I(b) Construction (Green Timbers PL to View Pt)				270,000			
DCRA Trail Phase II Engineering (Phase I(b) trail to KPB Trailhead)				100,000			
DCRA Trail Phase II Construction (Phase I(b) trail to KPB Trailhead)					TBD		
DCRA Trail Phase III Engineering (Loop A/Connect Rogers TH)					TBD		
DCRA Trail Phase III Construction (Loop A/Connect Rogers TH)						TBD	
DCRA Trail Phase IV Engineering (Loop B/Homestead Connector)						TBD	
DCRA Trail Phase IV Construction (Loop B/Homestead Connector)							TBD
Lee Avenue Trail	20,000						
E. Fairview Avenue Trail	30,000						
Beauregard Court Trail	10,000						
Trailhead Improvements	12,000						
Tajen Trail				40,000			
Bayview Park Renovation - accessibility	20,314						
Lucky Shot Trail	6,000						
Library Trail - Storybook / West Lot	6,000						
Adams Lane Path			200,000				
Beluga Lake Trail Easement Research			30,000				
Beluga Lake Trail Design				100,000			
Beluga Lake Trail Construction					300,000	300,000	
Karen Hornaday Park Trail Design			50,000				
Karen Hornaday Park Trail Construction				350,000			
Streamhill Park/Mission Road Trail (possible trail)					400,000		
Reber Trail Construction				75,000			
Hospital/Hornaday Trail and Bridge Design			30,000				
Hospital/Hornaday Trail and Bridge Construction				300,000			
West Homer Elemantary School Trail			50,000				
Bay Avenue Connection to Lake Research, Design and Easement				100,000			
Bay Avenue Connection to Lake Construction					200,000		
Bay Avenue Trail Design				100,000			
Bay Avenue Trail/Sidewalk Construction					1,000,000		
Tundra Rose to Hornaday Trail Connection Research					50,000		
Tundra Rose to Hornaday Trail Connection Easement						50,000	
Tundra Rose to Hornaday Trail Connection Design						50,000	
Tundra Rose to Hornaday Trail Connection Construction							500,000
<b>Total New Trail Building Projects</b>	<b>132,459</b>	<b>350,000</b>	<b>885,000</b>	<b>1,435,000</b>	<b>1,950,000</b>	<b>400,000</b>	<b>500,000</b>
Net Annual Expenditure	321,122	728,400	1,014,968	1,566,567	2,083,199	534,863	636,560
Beginning Fund Balance	1,100,000	908,878	310,478	(574,490)	(2,011,057)	(3,964,256)	(4,369,119)
Projected Sales Tax into Fund	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Projected Ending Fund Balance	908,878	310,478	(574,490)	(2,011,057)	(3,964,256)	(4,369,119)	(4,875,679)
<div> <div>* Funding from Equipment Replacement Fund</div> <div>(G) Grant Funded</div> </div>							