



Agenda

City Council Regular Meeting

Monday, October 14, 2024 at 6:00 PM

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

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

Zoom Webinar ID: 205 093 973 Password: 610853
<https://cityofhomer.zoom.us>
Dial: 346-248-7799 or 669-900-6833;
(Toll Free) 888-788-0099 or 877-853-5247

CALL TO ORDER, PLEDGE OF ALLEGIANCE

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

MAYORAL PROCLAMATIONS AND RECOGNITIONS

PUBLIC COMMENT ON MATTERS ALREADY ON THE AGENDA

RECONSIDERATION

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

- a. Homer City Council Unapproved Regular Meeting Minutes of September 23, 2024. City Clerk. Recommend approval.
- b. Memorandum CC-24-205 from City Clerk re Liquor License Renewal for Grog Shop East. Recommend approval.
- c. Memorandum CC-24-206 from Community Development Director re: Addressing Cruise Ship Visits to Homer at Council Request via Resolution 24-049. Recommend approval.
- d. Ordinance 24-48, An Ordinance of the City Council of Homer, Alaska Amending the FY25 Capital Budget by Accepting and Appropriating a State of Alaska Online with Libraries Grant for FY25 in the Amount of \$6,462 for Internet Service. City Manager/Library Director. Recommended dates: Introduction October 14, 2024 Public Hearing and Second Reading October 28, 2024.

Memorandum CC-24-208 from Library Director as backup.
- e. Ordinance 24-49, An Ordinance of the City Council of Homer, Alaska Amending the FY25 Capital Budget to Appropriate \$14,510 from the Homer Accelerated Roads and Trails (HART) Roads Fund for a Safe Street 4 All Safety Action Plan Grant Match. City Manager/Community

Development Director. Recommended dates: Introduction October 14, 2024 Public Hearing and Second Reading October 28, 2024.

Memorandum CC-24-209 from Community Development Director as backup.

- [f.](#) Ordinance 24-50, An Ordinance of the City Council of Homer, Alaska, Amending the FY25 Capital Budget by Appropriating \$10,000 from the General Fund Capital Asset Repair and Maintenance Allowance (CARMA) Fund for Construction Work for the Re-establishment of the Beluga Slough Outlet. City Manager/Public Works Director. Recommended dates: Introduction October 14, 2024 Public Hearing and Second Reading October 28, 2024.

Memorandum CC-24-210 from Public Works Director as backup.

- [g.](#) Ordinance 24-51, An Ordinance of the City Council of Homer, Alaska, Amending the Homer City Zoning Map to Rezone a Portion of the Rural Residential (RR) Zoning District to Medical (M) Zoning District. City Planner/Planning Commission. Recommended dates: Introduction October 14, 2024 Public Hearing and Second Reading October 28, 2024.

Memorandum CC-24-211 from City Planner as backup.

- [h.](#) Ordinance 24-52, An Ordinance of the City Council of Homer, Alaska, Amending the FY25 Capital Budget by Transferring \$15,000 within the General Fund Capital Asset Repair and Maintenance Allowance (CARMA) Fund. City Manager/Finance Director. Recommended dates: Introduction October 14, 2024 Public Hearing and Second Reading October 28, 2024

Memorandum CC-24-212 from City Manager as backup.

- [i.](#) Ordinance 24-53, An Ordinance of the City Council of Homer, Alaska Adopting the Revised Port of Homer, Alaska Tariff No.1. City Manager/Port Director. Recommended dates: Introduction October 14, 2024 Public Hearing and Second Reading October 28, 2024.

Memorandum CC-24-213 from Port Director as backup.

- [j.](#) Ordinance 24-54, An Ordinance of the City Council of Homer, Alaska Amending the FY25 Capital Budget by Appropriating \$150,000 from the Police Fleet Capital Asset Repair and Maintenance Allowance Fund for the Purchase of Two Police Patrol Vehicles. City Manager/Police Chief. Recommended dates: Introduction October 14, 2024 Public Hearing and Second Reading October 28, 2024.

Memorandum CC-24-214 from Police Chief as backup.

- [k.](#) Ordinance 24-55, An Ordinance of the City Council of Homer, Alaska Amending the FY25 Capital Budget by Appropriating \$40,000 from the Public Works Fleet Capital Asset Repair and Maintenance Allowance (CARMA) Fund for the Purpose of Repairing the Boiler in City Steam Truck E176. City Manager/Public Works Director. Recommended dates: Introduction October 14, 2024 Public Hearing and Second Reading October 28, 2024.

Memorandum CC-24-215 from Public Works Director as backup.

- [l.](#) Resolution 24-107, A Resolution of the City Council of Homer Alaska Awarding the Contract for the Deep Water Dock North Mooring Dolphin Repair Project to Fortune Sea Marine Services of Homer, Alaska in an Amount Not to Exceed \$24,718 and Authorizing the City Manager to Negotiate and Execute the Appropriate Documents. City Manager/Port Director.

Memorandum CC-24-216 from Port Director as backup.

- [m.](#) Resolution 24-108, A Resolution of the City Council of Homer Alaska Requesting the Governor of the State of Alaska Designated by Proclamation the Area of Prince William Sound Pink Salmon Fishery and any other Applicable Pink Salmon Fisheries as an Area Impacted by an Economic Disaster in 2024, and Supporting a Recovery Plan for Affected Fishermen. Lord/Venuti/Erickson.

- [n.](#) Resolution 24-109, A Resolution of the City Council of Homer, Alaska Authorizing a Change Order to the Airport Terminal Sidewalk Replacement Project to Replace the Paved Forklift Loading Area with Concrete and Authorizing the City Manager to Negotiate and Execute the Appropriate Documents. City Manager/City Engineer.

Memorandum CC-24-217 from City Engineer as backup.

- [o.](#) Resolution 24-110, A Resolution of the City Council of Homer, Alaska Approving a Sublease at the Homer Airport Terminal for Sterling Airways, DBA Aleutian Airways, and Authorizing the City Manager to Negotiate and Execute the Appropriate Documents. City Manager/Port Director.

Memorandum CC-24-218 from Port Director as backup.

VISITORS

- [a.](#) Bikky Shrestha, BDO USA, LLP Financial Statement & Audit Report Fiscal Year 2023
- [b.](#) Kenai Peninsula Youth Website Project Update - Ginny Espenshade

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

- a. Worksession Report
- b. Committee of the Whole Report
- c. Mayor's Report
- d. Borough Report
- e. Port and Harbor Advisory Commission
- f. Planning Commission
- g. Comp Plan Steering Committee
- [i.](#) Comp Plan Rewrite Community Worksession Flyer

- h. Economic Development Advisory Commission
- i. Champions Report
 - i. Finance
 - ii. Harbor
 - iii. Recreation

PUBLIC HEARING(S)

- [a.](#) Ordinance 24-45(S), An Ordinance of the City Council of Homer, Alaska, Amending the 2025 Operating Budget by Appropriating Funds in the Amount of \$25,000 from the Port Reserves Fund for the Purpose of the Deep Water Dock North Mooring Dolphin Repair Project. City Manager/Port Director. Introduced September 23, 2024 Public Hearing and Second Reading October 14, 2024.

Memorandum CC-24-195 from Port Director as backup.

- [b.](#) Ordinance 24-46, An Ordinance of the City Council of Homer, Alaska, Amending the FY25 Capital Budget by Appropriating \$40,000 from the Homer Accelerated Roads and Trails (HART) Roads Fund to Purchase Speed Monitoring Devices. Davis/Lord. Introduced September 23, 2024 Public Hearing and Second Reading October 14, 2024
- [c.](#) Ordinance 24-47, An Ordinance of the City Council of Homer, Alaska, Amending the FY24 Capital Budget by Appropriating an Additional \$15,000 from the Public Works Capital Asset Repair and Maintenance Allowance (CARMA) Fund to the Airport Terminal Sidewalk Replacement Project. City Manager/City Engineer. Introduced September 23, 2024 Public Hearing and Second Reading October 14, 2024

Memorandum CC-24-196 from City Manager as backup.

ORDINANCE(S)

CITY MANAGER'S REPORT

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

PENDING BUSINESS

- [a.](#) Resolution 24-105, A Resolution of the City Council of Homer, Alaska, Accepting the Fiscal Year 2023 Basic Financial Statements and Acknowledging the Management Letter Submitted by the City's Independent Auditor, BDO USA, LLP and Authorizing the City Manager to Execute the Financial Report. City Manager/Finance Director.

NEW BUSINESS

- [a.](#) Memorandum CC-24-207 from Economic Development Advisory Commission re: Business License Recommendations.

RESOLUTIONS

- [a.](#) Resolution 24-111, A Resolution of the City Council of Homer, Alaska, Confirming the October 1, 2024 Election Results. City Clerk.

**Swearing in of newly elected officials.

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, October 28, 2024 at 6:00 p.m., Committee of the Whole at 5:00 p.m. A Worksession at 4:00 p.m. All meetings are scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

Session 24-20 a Regular Meeting of the City Council of Homer, Alaska was called to order on September 23, 2024 by Mayor Ken Castner at 6:00 p.m. at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska, and opened with the Pledge of Allegiance.

PRESENT: COUNCILMEMBERS ERICKSON, HANSEN, DAVIS, ADERHOLD, VENUTI, CASTNER

ABSENT: COUNCILMEMBER LORD(EXCUSED)

STAFF: CITY MANAGER JACOBSEN
CITY CLERK KRAUSE
FINANCE DIRECTOR FISCHER
COMMUNITY DEVELOPMENT DIRECTOR ENGBRETSSEN
CITY PLANNER FOSTER
FIRE CHIEF KIRKO
PORT DIRECTOR HAWKINS
PUBLIC WORKS DIRECTOR KORT
CHIEF TECHNOLOGY OFFICER JIRSA
SPECIAL PROJECTS & COMMUNICATIONS COORDINATOR CARROLL
RECREATION MANAGER ILLG

CALL TO ORDER, PLEDGE OF ALLEGIANCE

City Manager Jacobsen had requested participation by electronic means and Councilmember Lord had requested excusal and timely notice was provided.

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

Mayor Castner read the supplemental items into the record as follows: **CONSENT AGENDA** item d. Ordinance 24-45, An Ordinance of the City Council of Homer, Alaska, Amending the 2025 Operating Budget by Appropriating Funds in the Amount of \$25,000 from the Port Reserves Fund for the Purpose of the Deep Water Dock North Mooring Dolphin Repair Project. City Manager/Port Director. Ordinance 24-45(S) of the same title and Financial Supplement, item f. Ordinance 24-47 Amending the FY 24 Capital Budget by Appropriating an Additional \$15,000 from the Public Works CARMA Fund to the Airport Terminal Sidewalk Replacement Project. City Manager/City Engineer. Corrected memorandum CC-24-196 from City Engineer as backup. **ANNOUNCEMENTS / PRESENTATIONS / REPORTS** item h. ADA Advisory Board written report provided as a laydown. **PENDING BUSINESS** item a. Ordinance 24-31(S) Adopting the 2024 Transportation Plan, Amending the Homer Comprehensive Plan to include the Transportation Plan and Recommending Adoption by the Kenai Peninsula Borough. City Manager. Memorandum CC-24-200 from the ADA Advisory Board as backup and Memorandum CC-24-201 from the Parks, Art Recreation & Culture Advisory Commission as backup.

ADERHOLD/VENUTI MOVED TO APPROVE THE AGENDA AS AMENDED.

There was no discussion.

VOTE. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

MAYORAL PROCLAMATIONS AND RECOGNITIONS

PUBLIC COMMENT ON MATTERS ALREADY ON THE AGENDA

Cameale Johnson, commented in support of Resolution 24-101 noting the benefits and hard work the Cycling Club, Friends of Kachemak Bay State Park with Ptarmigan Trails have done regarding the proposed trail layout in the Cottonwood Eastland Unit.

RECONSIDERATION

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

- a. Homer City Council Unapproved Regular Meeting Minutes of September 9, 2024. City Clerk. Recommend approval.
- b. Memorandum CC-24-193 from Council Members Aderhold and Erickson re: Resolutions to Submit to the Alaska Municipal League for Consideration at the Annual Business Meeting in December. Recommend approval.
- c. Memorandum CC-24-194 from City Clerk re: Confirm Election Judges and Canvass Board for the October 1, 2024 Municipal Election. Recommend approval.
- d. Ordinance 24-45, An Ordinance of the City Council of Homer, Alaska, Amending the 2025 Operating Budget by Appropriating Funds in the Amount of \$25,000 from the Port Reserves Fund for the Purpose of the Deep Water Dock North Mooring Dolphin Repair Project. City Manager/Port Director. Introduction September 23, 2024 Public Hearing and Second Reading October 14, 2024.

Memorandum CC-24-195 from Port Director as backup.

Ordinance 24-45(S) with the same title provided in the supplemental packet.

- e. Ordinance 24-46, An Ordinance of the City Council of Homer, Alaska, Amending the FY25 Capital Budget by Appropriating \$40,000 from the Homer Accelerated Roads and Trails (HART) Roads Fund to Purchase Speed Monitoring Devices. Davis/Lord.
- f. Ordinance 24-47, An Ordinance of the City Council of Homer, Alaska, Amending the FY24 Capital Budget by Appropriating an Additional \$15,000 from the Public Works Capital Asset Repair and Maintenance Allowance (CARMA) Fund to the Airport Terminal Sidewalk Replacement Project. City Manager/City Engineer. Introduction September 23, 2024 Public Hearing and Second Reading October 14, 2024.

Memorandum CC-24-196 from City Engineer as backup.

Corrected Memorandum CC-24-196 provided in the supplemental packet

- g. Resolution 24-101, A Resolution of the City Council of Homer, Alaska, Supporting the Efforts of the Homer Cycling Club and Friends of Kachemak Bay State Park to Establish Hiking, Biking and Equestrian Trails in the Cottonwood-Eastland Management Unit of Kachemak Bay State Park. Venuti.

Memorandum CC-24-197 from Parks, Art, Recreation & Culture Advisory Commission as backup.

- h. Resolution 24-102, A Resolution of the City Council of Homer, Alaska, Acknowledging the City of Homer Surplus Equipment Sale 2024 Results. City Clerk.

Memorandum CC-24-198 from City Clerk as backup.

- i. Resolution 24-103, A Resolution of the City Council of Homer, Alaska, Urging the State of Alaska to Maintain Funding for the Public Libraries Assistance (PLA) Grants and the Statewide Library Electronic Doorway (SLED) at FY 2024 Levels. Library Director/Aderhold.

- j. Resolution 24-107, A Resolution of the City Council of Homer, Alaska, Awarding a Contract to Hughes and Associates of Palmer, Alaska in the Amount Not to Exceed \$40,000 for the Harbor Basin Survey Project and Authorizing the City Manager to Negotiate and Execute the Appropriate Documents. City Manager/Port Director.

Memorandum CC-24-204 from Port Director as backup.

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

There was no discussion.

VOTE. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VISITORS (10 minutes per visitor)

- a. City of Homer Financial Statements - Bikky Shrestha, BDO USA, LLP –

Mayor Castner noted that this presentation has been rescheduled to October 14th regular meeting.

- b. CARTS Presentation - Jodi Stuart, Board President & Jessica Schultz, Ex. Dir.

Mayor Castner noted that this presentation has been rescheduled to October 28th regular meeting.

- c. Comprehensive Plan Status Update - Shelly Wade, Agnew::Beck

Shelly Wade, Agnew::Beck presented on the revised timeline, survey results and next steps. She covered the following topics briefly for Council:

- Updated Timeline August 15, 2024
 - o Growth Scenarios Sept-Nov
 - Selection in Nov
- Comp Plan inputs

- Survey Results & Outcome

Ms. Wade announced the next public meetings scheduled the week of October 21, 2024.

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

- a. Worksession Report

City Manager Jacobsen reported that Council received a presentation from Finance Director Fischer on End of Fiscal Year Information.

- b. Committee of the Whole Report

Councilmember Aderhold reported that Council discussed Ordinance 24-47 Regarding Additional Work at the airport, Ordinance 24-31(S), Resolutions 24-101, 24-102, 24-104, 24-105, 24-106

- c. Mayor's Report

Mayor Castner reported attending a Rotary meeting and they expressed concerns on the lack of economic information in the Comprehensive Plan and they have received the Supreme Court decision on the Griswold vs City of Homer case and the city prevailed with the exception of attorney fees.

- d. Borough Report

- e. Economic Development Advisory Commission

A written report was presented as a laydown for the meeting.

- f. Planning Commission

- g. Library Advisory Board

Andy Haas, Boardmember, reported September is library card sign up month. It's free. And if anyone wants to get a library card they should have one to sign up, they should bring a photo. Id and proof of mailing address, those under 18 need a parent. Public Works is grading the Western Lot Trail. The Board adopted the Homer Public Library Strategic Plan, last month the report for the Library Assistance Grant was woefully low and it impacted the Homer Library in terms of about \$5000 for last materials but would shut down smaller libraries, since that report there has been a great outcry and he expressed his appreciation for Council weighing in on it and supporting the resolution to urge full funding. It has been fantastic to see the support for libraries and it is Banned Book Week, a designation by libraries for the last 30 plus years rather than addressing such dangerous books that have been challenged such as Maui from Denali, I prefer to think of it as intellectual Freedom Week. The right to read unhindered by the State is protected by the first amendment and it is a week where, it should be celebrated in our library. We have books of competing history, approaches that live next to each other without burning each other down. Only by analyzing competing books, weighing their biases and reconciling them can we reach an intelligence which is necessary for being a good citizen. That is what Homer is, what City Council is and I always appreciate the calm, intelligence, and civility that Council use in addressing very divisive issues. Mr. Haas continued by stating to a large extent Homer follows that pattern and its grounded our right to do research, to read so he was happy for Intellectual Freedom Week.

- h. Americans with Disabilities Act Compliance Committee

Councilmember Venuti read the written report provided as a laydown. She then noted a correction within the report regarding the Board's position on the Transportation Plan, and that they received a presentation on the Comp Plan Update from Shelly Wade and talked at length with Port Director Hawkins and Deputy Harbormaster Glidden.

Mayor Castner provided comment on the traffic calming and noted that pedestrians have the right of way and how that is observed on the Spit.

i. Parks Art Recreation and Culture Advisory Commission

Ingrid Harrald, commissioner, reported meeting in worksessions with the Planning and the PARC Advisory Commission, receiving information on the Comprehensive Plan survey results and that they had a SWOT conducted by Wellspring, Inc. of Seldovia, Alaska to assist the commission with the development of their Strategic Plan. She provided some outcomes of that exercise that will be incorporated into the strategic plan such as the importance of parks and recreation to the residents, intangibles of mental health and cultural ecosystem services. She touched on the Commission request to postpone the transportation plan to see how it fits in with the Comp Plan, some small changes and recommendations to the plan. Ms. Harrald reported that the Community Recreation program has been really busy and has some new programs such as Spanish, Karate, ballet and jewelry making classes being offered. The new recreation software is doing great and you can see that through the increased revenues collected. She reported that the improvements to Bayview Park and Parks Maintenance Coordinator Chad Felice is doing a wonderful job, expressed appreciation to Council for funding the various park projects completed this year at Jack Gist Park and Karen Hornaday Park and including Karen Hornaday Park in the CIP.

Council requested clarification on the installation of the portable restrooms.

Staff reported that the portable restrooms were not installed this year as the city had to get the electrical, water and sewer connections installed and that took some time but it will be ready for next spring.

j. Champions Report

i. Finance –

Councilmember Davis reported meeting with the Finance Director and City Manager reviewing the end of year and audit timetable to wrap up FY23 and launching the FY24 audit which is looking really good and will be starting in October and possible strategies to deal with declining sales tax revenues. He then provided an overview of the closeout of FY24 for those listening on the radio.

ii. Harbor

Councilmember Hansen reported that they have not met as yet but will be scheduling a meeting in the upcoming weeks.

iii. Recreation

Councilmember Erickson reported that a meeting is scheduled for next week to review the site location and selection process.

PUBLIC HEARING(S)

- a. Ordinance 24-43, An Ordinance of the City Council of Homer, Alaska Amending the FY25 Capital Budget by Appropriating an Additional \$15,00 from the Port Reserves Fund for the Harbor Basin Survey Project. City Manager/Port Director. Introduction September 9, 2024 Public Hearing and Second Reading September 23, 2024.

Memorandum CC-24-185 from Port Director as backup.

Mayor Castner introduced the item and opened the public hearing. Seeing and hearing no one wishing to provide testimony, he closed the public hearing and requested a motion and second.

ADERHOLD/VENUTI MOVED TO ADOPT ORDINANCE 24-43 BY READING OF TITLE ONLY FOR SECOND AND FINAL READING.

There was no discussion.

VOTE. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried

- b. Ordinance 24-44, An Ordinance of the City Council of Homer, Alaska, Amending the FY25 Capital Budget by Accepting and Appropriating a State of Alaska Public Library Assistance Grant for FY25 in the Amount of \$1,829 for Books and Library Materials. City Manager/Library Director. Introduction September 9, 2024 Public Hearing and Second Reading September 23, 2024.

Memorandum CC-24-186 from Library Director as backup.

Mayor Castner introduced the item and opened the public hearing. Seeing and hearing no one wishing to provide testimony, he closed the public hearing and requested a motion and second.

ADERHOLD/VENUTI MOVED TO ADOPT ORDINANCE 24-44 BY READING OF TITLE ONLY FOR SECOND AND FINAL READING.

There was no discussion.

VOTE. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried

ORDINANCE(S)

CITY MANAGER'S REPORT

- a. City Manager's Report

City Manager Jacobsen reported being at a Manager's Conference in Pittsburg, PA., it was hot and humid and she was looking forward to coming back home. Ms. Jacobsen reported that there will be a Ribbon Cutting Ceremony for Ben Walters Sidewalk Project on Monday, September 30th at 1:30 p.m., opportunity for young people 17-25 years of age to attend the Sister City World Conference in Osaka, Japan in 2025, and addressing traffic calming.

- b. Monthly General Fund Expenditure Report

PENDING BUSINESS

- a. Ordinance 24-31(S), An Ordinance of the Homer City Council Adopting the 2024 Homer Transportation Plan, Amending the Homer Comprehensive Plan to Include the Transportation Plan and Recommending Adoption by the Kenai Peninsula Borough. Introduction August 12, 2024 Public Hearing and Second Reading August 19, 2024 Postponed to September 23, 2024 Remanded to ADA Advisory Board and Parks, Art, Recreation & Culture Advisory Commission.

Memorandum CC-24-147 from Community Development Director as backup.

Memorandum CC-24-200 from ADA Advisory Board as backup.

Memorandum CC-24-201 from Parks, Art, Recreation & Culture Advisory Commission as backup.

ADERHOLD/VENUTI MOVED TO ADOPT ORDINANCE 24-31(S) BY READING OF TITLE ONLY.

There was a brief discussion on postponement, very well vetted document, approved by Council to develop almost two years previous and clerical amendments.

VOTE. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

NEW BUSINESS

RESOLUTIONS

- a. Resolution 24-104, A Resolution of the City Council of Homer, Alaska Directing the City Manager to Address Speeding on West Fairview. Davis.

Memorandum CC-24-199 from City Manager as backup.

DAVIS/ADERHOLD MOVED TO ADOPT RESOLUTION 34-104 BY READING OF TITLE ONLY.

There was a brief discussion on bringing this resolution forward instead of asking the City Manager to address the issue.

VOTE. NON-OBJECTION. UANIMOUS CONSENT.

Motion carried.

- b. Resolution 24-105, A Resolution of the City Council of Homer, Alaska, Accepting the Fiscal Year 2023 Basic Financial Statements and Acknowledging the Management Letter Submitted by the City's Independent Auditor, BDO USA, LLP and Authorizing the City Manager to Execute the Financial Report. City Manager/Finance Director.

ADERHOLD/VENUTI MOVED TO POSTPONE RESOLUTION 24-105 TO THE OCTOBER 14, 2024 REGULAR MEETING.

There was no discussion.

VOTE. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- c. Resolution 24-106, A Resolution of the City Council of Homer, Alaska, Disbanding the Sister City 40th Anniversary Celebration Task Force. Lord/Venuti.

Memorandum CC-24-203 from Assistant to the City Manager/Sister City Coordinator as backup.

VENUTI/ADERHOLD MOVED TO ADOPT RESOLUTION 24-106 BY READING OF TITLE ONLY.

VENUTI/ADERHOLD MOVED TO AMEND LINE 33 AFTER THE WORD “DISBANDED” INSERT AND CITY COUNCIL APPRECIATES THE WORK IN PLANNING THE CELEBRATION ACTIVITIES AND RECOGNITION OF OUR CONTINUED RELATIONSHIP WITH TESHIO.

There was a brief discussion on this language accomplishing the goal of recognizing the work of the Task Force.

VOTE. NON-OBJECTION. UANIMOUS CONSENT.

Motion carried.

COMMENTS OF THE AUDIENCE

Theo Numa commented on Ms. Wade’s paradoxical findings in the study that could be better understood by taking a closer look at the demographics of the respondents. He was curious if Agnew::Beck planned on using stratified weights to balance the sample demographically Stratification is the sampling method where you split out demographic groups in the data set then apply weights to the responses so that the sample data set is more closely aligned with the population data set. This is valuable tool for getting voices from underrepresented groups and he hoped that Agnew::Beck would use this or a similar method.

Mayor Castner thanked Mr. Numa and suggested he contact Agnew::Beck directly with that technical question, as well as Councilmembers Davis and Erickson bringing it before the Comprehensive Plan Steering Committee at their next meeting. He added with that sort of sampling, a balancing mechanism would be something that if they felt like there was a reason to apply but would be another question as to why would you go to that level.

COMMENTS OF THE CITY ATTORNEY

City Attorney Gatti did not have any comments.

COMMENTS OF THE CITY CLERK

City Clerk Krause reported that applications were being accepted for the Parks Art Recreation & Culture Advisory Commission and Absentee Voting in Person for the City and Borough Municipal Elections were being conducted in Council Chambers, 8:00 a.m. to 4:00 p.m. through Monday, September 30, 2024.

COMMENTS OF THE CITY MANAGER

City Manager Jacobsen did not have any comments.

COMMENTS OF THE MAYOR

Mayor Castner stated that he will not be making any more appointments, he will leave that to the next Mayor to make appointments to the Commissions, they are all functioning now. He noted that he will start the meeting but the new Mayor will finish.

COMMENTS OF THE CITY COUNCIL

Councilmember Venuti expressed her sadness at seeing the Mayor leave the table and stated he will be missed; remarked that the last public comment you can tell they must be a math major or something as she has not heard the phrase, “stratified weights” since her college days. Ms. Venuti stated that she would like to read the Supreme Court decision and looks forward to closing that case. It is the first day of fall and getting less daylight, so please check your headlights.

Councilmember Aderhold reported on the Conversations with Councilmember, herself, and the variety of topics that were covered, she reported that the Mayoral Forum was well attended as there were few people at the Library that day; Ms. Aderhold reported that KBNERR celebrated their 25th Anniversary, with a field trip to visit the Bridge Creek Reservoir to discuss groundwater, then Kachemak Sponge Peatlands project visit. It was attended by a very diverse group of people from the Kachemak City Clerk and Councilmember and non-profits attended a great day and wonderful to see how the Reserve is partnering with other cities and organizations. It was also the Kasitna Bay Lab 65th Anniversary as well this past weekend. Ms. Aderhold noted that we are now going under 12 hours of daylight and all the pedestrians recently killed in Anchorage and while we have been lucky not to have that happen, she encouraged those that must travel at night to dress appropriately. She encouraged everyone to get out and vote.

Councilmember Davis reiterated that everyone should get out and vote noting that there really is only one race as the two council seats are running unopposed. He then noted that the Borough ballot has the important Bond Proposition for the hospital. There will be the Vice President Debate for two candidates that are less known to us than the two who debated earlier and Alice’s was hosting a watch party for that event.

Councilmember Erickson did not have any further comments to add.

Councilmember Hansen commented that the Mayor will be missed and thanked him for his service. She thanked to Council for allowing her to attend meetings via Zoom while she was sick but it is much better in person.

ADJOURNMENT

Mayor Castner adjourned the meeting at 7:20 p.m. The next regular meeting is Monday, October 14, 2024 at 6:00 p.m., Committee of the Whole at 5:00 p.m. A Worksession at 4:00 p.m. All meetings are scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

RENEE KRAUSE, MMC, CITY CLERK

APPROVED: _____



MEMORANDUM

Liquor License Renewal Applications for The Grog Shop East

Item Type: Action Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: September 9, 2024
From: Renee Krause, MMC, City Clerk

The City Clerk's Office has been notified by the Alcohol and Marijuana Control Office of a Liquor License Renewal within the City of Homer for the following:

License Type: Package Store
License #: 2301
DBA Name: Grog Shop East End
Service Location: 3125 East End Road, Homer, AK 99603
Licensee: Uncle Thirsty's, LLC
Contact Person: Patrick Driscoll

Recommendation:

Voice non-objection and approval for the Liquor License Renewal.

Attachments:

AMCO Application Packet for
City of Homer Police Non-Objections
Kenai Peninsula Borough Non-Objections



Document reference ID : 1293

Licensing Application Summary

Application ID: 1293

Applicant Name: Uncle Thirsty's Llc

License Type applied for: Package Store License(PSL) (AS 04.09.230)

Application Status: In Review

Application Submitted On: 12/14/2023

Entity Information

Business Structure: Limited liability company

Alaska Entity Number (CBPL): 10189583

Entity Contact Information

Entity Address: 369 E Pioneer Avenue, Homer, AK, 99603, USA

Ownership / Principal Party Details

Principal Parent Entity	Principal Party	Role	%Ownership
Uncle Thirsty's Llc	Thomas E. Beck	Member	20
Uncle Thirsty's Llc	Patrick R. Driscoll	Member	80

Premises Address

Nearest municipality, city, and/or borough:

Ho

16

Country, State, Zip:

AK, United States,

Basic Business information

Business/Trade Name:

Grog Shop East End

Local Government and Community Council Details

City/Municipality

Homer

Borough

Kenai Peninsula Borough

Public Notice Posting Attestation and Publishers Affidavit

Attestations

I certify that all proposed licensees (as defined in AS 04.11.260) and affiliates have been listed on this application.

I certify that I understand that providing a false statement on this form or any other form provided by AMCO is grounds for rejection or denial of this application or revocation of any license issued.

I certify that all licensees, agents, and employees who sell or serve alcoholic beverages or check the identification of a patron will complete an approved alcohol server education course, if required by AS 04.21.025, and, while selling or serving alcoholic beverages, will carry or have available to show a current course card or a photocopy of the card certifying completion of approved alcohol server education course, if required by 3 AAC 305.700.

I agree to provide all information required by the Alcoholic Beverage Control Board in support of this application.

I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand that any falsification or misrepresentation of any item or response in this application, or any attachment, or documents to support this application, is sufficient grounds for denying or revoking a license/permit. I further understand that it is a Class A misdemeanor under Alaska Statute 11.56.210 to falsify an application and commit the crime of unsworn falsification.

I certify that all proposed licensees have been listed with Division of Corporation, Business, and Professional Licensing.

I certify that I and any individual identified in the business entity ownership section of this application, has or will read AS 04 and its implementing regulations.

Signature

Electronic Signature not collected; application submitted based on paper form.

Payment Info

Payment Type : CC

Payment Id: 180deaa6-7537-4633-9fa5-7f571ff5ef2d

Receipt Number: 100728560

Payment Date: 12/14/2023 2:14:14 PM

License Renewal

Is this application being made by you for the benefit of someone else? If "YES," indicate below or attach explanation.

No

Has the applicant, applicant's spouse, partner, officer, director or stockholders, of the licensed entity become disqualified by law or by facts and conditions from holding a license or permit under the Alcohol and Cannabis Control Information System Alcoholic Beverage Code ? If "YES," indicate below or attach explanation.

No

Have there been changes since your original application that have not been reported on this or previous applications ? If "YES," indicate below or attach explanation.

No

Do you intend to sell alcoholic beverages and ship them to another location in response to written solicitation in the next two years ?

Yes

How many hours did you operate in 2022 as set forth in AS 04.11.330?

Operated to meet the minimum 240 hrs.

How many hours did you operate in 2023 as set forth in AS 04.11.330?

Operated to meet the minimum 240 hrs.

Are you a seasonal license and has your operation times/dates/seasons changed?

No

Has any person or entity in this application been convicted of a violation of Title 04, 3AAC 304 or a local ordinance adopted under AS 04.21.010 in 2022 or 2023.?

No


Have any Notices of Violation been issued for this license in 2022 or 2023?

No

License Number:
2301

License Expiration Date:
12/31/2023

License Trade Name:
Grog Shop East End

Mailing Address:
 369 E. Pioneer Ave
Homer , AK
99603



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community,
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE
550 West 7th Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

September 18, 2024

From: Alcohol.licensing@alaska.gov ; amco.localgovernmentonly@alaska.gov

Licensee: **Uncle Thirsty's LLC**

DBA: Grog Shop East End

VIA email: dearunclethirsty@gmail.com

CC: None

Local Government 1: Homer

Local Government 2: Kenai Peninsula Borough

Via Email: micheleturner@kpb.us; jkaspar@kpb.us; seSSERT@kpb.us; mjenkins@kpb.us; nsCarlett@kpb.us;
mboehmler@kpb.us; rRaidmae@kpb.us; slopez@kpb.us; bcarter@kpb.us; [mjacobson@ci.homer.ak.us](mailto:mjacobsen@ci.homer.ak.us);
rKrause@ci.homer.ak.us; clerk@cityofhomer-ak.gov

Community Council: n/a

Via Email:

Re: Package Store #2301 Combined Renewal Notice

License Number:	#2301
License Type:	Package Store
Licensee:	Uncle Thirsty's LLC
Doing Business As:	Grog Shop East End
Physical Address:	3125 East End Rd, Homer, AK 99603
Designated Licensee:	Uncle Thirsty's LLC
Phone Number:	(907) 235-5101, 907 744 4075
Email Address:	dearunclethirsty@gmail.com

☒ License Renewal Application

☐ Endorsement Renewal Application

Dear Licensee:

Our staff has reviewed your application after receiving your application and required fees. Your renewal documents appear to be in order, and I have determined that your application is complete for purposes of AS 04.11.510, and AS 04.11.520.

Your application is now considered complete and will be sent electronically to the local governing body(ies), your community council if your proposed premises is in Anchorage or certain locations in the Matanuska-

Susitna Borough, and to any non-profit agencies who have requested notification of applications. The local governing body(ies) will have 60 days to protest the renewal of your license.

Your application will be scheduled for the **November 19th, 2024** board meeting for Alcoholic Beverage Control Board consideration. The address and call-in number for the meeting will be posted on our home page. The board will not grant or deny your application at the meeting unless your local government waives its right to protest per AS 04.11.480(a).

Please feel free to contact us through the Alcohol.licensing@alaska.gov email address if you have any questions.

Dear Local Government:

We have received completed renewal applications for the above listed licenses within your jurisdiction. This is the notice required under AS 04.11.480. A local governing body may protest the issuance, renewal, relocation, or transfer to another person of a license with one or more endorsement, or issuance of an endorsement by sending the director and the applicant a protest and the reasons for the protest in a clear and concise statement within 60 days of the date of the notice of filing of the application. A protest received after the 60-day period may not be accepted by the board, and no event may a protest cause the board to reconsider an approved renewal, relocation, or transfer.

To protest any application(s) referenced above, please submit your written protest for each within 60 days to AMCO and provide proof of service upon the applicant and proof that the applicant has had reasonable opportunity to defend the application before the meeting of the local governing body. If you have any questions, please email amco.localgovernmentonly@alaska.gov.

Dear Community Council (Municipality of Anchorage and Mat-Su Borough only)

We have received a completed renewal application for the above listed license (see attached application documents) within your jurisdiction. This letter serves to provide written notice to the above referenced entities regarding the above application, as required under AS 04.11.310(b) and AS 04.11.525.

Please contact the local governing body with jurisdiction over the proposed premises for information regarding review of this application. Comments or objections you may have about the application should first be presented to the local governing body. If you have any questions, please email Alcohol.licensing@alaska.gov

Sincerely,



Joan M. Wilson, Director
907-269-0350



Thursday, September 26, 2024

Sent via email: clerk@ci.homer.ak.us

Renee Krause, City Clerk
City of Homer

RE: Non-Objection of Application

Licensee/Applicant	:	Uncle Thirsty's LLC.
Business Name	:	Grog Shop East End
License Type	:	Package Store
License Location	:	3125 E End Road, City of Homer
License No.	:	2301
Application Type	:	License Renewal

Dear Ms. Krause,

This serves to advise that the Kenai Peninsula Borough has reviewed the above referenced application and has no objection.

Should you have any questions, or need additional information, please do not hesitate to let us know.

Sincerely,

Michele Turner, CMC
Borough Clerk

cc: dearunclethirsty@gmail.com;

<mailto:amco.localgovernmentonly@alaska.gov>



City of Homer

www.cityofhomer-ak.gov

Police Department

625 Grubstake Avenue
Homer, Alaska 99603

police@cityofhomer-ak.gov
(p) 907-235-3150
(f) 907-235-3151/ 907-226-3009

Memorandum

TO: CITY CLERK
FROM: MARK ROBL, CHIEF OF POLICE
DATE: OCTOBER 10TH, 2024
SUBJECT: LIQUOR LICENSE RENEWAL FOR GROG SHOP EAST

The Police Department has no objection to the renewal of this license.

LICENSE TYPE: Package Store
LICENSE # 2301
DBA NAME Grog Shop East End
SERVICE LOCATION: 3125 East End Road, Homer, AK 99603
LICENSEE: Uncle Thirsty's LLC
CONTACT PERSON: Patrick Driscoll



MEMORANDUM

Response to Resolution 24-048, A Resolution of the City Council of Homer, Alaska, Providing Direction to the Port and Harbor Advisory Commission and the Economic Development Advisory Commission Regarding Cruise Ships in Homer

Item Type: Informational Memorandum
Prepared For: Mayor Castner and City Council
Date: October 14, 2024
From: Julie Engebretsen, Community Development Director
Through: Melissa Jacobsen, City Manager

Background

Council adopted Resolution 24-048, regarding cruise ships. The resolution included specific tasks for the Port and Harbor Commission and the Economic Development Advisory Commission (EDC). Both Commissions discussed the topic over several meetings and have provided memos to Council with their responses. These responses are attached, and staff will be available during the meeting for any questions.

Attachments

Resolution 24-048 with backup
EDC Memo to Council
Port and Harbor Commission Memo to Council

**CITY OF HOMER
HOMER, ALASKA**

Erickson/Lord

RESOLUTION 24-048

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
REQUESTING THE PORT AND HARBOR ADVISORY COMMISSION
DISCUSS AND CONSIDER CRUISE SHIP CAPACITY AND POLICY
ADOPTION FOR THE PORT AND HARBOR OPERATIONS AND THE
ECONOMIC DEVELOPMENT ADVISORY COMMISSION DISCUSS
AND CONSIDER BROADER COMMUNITY EFFECTS AND POTENTIAL
CITY CRUISE SHIP POLICIES.

WHEREAS, The City of Homer has been a port of call for numerous cruise ships over the
years; and

WHEREAS, The City should expect continued interest in cruise ship calls in the coming
years; and

WHEREAS, The City's Deep Water Dock can accommodate cruise ships up to certain
sizes, but larger ships cannot dock there and must anchor out and tender, or lighter,
passengers to harbor floats to disembark; and

WHEREAS, The City operates the Port and Harbor under written policies that may not
fully encompass the considerations for cruise ships, especially larger vessels that have to
lighter passengers; and

WHEREAS, In addition to effects on the City, large cruise ships also influence the
business community and the community-at-large; and

WHEREAS, Cities around Alaska and the country have addressed cruise ship tourism
through the implementation of different policies.

NOW, THEREFORE BE IT RESOLVED, Port and Harbor staff will engage the Port and
Harbor Advisory Commission (PHC) in discussion around cruise ship calls to the Port, including:

- The capacity of our current docks for different size classes of large vessels;
- Passenger lightering considerations, including moorage and safety;
- What responsibilities and potential liabilities the Port and Harbor has for accepting
cruise ships of any size, including what amenities we advertise as available as a City
for cruise ship companies looking to make a call at our public Port;
- What the emergency response plan is for potential tsunami evacuation;
- What are the costs and impacts of cruise ship landings on our HVFD and HPD staff;

- What increased staffing considerations are made by Harbor operations staff to address additional trash and restroom cleaning needs;
- What criteria are used currently for deciding capacity to accept a cruise ship, including when there is passenger lightering required, and are those criteria adequate;
- How this topic will be integrated into the Comprehensive Plan;
- Revenue and expense considerations surrounding cruise ship business at the Port;
- The broad legal landscape of local policies around the cruise ship industry.

BE IT FURTHER RESOLVED, The Economic Development Advisory Commission (EDC) should develop an understanding of City/Municipal cruise ship policies from other communities, and engage in a conversation with the Chamber of Commerce and other stakeholders about the effects of the Cruise Ship industry on the local businesses and the community to help inform any potential City policy development.

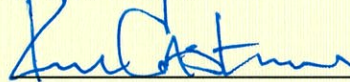
BE IT FURTHER RESOLVED, Both the EDC and the PHC will provide reports back to the City Council with summaries of their conversations, noting where further discussion may be needed, and any immediate policy recommendations by:

Port and Harbor Advisory Commission: July 22, 2024 Council Meeting

Economic Development Advisory Commission: September 23, 2024 Council Meeting

PASSED AND ADOPTED by the Homer City Council this 22nd day of April, 2024.

CITY OF HOMER



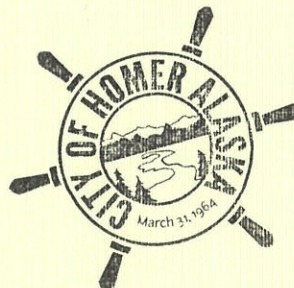
KEN CASTNER, MAYOR

ATTEST:



RENEE KRAUSE, MMC, ACTING CITY CLERK

Fiscal Note: NA





MEMORANDUM

Resolution 24-048, A Resolution of the City Council of Homer, Alaska, Providing Direction to the Port and Harbor Advisory Commission and the Economic Development Advisory Commission Regarding Cruise Ships in Homer

Item Type: Backup Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: April 22, 2024
From: Council Members Erickson and Lord

The 2024 cruise ship season is quickly approaching, and with it will come a large ship to Homer that cannot tie up to our deep water dock. Other cruise ships had requested coming to Harbor earlier in the season, and they were told we do not have the operational capacity to safely accommodate them. This has highlighted a number of issues that the Port & Harbor Advisory Commission (PHC) can consider, and additional broader issues that the City should better understand when considering any policy making from the business and overall community.

There is potential for additional cruise ships, including larger cruise ships, to have interest in docking in Homer in the future. As itineraries are developed early, it is prudent for the City to understand our infrastructure and staffing capacity, and the community to broadly understand their interest and appetite for cruise ships sooner rather than later. We understand the turnaround time on these requests to the PHC and the Economic Development Advisory Commission (EDC) may feel tight, but we'd encourage the Commissions to engage in this dialogue and provide a summary of what they are able to cover - including where more time and information may be needed, and/or any immediate policy recommendations for the Council to consider.

To facilitate a dialogue, we are asking the Port and Harbor Advisory Commission to engage in this topic with staff to understand:

- The capacity of our current docks for different size classes of large vessels
- Passenger lightering considerations, including moorage and safety
- What responsibilities and potential liabilities the Port and Harbor has for accepting cruise ships of any size, including what amenities we share with companies requesting these services
- What the emergency response plan is for potential tsunami evacuation

- What are the costs and effects of cruise ship landings on our EMS and HPD staff
- What increased staffing considerations are made by Harbor operations staff to address additional trash and restroom cleaning needs
- What criteria are used currently for deciding capacity to accept a cruise ship, including when there is passenger lightering required, and are those criteria adequate
- How this topic will be integrated into the Comprehensive Plan
- Revenue and expense considerations surrounding cruise ship business at the Port
- The broad legal landscape of local policies around the cruise ship industry

Additionally, we would like to encourage the Chamber of Commerce to engage with Homer-area businesses to better understand the limitations and opportunities within the private sector around cruise ship tourism in Homer. We believe this conversation needs to be integrated into the Comprehensive Plan process, and would like the Economic Development Advisory Commission to begin having conversations with stakeholders to better inform the City Council on policy options and the pros/cons of different City cruise ship policies.

For an interesting reference, look up Bar Harbor, Maine and their long-standing and recent municipal policies surrounding cruise ships. They see much higher passenger counts than Homer does, similar to Juneau and other Southeast communities, but news articles and documents from the Town of Bar Harbor are interesting to review.

The City and Borough of Juneau reached an agreement with CLIA (Cruise Lines International Association) to limit the number of ships to no more than five per day starting this year. An article in the Petersburg Pilot from January 2024 is titled: "*Wrangell assembly raises rates for lightering cruise passengers to shore.*" These are offered as references of conversations other municipalities have been having around cruise ship impact.



MEMORANDUM

Economic Development Advisory Commission Response to Resolution 24-048, A Resolution of the City Council of Homer, Alaska, Providing Direction to the Port and Harbor Advisory Commission and the Economic Development Advisory Commission Regarding Cruise Ships in Homer

Item Type: Informational Memorandum
Prepared For: Mayor Castner and City Council
Date: October 9, 2024
From: Julie Engebretsen, Community Development Director
Through: Melissa Jacobsen, City Manager

Background

Council adopted Resolution 24-048, regarding cruise ships. The resolution includes specific tasks for the Port and Harbor Commission and the Economic Development Advisory Commission (EDC). The EDC was tasked with the following:

BE IT FURTHER RESOLVED, The Economic Development Advisory Commission (EDC) should develop an understanding of City/Municipal cruise ship policies from other communities, and engage in a conversation with the Chamber of Commerce and other stakeholders about the effects of the Cruise Ship industry on the local businesses and the community to help inform any potential City policy development.

Project Research and Conversations

The EDC made observations during cruise ship visits over the summer, and chose to conduct a work session on September 10th to discuss the future of cruise ships in Homer. Fliers for the work session were posted around town, and the event was advertised on the City's main web page, social media, the Homer News, and the Chamber of Commerce weekly newsletter. Turnout for the work session was low, but the conversation was excellent. Bryan Hawkins, Port Director was also present. There was good discussion about what kind of experience visitors have when they come to Homer and that Homer attracts a significant amount of "independent travelers". Its these travelers that come for extended stays and not cruise ship passengers visiting for a few hours who make up the majority of our visitor industry. Most of these independent travelers are attracted to Homer because it is still small and quaint, and doesn't have the bombardment of the cruise ship industry overrunning the town. The EDC commissioners agreed they do not want to see harm to the experience that independent travelers have in Homer and on Kachemak Bay that could result from an increase in cruise ship traffic.

Staff also worked with the Chamber of Commerce to schedule a luncheon panel for September 12th. The panel consisted of Port Director Bryan Hawkins, Homer Tours/Councilmember Shelly Erickson, and Community Development Director Julie Engebretsen. The luncheon was well attended and the

audience had a lot of questions and made comments. The main points were that cruise ship passengers do bring in sales tax revenue, that a lot of cruise ships may negatively impact the ‘Homer Brand’ which primary attracts independent travelers, and that cruise ship passengers have the option of taking land based motor coach tours which is another way they can experience Homer for longer periods of time. Growth in these overland visitors is likely coming to Homer and the community/city may need to be more aware of the needs of busses, such as the new bus loading and parking zones on the Spit this past summer.

The size of visiting cruise ships came up at both the EDC and Chamber events. Small ships, in the 300 passenger or under range are not a concern. They fit at City facilities and the impact of visitors is not very noticeable compared to the average congestion and number of visitors on a busy weekend on the Spit. Larger ships, over 800 passengers, and particularly those that are too large to berth at the Deep Water Dock are the most impactful to the community. Conversation further explored the idea that mid-week visits from large ships were preferable to weekend visits; the Spit is already busy on the weekends and additional cruise ship visitors may not be adding much to the local economy – local businesses are already at capacity. Mid-week visits could increase business for slower times in the community.

Another aspect of cruise ships the EDC considered were Tourism Management Plans. Staff researched and found many communities in Southeast Alaska have such plans, and that they are updated regularly. These plans are voluntary agreements between cruise lines, municipal governments and other tour operators on how and where tourism businesses will operate and how complaints will be handled. The most comprehensive plan is probably Juneau’s; it specifies the hours of operation flightseeing operations, which city parks commercial tours can use, and a staffed complaint telephone number that residents can call to report problems. Should the number of cruise ships grow significantly in the future (more than two large ships per week, see Port and Harbor memo, with reference to Fire Chief comments), the City may want to consider creating a tourism management plan and how tourism related problems could be mitigated.

Summary:

Homer’s visitor economy relies on independent travelers. Large cruise ships during busy weekends or more than two visit per week, could degrade the independent traveler experience. Pollution from large cruise ships should also be researched. Should large ships increase in the future, Homer may want to create a Tourism Management Plan, as this appears to be a tool several other Alaskan communities have found to be successful. This plan can also include a cost analysis of the potential financial impact of providing city services. The EDC recommends a threshold of eight ships during peak season as the trigger for the drafting of a Tourism Management Plan.



MEMORANDUM

Port & Harbor Advisory Commission Response to Resolution 24-048, A Resolution of the City Council of Homer, Alaska, Providing Direction to the Port and Harbor Advisory Commission and the Economic Development Advisory Commission Regarding Cruise Ships in Homer

Item Type: Informational Memorandum
Prepared For: Homer City Council & Mayor Castner
Date: July 30, 2024
From: Bryan Hawkins, Port Director
Through: Melissa Jacobsen, City Manager

In response to Resolution 24-048, the Port Commission and Port Staff have compiled the following information regarding cruise ship facilities, cruise ship landings, and potential impacts on the community of Homer. The Commission designated Commissioners Siekaniec and Friend to work with Port staff to research answers to the Council's questions, and the group met on several occasions to compile information and prepare a response to be approved by the commission. Both commissioners additionally participated in a debriefing meeting on Friday, June 28th.

What infrastructure is available?

Pioneer Dock

The specs for the Pioneer dock are included as an attachment for reference, however, the Pioneer Dock is not a viable location for scheduling cruise ship landings because of the priority given to ferries for the Alaska Marine Highway System. The Tustumena and other AMHS vessels have the right to land at the dock with only a few hours' notice, which means that changes to the ferry schedule could interfere with planned cruise ship landings. For that reason, we have developed the Deep Water Dock area as a cruise ship terminal.

Deep Water Dock

The Deep Water Dock can accommodate vessels up to 800' and 65,000 displacement tons—a ship must meet both of those limits to safely land at the dock. The Deep Water Dock area has been renovated in recent years with grant money from the State of Alaska for Emerging Cruise Ship Ports. Improvements included bathrooms, a walking trail around the perimeter of the harbor, guard facility, a covered area for waiting passengers, and adequate turnaround space for tour buses.

What are the criteria for whether a cruise ship have to transport passengers to shore via tender (aka "lighter") instead of using a dock?

Any ship that exceeds one or both of the berthing limits for a dock will not be permitted to use that dock, and will have to lighter passengers instead. A typical cruise ship lightering vessel can carry between 60-100 passengers at a time.

What do we consider when determining whether to approve a lightering request?

What is the level of vessel activity in the Harbor? What is the time of year? How many passengers are on board the vessel? Will we be able to provide a secure facility in compliance with our Facilities Security Plan without requesting special authorization from the USCG—which may or may not be approved?

What are the impacts of Cruise Ship Landings?

What increased staffing considerations are made by Harbor Operations Staff to address additional trash and restroom cleaning needs?

At this time the port will not be providing any additional staffing for our cruise ship landings as our job stays the same as long as we only schedule one ship at a time. Any additional staffing required for security will be contracted by and paid by the Ship.

Restroom cleaning is handled by Public Works. At present they do not provide additional staffing, but it could become necessary in certain areas with increased landing volumes, which would require scheduling and cost tracking by Public Works.

What is the emergency response plan is for potential tsunami evacuation:

If a Tsunami Warning is issued, Harbor staff will evacuate the spit and communicate with Cruise Ship personnel via VHF radio. The cruise ship will follow its EOP for a tsunami. Depending on the anticipated time of impact, cruise ship personnel may encourage passengers to board the vessel or to evacuate by land. Cruise ship passengers who are off the spit at the time the warning is issued will remain off the spit and the ship's agent will make arrangements to reunite those passengers with the vessel.

What are the costs and impacts of cruise ship landings on HVFD and HPD staff?

Fire Chief Kirko wrote "At this point I don't believe we will be impacted by the number of cruise ships docking in Homer. My previous experience with the cruise industry was while I was in Skagway which experienced a definite impact to EMS services. If we get ships weekly or greater I would then say it could be something we would be concerned about."

HPD/HVFD dispatch indicated that there have maybe been one or two EMS calls in the past 4 years related to cruise ship landings, and that the cruise ship landings aren't a factor in how HPD schedules their personnel.

What are the revenue and expense considerations surrounding cruise ship business at the Port?

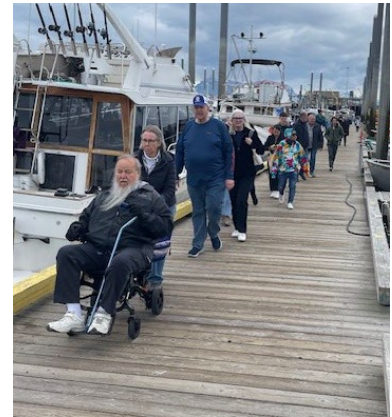
In general, the function of a port is to facilitate commerce, and we try to do that with our cruise ship customers as we do with any other user group. There are some revenues to the Enterprise associated with a cruise ship landing, however, this dockage revenue is not a primary motivator. The impact on staffing costs is minimal because security is provided by a private firm. The Port may shift schedules to have additional personnel available for a cruise ship landing, but are not hiring staff to accommodate cruise ships.

Observations from June 28th landing

On the evening of June 28th Commissioners from PHC and EDC held a "hotwash" debrief meeting with Port staff, the port security contractor and land-based transportation contractor, and the Chamber of

Commerce staff and volunteers. The security team reported that approximately 1200 passengers came ashore, both crew and guests. No security issues were noted. Recall that this setup was a special modification to the Facility Security Plan for the harbor and any future landings with this configuration would need to be approved on a case-by-case basis by the US Coast Guard.

More than 700 of the 1800 guests on this voyage (38%) were over 70 years of age, which is typical of ships in this size class because the voyages are often many weeks long. Observers noted that mobility challenges for guests were complicated by mismatch between infrastructure and vessels. For example, the height of the life boats necessitated a large step down from lifeboats to floats with a step stool staged on the floats. Some guests needed assistance from two cruise ship personnel to walk up the ramps at all even during a moderately high tide, and others struggled to catch their breath upon reaching the top of the ramp. As guests returned to the harbor to board lightering vessels, the lower tide and steeper ramps continued to present challenges for accessibility. These vessels could accommodate approximately 70 passengers at a time. Hundreds of returning guests queuing up on harbor floats exceeded the design capacity of the facilities. Land-based transportation proved challenging on the 28th for reasons not directly related to the lightering decision, however, the challenges were doubled because the lightered passengers arrived at two locations in the harbor instead of just one.



Land-based tourism was relatively low for this point in the season on June 28th. It was not clear whether tourists consciously avoided a cruise ship day, or whether milder weather proved less of a draw than previous sunny weekends. The high number of passengers disembarking could have been an overwhelming amount if it had coincided with the traffic seen on the spit just a week before, instead it was not an overly busy day and shop owners reported that the traffic was welcome.

On the water, the lightering operations had a significant impact compared to a dock landing. Regular dock landings do not interfere with harbor traffic at all because both the Pioneer Dock and the Deep Water Dock are in open water outside of the harbor basin. In contrast, this landing had four lightering vessels making trips into the harbor at regular intervals all day, tenant boats agreed to relocate to create the landing areas, and guests increased the volume of pedestrian traffic on harbor floats. Any increase in the number of lightering vessels (to reduce the wait time for guests returning to the ship) would significantly contribute to traffic congestion on the water in the harbor.

Possible suggestions for a City position or policy on cruise ship landings

- Express a general position, such as “The City is interested in moderate growth of cruise ship activity” or “The City is looking to cooperate with cruise lines to encourage regular landings at the Deep Water Dock”
- No port calls from ships that exceed the capacity of the docks because of the safety concerns associated with high volume lightering operations. Smaller ships that are undersized for the dock would be permitted to lighter but those that exceed the capacity of the dock would not.
- Consider variable or increased dockage fees, or increase to the cruise ship fee assessed on top of dockage to cover indirect costs incurred by Port on landing days
- Consider a charge for the use of the camel fenders that facilitate landings at the docks to cover the staff time to deploy camels in the configuration needed for cruise ships
- No more than one cruise ship landing at any dock at one time to reduce impacts to the facility from overcrowding
- No more than one cruise ship making a port call (includes both dock landings and lightering) at one time without Port Director approval
- Limitations for lightering operations that ensures ships align with the existing provisions in the Port’s Facilities Security Plan
- Lightering operations are permitted at the discretion of the Port Director
- No more than 3 landings per calendar week because of the effect that greater volumes of landings would have on port operations and the potential impact to the demand for emergency services
- Reaffirm that the authority to make decisions on cruise ship port calls sits with the Port Director as defined in the Port of Homer Terminal Tariff

Other questions to address as a part of this discussion

What role does Harbor Expansion play in future cruise ship landings?

The focus of Harbor Expansion is to increase moorage capacity for boats in the 85-250' range and free up space in the small boat harbor for smaller boats. There are no plans for increased cruise ship capacity as a part of Harbor Expansion.

How will information about cruise ships be incorporated in to the comprehensive plan?

Per Agnew::Beck, information about cruise ships will be guided by the conversations about what the community values about growth, and what community members don't want to lose about the way Homer is now. It will be incorporated in many places—economic development, transportation, sustainability, resilience, and of course any spit-specific sections of the plan.

How much influence does the City have over future growth in cruise ship landings?

Unlike some other communities in Alaska, the facilities that cruise ships use to land in Homer are City-owned and City-managed. Landings are approved and coordinated by the City's Port Director. The City owns the tide lands around the Spit and within City limits (See attachment C), so any additional dock construction would be done in cooperation with the City. Cruise ship companies could still bring passengers to Homer via lightering to a private facility or transport them overland by bus from another port town.

How prepared is Homer for cruise ship landings?

The general consensus from observers of the June 28th landing is that the City is well-prepared for landings at the Deep Water Dock, and for lightering operations from smaller cruise ships with fewer passengers that are undersized for a Deep Water Dock landing due to high tidal fluctuations. Well-designed shore-side operations and land transportation were identified as a key component of successful landings that enable passengers to see everything that Homer has to offer, both on the Spit and up in town.

While emergency responders (Fire, EMS, Homer Police Department) did not express concerns about the cruise ship impacts on their operations, there is an opportunity to incorporate more information about cruise ship landings into a future rewrite of the Emergency Operations Plan for the City.

What do we need to consider in the big picture as we have this discussion?

The City must comply with all laws including the [Tonnage Clause](#) of the US Constitution and should consider the other uses of the Deep Water Dock, to ensure that we are allowing other industries to access the facility to move cargo, conduct crew changes, and do other business. The City has a robust visitor industry largely powered by independent travelers arriving by road or air, and would not want a growth in cruise ship landings to detract from the experience for the travelers we already receive. We also do not want to unreasonably impede economic development in any industry, including Cruise Ships.

CONVERSATIONS ON CRUISE SHIPS

What are your thoughts on future cruise ships visiting Homer?



EDC Worksession

Tuesday, September 10, 2024

4:30 pm

Regular Meeting to follow at 6:00 pm

**Cowles Council Chambers
Homer City Hall
491 East Pioneer Ave
Homer, AK 99603**

**The Economic Development
Advisory Commission is
hosting a worksession about
cruise ships and wants to
hear from you!**

**How do you see cruise ships
in Homer over the next two
years? Big ones? Little ones?
Many? A few?**

**Share your experiences on how cruise ships affect the Homer
economy and community.**

**For More Information Contact:
City of Homer Community Development Department
Phone: (907) 435-3119
Email: planning@ci.homer.ak.us**





MEMORANDUM

Ordinance 24-48, An Ordinance of the City Council of Homer, Alaska Amending the FY25 Capital Budget by Accepting and Appropriating a State of Alaska Online with Libraries (OWL) Grant for FY25 in the Amount of \$6,462 for Internet Service. City Manager/Library Director.

Item Type: Backup Memorandum
Prepared For: Homer Mayor and City Council
Date: Sept. 26, 2024
From: Library Director Dave Berry
Through: City Manager Melissa Jacobsen

I'm pleased to announce that Homer Public Library has received an Online with Libraries (OWL) grant from the Alaska State Library. The grant provides \$6,462 to partially offset the cost of providing internet access to library patrons.

The library already receives funding from the federal government through the e-rate program, which pays 70% of our internet costs. The OWL grant will be applied to the remaining 30% through June 30, 2025.

RECOMMENDATION:

Accept the funds from the Online With Libraries (OWL) grant.



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**Department of Education
& Early Development**

DIVISION OF LIBRARY, ARCHIVES & MUSEUMS

P.O. Box 110571
Juneau, Alaska 99811-0571
Main: 907.465.4837
Fax: 907.465.2151

September 23, 2024

The **Online with Libraries (OWL) Internet Cost Assistance Program** award for FY25 for **Homer Public Library** will be **\$6,462**. The Alaska State Library is pleased that your library is eligible to receive this grant for high-speed internet costs so that you can provide the best possible service to your library patrons.

In order to receive this award, please return a signed copy of the attached grant agreement within thirty days of this award letter. Two different people (the librarian and the appropriate legal authority) must sign the grant agreement as it is a legal document committing your library to certain obligations in return for receiving the OWL Internet Cost Assistance Program award. Upon return of the signed grant agreement, the division will be able to electronically deposit your grant award (or mail a paper check in specific instances).

Librarians and officials should carefully review the conditions governing the administration of this OWL award. To remain eligible for future grants from the Alaska State Library, some of the most important grant requirements are highlighted below:

1. Maintain **internet access for public use** at the library.
2. Maintain accurate financial records for auditing purposes.
3. Use funds for **public library internet access** (not school or staff-only internet).
4. Return any grant funds unexpended or unencumbered by **June 30, 2025**.
5. Submit a final report and copies of all internet bills for the fiscal year by **September 1, 2025**.
6. Notify the OWL Program Manager of changes in director or library contact information within 30 days.
7. Maintain eligibility as a public library by meeting the statutory requirements for the Public Library Assistance Grant (4 AAC 57.064. and 4 AAC 57.067.), including:
 - a. Establish and maintain a collection of books and other materials for loan;
 - b. Provide access to interlibrary loans;
 - c. Provide reference information;
 - d. Provide programming for children;
 - e. Maintain the number and timing of open hours;
 - f. Maintain the existing and ongoing educational requirements for the library director;
 - g. Have trained paid or volunteer staff on duty in the library during scheduled open hours;
 - h. Submit an Alaska Public Library Annual Report; and
 - i. Uphold specific governance requirements for non-profits and school/public libraries.

Any portion of this grant money not spent or encumbered by **June 30, 2025**, must be returned to the Alaska State Library. You may request a short extension to spend unused grant funds. The Alaska State Library audits the records of selected libraries at the end of the grant year. The Alaska State Library will reclaim any unused grant funds and funds not properly accounted for.

Please return the signed agreement to the OWL Program Manager at **eed.owlprogram@alaska.gov** within 30 days or request an extension if you need more time. After receiving your FY25 OWL grant funds, please send an email to confirm that funds were received to: **eed.owlprogram@alaska.gov**.

Questions should be directed to the email above or you may call 907.465.2921.

Sincerely,

Stacy R.J. Tomaszewski
Library Technology Consultant & OWL Program Manager
Alaska State Library

**Alaska State Library
Online With Libraries (OWL)
Internet Cost Assistance Grant Agreement FY2025**

This agreement, made and entered into on September 23, 2024 by and between the **Alaska State Library**, hereafter referred to as the Grantor; and the **Homer Public Library**, hereafter referred to as the Grantee. The FY25 grant period spans July 1, 2024 to June 30, 2025.

Whereas, the State of Alaska has appropriated funds for the Online with Libraries (OWL) Program; and whereas, the application of the Grantee for a grant for Internet Cost Assistance has been approved. NOW THEREFORE, for and in consideration of the mutual covenants herein contained the parties hereto agree as follows:

The Grantor will agree to:

1. Furnish funds in the amount of **\$6462** (dispersed after the signed agreement is received).
2. Provide advisory services in furtherance of the grant project.
3. Acknowledge the Grantee's eligibility for additional OWL grants and services.

The Grantee will agree to:

8. Abide by the conditions set forth in its application, and approved by the Grantor, which includes:
 - a. Maintain **internet access for public use** at the library.
9. Maintain accurate financial records for auditing purposes.
 - a. Expended funds must be clearly attributable to **public library internet access** (not school or staff-only internet).
 - b. Return any grant funds unexpended or unencumbered by **June 30, 2025**, and all funds for which there is no proper accounting.
10. Respond to communication, provide reports, and maintain contact information, such as:
 - a. Submit a final report and copies of all internet bills for the fiscal year by **September 1, 2025**.
 - b. Notify the OWL Program Manager of any changes in director or library contact information within 30 days.
11. Maintain eligibility as a public library by meeting the statutory requirements for the Public Library Assistance Grant (4 AAC 57.064. and 4 AAC 57.067.), including:
 - a. Establish and maintain a collection of books and other materials for loan;
 - b. Provide access to interlibrary loans;
 - c. Provide reference information;
 - d. Provide programming for children;
 - e. Maintain the number and timing of open hours;
 - f. Maintain the existing and ongoing educational requirements for the library director;
 - g. Have trained paid or volunteer staff on duty in the library during scheduled open hours;
 - h. Submit an Alaska Public Library Annual Report; and
 - i. Uphold specific governance requirements for non-profits and school/public libraries.

Funding for this grant is dependent on the following source:

EOWL01004 - OWL

OWL25-HOMER

\$6462

By accepting this award or agreement, the grantee may become subject to the audit requirements of the State of Alaska Administrative Code 2 AAC 45.010. As a result, the grantee may be required to provide for an audit and permit independent auditors to access their records and financial statements. The grantee should consult with an independent auditor for assistance in determining audit requirements for each fiscal year.

The undersigned understands and agrees to the conditions of this agreement. Both signatures are required.

For the Library

For the Legal Entity

Signature

Signature

Title

Date

Title

Date

MAIL TO: OWL Program Manager Alaska State Library, P.O. Box 110571, Juneau, AK 99801
or SCAN TO: eed.owlprogram@alaska.gov
or FAX TO: 907-465-2151

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Library Director

ORDINANCE 24-48

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
AMENDING THE FY25 CAPITAL BUDGET BY ACCEPTING AND
APPROPRIATING A STATE OF ALASKA ONLINE WITH LIBRARIES
(OWL) GRANT FOR FY25 IN THE AMOUNT OF \$6,462 FOR INTERNET
SERVICE.

WHEREAS, The City submitted an application for an Online With Libraries (OWL) grant
from the State of Alaska, to be used for offsetting the cost of providing internet access to
patrons of the Homer Public Library; and

WHEREAS, The State awarded the grant in the amount of \$6,462.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby accepts and appropriates a State of Alaska
Online With Libraries (OWL) grant in the amount of \$6,462 for internet service as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
	State of Alaska	\$6,462
	Online With Libraries Grant	

Section 2. The City Manager is authorized to execute the appropriate documents.

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

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA this ____ day of October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, CITY CLERK

44
45 YES:
46 NO:
47 ABSTAIN:
48 ABSENT:
49
50 First Reading:
51 Public Hearing:
52 Second Reading:
53 Effective Date:



MEMORANDUM

Ordinance 24-49, An Ordinance of the City Council of Homer, Alaska Amending the FY25 Capital Budget to Appropriated \$14, 510 from the Homer Accelerated Roads and Trails (HART) Roads Fund for a Save Streets 4 All Safety Action Plan Grant Match. City Manager/Community Development Director.

Item Type: Backup Memorandum
Prepared For: Mayor Castner and City Council
Date: October 14, 2024
From: Julie Engebretsen, Community Development Director
Through: Melissa Jacobsen, City Manager

In August of 2022, the Homer City Council approved Resolution 22-063, supporting a grant application by the Kenai Peninsula Borough. The Borough was applying for a federal fund through the Safe Streets 4 All Program, to fund a Borough-wide Safety Action Plan. The grant had a 20% match requirement, which the Borough split between itself and the participating cities based on population and road miles within their respective jurisdictions. Homer's portion was calculated at \$17,110, and at the time the City and Borough intended to meet this match through in-kind staff time on the project. As the project has progressed it has become clear it will not require enough staff time to meet the match. Therefore, the City needs to appropriate funds to pay the remainder of the match, calculated at \$14,510. The funding source would be HART Roads, as this Plan addresses transportation safety. Staff will continue to participate in the project through completion. The Cities of Kenai and Soldotna have similarly already appropriated matching funds.

RECOMMENDATION:

Adopt Ordinance 24-49

ATTACHMENTS

Resolution 22-063

Memorandum 22-140

Kenai Peninsula Borough Memorandum dated March 3, 2023

KPB Ordinance 2022-19-50

**CITY OF HOMER
HOMER, ALASKA**

City Manager

RESOLUTION 22-063

A RESOLUTION OF THE HOMER CITY COUNCIL, SUPPORTING THE
KENAI PENINSULA BOROUGH'S APPLICATION FOR A SAFE
STREETS AND ROADS FOR ALL (SS4A) ACTION PLAN GRANT AND
AUTHORIZING THE CITY OF HOMER TO BE INCLUDED AS A JOINT
APPLICANT.

WHEREAS, The Safe Streets and Roads for All (SS4A) Grant Program, established under
the Infrastructure Investment and Jobs Act, funds initiatives that support the Federal
Department of Transportation's goal of zero deaths and serious injuries on our nation's
roadways; and

WHEREAS, SS4A funds two activities, Safety Action Plans and Implementation Grants
that carry out projects and strategies identified in an Action Plan; and

WHEREAS, Implementation Grants require an applicant to have a qualifying Safety
Action Plan in place; and

WHEREAS, Neither the City of Homer nor the Kenai Peninsula Borough currently have a
qualifying Action Plan in place; and

WHEREAS, Development of an Action Plan will better position the City of Homer and the
Kenai Peninsula Borough to pursue Implementation Grants through the SS4A program in
future funding cycles, and to pursue other State transportation grant funds; and

WHEREAS, The guidelines for the SS4A Grant Program encourages joint applications
that engage multiple jurisdictions in the same region in order to ensure collaboration and
leverage local expertise; and

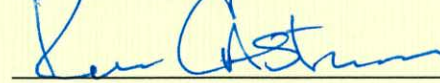
WHEREAS, As the regional government, the Kenai Peninsula Borough has agreed to
apply as the lead applicant with participating municipalities included as joint applicants for
the SS4A Action Plan Grant; and

WHEREAS, It is in the best interest of the City of Homer to support the KPB's application
and participate as a joint applicant for the SS4A Safety Action Plan Grant.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska hereby
supports the Kenai Peninsula Borough's application for a SS4A Safety Action Plan grant and
authorizes the City of Homer to be included as a joint applicant.

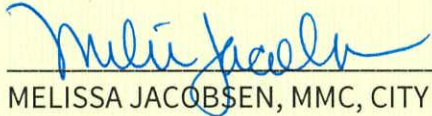
PASSED AND ADOPTED by the Homer City Council this 22nd day of August 2022.

CITY OF HOMER



KEN CASTNER, MAYOR

ATTEST:



MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal Note: Not to exceed \$23,000 anticipated to be in-kind contribution of staff time.





Memorandum 22-140

TO: Mayor Castner and Homer City Council
FROM: Jenny Carroll, Special Projects and Communications Coordinator
THROUGH: Rob Dumouchel, City Manager
DATE: August 16, 2022
SUBJECT: Resolution Supporting a Regional Application to the Federal Safe Streets For All Program to Develop a Kenai Peninsula Borough-wide Safety Action Plan.

- I. **Issue:** Request for City support of the Kenai Peninsula Borough's application for a Safety Action Plan Grant, with the City of Homer included as a joint applicant.
- II. **Background:** The Safe Streets for All (SS4A) is a Federal IIJA grant program focused on roadway safety with the goal of zero deaths and serious injuries on our nation's roadways. Two types of SS4A grants are available: 1) Safety Action Plan Grants; and 2) Implementation Grants.

A Safety Action Plan identifies roadway safety issues and prioritizes strategies, design and development activities to improve roadway safety and eliminate fatalities and injuries for all users, including pedestrians, bicyclists and motorists. SS4A Implementation grants are awarded for the purpose of developing projects and carrying out strategies identified in the Safety Action Plan. Implementation grants require that a community have a Safety Action Plan in place.

Homer does not have a Safety Action Plan that meets the requirements of the SS4A program and there is no Regional Plan. After discussions with Kinney Engineering and the Public Works Director, the scope of the Master Transportation Plan does not include components of a safety action plan.

The SS4A program encourages multi-jurisdictional applications; regional applications are more competitive under the program. As the regional government, the KPB has agreed to apply as the lead applicant, with participating municipalities included as joint applicants. Upon adoption of an Action Plan, the cities and borough would be eligible to apply for SS4A implementation grants in future funding cycles.

If successful, it is anticipated that a memorandum of agreement would be signed between the Borough and municipalities to refine the project scope, cost and timing. The program requires a 20% local match. All participating communities and the KPB would share in the cost share obligation, which can be fulfilled via cash, in-kind or a combination. The City's cost share would not exceed \$23,000, much of which we anticipate could be in-kind contribution of staff time.

The Resolution before you provides the City's support to the Borough to apply for a SS4A Action Plan Grant. Thank you for your consideration.

Kenai Peninsula Borough Community & Fiscal Projects

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Peter Micciche, Mayor *PAM*
Robert Ruffner, Planning Director *RR*
Scott Griebel, Roads Director *SG*
Brandi Harbaugh, Finance Director *BH*

FROM: Rachel Chaffee, Community & Fiscal Projects Manager *RC*

DATE: March 2, 2023

RE: Ordinance 2022-19-50, Accepting and Appropriating the Safe Streets and Roads for All Assistance Grant and the Required Match Funds Through the U.S. Department of Transportation (Mayor)

The Safe Streets and Roads for All Assistance grant program is held under the Office of the Secretary of Transportation U.S. Department of Transportation (USDOT), and is a federally funded grant opportunity that has a 20% match requirement with an assistance listing number of 20.939. This program was established as a part of the Bipartisan Infrastructure Law, and funds local, regional, and tribal initiatives through grants that support the goal of zero deaths and serious injuries on public roadways.

The eligible activities under the action plan include development of a comprehensive safety action plan, and conducting the planning, design, and development of activities in support of an action plan. Implementation of plan eligible activities include projects that carry out the activities that are listed within a safety action plan that meets the criteria of the USDOT to be determined as a qualified safety action plan. Safety action plans are required in order to seek funding for any implementation project that improves the safety of road systems under this program.

Development of an approved and qualified safety action plan will better position the Kenai Peninsula Borough (Borough) and the Cities to pursue further grant opportunities in the future. It will also support the improvement of long term road safety.

The duration of this project is expected to take two years, and the total cost of this project for all entities is \$1,200,000.00 with a 20% match equaling \$240,000.00. The match can be fulfilled with either cash, or allowable in-kind activities.

The calculation of how the cities will be providing their match was determined based on a combination of the number of road miles in their boundaries and the total population in each area. The match was recognized in Resolution 2022-049. The match calculation for each applicant is as follows:

Page -2-

03/04/23

Re: O2022-19- 50

Kenai Peninsula Borough	\$180,786
Kenai	\$ 21,449
Homer	\$ 17,110
Soldotna	\$ 12,420
Seward	\$ 7,500
Seldovia	\$ 735
Total Match Requirement	\$240,000

In Resolution 2022-049 the Assembly approved the application, and authorized the Borough to submit the application as the lead agency for this grant process.

The Planning Department is requesting an appropriation of \$180,786 for the Borough's portion of the require match for this grant. The intent is to use in-kind activities that will support the project; however, General Fund local match funds will likely be utilized for a majority of the project for consulting activities for the planning project. The opportunity for greater grant opportunities related to this match is expected to exceed the match requested.

Additionally, each city has committed to providing their match through a passed resolution. These match dollars will be recognized as an income and an expense simultaneously as required by generally accepted accounting principles. This is to recognize that the Borough has received the match from the Cities, and also recognized the expenses on behalf of the Cities for grant purposes.

It is in the best interests of the Borough to accept and appropriate this grant, the match, the city's funds, and for the mayor or his designee to have the ability to enter into agreements with the Cities and granting agency as needed.

Finance Department Funds/Account Verification	
Account No.:	<u>100-27900</u>
Amount:	<u>\$180,786</u>
By:	<u>CJ</u> Date: <u>3/2/2023</u>

Introduced by:	Mayor
Date:	03/14/23
Hearing:	04/04/23
Action:	Enacted as Amended
Vote:	9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH
ORDINANCE 2022-19-50**

**AN ORDINANCE ACCEPTING AND APPROPRIATING THE SAFE STREETS AND
ROADS FOR ALL ASSISTANCE GRANT AND THE REQUIRED MATCH FUNDS
THROUGH THE U.S. DEPARTMENT OF TRANSPORTATION**

WHEREAS, the Safe Streets and Roads for All Assistance Grant program with Federal Assistance Number 20.939 (“the Program”) under the Office of the Secretary of Transportation, U.S. Department of Transportation, was established by the Bipartisan Infrastructure Law to fund local, regional, and tribal initiatives through grants to support the goal of zero deaths and serious injuries on public roadways; and

WHEREAS, Resolution 2022-49 authorized and approved the Kenai Peninsula Borough (“Borough”) to submit an application in September, through the Program, for a comprehensive safety plan; and

WHEREAS, the Borough was the lead applicant, with the City of Homer, City of Kenai, City of Seldovia, City of Seward, and the City of Soldotna (“the Cities”) as co-applicants; and

WHEREAS, the application was selected for award for the full amount; and

WHEREAS, development of an action plan will better position the Borough to create safer streets and communities, and to pursue further grant opportunities in future funding cycles to improve the road systems within the Borough and the Cities (“the Project”); and

WHEREAS, the duration of the project is expected to take two years, with a total cost of \$1,200,000.00 with a 20% match of \$240,000; and

WHEREAS, the following match amounts will be met as a minimum match requirement from each of the grant applicants; and

Kenai Peninsula Borough	\$180,786
Kenai	21,449
Homer	17,110
Soldotna	12,420
Seward	7,500
Seldovia	735
Total Match Requirement	\$240,000

WHEREAS, Resolution 2022-049 also approved the grant match requirements; and

WHEREAS, \$180,786 of the required match funds will be appropriated from the General Fund; and

WHEREAS, \$59,214 of the required match funds will be provided through in-kind services by the Cities; and

WHEREAS, \$59,214 in matching in-kind services provided by the Cities will increase the expenditure and revenue budgets to reflect receipt of these required match funds ; and

WHEREAS, it is in the best interests of the Kenai Peninsula Borough to accept and appropriate the Safe Streets for All grant and required match funds;

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

SECTION 1. The Mayor or his designee is authorized to execute grant agreements and any other documents deemed necessary to expend the funds and to fulfill the intent and purpose of this ordinance.

SECTION 2. The amount of \$1,200,000 received from the Office of the Secretary of Transportation, U.S. Department of Transportation be appropriated to account 271.94910.23SSR.49999 for the Safe Streets and Roads for All grant.

SECTION 3. The amount of \$180.786 be appropriated from the General Fund fund balance to account 271.94910.23SSR.49999 as match funds.

SECTION 4. The amount of \$59,214 in in-kind match provided by the Cities be appropriated to account 271.21110.23SSR.49999 as match funds.

SECTION 6. That the appropriations made in this ordinance are of a project length nature and as such do not lapse at the end of any particular fiscal year.

SECTION 7. That this ordinance is effective retroactively to February 21, 2023.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 4TH DAY OF APRIL, 2023.


Brent Johnson, Assembly President

ATTEST:


Michele Turner, CMC, Acting Borough Clerk



Yes: Chesley, Cox, Derkevorkian, Ecklund, Elam, Hibbert, Ribbens, Tupper, Johnson
No: None
Absent: None

CITY OF HOMER FINANCIAL SUPPLEMENT

PROJECT NAME	SS4A Grant Match	DATE	10/09/2024
DEPARTMENT	Community Development	SPONSOR	CM/Community Development Director
REQUESTED AMOUNT	\$ 40,000		

DESCRIPTION	The City Council approved Resolution 22-063 Supporting Kenai Peninsula Borough's Application for a Safe Streets and Roads For All (SS4A) Safety Action Plan Grant and Authorizing the City of Homer to be included as a Joint Applicant. The Borough's match for the grant was divided between the Borough and incorporated Cities based on road miles and population and Homer's portion is \$17,110. The intention of the Borough and the Cities was to meet the match requirement through in kind services, primarily staff time working on the project, but the project will not require enough staff time to meet the match requirements. Staff continues to work on the project but estimates the grant match will require \$14,510 in appropriated funds.
-------------	--

FUNDING SOURCE(S)	OPERATING	GF CARMA	GF FLEET CARMA	PORT RESERVES	WATER CARMA
	0%	0%	0%	0%	0%
	HAWSP	HART-ROADS	HART-TRAILS	PORT FLEET RESERVES	SEWER CARMA
	0%	100%	0%	0%	0%

FUNDING SOURCE 1: HART Roads (160)	FUNDING SOURCE 2:	FUNDING SOURCE 3:
Current Balance \$ 6,721,038	Current Balance _____	Current Balance _____
Encumbered \$ 4,524,376	Encumbered _____	Encumbered _____
Requested Amount \$ 14,510	Requested Amount _____	Requested Amount _____
Other Items on Current Agenda \$ 40,000	Other Items on Current Agenda _____	Other Items on Current Agenda _____
Remaining Balance \$ 2,142,152	Remaining Balance _____	Remaining Balance _____
FUNDING SOURCE 4:	FUNDING SOURCE 5:	FUNDING SOURCE 6:
Current Balance _____	Current Balance _____	Current Balance _____
Encumbered _____	Encumbered _____	Encumbered _____
Requested Amount _____	Requested Amount _____	Requested Amount _____
Remaining Balance _____	Remaining Balance _____	Remaining Balance _____

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Community Development Director

ORDINANCE 24-49

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA
AMENDING THE FY25 CAPITAL BUDGET TO APPROPRIATE \$14,510
FROM THE HOMER ACCELERATED ROADS AND TRAILS (HART)
ROADS FUND FOR A SAFE STREETS 4 ALL SAFETY ACTION PLAN
GRANT MATCH

WHEREAS, The City Council approved Resolution 22-063 Supporting Kenai Peninsula Borough's Application for a Safe Streets and Roads For All (SS4A) Safety Action Plan Grant and Authorizing the City of Homer to be included as a Joint Applicant; and

WHEREAS, The Borough's match for the grant was divided between the Borough and incorporated Cities based on road miles and population and Homer's portion is \$17,110; and

WHEREAS, The intention of the Borough and the Cities was to meet the match requirement through in kind services, primarily staff time working on the project, but the project will not require enough staff time to meet the match requirements; and

WHEREAS, Staff continues to work on the project but estimates the grant match will require \$14,510 in appropriated funds.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends the FY25 Capital Budget by appropriating 14,510 as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
160	HART ROADS	\$14,510

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

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA this ____ day of October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

44 ATTEST:

45

46

47 _____
RENEE KRAUSE, MMC, CITY CLERK

48

49 YES:

50 NO:

51 ABSTAIN:

52 ABSENT:

53

54 First Reading:

55 Public Hearing:

56 Second Reading:

57 Effective Date:



MEMORANDUM

Ordinance 24-50, An Ordinance of the City Council of Homer, Alaska Amending the FY25 Capital Budget by Appropriating \$10,000 from the General Fund Capital Asset Repair and Maintenance Allowance (CARMA) Fund for Construction Work for the Re-establishment of the Beluga Slough Outlet. City Manager/Public Works Director.

Item Type: Backup Memorandum
Prepared For: Mayor and City Council
Date: October 1, 2024
From: Daniel Kort, Public Works Director
Through: Melissa Jacobsen, City Manager

Background:

The Beluga Slough Outlet is subject to the re-establishment of a storm berm during storms with westerly winds that coincide with very high tide events. These storms are more frequent during late winter and early spring; however, they can occur at any time throughout the year. A storm event in March of 2024 created a storm berm that closed off the Beluga Slough Outlet. The project to re-establish the Outlet was delayed due to some citizen concerns. The Public Works Department (PWD) contracted with East Roads Services in late August to re-establish the Beluga Slough Outlet for \$5,000 using the work done to re-establish the Mariner Park Slough as a means to estimate the project effort. During construction, it was found that the volume of water retained in the Beluga Slough significantly impacted the effort to re-establish the Beluga Slough Outlet. The effort ran short of money prior to completion of the planned full excavation. The PWD in conjunction with East Road Services determined that the water flowing from the Slough after the re-establishment of the Outlet was continuing to erode at the storm berm and the outlet would be naturally re-established after this effort.

An unusual storm event in mid-September that coincided with a high tide of greater than 20-feet, recreated a storm berm and closed off the Beluga Slough Outlet. Subsequent rainfall during the following 2 days re-filled the entire Beluga Slough to the water level observed in early April.

In early 2023 the City was awarded an Alaska Clean Water Actions (ACWA) Grant from the Alaska Department of Environmental Conservation in the amount of \$153,307 for the Beluga Slough Green Infrastructure Stormwater Treatment System. This project is anticipated to begin construction in late October or early November. The floodwater in the Beluga Slough is encroaching upon the proposed construction site for this project. Without re-establishment of the Beluga Slough Outlet, additional construction dewatering costs is likely as well as the need to construct a coffer dam to hold the floodwater back from the open excavation. Both costs would be borne by the construction project

and would be in excess of the Grant, and therefore paid for by the City. With the timely re-establishment of the Beluga Slough Outlet, only general construction dewatering will be needed as the Treatment System will be constructed within a wetland with high groundwater and low permeability soils. This Treatment System must be completed before Spring of 2025 because the Grant expires on June 30, 2025 and the City's consultant must collect stormwater samples for laboratory analysis to provide as part of a report proving the concept of the new Treatment System.

Recommendation:

The Public Works Department is recommending the City of Homer approve the re-establishment of the Beluga Slough Outlet.

CITY OF HOMER FINANCIAL SUPPLEMENT

PROJECT NAME	Re-Establishing Beluga Slough Outlet	DATE	10/09/2024
DEPARTMENT	Finance	SPONSOR	City Manager/Finance Director
REQUESTED AMOUNT	\$ 10,000		

DESCRIPTION	A majority of the City of Homer's (City) stormwater flows through Beluga Lake, Beluga Slough and eventually discharging to Kachemak Bay through the Beluga Slough Outlet. An unusual fall storm in September in conjunction to a greater than 20-foot tide closed the outlet of the Beluga Slough again. The Beluga Slough Green Infrastructure Project is nearing construction and is impacted by the floodwater elevation encroaching upon the construction site of the project. Reestablishing the outlet will help alleviate added project costs associated with dewatering the construction site. The Public Works Department has secured \$153,307 in State and Federal grant funding for the Beluga Slough Green Infrastructure Project.
-------------	---

FUNDING SOURCE(S)	OPERATING	General CARMA	GF FLEET CARMA	PORT RESERVES	WATER CARMA
	0%	100%	0%	0%	0%
	HAWSP	HART-ROADS	HART-TRAILS	PORT FLEET RESERVES	SEWER CARMA
	0%	0%	0%	0%	0%

FUNDING SOURCE 1: General CARMA (156-0375)		FUNDING SOURCE 2:		FUNDING SOURCE 3:	
Current Balance	\$ 100,129	Current Balance	_____	Current Balance	_____
Encumbered	\$ 0	Encumbered	_____	Encumbered	_____
Requested Amount	\$ 10,000	Requested Amount	_____	Requested Amount	_____
Other Items on Current Agenda	\$ 15,000	Other Items on Current Agenda	_____	Other Items on Current Agenda	_____
Remaining Balance	\$ 75,129	Remaining Balance	_____	Remaining Balance	_____
FUNDING SOURCE 4:		FUNDING SOURCE 5:		FUNDING SOURCE 6:	
Current Balance	_____	Current Balance	_____	Current Balance	_____
Encumbered	_____	Encumbered	_____	Encumbered	_____
Requested Amount	_____	Requested Amount	_____	Requested Amount	_____
Remaining Balance	_____	Remaining Balance	_____	Remaining Balance	_____

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Public Works Director

ORDINANCE 24-50

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
AMENDING THE FY25 CAPITAL BUDGET BY APPROPRIATING
\$10,000 FROM THE GENERAL FUND CAPITAL ASSET REPAIR AND
MAINTENANCE ALLOWANCE (CARMA) FUND FOR CONSTRUCTION
WORK FOR THE RE-ESTABLISHMENT OF THE BELUGA SLOUGH
OUTLET.

WHEREAS, A majority of the City of Homer's (City) stormwater flows through Beluga Lake, Beluga Slough and eventually discharging to Kachemak Bay through the Beluga Slough Outlet; and

WHEREAS, The City made an attempt to re-establish the Beluga Slough Outlet in late August; and

WHEREAS, The excavating was completed within the \$5,000 available allocation in similar fashion to the efforts to re-establish the Mariner Slough Outlet; and

WHEREAS, An unusual fall storm in September in conjunction to a greater than 20-foot tide closed the outlet of the Beluga Slough again; and

WHEREAS, The Beluga Slough Green Infrastructure Project is nearing construction and is impacted by the floodwater elevation encroaching upon the construction site of the project; and

WHEREAS, Reestablishing the outlet will help alleviate added project costs associated with dewatering the construction site; and

WHEREAS, The Public Works Department has secured \$153,307 in State and Federal grant funding for the Beluga Slough Green Infrastructure Project.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends the FY25 Capital Budget by appropriating \$10,000 as follows:



MEMORANDUM

Ordinance 24-51, Amending the Homer City Zoning Map to Rezone a Portion of the Rural Residential (RR) Zoning District to Medical (M) Zoning District. Planning Commission.

Item Type: Backup Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: October 14, 2024
From: Ryan Foster, AICP, City Planner
Through: Melissa Jacobsen, City Manager

City staff received a completed zoning map amendment application by petition of the property owner, Jeffrey Murphy, per HCC 21.95.020 (e). On September 4, 2024 a public hearing was held at the Planning Commission Regular Meeting for a request to rezone the property at 4323 Main Street from Rural Residential (RR) District to Medical (M) District. The motion to approve the rezoning request by the Homer Planning Commission failed by a vote of 3-3. Attached are Staff Report 24-042 and the September 4, 2024 Planning Commission Unapproved Meeting Minutes with detailed information on the application and public hearing.

RECOMMENDATION:

The Planning Commission motion to approve the rezoning request failed by a vote of 3-3.

Attachments:

Planning Commission Staff Report 24-042
September 4, 2024 Planning Commission Unapproved Meeting Minutes



City of Homer

www.cityofhomer-ak.gov

Planning

491 East Pioneer Avenue
Homer, Alaska 99603

Planning@ci.homer.ak.us

(p) 907-235-3106

(f) 907-235-3118

STAFF REPORT PL 24-042

TO: Homer Planning Commission
FROM: Ryan Foster, City Planner
MEETING: September 4, 2024
SUBJECT: Application amending Zoning Map via Ordinance

Requested Action: Conduct a public hearing and recommend denial of the zoning map amendment to the Homer City Council

GENERAL INFORMATION

The applicant requests a change in zoning from Rural Residential to Medical.

Applicant: Jeffery Murphy
3675 Main Street
Homer, AK 99603

Location: 4323 Main Street (a new address needs to be assigned)

Legal Description: T 6S R 13W SEC 18 SEWARD MERIDIAN HM 2007086 TSUNAMI VIEW SUB
LOT 2

Parcel ID: 17504022

Size of Existing Lot: 4.82 acres

Zoning Designation: Rural Residential District

Existing Land Use: Vacant

Surrounding Land Use: North: Vacant
South: Institutional
East: Residential
West: Vacant

Comprehensive Plan: Land Use: Medical or Rural Residential

Wetland Status: No KWF Wetlands Assessment on the lot.

Flood Plain Status: None

Utilities: Public utilities service the site.

Public Notice: Notice was sent to 12 property owners of 11 parcels as shown on the KPB tax assessor rolls.

GENERAL INFORMATION

This application proposes a zoning map amendment to move the Medical District Boundary north to encompass the subject lot. The applicant states that buyers approach him looking for Medical District property and they are having a difficult time finding suitable parcels and that the rezoning will help fill this need.

HCC 21.95.060 Review by Planning Commission

- a. The Planning Commission shall review each proposal to amend this title or to amend the official zoning map before it is submitted to the City Council.
- b. Within 30 days after determining that an amendment proposal is complete and complies with the requirements of this chapter, the Planning Department shall present the amendment to the Planning Commission with the Planning Department's comments and recommendations, accompanied by proposed findings consistent with those comments and recommendations.
- c. The Planning Department shall schedule one or more public hearings before the Planning Commission on an amendment proposal, and provide public notice of each hearing in accordance with Chapter 21.94 HCC.
- d. After receiving public testimony on an amendment proposal and completing its review, the Planning Commission shall submit to the City Council its written recommendations regarding the amendment proposal along with the Planning Department's report on the proposal, all written comments on the proposal, and an excerpt from its minutes showing its consideration of the proposal and all public testimony on the proposal.

21.95.050 Planning Department review of zoning map amendment.

The Planning Department shall evaluate each amendment to the official zoning map that is initiated in accordance with HCC 21.95.020 and qualified under HCC 21.95.030, and may recommend approval of the amendment only if it finds that the amendment:

a. Is consistent with the comprehensive plan and will further specific goals and objectives of the plan.

Applicant: See attached application.

Analysis: The 2018 Comprehensive Plan identifies Medical District as a new land use with the following intent:

“Acknowledge demand for medical services will increase with a larger, aging population. Enact zoning regulations that allow medical services to expand with the growing need for life long medical care, in a localized area near the hospital.”

The Comprehensive Plan Land Use Recommendations Map (see attached) identifies the new Medical District to be recommended south of the subject property.

Per the 2018 Comprehensive Plan, the Rural Residential land use is “intended to provide areas for low density residential development and limited agricultural pursuits.” The Comprehensive Plan Land Use Recommendations Map identifies the subject parcel as Rural Residential.

Staff Finding: The proposed zoning change is inconsistent with the Comprehensive Plan and the Comprehensive Plan Land Use Recommendations Map.

b. Applies a zoning district or districts that are better suited to the area that is the subject of the amendment than the district or districts that the amendment would replace, because either conditions have changed since the adoption of the current district or districts, or the current district or districts were not appropriate to the area initially.

Applicant: See attached application.

Analysis: The conditions of the subject property have not changed significantly since the creation of the Medical District. The steep slopes and development challenges of the subject property remain unchanged and the initial creation of the Medical District was appropriate.

Tsunami View Subdivision

Plat note #2 of the Tsunami View Subdivision (see attached) from 2007 notes the following restriction for development of the subject property.

- 2. Roads and other development shall not be constructed within areas designated as “slopes exceeding 30%” unless development plans, including a geotechnical study and hydrologic study of the area, have been submitted to and approved by the City of Homer



The view of the subject property from the South Peninsula Hospital (facing north)



The view of the subject property from the South Peninsula Hospital with retaining wall (facing north)

Staff Finding: The amendment would apply a zoning district that is not better suited to the area because conditions have not changed since the creation of the Medical District boundaries and the initial creation of the Medical District was appropriate.

c. Is in the best interest of the public, considering the effect of development permitted under the amendment, and the cumulative effect of similar development, on property within and in the vicinity of the area subject to the amendment and on the community, including without limitation effects on the environment, transportation, public services and facilities, and land use patterns.

Applicant: See attached application.

Analysis:

Public Services

City water and sewer are available at Hohe Street and access to the subject property would be via Hohe Street, a City maintained road, but the road would need to be extended. Full police and fire services are available. Public services and facilities are adequate to serve the property.

Public Facilities and Environmental Conditions

The 2022 Local Hazard Mitigation Plan addresses the topic of landslides and the associated Landslide Hazard Areas Map (see attached) depicting the subject property in an area with slopes over 20 degrees (those at higher risk of landslides) and to the south, the South Peninsula Hospital as a critical facility.

Slope Analysis

Based on the best current information, the average slope of the subject property is approximately 40% (see attached Slope Analysis Map). Per Homer City Code 21.44.030 Slope development standards:

b. Area of Development.

1. Except where the City Engineer approves a site plan under HCC 21.44.050 that provides for a larger area of development, the area of development on a lot with an average slope:

a. Of 15 to 30 percent shall not exceed 25 percent of the total lot area.

b. Greater than 30 percent but less than 45 percent shall not exceed 10 percent of the total lot area.

At approximately 40% average slope, the subject property shall not exceed 10 percent of the total lot area without a site plan approved by the City Engineer per HCC 21.44.050. The low density development imposed by the steep slopes on the subject property is more appropriate for a Rural Residential Zoning District.

Staff Finding: The rezoning of this 4.82-acre lot that from Rural Residential to Medical is not in the best interest of the public, as it is most suitable for Rural Residential development based on its current environmental conditions as stated above, which can limit the potential negative impacts development could have on critical infrastructure to the south, including the South Peninsula Hospital.

STAFF COMMENTS/RECOMMENDATIONS:

Planning staff has reviewed the ordinance per 21.95.050 and recommends the Planning Commission conduct a public hearing, and recommend denial to the City Council.

ATTACHMENTS

1. Application
2. Petition
3. Map of Rezone
4. Public Notice
5. Aerial Map
6. Comprehensive Plan Land Use Recommendations Map
7. Tsunami View Subdivision
8. Local Hazard Mitigation Plan Landslide Section and Map
9. 4323 Main Street Slope Analysis Map



City of Homer

www.cityofhomer-ak.gov

Planning

491 East Pioneer Avenue
Homer, Alaska 99603

Planning@ci.homer.ak.us

(p) 907-235-3106

(f) 907-235-3118

Rezoning Application

For Staff Use Only

Fee Amount:	Received by:	Planning Commission Public Hearing Date:
Date application accepted as complete:		HAPC approval or denial date:

APPLICANT INFORMATION

Name: Jeffery L. Murphy Phone Number: 907-290-0069

Address: 3675 Main ST Homer, AK 99603

Property Owner (if different than applicant)

Name: Same Phone Number: _____

Address: _____

PROPERTY INFORMATION (if more than one lot, list on separate page)

Street Address: 4323 Main ST Lot size: 4.62 Ac Tax parcel number: 17.504022

Legal Description: T6S R13W SEC 19 Seward Meridian Hm 2007086 T Seward
Urean Sub Lot 2

Circle one: Is City water available? YES/NO City Sewer? YES/NO Electrical Service? YES/NO

What is the existing use of the property? Vacant undeveloped

What is the proposed use of the property? Medical office

What structures or land uses exist on the neighboring properties? (Examples: residential, commercial, vacant) List the zoning of these adjacent lots.

Structures/land use

Zoning

North: nothing

Rural Residential

South: Hospital

Medical District

East: Res office

Res. office

West: Open Space - fair

Open Space Res

1. What is the public need and why is this rezone justified?

lack of available undeveloped property in the medical district

2. Describe the benefits and detriments of this proposed rezoning to:

(a) the community.

(b) the neighboring landowners.

(c) you, the property owner.

There is no detriment and there is a huge need for larger developable properties in this district

3. Can the proposed land use be developed in a manner that is compatible with development in adjacent zoning districts? If so, how? What effect will this change have on the surrounding properties?

yes, no adverse effects

4. Can the existing public facilities, services, and utilities accommodate the proposed use without any detrimental affect on adjacent zoning districts? If so, how?

yes, all services (water, sewer, electric, gas) are adjacent to the property

5. Would rezoning to a district allowing the proposed use permit other uses, which would not be compatible with adjacent land use?

no negative impact

6. How does this proposal relate to the Comprehensive Plan and purposes of the zoning regulations?

is compatible

7. How would the proposed change affect the public health safety and welfare of the surrounding area?

improve it

OTHER REQUIREMENTS

1. The applicant shall provide a map showing the area to be rezoned.
2. The applicant shall provide a petition, signed by a majority of the landowners within the proposed zoning area saying that they support the proposed change.

I hereby certify that the above statements and other information submitted are true and accurate to the best of my knowledge, and that I, as applicant, have the following legal interest in the property:

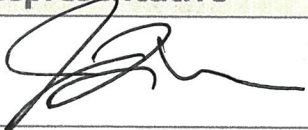
Owner of record ☒ Lessee _____ Contract purchase duly authorized to act for a person who has the following legal interest, _____ and that the owner of record is knowledgeable of this application if I am not the owner. I also understand that this item will be scheduled for the Planning Commission Agenda only if all application materials are submitted.

Applicant Signature: _____

Property Owner Signature: _____

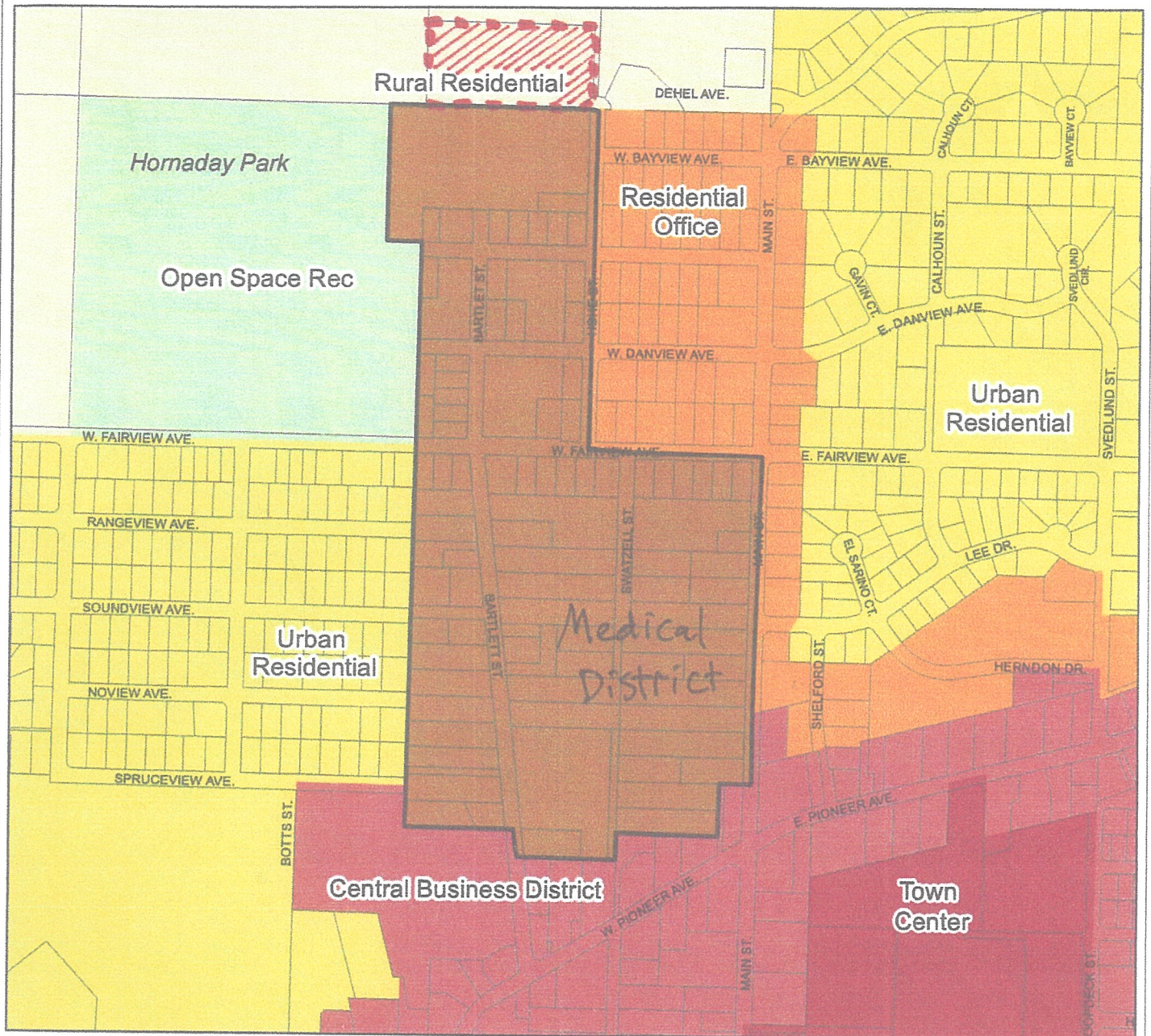
Petition

Proposed amendment:	The property at 4323 Main St. consists of one parcel which is 4.82 acres. Currently, the parcel is zoned Rural Residential. This request is to change the zoning of the entire property, Lot 2 Tsunami View Subdivision, to Medical District.
HCC 21.95.020(e)(3)(a)	"Each person signing this petition represents that the signer is a record owner of the lot whose description accompanies the signature; that the signer is familiar with the proposed zoning map amendment and the current zoning district of the lot; and that the signer supports the City Council's approval of the amendment."
Statement of Justification	I have buyers approaching me looking for medical District property and they are having a difficult time finding suitable parcels - This Rezoning will help fill this need.

Printed Name	Signature of Property Owner or Designated Representative	Legal Description	Tax parcel number
Jeffery L. Murphy		T6S R 13 W SEC 18 Seward Meridian HM 2007086 TSunami View Sub Lot 2	17504022

MY SIGNATURE MEANS I AM IN FAVOR OF THIS AMENDMENT

Rezone Proposal



Legend

Zoning Districts

- Central Business District
- Town Center
- Rural Residential
- Urban Residential
- Residential Office
- Open Space Rec
- Medical District



- Proposed lot to be rezoned from Rural Residential to Medical



0 250 500 Feet



City of Homer
Planning and Zoning Department

5/20/2020

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.

TOPOGRAPHIC SURVEY (4' CONTOURS)

LOT 1

40' BY 50' FOOTPRINT (2000 SQ FT)

LOT 2

SOUTH PENINSULA HOSPITAL

LEGEND

- ⊕ FOUND BRASS CAP
- ⊙ FOUND REBAR WITH ALUMINUM CAP

I hereby certify that I have performed a topographic survey of the following property:

LOT 2, TSUNAMI VIEW SUBDIVISION,
SECTION 18, TOWNSHIP 6 SOUTH, RANGE 13 WEST,
SEWARD MERIDIAN.

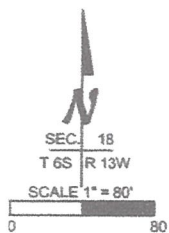
Homer Recording District, Alaska, and that the improvements situated thereon are within the property lines and do not overlap or encroach on any property lying adjacent thereto, and that no improvements on property lying adjacent thereto encroach on the premises in question, other than those shown.

FINELINE SURVEYS

P.O. Box 774

Anchor Point, Alaska 99556

Dmitri D. Kimbrell, RLS (907) 360 6382



**CITY OF HOMER
PUBLIC HEARING NOTICE
PLANNING COMMISSION MEETING**

A public hearing on the matters below are scheduled for Wednesday, September 4, 2024 at 5:30 p.m. during the Regular Planning Commission Meeting. Participation is available virtually via Zoom webinar or in-person at Homer City Hall.

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA AMENDING HOMER CITY CODE 21.10.030 AMENDING THE HOMER CITY ZONING MAP TO REZONE A PORTION OF THE RURAL RESIDENTIAL (RR) ZONING DISTRICT TO MEDICAL (M) ZONING DISTRICT

The rezone from Rural Residential (RR) Zoning District to Medical (M) Zoning District is proposed for the following address:

**4323 Main Street
T 6S R 13W SEC 18 SEWARD MERIDIAN HM 2007086 TSUNAMI VIEW SUB LOT 2**

In-person meeting participation is available in Cowles Council Chambers located downstairs at Homer City Hall, 491 E. Pioneer Ave., Homer, AK 99603.

To attend the meeting virtually, visit zoom.us and enter the Meeting ID & Passcode listed below. To attend the meeting by phone, dial any one of the following phone numbers and enter the Webinar ID & Passcode below, when prompted: 1-253-215-8782, 1-669-900-6833, (toll free) 888-788-0099 or 877-853-5247.

Meeting ID: 979 8816 0903
Passcode: 976062

Additional information regarding this matter will be available by 5pm on the Friday before the meeting. This information will be posted to the City of Homer online calendar page for August 30, 2024 at <https://www.cityofhomer-ak.gov/calendar>. It will also be available at the Planning and Zoning Office at Homer City Hall and at the Homer Public Library.

Written comments can be emailed to the Planning and Zoning Office at the address below, mailed to Homer City Hall at the address above, or placed in the Homer City Hall drop box at any time. Written comments must be received by 4pm on the day of the meeting.




If you have questions, contact Ryan Foster at the Planning and Zoning Office. Phone: (907) 235-3106, email: planning@ci.homer.ak.us or in-person at Homer City Hall.

NOTICE TO BE SENT TO PROPERTY OWNERS WITHIN 300 FEET OF PROPERTY

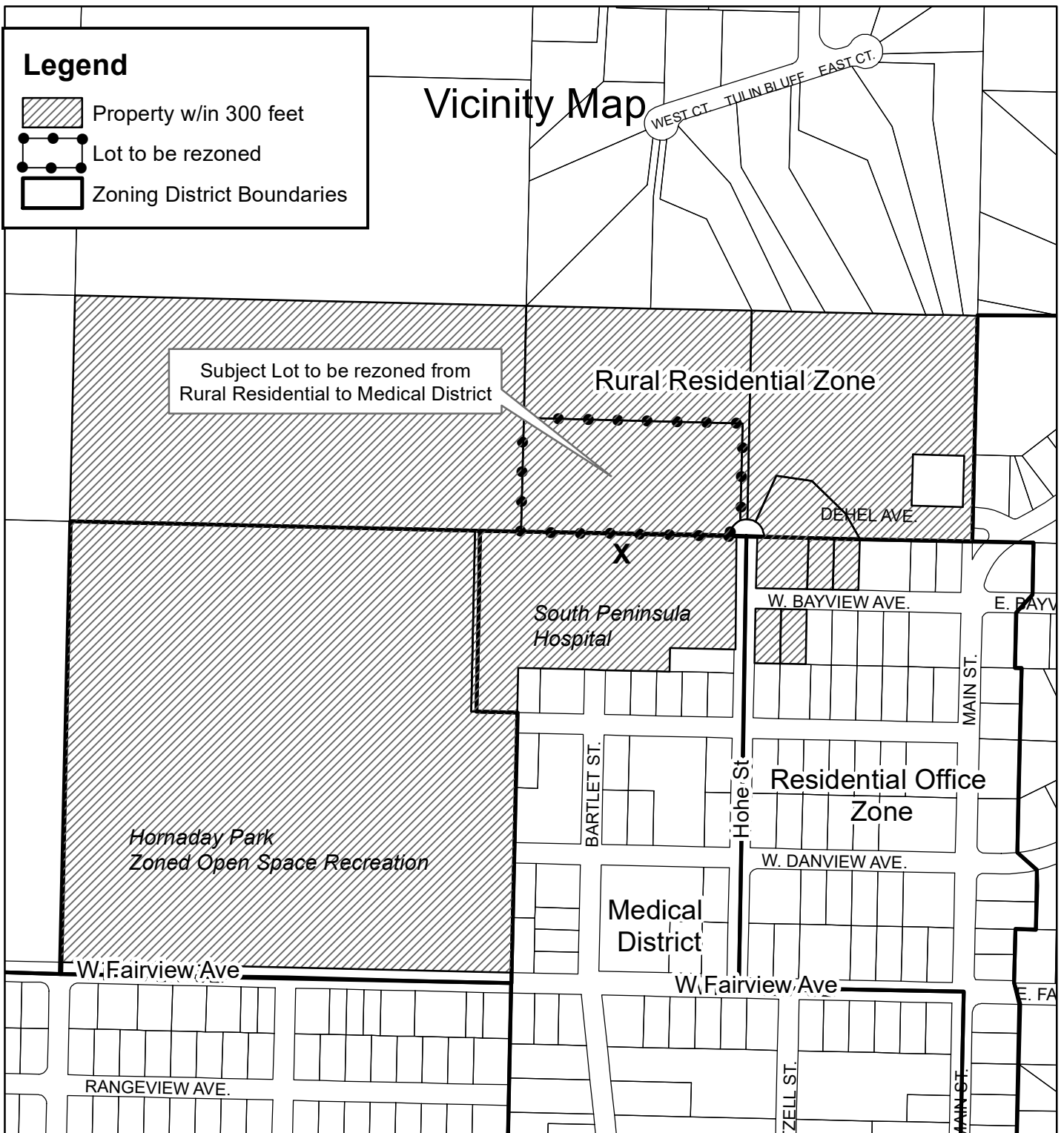
.....

VICINITY MAP ON REVERSE

Legend

-  Property w/in 300 feet
-  Lot to be rezoned
-  Zoning District Boundaries

Vicinity Map



City of Homer
Planning and Zoning Department

August 22, 2024

Request for a Rezone from Rural Residential to Medical District

Marked lots are within 300 feet
and property owners notified.

0 250 500 1,000 Feet

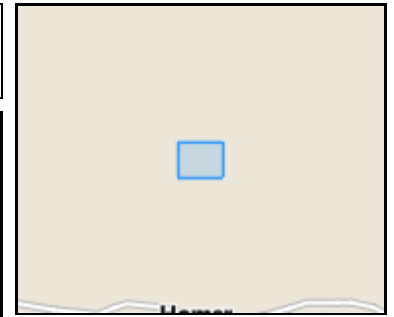


Disclaimer:
It is expressly understood the City of Homer, its council, board, departments, employees and agents are not responsible for any errors or omissions contained herein, or deductions, interpretations or conclusions drawn therefrom.



0 250 500
ft

NOTE: Every reasonable effort has been made to ensure the accuracy of these data. However, by accepting this material, you agree that the Kenai Peninsula Borough assumes no liability of any kind arising from the use of this data. The data are provided without warranty of any kind, either expressed or implied, including but not limited to time, money or goodwill arising from the operation or modification of the data. In using these data, you further agree to indemnify, defend, and hold harmless Kenai Peninsula Borough for any and all liability of any nature arising from the lack of accuracy or correctness of the data, or use of the data.



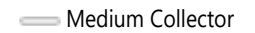
Legend

Transportation

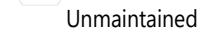
Mileposts



Roads



Medium Volume -



Medium Volume -



Low / Seasonal



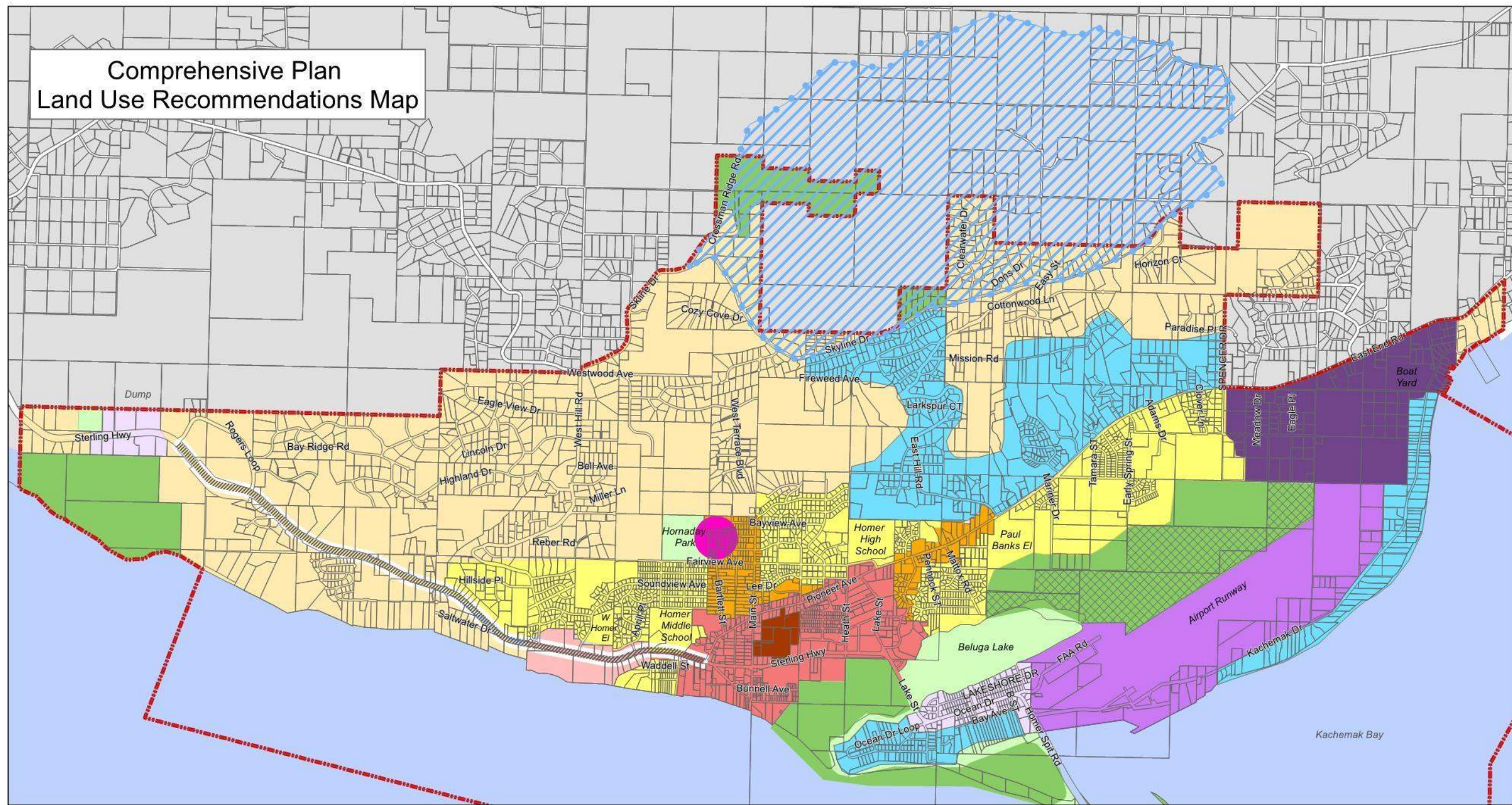
Private



Parcels and PLSS

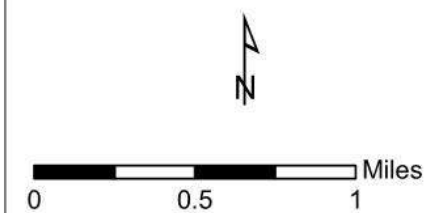
Tax Parcels



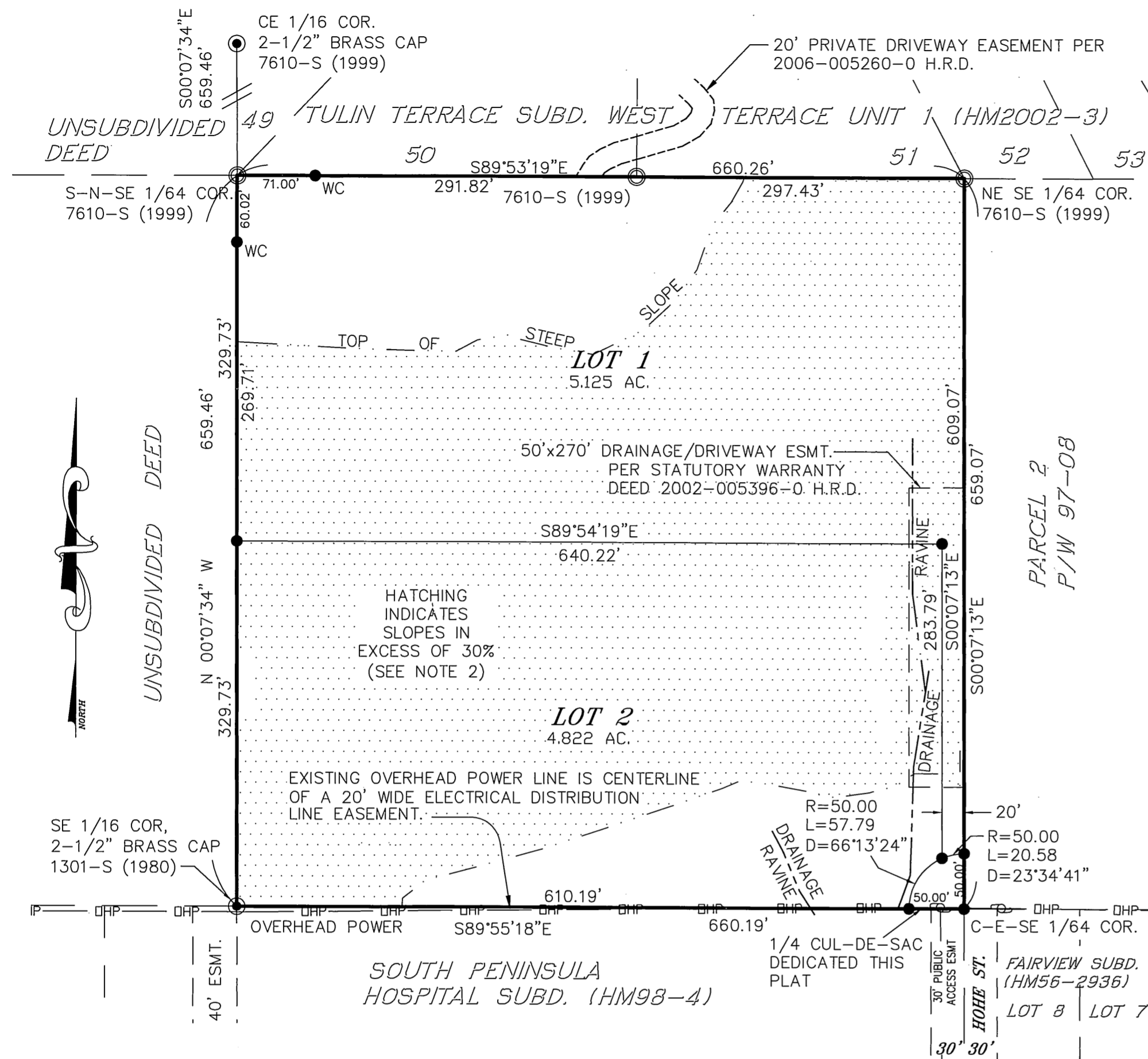


Legend

Land Use Recommendations	Town Center	Medical District	Rural Residential	City Limits
Bridge Creek Watershed	General Commercial 1	Residential Office	Open Space Rec	Airport Critical Habitat Area
Gateway Business District	General Commercial 2	Urban Residential	Conservation	
Downtown Mixed Use	East End Mixed Use	Residential Transition	Scenic Gateway Corridor Overlay	



City of Homer



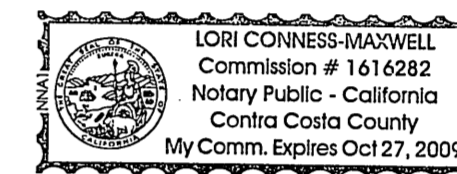
CERTIFICATE OF OWNERSHIP

I hereby certify that I am the owner of the real property shown and described hereon, and that I hereby adopt this plan of subdivision, and by my free consent grant all easements to the use shown.

Barbara Riley
Barbara Riley
1004 Rock Ridge Way
Pittsburg, CA 94656-4348

NOTARY'S ACKNOWLEDGMENT

For Barbara Riley
*Subscribed and sworn to before me this 27th day
of September, 2007.
Lori Conness-Maxwell 10/27/2009
Notary public for California My Commission Expires
*proved on the basis of satisfactory evidence



NOTES

1. NO PERMANENT STRUCTURE SHALL BE CONSTRUCTED OR PLACED WITHIN AN EASEMENT WHICH WOULD INTERFERE WITH THE ABILITY OF A UTILITY TO USE THE EASEMENT.
2. ROADS AND OTHER DEVELOPMENT SHALL NOT BE CONSTRUCTED WITHIN AREAS DESIGNATED AS "SLOPES EXCEEDING 30%" UNLESS DEVELOPMENT PLANS, INCLUDING A GEOTECHNICAL STUDY AND HYDROLOGIC STUDY OF THE AREA, HAVE BEEN SUBMITTED TO AND APPROVED BY THE CITY OF HOMER.
3. A MINIMUM OF 15 FEET SHALL BE PROVIDED BETWEEN ANY STRUCTURES AND THE TOP OF THE BANK OF ANY DEFINED DRAINAGE.
4. DEVELOPMENT ON THESE LOTS IS SUBJECT TO HOMER CITY CODE.
5. NO STRUCTURES ARE PERMITTED WITHIN THE PANHANDLE PORTION OF THE FLAG LOT.
6. ACCEPTANCE OF THIS PLAT BY THE BOROUGH DOES NOT CONSTITUTE ACCEPTANCE OF ANY ENCROACHMENTS.
7. RESTRICTIVE COVENANTS AFFECTING LOT 1 ARE FILED AS SERIAL NO. 2006-05261, HOMER RECORDING DISTRICT, NOVEMBER 9, 2006.

WASTEWATER DISPOSAL FOR LOT 1

LOT 1 IS AT LEAST 200,000 SQUARE FEET, OR NOMINAL 5 ACRES IN SIZE AND CONDITIONS MAY NOT BE SUITABLE FOR ONSITE WASTEWATER TREATMENT AND DISPOSAL. ANY WASTEWATER TREATMENT OR DISPOSAL SYSTEM MUST MEET THE REGULATORY REQUIREMENTS OF THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION.

WASTEWATER DISPOSAL FOR LOT 2

PLANS FOR WASTEWATER DISPOSAL, THAT MEET REGULATORY REQUIREMENTS, ARE ON FILE AT THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION.

Gary D. Nelson 7610-S 9-11-2007
SURVEYOR LICENSE # DATE

LEGEND

- SET 2 1/2" AL-CAP ON 5/8" REBAR
- FOUND 2 1/2" BRASS CAP ON 3/4" GALVANIZED PIPE
- FOUND 2" AL-CAP ON 5/8" REBAR
- ⊕ POWER POLE
- OHP— OVERHEAD POWER LINE

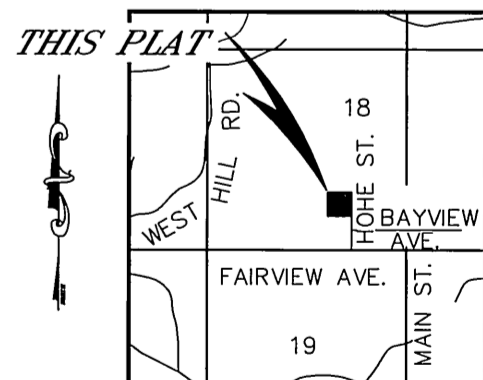
PLAT APPROVAL

This plat was approved by the Kenai Peninsula Borough Planning Commission at the meeting of June 27, 2005
KENAI PENINSULA BOROUGH
BY *Max J. Beal*
Authorized Official

2004-86
Homer REC DIST
Date 10/11 2007
Time 2:03 PM
Requested By *Barbara Riley*
Address _____

VICINITY MAP

SCALE: 1" = 1 MILE



DATE 6-15-2007
SCALE 1"=100'
JOB No. 3853
DRAWING: 3853

TSUNAMI VIEW SUBDIVISION

A SUBDIVISION OF PARCEL 3, P/W 97-08, (BK 261, PG 996, HRD) LOCATED IN THE SE1/4 SEC. 18, T6S, R13W, S.M., CITY OF HOMER, KENAI PENINSULA BOROUGH, HOMER RECORDING DISTRICT, ALASKA CONTAINING 9.992 ACRES

ABILITY SURVEYS

GARY NELSON, PLS
(907) 235-8440
152 DEHEL AVE., HOMER ALASKA 99603

KPB FILE No. 2005-162

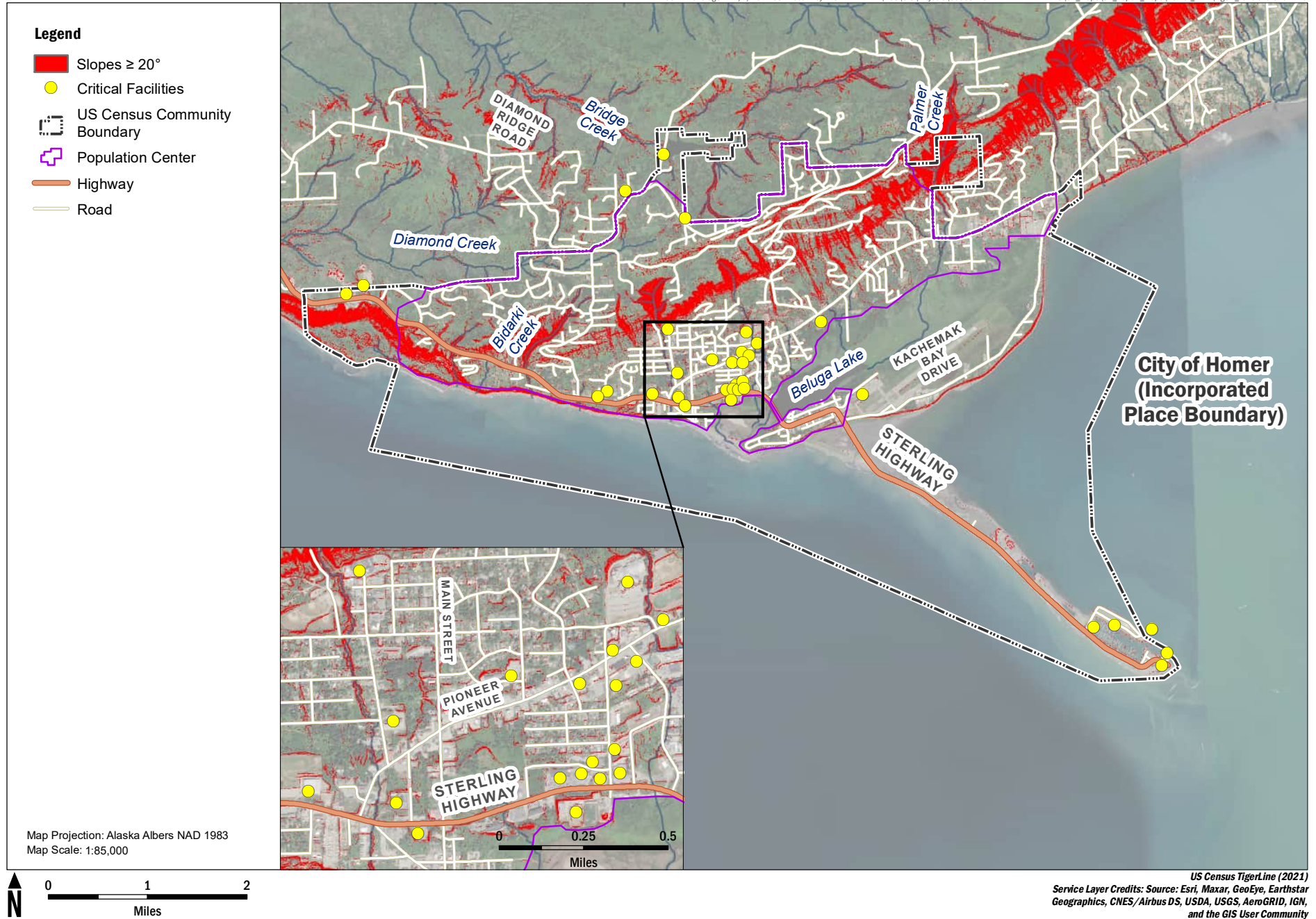
3.5 LANDSLIDE

Table 3-6: Landslide

Profile	Description
Nature	<p>Landslide is a general term for the dislodging and fall of a mass of soil or rocks along a sloped surface, or for the dislodged mass itself. The term is used for varying phenomena including mudflows, mudslides, debris flows, rock falls, rockslides, debris avalanches, debris slides, and slump-earth flows. Landslides may result from a wide range of combinations of natural rock, soil, or artificial fill. The susceptibility of hillside and mountainous areas to landslides depends on variations in geology, topography, vegetation, and weather. Landslides may also occur because of indiscriminate development of sloping ground or the creation of cut-and-fill slopes in areas of unstable or inadequately stable geologic conditions. Landslides often occur together with other hazards, which can exacerbate conditions as described below:</p> <ul style="list-style-type: none"> • Shaking due to earthquakes can trigger events ranging from rock falls and topples to massive slides • Intense or prolonged precipitation that causes flooding can also saturate slopes and cause failures leading to landslides • Wildfires can remove vegetation from hillsides, significantly increasing runoff and debris flow potential • Landslides into a reservoir can indirectly compromise dam safety; a landslide can even affect the dam itself • Saturation by water is also a primary cause of landslides. Saturation can occur in the form of intense or prolonged rainfall, snowmelt, changes in groundwater levels, and surface water level changes along coastlines, earth dams, and banks of lakes. <p>Another type of landslide occurs in areas cut by perennial streams; as floodwaters erode channel banks, rivers have undercut clay-rich sedimentary rocks along their southern bank, thereby destabilizing the ground and causing the ground above it to slide.</p>
Location	<p>In North America, there is an association between landslides and hilly terrain (particularly with slopes ranging from about 20 to 40 degrees). Areas on the mountainous terrain in the city which includes slopes greater than 20 degrees, are shown in Figure 4. The highest concentration of these slopes is along the bluffs running between Skyline Drive East End Road and on the west end of the city, just south of the Sterling Highway (Bluff Point).</p> <p>The Bluff Point landslide is well documented and shown in Figure 5.</p>
History	<p>The ADGGS has identified over 1,000 slope failure scars using aerial photographs and light detection and ranging (LIDAR) data from the Homer and Kachemak areas. At least one severe landslide occurred in Homer above Kachemak following the Great Alaskan Earthquake.</p> <p>Notable landslide failures in Homer since the 2010 LHMP include:</p> <ul style="list-style-type: none"> • In 2013, heavy rains caused a 16-foot mudslide down Bear Creek Drive (3 miles east on East End Road). Uphill, when heavy rains saturated the narrow Bear Creek Canyon, it “let go,” which sent trees and debris down Bear Creek, jamming a culvert on the uphill side of East End Road. A disaster declaration was made for several rain-soaked areas in the Kenai Peninsula Borough. • In 2015, a landslide occurred along a stretch of Kachemak Drive near the Homer Airport. The slide resulted in the closure of Kachemak Drive approximately 0.5-mile from Homer Spit Road to the top of the hill by the old airport. The slide took out a 100-foot section of the east bound lane of Kachemak Drive, pushing clumps of spruce and alder trees into Mud Bay.

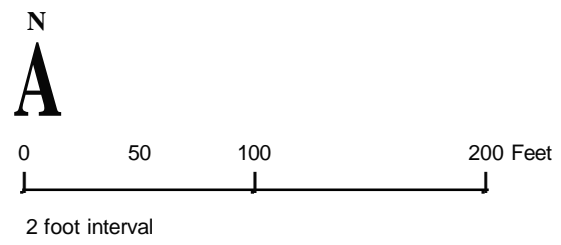
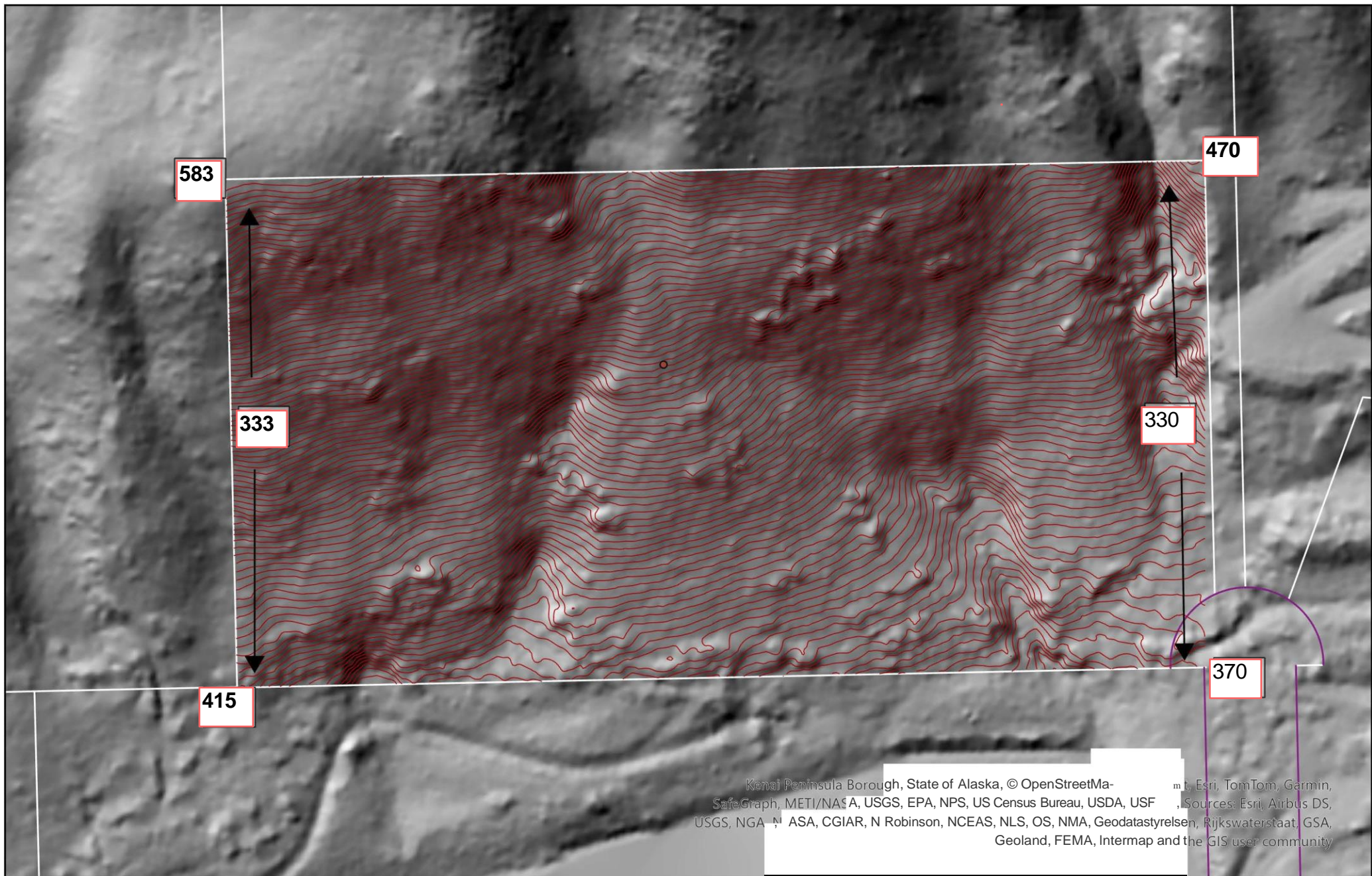
Table 3-6: Landslide

Profile	Description
Extent / Severity	No official landslide dataset exists for the City of Homer. However, in North America, there is an association between landslides and hilly terrain (particularly with slopes ranging from about 20 to 40 degrees). As such, the mountainous terrain in Homer that includes slopes greater than 20 degrees is at greatest risk of slide. Approximately 17% (1,504 acres) of Homer is in this hazard area.
Recurrence Probability	Shallow landslides can occur at any time but are more likely to happen when the ground is nearly saturated. However, deep-seated landslides are generally triggered by deep infiltration of rainfall (which can take weeks or months to occur) and therefore typically follow major storm events. It is assumed that the probability of a future landslide event will be highly tied to winter storm/rain events. Based on historical occurrences, severe winter storm conditions are likely in the City of Homer every 2 to 7 years.



LAND FAILURE HAZARD AREAS

Figure 4



4323 Main St Re-Zone Slope Analysis

Average Slope 82 %



CALL TO ORDER

Session 24-14, a Regular Meeting of the Planning Commission was called to order by Chair Scott Smith at 6:35 p.m. on September 4th, 2024 at the Cowles Council Chambers in City Hall, located at 491 E. Pioneer Avenue, Homer, Alaska, and via Zoom Webinar.

PRESENT: COMMISSIONER CONLEY, VENUTI, S. SMITH, SCHNEIDER, STARK & H. SMITH

ABSENT: COMMISSIONER BARNWELL (EXCUSED)

STAFF: CITY PLANNER FOSTER, DEPUTY CITY CLERK PETTIT

AGENDA APPROVAL

Chair S. Smith read the supplemental items into the record, and requested a motion and second to approve the agenda as amended.

SCHNEIDER/H. SMITH MOVED TO APPROVE THE AGENDA AS AMENDED.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENTS UPON MATTERAS AREADY ON THE AGENDA

RECONSIDERATION

A. Staff Report 24-045, Storm Water Works Tracts One, Preliminary Plat Consideration

Chair S. Smith introduced the item by reading of the title, and deferred to City Planner Foster for a brief explanation. Mr. Foster explained that the Commission originally approved the preliminary plat consideration at its August 7th, 2024 Regular Meeting. He continued, providing that Commissioner H. Smith issued a timely notice for reconsideration regarding this plat on August 9th, 2024.

VENUTI/H. SMITH MOVED TO RECONSIDER THE STORM WATER WORKS TRACTS ONE, PRELIMINARY PLAT CONSIDERATION.

Commissioner H. Smith stated that in reviewing the previous discussion and thinking about some of the public testimony from the previous meeting, it had occurred to him that the redrawing of these boundaries on the plat would effectively eliminate the road easements, preventing certain properties in the area from having access. He said that he wanted to be able to have a fuller conversation about the effect of that on the adjacent properties, and what that would mean for their ability to develop and to be usable.

Chair S. Smith shared his opinion that he feels the decision on a project like this should be reserved for after the Comprehensive Plan is adopted.

Commissioner Stark commented that he feels the Commission's original decision on the matter complies with due process.

Commissioner Conley said that it's good to get the full value of agenda items when the Commission meets and discusses them, but warned the Commission of the precedent they might set for themselves if they continue to reconsider items frequently.

With no further discussion, Chair S. Smith requested the Clerk to perform a roll-call vote.

VOTE: YES: VENUTI, S. SMITH, SCHNEIDER, H. SMITH, CONLEY, STARK.

Motion carried.

CONSENT AGENDA

- A. Unapproved Regular Meeting Minutes of August 7, 2024
- B. Decisions and Findings CUP 24-11, 3869 Jennifer Place

Chair S. Smith noted for the record that all items on the consent agenda are considered routine and non-controversial by the Planning Commission and are approved in one motion. If a separate discussion is desired on an item, a Commissioner may request that item be removed from the Consent Agenda and placed on the Regular Agenda under New Business. He then requested a motion and second to adopt the consent agenda.

H. SMITH/SCHNEIDER MOVED TO ADOPT THE CONSENT AGENDA AS PRESENTED.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT

Motion carried.

PRESENTATIONS / VISITORS

REPORTS

- A. City Planner's Report, Staff Report 24-041

City Planner Foster reviewed his staff report included in the packet, noting the following:

- Comprehensive Plan Survey results and Interactive Map results are being compiled, and will start to be released into the community next week
- Joint Worksession between the Planning Commission and PARCAC targeted for September 18th at 5:00 p.m.
- Planning Commissioner Training – two-part virtual Planning Commissioner Training hosted by the Alaska Chapter of the American Planning Association on Sunday, October 27th
- Next Regular Meeting is on Wednesday, September 18th
- Appeal has been submitted for CUP 24-09, 955 Sterling Highway

B. Comprehensive Plan Steering Committee Report

City Planner Foster encouraged the Commission to review the unapproved minutes from the last meeting, in addition to Commissioner Barnwell's report.

PUBLIC HEARINGS

- A. AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA AMENDING HOMER CITY CODE 21.10.030 AMENDING THE HOMER CITY ZONING MAP TO REZONE A PORTION OF THE RURAL RESIDENTIAL (RR) ZONING DISTRICT TO MEDICAL (M) ZONING DISTRICT, Staff Report 24-042

Chair S. Smith introduced the item by reading of the title before deferring to City Planner Foster for an explanation.

Mr. Foster provided a summary overview of his staff report included in the packet. He noted that a new address will be assigned to this property in the future, but that for now the address is 4323 Main Street.

Chair S. Smith opened the floor for the Applicant.

Jeffery Murphy addressed the Commission, stating that the medical district was completed to acknowledge that the demand for medical services will increase with an aging population. He added that the property he owns couldn't be any closer to the hospital, as it abuts the hospital. He acknowledged that the property is certainly steep slope, but stated that doesn't mean that he can't do anything with it. Mr. Murphy also pointed out that most of the uses permitted in the rural residential zoning district are identical to those that are permitted in the medical zoning district, noting that the major difference is that medical offices and medical support buildings are not permitted in the rural residential zoning district. He stressed to the Commission that the best use for this piece of property was for it to be included in the medical district rather than rural residential.

Chair S. Smith opened the public hearing period. There were no comments.

Chair S. Smith opened the floor to questions and comments from the Commission.

Commissioner H. Smith questioned Mr. Murphy if he took part in any of the discussions when the medical district was formed, or if there was any consideration for that piece of property to be included in the medical district. Mr. Murphy stated that he talked with one member of the Planning Department at that time, who informed him that the property was undevelopable, and further that he never followed through on it.

Commissioner H. Smith then asked the members that were on the Commission at that time if this property was something that was considered to be included in the medical district, or had there been anything provided as a pro or con, or why it wasn't included.

Chair S. Smith noted that he and Commissioner Venuti were the only members from that time period that remain active on the Commission, and that he doesn't recall this lot ever being considered as part of the medical district. He went as far as saying that everything that the Commission previously debated was further south. Commissioner Venuti stated that he recalled everything exactly as Mr. Smith laid it out.

Commissioner H. Smith asked if this land was appropriate for any kind of zoning designation if it isn't even appropriate for the medical district. He added that there is a land problem in Homer, and that at some point the realization needs to occur that there is a level of risk that will be incorporated into a lot of things that the Commission deals with.

Chair S. Smith stated that in evaluating the legitimacy of the concerns of steep slope building he isn't certain that he views them as logical.

Commissioner Stark added that the Commission shouldn't be in fear of developing areas with steep slopes, highlighting the development that is taking place on both West Hill Road and East Hill Road.

Commissioner Schneider stated that this is an item that should be considered by the Comprehensive Plan that's being developed, as well as the forthcoming rezoning process.

Commissioner Venuti said that as an experienced inspector he couldn't imagine anything being built on that slope, whether it be residential or medical. He provided the reasoning for his statement, claiming that any negative effect of something being built up there would have a dramatic effect on the hospital.

Commissioner Conley pointed out that by rezoning this property, the Commission would likely be accelerating the timeline of the property getting developed, and questioned if that is what they want to see happen there.

STARK/H. SMITH MOVED TO RECOMMEND APPROVAL OF APPLICATION 24-042 TO CHANGE RURAL RESIDENTIAL ZONE TO MEDICAL DISTRICT ZONE.

There was no further discussion. Chair S. Smith requested the Clerk to perform a roll-call vote.

VOTE: YES: STARK, H. SMITH, S. SMITH

VOTE: NO: VENUTI, CONLEY, SCHNEIDER

Motion failed.

PLAT CONSIDERATION

1. Staff Report 24-043, Thomas Court Subdivision, Preliminary Plat

Chair S. Smith introduced the item by reading of the title, and deferred to City Planner Foster who provided a summary of his report included in the packet. Mr. Foster noted that this is the third time that this plat is being seen by the Commission.

Chair S. Smith opened the floor for the Applicant.

Karen Christopher explained that her property contains two homes, and Thomas Court runs through both of them. She mentioned that there are four families who live with her on Thomas Court, and that they drive right through her property to get to East Hill Road, stating that's the way it's always been. Ms. Christopher stated that she and her husband are wishing to subdivide a large log home on the property given the costly payments. The subdivision would allow them to sell the log home while retaining their current residency here in Homer.

Chair S. Smith opened the floor for public comments, but there were none.

Chair S. Smith then opened the floor to questions and comments from the Commission.

Commissioner H. Smith asked Ms. Christopher if that was a private road easement or a city road that cuts through her property. Ms. Christopher answered that it's a private road. Mr. Smith then questioned if she has a road easement agreement with the people on the north side on Thomas Court that provides those people with access from East Hill Road, to which Ms. Christopher affirmed this was correct.

Commissioner Schneider inserted that he needed to declare a potential conflict of interest, claiming that the Applicant is a current client of his as they are currently in a business relationship.

VENUTI/H. SMITH MOVED THAT COMMISSIONER SCHNEIDER HAS A CONFLICT OF INTEREST.

Commissioner Conley asked if the relationship between Mr. Schneider and the Applicant would affect the way that he perceives this application, to which Mr. Schneider asserted that it would not.

Commissioner Venuti questioned Mr. Schneider on whether he had any financial interest in this project that he would gain. Mr. Schneider jokingly answered, "only that she can afford to pay me."

Commissioner H. Smith asked Mr. Schneider if any of his income would be affected if he were to vote in the negative. Mr. Schneider stated that there is no direct connection between this vote and any funds involved.

When asked if he would benefit financially as a result of the Commission potentially approving the plat, Mr. Schneider stated that he would not benefit in any way.

Chair S. Smith requested the Clerk to perform a roll-call vote.

VOTE: NO: H. SMITH, CONLEY, STARK, VENUTI, S. SMITH

Motion failed.

VENUTI/CONLEY MOVED TO ADOPT STAFF REPORT 24-043 AND RECOMMEND APPROVAL OF THE THOMAS COURT SUBDIVISION PRELIMINARY PLAT WITH THE FOLLOWING ADDITIONAL COMMENTS:

1. RECOMMEND THE SURVEYOR PROVIDES APPROXIMATE LOCATIONS OF SLOPES OVER 20 PERCENT IN GRADE OR DEMONSTRATES THAT THERE ARE NO SLOPES OVER 20 PERCENT.
2. THE OWNER WILL NEED TO ENTER INTO AN INSTALLATION AGREEMENT WITH THE CITY. A NEW WATER AND SEWER SERVICE WILL NEED TO BE PROVIDED TO LOT 1-E-1. BOTH EXISTING HOUSES WILL NEED TO BE SERVED BY THEIR OWN WATER AND SEWER SERVICES WITH NO LINES CROSSING PROPERTY LINES, EXCEPT WHERE THE LINE COMES FROM THE MAIN LINE IN THE PUBLIC RIGHT-OF-WAY TO THE PROPERTY BEING SERVED.

Chair S. Smith commented that the first time the Commission saw this application, the tenant in Lot 1-E-1 was saying that the particular lot line adjustment caused her cabin to be in violation of some sort. He questioned City Planner Foster if that issue had been resolved. Mr. Foster answered that these are two very different applications, with the prior application having a dedicated right-of-way.

There was no further discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

2. Staff Report 24-044, Bayview Gardens Subdivision Addn. 1 Jennings 2024 Replat, Preliminary Plat

Chair S. Smith introduced the item by reading of the title, and deferred to City Planner Foster, who provided a summary of his report included in the packet.

Chair S. Smith opened the floor for the Applicant.

Katie Kirsis stated that she is the surveyor who prepared the plats for this project. She added that it's a simple plat, claiming that they're just moving a lot line. She made herself available for questions.

Chair S. Smith opened the public comment period, but none were offered.

Chair S. Smith then opened the floor to questions and comments from the Commission, but there were none.

Chair S. Smith then requested a motion and second.

SCHNEIDER/H. SMITH MOVED TO ADOPT STAFF REPORT 24-044 AND RECOMMEND APPROVAL OF THE BAYVIEW GARDENS SUBDIVISION ADDITION 1 JENNINGS 2024 REPLAT, PRELIMINARY PLAT WITH THE FOLLOWING ADDITIONAL COMMENTS:

1. THE UTILITY EASEMENT IS DEPICTED AS A 10' UTILITY EASEMENT PER (HM 76-104), HOWEVER IT SPELLS IT OUT AS A 15' UTILITY EASEMENT IN NOTE #1. A 15' UTILITY EASEMENT SHOULD BE DEPICTED ON THE PLAT TOO.

There was no further discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

PENDING BUSINESS

NEW BUSINESS

- A. Staff Report 24-045, Storm Water Works Tracts One, Preliminary Plat Reconsideration
Memorandum from Deputy City Clerk as backup

Chair S. Smith introduced the item by reading of the title, and noted the motion that was on the table as a result of the reconsideration:

SCHNEIDER/VENUTI MOVED TO ADOPT STAFF REPORT 24-036 AND RECOMMEND APPROVAL OF THE STORM WATER WORKS TRACTS ONE PRELIMINARY PLAT.

Commissioner H. Smith questioned what determinations had been made that would eliminate access to some of these properties. City Planner Foster stated that if the Commission is looking to obtain more information regarding this plat that the best practice would be to postpone the item to the next meeting in order for the item to be re-noticed. This would provide a way for City Staff to provide a notification to the appropriate parties that can answer the questions that are being asked. Mr. Smith added that part of his concern is that the Commission is allowing a replat of one property that could affect several properties.

Chair S. Smith stated that he tends to agree with Commissioner H. Smith that the letter from the surveyor in the initial application gave indication that there were some things being requested with this application that jeopardized access to other lots, adding that further clarification would be helpful.

After lengthy discussion among the Commission about the cleanest way to move forward with the motion on the floor, Deputy City Clerk Pettit requested the Chair call a recess so he could determine the best way to move forward with the motion on the floor.

Chair S. Smith declared a 10-minute recess at 8:36 p.m.

Chair S. Smith called the meeting back to order at 8:46 p.m.

SCHNEIDER/VENUTI MOVED TO POSTPONE STAFF REPORT 24-045 STORM WATER WORKS TRACTS ONE, PRELIMINARY PLAT RECONSIDERATION UNTIL THE NEXT REGULARLY SCHEDULED MEETING, ALLOWING CITY STAFF TO PURSUE RE-NOTIFICATION AND GATHER ANY INFORMATION NECESSARY CONCERNING THE REPLAT.

Chair S. Smith offered an amendment to the motion before being informed by Deputy City Clerk Pettit that an amendment is out of order at this time given the higher ranking motion to Postpone to a Certain Time.

There was no further discussion.

Chair S. Smith requested the Clerk to perform a roll-call vote for the postponement.

VOTE: NO: H. SMITH, CONLEY, STARK, VENUTI, S. SMITH, SCHNEIDER.

Motion failed.

Commissioner Conley asked a clarifying question regarding the different numbers between the two staff reports that pertain to the Storm Water Works Tracts One Preliminary Plat. City Planner Foster noted that Staff Report 24-045 was associated with the reconsideration, and that the original staff report was Staff Report 24-036.

SCHNEIDER/CONLEY MOVED TO POSTPONE STAFF REPORT 24-036 UNTIL THE NEXT REGULARLY SCHEDULED MEETING SO THAT STAFF CAN RE-NOTICE AND PROVIDE THE PLANNING COMMISSION WITH ADDITIONAL INFORMATION, INCLUDING THE IMPACT THAT THE REPLAT WILL HAVE ON THE NEIGHBORING PROPERTY OWNERS IN REGARDS TO ACCESS.

There was no further discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

INFORMATIONAL MATERIALS

- A. PC Annual Calendar 2024
- B. 2024 Meeting Dates & Submittal Deadlines
- C. Comprehensive Safety Action Plan – Safe Streets and Roads Flyer

Chair Smith noted the informational materials included in the packet.

COMMENTS OF THE AUDIENCE

COMMENTS OF THE STAFF

City Planner Foster thanked everyone for their hard work tonight.

Deputy City Clerk Pettit thanked the Commission for always teaching him new things and testing his knowledge.

COMMENTS OF THE MAYOR/COUNCILMEMBER (If Present)

COMMENTS OF THE COMMISSION

Commissioner Venuti thanked everyone for serving tonight, and noted that the training session with City Clerk Krause was interesting.

Commissioner H. Smith thanked everyone for their time this evening, and thanked Deputy City Clerk Pettit for including the larger plats as part of the packet.

Commissioner Stark thanked City Planner Foster for his analysis and guidance, and thanked Deputy City Clerk Pettit for his work tonight. He also thanked the Commissioners for their hard work tonight.

Commissioner Conley thanked the Commission and City Staff.

Commissioner Schneider echoed all of the previous comments, and noted that he always learns so much at these meetings.

Chair S. Smith thanked the City Staff, and noted that he will likely be out for the October 16th meeting.

ADJOURN

There being no further business to come before the Commission Chair S. Smith adjourned the meeting at 9:00 p.m. The next Regular Meeting is **Wednesday**, September 18, 2024 at 6:30 p.m. A worksession is scheduled for 5:30 p.m. All meetings are scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska and via Zoom Webinar. Meetings will adjourn promptly at 9:30 p.m. An extension is allowed by a vote of the Commission.

Zach Pettit, Deputy City Clerk I

Approved: _____

**CITY OF HOMER
HOMER, ALASKA**

Planning Commission

ORDINANCE 24-51

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA
AMENDING THE HOMER CITY ZONING MAP TO REZONE A PORTION
OF THE RURAL RESIDENTIAL (RR) ZONING DISTRICT TO MEDICAL
(M) ZONING DISTRICT.

WHEREAS, City staff received a completed application by petition of the property owner,
Jeffrey Murphy, per HCC 21.95.020 (e); and

WHEREAS, The 2018 Homer Comprehensive Plan Land Use Recommendations Map
designates the proposed area for Rural Residential zoning; and

WHEREAS, The Homer Planning Commission held a public hearing on September 4,
2024 as required by HCC 21.95.060(c); and

WHEREAS, The motion to approve the rezoning request by the Homer Planning
Commission failed by a vote of 3-3; a

WHEREAS, The Zoning district boundaries shall be shown on the official Homer Zoning
Map per HCC 21.10.020 (c).

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer Zoning Map is amended to transfer the parcels listed on the
attached Exhibit A from RR zoning district to the Medical zoning district as depicted on Exhibit B.

Section 2. The City Planner is authorized to note on the Homer Zoning Map the
amendments enacted by this ordinance as required by Homer City Code 21.10.030(b).

Section 3. This Ordinance is of a non-Code ordinance of a permanent nature and shall
be noted in the ordinance history of Homer City Code 21.10.030.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA this ____ day of October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

44

45

46 ATTEST:

47

48

49 _____
RENEE KRAUSE, MMC, CITY CLERK

50

51 YES:

52 NO:

53 ABSTAIN:

54 ABSENT:

55

56 First Reading:

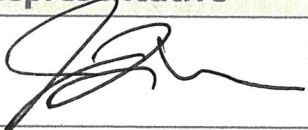
57 Public Hearing:

58 Second Reading:

59 Effective Date:

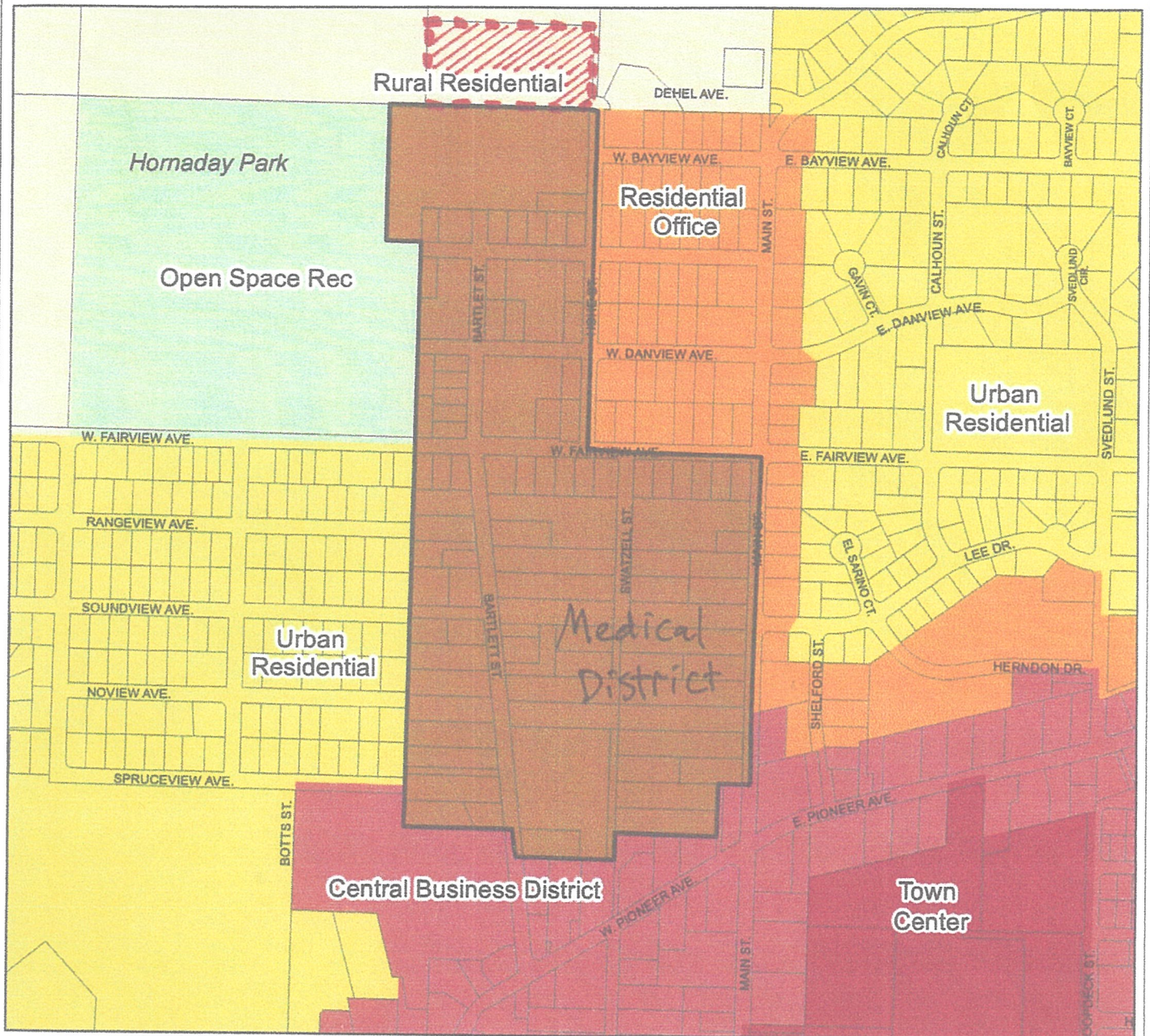
Petition

Proposed amendment:	The property at 4323 Main St. consists of one parcel which is 4.82 acres. Currently, the parcel is zoned Rural Residential. This request is to change the zoning of the entire property, Lot 2 Tsunami View Subdivision, to Medical District.
HCC 21.95.020(e)(3)(a)	"Each person signing this petition represents that the signer is a record owner of the lot whose description accompanies the signature; that the signer is familiar with the proposed zoning map amendment and the current zoning district of the lot; and that the signer supports the City Council's approval of the amendment."
Statement of Justification	I have buyers approaching me looking for medical District property and they are having a difficult time finding suitable parcels - This Rezoning will help fill this need.

Printed Name	Signature of Property Owner or Designated Representative	Legal Description	Tax parcel number
Jeffery L. Murphy		T6S R 13 W SEC 18 Seward Meridian HM 2007086 TSunami View Sub Lot 2	17504022

MY SIGNATURE MEANS I AM IN FAVOR OF THIS AMENDMENT

Rezone Proposal



Legend

Zoning Districts

- Central Business District
- Town Center
- Rural Residential
- Urban Residential
- Residential Office
- Open Space Rec
- Medical District



- Proposed lot to be rezoned from Rural Residential to Medical



0 250 500 Feet



City of Homer
Planning and Zoning Department

5/20/2020

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.



MEMORANDUM

Ordinance 24-52, An Ordinance of the City Council of Homer, Alaska Amending the FY25 Capital Budget by Transferring \$15,000 within the General Fund Capital Asset Repair and Maintenance Allowance (CARMA) Fund. City Manager/Finance Director.

Item Type: Backup Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: October 8, 2024
From: Melissa Jacobsen, City Manager

At the June 10, 2024 meeting, City Council adopted Ordinance 24-26 and reestablished the General Fund CARMA subaccounts. This coincided with the adoption of Ordinance 24-24(A) adopting mid-biennium budget adjustments and it caused some misallocation between subaccounts.

The Finance Director recommends a transfer of \$15,000 from the General Fund CARMA to City Hall CARMA (\$13,000) and Recreation CARMA (\$2,000) to resolve the misallocations.

RECOMMENDATION:
Adopt Ordinance 24-52

CITY OF HOMER FINANCIAL SUPPLEMENT

PROJECT NAME	GF CARMA Balance Transfer	DATE	10/09/2024
DEPARTMENT	Finance	SPONSOR	City Manager/Finance Director
REQUESTED AMOUNT	\$ 15,000		

DESCRIPTION	<p>Subaccounts were re-established within the General Fund CARMA fund via Ordinance 24-26 and was passed coincidingly with the Mid-Biennium Capital Budget (Ordinance 24-24(A)) causing some misallocation between the subaccounts. Within the General Fund Capital Asset and Maintenance Allowance (CARMA) fund there are two subaccounts (City Hall CARMA and Recreation CARMA) with a negative balance due to over encumbering available funds.</p> <p>The subaccount balances are closely monitored and over encumbering of funds will no longer occur. There are available funds in the General CARMA subaccount to address these negative balances.</p>
-------------	---

FUNDING SOURCE(S)	OPERATING	General CARMA	GF FLEET CARMA	PORT RESERVES	WATER CARMA
	0%	100%	0%	0%	0%
	HAWSP	HART-ROADS	HART-TRAILS	PORT FLEET RESERVES	SEWER CARMA
	0%	0%	0%	0%	0%

FUNDING SOURCE 1: General CARMA (156-0375)		FUNDING SOURCE 2:		FUNDING SOURCE 3:	
Current Balance	\$ 100,129	Current Balance	_____	Current Balance	_____
Encumbered	\$ 0	Encumbered	_____	Encumbered	_____
Requested Amount	\$ 15,000	Requested Amount	_____	Requested Amount	_____
Other Items on Current Agenda	\$ 10,000	Other Items on Current Agenda	_____	Other Items on Current Agenda	_____
Remaining Balance	\$ 75,129	Remaining Balance	_____	Remaining Balance	_____
FUNDING SOURCE 4:		FUNDING SOURCE 5:		FUNDING SOURCE 6:	
Current Balance	_____	Current Balance	_____	Current Balance	_____
Encumbered	_____	Encumbered	_____	Encumbered	_____
Requested Amount	_____	Requested Amount	_____	Requested Amount	_____
Remaining Balance	_____	Remaining Balance	_____	Remaining Balance	_____

**CITY OF HOMER
HOMER, ALASKA**

City Manager/Finance Director

ORDINANCE 24-52

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA
AMENDING THE FY25 CAPITAL BUDGET BY TRANSFERRING \$15,000
WITHIN THE GENERAL FUND CAPITAL ASSET REPAIR AND
MAINTENANCE ALLOWANCE (CARMA) FUND.

WHEREAS, Subaccounts were re-established within the General Fund CARMA fund via Ordinance 24-26 and was passed coincidingly with the Mid-Biennium Capital Budget (Ordinance 24-24(A)) causing some misallocation between the subaccounts; and

WHEREAS, Within the General Fund Capital Asset and Maintenance Allowance (CARMA) fund there are two subaccounts (City Hall CARMA and Recreation CARMA) with a negative balance due to over encumbering available funds; and

WHEREAS, The subaccount balances are closely monitored and over encumbering of funds will no longer occur; and

WHEREAS, There are available funds in the General CARMA subaccount to address these negative balances.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends the FY25 Capital Budget by transferring \$15,000 within the General Fund CARMA as follows:

Transfer from:

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
156-0375	General CARMA	\$15,000

Transfer to:

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
156-0384	City Hall CARMA	\$13,000
156-0385	Recreation CARMA	\$2,000

Section 2. 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 ____ day of October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, CITY CLERK

YES:

NO:

ABSENT:

ABSTAIN:

First Reading:

Public Hearing:

Second Reading:

Effective Date:



MEMORANDUM

Ordinance 24-53 Adopting the revised Port of Homer Alaska Terminal Tariff No. 1

Item Type: Backup Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: October 2 2024
From: Bryan Hawkins, Port Director
Through: Melissa Jacobsen, City Manager

Staff conduct an annual review of our Port of Homer Tariff No. 1 to make sure it reflects our current policies and rates, submitting any prospective changes to the City for review and approval. The following information listed below pertains to this year's proposed edits/changes.

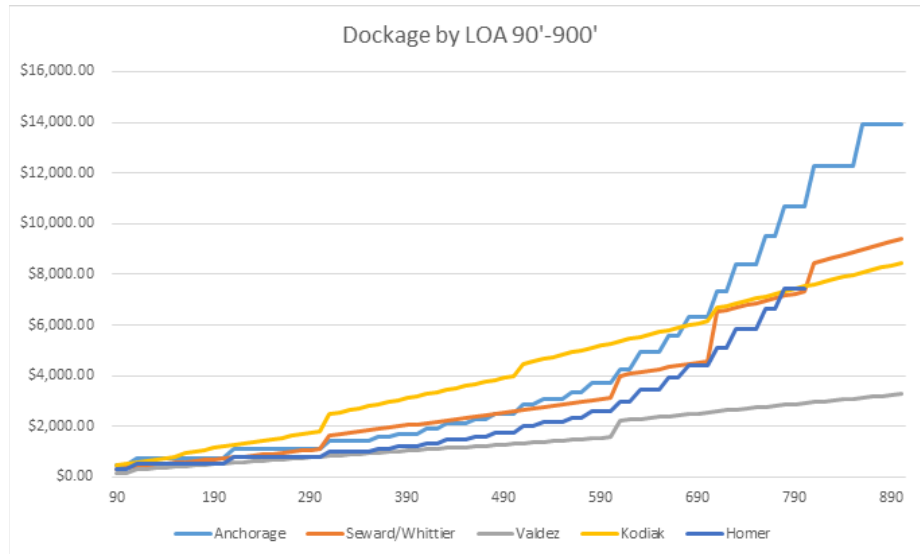
Policies

- Liability, indemnity, Insurance [RULE 5]- The City Lawyers and staff have revised the insurance language sections to clarify and better represent the requirements to protect both users and the City as they utilize harbor facilities.
- Special Terminal Use Permits [Rule 21.01]- For administrative reasons, all Terminal Use Permits have been changed from annual renewal requirements to every 3 years. The proposed language change is to reflect current policy

Fees

- Cold Storage Inspection fee \$50- removing fee- In practice, we don't use this fee.
- Stall Swap Request \$25- increase of fee to \$100- Stall Swap Requests represent individual preferences of a stall permittee who wishes to relocate to another location within their stall size class within the harbor. Unlike stall wait lists, these individual requests take significant staff time and attention in both the initial request period and the later tracking until a match is found. Also, unlike stall waitlists that require an annual fee to remain on the list, the stall swap request is a one-time fee and remains on file until a new location fitting the requested perimeters is found. Operations has requested an increase in this fee to \$100 to represent the associated staff time.
- Gangway and Camel Rental Fee -addition- We already rent these items. The addition of these fees in the tariff is intended to match the tariff to current operational administrative policy.

- Dockage, Deep Water Dock & Pioneer Dock- increase fee - We have not adjusted these fees in about a decade and a recent informal rate study conducted with similar nearby harbors has shown that we have been outpaced and our fees are too low to maintain the infrastructure effectively. (see attached graph). Staff recommend a 16% increase this year, with an annual 5% increase (mirroring our moorage rate structure) applied to following years moving forward. This planned increase would get us back to competitive rates by 2027. We also plan to conduct another informal comparison study again in 3-5 years to reassess.



- Dry moorage- Large Vessel Haul Out Facility- add- Due to overcrowding within the harbor basin, during the winter months on System 5, available space at the Large vessel haul out facility has been utilized for dry moorage with preference of use/space always given to those vessels that are conducting work.
- Parking, Monthly pass for vehicles over 20ft, decrease- The decrease from \$85 to \$70 for the monthly parking pass for vehicles over 20ft is necessary with the new online ability to purchase parking passes. A “monthly pass” will now simply be \$70 for ease of both software and human navigation.
- Moorage- increase fee- Adjustments for next year’s commodity rate have been added in preparation for January 1 2025 per the Homer Harbor’s current moorage rate and CPI increase policies.

Port and Harbor Advisory Commission made a motion in support of tariff changes and recommended council approval of Ordinance 24-53

RECOMMENDATION:

Move to recommend Council approval of Ordinance 24-53 adopting the proposed changes to Tariff No. 1.

10.C. Tariff Edits for 2025
Memorandum from Port Director as backup

Chair Siekaniec introduced the item by reading of the title and deferred to Port Director Hawkins. Mr. Hawkins explained that the largest change to the tariff was in regards to insurance for vessels, noting that the limits for commercial vessels has been changed to \$1 million, whereas the limit for all other vessels is \$300,000. There was brief discussion regarding moorage, the right to deny access to vessels who don't have insurance, and the work skiff exemption.

FRIEND/ZEISET MOVED TO AMEND THE EFFECTIVE BEGINNING DATE OF THE WORK SKIFF EXEMPTION TO JANUARY 1, 2026.

There was no further discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

SHAVELSON/ZEISET MOVED TO FORWARD TO HOMER CITY COUNCIL THE ANNUAL PORT TARIFF #1 CHANGES REFLECTED IN THE SEPTEMBER 18, 2024 MEMORANDUM FROM STAFF ALONG WITH THE AMENDMENT TO THE EFFECTIVE DATE OF THE WORK SKIFF EXEMPTION.

There was no further discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

11. INFORMATIONAL MATERIALS

11.A. September 2024 Port Operations Report
August 2024 Statistics

11.B. September City Manager's Report to Council

CM's Report for September 9, 2024
CM's Report for September 23, 2024

12. COMMENTS OF THE AUDIENCE (3 minute time limit)

13. COMMENTS OF THE CITY STAFF

14. COMMENTS OF THE MAYOR

CITY OF HOMER
HOMER, ALASKA

City Manager/Port Director

ORDINANCE 24-53

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA
ADOPTING THE REVISED PORT OF HOMER ALASKA TERMINAL
TARIFF NO.1

WHEREAS, The Port and Harbor Tariff No. 1 is reviewed and updated annually; and

WHEREAS, Staff has completed its annual review and submitted edits, changes, and additions for review; and

WHEREAS, The proposed changes were reviewed by JDOLaw, the city's contracted law firm; and

WHEREAS, The Port and Harbor Advisory Commission also reviewed the revised tariff at their September 2024 meeting and made a motion recommending that council approve changes to Port and Harbor Tariff No. 1; and

WHEREAS, The revised Tariff No. 1 accurately represents the Homer Harbor's current and planned operational and fiscal policies.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. Port of Homer Alaska Terminal Tariff No. 1, is hereby amended to read as follows:

Under Rule 5-LIABILITY, INDEMNITY, INSURANCE-

RULE 5 – LIABILITY, INDEMNITY, INSURANCE

5.01. **CARGO** LIABILITY – The City of Homer, its Port personnel, its employees and agents, **shall not be held liable** ~~are not responsible for~~ **any loss or damage to cargo regardless if the loss or damage is the result of** ~~caused by~~ fire, frost, heat, dampness leakage, weather damage, evaporation, natural shrinkage, waste, insects, decayed and live animals, leakage or discharge from fire protection systems, collapse of buildings or structures, breakdown of plant protection systems, breakage of plant or machinery or equipment, or **is caused** by floats, logs, piling or camel logs required in breasting vessels away from wharf, **or caused by anything outside the control of the City.**

5.02. LABOR ACTIONS OF CIVIL UNREST – The City of Homer **shall not be held liable** ~~is not responsible for~~ any loss, damage, delays, costs or from any consequences as a result of civil

unrest, shortage of or action by labor, riots or strikes of any persons in their employ or in the service of others.

5.03. INDEMNITY

(A) DEFENSE AND INDEMNITY

Users of the City of Homer's **Terminal Facilities, as defined in this Tariff, Section 3.02**, Port facilities including **but not limited to**, vessels **owners** and crew **members, their** vessel ~~owners and~~ its agents or instruments, shippers or consignees, and shore personnel shall **defend**, indemnify and hold harmless the City **of Homer, its officers, employees, and agents** against any and all claims, **demands, losses, damages, or expenses** arising from any breach or default in performance of any obligation to such parties to be performed under the terms of this Tariff or arising from any act or omission of said parties **and** for all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claims, action or proceeding brought against the City of Homer except for those caused by the City's own negligence.

(B) MOORAGE AT HOMER'S TERMINAL FACILITIES

Vessel owners and operators shall defend, indemnify, and hold harmless the City of Homer, its officers, employees, and agents against any and all claims, demands, losses, damages, or expenses arising from or connected to moorage at the City of Homer's Terminal Facilities brought against the City except for those caused by the City's own negligence. The City shall not be held liable for any loss or damage incurred to the vessel or its associated items or be regarded as a "bailee" or "warehouseman". Vessel owners use the City of Homer's Terminal facilities moorage at their own risk; the City is not responsible for providing products or services to protect vessels from damage.

5.04. — LIMITS OF LIABILITY — No provisions contained in this Tariff shall limit or relieve the Port of Homer from liability for its own negligence nor require any person, vessel or lessee to indemnify or hold harmless the Port of Homer from liability for its own negligence.

5.04 INSURANCE – Rates named in the Tariff do not include insurance of any kind. The City of Homer shall be under no obligation to provide any insurance of any type for any vessel, cargo, or liability arising out of use of the City docks or Terminal facilities. Terminal facility users shall comply with any applicable insurance requirements included in **this Tariff and** the Homer City Code or Alaska Statutes.

5.05 All vessel owners using the City of Homer's Terminal Facilities are required to carry liability insurance with a minimum of \$300,000 coverage and add the City as a certificate holder. Transient moorage users who do not provide proof of liability insurance will only be permitted to purchase moorage at the daily rate. Reserved moorage users who do not provide proof of liability insurance will not be permitted to renew their stall permit. Commercial boats-defined as vessels that are operated as part of a business, including but not limited to commercial fishing, charter fishing, vessel-for-hire, freight, tow, and construction are required to carry at a minimum \$1,000,000 of liability insurance, and to add the City of Homer as an additional insured with waiver of subrogation. All reserved

stall holders, annual and semi-annual transient moorage users are required to add the City of Homer as a certificate holder. Human-powered vessels are exempt from these insurance requirements.

5.06 ADDITIONAL INSURANCE – The City reserves the right to **require** request additional insurance coverage by users of the Port’s facilities or to be named additional insured at the discretion of the City. The City may request any additional insurance as deemed appropriate for port activities. For vessels that may be hazardous or become a menace to other vessels, their occupants, City facilities, the Port Director or City Manager may require an operator or owner of a vessel to furnish evidence that there is currently in effect liability insurance in an amount satisfactory to the City. The vessel’s owner or agent shall file a certificate of insurance or other satisfactory evidence signed by an agent or officer of the insurance company and stating the effectiveness and expiration date.

Under Rule 16 RATES: Labor, Towing, Pumping, Equipment, Special Services, Sewage, Third Party Billing, Search & Rescue-

16.05. SPECIAL SERVICES – Special services including waste, ~~bulk oil~~, or garbage disposal shall be billed at the City’s actual cost, including City labor costs, plus 125% of City costs for services. This includes the costs for outside services arranged and paid for by the City. **For bulk oil disposal fees see Appendix A Fee Schedule.** Except where otherwise required by law, the Port Director has the authority to provide, arrange for or refuse the provision of services in addition to those set out in this Tariff.

Under Rule 21 DOCK FUELING & BUNKERING AT THE PIONEER DOCK & DEEP WATER DOCK-

21.01. SPECIAL TERMINAL USE PERMIT AND REQUIREMENTS: For Petroleum Product Transfer – Fueling vessels at the Pioneer Dock and the Deep Water Dock by truck or vessel is permitted with the permission of the Port Director and the completion of a Special Terminal Use Permit. The Special Terminal Use Permit shall be completed ~~annually with an annual~~ **every three years with its associated** permit issuance fee. Fee cost can be found in Appendix A fee schedule. In addition, the Permittee shall file timely fuel wharfage reports stating the gallons of petroleum product dispensed with the required payment.

Under APPENDIX A-FEE SCHEDULE-

APPENDIX A- FEE SCHEDULE

The Port Director has authority to protect rates against inflation, raising them by a calculated percentage using the Consumer Price Index –Urban Alaska/Anchorage table, at the Port Director’s discretion and with City Council’s approval.

PORT & HARBOR FEES

Effective 1/1/2024

Please add 7.85% sales tax to fees unless otherwise noted

FISH DOCK

Note: Vessels left unattended at Fish Dock or obstructing access will be charged \$150.00 per hour

- Fish Dock use permit: \$5.00 per issuance
- Special Terminal use permit: \$200 per issuance
- Annual Crane Card: \$52.00 w/signed Authorization Agreement
- Crane Card Replacement: \$5.00 per card replaced
- Cranes:

0 - 15 minutes	\$22.66	<u>Crane Capacity</u> :
16 - 30 minutes		\$45.32 2½ ton #1, #3, #4, #5, #6, #8
31 - 45 minutes		\$67.98 5 ton #2, #7
46 - 60 minutes	\$90.64	
- Ice: \$130.90 Per Ton
After hours call out for Ice delivery = \$250.00 fee per call out
- Seafood Wharfage: \$4.76 per ton of seafood/fish product across the dock, regardless of species
- Ice/Non Fish Wharfage: \$14.50/ton, Includes ice not purchased from City & transferred Freight NOS over Fish Dock
- Community Fish Grinder: \$5 per tub (approx. 100lbs), \$30 per tote (approx. 1,000lbs); processing plant connection fee to outfall line \$7,000 (can be in 5 annual installments plus 7.5% interest); Annual outfall connection maintenance fee \$2,400.
- Cold Storage:
 - Lockers #1 – 8 (8' x 10') \$334.75 per month
 - Locker #9 (10' x 22') \$920.90 per month
 - ~~- Inspections \$50.00 per hour~~

HARBOR

- Harbor Labor: \$200.00 per hour, plus equipment and direct costs (towing)
\$100.00/half hour minimum
- Pumps: \$40.79/day for electric pump
\$69.97/hour for gas pump, minimum charge of one hour. Includes attendant time
- Tow: skiff with operator 1 hour \$365.00
- Load & Launch Ramp: (Fees are inclusive of sales tax)
\$25 per day - (\$13.00 launch fee plus a \$12 parking impact levy for a total of \$25)
\$250 per season (April 1 – Oct. 15) - (\$130.00 launch fee plus \$120 parking impact levy= \$250)

175 \$25.00 per hour for unattended vessel/blocking ramps
176 \$100 penalty for commercial loading @ L&L ramp during peak hours
177 between 6am-6pm
178 • Insufficient Funds: \$50 insufficient funds check fee
179

180 GRIDS Required: moorage agreement, grid utilization form, schedule, & pay in
181 advance for first tide
182 • Wood: Max. 59 feet
183 0-59 feet \$2.10/ft/tide
184 • Steel: Max. 200 displacement tons - vessels 60 ft. to 120 ft
185 60-80 feet \$5.10/ft/tide 101-120 feet \$7.64/ft/tide
186 81-100 feet \$6.50/ft/tide 121-140 feet \$8.48/ft/tide
187

188 STALL WAIT LIST Stalls are offered once a year, mid-October
189 • Stall Wait List: \$30.00 per year per listing; prorated fee to the May Stall Wait List due
190 date
191 • Stall Swap Request: ~~\$25.00~~ **\$100** per request
192

193 ELECTRICITY Billing cycle is the 16th to the 15th of each month; Kilowatt cost
194 determined by public utility
195 • Daily/Flat Rate: 110v \$10.20/calendar day (monthly rate after 15
196 days)
197 208v/single phase \$20.12/calendar day (monthly rate after 17
198 days)
199 208v/3 phase \$45.20/calendar day (monthly rate after 7
200 consecutive days)
201 • Monthly Rate: 110v \$152.67
202 208v/single phase \$341.70
203 208v/3 phase & 480v \$28.80 + electrical usage charge per kilowatt
204 • Metered Reserved Stalls: \$23.95/month + electrical usage charge per kilowatt
205 Vacancy notification waiver available
206 • Winter Power: \$28.80 connect/disconnect fee + \$28.80/month + electrical usage
207 charge per kilowatt
208 Available October 16 – April 15 with signed application
209 Note: A transient vessel connected to power April 16 - October 15 will be charged the daily rate.
210 If a transient vessel consumes more electricity than would be covered by these flat rates, then
211 such transient vessel shall be charged for the actual consumption. Charges for kilowatts may
212 be adjusted without advance notice.

213 PORT

214 • Barge Ramp/Beach Use:

215 01' - 36' = \$1.50 per ft based on length overall of vessel + 1 ton wharfage (\$5.14)

216 37' - 49' = \$1.50 per ft based on length overall of vessel + 2 tons wharfage (\$10.28)

217 50'+ = \$1.50 per ft based on length overall of vessel (+ wharfage as reported)

218 Annual Pass (Jan 1-Dec 31) for vessels ≤ 36' = (landing + 1 ton wharfage) x 10

219 Annual Pass (Jan 1-Dec 31) for vessels 37' to 49' = (landing +2 tons wharfage) x 10

220 Penalty for going dry on barge ramp/causing restricted access- \$150 per tide cycle

221

222 • Dockage:

223 Note: These charges are applicable to all berthing locations on the Deep Water Dock and

224 Pioneer Dock

225 - \$ 963.06 Cruise Ship Service Charge

226 - \$52.00 Dockage Service Charge

227 - Lightering Fee \$1,500, plus \$6.00 per passenger

228 - Passenger wharfage fee (non-regulated) \$0.00 per passenger

229 -Passenger wharfage fee (regulated) \$0.00 per passenger

230 **-Gangway Rental- \$100 per day**

231 **-Camel Fender Rental \$50 per day**

232

0' to 100'	\$338	<u>\$392</u>	451' to 475'	\$1,604	<u>\$1,861</u>	651' to 675'	\$3,917	<u>\$4,544</u>
101' to 200'	\$506	<u>\$587</u>	476' to 500'	\$1,762	<u>\$2,044</u>	676' to 700'	\$4,420	<u>\$5,127</u>
201' to 300'	\$788	<u>\$914</u>	501' to 525'	\$1,996	<u>\$2,315</u>	701' to 725'	\$5,119	<u>\$5,938</u>
301' to 350'	\$1,005	<u>\$1,166</u>	526' to 550'	\$2,154	<u>\$2,499</u>	726' to 750'	\$5,858	<u>\$6,795</u>
351' to 375'	\$1,098	<u>\$1,274</u>	551' to 575'	\$2,334	<u>\$2,707</u>	751' to 775'	\$6,644	<u>\$7,707</u>
376' to 400'	\$1,206	<u>\$1,399</u>	576' to 600'	\$2,582	<u>\$2,995</u>	776' to 800'	\$7,459	<u>\$8,652</u>

401' to 425'	\$1,337	<u>\$1,551</u>	601' to 625'	\$2,957	<u>\$3,430</u>
426' to 450'	\$1,490	<u>\$1,728</u>	626' to 650'	\$3,443	<u>\$3,994</u>

233 *(lightering fees and passenger wharfage fees shall be calculated by full passenger manifest*
234 *regardless of how many passengers disembark)*
235

- 236 • Storage: Open areas, fishing gear \$.12 per square foot/month
237 Open areas, non-fishing gear \$.17 square foot/month
238 Fenced storage yard \$0.22/sq ft/month
239 Deck Shelter Storage- prearranged \$35/per month
240 Demurrage - \$.09 per sq ft per day
241 *(Haul- Out Facility)*
242 Upland Dry Dockage for vessel w/annual moorage= \$.17 per sq
243 ft/month
244 Upland Dry Dockage for vessel w/transient moorage = \$.20 per sq
245 ft/month
246 Upland Dry Dockage for vessel w/ no moorage= \$.25 per sq ft/month
247 **Dry Moorage - \$0 w/ current annual moorage paid (only available**
248 **for large vessels with annual moorage, priority shall be given to**
249 **Upland Dry Dockage needs over Dry moorage)**
250 Dry Dockage admin fee \$50
251 Haul Out facility Vendor Fee \$150
252
253 • Water: \$38.81 per 1,000 gal. – minimum 5,000 gals
254 Scheduled delivery – \$102.00 connect/disconnect
255 Unscheduled delivery – \$139.32 connect/disconnect
256
257 • Wharfage: \$5.14/ton wharfage on N.O.S. Freight (Not Otherwise Specified) for the
258 Barge Ramp & Beach
259 \$7.96/ton wharfage on N.O.S. Freight for the Deep Water Dock &
260 Pioneer Dock
261

262 *Except as otherwise specifically provided, rates are in*
263

264 U.S. dollars (USD) per short ton of 2000 lbs. or per 32 cubic foot. Short ton
265 =0.907185 metric tons (mt)

COMMODITY	WHARFAGE RATE (\$USD)
Aggregate (Gravel, stone, minerals)	\$1.00 per short ton/\$1.10 per mt
Agricultural Products (Grains, corn, legumes, etc.)	\$3.50 per short ton/\$3.86 per mt
Containerized Cargo	\$8.00 per short ton/\$8.82 per mt
Freight N.O.S. (Pioneer/Deep Water Docks) 1 ≥100 Short tons	\$7.96 per short ton/\$8.77 per mt
Freight N.O.S. (Pioneer/Deep Water Docks) 101 ≥ 1,000 Short Tons	\$6.00 per short ton/\$6.61 per mt
Freight N.O.S. (Pioneer/Deep Water Docks) 1,001 ≥ 10,000 Short Tons 10,000 + Short Tons	\$5.00 per short ton/\$5.51 per mt \$4.50 per short ton/\$4.96 per mt
Freight N.O.S. (Barge Ramp and Beach)	\$5.14 per short ton/ \$5.67 per mt
Freight N.O.S. (Fish Dock) ICE Fish Dock	\$14.50 per short ton/ 15.98 per mt \$14.50 per short ton/ 15.98 per mt
Hazardous materials, as established by Dept of Transportation materials commodity List. At location designated for loading, unloading or staging by USCG permit	\$8.00 per ton /Min. 1 ton
Livestock (horses, mules, cattle, hogs, sheep, goats, fowl)	\$10.12 per head
Petroleum	\$0.84 \$1.26 per barrel/ \$0.02 \$0.03 per gallon
Poles, Logs, cant or cut	\$3.95 per thousand board feet
Seafood/Fish Products (regardless of species) (all docks)	\$4.76 per short ton/\$5.24 per mt

266
267 • Disposal Oil \$50/drum
268 Used Antifreeze \$8.00/gallon

269		Oily Water/Bilge Slop	\$5.00 /gal delivered in drums
270	<u>PARKING</u>		
271	• <u>Fee pay day use parking:</u>	Day Use Fee Parking	\$10 per calendar day
272		Seasonal permits for day use parking	\$150
273		Monthly permits for day use parking	\$100.
274	• <u>Long term parking:</u>	Annual parking permit	\$150
275		Monthly parking permit >20ft	\$70
276		Monthly parking permit <20ft	\$85 \$70
277		Weekly parking permit >20ft	\$25
278		Weekly parking permit <20ft	\$35
279		Trailer parking (no boat)	\$7 per linear ft./month
280		Parking Citation	\$25 per citation
281		Failure to pay parking citation	\$25 for each month
282	past due		

283 * Parking permits refer to vehicles unless otherwise specified as “trailer”. Citations specific to
284 long term parking overstay shall be limited to \$250 per calendar year, with \$150 of the fine
285 credited toward an annual permit if applicable

286
287 **MOORAGE**

288 Note: Mooring charges commence when a vessel is made fast to a wharf, pier, harbor float or
289 other facility. A vessel moored between 12:01 a.m. and 10:00 a.m. shall be charged a full day’s
290 moorage.

291 • Reserved: ~~[\$63.41~~ **70.77** + (LOA x \$.05)] x LOA, plus a \$50.00 administrative fee.

292 (\$.05/ft caps at 86’)

293 • Annual Transient: ~~[\$63.41~~ **70.77** + (LOA x \$.05)] x LOA, plus a \$50.00 administrative fee.

294 (\$.05/ft caps at 86’)

295 • Semi-Annual Transient: ~~[\$42.48~~ **47.42** + (LOA x \$.05)] x LOA, plus \$33.50 administrative

296 fee (\$.05/ft caps at 86’)

297 • Monthly Transient: ~~[\$10.78~~ **12.03** + (LOA x \$.05)] x LOA, plus \$8.50 administrative fee

298 (\$.05/ft caps at 86’)

299 *Vessels that properly register and prepay moorage may deduct

300 \$0.50/foot/month

301 • Daily: ~~[\$1.90~~ **2.12** + (LOA x \$.05)] x LOA, plus \$1.50 administrative fee (\$.05/ft

302 caps at 86’)

303 *Vessels that properly register and prepay moorage may deduct

304 \$5.00/day

305

306 Section 2. This Ordinance is of a permanent and general character.

307

Section 3. This ordinance is effective January 1, 2025.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA this ____ day of October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, CITY CLERK

YES:

NO:

ABSTAIN:

ABSENT:

First Reading:

Public Hearing:

Second Reading:

Effective Date:



MEMORANDUM

Ordinance 24-54, An Ordinance of the City Council of Homer, Alaska Amending the FY25 Capital Budget by Appropriating \$150,000 from the General Fund Fleet Capital Asset Repair and Maintenance Allowance (CARMA) Fund for the Purchase of Two Police Patrol Vehicles. City Manager/Public Works Director.

Item Type: Backup Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: October 3, 2024
From: Chief Robl
Through: Melissa Jacobsen, City Manager

The purchase of two new police patrol vehicles at an estimated cost of \$150,000 was slated as an anticipated FY26/27 project. Chevrolet is now taking orders for new police vehicles and have had limited openings for new police vehicle purchases so I would like to take advantage of this opportunity.

If approved, HPD will purchase and equip 2 new patrol vehicles for the police department's fleet. These will replace two vehicles that are ten years old, have over 100,000 miles, and have seen many years of hard daily usage. We have been purchasing Chevy Tahoe's and I would like to buy two new ones to keep our fleet maintenance uniform. I intend to purchase these off of the state contract.

RECOMMENDATION:
Adopt Ordinance 24-54

CITY OF HOMER
FINANCIAL SUPPLEMENT

PROJECT NAME	Patrol Vehicles	DATE	10/09/2024
DEPARTMENT	Police	SPONSOR	City Manager/Police Chief
REQUESTED AMOUNT	\$ 150,000		

DESCRIPTION	Homer Police Officers respond to all types of calls for service and make routine patrols of the city with patrol vehicles. It is essential for Homer Police Department (HPD) to maintain their fleet in a reasonable manner to allow efficient and continual delivery of service to the public.
-------------	---

FUNDING SOURCE(S)	OPERATING	GF CARMA	POLICE FLEET CARMA	PORT RESERVES	WATER CARMA
	0%	0%	100%	0%	0%
	HAWSP	HART-ROADS	HART-TRAILS	PORT FLEET RESERVES	SEWER CARMA
	0%	0%	0%	0%	0%

FUNDING SOURCE 1: Police Fleet CARMA		FUNDING SOURCE 2:		FUNDING SOURCE 3:	
Current Balance	\$ 150,120	Current Balance	_____	Current Balance	_____
Encumbered	\$ 0	Encumbered	_____	Encumbered	_____
Requested Amount	\$ 150,000	Requested Amount	_____	Requested Amount	_____
Other Items on Current Agenda	\$ 0	Other Items on Current Agenda	_____	Other Items on Current Agenda	_____
Remaining Balance	\$ 120	Remaining Balance	_____	Remaining Balance	_____
FUNDING SOURCE 4:		FUNDING SOURCE 5:		FUNDING SOURCE 6:	
Current Balance	_____	Current Balance	_____	Current Balance	_____
Encumbered	_____	Encumbered	_____	Encumbered	_____
Requested Amount	_____	Requested Amount	_____	Requested Amount	_____
Remaining Balance	_____	Remaining Balance	_____	Remaining Balance	_____

**CITY OF HOMER
HOMER, ALASKA**

City Manager/Police Chief

ORDINANCE 24-54

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA
AMDENDING THE FY25 CAPITAL BUDGET BY APPROPRIATING
\$150,000 FROM THE GENERAL FUND FLEET CAPITAL ASSET
REPAIR AND MAINTENANCE ALLOWANCE (CARMA) FUND FOR THE
PURCHASE OF TWO POLICE PATROL VEHICLES.

WHEREAS, Homer Police Officers respond to all types of calls for service and make
routine patrols of the city with patrol vehicles; and

WHEREAS, It is essential for Homer Police Department (HPD) to maintain their fleet in a
reasonable manner to allow efficient and continual delivery of service to the public.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends the FY25 Capital Budget by
appropriating \$150,000 as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
152-0382	Police Fleet CARMA	\$150,000

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

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA this ____ day of October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, CITY CLERK

44 YES:
45 NO:
46 ABSTAIN:
47 ABSENT:
48
49 First Reading:
50 Public Hearing:
51 Second Reading:
52 Effective Date:



MEMORANDUM

Ordinance 24-55, An Ordinance of the City Council of Homer, Alaska Amending the FY25 Capital Budget by Appropriating \$40,000 from the Public Works Fleet Capital Asset Repair and Maintenance Allowance (CARMA) Fund for the Purpose of Repairing the Boiler in City Steam Truck E176. City Manager/Public Works Director.

Item Type: Backup Memorandum
Prepared For: Homer City Council
Date: October 4, 2024
From: Daniel Kort, Public Works Director
Through: Melissa Jacobsen, City Manager

Summary:

Allocation of funds towards the repair of the boiler associated with Steam Truck E176.

Background:

The City of Homer (City) owns two older model Steam Trucks to thaw frozen ditches and culverts associated with glaciation of storm water during the winter months. Truck E160 is a 1984 model Ford truck fitted with a steamer, and Truck E176 is a 2006 model Freightliner truck fitted with a steamer.

During the latter part of the winter of 2023/2024, the boiler in Steam Truck E176 had a mechanical failure causing the overheating of the boiler causing subsequent damage. This is the newer of the City's two Steamer Trucks. These Steamer Trucks are a critical pieces of equipment to reestablish storm water flow in ditches and culverts during winter months' glaciation. Without these critical pieces of equipment, there is substantial risk for glaciation to cross roadways and potential flooding upon private property.

Conducting repair work on a boiler requires specific certifications and there are a limited number of companies capable of doing this work. There are even fewer companies interested in working on older boilers or mobile boiler systems. Due to the limitations, the Public Works Department was only able to identify one company interested in performing this repair after three months of effort. The truck was taken to the repair shop for an estimate in September. The estimate for the repair was provided as \$36,436, and an estimate to replace the boiler was also provided as \$69,179.06. Public Works believes the repair will adequately resolve the issues. The budget request of \$40,000 provides a small contingency if needed.

Recommendation:

Adopt Ordinance 24-55

ALASKA BOILER & BURNER LLC

1221 E 71st Ave

Anchorage, AK 99518

+19075614242

office@akboiler.com

https://www.akboiler.com

**Estimate****ADDRESS**Mike Parish
CITY OF HOMER**SHIP TO**Mike Parish
CITY OF HOMER**ESTIMATE #**

3179

DATE

09/30/2024

DATE	ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
		REBUILD OF VAPOR 4992-4BT BOILER			
	Services	45063009 INNER COIL (PLUGGED)	1	7,703.00	7,703.00
	Services	45053010 INTERMEDIATE COIL	1	7,665.00	7,665.00
	Services	45053011 OUTER COIL	1	9,488.00	9,488.00
	Services	GASKET AND SEAL KIT, REFRACTORY, AND COIL PADS	1	2,220.00	2,220.00
	Services	12 HOURS LABOR TO REMOVE AND REINSTALL BOILER FROM TRUCK	12	195.00	2,340.00
	Services	36 HOURS TO REBUILD THE BOILER	36	195.00	7,020.00

Thank you for the opportunity to provide this estimate. It is valid for 30 days from the date above. Estimated pricing is subject to change due to unforeseen circumstances. Shipping charges are not included in the estimate. Actual shipping costs will be added to the final invoice. To accept the estimate and proceed with the work please sign and return to office@akboiler.com.

TOTAL**\$36,436.00**

Accepted By

Accepted Date

A 1.5% MONTHLY FEE WILL BE ASSESSED ON PAST DUE BALANCES

ALASKA BOILER & BURNER LLC

1221 E 71st Ave

Anchorage, AK 99518

+19075614242

office@akboiler.com

<https://www.akboiler.com>**Estimate****ADDRESS**Mike Parish
CITY OF HOMER**SHIP TO**Mike Parish
CITY OF HOMER**ESTIMATE #**

3181

DATE

10/01/2024

DATE	ACTIVITY	DESCRIPTION	QTY	RATE	AMOUNT
	Services	4492-4BT VAPOR STEAM GENERATOR 40BHP, 1380 LBS/HR FROM AND AT 212 DEGREES 300 PSI DESIGN, 250 PSI MAX OPERATING NO. 2 OIL FIRED 120V 1 PHASE ELECTRICAL REQUIREMENT INCLUDES ELECTRONIC CONTROLS WITH FLAME SAFEGUARD. CYCLING TEMPERATURE THERMOCOUPLE AND DIGITAL CONTROLLER	1	68,095.18	68,095.18
	Services	PRIME MOVER FOR 40BHP STEAM GENERATOR TEFC MOTOR: 230V, 3 PHASE 60HZ. INCLUDES MOTOR STARTERS, MOTOR SHIPS LOOSE BELTS AND GUARDS BY OTHERS. ALL PRICES FOB FRANKLIN PARK IL. LEAD TIME 12-16 ARO	1	1,083.88	1,083.88

A 1.5% MONTHLY FEE WILL BE CHARGED ON PAST DUE BALANCES

Thank you for the opportunity to provide this estimate. It is valid for 30 days from the date above. Estimated pricing is subject to change due to unforeseen circumstances. Shipping charges are not included in the estimate. Actual shipping costs will be added to the final invoice. To accept the estimate and proceed with the work please sign and return to office@akboiler.com.

TOTAL

\$69,179.06

Accepted By

Accepted Date

A 1.5% MONTHLY FEE WILL BE ASSESSED ON PAST DUE BALANCES

CITY OF HOMER
FINANCIAL SUPPLEMENT

PROJECT NAME	Steam Truck Boiler Repair	DATE	10/09/2024
DEPARTMENT	Public Works	SPONSOR	City Manager/PW Director
REQUESTED AMOUNT	\$ 40,000		

DESCRIPTION	Public Works owns two trucks fitted with steamers to thaw frozen ditches and culverts when storm water glaciation occurs during winter months. During the 2023/24 winter, one truck, E176, had a mechanical failure causing the overheating of the boiler causing subsequent damage. The steamer trucks are critical pieces of equipment that are necessary for maintain storm water flow in the winter months.
-------------	---

FUNDING SOURCE(S)	OPERATING	GF CARMA	PW FLEET CARMA	PORT RESERVES	WATER CARMA
	0%	0%	100%	0%	0%
	HAWSP	HART-ROADS	HART-TRAILS	PORT FLEET RESERVES	SEWER CARMA
	0%	0%	0%	0%	0%

FUNDING SOURCE 1: Public Works Fleet CARMA		FUNDING SOURCE 2:	FUNDING SOURCE 3:
Current Balance	\$ 152,514	Current Balance	
Encumbered	\$ 0	Encumbered	
Requested Amount	\$ 40,000	Requested Amount	
Other Items on Current Agenda	\$ 0	Other Items on Current Agenda	
Remaining Balance	\$ 112,514	Remaining Balance	
FUNDING SOURCE 4:		FUNDING SOURCE 5:	FUNDING SOURCE 6:
Current Balance		Current Balance	
Encumbered		Encumbered	
Requested Amount		Requested Amount	
Remaining Balance		Remaining Balance	

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Public Works Director

ORDINANCE 24-55

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA
AMENDING THE FY25 CAPITAL BUDGET BY APPROPRIATING
\$40,000 FROM THE PUBLIC WORKS FLEET CAPITAL ASSET REPAIR
AND MAINTENANCE ALLOWANCE (CARMA) FUND FOR THE
PURPOSE OF REPAIRING THE BOILER IN CITY STEAM TRUCK E176.

WHEREAS, Public Works owns two trucks fitted with steamers to thaw frozen ditches
and culverts when storm water glaciation occurs during winter months; and

WHEREAS, During the 2023/24 winter, one truck, E176, had a mechanical failure causing
the overheating of the boiler causing subsequent damage; and

WHEREAS, The steamer trucks are critical pieces of equipment that are necessary for
maintain storm water flow in the winter months.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends the FY25 Capital Budget by
appropriating \$40,000 as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
152-0383	Public Works Fleet CARMA	\$40,000

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

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA this ____ day of October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, CITY CLERK

44
45 YES:
46 NO:
47 ABSTAIN:
48 ABSENT:
49
50 First Reading:
51 Public Hearing:
52 Second Reading:
53 Effective Date:

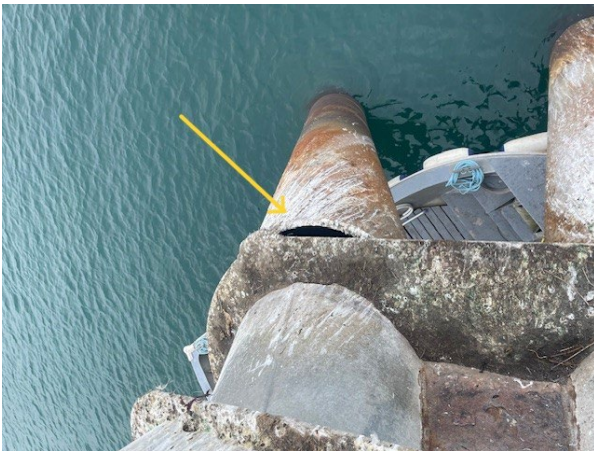


MEMORANDUM

Resolution 24-107, Resolution of the City Council of Homer, Alaska Awarding the Contract for the Deep Water Dock North Mooring Dolphin Repair Project to Fortune Sea Marine Services of Homer, Alaska in an Amount not to Exceed \$24,718 and Authorizing the City Manager to Negotiate and Execute the Appropriate Documents. City Manager/Port Director.

Item Type: Back Up Memorandum
Prepared For: Homer City Council & Mayor Castner
Date: September 10 2024
From: Bryan Hawkins, Port Director
Through: Melissa Jacobsen, City Manager

Earlier this summer, our team observed that one of the dolphins at the Deep Water Dock had sustained damage. The exact timing of the incident and the responsible party remain unknown, but the dolphin has completely detached from the pile cap and will require realignment and re-welding.



(location of damaged dolphin at the deep water dock)

With a dock face measuring 345 feet, these dolphins serve an essential purpose when mooring vessels that extend beyond the dock's length. The Deep Water Dock is designed to accommodate vessels up to 800 feet long, utilizing both dolphins and mooring buoys for secure moorings. Due to the dolphin's location, the repair will necessitate a vessel equipped with a crane *(Complete*

separation from piling cap and failed weld) to facilitate the repair crew.

Although the repair process is straightforward, it will involve constructing a scaffold platform for the welding team, welding pad eyes onto the piles, winching the damaged pile back into its proper position, and performing a multi-pass weld to secure it back to the pile cap

Staff reached out to two local marine welding service companies who have experience with the harbor and these types of repairs to request quotes for the repair as described above. The lower of the two bids came in at \$24,718.00 by Fortune Sea Marine Services. Due to the unexpected and one time nature of this expense, it will be necessary to allocate funds from the Port Reserves and amend the FY25 operations budget for maintenance, to complete this repair.

RECOMMENDATION:

Approve Resolution 24-107

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Port Director

RESOLUTION 24-107

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
AWARDING THE CONTRACT FOR THE DEEP WATER DOCK NORTH
MOORING DOLPHIN REPAIR PROJECT TO FORTUNE SEA MARINE
SERVICES OF HOMER, ALASKA IN AN AMOUNT NOT TO EXCEED
\$24,718 AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE
AND EXECUTE THE APPROPRIATE DOCUMENTS.

WHEREAS, It has come to the attention of port staff that the north dolphin of the Deep Water Dock has sustained damage and that the weld on one of the pilings making up the structure of the dolphin has failed; and

WHEREAS, The Deep Water Dock, with its mooring dolphins, is designed to accommodate vessels up to 800 foot long and the north dolphin is a crucial structural element to that purpose; and

WHEREAS, The repair of the dolphin will require specialized equipment, including a crane equipped vessel and scaffold platform for the welding team; and

WHEREAS, Port staff reached out to local marine welding companies for quotes with the lowest bid of \$24,718 provided by Fortune Sea Marine Services of Homer, Alaska; and

WHEREAS, This award is not final until written notification is received by the firm from the City of Homer; and

WHEREAS, This award is contingent on the adoption of Ordinance 24-45, appropriating funds to complete the project.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, Awards the Contract for the Deep Water Dock North Mooring Dolphin Repair Project to Fortune Sea Marine Services of Homer, Alaska in an Amount Not to Exceed \$24,718 and authorizes the City Manager to negotiate and execute the appropriate documents.

PASSED AND ADOPTED by the Homer City Council this ____ day of October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

41 ATTEST:

42

43 _____

44 RENEE KRAUSE, MMC, CITY CLERK

45

46 Fiscal note: Ordinance 24-45 (pending) appropriates \$25,000.

**CITY OF HOMER
HOMER, ALASKA**

Lord/Venuti/Erickson

RESOLUTION 24-108

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
REQUESTING THE GOVERNOR OF THE STATE OF ALASKA
DESIGNATE BY PROCLAMATION THE AREA OF PRINCE WILLIAM
SOUND PINK SALMON FISHERY AND ANY OTHER APPLICABLE
SALMON FISHERIES AS AN AREA IMPACTED BY AN ECONOMIC
DISASTER IN 2024 AND SUPPORTING A RECOVERY PLAN FOR
AFFECTED FISHERMEN

WHEREAS, The commercial salmon fishing season in 2024 saw historically low returns
of salmon from Area M to Southeast Alaska, including Chignik, Kodiak, Lower Cook Inlet, and
Prince William Sound; and

WHEREAS, According to the Alaska Department of Fish & Game, the Prince William
Sound pink salmon harvest was 4.896 million fish which was 85.3% less than the prior 5-year
average harvest of 33.26 million fish and 15% of a 2024 total run forecast of 32.18 million fish;
and

WHEREAS, The Kodiak Management Area pink salmon forecast from ADF&G for 2024
was estimated as weak, at 8.8 million fish and the estimated harvest through September 5 was
7.1 million fish; and

WHEREAS, The Area M pink salmon forecast from ADF&G for 2024 was 5.3 million, with
1.6 million harvested; and

WHEREAS, Lower Cook Inlet Area pink salmon forecast from ADF&G for 2024 was
582,000, with 14,374 harvested; and

WHEREAS, Commercial fishing is a backbone of Alaska's economy and culture and is an
expensive endeavor with costs including boat payments, insurance, crew, moorage, groceries,
fuel, maintenance, supplies, and permit fees; and

WHEREAS, The price per pound for the fisherman has not increased relative to
operational expenses, and

WHEREAS, According to data from the Commercial Fisheries Entry Commission (CFEC)
and the Homer Harbor, Homer has 140 residents that have seine permits in either Prince
William Sound, Lower Cook Inlet, Kodiak, or Area M; and

WHEREAS, AS 44.33.285 authorizes the Governor, upon recommendation of the Commissioner of the Department of Commerce, Community, and Economic Development, to designate by proclamation an area and other areas impacted by an economic disaster; and

WHEREAS, The City of Homer is a political subdivision of the State of Alaska; and

WHEREAS, An economic disaster declaration by the Governor would allow the legislature to appropriate funds for assistance grants and the governor may recommend in the Governor's budget that steps may be taken as provided ins AS 44.33.285-.310 to accelerate the recovery from this disaster.

NOW THEREFORE BE IT RESOLVED the City Council of Homer, Alaska, respectfully requests that:

Section 1. Commissioner Julie Sande, Department of Commerce, Community and Economic Development, recommend to Governor Dunleavy to designate, by proclamation, the area of Prince William Sound and any other applicable area's pink salmon commercial fishery as an area impacted by an economic disaster.

Section 2. Governor Dunleavy designate by proclamation, as described in AS 44.33.285, the area of Prince William Sound pink salmon and any other area that is applicable commercial fishery as an area impacted by an economic disaster and that the State of Alaska implement a recovery plan that provides private assistance and takes other actions that benefit commercial fisheries participants and others that rely on this important fishery resource.

Section 3. The Commercial Fisheries Entry Commission (CFEC) waive permit fees for the upcoming 2025 season for all impacted salmon permit owners.

Section 4. The Council also respectfully requests that the State of Alaska urge the Federal Department of Commerce and all other applicable federal agencies to render private and public assistance to all affected persons and entities.

BE IT FURTHER RESOLVED that:

Section 5. A copy of this resolution will be provided to Commissioner Julie Sande, Department of Commerce, Community and Economic Development, and to the Office of Governor Mike Dunleavy.

Section 6. A copy of this resolution will be provided to State Senator Gary Stevens, State Representative Ben Carpenter, State Representative Justin Ruffridge, State Representative Louise Stutes, and State Representative Sarah Vance.

Section 7. This resolution is effective upon adoption.

PASSED AND ADOPTED by the Homer City Council this 14th day of October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, CITY CLERK

Fiscal note: N/A

101
102 Fiscal information: Budgeted or unbudgeted. Account No or other where funds are coming
103 from and amounts. Note things such as grant is pending or applied for, funding not defined,
104 etc. Staff and office supply impact. Advertising costs. Associated attorney fees unknown at
105 this time. If the fiscal note is stated in the backup Memorandum it's okay to say: Fiscal Note:
106 See Memorandum #-#.
107

**CITY OF CORDOVA, ALASKA
RESOLUTION 10-24-31**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF CORDOVA, ALASKA,
ENCOURAGING THE STATE OF ALASKA AND THE US SECRETARY OF COMMERCE
TO DECLARE FISHERIES DISASTER AS FOLLOWS: 2024 PRINCE WILLIAM SOUND
PINK AND CHUM SALMON; AND TO ENCOURAGE THE SAME TO DECLARE A
CONDITION OF ECONOMIC DISASTER IN CORDOVA AS A RESULT**

WHEREAS, the average total common property harvest of Prince William Sound Pink Salmon for even-years without federal disaster determinations between 2010-2022, hereafter defined as “5-year average”, is 34.75 million Pink Salmon; and

WHEREAS, NOAA Fisheries examines 12-month revenue loss experienced the year of a fishery resource disaster compared to the previous 5-year average in which no disaster occurred, and considers positive determinations at a revenue loss threshold of greater than 80 percent; and

WHEREAS, the 2024 Prince William Sound Pink Salmon total common property harvest of 5,066,411 fish was 85.4% less than the recent 5-year average total common property harvest of Pink Salmon, and the lowest harvest in the last 30 years; and

WHEREAS, the 2024 Prince William Sound Purse Seine fishery harvest of 4,896,007 Pink Salmon was 85.3% less than the prior 5-year average harvest of 33.26 million fish; and

WHEREAS, the 2024 Prince William Sound Drift Gillnet fishery harvest of 151,917 Pink Salmon was 89.6% less than the prior 5-year average harvest of 1,461,281 fish; and

WHEREAS, the 2024 Prince William Sound Set Gillnet fishery harvest of 18,487 Pink Salmon was 43.6% less than the prior 5-year average harvest of 32,807 fish; and

WHEREAS, the 2024 Prince William Sound Chum Salmon harvest of 1,160,586 fish was 57.1% less than the recent 5-year average harvest of 2.7 million Chum Salmon, and the lowest harvest in the last 5 years; and

WHEREAS, the 2024 Prince William Sound Pink and Chum Salmon runs are among the lowest on record; and

WHEREAS, the 2024 Prince William Sound Pink Salmon fisheries total ex-vessel value of \$4,290,856 across fisheries compared to the 5-year average ex-vessel value of \$44,841,922 represents a loss of 90.4% of average revenues, or more than \$40 million dollars; and

WHEREAS, multiple years of lower ex-vessel prices across Copper River and Prince William Sound fisheries, and lasting financial impacts from the Covid-19 pandemic compound and

continue to impact the fishing community significantly, further compounding economic hardship within the community.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Cordova, Alaska encourages the State of Alaska and the United States Secretary of Commerce to declare fisheries disasters based on the considerably low returns and harvests as follows: 2024 Prince William Sound Pink and Chum Salmon.

PASSED AND APPROVED THIS 2nd DAY OF OCTOBER 2024.



David Allison, Mayor

ATTEST:

Susan Bourgeois, CMC, City Clerk



MEMORANDUM

Resolution 24-109, A Resolution of the City Council of Homer, Alaska, Authorizing a Change Order to the Airport Terminal Sidewalk Replacement Project in the Amount of \$15,000 to Replace the Paved Forklift Loading Area with Concrete and Authorizing the City Manager to Negotiate and Execute the Appropriate Documents. City Manager/Public Works Director.

Item Type: Backup Memorandum
Prepared For: Mayor Castner and City Council
Date: October 2, 2024
From: Leon Galbraith, P.E., City Engineer
Through: Melissa Jacobsen, City Manager

Summary:

This resolution is for consideration of awarding a proposed Change Order 1 to the Airport Terminal Sidewalk Replacement Project.

Background:

The purpose of this Memorandum is to recommend a change order be issued to include replacing the failing pavement in the forklift loading area with a concrete slab. This additional pavement replacement work is necessary now as the contractor has proposed a price to do the work while he is on site finishing the sidewalk replacement project. It will be much more cost efficient to add this additional work through a change order to the project now than to try and contract it out at a later date.

Recommendation:

That the City Council approve the resolution to issue Change Order 1 in the amount of \$15,000 to the Airport Terminal Sidewalk Replacement Project.





**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Public Works Director

RESOLUTION 24-109

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
AUTHORIZING A CHANGE ORDER TO THE AIRPORT TERMINAL
SIDEWALK REPLACEMENT PROJECT IN THE AMOUNT OF \$15,000
TO REPLACE THE PAVED FORKLIFT LOADING AREA WITH
CONCRETE AND AUTHORIZING THE CITY MANAGER TO
NEGOTIATE AND EXECUTE THE APPROPRIATE DOCUMENTS.

WHEREAS, The Airport Terminal Sidewalk Replacement Project will address ADA
accessibility in correcting the uneven sidewalk and improving on handicap access ramps to
the sidewalk that lead to the terminal doors; and

WHEREAS, The runway side of the Airport Terminal has severely deteriorated pavement
adjacent to the forklift loading doors; and

WHEREAS, The contractor for the project has provided the City a price to replace the
paved forklift loading area with a reinforced concrete slab; and

WHEREAS, This is contingent on the adoption of Ordinance 24-47 appropriating an
additional \$15,000 for this work to the project and this has been approved by City Council.

NOW THEREFORE BE IT RESOLVED that the Homer City Council hereby authorizes
Change Order 1 to the Airport Terminal Sidewalk Replacement Project in the amount of
\$15,000 and authorizes the City Manager to negotiate and execute the appropriate documents.

PASSED AND ADOPTED by the Homer City Council this 14th day of October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, CITY CLERK

- 43 Fiscal note: Ordinance 23-23(A-3) appropriated \$76,175; Ordinance 24-21 appropriated
44 \$98,714.98 in CAP funds; Ordinance 24-29 appropriated \$75,100 from General CARMA;
45 Ordinance 24-47 (pending) appropriates \$15,000.



MEMORANDUM

Resolution 24-110, Approving a Sublease at the Homer Airport Terminal for Sterling Airways DBA Aleutian Airways and Authorizing the City Manager to Negotiate and Execute the Appropriate Documents. City Manager/Port Director

Item Type: Backup Memorandum
Prepared For: Homer City Council & Mayor Castner
Date: October 8, 2024
From: Bryan Hawkins, Port Director
Through: Melissa Jacobsen, City Manager

Sterling Airways DBA Aleutian Airways was approved for a sublease in the Homer Airport by Resolution 23-080, and operated satisfactorily in the Homer Terminal through the winter of 2023-2024. Sterling Airways terminated their sublease on April 5, 2024 when it was revealed that ongoing construction at the airport would not permit their aircraft to operate through the summer of 2024.

They have submitted a new application to sublease in the Homer Airport terminal, both for the space included in the original sublease and a ticket counter vacated by Kenai Aviation earlier in 2024. The proposed use of the space is for "Airline passenger and Cargo check in, loading and movement."

The Homer Airport Terminal building is owned by the City of Homer, while the land is leased to the City by the State of Alaska. The City's lease with the State ends on March 30, 2028, beyond which the City cannot sublease space within the terminal. There is a holding over provision for a month-to-month continuation of both the City lease with the State and for subleases beyond that date. HCC 18 specifies within it that lease options to renew are limited to 25% of the original term. Aleutian Airways has requested a three-year term with two extensions (restricted to nine months each). Given the limited time remaining on the prime lease, Staff recommend a three-year and five month lease beginning November 1, 2024 and ending March 30, 2028.

The City Manager and Lease Staff have reviewed the request and found the proposal to be compatible with applicable regulations and meets the criteria outlined in City Code.

RECOMMENDATION: Adopt Resolution 24-218



City Lease Application For City-Owned Real Property

Homer Port & Harbor
4311 Freight Dock Road
Homer, AK 99603
Phone: (907)235-3160
Fax: (907)235-3152
port@cityofhomer-ak.gov

Lease Application Instructions

- The information provided on the following form shall be used by City Staff, City Council, and the Port and Harbor Advisory Commission (for City land on the Homer Spit) during the review process of your lease proposal. It is considered public information and will be included in the public meeting packets.
- Any financial information/documents included with your application is considered confidential and will be used by City Staff only; it will not be part of the public review process.
- Please complete all sections of the form, or put “N/A” if non-applicable.
- All applicable fees must be included with your application in order to process the application. Payments can be made either by check payable to “City of Homer” or by credit card. Current fees established by the City Fee Schedule are:

Lease Application Fee – For New Long-Term Leases	\$1,000.00
Lease Amendment/Transfer Fee – For Assignment of an Existing Lease to a New Lessee	\$500.00

- Submit your completed application, required documents, and application fee to:

Homer Port & Harbor
4311 Freight Dock Road
Homer, AK 99603
Email: rkriegh@cityofhomer-ak.gov
Direct Phone: (907)235-3161

- Your application will go through an initial review to ensure completeness and Lease Staff will be in touch to coordinate any follow-up meetings, requests for missing information, and to schedule your lease application/proposal for the applicable public meetings.
- Lease applications and proposal are evaluated based on the criteria outlined in HCC 18.08.060.

Lease Application Questions?

Contact:

Roslyn Kriegh, Port Property Associate
Email: rkriegh@cityofhomer-ak.gov
Direct Phone: (907)235-3161



City Lease Application For City-Owned Real Property

Homer Port & Harbor
4311 Freight Dock Road
Homer, AK 99603
Phone: (907)235-3160
Fax: (907)235-3152
port@cityofhomer-ak.gov

Lease Application Purpose

- ☒ Request for New Lease; New Lessee – Applicant is not currently a City lessee
- ☐ Request for New Lease; Existing Lessee – Applicant is a current lessee with no remaining options to renew
- ☐ Request for Assignment of Lease – Applicant is requesting to have an existing lease transferred to a new owner/business

Property Information

Physical Address:	3720 FAA Rd, Homer, AK 99603		
Square Footage:	<input type="checkbox"/> Full Lot	<input checked="" type="checkbox"/> Portion of Lot	KPB Parcel No.: 17940001
Legal Description of Property:	Cargo space inside of the airport terminal. Ticket counter space inside the terminal.		

Applicant Information

Business Name:	Sterling Airways dba Aleutian Airways
Representative's Full Name & Title:	Brian Whilden General Manager
Mailing Address:	6751 S. Airpark Place
City, State, ZIP Code:	Anchorage, AK 99502
Phone Number(s):	907-600-7051
Email:	brian.whilden@flysterling.com

Business Entity & Financial Information

<input type="checkbox"/>	Sole or Individual Proprietorship – Attached documentation must provide owner's full name, address, and verify they are the sole owner.		
	Is entity authorized to do business in Alaska? <input type="checkbox"/> No <input type="checkbox"/> Yes – As of what date:		
<input type="checkbox"/>	Partnership – Attached documentation must provide Partners' full names, addresses, and share percentages.		
	Date of Organization:	Type of Partnership:	
	Is Partnership authorized to do business in Alaska? <input type="checkbox"/> No <input type="checkbox"/> Yes – As of what date:		

<input checked="" type="checkbox"/>	Corporation – Attached documentation must provide the full names of Officers and Principal Stockholders (10%+), their addresses, and share percentages.	
	Date of Organization: 07/26/2021	Type of Corporation: C-Corp
	Is Corporation authorized to do business in Alaska? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes – As of what date:	
	Corporation is held: <input checked="" type="checkbox"/> Privately <input type="checkbox"/> Publicly – How and where is stock traded:	
<input type="checkbox"/>	Other – Please explain:	
Proof of Financial Capability to Meet Obligations:	<input type="checkbox"/> Documentation of Payment History: Documents such as a credit report and score from one of the three credit bureaus (i.e. Experian, Equifax, TransUnion) or records of prior lease history.	
	<input type="checkbox"/> Documentation of Applicant's Financial Backing: Records showing applicant has secured the funding necessary to implement their development/improvement plan and/or purchase the business (if applicable).	
	<input type="checkbox"/> Documentation of Business' Vitality: Minimum of two years (past year and current year) of financial statements; this includes a Balance Sheet and Profit/Loss Statement (Revenue/Expense Statement).	
Surety Information:	Has any surety or bonding company ever been required to perform upon your default or the default of any of the principals in your organization holding more than a 10% interest? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes – Attach a statement naming the surety or bonding company, date and amount of bond, and the circumstances surrounding the default or performance.	
Bankruptcy information:	Have you or any of the principals of your organization holding more than a 10% interest ever been declared bankrupt or are presently a debtor in a bankruptcy action? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes – Attach a statement indicating state, date, Court having jurisdiction, case number and to amount of assets and debt.	
Pending Litigation:	Are you or any of the principals of your organization holding more than a 10% interest presently a party to any pending litigation? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes – Attach detailed information as to each claim, cause of action, lien, judgment including dates and case numbers.	

Lease Proposal

Type of Business/ Proposed Use of the Property:	Airline. Passenger and Cargo check in, loading and movement.
---	--

Requested Lease Term:	<input type="checkbox"/> Short Term Lease (One Year or Less) – Duration (in months): <input checked="" type="checkbox"/> Long Term Lease (More Than One Year) <ul style="list-style-type: none"> Standardized Lease is a 20-year term with two 5-year Options to Renew; City Manager may deviate from standardized lease term when reasonable and necessary, and approved by Council (18.08.030). No more than two Options to Renew; each option cannot exceed 25% of initial lease term (18.08.110). <div style="display: flex; justify-content: space-between; margin-top: 10px;"> Duration (in years): 3 No. of Options to Renew: 2 </div>
Property Plan:	<input type="checkbox"/> Describe your Property Plan in your written narrative. Details should include but not be limited to: <ul style="list-style-type: none"> Proposed utilization of the lot/space, including parking If there are existing buildings on the property and what their proposed uses are Any intentions to rent out or sublease space on the property How the use is compatible with neighboring uses and consistent with applicable land use regulations including the Land Allocation Plan; Comprehensive Plan <input type="checkbox"/> Provide a detailed schematic (to scale) that shows the following: <ul style="list-style-type: none"> Size of lot – dimensions and total square footage Placement/size of existing buildings, storage units, and other miscellaneous structures Parking spaces – numbered on the drawing with a total number indicated Note: an as-built survey from a licensed surveyor may be required
Development Plan:	<p>Do you have a development and/or improvement plan for the property, including plans for repairs or maintenance to any existing buildings?</p> <div style="margin-bottom: 10px;"> <input type="checkbox"/> Yes In your written narrative, provide as much information as possible on how you intend to develop/improve the property. Include a time schedule from project initiation to completion, major project milestones, cost estimate and financing plan, and any additional designs not already provided in the Property Plan’s detailed schematic. </div> <div> <input checked="" type="checkbox"/> No In your written narrative, explain why. </div>
City Planning & Other Agency Approvals:	<p>Does your business/proposed use and/or development plan require agency approval? The granting of any lease is contingent upon lessee obtaining approval, necessary permits, and/or inspection statements from all appropriate City, State and/or Federal agencies. This includes but is not limited to:</p> <ul style="list-style-type: none"> Applicable permits/approval from City Planning for zoning compliance, such as Conditional Use Permits, Zoning Permits Fire Marshall Plan Review and Permitting Waste Disposal System Plan Approval – Includes fish waste if applicable Other applicable permits/inspection statements from agencies such as U.S. Army Corps of Engineers, U.S. Environmental Protection Agency, and Alaska Department of Environmental Conservation Division of Environmental Health <div style="margin-top: 10px;"> <input type="checkbox"/> Explain in your written narrative what necessary approvals, permits, and/or inspections are applicable to your business/proposed use and the current status of your application with those agencies. </div> <div style="margin-top: 10px;"> <input type="checkbox"/> Attach any relevant documentation that verifies completion or pending status. </div>

Insurance Requirements:	<p>The granting of any lease is contingent upon lessee obtaining and keeping in full force insurance as outlined in HCC 18.08.170. Certificates of insurance showing the required insurance is in effect and identifying the City as an additional insured must be provided to the City at the time a lease becomes effective and annually thereafter, and upon every change in insurance provider or insurance coverage.</p> <p><input checked="" type="checkbox"/> Provide proof of insurability for public liability insurance in the amount of not less than \$1,000,000 coverage per occurrence for bodily injury, including death, and property damage, and the City of Homer as co-insured. Additional insurance limits or types may be required due to the nature of the business, lease, or exposure.</p>
Benefits & Impacts on Community:	<p><input checked="" type="checkbox"/> In your written narrative answer the following questions:</p> <ul style="list-style-type: none"> • What experience do you have in the proposed business or venture? • How long have you resided or conducted business in the City, Kenai Peninsula Borough, and/or the State of Alaska? • What are some of the economic, social, and financial benefits and/or impacts your business/proposed use brings to the community?
Applicant References:	<p><input checked="" type="checkbox"/> In your written narrative, list four persons or firms with whom the Applicant or its owners have conducted business transactions with during the past three years. Two references named shall have knowledge of your financial management history, of which at least one must be your principal financial institution. Two of the references must have knowledge of your business expertise.</p> <p>Each reference must include the following:</p> <ul style="list-style-type: none"> • Full Name • Name of the organization/business and their title at this entity • Address • Phone number and email address • Nature of association with Applicant
Additional Information:	<p><input type="checkbox"/> Include in your written narrative, or attach relevant documentation, that you deem pertinent to your application/lease proposal. Criteria for evaluating and approving proposals and competing lease applications can be found under HCC 18.08.060.</p>

Required Attachments/Documentation

<input checked="" type="checkbox"/> Written Narrative
<input checked="" type="checkbox"/> Business Entity and Licensing Information <ul style="list-style-type: none"> • State of Alaska Business License • Current State of Alaska Biennial Report • If Partnership: Statement of Partnership/Partnership Agreement • If Corporation: Articles of Incorporation & Bylaws • Any additional documentation concerning the formation or operation of the entity
<input checked="" type="checkbox"/> Financial Information
<input type="checkbox"/> Property Plan – Detailed Schematic of Property
<input type="checkbox"/> Development Plan documents/plans, if any
<input type="checkbox"/> Proof of Insurability; verification that insurance can be provided at signing of lease

☐

City Planning & Other Agency Approval Information, if any

Application Signatures

By signing, I agree that the above information is true and correct to the best of my knowledge. I certify that I am authorized to sign as the applicant on behalf of the entity I represent.

Signature: **Brian Whilden**

Digitally signed by Brian Whilden

Date: 2024.08.01 10:55:31 -08'00'

Date: 08/01/2024

Printed Name & Title: Brian Whilden General Manager

Office Use Only

Received By & Date:

Fee Processed: \$

Date:

Date Application Accepted as
Complete/Submitted for Review:

Application Timeout Date:
(1 year from receipt)

Submitted for Dept. Review: ☐ Planning ☐ Port & Harbor ☐ Economic Development ☐ Finance ☐ Public Works

Submitted for City Manager Review:

☐ Approved on:

☐ Denied on:

For Existing
Leases Exempt
from Competitive
Bidding:

Current Lease Expires with No Options to renew: _____

6 mos. Prior to date of lease termination (Council Approval Deadline): _____

Request received within 12 to 18 mo. time from expiration of lease date: ☐ Yes ☐ No

Alaska Department of Commerce, Community, and Economic Development

Division of Corporations, Business, and Professional Licensing

PO Box 110806, Juneau, AK 99811-0806

This is to certify that

Aleutian Airways

777 West Putnam Avenue, First Floor, Greenwich, CT 06830

owned by

Sterling Airways, Inc.

is licensed by the department to conduct business for the period

January 10, 2023 to December 31, 2024
for the following line(s) of business:

48 - Transportation and Warehousing



This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location.
It is not transferable or assignable.

Julie Sande
Commissioner

Aleutian Airways
777 West Putnam Avenue
First Floor
Greenwich, CT 06830

Alaska Department of Commerce, Community, and Economic Development

Division of Corporations, Business, and Professional Licensing

PO Box 110806, Juneau, AK 99811-0806

This is to certify that

Sterling Airways

10794 Craig Blvd, Jacksonville, FL 32225

owned by

Via Acquisitions Limited

is licensed by the department to conduct business for the period

September 24, 2021 to December 31, 2022
for the following line(s) of business:

48 - Transportation and Warehousing



This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location.
It is not transferable or assignable.

Julie Anderson
Commissioner

Sterling Airways
10794 Craig Blvd
Jacksonville, FL 32225

Delaware

Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "STERLING AIRWAYS, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-SIXTH DAY OF JULY, A.D. 2021.



5961722 8300

SR# 20212786934

You may verify this certificate online at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State

Authentication: 203757579

Date: 07-26-21

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "VIA AIRLINES, INC.", CHANGING ITS NAME FROM "VIA AIRLINES, INC." TO "STERLING AIRWAYS, INC.", FILED IN THIS OFFICE ON THE TWENTY-THIRD DAY OF JULY, A.D. 2021, AT 12:13 O`CLOCK P.M.




Jeffrey W. Bullock, Secretary of State

5961722 8100
SR# 20212786934

Authentication: 203757578
Date: 07-26-21

You may verify this certificate online at corp.delaware.gov/authver.shtml

A. NEW OWNERSHIP AND MANAGEMENT OF VIA AIRLINES.

a. Via Airlines, Inc.

8. *Organization.* Via Airlines, Inc. is a Delaware corporation.

9. *Managing Officers/Key Personnel.*² The following are Via's managing officers and key technical/operational personnel:

CEO and Chairman: Mr. Wayne Heller is a well-known and experienced senior airline manager with more than 35 years of experience in the industry overseeing scheduled airline operations. From 2002-2015, Mr. Heller served as Executive Vice President and Chief Operating Officer at Republic Airways Holdings, parent company of several regional air carriers, i.e., Republic Airlines, Chautauqua Airlines, and Shuttle America. Prior to Republic, he served as Managing Director of System Operations at Mesaba Airlines in the late 1990s.

Vice President and Assistant Secretary: Mr. Arthur Amron is a Partner and the General Counsel of Wexford Capital LP and has significant experience in airline investments and management. Wexford previously owned Republic Airways, which in turn owned Republic Airlines, Chautauqua Airlines, and Shuttle America.

Vice President, Treasurer and Secretary: Mr. Andre Jakubowski is a Vice President at Wexford Capital LP, and has significant experience in and responsibility for financial matters relating to Wexford investments.

Director of Operations: Mr. Alex Osleger has extensive airline operational management experience. Mr. Osleger served as the Director of Operations ("DO") for Chautauqua Airlines, Republic Airlines, and Shuttle America. He also led the certification effort for Republic Airlines, the first airline certified under ATOS, and was the lead team member for the Chautauqua/Shuttle America single operating certificate under SMS. Mr. Osleger has also been a line pilot, line check airman, program manager, and Chief Pilot.

Director of Maintenance: Mr. Jeffrey Greubel has substantial airline maintenance experience. Mr. Greubel was the Director of Maintenance

² "Key personnel" include "the directors, president, chief executive officer, chief operating officer, all vice presidents, the directors or supervisors of operations, maintenance, and finance, and the chief pilot of the applicant or air carrier, as well as any part-time or full-time advisors or consultants to the management of the applicant or air carrier". 14 C.F.R. § 204.2(i).



Southeast Marine and Aviation Insurance

355 Alhambra Circle
Suite 1201
Coral Gables, Florida 33134
Tel: 305-779-7676
Fax: 305-779-7677
www.semainsurance.com

Date: March 15, 2023

To: Whom It May Concern

CERTIFICATE OF INSURANCE

BASIS: This Certificate of Insurance is issued by Southeast Marine & Aviation Insurance to evidence that certain insurance policies have been placed by ourselves in our capacity as Insurance Brokers to the Insured in respect of their required insurance of such policies.

DESCRIPTION OF INSURANCE: Subject to the coverage, terms, conditions, limitations, exclusions and cancellation provisions of the Policies mentioned below.

INSURED: **STERLING AIRWAYS** and/or their subsidiary and/or associated and/or affiliated companies and/or their employees and/or agents for their respective rights and interests.

POLICY PERIOD: 15 March 2023 to 15 March 2024, both days inclusive at 00:01 local standard time at the address of the Insured

GEOGRAPHICAL LIMITS: Worldwide subject to LSW617H (Amended to Delete B) and also excluding Cuba, Russia, Belarus, Ukraine and Crimea.

ORDER(S) HEREON: 100% insurance placed with certain Underwriters at Lloyd's of London and various insurance companies

COVERAGE: AIRCRAFT HULL ALL RISKS

To cover Aircraft owned or operated by or on behalf of the Insured or for which the Insured is responsible as per Schedule against all risks of physical loss or damage subject to Agreed Values as per Aircraft Schedule. Cover is afforded to aircraft for Ground and In-Flight Risks.

Cover afforded under Hull Physical Damage includes coverage for loss and/or damages as a result of FOD (Foreign Object Damage/Ingestion). The coverage does not extend to DOD (Domestic Object Damage/wear and tear). Cover is subject to a deductible in respect of all losses (other than in the event of a Total Loss/Constructive Total Loss/Arranged Total Loss or Fire or Theft of the Aircraft):

SAAB 2000: USD 250,000 each and every claim

AIRCRAFT HULL WAR RISKS

To cover all Aircraft as per Schedule owned, operated, leased or used by or on behalf of the Insured or for which they are responsible for loss or damage against War Risks and Allied Perils including Confiscation and Hi-Jacking as per form, including Extortion and Hi-Jack Expenses and Confiscation by Government of Registration.

The Policy is on an agreed value basis but subject to a maximum agreed value of USD 5,000,000 any one aircraft.

The Aircraft Hull All Risks and Aircraft Hull War Risks Insurance are arranged separately and contain a 50/50 provisional claims settlement clause AVS103 which is a placing slip clause being an agreement between the two sets of Insurers. Therefore clause AVS103 will not form part of the respective policies.

LIABILITIES

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay.

The Limit of Legal Liability:

Combined Single Limit (Bodily Injury/Property Damage/ including Passenger Legal Liability) USD 350,000,000 any one occurrence/each aircraft/unlimited in all but in the aggregate including Products.

War Risks are covered in accordance with Extended Coverage Endorsement (Aviation Liabilities) AVN52E as contained in the Policy, but subject to a sub-limit of USD 350,000,000 any one occurrence and in the annual aggregate except in respect of passengers, cargo and mail on board the aircraft to whom the full policy limit shall apply

Personal Injury to persons other than passengers limited to USD 25,000,000 any one offence and in the aggregate within overall Combined Single Limit.

Cargo Liability limited to USD 150,000,000 any one occurrence.
Passenger Baggage Liability limited to USD 100,000 any one occurrence.

Hangarkeepers Liability included within the Combined Single Limit of USD 350,000,000 any one occurrence

SPARES

To cover loss of or damage to aircraft spares.
Maximum USD 10,000,000 any one occurrence

N.B. Any of the Aggregate Limits shown herein may be reduced or exhausted by virtue of claims made in respect of any of the Insured's Aircraft/activities/operations insured under their Aviation liability Insurances.

Equipment:

One (1) Saab 2000 Aircraft bearing Manufacturer's Serial No. 2000-021 and Registration Number N687PA valued at USD 3,750,000

One (1) Saab 2000 Aircraft bearing Manufacturer's Serial No. 2000-046 and Registration Number N462PA valued at USD 3,750,000

Subject to the terms, conditions, limitations, exclusions and cancellation provisions of policy numbers AI 013468545-03.



AUTHORISED SIGNATORY

(RE)INSURERS LIABILITY CLAUSE

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

Sterling Airways

Balance Sheet

As of May 31, 2023

	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023
ASSETS					
Current Assets					
Bank Accounts					
10200 PNC Checking	148,135	214,372	132,257	227,476	103,739
10300 PNC Money Market	54,490	54,551	54,621	54,688	54,770
10400 PNC DDA acct for Vendor drafts	116,843	265,155	87,977	172,216	223,057
10500 US Bank x7210	1,822	1,762	1,702	3,311	1,543
10600 Wells Fargo Checking					3,323
Total Bank Accounts	\$321,290	\$535,841	\$276,558	\$457,691	\$386,432
Accounts Receivable					
12000 Accounts Receivable - customers	3,810,325	4,710,524	6,147,224	488,667	510,939
12090 Other receivables	770,285	770,285	770,285	770,285	770,285
Total Accounts Receivable	\$4,580,610	\$5,480,809	\$6,917,509	\$1,258,952	\$1,281,224
Other Current Assets					
12070 Employee Cash Advances	422	422	953	1,028	1,011
12080 Due from Vendors	4,811	4,249	4,966	4,936	4,196
13030 Spare Parts Inventory - MTX	12,530	12,530	12,530	12,530	12,530
13090 Uniforms	88	88	88	88	88
14000 Prepaid Expenses	86,484	47,368	569,552	515,855	459,925
14100 Refundable deposits - current	3,100	3,100	3,100	3,100	3,100
17100 Intercompany - Due From/(To) affiliate - SCS	25,000	25,000	25,000	25,000	25,000
27032 Due From Affiliate - Aleutian Airways	46,091	40,792	34,758	6,906,918	8,606,093
Total Other Current Assets	\$178,526	\$133,550	\$650,948	\$7,469,454	\$9,111,943
Total Current Assets	\$5,080,426	\$6,150,199	\$7,845,015	\$9,186,097	\$10,779,598
Fixed Assets					
15100 Building and improvements	3,996	3,929	3,861	3,793	3,725
15400 Machinery & Equipment	1,459	1,426	1,393	1,360	1,327
15500 Computer equipment	10,487	9,684	9,203	8,428	7,989
15600 Software	416	399	382	364	347
15700 Rotables	0	0	0	-0	-0
15900 Assets Held for Sale (AHFS)	113,211	113,211	113,211	113,211	113,211
Total Fixed Assets	\$129,570	\$128,648	\$128,049	\$127,156	\$126,599
Other Assets					
17000 Intangible Assets	1,895	1,895	1,895	1,895	1,895
18400 Other Long-term Assets	584,640	580,140	580,140	580,140	580,140
18500 LT deposits	20,000	20,000	20,000	20,000	20,000
18900 Goodwill	789,801	789,801	789,801	789,801	789,801
Total Other Assets	\$1,396,335	\$1,391,835	\$1,391,835	\$1,391,835	\$1,391,835
TOTAL ASSETS	\$6,606,331	\$7,670,683	\$9,364,900	\$10,705,089	\$12,298,032

Sterling Airways

Balance Sheet

As of May 31, 2023

	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023
LIABILITIES AND EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
21000 Accounts payable	1,348,507	1,353,490	1,949,182	1,782,763	2,116,986
Total Accounts Payable	\$1,348,507	\$1,353,490	\$1,949,182	\$1,782,763	\$2,116,986
Credit Cards					
16100 Due To/From SFT	350,000	350,000	350,000	350,000	350,000
21500 PNC Credit Cards	28,152	47,970	46,394	42,345	46,374
Total Credit Cards	\$378,152	\$397,970	\$396,394	\$392,345	\$396,374
Other Current Liabilities					
21100 Current portion of LT Debt	129,562	130,425	131,295	132,170	133,051
22000 Accrued liabilities	12,488	52,488	62,176	11,647	9,667
22010 Accrued payroll	224,547	234,487	164,271	193,264	257,457
22020 Payroll Taxes withheld or payable	41,673	43,791	11,152	14,239	23,989
22030 Payroll Garnishments payable	1,055	1,055	434	434	434
22031 401(k) payable - EE Withholdings	2,558	2,807	0	0	0
22050 HSA payable	1,349	712	762	792	228
22070 Excise Tax Payable - 7.5%	134,686	157,965	195,178	200,070	205,259
22071 Segment Fees Payable	2,183	2,183	2,183	2,183	2,183
22072 TSA Security Fees Payable	762	762	762	762	762
23000 Air Traffic Liability	78,855	656,972	949,980	1,407,107	1,807,354
25100 Lease liability - Current	550	550	550	550	550
26000 Bankruptcy liabilities	297,314	288,034	282,139	279,580	273,686
26032 Due to Affiliate - Aleutian Airways	2,125,940	2,593,318	3,523,686	4,575,735	5,429,635
Total Other Current Liabilities	\$3,053,521	\$4,165,549	\$5,324,567	\$6,818,532	\$8,144,254
Total Current Liabilities	\$4,780,180	\$5,917,009	\$7,670,143	\$8,993,640	\$10,657,614
Long-Term Liabilities					
26100 Rumi Properties note payable - LT	189,629	178,358	167,013	155,592	144,094
27031 Intercompany - Due to/(From) affiliate - SCS	0	0	0	0	25,325
Total Long-Term Liabilities	\$189,629	\$178,358	\$167,013	\$155,592	\$169,419
Total Liabilities	\$4,969,808	\$6,095,367	\$7,837,156	\$9,149,232	\$10,827,033
Equity					
Additional Paid in Capital	6,173,381	6,173,381	6,173,381	6,173,381	6,173,381
Common Stock	2,945	2,945	2,945	2,945	2,945
Retained Earnings	-4,428,583	-4,428,583	-4,428,583	-4,428,583	-4,428,583
Net Income	-111,220	-172,427	-219,999	-191,886	-276,744
Total Equity	\$1,636,523	\$1,575,316	\$1,527,744	\$1,555,857	\$1,470,999
TOTAL LIABILITIES AND EQUITY	\$6,606,331	\$7,670,683	\$9,364,900	\$10,705,089	\$12,298,032

Sterling Airways

Profit and Loss by Month

January - May, 2023

	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	TOTAL
Income						
40200 Other income	376,715	369,641	455,325	498,811	581,889	\$2,282,381
Total Income	\$376,715	\$369,641	\$455,325	\$498,811	\$581,889	\$2,282,381
Cost of Goods Sold						
51000 Salaries & Wages - Pilots	78,346	69,350	95,540	105,131	111,373	\$459,739
51010 Salaries & Wages - Inflight	15,152	13,605	16,044	14,942	22,175	\$81,917
51020 Salaries & Wages - Maintenance	66,549	60,914	87,467	86,909	103,618	\$405,457
51030 Salaries & Wages - Dispatch	20,346	17,380	18,109	21,602	25,378	\$102,814
51040 Salaries & Wages - Pilot Training	7,665	6,923	7,665	7,418	7,665	\$37,335
51050 Salaries & Wages - Operations	57,699	50,068	64,187	78,326	125,643	\$375,923
51100 Payroll Taxes - Pilots	7,699	5,828	7,770	8,064	9,049	\$38,409
51110 Payroll Taxes - Inflight	1,587	1,251	1,349	1,280	1,977	\$7,445
51120 Payroll Taxes - Maintenance	7,291	5,160	6,971	6,974	8,184	\$34,580
51130 Payroll Taxes - Dispatch	2,009	1,361	1,568	1,687	1,962	\$8,586
51140 Payroll Taxes - Pilot Training	745	515	572	553	572	\$2,957
51150 Payroll Taxes - Operations	4,228	4,407	5,581	6,895	9,995	\$31,106
51200 Employee benefits - Direct	-8,685	-5,957	-5,716	-5,822	-5,575	\$ -31,756
51210 Health Insurance - Direct	14,917	17,301	15,509	17,588	16,874	\$82,189
52000 Aircraft Maintenance	259	-849	26	26	545	\$8
53100 Contractors - Direct	1,968	0	1,960	198	5,057	\$9,182
53300 Travel - Direct	0	1,802	29	311	896	\$3,039
54100 Fuel		8,339				\$8,339
54200 Insurance - Aircraft	36,716	36,716	18,358			\$91,790
54250 Landing Fees		194				\$194
54260 Aircraft Parking Fees		113				\$113
54300 Airport Ground Services		626		867		\$1,493
Total Cost of Goods Sold	\$314,490	\$295,047	\$342,988	\$352,947	\$445,387	\$1,750,860
GROSS PROFIT	\$62,225	\$74,594	\$112,336	\$145,864	\$136,502	\$531,521
Expenses						
64000 Salaries & Wages - Indirect	82,926	68,524	89,521	97,556	93,358	\$431,887
64100 Payroll Taxes - Indirect	7,398	5,282	6,774	2,732	6,700	\$28,887
64200 Employee benefits - Indirect	-2,660	-1,797	-3,318	-3,457	-3,525	\$ -14,756
64400 Contractors - Indirect	5,305	4,865	2,189	1,360	1,390	\$15,109
64410 Health Insurance - Indirect	5,406	5,637	8,030	8,726	8,726	\$36,526
64510 Office supplies		32	156	251		\$439
64700 Rent & Lease - Non-Aircraft	2,000	2,000	2,000	2,000	2,000	\$10,000
64800 Travel - Indirect	297	229	25	0	18	\$570
64999 Other Expenses	36	36	36	236	36	\$380
71000 Technology expenses	2,773	2,358	2,624	2,492	2,857	\$13,104
72030 Team building promotions	250	50	1,100		100	\$1,500
72100 Insurance - Non-Aircraft	4,387	4,387	4,387	4,387	4,387	\$21,935
72200 Repair & Maintenance - Building	371	371	371	371	371	\$1,854

Sterling Airways

Profit and Loss by Month

January - May, 2023

	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	TOTAL
72300 Office Expenses	43	285	403	103	158	\$992
72400 Advertising / Marketing	167	167	167	20	20	\$540
72600 Bank Fees	-794	187	-2,018	238	-908	\$ -3,295
72700 Payroll Fees	2,854	1,757	2,635	2,297	2,464	\$12,006
73000 Legal/Professional Services	57,578	37,730	37,730	-14,688	37,730	\$156,078
73100 Subscriptions/Publications	649	161	161	161	161	\$1,294
73400 EE Training/testing	135	379				\$514
75000 Utilities - all	629	423	261	266	266	\$1,844
Total Expenses	\$169,750	\$133,064	\$153,233	\$105,052	\$156,310	\$717,408
NET OPERATING INCOME	\$ -107,525	\$ -58,470	\$ -40,897	\$40,812	\$ -19,808	\$ -185,888
Other Income						
90100 Interest earned - PNC Money Market	72	66	75	71	88	\$371
90110 Interest earned - Elavon holdback		246	481	816	1,410	\$2,953
Total Other Income	\$72	\$312	\$556	\$887	\$1,497	\$3,324
Other Expenses						
81000 Interest expense	2,197	2,128	6,187	-1,719	3,084	\$11,877
85110 Depreciation expense - Bldg	68	68	68	68	68	\$339
85410 Depreciation expense - Machinery	33	33	33	33	33	\$166
85510 Depreciation expense - Computer Equipment	1,452	804	775	775	439	\$4,244
85610 Depreciation expense - Software	17	17	17	17	17	\$87
85710 Depreciation expense - Rotables	0	0	0	0	0	\$0
97000 Penalties and Fees			150	14,412	62,906	\$77,468
Total Other Expenses	\$3,767	\$3,050	\$7,230	\$13,587	\$66,547	\$94,180
NET OTHER INCOME	\$ -3,695	\$ -2,738	\$ -6,675	\$ -12,699	\$ -65,050	\$ -90,856
NET INCOME	\$ -111,220	\$ -61,207	\$ -47,572	\$28,113	\$ -84,858	\$ -276,744

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

In re:

CASE NO. 6:19-bk-06589-KSJ

VIA AIRLINES, INC,

CHAPTER 11

Debtor.

FINAL PLAN OF REORGANIZATION FOR VIA AIRLINES, INC.

COUNSEL FOR DEBTOR

JUSTIN M. LUNA, ESQ.
FRANK M. WOLFF, ESQ.
DANIEL A. VELASQUEZ, ESQ.
LATHAM, LUNA, EDEN & BEAUDINE, LLP
111 N. MAGNOLIA AVE., SUITE 1400
ORLANDO, FLORIDA 32801

July 2, 2020

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

In re:

CASE NO. 6:19-bk-06589-KSJ

VIA AIRLINES, INC,

Debtor.

CHAPTER 11

_____ /

FINAL PLAN OF REORGANIZATION FOR VIA AIRLINES, INC.

VIA AIRLINES, INC. (the “Debtor” or “VIA”), by and through its undersigned counsel, hereby submits the following Final Plan of Reorganization (the “Plan”) pursuant to Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”), which Plan incorporates a series of modifications filed and announced in open court at the confirmation hearing held on June 29, 2020 at 10:00.

ARTICLE I – DEFINITIONS

1. **Administrative Claim** shall mean a Claim for payment of an administrative expense of a kind specified in §§ 503(b) or 507(a)(1) of the Bankruptcy Code, including, without limitation, the actual, necessary costs and expenses incurred after the commencement of the Bankruptcy Case of preserving the Debtor’s Estate and operating the Debtor’s business, including wages, salaries, or commissions for services, compensation for legal and other services and reimbursement of expenses awarded under §§ 330(a) or 331 of the Code, and all fees and charges assessed against the Estate under Chapter 123 of Title 28, United States Code.

2. **Administrative Claim Reserve** means the \$185,000.00 held by the Debtor’s counsel as noted in Article VI, Section A of the Plan.

3. **Administrative Claims Bar Date** means the date by which all Administrative

Claims must be filed with the Bankruptcy Court to be allowed. The Administrative Claims Bar Date will be established by the Bankruptcy Court as a specific date prior to the Confirmation Date.

4. **Allowed Administrative Claim** means all or any portion of an Administrative Claim that has been or becomes allowed by Order of the Bankruptcy Court.

5. **Allowed Amount** shall mean the amount of an Allowed Claim.

6. **Allowed Claim** means a Claim (a) with respect to which a Proof of Claim has been filed with the Bankruptcy Court in accordance with the provisions of Bankruptcy Code § 501 and Bankruptcy Rule 3001 and within any applicable period of limitation fixed by Rule 3003 or any notice or Final Order of the Bankruptcy Court; (b) deemed filed pursuant to Bankruptcy Code § 1111(a) by virtue of such Claim having been scheduled in the list of Creditors prepared and filed by the Debtor with the Bankruptcy Court pursuant to Bankruptcy Code § 521(1) and Rule 1007(b) and not listed as disputed, contingent, or unliquidated; or (c) deemed an Allowed Claim (including Allowed Secured Claims and Allowed Unsecured Claims) pursuant to the provisions of the Plan or any Final Order of the Bankruptcy Court. Unless otherwise provided in the Plan or unless deemed or adjudicated an Allowed Claim pursuant to the provisions of the Plan or any Final Order of the Bankruptcy Court, an Allowed Claim shall not include any Claim as to which an objection to or proceeding challenging the allowance thereof has been interposed by the Debtor within any applicable period of limitation fixed by the Plan, by Rule 3003, or any Final Order of the Bankruptcy Court, until such objection or proceeding has been overruled, dismissed, or settled by entry of a Final Order. Notwithstanding the filing of any such objection or the commencement of any such proceeding, a Claim may be temporarily allowed for voting purposes pursuant to the provisions of Rule 3018(a). Unless otherwise specified in the Plan or any Final Order of the Bankruptcy Court, an Allowed Claim shall not include or accrue interest on the amount of such Claim maturing, incurred

otherwise or arising subsequent to the Petition Date.

7. **Allowed Interest** means an Interest (a) with respect to which a proof of Interest has been filed with the Bankruptcy Court within the applicable period of limitation fixed by Rule 3001 or a Final Order; or (b) that has been scheduled in the list of equity security holders prepared and filed by the Debtor with the Bankruptcy Court pursuant to Rule 1007(b); and in either case as to which no objection to the allowance thereof has been interposed within any applicable period of limitation fixed by Rule 3001 or any Final Order of the Bankruptcy Court.

8. **Allowed Priority Claim** means a Priority Claim pursuant to §507, exclusive of §507(a)(8) of the Bankruptcy Code; to the extent such Priority Claim is or becomes an Allowed Claim.

9. **Allowed Priority Tax Claim** means a Priority Claim pursuant to § 507(a)(8) of the Bankruptcy Code; to the extent such Priority Claim is or becomes an Allowed Claim.

10. **Allowed Secured Claim** means a Secured Claim to the extent provided under § 506 of the Bankruptcy Code and to the extent that neither the lien underlying the Claim is challenged nor the amount of the Claim is challenged as provided herein.

11. **Allowed Unsecured Claim** means an Unsecured Claim to the extent such Unsecured Claim is or becomes an Allowed Claim.

12. **Assets** means each and every item of Property of the Estate and every interest of the Debtor and its Estate as of the Effective Date, whether tangible or intangible, legal or equitable, liquidated or unliquidated, whether or not controlled by the Debtor, and includes without limitation: (a) all real and personal property and Cash; (b) all rights, Claims, demands, or Causes of Action, whether arising by statute or common law, and whether arising under the laws of the United States, other countries, or applicable state or local law; (c) any and all amounts owed to the Debtor,

including accounts receivable, contract rights, or other rights, including without limitation rights to payment, contribution or distribution from Insiders, whether due prior or subsequent to the Petition Date; (d) all of the Debtor's books, records, and privileges; and (e) all Executory Contracts, and other contracts, agreements, licenses, and leases.

13. **Ballot** means the ballot accompanying the Plan and Disclosure Statement that will be sent to all Creditors entitled to vote on the Plan, on which such Creditors will indicate their vote to accept or reject the Plan.

14. **Ballot Date** means the date set by the Bankruptcy Court by which all votes for acceptance or rejection of the Plan must be received by the Bankruptcy Court or the balloting agent, as the case may be.

15. **Bankruptcy Case** means the Debtor's bankruptcy case that is pending before the United States Bankruptcy Court for the Middle District of Florida, Orlando Division, pursuant to Chapter 11 of the Bankruptcy Code, case number 6:19-bk-06589-KSJ.

16. **Bankruptcy Code** or **Code** means Title 11 of the United States Code, 11 U.S.C. §§ 101, et seq., including any amendments thereto, in effect during the Bankruptcy Cases.

17. **Bankruptcy Court** or **Court** means the United States Bankruptcy Court for the Middle District of Florida, Orlando Division, in which the Bankruptcy Case is pending, and any Court having jurisdiction to hear appeals or certiorari proceedings therefrom.

18. **Bankruptcy Estate** shall mean the estate created pursuant to § 541 of the Code by the commencement of Debtor's Chapter 11 case and shall include all property of the Estate as defined in such section.

19. **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure promulgated under Title 28, United States Code, § 2075, including any amendments thereto, as they may be

amended from time to time during the Bankruptcy Case.

20. **Bar Date** means the date fixed by Order of the Bankruptcy Court as the last date for the filing of Claims in this Bankruptcy Case or the date fixed by the Bankruptcy Code.

21. **Business Day** means every day except Saturdays, Sundays, federal holidays, and Florida state holidays observed by the Bankruptcy Court.

22. **Cash** means cash or cash equivalents, including, but not limited to, checks, bank deposits, negotiable instruments, or other similar items.

23. **Causes of Action** means any and all of the Estate's and the Debtor's actions, Claims, demands, rights, defenses, counterclaims, cross-claims, suits, causes of action, liabilities, obligations, debts, judgments, remedies, damages, recoupments, setoffs, cross claims, counterclaims, third party claims, indemnity claims, contribution claims, and any other claims, whether known or unknown, foreseen or unforeseen, direct or indirect/derivative, choate or inchoate, in law, equity or otherwise, including but not limited to the right to recover transfers voidable or recoverable under Bankruptcy Code §§ 502, 542, 543, 544, 545, 547, 548, 549, 550, 551, and/or 553, and any and all other claims or rights of any value whatsoever, at law or in equity, against any Creditor or other third party, including, without limitation, the claims specifically noted in Debtor's Schedule B, and any and all claims against any Insiders, members, officers, directors, managers or employees of the Debtor, including any claims for contribution or indemnification for any unauthorized post-petition obligations or transactions and any transaction or obligation incurred by the Debtor not otherwise approved by the Bankruptcy Court; provided, however, that, when used in the Plan, the term Causes of Action does not include any Claims, obligations, suits, judgments, damages, rights, remedies, causes of action, charges, costs, debts, indebtedness, or liabilities released or waived pursuant to the terms of the Plan or by a Final Order of the Bankruptcy Court. A Cause of Action will not under any

circumstances be waived as a result of the failure of the Debtor to describe such Cause of Action with specificity in the Plan or the Disclosure Statement, and nothing in the Plan operates as a release of any of the Causes of Action except as specifically provided in the Plan.

24. **Claim** means, “claim” as defined in Bankruptcy Code § 101(5).

25. **Class** means any Class into which Claims or Interests are classified pursuant to the Plan.

26. **Class 1 Claim, Class 2 Claim, Class 3 Claim**, etc., shall mean the specific Class into which Claims or Interests are classified pursuant to Article II of the Plan.

27. **Code** shall mean the United States Bankruptcy Code, 11 U.S.C. § 101, et seq., and any amendments thereof.

28. **Confirmation** means the process leading to confirmation of the Plan, including the entry of the Confirmation Order pursuant to Bankruptcy Code § 1129.

29. **Confirmation Date** means the date of entry of the Confirmation Order by the Bankruptcy Court on the Court’s docket.

30. **Confirmation Hearing** means the date set by the Bankruptcy Court for the hearing on confirmation of the Plan, as may be continued from time to time.

31. **Confirmation Order** means the Final Order entered by the Bankruptcy Court confirming the Plan in accordance with the provisions of the Bankruptcy Code.

32. **Contingent** means, with reference to a Claim, a Claim that has not accrued or is not otherwise payable and the accrual of which or the obligation to make payment on which is dependent upon a future event that may or may not occur.

33. **Creditor(s)** means “Creditor” as defined in Bankruptcy Code § 101(1).

34. **Debtor** means VIA AIRLINES, INC.

35. **Disallowed** means, when referring to a Claim, a Claim or any portion of a Claim that has been disallowed or expunged by a Final Order of a Court.

36. **Disclosure Statement** means the Disclosure Statement describing the Plan and approved for distribution by the Bankruptcy Court pursuant to Bankruptcy Code § 1125, together with any amendments or modifications thereto.

37. **Disputed Claim** means every Claim or portion thereof, that is not an Allowed Claim and that has not yet been Disallowed.

38. **Disputed Equity Interest** shall mean an Interest in the Debtor which is not an Allowed Interest and which has not been disallowed by a Final Order or the Bankruptcy Court.

39. **Distribution** means a distribution to the Holders of Allowed Claims.

40. **Effective Date** means the date upon which this Plan becomes effective and the Debtor starts making Distributions as set forth in Article VII .

41. **Estate Assets** shall mean all the assets, property and cash of the Debtor, as defined in section 541 of the Code (excluding assets previously distributed, expended or otherwise disposed of by the Debtor prior to the Confirmation Date not otherwise subject to recovery), wherever located or of whatever type or nature, existing as of the Confirmation Date, including, without limitation, the Causes of Action.

42. **Equity Interest** means any and all issued or authorized equity interests, common stock, stock options and warrants in the Debtor.

43. **Executory Contract** means every unexpired lease to which the Debtor is a party, and every other contract that is subject to being assumed or rejected by the Debtor under Bankruptcy Code § 365, pursuant to the Plan or pursuant to separate motion.

44. **Final Decree** means the Bankruptcy Court's final decree pursuant to Bankruptcy

Code § 350(a) and Bankruptcy Rules 3022 and 5009 closing the Bankruptcy Cases after the Estate has been fully administered.

45. **Final Distribution Date** shall mean the date as soon as practicable after the last to occur of: (a) the date that the last Claim becomes an Allowed Claim; or (b) the date upon which all Causes of Action have been liquidated and converted to Cash or abandoned.

46. **Final Order** means an Order or judgment of the Bankruptcy Court that is no longer subject to appeal or *certiorari* proceedings and as to which no appeal or *certiorari* proceeding is pending.

47. **Holder** means the holder of a Claim or Interest, as applicable.

48. **Impaired Class** means any Class whose members are Holders of Claims or Interests that are impaired within the meaning of Bankruptcy Code § 1124.

49. **Insider** means “insider” as defined in Bankruptcy Code § 101(31).

50. **Interest(s)** means an issued or authorized outstanding membership interest, a warrant or warrants for the issuance of such membership interests, or any other equity instruments in the Debtor.

51. **Lien** shall mean any mortgage, lien, charge, security interest, encumbrance, or other security device of any kind affecting any asset or property of the Debtor but only to the extent that such interest is recognized as valid by a court of competent jurisdiction if the validity of scope of such interest is challenged by the Debtor, the Liquidating Trustee, or any other party with standing to bring such challenge.

52. **Litigation Trust** shall mean the Litigation Trust to be established on the Effective Date of the Plan.

53. **Nonordinary Course Administrative Claim** shall mean an Administrative Claim

other than an Ordinary Course Administrative Claim.

54. **Order** shall mean a determination, decree, adjudication or judgment issued or entered by the Bankruptcy Court.

55. **Ordinary Course Administrative Claim** shall mean an Administrative Claim incurred in the ordinary course of business of the Debtor; *provided, however*, that any due and unpaid, post-petition payment in respect of rejected, or to be rejected, executory contracts or unexpired leases shall not be an Ordinary Course Administrative Claim.

56. **Payment** shall mean the Cash to be paid under the Plan to the holders of Allowed Claims.

57. **Person** means “person” as defined in Bankruptcy Code § 101(41).

58. **Personal Property** means all tangible personal property of the Debtor subject to taxation under Florida law.

59. **Petition Date** means October 8, 2019, the date on which Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

60. **Plan** means this Final Chapter 11 Plan of Reorganization, in accordance with the terms hereof or in accordance with the Bankruptcy Code.

61. **Plan Payments** means payments made by the Debtor pursuant to the terms of the Plan.

62. **Plan Sponsor** means Wexford Capital LP or an affiliate.

63. **Post-Confirmation Fees and Expenses** shall mean the fees and expenses of the liquidating trust including any fees and expenses of the liquidating trustee and any professionals employed by the liquidating trust.

64. **Prepetition** means the period of time preceding the Petition Date and concluding on

the Petition Date.

65. **Priority Claim** means an Unsecured Claim, other than an Administrative Claim, to the extent such Unsecured Claim is entitled to priority in payment under Bankruptcy Code § 507.

66. **Priority Tax Claim** means every Unsecured Claim or portion thereof that is entitled to priority pursuant to Bankruptcy Code § 507(a)(8).

67. **Priority Unsecured Claim** means every Unsecured Claim or portion thereof that is not an Administrative Claim or a Priority Tax Claim, and that is entitled to priority under any applicable provision of Bankruptcy Code § 507.

68. **Pro Rata** means proportionate, and when applied to a Claim means the ratio of the consideration distributed on account of an Allowed Claim in a Class to the amount of consideration distributed on account of all Allowed Claims in such Class.

69. **Professional** means: (i) any professional retained by the Debtor in the Bankruptcy Case pursuant to an order of the Bankruptcy Court in accordance with Bankruptcy Code §§ 327 or 1103; (ii) any attorney or accountant seeking compensation or reimbursement of expenses pursuant to Bankruptcy Code § 503(b); and (iii) any entity whose fees and expenses are subject to approval by the Bankruptcy Court as reasonable pursuant to Bankruptcy Code § 1129(a)(4).

70. **Professional Fees** means the Administrative Claims for compensation and reimbursement submitted pursuant to Bankruptcy Code §§ 328, 330, 331, or 503(b) of Professionals (i) employed pursuant to an order of the Bankruptcy Court under Bankruptcy Code §§ 327 or 328; or (ii) for whom compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to Bankruptcy Code § 503(b) or by other Final Order.

71. **Proof of Claim** means the form filed in the Bankruptcy Court by a Creditor on which the specifics of a Claim are set forth as required by the Bankruptcy Code and the Bankruptcy

Rules.

72. .

73. **Property of the Estate** means “property of the estate” as defined in Bankruptcy Code § 541.

74. **Reorganized Debtor** shall mean the Debtor upon entry of the Confirmation Order.

75. **Rule** or **Rules** shall mean the Federal Rules of Bankruptcy Procedure, as supplemented by the Local Bankruptcy Rules as adopted by the Bankruptcy Court.

76. **Schedules** means the schedules of assets and liabilities and any amendments thereto filed by the Debtor with the Bankruptcy Court in accordance with Bankruptcy Code § 521(1).

77. **Secured Claim** means a Claim secured by a Lien against the Debtor’s Assets, or any part thereof, to the extent of the value of any interest in such Assets securing such Claim, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or to the extent of the amount of such Claim subject to setoff in accordance with Bankruptcy Code § 553, in either case as determined pursuant to Bankruptcy Code § 506(a).

78. **Security Interest** means “security interest” as defined in Bankruptcy Code § 101(51).

79. **Unclaimed Property** shall mean any cash, or any other Property of the Debtor unclaimed for a period of six (6) months after any Distribution or, in the event that the Distribution was made on the Final Distribution Date, six (6) months after the Final Distribution Date.

80. **Unimpaired Class** means any Class the members of which are the holders of Claims or Interests, which are not impaired within the meaning of Bankruptcy Code § 1124.

81. **Unsecured Claim** means every Claim or portion thereof, regardless of the priority of such Claim, which is not a Secured Claim.

82. **United States Trustee** shall have the meaning ascribed to it in 28 U.S.C. § 581, *et. Seq.* and, as used in the Plan, means the office of the United States Trustee for Region 21 located in the Middle District of Florida, Orlando, Florida.

ARTICLE II – CLASSIFICATION OF CLAIMS AND INTERESTS

All Claims and Interests treated under Articles IV of the Plan are divided into the following classes, which shall be mutually exclusive:

A. Class 1 – Allowed Secured Claim of Bank of America, N.A.

Class 1 consists of the Allowed Secured Claim of Bank of America, N.A. The Class 1 Claim is secured by a first priority lien on the Debtor’s Personal Property. Class 1 is Impaired.

B. Class 2 – Allowed Secured Claim of IberiaBank.

Class 2 consists of the Allowed Secured Claim of IberiaBank. The Class 2 Claim is secured by a second priority lien on the Debtor’s Personal Property. Class 2 is Impaired.

C. Class 2(a) – Allowed Secured Claim of West Virginia State Tax Department.

Class 2(a) consists of the Allowed Secured Claim of the West Virginia State Tax Department. The Class 2(a) Claim is secured by an alleged statutory lien on Property of the Estate located in the State of West Virginia. Class 2(a) is Impaired.

D. Class 2(b) – Allowed Secured Claim of Department of Treasury – Internal Revenue Service.

Class 2(b) consists of the Allowed Secured Claim of the Department of Treasury – Internal Revenue Service. The Class 2(b) Claim is secured by a statutory lien on the Debtor’s Personal Property. Class 2(b) is Impaired.

E. Class 2(c) – Allowed Secured Claim of Precision Aviation Group, Inc.

Class 2(c) consists of the Allowed Secured Claim of Precision Aviation Group, Inc. (“Precision”), which Claim is secured by a possessory lien on aircraft parts owned by the Debtor.

Class 2(c) is Impaired.

F. Class 3 – General Unsecured Claims.

Class 3 consists of the all Allowed Unsecured Claims in the Debtor's Bankruptcy Case. Class 3 is Impaired.

G. Class 4 – Equity Interests.

Class 4 consists of the Equity Interests in the Debtor. Class 4 is Impaired.

ARTICLE III – ADMINISTRATIVE CLAIMS AND PRIORITY CLAIMS.

A. Administrative Claims.

In full and final satisfaction, settlement, release and discharge of each Allowed Administrative Claim, Holders of an Allowed Administrative Claim shall be paid in full on the Effective Date, or upon such other terms as may be agreed upon by the holder of the claim, the Debtor and the Plan Sponsor, or, if the Claim does not become Allowed prior to the Effective Date, on the date the Allowed Amount of such claim is determined by Final Order of the Bankruptcy Court. The Allowed Administrative Claims shall be paid from the Administrative Claim Reserve, cash on hand or through pre-petition retainers. Debtor estimates Administrative Claims to be approximately \$185,000.00, before deducting pre-petition and post-petition retainers, and accounting for administrative fee reductions agreed to by Debtor's counsel and the Sanford Airport Authority.

B. Priority Claims.

1. Allowed Priority Tax Claims.

Except to the extent that the Holder, the Debtor, and the Plan Sponsor have agreed or may agree to a different treatment, in full satisfaction of each Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall receive, in full satisfaction of such Claim, payments equal to the Allowed Amount of such Claim. Allowed Priority Tax Claims shall be paid in full by

the Plan Sponsor: (i) on the Effective Date; (ii) on such dates as a respective Priority Tax Claim becomes Allowed; or (iii) in the event the Allowed Priority Tax Claims exceed \$25,000.00 (in the aggregate), in the Plan Sponsor's sole discretion, equal payments over a five (5) year period sufficient to satisfy the full amount of Allowed Priority Tax Claims from the Petition Date. .

2. Allowed Priority Claims.

Except to the extent that the Holder and the Debtor have agreed or may agree to different treatment, in full satisfaction of each Priority Claims, exclusive of Priority Tax Claims under 11 U.S.C. § 507(a)(8), each Holder of an Allowed Priority Claim shall have the option to receive: (i) a distribution on account of 50% of their Allowed Priority Claim in full and final satisfaction of their respective claim within thirty (30) days of the Effective Date; or (ii) 100% of their respective Allowed Priority Claim paid over a five (5) year period from the Petition Date. The anticipated amount of potential Allowed Priority Claims is \$414,118.33. Each holder of an Allowed Priority Claim shall notify the Plan Sponsor of its selected treatment under Option (i) or (ii) above on or before the Effective Date. Payments required under this section will commence within thirty days following the Effective Date. .

3. United States Trustee Fees.

All fees required to be paid by 28 U.S.C. § 1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid by the Debtor until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the Effective Date will be paid when due in the ordinary course.

ARTICLE IV – TREATMENT OF IMPAIRED CLASSES.

A. Determination of Allowed Amounts.

Treatment prescribed for Claims and Interests in the following sections of this Article

IV shall in all events refer exclusively to the Allowed Amount of each respective Claim. In the event the Allowed Amount of any Claim is not determined by agreement or otherwise prior to the Effective Date, then the treatment prescribed shall be deemed effective as of the date of the determination of such Claim by agreement or Final Order or as otherwise provided under the Plan. Notwithstanding Confirmation of the Plan, the Debtor, the Plan Sponsor, the Reorganized Debtor and the Trustee reserve the right to object to any Claim (other than Claims deemed in the Plan to be Allowed Claims) for any reason authorized by applicable bankruptcy and non-bankruptcy law, as well as the right to assert that any such Claim includes amounts subject to equitable subordination or other equitable relief.

Entry of the Confirmation Order shall be deemed to be recognition that the Bankruptcy Court expressly retains jurisdiction as to determination of all such issues pursuant to Article VII, Section H, of this Plan, and other applicable law.

There are four (4) Classes of Claims and Interests. Treatment for these classes is as follows:

B. Secured Claims.

1. Class 1 – Allowed Secured Claim of Bank of America, N.A.

Class 1 consists of the Allowed Secured Claim of Bank of America, N.A. (“BOA”). The Class 1 Claim is secured by a first priority lien on the Debtor’s Personal Property. In full satisfaction of its Class 1 Allowed Secured Claim, BOA shall receive one of the following options: (1) receipt of the collateral securing BOA’s Class 1 Secured Claim as the indubitable equivalent of its Claim; or (2) a lump sum payment of \$100,000.00 paid on the Effective Date. Under either option, the maximum Distribution to the Class 1 Claimholder shall be equal to the total amount of the Class 1 Claim, and BOA shall not receive Personal Property of a monetary

Distribution in an amount greater than the amount of its Allowed Secured Claim. Boa shall inform Debtor of its election to receive treatment under Option (1) or Option (2) concurrently with the submission of its Ballot accepting or rejecting the Plan. Class 1 is Impaired. .

2. Class 2 – Allowed Secured Claim of IberiaBank.

Class 2 consists of the Allowed Secured Claim of IberiaBank (“Iberia”). The Class 2 Claim is secured by a second priority lien on the Debtor’s Personal Property. In satisfaction of its Allowed Class 2 Claim, Iberia shall retain its lien on the Debtor’s Personal Property to the same extent, validity and priority as existed on the Petition Date, and shall receive stay relief to pursue its in rem rights with respect to the Personal Property securing its Class 2 Claim. In addition, Iberia’s Allowed Class 2 Claim shall be entitled to treatment in accordance with the terms and conditions of Class 3, and Iberia’s Allowed Class 3 Unsecured Claim shall be reduced dollar-for-dollar to the extent of any recovery from the sale of any Personal Property securing its Allowed Class 2 Claim. Class 2 is Impaired. .

Class 2(a) – Allowed Secured Claim of West Virginia State Tax Department.

Class 2(a) consists of the Allowed Secured Claim of West Virginia State Tax Department (“WV Tax”), which claim is secured by an alleged statutory lien on Property of the Estate located in the State of West Virginia. In full satisfaction of its Allowed Class 2(a) Claim, WV Tax shall retain its lien on the Property of the Estate located in the State of West Virginia to the same extent, validity and priority as existed on the Petition Date, and shall receive the proceeds from the sale of the Property of the Estate located in the State of West Virginia, and/or to the extent the Allowed Class 2(a) Secured Claim is also an Allowed Priority Tax Claim, the Class 2(a) Claim shall be paid consistent with all other Allowed Priority Tax Claims. Class 2(a) is Impaired.

Class 2(b) – Allowed Secured Claim of the Department of Treasury – Internal

Revenue Service.

Class 2(b) consists of the Allowed Secured Claim of the Department of the Treasury – Internal Revenue Service (“IRS”) in the amount of \$166,819.15 as set forth in Class 10-4. In full satisfaction of its Allowed Class 2(b) Claim, the IRS shall receive equal monthly payments over a period ending not later than five (5) years after the Petition Date. The IRS shall retain a lien on the Debtor’s Personal Property after the Effective Date. Payments shall commence on the Effective Date. Class 2(b) is Impaired.

Class 2(c) – Allowed Secured Claim of Precision Aviation Group, Inc.

Class 2(c) consists of the Allowed Secured Claim of Precision Aviation Group, Inc. (“Precision”), which Claim is secured by a possessory lien on aircraft parts owned by the Debtor. In full satisfaction of its Allowed Class 2(c) Claim, Precision shall retain its possessory lien on the aircraft parts owned by the Debtor to the same extent, validity and priority as of the Petition Date, and shall receive stay relief to pursue its in rem rights with respect to the Personal Property securing its Allowed Class 2(c) Claim. Class 2(c) is Impaired. Notwithstanding any other Provision of this Plan, the Reorganized Debtor expressly reserves and shall have the right to assert claims against Precision and otherwise object to the Class 2(c) Claim.

C. Unsecured Claims.

1. Class 3 – Allowed General Unsecured Claims.

Class 3 consists of all Allowed General Unsecured Claims. In full satisfaction of their Allowed Class 3 Claims, Class 3 Holders shall become beneficiaries of the Litigation Trust and shall receive, on the later of: (i) the Effective Date; (ii) the date all Claim Objections are resolved; or (iii) the date all Causes of Action are fully resolved by Final Order of the Bankruptcy

Court, 100% of the net proceeds recovered by the Litigation Trust, paid pro rata, after all costs and expenses of the Litigation Trust, including without limitation, the costs and expenses of the Trustee and counsel to the Litigation Trust, if any. Such asset of the Litigation Trust includes the \$50,000.00 lump sum payment made to the Litigation Trust on the Effective Date. The maximum Distribution to Class 3 Claimholders shall be equal to the total amount of the Class 3 Claims, and no Class 3 Holder shall receive an amount greater than the amount of its Allowed Unsecured Claim. Class 3 is Impaired. .

D. Equity Interests.

1. Class 4 – Equity Interests in the Debtor.

Class 4 consists of all ownership interests currently issued or authorized in the Debtor. On the Effective Date, all currently issued and outstanding Equity Interests in the Debtor shall be extinguished and 100% of the Interests in the Reorganized Debtor shall be vested in the Plan Sponsor, or its designated affiliate, in return for the Plan Consideration provided by the Plan Sponsor. Class 4 is Impaired.

ARTICLE V – UNEXPIRED LEASES AND EXECUTORY CONTRACTS.

A. Assumption or Rejection of Unexpired Leases and Executory Contracts.

To the extent the Debtor rejects any executory contract or unexpired lease prior to the Confirmation Date, any party asserting a Claim pursuant to Section 365 of the Code arising from the rejection of an executory contract or lease shall file a proof of such Claim within thirty (30) days after the entry of an Order rejecting such contract or lease. Allowed Claims resulting from rejection shall be Class 3 General Unsecured Claims, except as otherwise provided herein. The Debtor shall have until the completion of the hearing on Confirmation to assume or reject any unexpired lease or

executory contract. In the event any such unexpired lease or executory contract is not assumed (or subject to a pending motion to assume) by such date, the Plan Sponsor shall have until thirty (30) days after the Confirmation Date to file a notice with the Bankruptcy Court designating which unexpired leases and/or executory contracts will be assumed by the Reorganized Debtor and a proposed cure amount for such unexpired leases and/or executory contracts (the “Assumption Designation Date”). Counterparties to unexpired leases and executory contracts that are designated for assumption by the Assumption Designation Date shall have twenty (20) days from the Assumption Designation Date to object to the assumption and/or proposed cure amount set forth in the Plan Sponsor’s/Reorganized Debtor’s notice (the “Assumption Objection Deadline”). Any unexpired leases and/or executory contracts that are not subject to a timely filed objection shall be deemed assumed by the Reorganized Debtor, with the cure amount set forth in the Plan Sponsor’s/Reorganized Debtor’s notice. Any unexpired leases and/or executory contracts that are not designated for assumption prior to the Assumption Designation Date shall be deemed rejected as of the Confirmation Date. The Debtor’s position is that the executory contracts listed on the Schedule of Executory Contracts filed pursuant to Rule 1007 are the only executory contracts to which the Debtor was a party as of the Petition Date. The Assumption Designation Date may be extended as to any unexpired lease or executory contract by agreement of the Plan Sponsor and the counterparty to such unexpired lease or executory contract.

ARTICLE VI – MEANS OF IMPLEMENTATION.

A. Plan Consideration provided by the Plan Sponsor.

The Plan will be implemented utilizing funding provided by the Plan Sponsor. Pursuant to the terms of an agreement reached with the Debtor, the Plan Sponsor will provide plan consideration (subject to satisfaction of certain conditions precedent to confirmation of the Plan and

the occurrence of the Effective Date) as follows: (1) forgiveness of the amounts drawn on the DIP Facility; (2) cash sufficient to pay the Allowed Administrative Claims up to the amount of the Administrative Claim Reserve and all Allowed Priority Claims in full (subject to the Plan Sponsor's right to pay certain Allowed Priority Claims over a period not to exceed 5 years from the Petition Date as permitted under the Bankruptcy Code and subject to the Allowed Priority Tax Claim of the Internal Revenue Service not exceeding \$166,819.15; (3) funding of the Class 1 Payment, if elected by BOA, (4) a grant in the amount of \$50,000.00 to the Litigation Trust on the Effective Date (the "Exit Grant"); (5) additional cash not to exceed \$1.5 million to pay the Debtor's/reorganized Debtor's costs and expenses in connection with the recertification of its FAA Part 121 Certificate (collectively the "Plan Consideration"). The Plan Consideration provided by the Plan Sponsor will be distributed in accordance with the terms of the Plan. Prior to the confirmation hearing on the Plan, the Plan Sponsor shall deposit \$185,000.00 for the payment of Allowed Administrative Expense Claims with the Debtor's Counsel (Latham Luna Eden & Beaudine, LLP) to be held pending confirmation of the Plan but paid on the Effective Date (the "Administrative Claim Reserve"). If the Plan is confirmed and the Effective Date occurs, the Administrative Claim Reserve shall be disbursed to the Debtor for the purpose of satisfying all Allowed Administrative Claims. To the extent the Administrative Claim Reserve exceeds the Allowed Administrative Claim, such funds shall be returned to the Plan Sponsor. The Plan Sponsor shall not be required to fund any amounts over and above the Administrative Claim Reserve for the purpose of funding Allowed Administrative Claims under the Plan. .

B. The Litigation Trust.

The Plan contemplates that, upon entry of the Confirmation Order, a Litigation Trust will be formed, which will be funded by the Exit Grant. The Litigation Trust shall prosecute any

Causes of Action the Debtor may have, and shall distribute the net proceeds, after payment of Post-Confirmation Fees and Expenses, recovered from the Causes of Action in accordance with the terms of the Plan.

The Litigation Trust shall be overseen by an oversight board which shall initially be comprised of three representatives of the holders of Allowed Class 3 Claims as selected by the majority of the allowed amounts of the Allowed Class 3 Claimholders (the “Oversight Board”), and a trustee (the “Trustee”) who will be appointed by the Oversight Board, who may be removed for good cause, upon notice and hearing and after order by the Bankruptcy Court. Irit Vizer, Amos (Ami) Vizer, and any entity owned by or in which Mr. or Mrs. Vizer have an interest, shall only be permitted to collectively occupy a maximum of one (1) seat on the Oversight Board if appointed by the holders of Allowed Class 3 Claims. To the extent the Trustee has a conflict of interest with respect to any duty owed to the Litigation Trust, which conflict is raised by the Oversight Board or any Allowed Class 3 Claimholder, the remaining Oversight Board members shall elect a conflict Trustee to prosecute or investigate any cause s of action or objections to claims as a result of Trustee’s conflict of interest. On the date all Causes of Action are fully resolve by Final Order of the Bankruptcy Court, and after all Payments required to be made by the Litigation Trust are completed, the Oversight Board and Trustee shall have no further obligations under the Plan and shall dissolve the Litigation Trust Relinquish all powers and authority.

If at any time the Class 3 Claims are paid in full, the remaining members of the Oversight Board shall be deemed to have resigned and replaced with members appointed by the Reorganized Debtor. All members of the Oversight Board shall be fiduciaries for the beneficial owners of interests in the Litigation Trust.

The Litigation Trust shall make Payments and Distributions as follows:

- First, to pay the costs and expenses incurred by the Litigation Trust, including

without limitation, the costs and expenses of the Trustee and counsel to the Litigation Trust, each of whose compensation shall be on a contingency basis;

- Second, to make Distributions to Class 3 Creditors as provided in the Plan; and
- Third, to the Reorganized Debtor.

C. Court Approval.

Although full operational control of the Litigation Trust will be vested in the Oversight Board and the Trustee, the Trustee will be required to file and serve notice of any compromise or settlement of any Causes of Action to (i) the Office of the United States Trustee and (ii) any party who provides notice that it wishes to be notified of the actions of the Litigation Trust contemplated herein (“Post Confirmation Notice”). If no objections are filed to a Post Confirmation Notice after fourteen (14) days, the proposed settlement or compromise shall be deemed approved. If an objection is filed to a proposed settlement or compromise, the Court shall conduct a hearing to determine whether such settlement or compromise should be approved. A request to receive Post Confirmation Notice shall be filed with the Court and served on the Reorganized Debtor, and the Trustee. The Litigation Trust via the Trustee may retain professionals on such terms as the Trustee deems reasonable, without Bankruptcy Court approval and payments to the professionals for Post-Confirmation Fees and Expenses shall be made only upon fifteen (15) days’ notice to the Oversight Board (the “Post-Confirmation Fee Statement”). If the Oversight Board objects to any Post-Confirmation Fees and Expenses, it must file an objection with the Bankruptcy Court within fifteen (15) of receipt of the Post-Confirmation Fee Statement.

D. Operations of the Litigation Trust.

The Trustee shall have full and complete authority to perform all acts, execute all documents and make all payments and disbursements of funds directed to be done, executed, performed, paid and disbursed by the provisions of the Plan on behalf of the Litigation Trust.

The Trustee shall prepare monthly reports regarding Payments and Distributions made by the Litigation Trust and recoveries obtained from Causes of Action, which reports shall be filed with the Bankruptcy Court and served on the Reorganized Debtor.

The Trustee shall keep an accounting of receipts and disbursements, which shall be open to inspection and review by the Court and creditors of the Debtor (upon reasonable notice, and without unduly interfering with the operations of the Trustee). The Trustee shall provide copies of quarterly reports to creditors who request same in writing and shall be responsible for payment of all U.S. Trustee fees.

No recourse shall ever be had, directly or indirectly, against the Trustee, his officers or directors, or any employee of the Trustee, by legal or equitable proceedings or by virtue of any statute or otherwise, or any deed of trust, mortgage, pledge, note, nor upon any promise, contract, instrument, undertaking, obligation, covenant or agreement whatsoever executed by the Trustee under the Plan or by reason of the creation of any indebtedness by the Trustee under this Plan for any purpose authorized by the Plan, it being expressly understood and agreed that all such liabilities, covenants, and agreements of the Trustee, its officers, directors and employees, whether in writing or otherwise, under this Plan shall be enforceable only against, and be satisfied only out of, the Trust Assets, or such part thereof as shall, under the terms of any such agreement, be liable therefor or shall be evidence only of a right of payment out of the income, proceeds and avails of the Trust Assets, as the case may be; every undertaking, contract, covenant, or agreement entered into in writing by the Trustee shall provide expressly against the personal liability of the Trustee.

The Trustee shall not be liable for any act he may do or omit to do hereunder while acting in good faith and in the exercise of his best judgment, and the fact that such act or omission was advised, directed or approved by an attorney acting as attorney for the Trustee, shall be

conclusive evidence of such good faith and best judgment. However, this paragraph shall not apply to any gross negligence or willful misconduct by the Trustee or his agents, officers and employees; and nothing in this paragraph abrogates the Trustee's obligation to comply with the Internal Revenue Code. .

E. Management and Control and Operation of the Reorganized Debtor.

The operations of the Reorganized Debtor will be managed by an executive team consisting of the following Directors and Officers:

Directors:

Arthur Amron – (General Counsel – Wexford Capital, LP)

Amos (Ami) Vizer – (Prior Chairman of the Board of Via Airlines, Inc.)

Wayne Heller – (Chief Executive Officer – Sterling Flight Training and former Executive Vice-President and Chief Operating Officer for Republic Airways Holdings)

Officers:

Wayne Heller – (President)

Andre Jakubowski – (Vice-President, Assistant Secretary)

Arthur Amron – (Vice-President, Assistant Secretary)

It is contemplated that after confirmation of the Plan, Mr. Vizer shall be retained by the Reorganized Debtor. Mr. Vizer's compensation has not been finalized, however, the amount of said compensation shall not exceed what Mr. Vizer received from the Debtor prior to the Petition Date.

F. Procedures For Resolving Disputed Claims.

1. Prosecution of Objections to Claims.

Unless otherwise ordered by the Bankruptcy Court after notice and a hearing,

and except as otherwise provided in the Plan, the Debtor, the Trustee or Reorganized Debtor as the case may be, shall have the exclusive right (but not the obligation) to make and file objections to all Claims.

Pursuant to the Plan, unless another time is set by order of the Bankruptcy Court, all objections to Claims shall be filed with the Bankruptcy Court and served upon the Holders of each of the Claims to which objections are made within 90 days after the Effective Date.

Except as may be specifically set forth in the Plan, nothing in the Plan, the Disclosure Statement, the Confirmation Order, or any order in aid of Confirmation, shall constitute, or be deemed to constitute, a waiver or release of any claim, cause of action, right of setoff, or other legal or equitable defense that either Debtor had immediately prior to the commencement of the Bankruptcy Cases against or with respect to any Claim or Equity Interest, with the exception of claims against any creditor who holds a stipulated and Allowed Claim under the Plan. Except as set forth in the Plan, upon Confirmation the Litigation Trust shall have, retain, reserve and be entitled to assert all such claims, Causes of Action, rights of setoff and other legal or equitable defenses that the Debtor had immediately prior to the commencement of the Bankruptcy Case as if the Bankruptcy Case had not been commenced.

2. Estimation of Claims.

Pursuant to the Plan, the Debtor may, at any time, request that the Bankruptcy Court estimate any contingent, disputed, or unliquidated Claim pursuant to § 502(c) of the Code, regardless of whether the Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection; and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the

pendency of any appeal relating to any such objection. In the event the Bankruptcy Court estimates any contingent, disputed, or unliquidated Claim, that estimated amount will constitute either the Allowed Amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtor may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim.

3. Cumulative Remedies.

In accordance with the Plan, all of the aforementioned Claims objections, estimation, and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court. Until such time as an Administrative Claim, Claim, or Equity Interest becomes an Allowed Claim, such Claim shall be treated as a Disputed Administrative Claim, Disputed Claim, or Disputed Equity Interest for purposes related to allocations, distributions, and voting under the Plan.

4. Payments and Distributions on Disputed Claims.

As and when authorized by a Final Order, Disputed Claims that become Allowed Claims shall be paid such that the Holder of such Allowed Claim receives all payments and distributions to which such Holder is entitled under the Plan in order to bring payments to the affected Claimants current with the other participants in the particular Class in question. Except as otherwise provided in the Plan, no partial payments and no partial distributions will be made with respect to a Disputed Claim until the resolution of such dispute by settlement or Final Order. Unless otherwise specifically provided in the Plan, a Creditor who holds both an Allowed Claim and a

Disputed Claim will not receive a distribution until such dispute is resolved by settlement or Final Order.

5. Allowance of Claims and Interests.

(i) Disallowance of Claims.

According to the Plan, all Claims held by entities against whom the Debtor has obtained a Final Order establishing liability for a Cause of Action under §§ 542, 543, 522(f), 522(h), 544, 545, 547, 548, 549, or 550 of the Code shall be deemed disallowed pursuant to § 502(d) of the Code, and Holders of such Claims may not vote to accept or reject the Plan, both consequences to be in effect until such time as such causes of action against that entity have been settled or resolved by a Final Order and all sums due the Litigation Trust by that Entity are turned over to the Litigation Trust.

(ii) Allowance of Claims.

Except as expressly provided in the Plan, no Claim or Equity Interest shall be deemed Allowed by virtue of the Plan, Confirmation, or any Order of the Bankruptcy Court in the Bankruptcy Cases, unless and until such Claim or Equity Interest is deemed Allowed under the Code or the Bankruptcy Court enters a Final Order in the Bankruptcy Cases allowing such Claim or Equity Interest

6. Controversy Concerning Impairment.

If a controversy arises as to whether any Claims or Equity Interests or any Class of Claims or Equity Interests are Impaired under the Plan, the Bankruptcy Court, after notice and a hearing, shall determine such controversy before the Confirmation Date. If such controversy is not resolved prior to the Effective Date, the Debtor's interpretation of the Plan shall govern.

ARTICLE VII – MISCELLANEOUS.

A. Authority to Effectuate the Plan.

Upon the entry of the Confirmation Order by the Bankruptcy Court, the Plan provides that all matters provided for under the Plan will be deemed to be authorized and approved without further approval from the Bankruptcy Court. The Confirmation Order will act as an order modifying the Debtor's by-laws, if so required, such that the provisions of this Plan can be effectuated. The Reorganized Debtor or Trustee, as the case may be, shall be authorized, without further application to or order of the Bankruptcy Court, to take whatever action is necessary to achieve consummation and carry out the Plan.

B. Post-Confirmation Status Report.

Pursuant to the Plan, within 90 days of the entry of the Confirmation Order, the Trustee will file a status report with the Bankruptcy Court attaching a detailed accounting of all payments made under the Plan and explaining what progress has been made toward consummation of the confirmed Plan. The status report will be served on the United States Trustee, and those parties who have requested special notice post-confirmation. The Bankruptcy Court may schedule subsequent status conferences in its discretion.

C. Preservation, Prosecution, and Defense of Causes of Action.

Except as set forth herein, upon Confirmation, the Litigation Trust shall have, retain, reserve and be entitled to assert all such claims, Causes of Action, including all pending adversary proceedings, whether or not such causes of action have been commenced as of the Effective Date, and shall be substituted as the real party-in-interest in any such actions commenced by or against the Debtor, the Bankruptcy Estate, or the Committee. The Litigation Trust shall

prosecute or defend, as appropriate, such actions through final judgment, any appeals deemed necessary and appropriate by the Litigation Trust and collection; provided, however, that the Trustee shall be authorized at any point in any litigation (a) to enter into such settlements as the Litigation Trust deems to be in the best interest of creditors, subject to Bankruptcy Court approval after notice and a hearing in accordance with Bankruptcy Rule 9019; or (b) to abandon, dismiss and/or decide not to prosecute any such litigation if the Litigation Trust deems such action to be in the best interest of creditors without Bankruptcy Court or other approval.

D. Conditions to Effectiveness.

The Effective Date shall not occur until the later of the entry of the Confirmation Order by the Bankruptcy Court in form and content acceptable to the Debtor and the Plan Sponsor and after the expiration of the appeal period with respect to the Confirmation Order without the filing of a notice of appeal of such Order; ; *provided, however*, that, if an appeal of the Confirmation Order is filed but no stay is granted in connection with the appeal, the Debtor may in writing elect to permit the Effective Date to occur notwithstanding the pendency of the appeal. Provided the conditions set forth herein have been met, the Effective Date shall automatically occur without further order of the Bankruptcy Court.

E. Police Power.

Nothing in this Article VII shall be deemed to effect, impair, or restrict any federal or state governmental unit from pursuing its police or regulatory enforcement action against any person or entity, other than to recover monetary claims against the Debtor for any act, omission, or event occurring prior to the Confirmation Date to the extent such monetary claims are discharged pursuant to § 1141 of the Code. .

F. Revocation and Withdrawal of this Plan.

The Debtor reserves the right to withdraw this Plan and Disclosure Statement at any time before entry of the Confirmation Order. If (i) the Debtor revokes and withdraws this Plan, (ii) the Confirmation Order is not entered, (iii) the Effective Date does not occur, (iv) this Plan is not substantially consummated, or (v) the Confirmation Order is reversed or revoked, then this Plan shall be deemed null and void.

G. Modification of Plan.

The Debtor may seek to amend or modify the Plan in accordance with § 1127(b) of the Code to remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of this Plan.

On or before substantial consummation of the Plan, the Debtor may issue, execute, deliver, or file with the Bankruptcy Court, or record any agreements and other documents, and take any action as may be necessary or appropriate to effectuate, consummate and further evidence the terms and conditions of the Plan.

H. Retention of Jurisdiction.

After the Effective Date, the Reorganized Debtor and the Litigation Trust will be free to perform all functions assigned to it herein without approval of the Bankruptcy Court, except as specifically set forth herein. The itemization below is in no way meant to limit, restrict, or circumscribe the inherent jurisdictional authority of the Bankruptcy Court. Nothing in the Plan shall constitute a waiver by the United States of its rights to assert that the Bankruptcy Court lacks jurisdiction over any matter set forth in Article VII of the Plan. Confirmation of the Plan acts as consent of the parties to agree to the Bankruptcy Court's ability to enter binding final judgments and

rulings as the Bankruptcy Court will continue to retain jurisdiction in this Bankruptcy Case to determine or take the following actions::

1. All objections to the allowance of Claims and Interests and the compromise of Claims;
2. All applications for allowance of compensation and reimbursement of out-of-pocket expenses of professionals retained in Debtor's case by Order of the Bankruptcy Court to the extent that such compensation and out-of-pocket expenses relate to services performed before the Confirmation Date; provided, however, that fees of professionals for services rendered after the Effective Date may be paid by the Litigation Trust pursuant to Article VI, section D(2) of the Plan.
3. Any adversary proceedings or contested matters brought by the Debtor or the Liquidating Trustee (the "Causes of Action"), the proceedings then pending or thereafter brought pursuant to §§ 544, 545, 547, 548, 549, and 550 of the Code, or other proceedings calculated to generate payments to Holders of Allowed Class 3 Claims;
4. All controversies and disputes arising under or in connection with the Plan;
5. The enforcement and interpretation of the provisions of the Plan;
6. To issue such orders in aid of execution and consummation of the Plan as may be necessary and appropriate;
7. Any motion to modify the Plan in accordance with Code § 1127, or to correct any defect, cure any omission, or reconcile any inconsistency in the Plan, Disclosure Statement, or any Confirmation Order as may be necessary to carry out the purposes of the Plan;
8. All Claims arising from the rejection of any executory contract or lease;
9. Such other matters as may be provided for in the Code or the Plan;

10. To protect the Property of the Estate from adverse claims or interference inconsistent with the Plan;

11. To ensure that Distributions are accomplished as provided herein and to resolve any dispute concerning the right of any person to a Distribution hereunder, applicable law or under a contract or agreement; and

12. To hear and determine any action or controversy by or against the Liquidating Trust.

I. Headings.

Article, Section, and Paragraph headings used herein are for convenience only and shall not affect the interpretation or construction of any provision of this Plan.

J. Confirmation Without Acceptance by all Impaired Classes: "Cramdown."

The Code contains provisions that enable the Bankruptcy Court to confirm the Plan, even though the Plan has not been accepted by all Impaired Classes, provided that the Plan has been accepted by at least one Impaired Class of Claims. Section 1129(b)(1) of the Code states:

Notwithstanding section 510(a) of this title, if all of the applicable requirements of subsection (a) of this section other than paragraph (8) are met with respect to a plan, the court, on request of the proponent of the plan, shall confirm the plan notwithstanding the requirements of such paragraph if the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

This section makes clear that the Plan may be confirmed, notwithstanding the failure of an Impaired Class to accept the Plan, so long as the Plan does not discriminate unfairly, and it is fair and equitable with respect to each Class of Claims that is Impaired under, and has not accepted, the Plan.

**THE DEBTOR BELIEVES THAT, IF NECESSARY, IT WILL
BE ABLE TO MEET THE STATUTORY STANDARDS SET
FORTH IN THE CODE WITH RESPECT TO THE**

**NONCONSENSUAL CONFIRMATION OF THE PLAN AND
WILL SEEK SUCH RELIEF.**

K. Notices.

All notices required or permitted to be made in accordance with the Plan shall be in writing and shall be delivered personally or by facsimile transmission or mailed by United States Mail to the following:

Debtor:

Via Airlines, Inc.
111 S. Maitland Avenue
Maitland, Florida 32751
C11@flyviaair.com

Counsel for the Debtor:

Justin M. Luna, Esquire
Latham, Luna, Eden & Beaudine, LLP
111 N. Magnolia Ave., Suite 1400
Orlando, Florida 32801
jluna@lathamluna.com

The Plan Sponsor:

Wexford Capital, LP
Wexford Plaza
411 West Putnam Avenue
Greenwich, CT 06830
aamron@wexford.com

Counsel for the Plan Sponsor

Joshua W. Wolfshohl
Porter Hedges LLP
1000 Main Street, 36th Floor
Houston, Texas 77002
jwolfshohl@porterhedges.com

United States Trustee:

George C. Young Federal Building
400 West Washington Street, Suite 1100
Orlando, Florida 32801

L. Manner of Payment.

Any payment of Cash made under this Plan may be made either by check drawn on an account of the Plan Sponsor, the Debtor, the Reorganized Debtor or the Litigation Trust, by wire transfer, or by automated clearing house transfer from a domestic bank, at the option of the respective payor.

M. Compliance with Tax Requirements.

In connection with this Plan, to the extent applicable, the Liquidating Trustee in making Distributions shall comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all Distributions pursuant to this Plan shall be subject to such withholding and reporting requirements. The Liquidating Trustee may withhold the entire Distribution due to any holder of an Allowed Claim until such time as such holder provides to the Liquidating Trustee, the necessary information to comply with any withholding requirements of any governmental unit. Any property so withheld will then be paid by the Liquidating Trustee to the appropriate authority. If the Holder of an Allowed Claim fails to provide to the Liquidating Trustee the information necessary to comply with any withholding requirements of any governmental unit within six months after the date of first notification by the Liquidating Trustee to the holder of the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then the Holder's Distribution shall be treated as an undeliverable distribution in accordance with the below. The payment of all taxes on all Distributions shall be the sole responsibility of the distributee.

N. Transmittal of Distributions to Parties Entitled Thereto.

All Distributions by check shall be deemed made at the time such check is duly deposited in the United States mail, postage prepaid. All Distributions by wire transfer shall be deemed made as of the date the Federal Reserve or other wire transfer is made. Except as otherwise agreed with the holder of an Allowed Claim in respect thereof or as provided in this Plan, any property to be distributed on account of an Allowed Claim shall be distributed by mail upon compliance by the Holder with the provisions of this Plan to (i) its address set forth in its proof of claim, (ii) the latest mailing address filed for the holder of an Allowed Claim entitled to a distribution, (iii) the latest mailing address filed for a holder of a filed power of attorney designated by the Holder of such Allowed Claim to receive distributions, (iv) the latest mailing address filed for the Holder's transferee as identified in a filed notice served on the Debtor pursuant to Bankruptcy Rule 3001(e), or (v) if no such mailing address has been filed, the mailing address reflected on the Schedules or in the Debtor's books and records.

O. Distribution of Unclaimed Property.

Except as otherwise provided in this Plan, any property (Cash or otherwise) to be distributed under this Plan that is unclaimed after six months following the relevant distribution date shall be forfeited, and such distribution, together with all interest earned thereon, shall become an Asset to be distributed and conveyed to Holders of Class 4 Claims in accordance with the provisions of this Plan. However, checks issued by the Liquidating Trustee with respect to Allowed Class 4 Claims will be null and void if not cashed within sixty days of the date of issuance and such unclaimed distribution shall vest with the Middle District of Florida Bankruptcy *Pro Se* Clinic. Requests for re-issuance of any such check shall be made in writing to the Liquidating Trustee by the Holder of the Claim with respect to the check originally issued.

P. Transfer Taxes.

Pursuant to Section 1146(a) of the Bankruptcy Code, the issuance, distribution, transfer or exchange of any security or the making, delivery, or recording of any instrument of transfer pursuant to, in implementation of, or as contemplated by the Plan or any Plan Document, or any transaction arising out of, contemplated by, or in any way related to the foregoing, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangible or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and the appropriate state or local government officials or agents shall be, and hereby are, directed to forego the collection of any such tax or governmental assessment and to accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

Q. Setoff and Recoupment Rights of the United States.

Nothing in the Plan or the Confirmation Order shall enjoin, release, impair or otherwise preclude the United States from (i) exercising any rights of setoff or recoupment; and/or (ii) pursuing any claim of the United States arising on or after the Confirmation Date.

RESPECTFULLY SUBMITTED this 2nd day of July, 2020 in Orlando, Florida.

/s/ Daniel A. Velasquez

Justin M. Luna, Esq.

Florida Bar No. 0037131

jluna@lathamluna.com

Daniel A. Velasquez, Esq.

Florida Bar No. 0098158

dvelasquez@lathamluna.com

LATHAM, LUNA, EDEN & BEAUDINE, LLP

111 N. Magnolia Ave., Suite 1400

Orlando, Florida 32801

Tel: 407-481-5800

Fax: 407-481-5801

Attorneys for the Debtor

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Port Director

RESOLUTION 24-110

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
APPROVING A SUBLEASE AT THE HOMER AIRPORT TERMINAL FOR
STERLING AIRWAYS DBA ALEUTIAN AIRWAYS, AND AUTHORIZING
THE CITY MANAGER TO EXECUTE THE APPROPRIATE
DOCUMENTS

WHEREAS, On April 5, 2024 Sterling Airways terminated the sublease in the Homer Airport Terminal authorized by Resolution 23-080 due to ongoing construction that precluded their fleet of airplanes from operating on the facility; and

WHEREAS, On August 1, 2024 Sterling Airways submitted a sublease application requesting to sublease 1,117 square feet of combined front counter, office, and baggage claim loading bay space located at the Homer Airport Terminal Building; and

WHEREAS, An internal staff review of their application deemed it to be complete per HCC 18.08.045 and 18.08.060, and that the proposed use of space for "Airline passenger and Cargo check in, loading and movement." is in keeping with the City's agreed best public use of the Homer Airport Terminal; and

WHEREAS, The proposed 1,117 sq. ft. space for sublease is currently vacant at the Homer Airport Terminal; and

WHEREAS, The monthly sublease rent of \$4,392.38 will equal \$52,708.56 in additional revenues to the City; and

WHEREAS, The term of the sublease will be from November 1, 2024 until March 30, 2028, March 30th being the expiration date of the City's current lease with the State of Alaska (SOA) for the land on which the Homer Airport Terminal resides; and

WHEREAS, Section 20. ASSIGNMENT OR SUBLEASE of the City's lease with the SOA allows for the sublease of the whole or any part of the "Premises" with lessor approval; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, awards a sublease for 1,117 sq. ft. of space within the Homer Airport Terminal to Sterling Airways DBA Aleutian Airways for the monthly lease rent of \$4,392.38 and authorizes the City Manager to execute the appropriate documents.

PASSED AND ADOPTED by the Homer City Council this ____ day of _____, 2024.

45
46
47
48
49
50
51
52
53
54
55
56

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, CITY CLERK

Fiscal Note: \$52,708 in lease revenue

HOMER AIRPORT TERMINAL

AIR CARRIER/TICKET COUNTER SUBLEASE

THIS SUBLEASE IS MADE this November 1, 2024 between the City of Homer, an Alaska Municipal Corporation (“Sublessor”), whose address is 491 East Pioneer Avenue, Homer, Alaska 99603, and Sterling Airways DBA Aleutian Airways, an Alaskan Corporation (“Sublessee”), whose address is 6751 South Airpark Place, Anchorage, AK 99502.

The City is Lessee in a lease agreement (“Prime Lease”) affecting the property dated both October 6, 1992 and March 3, 1993, the agreement of which has been recorded in the Homer Recording District under Document No. 1993-001154-0, also known as Lease Agreement No. ADA-06600, between the State of Alaska, Department of Transportation and Public Facilities (“Lessor”), and the City of Homer (“Lessee”), as amended by Supplement No.1, dated February 28, 2002, and as amended by Supplement No. 2 dated March 30, 2023 and may be further amended from time to time with the Lessor to which all the terms, covenants, and conditions of this Sublease are subject to. Sublessee will fully comply with all covenants, provisions, conditions, and terms of that Prime Lease.

CITY AND SUBLESSEE AGREE AS FOLLOWS:

1. DESCRIPTION

City subleases to Sublessee premises consisting of 1,117 square feet of space as more fully described and/or depicted on Exhibit A (“Leased Premises”) in the Homer Airport Terminal Building (“Building”) located on Lot 5A, Block 800, HOMER AIRPORT TRACTS according to the official plats on file with DOT/PF, Division of Aviation for the term, the rent, and subject to the covenants and conditions hereinafter provided. The Sublessee will also have access to the Common Use Areas for Subleases more fully described and/or depicted on Exhibit A (“Common Use Areas”). This Sublease confers no rights either with regard to the subsurface of the land below the floor level of the Leased Premises or with regard to airspace above the ceiling of the Leased Premises.

2. TERM

(a) The term of this Sublease shall commence on November, 1 2024, and shall end on March 30, 2028, unless sooner terminated as hereinafter provided.

(b) In any event, Sublessee may not occupy the Premises before the debtor currently in possession of the lease notices rejection or DOT/PF consents to this Sublease in writing. IF City is unable to deliver possession of the Premises by the date specified for the commencement of the term of this Sublease as a result of causes beyond its reasonable control, including without limitation any failure or delay in obtaining the consent of DOT/PF, City shall not be liable for any damage caused by failing to deliver possession, this Sublease shall not be void or voidable, and the term of this Sublease shall not be extended by the delay. The Sublessee shall not be liable for rent until the City delivers possession of the Premises to Sublessee but shall commence paying rent when City delivers possession.

3. RENT

Sublessee shall pay to City as annual rent, without deduction, setoff, prior notice or demand, the sum of \$52,708.56 plus taxes ("Rent"). Rent shall be payable in monthly installments of \$4,392.38 plus tax ("Monthly rent Payment") in advance on the first day of each month, commencing on the date the term of this Sublease commences. Monthly rent for the first month or portion of it shall be paid on the day the term commences.

Monthly rent for any partial month shall be prorated based on the number of days in the month. Rent not paid when due shall bear interest from the date when due at the rate of interest specified in AS 45.45.010 (a) as now enacted or hereinafter amended. Rent shall be paid at the address set forth for City in the introductory paragraph of this Sublease, or as otherwise directed from time to time by notices from City.

4. USE OF PREMISES

Sublessee shall use the Leased Premises for office space and ticket counter space for passenger or cargo transportation by air and related functions of aircraft operations and ticket sale and for no other use without City's written consent. Sublessee agrees to comply with all federal, state and local laws, ordinances and regulations as well as the terms of the Prime Lease. Sublessee agrees to comply with the following rules and regulations and with such reasonable modifications thereof and additions thereto as City may hereafter from time to time make for the Building.

(a) Sublessee shall comply with all covenants, provisions, conditions, and terms of the Prime Lease.

(b) Sublessee shall not make or permit to be made any use of the premises or any part thereof which would violate any of the covenants, agreements, terms, provisions and conditions of said Prime Lease; nor will Sublessee commit any act, either by commission or omission, which would cause City to be in default of any covenant, provision, term or condition of the Prime Lease. Sublessee hereby acknowledges receiving a copy of the Prime Lease as provided in Exhibit D.

(c) Sublessee will not make any use of the Property or the Building, nor will Sublessee make or permit to be made any use of the Premises or any part thereof which would violate any of the covenants, agreements, terms, provisions and conditions of this Sublease; which is forbidden by any federal, state or local law, ordinance or regulation; which may be dangerous to life, limb, or property; which would, in the reasonable judgement of City, in any way impair the character, reputation or appearance of the Building as an attractive and functional airport terminal building; or which would impair or interfere with or tend to impair or interfere with any of the services performed by City for the Property. Sublessee shall immediately cease and desist any conduct the City, in its sole discretion, determines is in violation of this subsection upon receiving written notification by the City of such violation.

(d) Sublessee shall not exhibit, sell or offer for sale on the Premises or in the Building any article or thing except those articles and things reasonably connected with the stated use of the Premises set forth above by Sublessee without the advance consent of the City.

(e) Sublessee shall not display, inscribe, print, paint, maintain or affix in or about the building or outside of the Premises any sign, notice, legend, direction, figure or advertisement, unless Sublessee shall first have obtained the consent of the City, any then only such names(s) and matter, and in such color, size, style, place and materials as shall first have been approved by City. City shall not unreasonably withhold prompt approval, but City's insistence on compliance with a uniform signage plan shall not be deemed unreasonable.

(f) No additional locks or similar devices shall be attached to any door or window without City's consent. No keys for any door other than those provided by city shall be made. All keys including cargo area garage door openers must be returned to City at the expiration or termination of this Sublease. If more than two keys for one lock are desired, City will provide the same upon payment by Sublessee. Sublessee will be responsible for replacing lost or damaged garage door opener and/or keys.

(g) Sublessee shall not overload any floor. City may direct, within reason, the time and manner of delivery, routing and removal, and the location, of safes and other heavy articles.

(h) Unless city gives consent, Sublessee shall not install or operate any steam or internal combustion engine, boiler, machinery, refrigerating or heating device or air conditioning apparatus in or about the premises, or carry on any mechanical business therein, or use the Premises for housing accommodation or lodging or sleeping purposes, or do any cooking therein, or use any illumination other than electric light, or use or authorize to be brought into the Building any inflammable fluid such as gasoline, kerosene, naphtha, and benzene, or any explosives, radioactive materials or other articles deemed extra hazardous to life, limb or property, except in a manner which would not violate any federal, state or local law, ordinance or regulation. Sublessee shall not use the premises for any illegal purpose.

(i) The sidewalks, halls, passages, exits, and entrances (“Common use Areas”) shall not be obstructed by Sublessee or used for any purpose other than for ingress to and egress from the premises. No Sublessee and no employees or invitees of any Sublessee shall go up on the roof of the Building.

(j) Sublessee shall not use, keep or permit to be kept any foul, explosive or noxious gas or substance in the Premises, or permit or suffer the premises to be occupied or used in a manner unreasonable offensive or objectionable to the City or other occupants of the Building by reason of noise, odors, and/or vibrations, or unreasonably interfere in any way with other tenants or those having business therein; nor shall any animals or birds be brought in or kept in or about the Premises or the Building, unless for purposes of air transport, and then only in containers designed for transport of such animals or birds. Sublessee shall be responsible for enforcing the requirement that all animals and birds shall be kept in containers while in the Premises or the Building. Sublessee shall make all repairs and conduct all cleaning necessary as a result of the presence of birds or animals in the Premises or the building in connection with air transport.

(k) Sublessee shall see that the doors and windows, if openable, of the premises, are closed and securely locked before leaving the Building and must observe with strict care and caution that all water faucets or water apparatus are entirely shut off before Sublessee or Sublessee’s employees leave the building, and that all electricity shall likewise be carefully shut off so as to prevent waste or damage.

(l) In the event of any default or carelessness in performing the duties imposed by this paragraph, Sublessee shall make good all resulting injuries or losses sustained by other Sublessees or occupants of the Building and City. In additions to all other liabilities for breach of any covenant of this paragraph, the Sublessee shall pay to the City an amount equal to any increase in insurance premiums payable to the City or any other tenant in the building caused

by such breach, but City shall have the burden of proving by a preponderance of the evidence that such increase is directly attributable to such breach.

5. SECURITY DEPOSIT

The Sublessee has deposited with City at the time of execution of this Sublease the sum of \$7,906.28 (equal to fifteen percent (15%) of Rent) as a security deposit for the performance by Sublessee of the provisions of this Sublease. If Sublessee is in default, City can use the security deposit, or any portion of it, to cure the default or to compensate City for all damage sustained by City resulting from Sublessee's default. Sublessee shall immediately upon demand pay to City a sum equal to the portion of the security deposit expended or applied by city as provided in this paragraph so as to maintain the security deposit in the sum initially deposited with the City. Sublessee's failure to do so within five (5) days after demand by City shall be a default under this Sublease. If Sublessee is not in default at the expiration or termination of this Sublease, city shall return the security deposit to Sublessee. City's obligation with respect to the security deposit are those of debtor and not those of trustee or fiduciary. City may maintain the security deposit separate and apart from City's general funds or co-mingle the security deposit with City's general funds. City shall not be required to pay Sublessee interest on the security deposit. If City is required by law to maintain the security deposit in an interest bearing account, City shall be entitled to receive and retain the maximum amount permitted under applicable law as a bookkeeping and administrative charge.

6. UTILITIES AND SERVICES

City shall furnish to the Premises, at City's expense, except as otherwise provided in this sublease, reasonable quantities of electricity and heat as required for Sublessee's use. City shall furnish water, sewer and garbage removal service to the Building, at City's expense; however, Sublessee shall be responsible for cleaning the Leased Premises and taking its garbage to dumpsters provided for the Building. If City is required to construct new or additional utility installations including, without limitation, wiring, plumbing, conduits and mains, resulting from Sublessee's changed or increased utility requirements, Sublessee shall, on demand, pay the City the total cost of these items. If Sublessee causes City services such as janitorial services to exceed the normal and scheduled service already provided to the building, Sublessee will be responsible for the costs incurred by the City to provide this additional service. City shall not be liable for failure to furnish utilities to the Premises when the failure results from causes beyond City's reasonable control, but in case of such failure City will take all reasonable steps to restore the interrupted utilities. Any such interruption of utilities shall never be deemed an eviction or disturbance of Sublessee's use and possession of the Premises, or any part thereof, or give Sublessee any right to abatement of rent, or

otherwise relieve Sublessee from performance of any of Sublessee's obligations under this Sublease, except that Sublessee's obligation to pay rent shall be abated to the extent that any such interruption of the utilities exceeds fifteen (15) days. Sublessee shall pay for the telephone charges, including installation.

7. CONDITION OF PREMISES

Sublessee's taking possession of the Premises shall be conclusive evidence as against Sublessee that the Premises were in good order and satisfactory condition when Sublessee took possession, except that to latent defects. No promise of City to alter, remodel, repair or improve the Premises or the Building and no representation as to the condition of the Premises or the building has been made by City to Sublessee, other than as may be contained in this Sublease or in a separate written agreement. At the termination of this Sublease, the Sublessee shall return the Premises clean and in as good order and condition as when the Sublessee took possession, ordinary wear and tear excepted, failing which the City may restore the Premises to such condition and the Sublessee shall pay the cost thereof on demand.

8. MAINTENANCE AND REPAIRS

City, at City's expense, shall maintain, in good condition, the structural parts of the Building which shall include only the foundation, bearing and exterior walls (excluding glass and doors to the premises), subflooring, the unexposed electrical, plumbing and sewage systems, and the heating and ventilation system servicing the Premises. Sublessee, at Sublessee's expense, shall maintain, in good condition, the Premises, including, without limitation, all glass, doors to the Premises, electrical and plumbing fixtures, interior walls, signs and Sublessee's personal property.

9. PARKING AND SNOW REMOVAL

This sublease includes four parking spaces in the employee parking area. The City shall designate a parking area for employees of the tenants of the Building. City shall provide snow removal in the parking area. No overnight parking of employee vehicles is allowed. Sublessee shall pay additional rent of \$15 per month for each space. Additional rent is due at the same time the rent is due under paragraph 3 of the Sublease.

10. ALTERATIONS. (a) Sublessee shall not make any alterations to the Premises without City's prior written consent, which shall not be unreasonably withheld. Requests for approval of alterations shall be made in writing and shall include three (3) copies of the plans and specifications. The city will approve or disapprove the proposed alterations within thirty (30) days. Approval of the alterations shall not constitute a building permit, nor shall a building

permit constitute approval of the alterations. Any alterations (except Sublessee's trade fixtures) shall remain on and be surrendered with the premises on expiration or termination of this Sublease, except that City can elect at any time to require Sublessee to remove any alterations that Sublessee has made to the Premises. If City so elects, Sublessee, at Sublessee's expense, shall restore the Premises to the condition designated by City in its election, before the last day of the term, or within thirty (30) days after notice of election is given, whichever is later. If Sublessee proceeds to make any approved alterations to the Premises as provided in this paragraph, Sublessee shall notify city no less than five (5) days prior to the commencement of the work.

(b) Sublessee shall make no improvements or construction without the prior approval of DOT/PF. Sublessee shall provide City with copies of such written approval(s) prior to commencement of any improvements, grading, fill, or construction.

11. MECHANICS' LIENS. Sublessee shall pay all costs for construction done by it or caused to be done by it on the premises as permitted by this Sublease. Sublessee shall keep the Premises, the Building, and the property free and clear of mechanics' liens resulting from construction done by or for Sublessee. Sublessee shall have the right to test the correctness or validity of any such lien only if, immediately on demand by City, Sublessee procures and records a lien release bond issued by a corporation authorized to issue surety bonds in the State of Alaska in an amount equal to one and one-half times the amount of the claim of lien. The bond shall meet the requirements of AS 34.35.072 and shall provide for the payment of any sum that the claimant may recover on the claim, plus interest, costs and attorney's fees.

12. INDEMNITY. (a) Sublessee shall protect, indemnify and hold City and DOT/PF harmless from all damages, including costs and attorneys' fees, arising out of any injury to or death of any person or damage to or destruction of property occurring to, in, on or about the Premises, Building or Property, but only to the proportionate extent such damages, costs and fees may be caused by or contributed to by fault or other legal responsibility on the part of Sublessee, its employees, authorized representative, customers, invitees, or sublessees. Notwithstanding the preceding sentence, Sublessee shall protect, indemnify and hold City and DOT/PF harmless from all damages, including costs and attorney's fees, arising out of any injury to or death of any person or damage to or destruction of property arising out of and in the course of Sublessee's cargo and/or flight time, as defined in 14 CFR Section 1.1. notwithstanding the first sentence of this paragraph, Sublessee shall not be liable to City or its insurers, and Sublessee's obligation to protect, indemnify and hold City harmless shall not include any lost or damages, including costs and attorney's fees, covered and paid by City's fire insurance described in paragraph 16.

(b) Furthermore, Sublessee shall protect, defend, and indemnify and hold the State harmless to the same level and extent that the Sublessee would provide to the State if the Sublessee were a direct lessee of the State under the Prime Lease.

13. AVIATION LIABILITY, PUBLIC LIABILITY, PROPERTY DAMAGE, WORKERS' COMPENSATION, AND OTHER INSURANCE. (a) Sublessee, at Sublessee's expense, shall maintain airline/aircraft/airport public liability insurance with policy limits not less than that required by statute.

(b) Sublessee, at Sublessee's expense, shall maintain comprehensive general liability insurance with a single combined liability limit of not less than ONE MILLION DOLLARS (\$1,000,000.00) per person, THREE MILLION DOLLARS (\$ 3,000,000.00) per occurrence for personal injury or death and property damage arising from one occurrence in the amount of not less than ONE MILLION DOLLARS (\$1,000,000.00) insuring against all liability of Sublessee, its employees, and authorized representatives, arising out of or in connection with Sublessee's use or occupancy of the premises.

(c) All aviation and comprehensive general liability insurance policies shall insure performance by Sublessee of the indemnity provisions of paragraph 12; shall name City and DOT/PF as additional insureds; shall include a waiver of subrogation by the insurer against City and DOT/PF; and shall not contain any exclusion from coverage for Sublessee's liability for damages or loss incurred by City or DOT/PF because of their status as additional insureds

(d) Sublessee, at Sublessee's expense, shall maintain workers' compensation insurance with policy limits not less than that required by statute.

(e) In addition to the foregoing, Sublessee must obtain and maintain such insurance covering the operations and activities of Sublessee to the same level and extent that Sublessee would be required to maintain if the Sublessee were the direct lessee of DOT/PF under the Prime Lease. Sublessee must provide to DOT/PF, with a copy to City, such binders or certificates of insurance as may be required by DOT/PF to prove compliance with this subparagraph.

14. USE OF HAZARDOUS SUBSTANCES. (a) Sublessee shall not cause or permit any hazardous material to be brought upon, kept, or used in or about the Property by Sublessee or its authorized representatives, customers, invitees or sublessees, except for such hazardous material as is necessary or useful to Sublessee's lawful use of the Property.

(b) Any hazardous material permitted on the Property as provided in this paragraph, and all containers therefor, shall be handled, used, kept, stored and disposed of in a manner that

complies with all laws or regulations applicable to any such Hazardous Material. Such Hazardous material shall be handled only by properly trained personnel.

(c) Sublessee shall not discharge, leak or emit, or permit its authorized representatives, customers, invitees or sublessees to discharge, leak or emit, any material into the atmosphere, ground, sewer system or any body of water, if such material does or may, unlawfully pollute or contaminate the same, or may unlawfully adversely affect (i) the health, welfare or safety of persons, whether located on the Property or elsewhere, or (ii) the condition, use or enjoyment of the Property or any other real or personal property. The preceding sentence only applies to Sublessee's use of and operations on the Property.

(d) If any such discharge, leak, spill, emission, or pollution (referred to in subparagraph 14(c) above) occurs upon or from the Property during the Sublease term or any holdover, Sublessee will immediately notify City and all appropriate federal, state, and local authorities, and will act immediately to contain the spill, repair any damage, absorb and clean up the spill area and restore the Property to comply with the applicable portions of any federal, state, or local law or regulation then in effect.

(e) Sublessee hereby agrees that it shall be fully liable for all costs and expenses related to the handling, use, storage and disposal of hazardous material brought or kept on the property by the sublessee, its authorized representatives, customers, invitees and sublessees, and the Sublessee shall give immediate notice to the City of any violation or suspected violation of the provisions of subparagraphs 149a), (b), (c) and (d).

15. INDEMNITY FOR USE OF HAZARDOUS MATERIAL. (a) Sublessee shall protect, indemnify and hold City and DOT/PF and their officers, officials, and other employees harmless from and against 0 any claims, demands, penalties, fines, judgments, settlements, liabilities, losses, damage, costs and expenses (including, without limitation, attorney, consultant and expert fees, court costs and other litigation expenses)

(b) City shall protect, indemnify and hold Sublessee and its directors, officers, and other employees harmless from and against any Environmental Damages arising out of or related to 9i) the presence, disposal or release of any hazardous material on or impacting the property; and (ii) any bodily injury (including death) or property damage (real or personal) caused by such presence, disposal or release, but only to the proportionate extent such Environmental Damages shall have been caused by or contributed to by fault or other legal responsibility on the part of city or its employees, agents, customers, invitees or contractors.

(c) For the purposes of paragraphs 1 and 15, "Hazardous material" is defined as any substance that is toxic, ignitable, reactive, or corrosive that is regulated by any local government; the

State of Alaska, or the United States government. “Hazardous waste”, “extremely hazardous waste or a “hazardous substance” pursuant to local, state or federal law, including without limitation, the resource Conservation and recovery Act of 1976, as amended from time to time, and regulations promulgated thereunder, and the Comprehensive Environmental response, Compensation and Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder. “Hazardous material” also includes, but is not restricted to, asbestos, polychlorobiphenyles (“PCB’s”) and petroleum and petroleum products.

16. CITY’S FIRE INSURANCE. City shall, at City’s expense, maintain on the Building a policy of fire and extended coverage insurance, with vandalism and malicious mischief endorsement, up to the full replacement value. The policy shall provide that any proceeds shall be made payable solely to City. The “full replacement value” of the building to be insured under this paragraph shall be determined by the insurance company issuing the policy at the time the policy is initially obtained or subsequently renewed.

Sublessee shall not use the Premises for any purpose, nor do any acts in the premises, which will increase the existing rate of insurance on the building or cause the cancellation of any insurance policy covering the building or any part thereof, nor shall Sublessee sell, or permit to be kept, used or sold, on the premises, any article, material or substance which may be prohibited by standard form fire and extended coverage insurance policies. Sublessee shall, at Sublessee’s expense, comply with any and all requirements pertaining to the Premises of any insurance organization or company, necessary for the maintenance of fire and extended coverage insurance covering the Building. Sublessee agrees to pay to City and additional rent any increase in premiums on policies which may be carried by City covering damage to the Building by fire and the perils normally included in extended coverage, but only to the extent City proves by a preponderance of the evidence that such increase is directly attributable to Sublessee’s breach of the first two sentences of this subparagraph. In event of non-payment of such additional rent, city shall have all the rights and remedies provided in this Sublease in case of nonpayment of rent.

17. OTHER INSURANCE MATTERS. All insurance required to be carried by Sublessee under this sublease and the Prime Lease shall be issued by insurance companies authorized to do business in the State of Alaska with a financial rating of at least “A” as rated in the most recent edition of Best’s Insurance Reports, or an equivalent rating; shall be issued as a primary policy; and shall contain an endorsement requiring twenty(20) days prior written notice from the insurance company to both parties and before cancellation or change in the coverage, scope or amount of any policy. Sublessee shall furnish insurance certificates to City and DOT/PF at

the commencement of the term of this sublease, and on renewals. Sublessee shall promptly furnish copies of each policy to City and DOT/PF upon request.

18. TAXES AND ASSESSMENTS. City shall pay all general and special assessments. Sublessee shall pay all real estate taxes levied on Sublessee's interest in the premises, Building or Property.

19. DESTRUCTION. If, during the term of this sublease, the Premises or the Building are totally or partially destroyed from any cause, rendering the Premises totally or partially inaccessible or unusable, city shall restore the premises or the Building to substantially the same condition as they were in immediately before destruction, if the restoration can be made under the then existing laws and can be substantially completed within one hundred twenty (120) working days after the date of destruction. Such destruction shall not terminate this Sublease. If the restoration cannot be made in the time stated in this paragraph, either party shall have the right to terminate this Sublease by notice to the other party given at any time within thirty (30) days after the date of such destruction, or within thirty (30) days after it is determined that such restoration cannot be completed within the time stated, whichever is longer, except that if such destruction resulted from Sublessee's fault or negligence, Sublessee shall have no right to terminate this Sublease. If the then existing laws do not permit the restoration, either party shall have the right to terminate this Sublease by notice to the other party given at any time within thirty (30) days after the date of such destruction.

If a portion of the building other than the Premises shall be totally or partially destroyed from any cause such that in the reasonable opinion of the city the Building should be restored in such a way as to alter the Premises materially, city may terminate this Sublease by notice to Sublessee at any time within thirty (30) days after the date of such destruction. In the event of giving effective notice pursuant to this paragraph, the term of this Sublease shall expire on the date thirty (30) days after the giving of such notice as fully and completely as if such date were set forth for the expiration of the term of this Sublease. If this Sublease is not so terminated, City shall restore the Premises and the Building within a reasonable time and this Sublease shall continue in full force and effect.

If City is required or elects to restore the Premises as provided in this paragraph, city shall not be required to restore alterations made by Sublessee, Sublessee's improvements, Sublessee's trade fixtures, and Sublessee's personal property, including without limitation, any panels, decoration, office fixtures, railing, ceiling, floor covering, partitions and the like, such excluded items being the sole responsibility of Sublessee to restore.

In case of destruction there shall be an abatement or reduction of rent, between the date of destruction and the date of completion of the restoration or the date of termination of this Sublease based on the extent to which the destruction interferes with Sublessee's use of the Premises, except that if such destruction resulted from Sublessee's fault or negligence, Sublessee shall not be entitled to such abatement or reduction of rent.

If there is destruction to the building that exceeds thirty-three and one-third percent (33 1/3%) of the then replacement value of the building from any risk, City can elect to terminate this Sublease whether or not the Premises are destroyed. If, in the case of such destruction, Sublessee reasonably determines that such destruction unreasonably interferes with its use and occupancy of the Premises, Sublessee can elect to terminate this Sublease by written notice to City.

20. CONDEMNATION. If, during the term of this Sublease, there is a taking by condemnation (including condemnation by city) of all or any part of the Premises or Building, the rights and obligations of the parties shall be as follows:

If there is a taking of all or any part of the premises, the term of this Sublease shall forthwith cease and terminate as of the date of vesting of title in the condemner, and the City is entitled to receive the entire award from the condemning authority except that portion, if any, of the award which may be attributable to the loss of the value of the Sublessee's business and Sublessee's leasehold interest, which is given the Sublessee by virtue of this Sublessee.

21. DEFAULT. Each of the following shall be deemed a default by the Sublessee and a breach of the Sublease:

(a) A default in the payment of the rent and additional rents due hereunder for a period often (10) days from the due date for such payment.

(b) A default in the performance of any other term, covenant or condition on the part of the Sublessee to be kept, performed, or observed for a period of fifteen (15) days after service by City on Sublessee of a notice specifying the particular default or defaults, provided, however, that no default on the part of the Sublessee in the performance of work or acts required by it to be done, or conditions to be modified, shall be deemed to exist if steps shall have in good faith been commenced promptly by the Sublessee to rectify the same and shall be prosecuted to completion with diligence and continuity.

(c) The entry of a decree or order for relief by a court having jurisdiction in respect of the Sublessee in an involuntary case under the federal bankruptcy laws, as now or herein after constituted, or any other applicable federal or state bankruptcy, insolvency or other similar

law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of or for the Sublessee or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs.

(d) The commencement by the Sublessee of a voluntary case under the federal bankruptcy laws, as now constituted or thereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession of a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of or for the Sublessee or for any substantial part of its property, or the making by Sublessee of any assignment for the benefit of creditors, or the failure of the Sublessee generally to pay its debts as such debts become due, or the taking of corporate action by the Sublessee in furtherance of any of the foregoing.

(e) The taking possession of the property of Sublessee by any governmental office or agency pursuant to statutory authority for the dissolution or liquidation of the Sublessee.

(f) The vacation or abandonment of the Premises by Sublessee.

(g) The assignment or subletting of the Premises by Sublessee without the prior written consent of City and the State of Alaska.

22. CITY'S REMEDIES IN EVENT OF DEFAULT. In the event of any default by Sublessee under this Sublease, City shall have the following rights and remedies, which shall be cumulative and all in addition to any rights and remedies that City may be given by statute common law or otherwise:

(a) Distrain for rent due.

(b) Reenter the Premises and take possession thereof and remove all signs, other evidence of tenancy, and all personal property of Sublessee from the premises.

(c) Declare the term of this Sublease ended.

(d) Relet the Premises in whole or in part for any period equal to or greater or less than the remainder of the term of this Sublease.

(e) Collect any and all rents due or to become due from subtenants or other occupants of the Premises.

(f) If Sublessee shall at any time fail to make any payment or perform any other action in part to be made or performed under this Sublease, City may, but shall not be obligated to, and without waiving or releasing Sublessee from any obligation under this Sublease, make such

payment or perform such other act as may be reasonable in the circumstances, and in connection therewith to pay expenses and employ counsel.

All sums so paid by City and all expenses in connection therewith, together with interest thereon at the rate of twelve percent (12%) per year or the current maximum legal rate of interest, whichever is less, from the date of payment to the date of repayment, shall be deemed additional rent hereunder and payable at the time of any installment of rent thereafter becoming due and city shall have the same rights and remedies for the nonpayment thereof, or any other additional rent as in the case of default in the payment of rent.

(g) Restrain by injunction any violation or attempted violation, or compel by injunction the performance of any of the covenants, agreements or conditions or terms of this Sublease.

(h) Recover, whether this Sublease be terminated or not, from Sublessee, damages, provided for below constituting of items (i) and (ii), or at City's election in lieu of (ii), item (iii):

(i) reasonable attorney's fees and other expenses incurred by city by reason of the breach or default by Sublessee:

(ii) an amount equal to the amount of the rent and additional rents reserved under this Sublease, less the net rent, if any, collected by City on reletting the Premises, which shall be due and payable by Sublessee to City on the days on which the rent and additional rents reserved in this Sublease would have become due and payable; that is to say, upon each of such days Sublessee shall pay to City the amount of deficiency then existing. Such net rent collected on reletting by City shall be computed by deducting from the gross rent collected all expenses incurred by city in connection with the reletting of the Premises, or any part thereof, including broker's commission and the cost of renovation or remodeling the Premises;

(iii) an amount to be due immediately on breach, equal to the amount, if any, by which the remaining rent due under this Sublease exceeds the fair and reasonable rental value of the Premises for the same period. In the computation of such damages the difference between any installment of rent thereafter becoming due and the fair and reasonable value of the Premises for the period for which such installment was payable shall be discounted to the date of such breach at the rate of eight percent (8%) per year. If the Premises, or any part thereof, be relet by City for the unexpired term of this Sublease, or any part thereof, before presentation of proof of damages, the amount of rent reserved upon such reletting in the absence of evidence to the contrary, shall be deemed to be the fair and reasonable rental value for the Premises, or any part thereof, so relet during the term of such reletting.

Reentry or reletting of the Premises, or any part thereof, pursuant to this section shall not be deemed a termination of this Sublease, unless expressly declared to be so by City. If this Sublease shall be deemed terminated, Sublessee's liabilities shall survive and Sublessee shall be liable for damages as provided above.

The enumeration of the default rights of City above are not intended to imply that they are mutually exclusive, nor that they are in lieu of any or all statutory, common law or other rights.

23. BANKRUPTCY OR INSOLVENCY. (A) In the event that Sublessee shall file a petition, or an order for relief is entered against Sublessee, under Chapter 7 of the Bankruptcy Code, and the Trustee of Sublessee shall elect to assume this Sublease for the purpose of assigning the same, such election and/or assignment may only be made if all of the terms and conditions of subsections (c), (d) and (e) hereof are satisfied. If such Trustee shall fail to elect to assume this Sublease for the purpose of assigning the same within sixty (60) days after the order of relief, this Sublease shall be deemed to have been rejected. City shall be thereupon immediately entitled to exercise any remedies available to it under paragraph 25 of this Sublease, and this Sublease shall be canceled, but City's right to be compensated for damages in such bankruptcy proceeding shall survive.

(b) In the event that Sublessee files a petition for reorganization under Chapters 11 and 13 of the Bankruptcy Code or a proceeding filed by or against Sublessee under any other chapter of the Bankruptcy Code is converted to a Chapter 11 or 13 proceeding, and the Trustee of Sublessee or Sublessee as debtor-in-possession fails to assume this Sublease within sixty (60) days from the date of filing of the Petition or such conversation, the Trustee or debtor-in-possession shall be deemed to have rejected this Sublease. City shall be thereupon immediately entitled to exercise any remedies available to it under section 22 of this Sublease and this Sublease shall be canceled, but City's right to be compensated for damages in such bankruptcy proceedings shall survive. If the Trustee of Sublessee shall elect to assume this Sublease such election may only be made if all of the terms and conditions of subsections (c) and (d) hereof are satisfied. If the Trustee of Sublessee shall elect to assign this Sublease after assuming it, such assignment may only be made if all of the terms and conditions of subsection € hereof are satisfied.

(c) No election to assume this Sublease shall be effective unless in writing and addressed to City and unless in City's reasonable business judgement, all of the following conditions, which City and Sublessee acknowledge to be commercially reasonable, have been satisfied:

- 1) The Trustee or the debtor-in-possession has cured or has provided City adequate assurance (as defined hereunder) that:

A) within ten (10) days from the date of such assumption the Trustee or debtor-in-possession will cure all monetary defaults under this Sublease; and

B) within thirty (30) days from the date of such assumption the Trustee or debtor-in-possession will cure all not-monetary defaults under this Sublease, or if the non-monetary default requires more than thirty (30) days to cure, the Trustee or debtor-in-possession will within thirty (30) days commence and proceed with diligence and continuity to cure the non-monetary defaults under this Sublease.

2) The Trustee or the debtor-in-possession has compensated, or has provided to City adequate assurance (as defined hereunder) that within ten (10) days from the date of assumption City will be compensated for any pecuniary loss sent to the Trustee or debtor-in-possession.

3) The Trustee or the debtor-in-possession has provided City with adequate assurance of the future performance of each of Sublessee's obligations under this Sublease; provided, however, that the obligations imposed upon the Trustee or debtor-in-possession shall continue with respect to Sublessee after the completion of bankruptcy proceedings.

4) City has determined that the assumption of the Sublease will not breach any provision in any other Lease by which City is bound relating to the Property.

(d) For the purposes of subparagraph (c) , adequate assurance shall mean: (i) City shall reasonably determine that the Trustee or the debtor-in-possession has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure City that the Trustee or debtor-in-possession will have sufficient funds to fulfill the obligations of Sublessee under this Sublease; and (ii) An order shall have been entered segregation sufficient cash payable to City and/or there shall have been granted a valid and perfected first lien and security interest in property of Sublessee, Trustee or debtor-in-possession, acceptable as to value and kind to City, to secure City the obligation of the Trustee or debtor-in-possession to cure the monetary and/or non-monetary defaults under this Sublease within the time period set forth above.

(e) If the Trustee or debtor-in-possession has assumed the Sublease pursuant to the terms and provisions of subparagraphs (a) or (b), for the purpose of assigning (or elects to assign) Sublessee's interest under this Sublease to any other person, such interest may be so assigned only if City shall acknowledge in writing that the intended assignee has provided adequate

assurance as defined in this subparagraph (e) of future performance of all the terms, covenants and conditions of this Sublease to be performed by Sublessee.

For purposes of this subparagraph (e), adequate assurance of future performance shall mean that City shall have reasonably ascertained that each of the following conditions has been satisfied:

- 1) The assignee has submitted a current financial statement audited by a certified public accountant which shows a net worth and working capital in amounts determined to be sufficient by City to assure the future performance by such assignee of Sublessee's obligations under this Sublease;
- 2) If requested by City, the assignee shall have obtained guarantees in form and substance satisfactory to City from one or more persons whom City determines to be credit worth;
- 3) The assignee has submitted in writing evidence, satisfactory to City, of substantial business experience in business operations of the same kind and comparable size to the business contemplated under this Sublease; and
- 4) City has obtained all consents or waivers from any third party necessary to permit such assignment under any lease or agreement by which City is bound.

(f) Neither Sublessee's interest in this Sublease, nor any lesser interest of Sublessee herein, shall pass to any Trustee, receiver, assignee for the benefit of creditors, or any other person or entity, or otherwise by operation of law under the laws of any state having jurisdiction of the person or property of Sublessee ("State law") unless City shall consent to such transfer in writing. No acceptance by City of rent or other payments from any such Trustee, receiver, assignee, person or other entity shall be deemed to have waived, nor shall it waive, the need to obtain City's consent or City's right to terminate this Sublease for any transfer of Sublessee's interest under this Sublease without such consent.

(g) In the event Sublessee shall be adjudicated insolvent pursuant to the provisions of any present or future insolvency law under state law, or if a receiver or Trustee of the property of Sublessee shall be appointed under state law by reason of Sublessee's insolvency made or Sublessee's property for the benefit of creditors under state law; then and in such event City may, at its option, terminate this Sublease and all rights of Sublessee here under without further obligation to Sublessee, by giving Sublessee written notice of the election to so terminate.

24. SURRENDER OF POSSESSION. If, after termination of this Sublease, Sublessee shall vacate the Premises without removing all of its property, any and all property that remains may be removed from the Premises by City and may be handled, removed or stored by City at

the risk, cost, and expense of Sublessee, and City shall in no event be responsible for the value, preservation or safekeeping thereof or for any loss or damage to Sublessee occasioned thereby. Sublessee shall pay to City, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in City's possession or under City's control. Any such property of Sublessee not removed from the Premises or retaken from storage by Sublessee within thirty (30) days after the end of the term of this Sublease or of Sublessee's right to possession of the Premises, however terminated, shall be conclusively deemed to have been forever abandoned by Sublessee and either may be retained by City as its property or may be disposed of in such manner as City may see fit.

25. QUIET ENJOYMENT. So long as Sublessee shall observe and perform the covenants and conditions contained in this Sublease, Sublessee shall, at all times during the term of this Sublease, peacefully and quietly have the enjoy possession of the Premises without any disturbance or hindrance by, from or through City, but subject to any rights of the State of Alaska in the Prime Lease.

26. ASSIGNMENT AND SUBLETTING. (a) Sublessee shall not assign, hypothecate, or encumber its interest in this Sublease or in the Premises. Sublessee shall not sublease all or any part of the Premises, or allow any other person or entity (except Sublessee's authorized representatives) to occupy or use all or any part of the Premises without first obtaining City's written consent, which will not unreasonably be withheld, and the written consent of DOT/PF. No sub-sublessee may occupy the Premises before DOT/PF grants written consent. Any assignment, encumbrance or hypothecation of the Sublease is void, and any sub-sublease without such consent by the City and DOT/PF is voidable and, at City's election, shall constitute a default. No consent to any sublease shall constitute a further waiver of the provisions of this paragraph.

(b) Any proposed sublease must be submitted to the City for approval in three (3) copies, each bearing the original notarized signature of all parties. Each sublease shall be expressly subject and subordinate to the Sublease and the Prime Lease and the rights of the City and DOT/PF respectively, and shall require the sublessee to assume the Sublessee's obligations hereunder and shall not release the Sublessee from liability hereunder. Each sublease shall be expressly terminable by City in its sole discretion at the end of the term of this Sublease. If approved by City, the proposed sublease will be forwarded to DOT/PF for approval. No consent to sublease is effective until given in writing by both the City and DOT/PF.

27. RIGHTS RESERVED TO CITY. City reserves the following rights:

(a) To name or to change the name of the Building.

(b) To install and maintain or to allow installation and maintenance of signs on the exterior or interior of the Building, excluding the interior of the Premises.

(c) To have pass keys to the Premises.

(d) To have access to the Premises for purposes of inspection upon reasonable prior notice.

(e) On reasonable prior notice to Sublessee, to exhibit the Premises to prospective tenants during the last six (6) months of the term of this Sublease, and to any prospective purchase, mortgagee, or assignee of any mortgage on the Building and to other having a legitimate interest at any time during the term of this Sublease.

(f) At any time in the event of an emergency and otherwise at reasonable times, to take any and all measures, including inspections, repairs, alterations, additions, and improvement to the Premises or to the Building as may be necessary or desirable for the safety, protection or preservation of the Premises or the Building or City's interest, or as may be necessary or desirable in the operation or improvement of the building, or in order to comply with laws, and requirement of governmental or other authority.

28. ESTOPPEL CERTIFICATES. Either party shall at any time and from time to time upon not less than fifteen (15) days prior request by the other party, execute, acknowledge and deliver to such party, or to its designee, a statement in writing certifying that this Sublease is unamended and in full force and effect (or, if there has been any amendment thereof that the same is in full force and effect as amended and stating the amendment or amendments). That there are no defaults existing (or if there is any claimed default, stating the nature and extent thereof); and stating the dates to which the rent and other charges have been paid in advance.

29. HOLDING OVER. If Sublessee remains in possession of the Premises after expiration of the term of this Sublease, or after the date in any notice given by City to Sublessee termination this Sublease, such possession by Sublessee shall be deemed to be a month to month tenancy terminable on thirty (30) days' notice given at any time by either party. The provisions of this paragraph do not exclude City's rights of re-entry or any other right under this Sublease.

30. SUBORDINATION OF SUBLEASE. The rights of Sublessee under this Sublease shall be and are subordinate at all times to the Prime Lease and all ground leases and/or underlying leases, if any, now or hereafter in force against the Property and to the lien of any mortgage or mortgages now or hereafter in force against such leases and/or the Premises, and to all advances made or hereafter to be extensions thereof. This paragraph is self-operative and no further instrument of subordination shall be required. In conformation of such subordination, Sublessee shall promptly execute such further instrument as may be reasonably requested by

City. Sublessee, at the option of any mortgagee, agrees to attorn to such mortgagee in the event of a foreclosure sale or deed in lieu thereof.

31. NOTICES. All notices, demands and requests from one party to another shall be delivered in person or sent by mail addressed to the other party at the address set forth below or at such other address as either party may notify the other in writing pursuant to this paragraph.

If to City:

City Manager's Office
Airport Terminal manager, City Hall
491 East Pioneer Ave.
Homer Alaska 99603-7624
Telephone: (907) 235-8121
E-mail: citymanager@ci.homer.ak.us

If to Sublessee:

Sterling Airways dba Aleutian Airways
Brian Whilden, General Manager
6751 S. Airpark Place
Anchorage, AK 99502
Telephone: (907) 600-7051
E-mail: brian.whilden@flysterling.com

Telephone, facsimile, and e-mail addresses are provided for informational purposes, and may not be used in lieu of mail or personal delivery for formal notices, demands, and requests.

If in an emergency, a secondary contact person on behalf of each party, and aside for the contacts listed above, will be:

City of Homer
Building Maintenance Division
491 East Pioneer Ave, Homer AK
Telephone: 907.235.3170
E-mail: publicworks@cityofhomer-ak.gov

Brian Whilden
6751 S. Airpark Place
Anchorage AK 99502
Telephone: 907-600-7051
E-mail: brian.whilden@flysterling.com

32. WAIVER. No failure by either City or Sublessee to insist upon the strict performance by the other of any term, covenant or condition of this Sublease or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such term, covenant or condition. No waiver of any breach or right, unless in writing, shall affect or alter this Sublease, but each and every term, covenant and condition of this Sublease shall continue in full force and effect with respect to any other then existing or subsequent breach.

The receipt and acceptance by City of delinquent rent shall not constitute a waiver of any other defaults; it shall constitute only a waiver of timely payment of the particular installment of rent involved. No act or conduct of City, including, without limitation, the acceptance of the keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Sublessee

before the expiration of the term of this Sublease. Only a notice from City or Sublessee shall constitute acceptance of the surrender of the premises and accomplish a termination of the term of this Sublease.

33. SALE OR TRANSFER OF PREMISES. If City sells or transfers the Building or the Premises, on assumption of the sale or transfer, City shall be released from any liability thereafter accruing under the security deposit or prepaid rent to City's successor and on such transfer City shall be discharged from any further liability in reference to the security deposit or prepaid rent.

34. MISCELLANEOUS PROVISIONS.

- (a) Time is of the essence of each provision of this Sublease.
- (b) This Sublease shall be binding on and inure to the benefit of the parties here to and their respective successors and assigns, except as otherwise provided in the Sublease.
- (c) This Sublease shall be governed by and construed and enforced in accordance with the laws of the State of Alaska.
- (d) This Sublease contains all the agreements of the parties and cannot be amended or modified except by a written agreement signed by the parties hereto.
- (e) It is understood and agreed that this Sublease shall not be binding until and unless all parties have signed it.
- (f) If Sublessee is a corporation, Sublessee shall deliver to City and DOT/PF on execution of this Sublease a certified copy of a resolution of its board of directors authorizing the execution of this Sublease and naming the officers that are authorized to execute this Sublease on behalf of the corporation or other proof reasonably satisfactory to City and DOT/PF.
- (g) Any litigation arising out of the performance of the parties under this Sublease, or its interpretation, shall be brought in the Superior Court for the State of Alaska, Third Judicial District at Homer.
- (h) All provisions contained in this Sublease, whether covenants or conditions, shall be deemed to be both covenants and conditions.
- (i) This Sublease may be executed in several counterparts, each of which shall be deemed an original and may be used as such, and such counterparts shall constitute but one and the same instrument.

35. NON-DISCRIMINATION. Sublessee covenants and agrees that discrimination on the grounds of race, color, religion, national, origin, ancestry, age or gender will not be permitted

against any patron, employee, applicant for employment, or other person or group of persons in any manner prohibited by federal, state or local law. To the extent required by applicable law, regulation, or government contract, Sublessee shall furnish services on a fair, reasonable and not unjustly discriminatory basis, and shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, however, that Sublessee may make reasonable and nondiscriminatory discounts, rebates and similar types of price reductions to volume purchasers, The Sublessee recognizes the right of the City to take any action necessary to enforce this covenant, including actions required pursuant to any federal, state or local law.

- (a) This agreement is subject to requirements of the U/S/ Department of Transportation's regulations, 49 CFR Part 23, Subpart F. The concessionaire agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award of performance of any concession agreement covered by 49 CFR Part 23, Subpart F.
- (b) The concessionaire agrees to include the above statements in any subsequent concession agreement that it enters and cause those businesses to similarly include the statements in further agreements.

36. RADIO INTERFERENCE. At the City's request, Sublessee shall discontinue the use of any machine or device which interferes with any government operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

37. REGULATIONS. Sublessee agrees to abide by all reasonable regulations now or hereafter established by the City or DOT/PF, or both, concerning the use, operation and maintenance of the Premises, Building and the Property.

38. STATE DOT/PF APPROVAL. Pursuant to the terms of the Prime Lease this Sublease shall not become effective until approved in writing by the State of Alaska, Department of Transportation and Public Facilities.

39. TERMINAL CHANGES AND IMPROVEMENTS. (a) The Sublessee understands and agrees that the requirements of the Building as an airport terminal in such matters as passenger volume, freight volume, flight frequencies, aircraft size, operating procedures, efficient baggage handling and passenger movements, aircraft and vehicle parking requirements, etc., may from time to time change, sometimes substantially, and consequently the City does hereby reserve the right and option to rebuild, remodel, relocate or otherwise effect such changes in the Premises and the Building. Sublessee agrees that upon thirty (30) days advance

written notice given by City to relocate to new premises within the Building as may be reasonably assigned by City as deemed necessary or advisable; subject, however, to the conditions that the new premises shall be situated on the same floor in the Building and on the same concourse or hallway as the Premises, and further that the area of the new premises shall not be less than ninety percent (90%) of the area of the Premises unless Sublessee shall consent to a greater reduction.

(b) Sublessee shall be receive no compensation but shall receive reimbursement of reasonable expenses for any such move required by City. Moreover, if the area of the new premises is less than the area of the Premises, rent shall be reduced by a fraction, the numerator of which is the difference between the area of the Premises and the area of the new premises and the denominator of which is the area of the Premises. During the term of this Sublease (not including any extensions or renewals thereof) the Sublessee shall not be required to pay any increased rent resulting from any such move required by City, even if the new premises are larger than or have a higher rental rate than the Premises.

(c) The Sublessee agrees that temporary inconveniences such as noise, disturbances, traffic detours, moving, and the like, caused by or associated with the construction, remodeling, rebuilding, or relocation of the Premises or other portions of the Building shall not constitute a breach of quiet enjoyment of the Premises, nor shall they be grounds for an abatement of rental exception in cases of interruption of the Sublessee's business or activities of longer than five (5) days in any calendar month in which case the rent shall be abated to the extent of the daily prorated rate of the monthly rental per each day of interruption of the Sublessee's business or activity.

(d) In the event Sublessee is required to move to new premises, City will exert its best efforts to provide new premises comparable to the Premises but in the event Sublessee reasonably believes the move will have a substantially adverse effect on the activities or business of the Sublessee conducted in the premises, the Sublessee may terminate this Sublease by giving written notice of termination to the City within thirty (30) days after the City has given the Sublessee the foregoing notice that the Sublessee must move.

40. SPECIAL COVENANTS. Special Covenants including renewal and rent adjustment provisions, if any, are set forth in Exhibit "B" attached hereto and incorporated by reference in this Sublease.

IN WITNESS WHEREOF, City and Sublessee have signed this Sublease as of the day and year first above written.

Sublessor:

CITY OF HOMER

Signature: _____

Melissa Jacobsen, City Manager

Sublessee:

STERLING AIRWAYS dba ALEUTIAN AIRWAYS

Signature: _____

(name & title) _____

ACKNOWLEDGEMENTS

STATE OF ALASKA)
)ss

THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me on _____, 20____, by _____, as City Manager of the City of Homer, an Alaska municipal corporation, on behalf of the City of Homer.

Notary Public in and for Alaska

My commission Expires:

STATE OF ALASKA)
)ss

THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me on _____, 20____, by _____, as _____ (title), of _____ (name of entity) on behalf of _____.

Notary Public in and for Alaska

My commission Expires:

EXHIBIT A

DESCRIPTION OF SUBLEASED PREMISES

The description of the Leased Premises is as follows:

Office and ticket area #110 with baggage make-up area (enplaning) directly behind office area #110. One-third of the baggage make-up area (deplaning) #115. Counter Cargo make-up area #131 directly behind office and ticket area #110. Total area consisting of 1,117 square feet, in the Homer Airport Terminal Building, Homer Airport located in Township 6S, Range 13W, Seward Meridian, Section 21, Homer recording District, Homer, Alaska, all situated on Lot 5A, Block 800, HOMER AIRPORT TRACTS according to the official plats on file with the State of Alaska, Department of Transportation and Public Facilities, Division of Aviation. The attached drawings depict the Premises being subleased (shaded in purple) along with the common areas of the Building that are used by other sublessees and the City.

Counter and cargo area #131 total area consisting of 384 square feet, in the Homer Airport Terminal Building, Homer Airport located in township 6S, Range 13W, Seward meridian, Section 21, Homer Recording District, Homer, Alaska, al situated on Lot 5A, Block 800, HOMER AIRPORT TRACTS according to the official plats on file with the State of Alaska, Department of Transportation and Public Facilities, Division of Aviation.

This sublease includes 4 parking spots at the Homer Airport Terminal in the employee parking area.

The attached drawing depicts the Premises being subleased along with common areas of the Building that are used by other sub lessees and the City.



REPORT TO MAYOR AND CITY COUNCIL

CITY OF HOMER, ALASKA

AUDIT WRAP UP:
YEAR ENDED JUNE 30,
2023

Welcome

September 23, 2024
Honorable Mayor and Members of the City Council
City of Homer, Alaska

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On May 13, 2024 we presented an overview of our plan for the audit of the financial statements of City of Homer, Alaska the City as of and for the year ended June 30, 2023, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the City’s accounting practices and policies, management’s judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the City and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.



BIKKY SHRESTHA
Engagement Partner
(907)-360-5970 / bshrestha@bdo.com



MARCUS BROWN
Assurance Manager
(907)-770-2258 / Marcus.brown@bdo.com

JOSEPH SYREN
Assurance Senior
(907)-646-7309 / jsyren@bdo.com

Contents

QUICK ACCESS TO THE
FULL REPORT

INTRODUCTION	2
EXECUTIVE SUMMARY	4
INTERNAL CONTROL OVER FINANCIAL REPORTING	11
ADDITIONAL REQUIRED COMMUNICATIONS	15
APPENDIX	20

The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors and Audit Committee) and, if appropriate, management of the Entity, and is not intended and should not be used by anyone other than these specified parties.



Executive Summary

Status of Our Audit

We have substantially completed our audit of the financial statements as of and for the year ended June 30, 2023. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- ▶ We issued an unmodified opinion on the financial statements and released our report.
- ▶ We issued our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- ▶ We issued an unmodified opinion on the City's Single Audit and State Single Audit, including the Schedule of Expenditures of Federal Awards (SEFA) and Schedule of State Financial Assistance.
- ▶ In planning and performing our audit of the SEFA and SSFA, we considered the City's internal control over compliance with requirements that could have a direct and material effect on its major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GAS and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State of Alaska Single Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.



Status of Our Audit, Continued

- ▶ Our responsibility for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the City and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.



Results of the Audit

ACCOUNTING PRACTICES, POLICIES, ESTIMATES AND SIGNIFICANT UNUSUAL TRANSACTIONS

The following summarizes the more significant required communications related to our audit concerning the City’s accounting practices, policies, estimates and significant unusual transactions:

The City’s significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- ▶ A summary of recently issued accounting pronouncements is included in Note 18 to the City’s financial statements.
- ▶ There were no changes in significant accounting policies and practices during 2023.

Significant estimates are those that require management’s most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The City’s accounting estimates, including a description of management’s processes and significant assumptions used in development of the estimates, are disclosed in Note 1 of the financial statements.

The City’s Other Accounting Estimates

Accounts Receivable and Allowances
Discount Rate - Leases
Pension and Other Postemployment Benefits

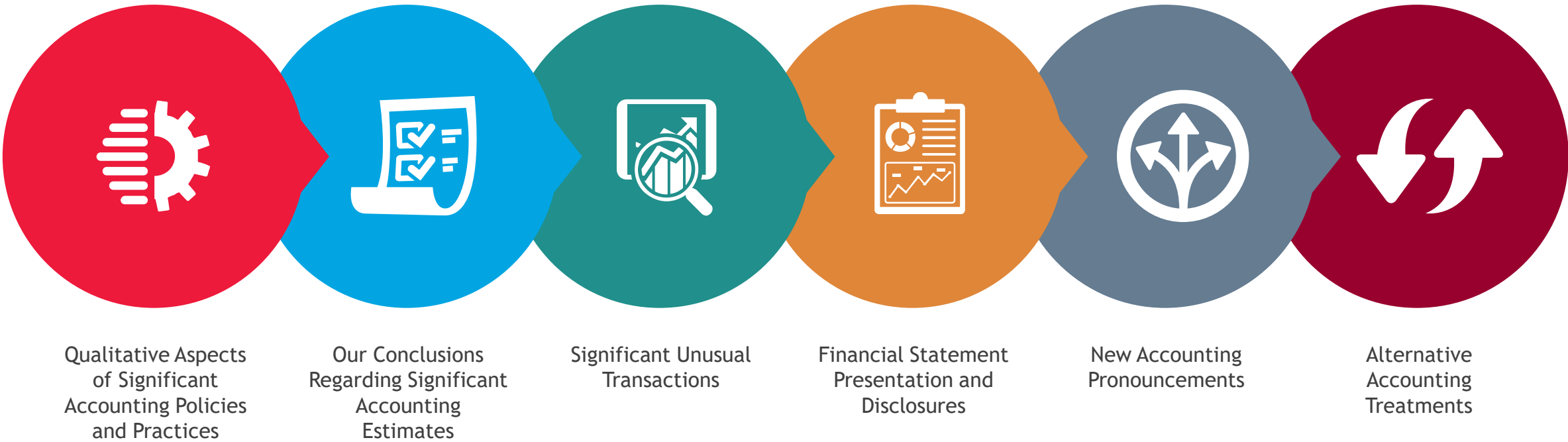
- ▶ Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2023.

The methods used to account for significant or unusual transactions, and related disclosures, are considered appropriate.

Results of the Audit

QUALITY OF THE City’s FINANCIAL REPORTING

A discussion was held regarding the quality of the City’s financial reporting, which included :



Results of the Audit

CORRECTED AND UNCORRECTED MISSTATEMENTS

Please refer to the schedule of corrected misstatements included in the signed representation letter.

Corrected Misstatements

Item #	Account Name and Adjustment Description	Debit	Credit
1)	FY23 Sales Tax Correction		
	Sales Tax	\$220,259	
	Acct Receivable Sales Tax		(\$183,554)
	Sales Tax Receivable		(\$29,364)
	Hart Cap PJTS Sales Tax Rec		(\$7,341)
2)	FY23 Deferred Revenue Correction		
	Deferred Revenue	\$303,706	
	Grant Revenue		(\$303,706)

Results of the Audit

UNCORRECTED MISSTATEMENTS

Please refer to the schedule of uncorrected misstatements to be included in the signed representation letter. We concur with management's assessment that the effects of not recording such adjustments are, both individually and in the aggregate, immaterial to the financial statements taken as a whole, considering both qualitative and quantitative factors. The uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated.

Uncorrected Misstatements

Item #	Account Name and Adjustment Description	Debit	Credit	Impact on Net Position
1)	Natural Gas Assessment Receivable Correction			
	Current Year Assessment Revenue	\$18,358		
	Prior Year Assessment Revenue		(\$18,358)	
2)	Lease Payment Calculation for Wireless applied using the incorrect payment schedule			
	Lease Receivable	\$60,955		
	Deferred Inflow		(\$24,506)	
	Lease Revenue		(\$36,449)	\$36,449
3)	Community Assistance Program Grant Revenue Correction			
	Current Year Grant Revenue	\$98,714		
	Prior Year Grant Revenue		(\$98,714)	
Current year cumulative uncorrected misstatements				\$36,449
Cumulative effect of prior period uncorrected misstatements brought forward from last period				\$0
Cumulative uncorrected misstatements adjusted for prior period impact				\$36,449



Internal Control Over Financial Reporting

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the City’s internal control over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Control Deficiency	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City ’s financial statements will not be prevented, or detected and corrected, on a timely basis.

Internal Control Over Financial Reporting

In conjunction with our audit, we noted the following:

► The following material weaknesses were identified:

Material Weakness	Comments
Deadline for Federal Single Audit - Reporting - Noncompliance and Material Weakness in Internal Control Over Compliance	<p>The City did not comply with the required submission date of the data collection form and reporting package to the FAC for the fiscal year ended June 30, 2023. As a result, the City is not compliant with 2 CFR 200.512.</p> <p>We recommend the City establish controls to ensure the audit is completed timely and the reporting package is submitted to the FAC within the required timeframe.</p>
Deadline for State Single Audit - Reporting - Noncompliance and Material Weakness in Internal Control Over Compliance	<p>The City did not provide the necessary information to complete the audit related to state programs subject to audit in a timely manner resulting in the audit not being completed by the State deadline. As a result, The City is not in compliance with 2 AAC 45.010 (b)(1).</p> <p>We recommend the City establish controls to ensure the audit is completed timely and the reporting package is submitted to the State within the required timeframe.</p>

Internal Control Over Financial Reporting

In conjunction with our audit, we noted the following:

► The following significant deficiency was identified:

Significant Deficiency	Comments
Significant Deficiency over Controls Pertaining to the Retention of Personal Identifiable Information and Personal Health Information	<p>A portable storage device containing personally protected health information and related personally identifiable information for the affected individuals was removed from a secured location and misplaced. BDO identified the resulting impacts and potential future impacts related to misplaced portable storage devices. BDO determined the impacts to be significant to the entity due to the nature of the data that was misplaced. Future impacts could result in costly remediation by the City to alleviate the burden of identity theft.</p> <p>Management should update policies and procedures pertaining to protected health information, personally identifiable information, secured storage facilities, and portable storage devices.</p>
Grant Revenue Reconciliations - Significant Deficiency in Internal Control Over Financial Reporting	<p>Reconciliations and related details provided on grant revenue contained amounts that were classified as unearned revenue, when the City had already met the criteria to record the amounts as grant revenue. An adjustment of \$303,706 was posted during the audit to record revenue and reduce unearned revenue.</p> <p>Review process should be put in place to ensure revenue is record in the correct period once the criteria for revenue recognition is met</p>



Additional Required Communications

Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the City:

Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risks of material misstatement, including fraud risks; or tips or complaints regarding the City’s financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of requirements of an applicable financial reporting framework.
Significant findings and issues arising during the audit in connection with the City’s related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.

Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the City:

Requirement	Discussion Point
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the City’s financial statements or to our auditor’s report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.
If applicable, other matters significant to the oversight of the City’s financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the City’s financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.

Independence

Our engagement letter to you dated May 13, 2024 describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Government Auditing Standards* with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the City with respect to independence as agreed to by the City. Please refer to that letter for further information.



Audit Firm System of Quality Management

An audit firm’s system of quality control (aka system of quality management) is essential to how the firm conducts audits and is in place to protect investors, shareholders and other users of financial statements.

QUALITY MANAGEMENT STANDARDS

In June 2022, the AICPA Auditing Standards Board (ASB) issued the following interrelated standards on audit quality management (collectively, the QM standards), which are designed to improve a CPA firm’s risk assessment and audit quality. The effective date of the QM standards is December 15, 2025.

Statement on Quality Management Standards (SQMS) No. 1	Statement on Quality Management Standards (SQMS) No. 2	Statement on Auditing Standards (SAS) No. 146
<i>A Firm’s System of Quality Management</i>	<i>Engagement Quality Reviews</i>	<i>Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards</i>


BDO has assessed the requirements of the QM standards and has analyzed our firm’s current system of quality management to identify changes and improvements necessary for compliance. This includes the identification of quality objectives, quality risks and the assessment of those quality risks, and responses to address those risks. We are further working with BDO Global to appropriately integrate processes deployed at a global level into our firm’s system of quality management.



We will continue to provide you with updates on our progress. Currently, you may find discussion of BDO’s system of quality control within our annual [Audit Quality Reports](#), the most recent of which is accessible [here](#).



Appendix



At BDO, our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes – for our people, our clients and our communities. Across the U.S., and in over 160 countries through our global organization, BDO professionals provide assurance, tax and advisory services for a diverse range of clients.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. www.bdo.com.

Material discussed in this publication is meant to provide general information and should not be acted on without professional advice tailored to your needs.

© 2024 BDO USA, P.C. All rights reserved.





You can contact us from the website, or

Email to admin@wherecanihomer.org, or

Call or Text to (907) 630-0723

CITY OF HOMER

Comprehensive Plan Rewrite



Community Work Session

Tuesday, October 22, 6:00-8:00 PM

Alaska Islands & Ocean Visitor Center

95 Sterling Highway #1, Homer, AK 99603

Join us as we explore how population and job growth might change land use and development patterns in Homer over time.

Using a combination of community input and other information, the project team is developing **three potential growth scenarios** to explore how Homer could change over the next ten years.

The **three scenarios will be shared at the Community Work Session**, with both in-person and virtual options to share your thoughts.

This exercise will assist in developing goals, objectives, and recommendations for the Comprehensive Plan Rewrite and Title 21 Revision.



Contact Information

- **City of Homer Planner:** Ryan Foster, rfoster@ci.homer.ak.us, 907-299-8529
- **Project Consultant:** Shelly Wade, shelly@agnewbeck.com, 907-242-5326

Resources

- **Project website:** www.homercompplanupdate.com
- **City of Homer on Facebook:** <https://www.facebook.com/cityofhomerak>



249



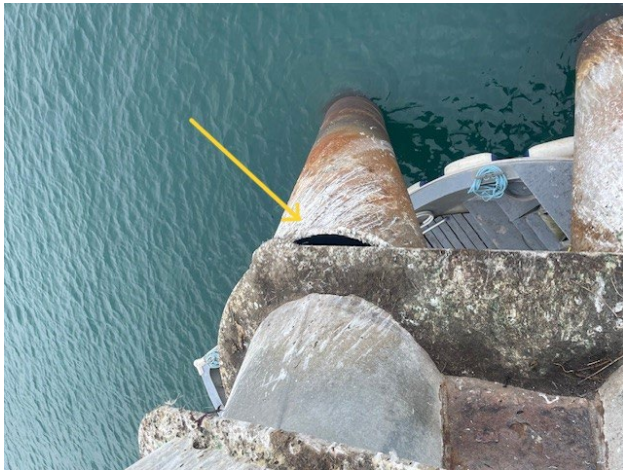


MEMORANDUM

Ordinance 24-45, An Ordinance of the City Council of Homer, Alaska, Amending the FY25 Capital Budget by Appropriating \$25,000 from the Port Reserves Fund for the Purpose of the Deep Water Dock North Dolphin Repair Project. City Manager/Port Director.

Item Type: Back Up Memorandum
Prepared For: Homer City Council & Mayor Castner
Date: September 10, 2024
From: Bryan Hawkins, Port Director
Through: Melissa Jacobsen, City Manager

Earlier this summer, our team observed that one of the dolphins at the Deep Water Dock had sustained damage. The exact timing of the incident and the responsible party remain unknown, but the dolphin has completely detached from the pile cap and will require realignment and re-welding.



(Complete separation from piling cap and failed weld)



(location of damaged dolphin at the deep water dock)

With a dock face measuring 345 feet, these dolphins serve an essential purpose when mooring vessels that extend beyond the dock's length. The Deep Water Dock is designed to accommodate vessels up to 800 feet long, utilizing both dolphins and mooring buoys for secure moorings. Due to the dolphin's location, the repair will necessitate a vessel equipped with a crane to facilitate the repair crew.

Although the repair process is straightforward, it will involve constructing a scaffold platform for the welding team, welding pad eyes onto the piles, winching the damaged pile back into its proper position, and performing a multi-pass weld to secure it back to the pile cap.

RECOMMENDATION:

Council approve Ordinance 24-45 Amending the FY 25 budget allocating \$25,000 from the port reserve fund for the repair of the damaged Deep Water Dock dolphin.

Fiscal note: 456-0380 \$25,000.

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Port Director

ORDINANCE 24-45

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
AMENDING THE FY25 CAPITAL BUDGET BY APPROPRIATING
\$25,000 FROM THE PORT RESERVES FUND FOR THE PURPOSE OF
THE DEEP WATER DOCK NORTH DOLPHIN REPAIR.

WHEREAS, The north dolphin of the Deepwater dock has sustained damage and the
weld on one of the dolphin pilings has failed; and

WHEREAS, The Deep Water Dock, with its mooring dolphins, is designed to
accommodate vessels up to 800 foot long and the north dolphin is a crucial structural element
to that purpose; and

WHEREAS, Due to the nature of this event, allocation from the Port Reserve fund is
necessary for amending the FY25 port operational budget to fund this needed repair.

NOW, THEREFORE, The City of Homer Ordains:

Section 1: The FY25 Operating budget is hereby amended by \$25,000 from the Port
Reserve Fund for the purpose of the deep water dock north dolphin repair, as follows:

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
456-0380	DWD dolphin repair	\$ 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 October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

41 ATTEST:

42

43

44 _____
RENEE KRAUSE, MMC, CITY CLERK

45

46 YES:

47 NO:

48 ABSTAIN:

49 ABSENT:

50

51 First Reading:

52 Public Hearing:

53 Second Reading:

54 Effective Date:

CITY OF HOMER
HOMER, ALASKA

City Manager/
Port Director

ORDINANCE 24-45(S)

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
AMENDING THE FY25 CAPITAL BUDGET BY APPROPRIATING
\$25,000 FROM THE PORT RESERVES FUND FOR THE PURPOSE OF
THE DEEP WATER DOCK NORTH DOLPHIN REPAIR.

WHEREAS, The north dolphin of the Deep Water Dock (DWD) has sustained damage and
the weld on one of the dolphin pilings has failed; and

WHEREAS, The Deep Water Dock, with its mooring dolphins, is designed to
accommodate vessels up to 800 foot long and the north dolphin is a crucial structural element
to that purpose; and

WHEREAS, Due to the nature of this event, allocation from the Port Reserves fund is
necessary for amending the FY25 port operational budget to fund this needed repair.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1: The **Homer City Council hereby amends the** FY25 Operating **Capital** budget
is hereby amended by **appropriating** \$25,000 from the Port Reserve Fund for the purpose of
the deep water dock north dolphin repair, as follows:

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
456-0380	DWD dolphin repair	\$ 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 October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

42 ATTEST:

43

44

45 _____
RENEE KRAUSE, MMC, CITY CLERK

46

47 YES:

48 NO:

49 ABSTAIN:

50 ABSENT:

51

52 First Reading:

53 Public Hearing:

54 Second Reading:

55 Effective Date:

**CITY OF HOMER
HOMER, ALASKA**

Lord/Davis

ORDINANCE 24-46

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA
AMENDING THE FY25 CAPITAL BUDGET BY APPROPRIATING
\$40,000 FROM THE HOMER ACCELERATED ROADS AND TRAILS
(HART) ROADS FUND TO PURCHASE SPEED MONITORING
DEVICES.

WHEREAS, Concerns of speeding have been expressed by citizens in several areas our
community; and

WHEREAS, The Homer Police Department regularly patrols the roads throughout the
City and responds to calls based level of the emergency, so aren't always available to write
tickets when speeding occurs; and

WHEREAS, Speed monitoring devices are tools the City uses to help fill the gap as they
can alert drivers when they are exceeding the speed limit on our local roads; and

WHEREAS, Speed monitoring devices also collect traffic speed and volume data and
some will take images of vehicles; and

WHEREAS, The City's existing mobile speed monitoring device still functions but is older
and doesn't collect data like the newer models; and

WHEREAS, Purchasing a new mobile speed monitoring device and two additional post
mounted devices will benefit the City by alerting drivers when they are speeding and collecting
data to help identify areas that need more enforcement.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends the FY25 Capital Budget by
appropriating \$40,000 as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
160	HART Roads	\$40,000

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

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA this ____ day of October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, CITY CLERK

YES:

NO:

ABSTAIN:

ABSENT:

First Reading:

Public Hearing:

Second Reading:

Effective Date:

CITY OF HOMER FINANCIAL SUPPLEMENT

PROJECT NAME	Speed Monitoring Devices	DATE	09/19/2024
DEPARTMENT	Council	SPONSOR	Lord/Davis
REQUESTED AMOUNT	\$ 40,000		

DESCRIPTION	<p>Concerns of speeding have been expressed by citizens in several areas our community. The Homer Police Department regularly patrols the roads throughout the City and responds to calls based level of the emergency, so aren't always available to write tickets when speeding occurs. Speed monitoring devices are tools the City uses to help fill the gap as they can alert drivers when they are exceeding the speed limit on our local roads. Speed monitoring devices also collect traffic speed and volume data and some will take images of vehicles.</p> <p>The City's existing mobile speed monitoring device still functions but is older and doesn't collect data like the newer models. Purchasing a new mobile speed monitoring device and two additional post mounted devices will benefit the City by alerting drivers when they are speeding and collecting data to help identify areas that need more enforcement.</p>
-------------	---

FUNDING SOURCE(S)	OPERATING	GF CARMA	GF FLEET CARMA	PORT RESERVES	WATER CARMA
	0%	0%	0%	0%	0%
	HAWSP	HART-ROADS	HART-TRAILS	PORT FLEET RESERVES	SEWER CARMA
	0%	100%	0%	0%	0%

FUNDING SOURCE 1: HART Roads (160)	FUNDING SOURCE 2:	FUNDING SOURCE 3:
Current Balance \$ 6,950,613	Current Balance _____	Current Balance _____
Encumbered \$ 4,841,338	Encumbered _____	Encumbered _____
Requested Amount \$ 40,000	Requested Amount _____	Requested Amount _____
Other Items on Current Agenda \$ 0	Other Items on Current Agenda _____	Other Items on Current Agenda _____
Remaining Balance \$ 2,069,275	Remaining Balance _____	Remaining Balance _____
FUNDING SOURCE 4:	FUNDING SOURCE 5:	FUNDING SOURCE 6:
Current Balance _____	Current Balance _____	Current Balance _____
Encumbered _____	Encumbered _____	Encumbered _____
Requested Amount _____	Requested Amount _____	Requested Amount _____
Remaining Balance _____	Remaining Balance _____	Remaining Balance _____



MEMORANDUM

Ordinance 24-47, An Ordinance of the City Council of Homer, Alaska Amending the FY24 Capital Budget by Appropriating an Additional \$15,000 from the Public Works Capital Asset Repair and Maintenance Allowance (CARMA) Fund for the Airport Sidewalk Replacement Project. City Manager/Public Works Director.

Item Type: Backup Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: September 19, 2024
From: Melissa Jacobsen, City Manager

Council Member Davis and others who reside on West Fairview have provided comments to Council at their meetings and directly to Public Works regarding concerns of speeding and pedestrian safety following the development of the West Fairview connection from Eric Lane.

I've been in conversations with Public Works staff regarding this matter since it's come up and we've considered what solutions might be viable for the situation as we transition between summer and winter maintenance. It's not feasible to keep candlestick markers or cones along the roadway as was done during the summer because they interfere with the grader work that is being performed following recent rainfall and in preparing the road for winter maintenance.

We've talked internally about some solutions for the area that include installing colored stake whiskers (reflective tabs are affixed by adhesive and won't work on gravel) to delineate the pedestrian area from the road. These have to be ordered so will take some time to get here and then be installed. The grader could pass over these, and they would have to be replaced as they are pulled out of the gravel. We've also recently shared some emails regarding signage options that could be placed along the roadway to alert drivers and pedestrians to where the pedestrian path is.

It's my understanding that Homer Police increased their patrols of the area for a period of time and reported that they didn't observe speeding during their patrols. Chief Robl will be back in office on the 23rd and I'll confirm this prior to the meeting time.

It's important to remember this isn't the only area where there's a need, and as a result of doing this work it will create a staffing impact to attempt to address other areas for this short shoulder season between summer and winter.

Traffic calming is something staff and Council Members Lord and Davis have been discussing generally because it's important to remember this is an issue in other areas, not just West Fairview. There is a work session scheduled for October 14th to discuss traffic calming.

I'll appreciate any additional feedback on this specific to this matter from Council.

Attachments:

Memorandum from Public Works Director Kort
Email correspondence from City Engineer Galbraith

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
City Engineer

ORDINANCE 24-47

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
AMENDING THE FY25 CAPITAL BUDGET BY APPROPRIATING AN
ADDITIONAL \$15,000 FROM THE GENERAL FUND CAPITAL ASSET
REPAIR AND MAINTENANCE ALLOWANCE (CARMA) FUND TO THE
AIRPORT TERMINAL SIDEWALK REPLACEMENT PROJECT.

WHEREAS, The under construction Airport Terminal Sidewalk Replacement Project will
address ADA accessibility in correcting the uneven sidewalk and improving on handicap access
ramps to the sidewalk that lead to the terminal doors; and

WHEREAS, This project was funded through appropriations in the FY24/25 Capital
Budget, Community Assistance Program funds by Ordinance 24-21, and additional CARMA
funds by Ordinance 24-29 for a total of \$249,990; and

WHEREAS, The runway side of the Airport Terminal has severely deteriorated pavement
adjacent to the forklift loading doors; and

WHEREAS, The project has a very short duration of construction and this additional
work needs to be scheduled and incorporated as quickly as possible.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1: The Homer City Council hereby amends the FY25 Capital Budget by
appropriating an additional \$15,000 as follows:

Transfer from:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
156-0395	Public Works CARMA	\$15,000

Transfer to:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
151-7037	Airport Sidewalk Project	\$15,000

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 October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, CITY CLERK

YES:

NO:

ABSTAIN:

ABSENT:

First Reading:

Public Hearing:

Second Reading:

Effective Date:

CITY OF HOMER FINANCIAL SUPPLEMENT

PROJECT NAME	<u>Additional Funding - Airport Sidewalk Replacement</u>	DATE	<u>09/19/2024</u>
DEPARTMENT	<u>Public Works</u>	SPONSOR	<u>City Manager/City Engineer</u>
REQUESTED AMOUNT	<u>\$ 15,000</u>		

DESCRIPTION	<p>The under construction Airport Terminal Sidewalk Replacement Project will address ADA accessibility in correcting the uneven sidewalk and improving on handicap access ramps to the sidewalk that lead to the terminal doors.</p> <p>The runway side of the Airport Terminal has severely deteriorated pavement adjacent to the forklift loading doors. The project has a very short duration of construction and this additional work needs to be scheduled and incorporated as quickly as possible.</p>
-------------	--

FUNDING SOURCE(S)	OPERATING	PW CARMA	GF FLEET CARMA	PORT RESERVES	WATER CARMA
	0%	100%	0%	0%	0%
	HAWSP	HART-ROADS	HART-TRAILS	PORT FLEET RESERVES	SEWER CARMA
	0%	0%	0%	0%	0%

FUNDING SOURCE 1: PW CARMA (156-0395)		FUNDING SOURCE 2:		FUNDING SOURCE 3:	
Current Balance	<u>\$ 609,595</u>	Current Balance	<u> </u>	Current Balance	<u> </u>
Encumbered	<u>\$ 566,708</u>	Encumbered	<u> </u>	Encumbered	<u> </u>
Requested Amount	<u>\$ 15,000</u>	Requested Amount	<u> </u>	Requested Amount	<u> </u>
Other Items on Current Agenda	<u>\$ 0</u>	Other Items on Current Agenda	<u> </u>	Other Items on Current Agenda	<u> </u>
Remaining Balance	<u>\$ 27,887</u>	Remaining Balance	<u> </u>	Remaining Balance	<u> </u>
FUNDING SOURCE 4:		FUNDING SOURCE 5:		FUNDING SOURCE 6:	
Current Balance	<u> </u>	Current Balance	<u> </u>	Current Balance	<u> </u>
Encumbered	<u> </u>	Encumbered	<u> </u>	Encumbered	<u> </u>
Requested Amount	<u> </u>	Requested Amount	<u> </u>	Requested Amount	<u> </u>
Remaining Balance	<u> </u>	Remaining Balance	<u> </u>	Remaining Balance	<u> </u>



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

491 East Pioneer Avenue
Homer, Alaska 99603

citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

(f) 907-235-3148

Memorandum

TO: Mayor Castner and Homer City Council
FROM: Melissa Jacobsen, City Manager
DATE: October 9, 2024
SUBJECT: City Manager's Report for October 14, 2024 Council Meeting

Library Trail – West Lot and Storybook Trail and Lucky Shot Trail

This project was completed on October 8, 2024 with in-house resources rather than contracting out the work as originally intended. Based upon previous work completed, it is estimated that the Public Works Department was able to save the City approximately \$50,000 by conducting this work using in-house resources. The Public Works Roads staff provided additional equipment and labor to support the Parks Division staff at completing the project. The only remaining work to be completed on the Storybook Trail portion of the project is the installation of the Storyboards. The installation of the Storyboards was not intended to occur this construction season as part of this effort and will be installed early next summer. Even though the Storyboards were not installed, wide spots in the trail were constructed as part of this effort to accommodate the Storyboards. The wide spots were constructed so the folks stopping to read the storyboards are not in the main trail. The Parks Division of the Public Works Department recognized the opportunity to save money by making improvements to the Lucky Shot Trail during the same mobilization effort, so this work was added to the project. Adding this work allowed for a seamless transition between the two trails. Photos below show before and after images of the Lucky Shot segment.



2024 Homer Transportation Plan

The 2024 Homer Transportation Plan has been submitted to the Kenai Peninsula Borough for final adoption. Staff expects the adoption process to be complete during the first quarter of 2025. In the meantime, now is a good time to be thinking of which projects and policies are priorities. All implementation requires staff time, funding, or a combination of both. The upcoming budget process is the ideal time to identify funding and staff resources for transportation related projects.

Utility Billing Vendor Update

The program the City uses to process autopay for City water and sewer monthly bills is aging out and will no longer be supported after November. The Finance Department has identified a new vendor to provide this service and is working towards implementing the replacement prior to the old system going offline. Similar notice will be going out to utility customers in our monthly bills in October and November. Customers will have to setup a profile with our new vendor to continue autopay services after November. Periodic updates will be provided as we move through the implementation process.

Homer Harbor in the News

Homer Harbor has recently made headlines, catching the attention of the media. Staff was interviewed for an article in the Alaska Contractor Magazine fall 2024 issue titled *When the Ship Comes In- Port and harbor projects support economic vitality in Alaska* and staff collaborated with HDR on an article for the Alaska Business Monthly about capacity issues at Homer Harbor, which ran in the October 2024 issue.

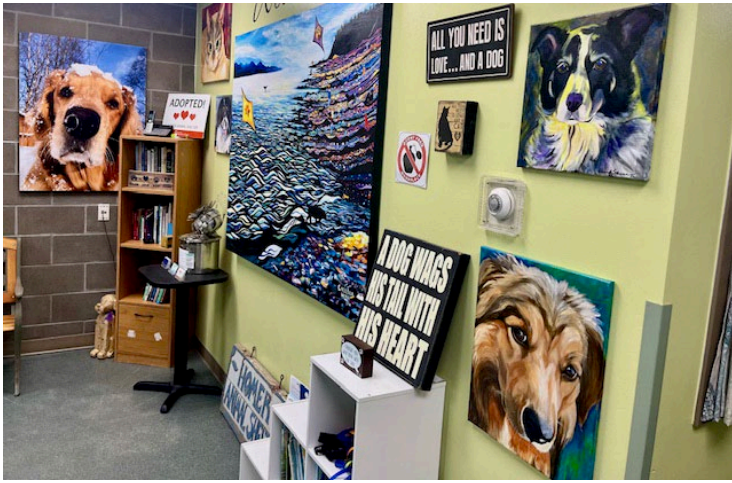
Homer Harbor Critical Float Replacement Project Funding Update

The City was recently informed that the planning and design phase of the Systems 4 & 1 Critical Float Replacement project, with a total estimated cost of \$2,205,000, was selected by the Denali Commission for a \$1.1 million Waterfront Improvement grant. This grant will assist with completing 100% design, environmental review, and permitting. Staff is currently responding to the Denali Commission's request for information for drafting a funding agreement. Once the Obligating Award Document is complete, staff will bring an Ordinance approving and accepting the funds for Council consideration. Denali Commission funds could potentially be in place to begin engineering and design activities in the first quarter 2025.

This funding, combined with a potential additional \$250,000 Federal appropriation submitted by Representative Peltola and contained in the FY25 House Department of Transportation Port Infrastructure Development Program Appropriations bill, will be instrumental in kick-starting the predevelopment activities for this critical project. Together, these funding sources would cover approximately 61% of the total design and permitting cost, significantly advancing the project's feasibility and timeline.

Homer Animal Shelter First Friday Event

The Homer Animal Shelter (HAS) hosted a First Friday Open House on Oct. 4 to help showcase local artists, as well as meet community members who may have never visited the City's shelter. Around 40 folks visited over a couple of hours to meet the animals and staff while taking a tour of the building. Volunteers provided food, face painting, and photos to support the event. HAS provides a safe haven for Homer's homeless pets, offers resources to pet owners in need, and enforces the City's animal ordinances by providing animal control services.



Attachments:

- October Employee Anniversaries
- Current job openings
- City Council Work Session Schedule



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

491 East Pioneer Avenue
Homer, Alaska 99603

citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

(f) 907-235-3148

Memorandum

TO: MAYOR CASTNER AND CITY COUNCIL
FROM: Andrea Browning
DATE: October 14, 2024
SUBJECT: October Employee Anniversaries

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

Charles Lee	Police	4	Years
Kathy Vogl	Comm Rec	1	Year



[Documents](#) [Job Openings](#) [Helpful Links](#)

Current Job Listings

Below is a list of the current openings with our company. Click on the job title to learn more about the opening.

Search Jobs

[Hide Filters](#) [Clear All](#)

<input type="text" value="Search Jobs"/>	City <input type="text"/>	State <input type="text"/>
Employment Type <input type="text"/>	Department <input type="text"/>	Sort By <input type="text"/>

Number of Jobs: 3

Firefighter/ ALS EMT/ Driver Operator (<https://cityofhomerak.applicantpro.com/jobs/3514515>)

Fire | Homer, AK, USA | Full Time

Posted: Oct 01, 2024 Closing Date: Oct 31, 2024

[Apply Now](#) (<https://cityofhomerak.applicantpro.com/jobs/3514515>)

Part-Time Port Property Associate (<https://cityofhomerak.applicantpro.com/jobs/3515932>)

Port and Harbor Administration | Homer, AK, USA | Part Time | \$25.32 - \$26.34 per hour

Posted: Oct 02, 2024 Closing Date: Oct 31, 2024

[Apply Now](#) (<https://cityofhomerak.applicantpro.com/jobs/3515932>)

Port & Harbor Administrative Assistant (<https://cityofhomerak.applicantpro.com/jobs/3515893>)

Port and Harbor Administration | Homer, AK, USA | Full Time | \$22.38 - \$23.94 per hour

Posted: Oct 02, 2024 Closing Date: Oct 31, 2024

[Apply Now](#) (<https://cityofhomerak.applicantpro.com/jobs/3515893>)

[Jobs \(/jobs/\)](#) [Login \(/account/login.php\)](#)

Sign Up For Job Alerts!

☐ I agree to the [terms of service](#) (<https://refer.io/blog/terms>) and [privacy policy](#). (<https://refer.io/blog/privacy>).

[Send Me Jobs](#)

powered by [Refer.io](https://refer.io/blog) (<https://refer.io/blog>).

Council Meeting Dates	Work Session Topic
Monday, August 12	<i>E-session: Cyber Security Risk Assessment Review</i>
Monday, August 19 Off-Cycle	<i>Joint Session with ADA Advisory Board</i>
Monday, August 26	<i>Capital Improvement Plan & Legislative Requests</i>
Monday, September 9	<i>Vessel Haul Out/Camping Land Allocation Rescheduled</i>
Monday, September 16 Off-cycle	<i>Joint Worksession with Economic Development Advisory Commission Rescheduled</i>
Monday, September 23	<i>End of Year Financial Worksession</i>
Monday, October 14	
Monday, October 21	<i>Joint Worksession with Planning Commission To be Rescheduled in Early 2025</i>
Tuesday, October 21	<i>Comp Plan Event, Islands & Ocean Visitor Center</i>
Monday, October 28	<i>Future Use of Pier One Area Land Allocation Plan</i>
Tuesday, November 12	
Monday, November 18	<i>Joint Worksession with Economic Development Advisory Commission</i>
Monday, November 25	

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Finance Director

RESOLUTION 24-105

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
ACCEPTING THE FISCAL YEAR 2023 BASIC FINANCIAL
STATEMENTS AND ACKNOWLEDGING THE MANAGEMENT LETTER
SUBMITTED BY THE CITY'S INDEPENDENT AUDITOR, BDO USA,
LLP AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE
FINANCIAL REPORT.

WHEREAS, BDO USA, LLP conducted the annual audit, submitted the Fiscal Year 2023
Basic Financial Statements, and the management letter was delivered for review and
distributed to the Mayor and City Council (enter date); and

WHEREAS, BDO USA, LLP made a public presentation during the Regular Meeting of
September 23, 2024.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Homer, Alaska, that the Fiscal
Year 2023 Basic Financial Statements is accepted and that the management letter is
acknowledged as submitted by BDO USA, LLP, the City's independent auditor.

PASSED AND ADOPTED by the Homer City Council this 23rd day of September, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, CITY CLERK

Fiscal Note: N/A

City of Homer, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information, and Single Audit Reports

Year Ended June 30, 2023



City of Homer

www.cityofhomer-ak.gov

This page intentionally left blank.

City of Homer, Alaska

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report		1-4
Management's Discussion and Analysis		6-16
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	18-19
Statement of Activities	A-2	20
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	21
Reconciliation of Governmental Funds		
Balance Sheet to Statement of Net Position	B-2	22
Statement of Revenues, Expenditures, and		
Changes in Fund Balances (Deficit)	B-3	23
Reconciliation of the Change in Fund Balances of		
Governmental Funds to Statement of Activities	B-4	24
Proprietary Funds:		
Statement of Net Position	C-1	25-26
Statement of Revenues, Expenses, and Changes		
in Net Position	C-2	27
Statement of Cash Flows	C-3	28-29
Notes to Basic Financial Statements		30-68
Required Supplementary Information		
Schedule of Revenues, Expenditures, and Changes in Fund		
Balance – Budget and Actual:		
General Fund	D-1	70
Utility Special Revenue Fund	D-2	71
Public Employees Retirement System:		
Schedule of the City's Information on the Net Pension Liability	E-1	72
Schedule of the City's Information on the Net OPEB Liability (Assets)	E-2	73
Schedule of City Contributions - Pension	E-3	74
Schedule of City Contributions - OPEB	E-4	75
Notes to Required Supplementary Information		76-77

City of Homer, Alaska

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
Supplementary Information		
Combining and Individual Fund Financial Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	F-1	81-82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	83-84
General Fund:		
Balance Sheets	G-1	86
Schedules of Revenues, Expenditures, and Changes in Fund Balance – with 2023 Budget and Actual	G-2	87-91
Utility Special Revenue Fund:		
Combining Balance Sheet	H-1	93
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	H-2	94
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficits)	H-3	95
Port of Homer Enterprise Fund:		
Statements of Net Position	I-1	97-98
Statements of Revenues, Expenses, and Changes in Net Position	I-2	99
Statements of Cash Flows	I-3	100-101
Combining Schedule of Net Position	I-4	102-103
Combining Schedule of Revenues, Expenses, and Changes in Net Position (Deficits)	I-5	104
Internal Service Funds:		
Combining Statement of Net Position	J-1	106
Combining Statement of Revenues, Expenses, and Changes in Net Position	J-2	107
Combining Statement of Cash Flows	J-3	108
Schedule of Expenditures of Federal Awards	K-1	109
Noted to Schedule of Expenditures of Federal Awards		110
Schedule of State Financial Assistance	K-2	111

City of Homer, Alaska

Table of Contents

Single Audit Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	114-115
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	116-119
Independent Auditor's Report on Compliance for Each Major State Program and on Internal Control Over Compliance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	120-122
Schedule of Findings and Questioned Costs	123-127
Summary Schedule of Prior Audit Findings	130-131
Corrective Action Plan (unaudited)	132-133



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Homer, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Homer, Alaska (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures, and changes in fund balance - budget and actual, schedules of the City's information on the net pension liability and net other postemployment benefits (OPEB) Assets, and schedules of the City's pension and OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *combining and individual fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and *Schedule of State Financial Assistance as required by the State of Alaska Single Audit Guide and Compliance Supplement for State Single Audits* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Homer as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated April 8, 2024, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules and schedules for the year ended June 30, 2022 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
October 8, 2024

Management's Discussion and Analysis

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2023

Financial Highlights

- The assets and deferred outflows of resources of the City of Homer exceeded its liabilities and deferred inflows of resources on June 30, 2023 by \$150,035,309 (Net Position). Of this amount, unrestricted net position of \$28,170,569 may be used to meet the City's ongoing obligations to citizens and creditors. The City's total net position increased by \$6,115,976 from current year activity. For the year, governmental type activities increased by \$4,818,139 and business type activities increased by \$1,297,837.

As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$33,473,790, an increase of \$2,391,621 from the prior year. A combination of factors contributed to the increase, but primarily due to proceeds from new loans.

- At June 30, 2023, the fund balance for the General fund was \$7,502,125. Of this amount, \$2,332,560 was unassigned and available for future use.
- At June 30, 2023, the City of Homer's outstanding governmental liabilities totaled \$23,092,684. Business-type debt outstanding was \$4,462,656. These figures include external debt (bonds, loans, capital leases) as well as accrued leave and net pension and OPEB liabilities.

Overview of the Financial Statements

This annual report is comprised of four segments as dictated by Generally Accepted Accounting Principles (GAAP): Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the City of Homer.

- Government-wide financial statements provide both long-term and short-term information about the City's overall condition in a summary format.
- Fund financial statements focus on individual parts of Homer's government, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements explain how general government services like public safety were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the port and harbor fund.

The financial statements also include *notes*, which elaborate on some of the information in the basic financial statements that provide more detailed data. The notes to the basic financial statements are followed by a section of required supplementary information that includes budgetary comparison schedules and net pension, and OPEB schedules. In addition to these required elements, we have included other supplementary information such as the individual and combining fund financial statements and schedules.

City of Homer, Alaska
Management's Discussion and Analysis
June 30, 2023

Illustration A-1 Major Features of City of Homer's Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government	The activities of the City that are not proprietary, such as police, fire, public works, and water/sewer utility	Activities the City operates similar to private businesses, such as port & harbor
Required financial statements	*Statement of net position *Statement of activities	*Balance sheet *Statement of revenues, expenditures and changes in fund balance	*Statement of net position *Statement of revenues, expenses and changes in net position *Statement of cash flows
Accounting basis and measurement focus	Accrual accounting	Modified accrual accounting and current financial resources focus	Accrual accounting
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Illustration A-1 summarizes the major features of the City's financial statements. The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Homer's finances in a manner similar to a private-sector business. These statements can be located as listed in the table of contents of this document.

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2023

- The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may indicate the improvement or deterioration of the City's financial position.
- The statement of activities presents information showing how the City's net position changed during the concluded period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements of the City are divided into two categories:

- **Governmental activities** - These are functions such as public safety and public works services that are principally supported by taxes and intergovernmental revenue.
- **Business-type activities** - These functions are intended to recover all or a significant portion of their costs through user fees and charges. The City's port & harbor system falls within this category.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Homer, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the period. Such information may be useful in evaluating a government's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Homer maintains twenty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2023

revenues, expenditures, and changes in fund balances for all major funds. Individual fund data for each of the non-major funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and Utility Special Revenue Fund. Budgetary comparison statements are provided for these funds to demonstrate compliance with the budgets.

Proprietary Funds - Services for which the City charges customers a fee are generally reported in the proprietary funds. Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The City of Homer maintains two different types of proprietary funds.

- Enterprise funds - Are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses one enterprise fund to account for its port & harbor system.
- Internal service funds - Are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its health benefits and accrued leave cash-outs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents of this report.

Please note, the following financial analysis is reported in ***thousands***.

Government-wide Financial Analysis

At the close of the 2023 fiscal year, the City's net position (assets exceeding liabilities) totaled \$150,035 (see Table A-1). Of this amount, \$114,494 or 76%, represents the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. Because the City of Homer uses these capital assets to provide services to the community, these assets are not available for future spending. The remaining amounts of net position are labeled as restricted or unrestricted.

The restricted balance of \$7,371 in the governmental activities is for capital projects. The total unrestricted amount in the governmental activities totals \$23,442 and is available to meet the City's ongoing obligations to citizens and creditors.

City of Homer, Alaska
Management's Discussion and Analysis
June 30, 2023

The following schedule provides a summary of the City's net position:

Table A-1
City of Homer's Net Position
(Amounts reported in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current assets	\$ 42,654	43,405	7,450	5,983	50,104	49,388
Noncurrent assets	84,126	83,372	51,873	52,650	135,999	136,022
Total Assets	126,780	126,777	59,323	58,633	186,103	185,410
Deferred outflows	1,855	1,694	305	299	2,160	1,993
Total Assets and Deferred Outflows	128,635	128,471	59,628	58,932	188,263	187,403
Liabilities						
Noncurrent liabilities	23,093	21,008	4,462	4,464	27,555	25,472
Other liabilities	1,840	1,960	1,137	880	2,977	2,840
Total Liabilities	24,933	22,968	5,599	5,344	30,532	28,312
Deferred inflows	397	7,016	7,299	8,155	7,696	15,171
Total Liabilities and Deferred Inflows	25,330	29,984	12,898	13,499	38,228	43,483
Net Position						
Net investment in capital assets	72,492	71,964	42,002	42,946	114,494	114,910
Restricted	7,371	8,530	-	-	7,371	8,530
Unrestricted	23,442	17,993	4,728	2,487	28,170	20,480
Total Net Position	\$ 103,305	98,487	46,730	45,433	150,035	143,920

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2023

Table A-2
City of Homer's Changes in Net Position
(Amounts reported in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Charges for services	\$ 5,112	5,364	5,931	5,537	11,043	10,901
Operating grants and contributions	1,253	1,253	33	92	1,286	1,345
Capital grants and contributions	1,421	1,164	526	35	1,947	1,199
General Revenues						
Property taxes	4,033	3,914	-	-	4,033	3,914
Sales taxes	13,109	12,341	-	-	13,109	12,341
Other	556	(737)	190	5	746	(732)
Total Revenues	25,484	23,299	6,680	5,669	32,164	28,968
Expenses						
General government	3,621	4,196	-	-	3,621	4,196
Public safety	5,473	5,813	-	-	5,473	5,813
Public works	4,448	4,385	-	-	4,448	4,385
Library	1,095	1,117	-	-	1,095	1,117
Airport	301	292	-	-	301	292
Community services	85	94	-	-	85	94
Water and sewer	4,781	4,375	-	-	4,781	4,375
Unallocated interest	234	257	-	-	234	257
Port and harbor	-	-	6,011	5,829	6,011	5,829
Total Expenses	20,038	20,529	6,011	5,829	26,049	26,358
Increase (decrease) in net position before transfers	\$ 5,446	2,770	669	(160)	6,115	2,610

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2023

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Transfers	\$ (628)	37	628	(37)	-	-
Increase (Decrease) In Net Position	4,818	2,807	1,297	(197)	6,115	2,610
Net Position, beginning	98,487	95,680	45,433	45,630	143,920	141,310
Net Position, ending	\$ 103,305	98,487	46,730	45,433	150,035	143,920

The City's net position increased by \$6,115. Revenues exceeded expenses in the governmental activities by \$4,818 and in the business-type activities revenues exceeded expenses by \$1,297. Key elements of the increases and decreases follow:

- Revenues in the governmental activities increased due to investment income and loan proceeds along with amount of sales tax collected.
- Expenses in the governmental activities decreased due to changes in the PERS and OPEB liabilities.
- Revenues in the business-type activities increased by \$1,011 in total. This is mainly due to increases in charges for services of \$394 and capital grants and contributions of \$491.
- Expenses in the business-type activities also increased by \$386.
- Sales Taxes reflect an increase from 2022. This breakdown shows the Sales Taxes by fund. Changes in sales tax dollars from 2022 to 2023 are as follows:

Sales & Use Taxes	2023	2022	Change
Fund			
General	\$ 8,292	7,712	580
Utility (Water & Sewer – HAWSP)	2,007	1,942	65
HART Roads Capital Project	1,806	1,732	74
Police Station Debt Service SRF	803	777	26
Hart Trails Capital Project	201	178	23
Total	\$ 13,109	12,341	768

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2023

Financial Analysis of the Governmental Funds

Governmental funds - The focus of the City of Homer's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending following the end of the period.

As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$33,473 an increase of \$2,391 compared to balances at June 30, 2022. Of the ending balance, \$2,287, or 7% is unassigned. The remaining fund balance is restricted for roads and trails \$7,371, committed for police station debt service \$1,622, community assistance program \$98, port expansion study \$750, Covid mitigation, and emergency use \$4,887, or assigned for future capital projects and other purposes \$15,852; and non-spendable in the form of inventory, inter-fund loan and prepaid items \$1,315. The increase of total fund balance during the year is attributed to:

- General Fund increase in fund balance of \$662 from net transfers in of \$583 from other funds.
- The Utility Special Revenue Fund's fund balance increased by \$825. This is mainly due to loan proceeds of \$870.
- HAWSP Debt Service Fund's increase of \$1,238 is due to the sales tax collections and special assessments greater than debt service payments.
- HART Roads Capital Projects Fund's decrease of \$1,405 is due to transfers out of \$1,047.
- Increase of \$1,072 in nonmajor funds due to loan proceeds of \$723.

Governmental Funds (General and Utility Special Revenue) Budgetary Highlights

- General Fund Revenue: Final Budget and Original Budget excluded PERS relief revenue from the State of Alaska, and actual revenues were greater than Final Budget by \$280. Net transfers in were \$57 less than the Final Budget.
- General Fund Expenditures: Final Budget and Original Budget excluded PERS relief expenditures and actual expenditures were below Final Budget by \$440.
- Utility Fund Expenditures and Revenue: Final Operating Budget and original budget excluded intergovernmental revenues and their corresponding expenditures. The net change in fund balance was greater than the final budget by \$825 due to increased charges for services and loan proceeds.

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2023

Capital Asset and Debt Administration

Capital assets - As detailed in Table A-3 below, the City of Homer's investment in capital assets for its governmental and business-type activities as of June 30, 2023, totals \$128,602 (net of accumulated depreciation). This amount represents a \$416 decrease over the previous year.

Table A-3
City of Homer's Capital Assets (net of depreciation)
(Amounts reported in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 11,687	11,687	15,805	15,805	27,492	27,492
Construction in progress	2,470	2,070	793	50	3,263	2,120
Buildings	59,736	59,736	16,381	16,381	76,117	76,117
Improvements other than buildings	60,701	57,117	54,650	54,592	115,351	111,709
Machinery and equipment	19,629	18,747	3,676	3,473	23,305	22,220
Infrastructure	37,056	37,056	-	-	37,056	37,056
Right-to-use leased equipment	121	- 121	-	-	121	- 121
Right-to-use leased property and buildings	239	- 239	-	-	239	- 239
Accumulated depreciation	(107,513)	(103,401)	(46,829)	(44,655)	(154,342)	(148,056)
Total Capital Assets	\$ 84,126	83,372	44,476	45,646	128,602	129,018

Major Capital Asset Events During the 2023 Fiscal Year Included

Capital Projects Completed

Governmental Funds:

- Public Works – HART improvements and road drainage plan
- Water & Sewer system upgrades

Port & Harbor (Enterprise Fund):

- Float Repair Caps A-J

On-Going Projects

Governmental Funds:

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2023

- Public Works – Bunnell Ave and Charles Way improvements and road drainage plan
 - Public Works – Manhole repairs for East Hill repaving
 - Water & Sewer – Raw water line replacement and digester blowers
- Port & Harbor (Enterprise Fund):
- Float Repair Caps K-Q
 - Harbor Basin Cathodic Protection Project
 - Large Vessel Study

Additional information on the City's capital assets can be found in Note 5 to the basic financial statements.

Table A-4
City of Homer's Debt
(Amounts reported in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Notes payable – utility	\$ 7,604	7,048	-	-	7,604	7,048
General obligation bond payable	3,280	3,500	2,440	2,650	5,720	6,150
Unamortized bond premium	516	563	33	50	549	613
Total	11,400	11,111	2,473	2,700	13,873	13,811
Net pension liability	10,588	8,753	1,744	1,543	12,332	10,296
Leases payable	235	297	-	-	235	297
Compensated absences	870	847	246	221	1,116	1,068
Total Long-term Liabilities	\$ 23,093	21,008	4,463	4,464	27,556	25,472

Long-term liabilities - At the end of the 2023 fiscal year, the City of Homer had total debt outstanding of \$13,873 as detailed in Table A-4. This excludes \$12,332 related to net pension liability, \$235 related to long term leases, and \$1,116 related to the compensated absences.

The notes payable listed under Notes Payable Utility are used to add water and sewer lines and services to areas. Additionally, the new water treatment plant was built utilizing a loan. Loans are received through Alaska Department of Environmental Conservation for 20-year periods at 1.5-1.9% interest. The majority of the loans are repaid by the property owner through "SAD" (Special Assessment District). The remaining portion of the loans are paid back by the City of Homer with designated sales tax revenues.

City of Homer, Alaska
Management's Discussion and Analysis
June 30, 2023

Additional information on the City's Long-term liabilities can be found in Notes 6, 9, and 10 to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The State's fiscal situation remains uncertain. The novel coronavirus pandemic has caused increased uncertainty in the City of Homer's future revenue and expenditure activities. However, the City of Homer will utilize federal funding from the American Rescue Plan Act – Coronavirus State and Local Fiscal Recovery Funds (ARPA CSLFRF) which is expected to be utilized during 2023-2024.

The Water and Sewer Utility Fund remains vulnerable because of a basic fundamental flaw. The City owns an expensive and expansive treatment, collection and distribution infrastructure and very few customers to pay for maintenance and operations. Priority should be placed on infill and hooking up customers where the infrastructure has already been installed. It is debatable if expanding the system into new, less densely populated areas is a net drain on the system as with those new customers comes increased miles of pipe to maintain.

Requests for Information

This financial report is designed to provide a general overview of the City of Homer's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Finance Department
City of Homer
491 E. Pioneer Ave. Homer, Alaska 99603
Telephone: (907) 235-8121 [email: finance@ci.homer.ak.us](mailto:finance@ci.homer.ak.us)

Basic Financial Statements

City of Homer, Alaska
Statement of Net Position

June 30, 2023	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 28,261,745	5,210,665	33,472,410
Receivables, net of allowance for doubtful accounts:			
Accounts	550,525	479,271	1,029,796
Sales and property taxes	3,500,930	-	3,500,930
State and federal grants and loans	1,477,805	526,470	2,004,275
Assessments	3,214,127	-	3,214,127
Leases	-	7,397,423	7,397,423
Internal balances	15,835	(15,835)	-
Inventory	543,677	-	543,677
Prepaid items	784,251	223,014	1,007,265
Restricted cash and investments	-	317,980	317,980
Net OPEB assets	4,304,450	708,885	5,013,335
Capital assets not being depreciated:			
Land and land improvements	11,686,635	15,804,641	27,491,276
Construction work in progress	2,469,765	792,916	3,262,681
Other capital assets, net of accumulated depreciation	69,970,052	27,877,626	97,847,678
Total Assets	126,779,797	59,323,056	186,102,853
Deferred Outflows of Resources:			
Related to pensions	1,394,633	229,677	1,624,310
Related to OPEB	460,116	75,775	535,891
Total Deferred Outflows of Resources	1,854,749	305,452	2,160,201
Total Assets and Deferred Outflows of Resources	\$ 128,634,546	59,628,508	188,263,054
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Accounts payable	\$ 864,209	498,625	1,362,834
Accrued payroll and related liabilities	538,999	85,195	624,194
Accrued interest payable	127,146	4,425	131,571
Prepaid rentals and deposits	80,472	449,481	529,953
Unearned revenue	229,485	18,000	247,485
Unearned lease revenue	-	81,000	81,000
Noncurrent liabilities:			
Due within one year:			
Accrued leave	510,000	96,000	606,000
Notes payable	945,104	-	945,104
Leases payable	63,587	-	63,587
General obligation bonds payable	230,000	220,000	450,000

City of Homer, Alaska
Statement of Net Position, continued

<i>June 30, 2023</i>	Governmental Activities	Business-type Activities	Total
Liabilities, Deferred Inflows of Resources, and Net Position, continued			
Liabilities, continued			
Due in more than one year:			
Accrued leave	\$ 360,275	149,559	509,834
Notes payable	6,658,204	-	6,658,204
Leases payable	170,937	-	170,937
General obligation bonds payable including bond premium	3,566,300	2,253,349	5,819,649
Net pension liability	10,588,277	1,743,748	12,332,025
Total Liabilities	24,932,995	5,599,382	30,532,377
Deferred Inflows of Resources:			
Lease related	-	7,233,457	7,233,457
OPEB related	396,597	65,314	461,911
Total Deferred Inflows of Resources	396,597	7,298,771	7,695,368
Net Position			
Net investment in capital assets	72,492,320	42,001,834	114,494,154
Restricted for:			
Roads and trails	7,326,852	-	7,326,852
Special service district	43,734	-	43,734
Unrestricted	23,442,048	4,728,521	28,170,569
Total Net Position	103,304,954	46,730,355	150,035,309
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 128,634,546	59,628,508	188,263,054

See accompanying notes to basic financial statements.

City of Homer, Alaska

Statement of Activities
Year Ended June 30, 2023

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	Total
Governmental Activities							
General government	\$ 3,621,498	218,399	93,678	913,195	(2,396,226)	-	(2,396,226)
Public safety	5,472,835	409,518	1,115,827	-	(3,947,490)	-	(3,947,490)
Public works	4,447,661	379,482	24,636	-	(4,043,543)	-	(4,043,543)
Library	1,095,151	-	15,747	-	(1,079,404)	-	(1,079,404)
Airport	300,687	231,685	2,627	-	(66,375)	-	(66,375)
Community services	85,278	38,821	-	-	(46,457)	-	(46,457)
Water	2,829,063	1,972,511	-	508,051	(348,501)	-	(348,501)
Sewer	1,952,032	1,861,824	-	-	(90,208)	-	(90,208)
Unallocated interest	233,501	-	-	-	(233,501)	-	(233,501)
Total Governmental Activities	20,037,706	5,112,240	1,252,515	1,421,246	(12,251,705)	-	(12,251,705)
Business-type Activities							
Port and harbor	6,010,628	5,931,230	32,821	526,470	-	479,893	479,893
Total	\$ 26,048,334	11,043,470	1,285,336	1,947,716	(12,251,705)	479,893	(11,771,812)
General Revenues							
Property taxes					\$ 4,032,783	-	4,032,783
Sales taxes					13,108,876	-	13,108,876
Grants and entitlements not restricted to a specific purpose					24,752	116,236	140,988
Investment income					531,670	73,471	605,141
Transfers					(628,237)	628,237	-
Total General Revenues and Transfers					17,069,844	817,944	17,887,788
Change in Net Position					4,818,139	1,297,837	6,115,976
Beginning Net Position					98,486,815	45,432,518	143,919,333
Ending Net Position					\$ 103,304,954	46,730,355	150,035,309

See accompanying notes to basic financial statements.

City of Homer, Alaska

Governmental Funds
Balance Sheet

	Major Funds					Total Governmental Funds
	General	Utility Special Revenue	HAWSP Debt Service	HART Roads Capital Project	Nonmajor Funds	
June 30, 2023						
Assets						
Cash and investments	\$ 5,612,963	1,769,451	5,915,270	4,745,984	10,168,545	28,212,213
Receivables, net of allowance:						
Accounts	174,895	375,630	-	-	-	550,525
Property taxes	44,394	-	-	-	-	44,394
Sales taxes	2,230,094	-	511,017	459,916	255,509	3,456,536
Assessments	-	-	1,956,104	-	1,258,023	3,214,127
State and federal grants	-	1,346,534	-	-	131,271	1,477,805
Due from other funds	206,919	-	-	-	-	206,919
Inventory	5,135	538,542	-	-	-	543,677
Prepaid and other assets	64,645	-	-	-	719,606	784,251
Total Assets	\$ 8,339,045	4,030,157	8,382,391	5,205,900	12,532,954	38,490,447
Liabilities						
Accounts payable	\$ 315,393	452,443	-	46,292	50,081	864,209
Accrued payroll and related liabilities	458,042	68,064	-	-	-	526,106
Unearned revenue	-	-	-	-	229,485	229,485
Customer deposits	25,265	55,207	-	-	-	80,472
Due to other funds	-	-	-	-	64,038	64,038
Total Liabilities	798,700	575,714	-	46,292	343,604	1,764,310
Deferred Inflows of Resources						
Deferred property taxes	38,220	-	-	-	-	38,220
Special assessments not yet due	-	-	1,956,104	-	1,258,023	3,214,127
Total Deferred Inflows of Resources	38,220	-	1,956,104	-	1,258,023	3,252,347
Total Liabilities and Deferred Inflows of Resources	836,920	575,714	1,956,104	46,292	1,601,627	5,016,657
Fund Balances						
Nonspendable	69,780	538,542	-	-	706,606	1,314,928
Restricted	-	-	-	5,159,608	2,210,978	7,370,586
Committed	4,928,471	-	-	-	1,720,480	6,648,951
Assigned	171,314	2,915,901	6,426,287	-	6,338,503	15,852,005
Unassigned	2,332,560	-	-	-	(45,240)	2,287,320
Total Fund Balances	7,502,125	3,454,443	6,426,287	5,159,608	10,931,327	33,473,790
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,339,045	4,030,157	8,382,391	5,205,900	12,532,954	38,490,447

See accompanying notes to basic financial statements.

City of Homer, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2023

Total fund balances for governmental funds		\$ 33,473,790
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
These assets, net of accumulated depreciation and amortization consist of:		
Land and land improvements	\$ 11,686,635	
Construction in progress	2,469,765	
Buildings	59,736,029	
Improvements other than buildings	60,702,635	
Machinery and equipment	19,628,966	
Right-to-use leased equipment	120,600	
Right-to-use leased property and buildings	239,090	
Infrastructure	37,055,664	
Accumulated depreciation and amortization	<u>(107,512,932)</u>	
Total Capital Assets		84,126,452
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Delinquent property taxes receivable	38,220	
Special assessments not yet due	<u>3,214,127</u>	
Total Other Long-term Assets		3,252,347
Internal service funds are used by the City to charge the cost of certain activities, such as insurance, to individual funds. A portion of the assets and liabilities of the internal service funds is included in the governmental activities in the Statement of Net Position.		(90,407)
Certain other postemployment benefits plans have been funded in excess of the required contributions. These assets are not financial resources and therefore are not reported in the funds.		
Net OPEB assets		4,304,450
Long-term liabilities, including notes payable, bonds payable, and accrued leave, are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Accrued interest	(127,146)	
Notes payable - Utility	(7,603,308)	
Leases payable	(234,524)	
Bonds payable - Police Station, including premiums	(3,796,300)	
Accrued leave	(870,275)	
Net pension liability	<u>(10,588,277)</u>	
Total Long-term Liabilities		(23,219,830)
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time.		
Deferred outflows of resources related to pensions	1,394,633	
Deferred outflows of resources related to OPEB	460,116	
Deferred inflows of resources related to OPEB	<u>(396,597)</u>	
Total Deferred Pension Items		1,458,152
Total Net Position of Governmental Activities		\$ 103,304,954

See accompanying notes to basic financial statements.

City of Homer, Alaska

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

Year Ended June 30, 2023	Major Funds					Total Governmental Funds
	General	Utility Special Revenue	HAWSP Debt Service	HART Roads Capital Project	Nonmajor Funds	
Revenues						
Property taxes	\$ 4,077,288	-	-	-	3,272	4,080,560
Sales and use taxes	8,292,059	-	2,007,007	1,806,306	1,003,504	13,108,876
Permits and licenses	42,973	-	-	-	-	42,973
Intergovernmental	1,262,390	508,051	-	-	919,835	2,690,276
Charges for services	978,587	3,834,335	-	-	-	4,812,922
Special assessments	-	-	476,870	-	572,929	1,049,799
Investment income	118,721	78,997	106,888	91,697	135,367	531,670
Fines and forfeitures	13,396	-	-	-	-	13,396
Enstar FMA refund	-	-	-	-	69,509	69,509
Other	-	-	-	-	8,237	8,237
Total Revenues	14,785,414	4,421,383	2,590,765	1,898,003	2,712,653	26,408,218
Expenditures						
Current:						
General government	4,158,880	-	-	-	27,887	4,186,767
Public safety	5,984,845	-	-	-	25,204	6,010,049
Public works	3,157,000	-	-	-	-	3,157,000
Library	1,024,664	-	-	-	-	1,024,664
Airport	286,791	-	-	-	-	286,791
Community services	94,000	-	-	-	-	94,000
Water	-	1,937,306	-	-	-	1,937,306
Sewer	-	1,647,846	-	-	-	1,647,846
Debt service:						
Principal	-	-	880,378	-	376,718	1,257,096
Interest	-	1,639	103,800	-	175,000	280,439
Capital outlay	-	1,317,096	-	2,255,804	1,524,961	5,097,861
Total Expenditures	14,706,180	4,903,887	984,178	2,255,804	2,129,770	24,979,819
Excess of Revenues Over (Under)						
Expenditures	79,234	(482,504)	1,606,587	(357,801)	582,883	1,428,399
Other Financing Sources (Uses)						
Loan proceeds	-	870,070	-	-	722,624	1,592,694
Transfers in	1,739,101	460,002	-	-	543,254	2,742,357
Transfers out	(1,156,267)	(23,064)	(368,268)	(1,046,983)	(777,247)	(3,371,829)
Net Other Financing Sources (Uses)	582,834	1,307,008	(368,268)	(1,046,983)	488,631	963,222
Net Change in Fund Balances	662,068	824,504	1,238,319	(1,404,784)	1,071,514	2,391,621
Beginning Fund Balances	6,840,057	2,629,939	5,187,968	6,564,392	9,859,813	31,082,169
Ending Fund Balances	\$ 7,502,125	3,454,443	6,426,287	5,159,608	10,931,327	33,473,790

See accompanying notes to basic financial statements.

City of Homer, Alaska

**Reconciliation of the Change in Fund Balances of Governmental Funds
to Statement of Activities
Year Ended June 30, 2023**

Net change in fund balances - total governmental funds		\$ 2,391,621
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, depreciation and amortization expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlays exceeded depreciation.		
Depreciation and amortization	\$ (4,250,551)	
Capital outlays	<u>5,005,111</u>	754,560
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the decrease in other long-term assets.		
		(924,136)
Repayment of the principal of the long-term debt consumes current financial resources in governmental funds. The issuance of long-term debt provides current financial resources in governmental funds. These transaction have no effect on the net position. Also, governmental funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Principal payments of the long-term debt	1,257,097	
Decrease in unamortized bond premium	46,937	
Issuance of long-term debt	<u>(1,592,694)</u>	(288,660)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued leave	(22,982)	
Decrease in lease payable	62,885	
Decrease in net pension liability and related deferred accounts	404,699	
Decrease in net OPEB liability and related deferred accounts	<u>2,387,258</u>	2,831,860
Internal service funds are used by management to charge the cost of health insurance and accrued leave cash-outs to individual funds. A portion of the net income of these activities is reported with governmental activities.		
		<u>52,894</u>
Change in Net Position of Governmental Activities		<u>\$ 4,818,139</u>

See accompanying notes to basic financial statements.

City of Homer, Alaska

Proprietary Funds
Statement of Net Position

<i>June 30, 2023</i>	Major Enterprise Fund Port of Homer	Internal Service Funds
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 5,210,665	\$ 49,532
Accounts receivable, net of allowance for doubtful accounts	479,271	-
State and federal grants receivable	526,470	-
Inventory	-	-
Lease receivable	302,029	-
Prepaid items	223,014	-
Total Current Assets	6,741,449	49,532
Noncurrent Assets		
Capital assets not being depreciated:		
Land and land improvements	15,804,641	-
Construction work in progress	792,916	-
Other capital assets, net of accumulated depreciation	27,877,626	-
Restricted cash and investments	317,980	-
Lease receivable	7,095,394	-
Net OPEB assets	708,885	-
Total Noncurrent Assets	52,597,442	-
Total Assets	59,338,891	49,532
Deferred Outflows of Resources:		
Pension related	229,677	-
OPEB related	75,775	-
Total Deferred Outflows of Resources	305,452	-
Total Assets and Deferred Outflows of Resources	\$ 59,644,343	\$ 49,532

See accompanying notes to basic financial statements.

City of Homer, Alaska
Proprietary Funds
Statement of Net Position, continued

June 30, 2023	Major Enterprise Fund Port of Homer	Internal Service Funds
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 498,625	\$ -
Accrued payroll and related liabilities	85,195	12,893
Accrued leave	96,000	-
Accrued interest payable	4,425	-
General obligation bonds payable	220,000	-
Prepaid berth rentals and deposits	449,481	-
Unearned lease revenue	18,000	-
Due to other funds	-	142,881
Total Current Liabilities	1,371,726	155,774
Noncurrent Liabilities, Net of Current Portion		
Unearned lease revenue	81,000	-
Accrued leave long term	149,559	-
General obligation bonds payable including bond premium	2,253,349	-
Net pension liabilities	1,743,748	-
Total Noncurrent Liabilities	4,227,656	-
Total Liabilities	5,599,382	155,774
Deferred Inflows of Resources:		
Lease related	7,233,457	-
OPEB related	65,314	-
Total Deferred Inflows of Resources	7,298,771	-
Net Position		
Net investment in capital assets	42,001,834	-
Unrestricted (deficit)	4,744,356	(106,242)
Total Net Position	46,746,190	(106,242)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 59,644,343	\$ 49,532
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	(15,835)	
Net Position of Business-type Activities	\$ 46,730,355	

See accompanying notes to basic financial statements.

City of Homer, Alaska

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position

<i>Year Ended June 30, 2023</i>	Major Enterprise Fund Port of Homer	Internal Service Funds
Operating Revenues		
Port and harbor charges for services	\$ 5,791,803	\$ -
Interfund charges	-	2,484,381
Employee health contributions	-	193,146
Total Operating Revenues	5,791,803	2,677,527
Operating Expenses		
Operations	3,076,692	313,494
Administration	729,256	535
Depreciation	2,173,415	-
Employee incentive fees	-	156,067
Insurance premiums	-	2,147,264
Total Operating Expenses	5,979,363	2,617,360
Operating income (loss)	(187,560)	60,167
Nonoperating Revenues (Expense)		
Investment income	73,471	-
Interest expense	(39,773)	-
State PERS relief	32,821	-
Other income	100,892	-
Cruise ship tax	38,535	-
Fish tax	116,236	-
Total Nonoperating Revenues (Expense)	322,182	-
Income (loss) before transfers and capital contributions	134,622	60,167
Transfers in	750,000	1,235
Transfers out	(121,763)	-
Capital contributions	526,470	-
Change in net position	1,289,329	61,402
Beginning Net Position	45,456,861	(167,644)
Ending Net Position	46,746,190	\$ (106,242)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	8,508	
Change in Net Position of Business-type Activities	\$ 1,297,837	

See accompanying notes to basic financial statements.

City of Homer, Alaska

Proprietary Funds
Statement of Cash Flows

<i>Year Ended June 30, 2023</i>	Major Enterprise Fund Port of Homer	Internal Service Funds
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 5,664,767	\$ -
Receipts from interfund services provided and employee contributions	-	2,677,527
Payments to suppliers	(2,111,305)	-
Payments to employees	(2,141,880)	(456,668)
Payments for insurance, claims, and administration	-	(2,149,007)
Net cash flows from (for) operating activities	1,411,582	71,852
Cash Flows from (for) Noncapital Financing Activities		
Increase in due to other funds	-	(23,555)
Transfers in (out)	628,237	1,235
Net cash flows from (for) noncapital financing activities	628,237	(22,320)
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long-term debt	(210,000)	-
Interest paid on long-term debt	(56,576)	-
Cruise ship tax and fish tax received	154,771	-
Acquisition of property, plant and equipment	(1,002,829)	-
Net cash flows from (for) capital and related financing activities	(1,114,634)	-
Cash Flows from (for) Investing Activities		
Investment income received	73,471	-
Net Increase in Cash and Investments	998,656	49,532
Beginning Cash and Investments	4,529,989	-
Ending Cash and Investments	\$ 5,528,645	\$ 49,532
Reconciliation of Cash to Statement of Net Position		
Unrestricted cash and investments	\$ 5,210,665	\$ 49,532
Restricted cash and investments	317,980	-
Total Cash and Investments	\$ 5,528,645	\$ 49,532

See accompanying notes to basic financial statements.

City of Homer, Alaska
Proprietary Funds
Statement of Cash Flows, continued

Year Ended June 30, 2023	Major Enterprise Fund Port of Homer	Internal Service Funds
Reconciliation of Operating Loss to Net Cash		
Flows from (for) Operating Activities		
Operating (loss) income	\$ (187,560)	\$ 60,167
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	2,173,415	-
Noncash expense - PERS relief	32,821	-
Decrease in allowance for doubtful accounts	1,048	-
Amortization of deferred lease revenue	(18,000)	-
Miscellaneous nonoperating revenues and expense, net	100,892	-
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(140,094)	-
Prepaid items	(208,389)	-
Lease receivable	(392,807)	-
Deferred outflows of resources related to pensions	30,182	-
Deferred outflows of resources related to OPEB	(36,988)	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	235,315	(1,208)
Accrued payroll and related liabilities	16,745	12,893
Accrued leave	24,780	-
Prepaid berth rentals and deposits	22,476	-
Net pension liability	200,383	-
Net OPEB assets	413,136	-
Deferred inflows of resources related leases	299,449	-
Deferred inflows of resources related to pensions	(615,459)	-
Deferred inflows of resources related to OPEB	(539,763)	-
Net Cash Flows from (for) Operating Activities	\$ 1,411,582	\$ 71,852

See accompanying notes to basic financial statements.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

1. Summary of Significant Accounting Policies

Organization and Services Provided

The City of Homer, Alaska (the City) was incorporated March 31, 1964 as a first-class city and operates under a Council-Manager form of government. The City provides the full range of municipal services as provided for by Alaska Statute. This includes police and fire protection, ambulance and emergency medical service, water and wastewater service, library, parks and recreation, public improvements, planning and zoning, port and harbor, airport facilities, and general administrative services.

Scope and Presentation

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

Reporting Entity

The City has reviewed the standards established by the Governmental Accounting Standards Board (GASB) and determined that the City has no component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City generally considers all revenues except reimbursement grants to be available if they are collected within 60 days after year end. Reimbursement grants are considered available if they are collected within one year of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only to the extent they have matured.

Property and sales taxes, charges for services, intergovernmental revenues, and investment income associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue in the current period. Most other revenue items are considered to be measurable and available only when received by the government.

The City reports the following major funds:

Major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

The *Utility Special Revenue Fund* accounts for the activities of the water and sewer facility operations including collection and treatment of sewage, and distribution and transmission of water.

The *HAWSP Debt Service Fund* provides dedicated sources of revenue, sales tax and assessments, to secure and retire financing for construction of water and sewer infrastructure.

The *HART Roads Capital Project Fund* accounts for operating grants and capital improvement projects for streets and sidewalks.

Major proprietary fund:

The *Port of Homer Enterprise Fund* accounts for all activities related to the operation of the City's port and harbor.

The City also reports Internal Service Funds which account for the activities relating to the City's health benefit plan and accrued leave cash-outs. These funds report revenues charged to the other funds based on estimated amounts to cover actual costs of benefits.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise fund and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes (including the City's restricted sales taxes), investment income, and State entitlement revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Port of Homer Enterprise Fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenues reported in the Utility Special Revenue Fund are comprised primarily of user charges for services. However, the fund also receives significant funding from sales tax. Lesser amounts are reflected from grants and local assessments. All revenues reported in the fund are committed to the Utility service, including operations, maintenance, and debt service.

Budgets and Budgetary Accounting

The City Council is required to pass an appropriation ordinance for the General Fund, Enterprise, and Utility Special Revenue Fund which becomes the expenditure budget for each fund for the fiscal year. The City Council may pass subsequent supplemental appropriations which are added to the expenditure budget. Expenditures may not legally exceed the fund appropriations. The City Manager may transfer amounts between departments within a fund or between cost centers within a department's budget classification. Appropriations on annual budgets lapse at year-end. The City's legally prescribed budgetary basis of accounting differs with generally accepted accounting principles in that it did not budget any PERS relief payments and, accordingly, where budgetary data are presented, the City reports a budgetary to GAAP basis reconciliation. Budget and actual information conform to the same basis of accounting.

Effective January 1, 2020, the City is operating under a biennial budget which will cover two fiscal years in each budget. Effective July 1, 2021, the City of Homer changed the fiscal year to the twelve-month period commencing July 1 through June 30 of the succeeding year.

Encumbrance accounting is employed during the year under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as appropriate constraints of fund balance if they meet the definitions and criteria described later in these footnotes.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Investments

A central treasury is used to account for all the City's cash and investments to maximize interest income. Investment earnings are allocated to various funds based on average central treasury balances.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents as the demand deposits and all investments maintained in the central treasury, regardless of maturity period, since the various funds use the central treasury essentially as a demand deposit account. Investments are recorded at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property Taxes

Property taxes are a lien on the assessed value of taxable property as of January 1. Pursuant to Alaska Statute, Title 29.45.240, the City establishes the mill rate levy by June 15. The City is located within the Kenai Peninsula Borough, which acts as the City's agent in the billing and collection of property taxes. Tax bills for one-half of the taxes are mailed prior to July 1 and are payable on August 15; tax bills for the second half of the taxes are mailed by October 1 and are payable on November 15. City property tax revenues in the fund financial statements are recognized in the period in which they are collectible and available (collected within sixty days after year-end) to finance expenditures of the period. At June 30, the delinquent real and personal taxes not currently available are reflected as deferred inflows of the General Fund.

Unbilled Service Revenues

Utility revenues are based on cycle billings rendered monthly to customers. As a result of this cycle billing method, the utilities do not accrue revenues at the end of any fiscal year for services sold but not billed at such date. The Port of Homer bills annual moorage charges in advance, which are presented as unearned revenue at year-end.

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

Inventory

Supplies or materials acquired by the Utility Special Revenue fund are recorded at cost (specific identification) and are charged as expenditures as used in accordance with the consumption method of accounting for inventory. All other governmental fund types use the purchase method of accounting for inventory. Accordingly, reported inventory for governmental fund types are equally offset by nonspendable fund balance.

Prepaid Items

Prepaid items primarily represent costs of insurance and similar services allocated to succeeding periods and rents paid in advance of the period to which they apply. The City's policy is to charge such costs to the period benefited. Accordingly, reported prepaid items for governmental fund types are equally offset by nonspendable fund balance.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire the asset with equivalent service potential in an ordinary market transaction at the acquisition date. In the case of the initial capitalization of infrastructure assets, the City chose to include all such items, regardless of their acquisition date.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized. Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings	15-45
Improvements other than buildings	3-45
Right-to-use leased equipment	5
Machinery and equipment	3-25
Infrastructure	10-50

Accrued Leave

The City allows employees to accumulate earned, but unused personal leave benefits up to a maximum accumulation of 720 hours. All personal leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is not reported in the governmental fund financial statements unless they have matured (e.g. the employee has terminated employment).

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

Leases – Lessor

The City is a lessor for noncancellable leases of land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund-level financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Leases - Lessee

The City is a lessee for noncancellable leases of equipment as well as space in a building. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Long-term Debt

In the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount, as applicable.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council—the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use through ordinance. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes but are neither restricted nor committed. The City Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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

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

Deferred Outflows/Inflows

In addition to assets, the statement of the net position reports a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of pension and OPEB related items. These items are amortized resulting in additional expense in future periods.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of pension and OPEB related items. These items are amortized resulting in a reduction of expense at a later date.

Pensions and OPEB

For purpose of measuring the net pension and OPEB liability/assets, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

2. Cash and Investments

The City of Homer utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "cash and investments" or in the case of "negative cash," is included in "due to other funds."

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of June 30, 2023.

Bank deposits	\$ 1,103,194
Investments	32,687,196
Total Cash and Investments	\$ 33,790,390
Cash and investments	\$ 33,472,410
Restricted cash and investments	317,980
Total Cash and Investments	\$ 33,790,390

Restricted cash and investments primarily represent funds set aside for capital projects, including unspent bond proceeds, interest earnings, refunds from utility corporations, or mandatory bond reserve accounts.

General Investments

Investment Policy

The City's investment policy authorizes investment in the following:

1. U.S. Treasury securities – 5 years;
2. Other obligations of the U.S. Government, its agencies and instrumentalities – five years;
3. Repurchase agreements of acceptable securities listed in (1) or (2) above which meet a margin requirement of 102%;
4. Units of the Alaska Municipal League Investment Pool;
5. Certificates of deposit and other deposits that are collateralized;
6. Uncollateralized deposits to the extent that the deposits are insured by the FDIC or FSLIC;
7. Taxable bonds or notes; graded AA or higher by Moody's or S&P – five years;
8. Commercial paper; graded P1 or higher by Moody's or A1 or higher by S&P – five years;
9. Bankers' acceptances; rated at least AA by Moody's or S&P; and
10. Money market mutual funds.

Investments in taxable bonds and notes, commercial paper, or bankers' acceptances must meet a minimum rating as determined by Moody's Investor Services or Standard and Poor's.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Aside from the investment policy stated above, the City has no specific policy with respect to interest rate risk. Investment maturities at June 30, 2023 are as follows:

<i>Investment Type</i>	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	5 - 10
Federal Farm Credit Bank Bonds	\$ 576,729	576,729	-	-
Federal Home Loan Mortgage Bonds	772,938	-	772,938	-
Federal National MTG Assn. Bonds	1,677,314	-	1,677,314	-
US Treasury	4,042,820	559,453	3,483,367	-
Certificates of deposit	9,461,755	2,245,098	7,216,657	-
Total Subject to Interest Rate Risk	16,531,556	3,381,280	13,150,276	-
Pooled investments (AMLIP)	16,146,896	-	-	-
Money market	8,744	-	-	-
Total Investments	\$ 32,687,196	3,381,280	13,150,276	-

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy specifies the types of investments which can be purchased, in order to limit credit risk, as described above. All of the U.S. government agency investments are rated AAA by Standard and Poor's.

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is rated AAAM by Standard and Poor's for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the Pool. The law sets forth numerous requirements regarding authorized investments and reporting. At June 30, 2023, the share value of investments in the AML pool is approximately equal to fair value.

Custodial Credit Risk – Bank Deposits

In the case of bank deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. It is the City's policy to mitigate this risk by establishing a collateralized agreement in the City's name by an agent of the financial institution holding the demand deposits. Of the bank balance at June 30, 2023, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$848,573 was subject to a collateral agreement. The uninsured and uncollateralized amount was \$0 at June 30, 2023.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has investments in money market funds totaling \$326,724 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2023. The City's investment in AMLIP is measured at net asset value, as of June 30, 2023. Management believes that these values approximate fair value. All government securities and certificates of deposit with maturities greater than one year are Level 2 investments on the fair value hierarchy.

3. Accounts Receivable, Valuation Allowances, Deferred Inflows and Unearned Revenues

The City maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful accounts. At June 30, 2023, the City's funds that included an applicable allowances for doubtful accounts, are as follows:

	General Fund	Utility Special Revenue Fund	Port of Homer Enterprise Fund	Totals
Accounts receivable	\$ 193,829	383,138	499,061	1,076,028
Allowance for doubtful accounts	(18,934)	(7,508)	(19,790)	(46,232)
Accounts Receivable, net	\$ 174,895	375,630	479,271	1,029,796

Additionally, the General Fund property taxes receivable amount shown has an allowance for uncollectible accounts of \$2,412 on the outstanding balance of \$44,394 for net amount of \$44,394.

Remainder of this page left blank intentionally

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

At June 30, 2023, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

Deferred Inflows of Resources

Delinquent property taxes receivable – General Fund	\$ 38,220
Special assessments not yet due:	
HAWSP Debt Service Special Revenue Fund	1,956,104
Nonmajor Seawall Assessment Special Revenue Fund	664,092
Nonmajor Gas Line Capital Project Fund	477,846
Nonmajor HART Assessment Special Revenue Fund	116,085
Total Deferred Inflows of Resources	\$ 3,252,347

Remainder of this page left blank intentionally

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

4. Interfund Balances and Transfers

A schedule of transfers for the year ended June 30, 2023 follows:

Transfers

From General Fund to:	
Utility Special Revenue Fund	\$ 91,734
Internal Service Fund	827
Port of Homer Enterprise Fund	750,000
Nonmajor governmental funds	313,706
From Utility Special Revenue Fund to:	
General Fund	10,000
Internal Service Fund	196
Nonmajor governmental funds	12,868
From HAWSP Debt Service Fund to:	
Utility Special Revenue Fund	368,268
From HART Roads Capital Project Fund to:	
General Fund	866,100
Nonmajor governmental funds	180,883
From Nonmajor Governmental Funds to:	
General Fund	777,247
From Port of Homer Enterprise Fund to:	
Internal Service Fund	212
General Fund	85,754
Nonmajor Governmental Funds	35,797
Total Transfers to Other Funds	\$ 3,493,592

Interfund transfers are routinely recorded throughout the year. Transfers from funds were to pay debt, for capital project, and reserves.

At June 30, 2023, an interfund balance of \$64,038 was owed from the nonmajor governmental funds for short term operation funding to the General Fund.

At June 30, 2023, an interfund balance of \$142,881 was owed from the internal service fund for short term operating funding to the General Fund.

Remainder of this page left blank intentionally

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

5. Capital Assets

Capital asset activity for the year ended June 30, 2023 follows:

Governmental Activities	Beginning Balance	Additions and Reclass- ifications	Deletions and Reclass- ifications	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 11,686,635	-	-	11,686,635
Construction in progress	2,070,387	1,680,683	(1,281,305)	2,469,765
Total capital assets not being depreciated	13,757,022	1,680,683	(1,281,305)	14,156,400
<i>Capital assets being depreciated and amortized:</i>				
Buildings	59,736,029	-	-	59,736,029
Improvements other than buildings	57,116,919	3,585,716	-	60,702,635
Machinery and equipment	18,747,344	1,020,017	(138,395)	19,628,966
Right-to-use leased equipment	120,600	-	-	120,600
Right-to-use leased property and buildings	239,090	-	-	239,090
Infrastructure	37,055,664	-	-	37,055,664
Total capital assets being depreciated and amortized	173,015,646	4,605,733	(138,395)	177,482,984
<i>Less accumulated depreciation and amortization for:</i>				
Buildings	35,343,964	986,779	-	36,330,743
Improvements other than buildings	32,470,590	1,671,882	-	34,142,472
Machinery and equipment	12,541,114	641,626	(138,395)	13,044,345
Right-to-use leased equipment	27,831	24,120	-	51,951
Right-to-use leased property and buildings	36,101	36,101	-	72,202
Infrastructure	22,981,176	890,043	-	23,871,219
Total accumulated depreciation and amortization	103,400,776	4,250,551	(138,395)	107,512,932
Total assets being depreciated and amortized, net	69,614,870	355,182	-	69,970,052
Governmental Activities Capital Assets, net	\$ 83,371,892	2,035,865	(1,281,305)	84,126,452

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

Business-type Activities	Beginning Balance	Additions and Reclass- ifications	Deletions and Reclass- ifications	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 15,804,641	-	-	15,804,641
Construction in progress	50,337	760,284	(17,705)	792,916
Total capital assets not being depreciated	15,854,978	760,284	(17,705)	16,597,557
<i>Capital assets being depreciated and amortized:</i>				
Buildings	16,380,648	-	-	16,380,648
Improvements other than buildings	54,592,653	57,432	-	54,650,085
Machinery and equipment	3,472,789	202,818	-	3,675,607
Total capital assets being depreciated and amortized	74,446,090	260,250	-	74,706,340
<i>Less accumulated depreciation and amortization for:</i>				
Buildings	11,491,964	379,261	-	11,871,225
Improvements other than buildings	30,172,276	1,714,653	-	31,886,929
Machinery and equipment	2,991,059	79,501	-	3,070,560
Total accumulated depreciation and amortization	44,655,299	2,173,415	-	46,828,714
Total capital assets being depreciated and amortized, net	29,790,791	(1,913,165)	-	27,877,626
Business-Type Activities Capital Assets, net	\$ 45,645,769	(1,152,881)	(17,705)	44,475,183

Remainder of this page left blank intentionally

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

Depreciation and amortization expense was charged to the functions as follows for the year ended June 30, 2023:

Governmental Activities

General government	\$ 219,350
Public safety	558,512
Public works	1,558,551
Library	216,075
Airport	77,881
Water utility	1,127,337
Sewer utility	492,845

Total Depreciation and Amortization Expense – Governmental

Activities	\$ 4,250,551
-------------------	---------------------

Business-type Activities

Port and harbor	\$ 2,173,415
-----------------	--------------

The Port of Homer Enterprise Fund received a building from the State of Alaska in 1993 in exchange for the use of land by the State Ferry System until the year 2031. The building houses the Port Maintenance Shop. The value of the building and related unearned revenue is as follows:

Original cost assigned to building	\$ 630,000
Revenue recognized on cumulative basis	(531,000)
	<hr/>
	\$ 99,000
	<hr/>
Current unearned revenue	\$ 18,000
Noncurrent unearned revenue	81,000
	<hr/>
Total Unearned Lease Revenue	\$ 99,000

Remainder of this page left blank intentionally

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

6. Long-term Liabilities

The following is a summary of long-term liability transactions of the City for the year ended June 30, 2023:

Governmental Activities	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
Notes payable:					
\$2,439,450 2002 Sewer Utility Alaska Clean Water (ACW) loan, due in annual installments of \$121,973 plus interest at 1.5% through August 18, 2025	\$ 487,881	-	121,973	365,908	121,973
\$2,575,394 2002 Water Utility Alaska Drinking Water (ADW) loan, due in annual installments of \$143,078 plus interest at 1.5% through August 18, 2025	572,315	-	143,077	429,238	143,077
\$1,591,733 2012 Sewer Utility ACW loan, due in annual installments of \$66,415 plus interest at 1.5% through August 6, 2032	728,496	-	67,356	661,140	67,356
\$1,086,870 Sewer Utility ACW loan, due in annual installments of \$54,344 plus interest at 1.5% through April 1, 2034	652,122	-	54,344	597,778	54,344
\$2,023,006 2012 Water Utility ADW loan, due in annual installments of \$117,832 including interest at 1.5% through August 18, 2032	1,186,694	-	100,031	1,086,663	101,532
\$6,188,025 2006 Water Utility ADW loan, due in annual installments of \$364,001, plus interest at 1.5% through December 28, 2029	2,912,012	-	364,002	2,548,010	364,001

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

Governmental Activities, continued	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
\$190,926 Water Utility ADW due in annual principal installments of \$9,546 plus interest at 1.5% through October 1, 2037	\$ 152,741	-	9,547	143,194	9,546
\$81,989 Water Utility ADW loan, due in annual installments of \$4,994 including interest at 1.5% through March 1, 2037	63,548	-	3,821	59,727	3,880
\$221,315 Water Utility ADW loan, due in annual installments of \$12,308 including interest at 1.5% through March 1, 2037	164,228	-	9,844	154,384	9,992
\$127,674 Water Utility ADW loan, due in annual installments of \$6,384 plus interest at 1.5% through June 8, 2042	127,674	-	6,384	121,290	6,384
\$139,414 Water Utility Alaska Drinking Water loan, due in annual installments of \$6,971 plus interest at 1.5% through June 2043	-	139,414	-	139,414	6,971
\$46,033 Water Utility Alaska Drinking Water loan, due in annual installments of \$2,302 including interest at 1.5% through June 2043	-	46,033	-	46,033	2,302
\$287,692 Sewer Utility Alaska Clean Water loan, due in annual installments of \$14,385 plus interest at 1.83125% through December 2043	-	287,692	-	287,692	14,385

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

Governmental Activities, continued	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
\$246,600 (maximum) Sewer Utility Alaska Clean Water loan, due in annual installments of \$10,348 plus interest at 1.7938% through May 2043	\$ -	206,951	-	206,951	10,348
\$189,980 Water Utility Alaska Drinking Water loan, due in annual installments of \$9,499 plus interest at 1.7938% through May 2043	-	189,980	-	189,980	9,499
\$945,611 (maximum) Seawall Alaska Drinking Water loan, due in annual installments of \$19,514 plus interest at 1.5% through January 2052	-	722,624	156,718	565,906	19,514
\$4,100,000 2020 Series A General Obligation Police Station Bonds, due in annual installments of \$190,000-\$375,000 plus interest at 5% through May 1, 2034.	3,500,000	-	220,000	3,280,000	230,000
Unamortized bond premium	563,237	-	46,937	516,300	-
Leases payable	297,409	-	62,885	234,524	63,587
Accrued leave	847,293	620,250	597,268	870,275	510,000
Total Governmental Activities Long-Term Liabilities	\$ 12,255,650	2,212,944	1,964,186	12,504,407	1,748,691

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

Business-type Activities	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
\$3,375,000 Series 2013 Harbor General Obligation Bonds, due in annual installments of \$140,000- \$280,000 plus interest at 2% through June of 2024.	\$ 370,000	-	170,000	200,000	180,000
\$2,300,000 Series 2013 2A Harbor General Obligation Bonds, due in annual installments of \$20,000- \$260,000 plus interest at 2% through December of 2033.	2,280,000	-	40,000	2,240,000	40,000
Unamortized bond premium	50,024	-	16,675	33,349	-
Accrued leave	220,779	126,732	101,952	245,559	96,000
Total Business-type Activities Long-Term Liabilities	\$ 2,920,803	126,732	328,627	2,718,908	316,000

In May 2021, the City issued General Obligation Bonds of \$2,300,000 to refinance \$2,300,000 of 2013 Harbor General Obligation Bonds that resulted in debt service saving through 2034 of \$273,224 and economic gain of \$258,493.

Governmental activities accrued leave is typically liquidated by the General Fund. Debt has typically been liquidated through specific debt service funds. All of the HAWSP Debt Service Fund water and sewer assessment revenue has been pledged for the repayment of the Alaska Drinking Water and Alaska Clean Water loans.

Additionally, the sales tax revenues noted in the Police Station Debt Service Fund has been pledged to repay the general obligation bonds noted above.

Fund	Revenue	Operating Expenses	Net Available for Debt Service	Debt Service Requirement		
				Principal	Interest	Total
HAWSP	\$ 2,573,350	-	2,573,350	880,378	103,800	984,178
Police Station	\$ 802,803	-	802,803	220,000	175,000	395,000

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

Annual debt service requirements to maturity for long-term debt, and the loans not yet in repayment status, exclusive of lease payable and accrued leave follow:

Governmental Activities <i>Year Ending June 30,</i>	Notes Payable		
	Principal	Interest	Total
2024	\$ 945,104	116,355	1,061,459
2025	946,831	102,073	1,048,904
2026	948,586	87,758	1,036,344
2027	685,322	73,429	758,751
2028	687,134	63,043	750,177
2029-2033	2,359,356	174,845	2,534,201
2034-2038	514,732	64,010	578,742
2039-2043	340,619	29,899	370,518
2044-2048	97,570	10,245	107,815
2049-2052	78,054	2,927	80,981
	\$ 7,603,308	724,584	8,327,892

Annual debt service requirements to maturity for the bonds follow:

Governmental Activities <i>Year Ending June 30,</i>	G. O. Bonds Payable		
	Principal	Interest	Total
2024	\$ 230,000	164,000	394,000
2025	245,000	152,500	397,500
2026	255,000	140,250	395,250
2027	265,000	127,500	392,500
2028	280,000	114,250	394,250
2029-2032	1,630,000	346,250	1,976,250
2033-2034	375,000	18,750	393,750
	\$ 3,280,000	1,063,500	4,343,500

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

Business-type Activities <i>Year Ending June 30,</i>	G. O. Bonds Payable		
	Principal	Interest	Total
2024	\$ 220,000	45,116	265,116
2025	65,000	39,870	104,870
2026	210,000	38,130	248,130
2027	230,000	35,687	265,687
2028	235,000	32,529	267,529
2029-2033	1,220,000	95,659	1,315,659
2034	260,000	3,058	263,058
	<u>\$ 2,440,000</u>	<u>290,049</u>	<u>2,730,049</u>

Debt Covenants

The 2013 Harbor bonds require that a reserve account be established in the amount of the largest annual debt service payment (\$290,100) and for the Port to establish and charge fees sufficient to produce 120% of the annual debt service amount. The City has complied with this covenant through the establishment of a dedicated investment account (reported as restricted cash and investments) in the Port of Homer Enterprise Fund. The City was required to maintain the reserve account with the refinancing of \$2,300,000 in May 2021.

7. Risk Management

The City is exposed to various risks of loss including (a) damage to and loss of buildings and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) workers' compensation; i.e., employee injuries, and (e) medical insurance costs of employees.

The City is a member of the Alaska Municipal League Joint Insurance Association (JIA), a governmental insurance pool established by the Alaska Municipal League. The JIA provides the City coverage for property, including building and contents, automobiles, mobile equipment and data processing equipment; casualty, including general liability, and public officials, law enforcement professional liability, auto liability and employee benefit liability; and workers' compensation, including employer's liability. In addition, commercial insurance policies are purchased that transfer the risk of loss, except for relatively low deductibles for marina keeper's legal liability, and underground tank liability. The City has no coverage for potential losses from environmental damages.

The JIA is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's deposit contribution in comparison to the aggregate deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2023.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

The JIA provides loss control services and conducts periodic inspections to ensure safe operations. The Finance Director coordinates risk management activities with the other City Directors and City Manager. The General Fund balance is sufficient to meet potential losses related to the JIA basic core coverage and coverage deductibles. The amount of settlements for the past three years did not materially exceed the City's insurance coverage.

8. Fund Balances

Fund balances, reported for the major funds and the nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints:

	General	Utility Special Revenue	HAWSP Debt Service	HART Roads Capital Project
Nonspendable:				
Inventory	\$ 5,135	538,542	-	-
Prepaid items	64,645	-	-	-
Total Nonspendable	69,780	538,542	-	-
Restricted:				
Roads and trails	-	-	-	5,159,608
Special service district	-	-	-	-
Total Restricted	-	-	-	5,159,608
Committed:				
Emergency use	4,928,471	-	-	-
Police station debt service	-	-	-	-
Community assistance program	-	-	-	-
Total Committed	4,928,471	-	-	-
Assigned:				
Library	-	-	-	-
Public safety	-	-	-	-
Community schools	-	-	-	-
Sustainability	-	-	-	-
Water and sewer	-	2,915,901	6,426,287	-
PERS benefits	171,314	-	-	-
Capital and land	-	-	-	-
Total Assigned	171,314	2,915,901	6,426,287	-
Unassigned (deficit)	2,332,560	-	-	-
Total Fund Balances	\$ 7,502,125	3,454,443	6,426,287	5,159,608

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

<i>Continued</i>	Nonmajor Funds	Totals
Nonspendable:		
Inventory	\$ -	543,677
Prepaid items	706,606	771,251
Total Nonspendable	706,606	1,314,928
Restricted:		
Roads and trails	2,167,244	7,326,852
Special service district	43,734	43,734
Total Restricted	2,210,978	7,370,586
Committed:		
Emergency use	-	4,928,471
Police station debt service	1,621,766	1,621,766
Community assistance program	98,714	98,714
Total Committed	1,720,480	6,648,951
Assigned:		
Library	180,408	180,408
Public safety	50,608	50,608
Community schools	270	270
Sustainability	16,155	16,155
Water and sewer	-	9,342,188
PERS benefits	38,743	210,057
Capital and land	6,052,319	6,052,319
Total Assigned	6,338,503	15,852,005
Unassigned (deficit)	(45,240)	2,287,320
Total Fund Balances	\$ 10,931,327	33,473,790

9. Leases

Lease Receivable

The City leases land and subleased buildings. The leases range for five to thirty years with renewal options. The City will receive annual payments listed in the table below. There are no agreements as a lessee or lessor that include sale-leaseback or lease-leaseback provision. The City recognized lease revenue and interest revenue during the current fiscal year related to all leases as stated in the table below. As of June 30, 2023, the City receivable for lease payments is stated below. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term.

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

As of June 30, 2023, the balance of the deferred inflow of resources is listed below.

	Payment Amount	Lease Revenue	Lease Interest	Lease Receivable	Deferred Inflow
Port of Homer	\$ 503,987	402,665	165,650	7,397,423	7,233,457

Lease Payable – Governmental Activities

The City has a lease agreement for multiple printers and copiers for five years. The City also leases property and buildings with agreements original agreements between 6 and 19 years. An initial lease liability was recorded in the amount of \$357,326. As of June 30, 2023 the value of the lease liability was \$234,524. The City is required to make monthly and annual payments totaling \$66,231. The leases have incremental interest rates between 0.89% and 1.24%. The value of the right-to-use asset as of the end of the current fiscal year was \$359,690 and had accumulated amortization of \$124,153.

The future principal and interest lease payments as of June 30, 2023 are as follows:

<u>Year Ended June 30,</u>	Principal	Interest	Total
2024	\$ 63,587	3,277	66,864
2025	64,297	3,277	67,574
2026	46,059	3,277	49,336
2027	37,096	3,277	40,373
2028	7,713	3,277	10,990
Thereafter	15,772	244	16,016
Totals	\$ 234,524	16,629	251,153

Remainder of this page left blank intentionally

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

10. Defined Benefit (DB) Pension Plan and OPEB Plans

General Information About the Plan

The City participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Plan was established and is administered by the State of Alaska to provide pension, postemployment healthcare, and death and disability benefits (OPEB). Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and post-employment health care benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other OPEB benefits. A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

As part of its participation in the PERS DB Plan (Tiers I, II, III), which is a cost-sharing multiple employer defined benefit plan, the City participates in the Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS Defined Contribution Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Pension Plan

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against *all* PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes.

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows and outflows of resources, and disclosures on this basis. The City records the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

It is important to note that the Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Employee Contribution Rates

Regular employees are required to contribute 6.75% (5.25% pension and 1.50% OPEB) of their annual covered salary. Police and firefighters are required to contribute 7.5% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on *all* PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years (as demonstrated in the contribution rate tables below).

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of \$1 billion. As a result, the on-behalf contribution in 2015 was significantly higher than the statutory amount. In 2016, the on-behalf contribution has returned to "normal" levels and generally equals the statutory calculation. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. On the enterprise fund and the government-wide financial statements, the on-behalf amounts are included in revenue and expense only to the extent they are applicable to the measurement period. Contribution rates for the period ended June 30, 2023 were determined in the June 30, 2021 actuarial valuations.

City contribution rates were as follows:

<i>July 1, 2022 to June 30, 2023</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	22.00%	18.38%	2.79%
Postemployment healthcare	-%	-%	-%
Total Contribution Rates	22.00%	18.38%	2.79%

In 2023, the City was credited with the following contributions into the pension/OPEB plan.

	Measurement Period July 1, 2021 to June 30, 2022	City Fiscal Period July 1, 2022 to June 30, 2023
Employer contributions pension (including DBUL)	\$ 1,007,909	\$ 1,271,733
Employer contributions OPEB	217,718	96,563
Nonemployer contributions (on-behalf pension)	616,414	232,094
Total Contributions	\$ 1,842,041	\$ 1,600,390

In addition, employee contributions to the Plan for pension totaled \$146,112 during the City's fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions/OPEB

At June 30, 2023, the City reported a liability for its proportionate share of the net pension/OPEB liability that reflected a reduction for State pension support provided to the City.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

The amounts recognized by the City for its proportional share, the related State proportion, and the total is as follows:

Net Pension Liability

City proportionate share	\$ 12,332,025
State's proportionate share associated with the City	3,411,468
Total Net Pension Liability	\$ 15,743,493

Net OPEB (Asset) - ARHCT

City proportionate share	\$(4,727,406)
State's proportionate share associated with the City	(1,350,544)
Total Net OPEB (Asset) - ARHCT	\$(6,077,950)

Net OPEB (Asset) - ODD

City proportionate share	\$ (166,954)
State's proportionate share associated with the City	-
Total Net OPEB (Asset) - ODD	\$ (166,954)

Net OPEB (Asset) - RMP

City proportionate share	\$ (118,975)
State's proportionate share associated with the City	-
Total Net OPEB (Asset) - RMP	\$ (118,975)

The total pension/OPEB liabilities were measured as of June 30, 2022, and the total pension/OPEB liability used to calculate the net pension/OPEB liability for each Plan was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022. The City's proportion of the net pension/OPEB liabilities were based on a projection of the City's long-term share of contributions to the pension/OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

The City's proportionate share of the net pension/OPEB liability measured at June 30, 2022 was as follows:

City's proportionate share	Measurement Period June 30, 2022	Measurement Period June 30, 2021	Change
Net Pension Liability	0.24195%	0.28066%	(0.03871%)
Net OPEB Liability - ARHCT	0.24027%	0.28174%	(0.04147%)
Net OPEB Liability (Asset) - ODD	0.38084%	0.37739%	0.00345%
Net OPEB Liability - RMP	0.34257%	0.33967%	0.00290%

For the year ended June 30, 2023, the City recognized pension and OPEB expense (benefit) of \$(1,960,500) and \$(1,379,966), respectively for PERS in the Statement of Activities.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Pension Related		OPEB Related	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Deferred Outflows/Inflows of Resources:</u>				
Difference between expected and actual experience	\$ -	-	5,898	(92,907)
Change in assumptions	-	-	23,036	(360,666)
Net difference between projected and actual earnings on pension plan investments	352,577	-	290,827	-
Change in proportion and differences in proportional share	-	-	119,567	(8,338)
City contributions subsequent to the measurement date	1,271,733	-	96,563	-
Total Deferred Outflows/Inflows Related to Pensions	\$ 1,624,310	-	535,891	(461,911)

The \$1,271,733 and \$96,563 reported as deferred outflows of resources related to pensions and OPEB, respectively, resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension/OPEB liability in the year ended June 30, 2023.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension/OPEB expense as follows:

<i>Year Ending June 30,</i>	Pension Related	OPEB Related	Total
2024	\$ (41,917)	(208,993)	(250,910)
2025	(107,440)	(123,212)	(230,652)
2026	(257,922)	(244,562)	(502,484)
2027	759,856	617,156	1,377,012
2028	-	(28,610)	(28,610)
Thereafter	-	(34,362)	(34,362)
Total Amortization	\$ 352,577	(22,583)	329,994

Actuarial Assumptions

The total pension/OPEB asset for the measurement year ended June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022.

Actuarial Cost Method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officers/firefighters, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation Methodology	Amounts for the June 30, 2022 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2023 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% Initial trend rates are from FY 2023 Ultimate trend rates reached in FY 2050
Pension Mortality – Peace Officer/Firefighter	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time.

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Pension Mortality – Other Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time.

Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

ARHCT and RMP Plans – Mortality – Peace Officer/Firefighter Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

ARHCT and RMP Plans – All Other Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

	table, headcount-weighted, and projected with MP-2021 generational improvement.
	Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.
	Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
ODD Plan – Mortality	<p>Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member</p>
ARHCT and ODD Plans – Mortality	Deaths are assumed to result from occupational causes 35% of the time.
ARHCT - Participation	<p>100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible.</p> <p>20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.</p>
Other	See the experience study report dated July 15, 2022.

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board in June 2022 to better reflect expected future experience. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

The long term expected rate of return on pension/OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension/OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-term Expected Real Rate of Return</i>
Domestic equity	27%	6.51%
Global equity (non-US)	18%	5.70%
Aggregate bonds	21%	0.31%
Opportunistic	6%	-%
Real assets	14%	3.71%
Private equity	14%	9.61%
Cash equivalents	-%	(0.50%)

Discount Rate

The discount rate used to measure the total pension/OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and non-employer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension/OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Discount Rate Sensitivity

The following presents the Retirement System's net pension/OPEB liability and the City's proportionate share of the net pension/OPEB liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension/OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
PERS				
Net Pension Liability	0.24195%	\$ 16,601,557	12,332,025	8,731,929
Net OPEB Liability (Asset)- ARHCT	0.24027%	\$ (2,808,761)	(4,727,406)	(6,336,362)
Net OPEB Liability (Asset) - ODD	0.38084%	\$ (157,269)	(166,954)	(174,529)
Net OPEB Liability (Asset) - RMP	0.34257%	\$ 21,884	(118,975)	(226,393)

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

Pension Plan Fiduciary Net Position

Detailed information about the pension/OPEB plan's fiduciary net position is available in separately issued PERS financial reports.

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the City's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation reports as well as what the City's proportionate share of the respective plan's net OPEB asset would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
PERS				
Net OPEB Liability (Asset) - ARHCT	0.24027%	\$ (6,525,636)	(4,727,406)	(2,579,972)
Net OPEB Liability (Asset) - ODD	0.38084%	\$ n/a	n/a	n/a
Net OPEB Liability (Asset) - RMP	0.34257%	\$ (241,144)	(118,975)	45,576

11. Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the City contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service.

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

Employee Contribution Rate

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2023, the City was required to contribute 5% of covered salary into the Plan. The City and employee contributions to PERS for DC pensions for the year ended June 30, 2023 were \$321,947 and \$515,114, respectively. The City contribution amount was recognized as pension expense/expenditures. During the City's period forfeitures for DC pension used to offset the City's expense/expenditures was \$40,518.

12. Defined Contribution OPEB Plans

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment health care benefits.

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2023 were as follows:

	Other Tier IV	Police/Fire Tier IV
Alaska retiree healthcare trust	-%	-%
Retiree medical plan	1.10%	1.10%
Occupational death and disability benefits	0.30%	0.68%
Total Contribution Rates	1.40%	1.78%

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of **all employees of all employers** in the plan". As of July 1, 2020, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$2,237 per year for each full-time employee, and \$1.43 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2023, the City contributed \$183,007 in DC OPEB costs. This amount has been recognized as expense/expenditures.

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2023

13. Contingencies

The City is involved in various claims and pending litigation as part of the normal course of its activities. In the opinion of management, the disposition of these matters is not expected to have a material adverse effect on the City's financial statements. Amounts received or receivable from grantors are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, would become a liability of the General Fund or other applicable fund.

In October 2023, a portable storage device containing personally protected health information and related personally identifiable information for certain individuals was removed from a secured location and misplaced. The City is not able to estimate any impact of future losses associated with the loss of the portable storage device.

14. Designated Sales Tax

City of Homer sales tax is designated for the following purposes:

Water, sewer, and related debt service	0.75%
Road and trail projects	0.75%
Public safety, operations, and maintenance	0.05%
Debt service for construction of police station	0.30%
General Fund – undesignated	3.00%
Kenai Peninsula Borough	3.00%

Total Sales Tax Percentage	7.85%
-----------------------------------	--------------

Effective January 1, 2009, Ordinance 08-32(s)(A-2) exempts sales tax on non-prepared foods from September 1 through May 31 annually.

15. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan permits all employees to defer a portion of their salary. The deferred compensation is not available for distribution to employees until termination, retirement, death or unforeseeable emergency. Internal Revenue Code provisions require that all assets and income of the plan be held in trust for the exclusive benefit of participants and their beneficiaries.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

16. Related Parties

City purchases goods and services from local companies. Some of these purchases are considered related party transactions due to the nature of the relationships between employees of the City and these local companies. These transactions are not considered significant for individual disclosure.

17. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standards were implemented by the City for 2023 reporting.

GASB 91 – *Conduit Debt Obligations* – Effective for year-end June 30, 2023, with earlier application encouraged - This statement establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice of accounting for conduit debt obligations. This statement also establishes that conduit debt obligations are not a liability of the issuer and improves required note disclosures. The City has no conduit debt obligations.

GASB 93 – *Replacement of Interbank Offered Rates* – The provisions of this Statement, except for paragraph 11b, are required to be implemented for year-end June 30, 2022. The requirements in paragraph 11b are required to be implemented for year-end June 30, 2023. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). No significant impact to the City's financial statements.

GASB 94 – *Public-private and Public-public Partnerships and Availability Payment Arrangements* – Effective for year-end June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The City has no PPPs.

GASB 96 – *Subscription-based Information Technology Arrangements* – Effective for year-end June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA. The City has no subscriptions that require the recording of a right-to-use subscription asset, subscription liability, and related notes.

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB 95). Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2023

GASB 99 – *Omnibus 2022* – Provisions of this Statement address requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63, which are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs were required to be implemented for year-end June 30, 2023. The effective date for the provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, are to be implemented for year-end June 30, 2024.

GASB 100 – *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62 – Effective for year-end June 30, 2024. Earlier application is encouraged. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB 101 – *Compensated Absences* – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102 – *Certain Risk Disclosures* – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

Required Supplementary Information

City of Homer, Alaska
100 - General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2023	Budget		Actual GAAP Basis	Budget to GAAP Difference	Actual Budget Basis	Variance with Final Budget
	Original	Final				
Revenues						
Property taxes	\$ 3,883,897	3,883,897	4,077,288	-	4,077,288	193,391
Sales and use taxes	6,245,825	8,911,049	8,292,059	-	8,292,059	(618,990)
Permits and licenses	44,262	44,262	42,973	-	42,973	(1,289)
Intergovernmental	614,207	614,207	1,262,390	(167,686)	1,094,704	480,497
Charges for services	1,784,693	713,635	978,587	-	978,587	264,952
Interest Income	153,499	153,499	118,721	-	118,721	(34,778)
Fines and forfeitures	17,393	17,393	13,396	-	13,396	(3,997)
Total Revenues	12,743,776	14,337,942	14,785,414	(167,686)	14,617,728	279,786
Expenditures						
General government	3,858,643	4,465,822	4,158,880	(50,365)	4,108,515	357,307
Public safety	5,323,796	5,722,520	5,984,845	(79,875)	5,904,970	(182,450)
Public works	3,101,721	3,426,206	3,157,000	(24,636)	3,132,364	293,842
Library	988,374	1,031,477	1,024,664	(10,183)	1,014,481	16,996
Airport	233,545	238,517	286,791	(2,627)	284,164	(45,647)
Community services	94,000	94,000	94,000	-	94,000	-
Total Expenditures	13,600,079	14,978,542	14,706,180	(167,686)	14,538,494	440,048
Excess of Revenues Over (under)						
Expenditures	(856,303)	(640,600)	79,234	-	79,234	719,834
Other Financing Sources (Uses)						
Transfers in	958,864	907,807	1,739,101	-	1,739,101	831,294
Transfers out	(102,561)	(267,207)	(1,156,267)	-	(1,156,267)	(889,060)
Net Change in Fund Balance	\$ -	-	662,068	-	662,068	662,068
Fund Balance, beginning			6,840,057		6,840,057	
Fund Balance, ending			\$ 7,502,125		\$ 7,502,125	

See accompanying notes to required supplementary information.

City of Homer, Alaska

200 - Utility Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2023	Budget		Actual GAAP Basis	Budget to GAAP Difference	Actual Budget Basis	Variance with Final Budget
	Original	Final				
Revenues						
Intergovernmental	\$ -	-	508,051	31,587	539,638	539,638
Charges for services	3,591,854	3,591,854	3,834,335	-	3,834,335	242,481
Investment income	84,500	84,500	78,997	-	78,997	(5,503)
Total Revenues	3,676,354	3,676,354	4,421,383	31,587	4,452,970	776,616
Expenditures						
Water	2,151,518	1,891,127	1,937,306	17,448	1,954,754	(63,627)
Sewer	1,756,197	1,512,928	1,647,846	14,139	1,661,985	(149,057)
Debt service:						
Interest	-	-	1,639	-	1,639	(1,639)
Capital outlay	-	-	1,317,096	-	1,317,096	(1,317,096)
Total Expenditures	3,907,715	3,404,055	4,903,887	31,587	4,935,474	(1,531,419)
Excess of Revenues Over (Under) Expenditures	(231,361)	272,299	(482,504)	-	(482,504)	(754,803)
Other Financing Sources (Uses)						
Loan proceeds	-	-	870,070	-	870,070	870,070
Transfers in	91,734	91,734	460,002	-	460,002	368,268
Transfers out	(23,064)	(364,033)	(23,064)	-	(23,064)	340,969
Net Change in Fund Balance	(162,691)	-	824,504	-	824,504	824,504
Fund Balance, beginning			2,629,939			
Fund Balance, ending			\$ 3,454,443			

See accompanying notes to required supplementary information.

City of Homer, Alaska
Schedule of the City's Information on the Net Pension Liability
Public Employees Retirement System (PERS)

<i>Fiscal Period</i>	Measurement Period Ended June 30,	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Year Ended June 30,								
2023	2023	0.24195%	\$ 12,332,025	\$ 3,411,468	\$ 15,743,493	\$ 7,565,501	163.00%	67.97%
2022	2022	0.28066%	10,295,961	1,393,745	11,689,706	7,501,842	137.25%	76.46%
Six Months Ended June 30, 2021	2020	0.19507%	11,511,242	4,762,499	16,273,741	7,501,842	153.45%	61.61%
Years Ended December 31,								
2020	2020	0.19507%	11,511,242	4,762,499	16,273,741	7,101,307	162.10%	61.61%
2019	2019	0.21316%	11,668,965	4,631,725	16,300,690	6,616,896	176.35%	63.42%
2018	2018	0.22854%	11,355,996	3,289,937	14,645,933	6,635,180	171.15%	65.19%
2017	2017	0.21319%	11,020,546	4,105,937	15,126,483	6,507,827	169.34%	63.37%
2016	2016	0.25432%	14,215,445	1,792,202	16,007,647	6,372,455	223.08%	59.55%
2015	2015	0.22501%	10,912,909	2,922,750	13,835,659	6,455,186	169.06%	63.96%
2014	2014	*	*	*	*	*	*	*

*GASB requires ten years of information be presented. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to required supplementary information.

City of Homer, Alaska

Schedule of the City's Information on the Net OPEB Liability (Assets)
Public Employees Retirement System (PERS)

Fiscal Period	Measurement Period Ended June 30,	City's proportion of the net OPEB liability	City's proportionate share of the net OPEB liability (asset)	State of Alaska proportionate share of the net OPEB liability (asset)	Total net OPEB liability (asset)	City's covered employee payroll	City's proportionate share of the net OPEB liability as a percentage of covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (assets)
Alaska Retiree Healthcare Trust Plan (ARHCT):								
Year Ended								
June 30, 2023	2023	0.24027%	\$ (4,727,406)	\$ (1,350,544)	\$ (6,077,950)	\$ 7,565,501	-62.49%	128.15%
2022	2022	0.28174%	(7,227,633)	(946,643)	(8,174,276)	7,501,842	-96.34%	135.54%
Six Months Ended June 30, 2021	2020	0.19511%	(883,569)	-	(883,569)	7,501,842	-11.78%	106.15%
Years Ended December 31,								
2020	2020	0.19511%	(883,569)	-	(883,569)	7,101,307	-12.44%	106.15%
2019	2019	0.21309%	316,184	125,707	441,891	6,616,896	4.78%	98.13%
2018	2018	0.22850%	2,345,089	680,139	3,025,228	6,635,180	35.34%	88.12%
2014-2017	*	*	*	*	*	*	*	*
Occupational Death and Disability (ODD):								
Year Ended								
June 30, 2023	2023	0.38084%	\$ (166,954)	\$ -	\$ (166,954)	\$ 7,565,501	-2.21%	348.80%
2022	2022	0.37739%	(166,327)	-	(166,327)	7,501,842	-2.22%	374.22%
Six Months Ended June 30, 2021	2020	0.36393%	(99,207)	-	(99,207)	7,501,842	-1.32%	238.80%
Years Ended December 31,								
2020	2020	0.36393%	(99,207)	-	(99,207)	7,101,307	-1.40%	238.80%
2019	2019	0.33209%	(80,515)	-	(80,515)	6,616,896	-1.22%	297.43%
2018	2018	0.30999%	(60,206)	-	(60,206)	6,635,180	-0.91%	270.62%
2014-2017	*	*	*	*	*	*	*	*
Retiree Medical Plan (RMP):								
Year Ended								
June 30, 2023	2023	0.34257%	\$ (118,975)	\$ -	\$ (118,975)	\$ 7,565,501	-1.57%	120.08%
2022	2022	0.33967%	(91,175)	-	(91,175)	7,501,842	-1.22%	115.10%
Six Months Ended June 30, 2021	2020	0.31899%	22,626	-	22,626	7,501,842	0.30%	95.23%
Years Ended December 31,								
2020	2020	0.31899%	22,626	-	22,626	7,101,307	0.32%	95.23%
2019	2019	0.29512%	70,604	-	70,604	6,616,896	1.07%	83.17%
2018	2018	0.01854%	39,446	-	39,446	6,635,180	0.59%	88.71%
2014-2017	*	*	*	*	*	*	*	*

*GASB requires ten years of information be presented. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to required supplementary information.

City of Homer, Alaska

**Schedule of City Contributions - Pension
Public Employees Retirement System (PERS)**

<i>Fiscal Period</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Year Ended					
June 30,					
2023	\$ 1,271,733	\$ 1,271,733	\$ -	\$ 8,514,198	14.937%
2022	1,007,909	1,007,909	-	7,565,501	13.322%
Six Months					
Ended June					
30, 2021	475,167	475,167	-	3,665,330	12.964%
Years Ended					
December 31,					
2020	920,104	920,104	-	7,546,508	12.192%
2019	786,093	786,093	-	6,663,123	11.798%
2018	843,414	843,414	-	6,651,553	12.680%
2017	820,166	820,166	-	6,619,157	12.391%
2016	1,031,207	1,031,207	-	6,414,407	16.076%
2015	644,804	644,804	-	6,402,816	10.071%
2014	*	*	*	*	*

* GASB requires ten years of information be presented. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to required supplementary information.

City of Homer, Alaska

Schedule of the City Contributions - OPEB
Public Employees Retirement System (PERS)

Fiscal Period	Contractually required contribution	Contributions in relation to the contractually required contribution	Contributions over (short)	City's covered- employee payroll	Contributions as a percentage of covered- employee payroll
Alaska Retiree Healthcare Trust Plan (ARHCT):					
Year Ended					
June 30, 2023	\$ -	\$ -	\$ -	\$ 8,514,198	0.000%
2022	137,782	137,782	-	7,565,501	1.821%
Six Months					
Ended June 30,					
2021	91,917	91,917	-	3,665,330	2.508%
Years Ended					
December 31,					
2020	265,264	265,264	-	7,546,508	3.515%
2019	298,559	298,559	-	6,663,123	4.481%
2018	271,357	271,357	-	6,651,553	4.080%
2014-2017	*	*	*	*	*
Occupational Death and Disability (ODD):					
Year Ended					
June 30, 2023	\$ 25,735	\$ 25,735	\$ -	8,514,198	0.302%
2022	21,973	21,973	-	7,565,501	0.290%
Six Months					
Ended June 30,					
2021	9,861	9,861	-	3,665,330	0.269%
Years Ended					
December 31,					
2020	18,882	18,882	-	7,546,508	0.250%
2019	14,066	14,066	-	6,663,123	0.211%
2018	10,678	10,678	-	6,651,553	0.161%
2014-2017	*	*	*	*	*
Retiree Medical Plan (RMP):					
Year Ended					
June 30, 2023	\$ 70,828	\$ 70,828	\$ -	8,514,198	0.832%
2022	57,963	57,963	-	3,665,330	1.581%
Six Months					
Ended June 30,					
2021	30,839	30,839	-	3,665,330	0.841%
Years Ended					
December 31,					
2020	62,453	62,453	-	7,546,508	0.828%
2019	44,061	44,061	-	6,663,123	0.661%
2018	35,366	35,366	-	6,651,553	0.532%
2014-2017	*	*	*	*	*

* GASB requires ten years of information be presented. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to required supplementary information.

City of Homer, Alaska

Notes to Required Supplementary Information

1. Budgetary Comparison Schedules

An operating budget is adopted each fiscal year biennially for the General Fund and Utility Special Revenue Fund on the modified accrual basis used to reflect actual revenues and expenditures. The CARES Special Revenue Fund was outside of the normal budget cycle due to the nature of the COVID-19 pandemic and is based on appropriation approved over the fiscal year.

The City follows these procedures in establishing the budgetary data reflected in the required budgetary comparison Schedules:

- a. By the third Friday in April of budgeting years, the City Manager presents the budget proposal for the next two fiscal year, including additional information.
- b. Public hearings are conducted by the City to obtain taxpayer comments.
- c. At a regular Council meeting no less than 10 days before the end of the fiscal year, the Council shall appropriate the funds.
- d. The Council may increase or decrease appropriations during the course of the year and may amend the budget using the same method as for initial adoption.
- e. The City Manager is authorized to transfer budgeted amounts within a department; however, any revisions that result in permanent staffing level revisions, require Council approval. Expenditures may not exceed appropriations at the fund level.
- f. Appropriations lapse at the end of the fiscal year to the extent they have not been fully expended or fully encumbered. Capital appropriations remain in force until the project is finished or abandoned.

The City publishes its annual budget document and it is available on the City's website at: www.cityofhomer-ak.gov.

2. Pension/OPEB Disclosures

In accordance with GASB Statement 82, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based. Because a portion of the City's contributions to the Plan (the DBUL) are based on Defined Contribution Wages, covered payroll reported here includes all PERS participating wages (both DB and DC).

Both pension and OPEB tables are intended to present 10 years of information. Additional years' information will be added to the schedules as it becomes available.

Schedules of City's Information on the Net Pension/OPEB Liability

- This table is presented based on the Plan measurement date. For June 30, 2023, the Plan measurement date is June 30, 2022.
- There were no changes in benefit terms from the prior measurement period.

Schedules of City Contributions – Pension/OPEB

- This table is based on the City's contributions for each year presented. A portion of these contributions are included in the plan measurement results, while a portion of the contributions have been reported as a deferred outflow on the statement of net position.

City of Homer, Alaska

Notes to Required Supplementary Information, continued

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022.

Amounts reported reflect a change in assumptions between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

The total OPEB liability (asset) for each plan was determined by actuarial valuations as of June 30, 2021, rolled forward to the measurement date of June 30, 2022 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board in June 2022 based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and are effective June 30, 2022. The actuarial assumptions used in the June 30, 2021 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

In 2019, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.

Supplementary Information

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

A Special Revenue Fund is established to finance particular activities and is created from proceeds of specific revenue sources that are restricted or committed for specific purposes.

CARES – This fund accounts for the activities of the City's response to COVID-19 including grants to individuals and organizations, administration of the grant program, and other costs in response to the pandemic.

Police Station Debt Service – This fund accounts for principal and interest payments on the bonds for the police station capital project.

HART Assessments – This fund accounts for assessments that have been earmarked for road improvements.

Noncapital Projects – This fund accounts for projects and grant-related activities that are not capitalized.

Retainage Reimbursements – This fund accounts for deposits customers have provided for specific projects until their completion.

Seawall Assessment – This fund accounts for assessments that have been earmarked for bluff erosion control along Ocean Drive Loop.

PERS Funding – This fund accounts for funds set aside for future PERS obligation.

Fire Department Donations – This fund accounts for donations made to the fire department.

Library Donations – This fund accounts for donations made to the library.

Animal Shelter Donations – This fund accounts for donations made to the animal shelter.

Community Schools – This fund accounts for donations to be used for community schools.

Sustainability – This fund accounts for donations for sustainable global warming.

Ocean DR Loop Mill Rate Assessments – This fund accounts for assessments that have been earmarked for seawall maintenance.

Nonmajor Governmental Funds, continued

CAPITAL PROJECT FUNDS

Capital Project Funds are established to account for the financial resources expended to acquire or construct major capital assets of a relatively permanent nature. Such financial resources include grants, contributions, bond proceeds, and operating transfers from other funds.

Capital Project Funds provide a formal mechanism to ensure that revenues dedicated to a certain project are used only for that project and enable the City administration to report to grantors of Capital Project Fund revenue that their requirements regarding the use of the revenues are fully satisfied.

Land Reserves – This fund accounts for the accumulation of capital to purchase land.

City Facilities – This fund accounts for all activities related to the construction of general government capital projects including issuance of bonds.

GF Fleet Capital Asset Repair and Maintenance Allowance (CARMA) – This fund accounts for the accumulation of capital to purchase vehicles.

GF CARMA – This fund accounts for monies set aside each year from the General Fund to be used for the maintenance of City buildings and the purchase of General Fund equipment.

HART Trails – This fund accounts for improvements to City trails.

Gas Line – This fund accounts for all activities related to the construction of the gas line.

Energy Revolving Loan – This fund accounts for forward funding of energy efficiency improvement projects with corpus to be reinstated through future repayments.

City of Homer, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue Funds										
	CARES	Police Station Debt Service	HART Assess- ments	Non- capital Projects	Retainage Reimburse- ments	Seawall Assess- ments	PERS Funding	Fire Depart- ment Donations	Library Donations	Animal Shelter Donations	Community Schools
<i>June 30, 2023</i>	119	154	155	157	159	173	615	802	803	804	805
Assets											
Cash and investments	\$ 9,801	1,417,359	1,131,469	40,092	228,032	294,559	38,743	41,238	170,408	335	270
Receivables, net:											
State and federal grants	7,505	-	-	-	-	-	-	-	-	-	-
Sales taxes	-	204,407	-	-	-	-	-	-	-	-	-
Prepaid and other assets	-	-	-	3,000	-	-	-	-	10,000	-	-
Special assessments	-	-	116,085	-	-	664,092	-	-	-	-	-
Total Assets	\$ 17,306	1,621,766	1,247,554	43,092	228,032	958,651	38,743	41,238	180,408	335	270
Liabilities											
Accounts payable	\$ 8,271	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	229,485	-	-	-	-	-	-
Unearned grant revenue	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Deferred Inflow of Resources											
Special assessments not yet due	-	-	116,085	-	-	664,092	-	-	-	-	-
Total Liabilities and Deferred Inflow of Resources	8,271	-	116,085	-	229,485	664,092	-	-	-	-	-
Fund Balances											
Nonspendable - Prepaid items	-	-	-	-	-	-	-	-	-	-	-
Restricted:											
Roads and trails	-	-	1,131,469	-	-	-	-	-	-	-	-
Special service district	-	-	-	-	-	-	-	-	-	-	-
Committed:											
Police station debt service	-	1,621,766	-	-	-	-	-	-	-	-	-
Community assistance program	-	-	-	-	-	-	-	-	-	-	-
Assigned:											
Library	-	-	-	-	-	-	-	-	180,408	-	-
Public safety	9,035	-	-	-	-	-	-	41,238	-	335	-
Community schools	-	-	-	-	-	-	-	-	-	-	270
Sustainability	-	-	-	-	-	-	-	-	-	-	-
PERS benefits	-	-	-	-	-	-	38,743	-	-	-	-
Capital and land	-	-	-	43,092	-	294,559	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	(1,453)	-	-	-	-	-	-
Total Fund Balances	9,035	1,621,766	1,131,469	43,092	(1,453)	294,559	38,743	41,238	180,408	335	270
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 17,306	1,621,766	1,247,554	43,092	228,032	958,651	38,743	41,238	180,408	335	270

City of Homer, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet, continued

	Special Revenue Funds			Capital Project Funds								Total Nonmajor Govern- mental Funds
	Sustain- ability 807	Ocean Dr Loop Assess- ments 808	Total Special Revenue Funds	Land Reserves 150	City Facilities 151	GF Fleet CARMA 152	GF CARMA 156	HART Trails 165	Gas Line 175	Energy Revolving Loan 620	Total Capital Project Funds	
June 30, 2023												
Assets												
Cash and investments	\$ 16,155	43,734	3,432,195	971,753	-	1,303,769	2,202,498	984,673	874,747	398,910	6,736,350	10,168,545
Receivables, net:												
State and federal grants	-	-	7,505	-	123,766	-	-	-	-	-	123,766	131,271
Sales taxes	-	-	204,407	-	-	-	-	51,102	-	-	51,102	255,509
Prepaid and other assets	-	-	13,000	-	-	706,606	-	-	-	-	706,606	719,606
Special assessments	-	-	780,177	-	-	-	-	-	477,846	-	477,846	1,258,023
Total Assets	\$ 16,155	43,734	4,437,284	971,753	123,766	2,010,375	2,202,498	1,035,775	1,352,593	398,910	8,095,670	12,532,954
Liabilities												
Accounts payable	\$ -	-	8,271	253	4,801	-	36,756	-	-	-	41,810	50,081
Unearned revenue	-	-	229,485	-	-	-	-	-	-	-	-	229,485
Unearned grant revenue	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	64,038	-	-	-	-	-	64,038	64,038
Deferred Inflow of Resources												
Special assessments not yet due	-	-	780,177	-	-	-	-	-	477,846	-	477,846	1,258,023
Total Liabilities and Deferred Inflow of Resources	-	-	1,017,933	253	68,839	-	36,756	-	477,846	-	583,694	1,601,627
Fund Balances												
Nonspendable - Prepaid items	-	-	-	-	-	706,606	-	-	-	-	706,606	706,606
Restricted:												
Roads and trails	-	-	1,131,469	-	-	-	-	1,035,775	-	-	1,035,775	2,167,244
Special service district	-	43,734	43,734	-	-	-	-	-	-	-	-	43,734
Committed:												
Police station debt service	-	-	1,621,766	-	-	-	-	-	-	-	-	1,621,766
Community assistance program	-	-	-	-	98,714	-	-	-	-	-	98,714	98,714
Assigned:												
Library	-	-	180,408	-	-	-	-	-	-	-	-	180,408
Public safety	-	-	50,608	-	-	-	-	-	-	-	-	50,608
Community schools	-	-	270	-	-	-	-	-	-	-	-	270
Sustainability	16,155	-	16,155	-	-	-	-	-	-	-	-	16,155
PERS benefits	-	-	38,743	-	-	-	-	-	-	-	-	38,743
Capital and land	-	-	337,651	971,500	-	1,303,769	2,165,742	-	874,747	398,910	5,714,668	6,052,319
Unassigned (deficit)	-	-	(1,453)	-	(43,787)	-	-	-	-	-	(43,787)	(45,240)
Total Fund Balances	16,155	43,734	3,419,351	971,500	54,927	2,010,375	2,165,742	1,035,775	874,747	398,910	7,511,976	10,931,327
Total Liabilities and Fund Balances	\$ 16,155	43,734	4,437,284	971,753	123,766	2,010,375	2,202,498	1,035,775	1,352,593	398,910	8,095,670	12,532,954

City of Homer, Alaska

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

	Special Revenue Funds										
		Police Station Debt Service	HART Assess- ments	Non- capital Projects	Retainage Reimburse- ments	Seawall Assess- ments	PERS Funding	Fire Depart- ment Donations	Library Donations	Animal Shelter Donations	Community Schools
<i>Year Ended June 30, 2023</i>	CARES 119	154	155	157	159	173	615	802	803	804	805
Revenues											
Property taxes	\$ -	-	-	-	-	-	-	-	-	-	-
Sales taxes	-	802,803	-	-	-	-	-	-	-	-	-
Intergovernmental	750,520	-	-	14,041	-	-	-	-	-	-	-
Investment income	-	-	19,843	476	-	-	9,190	1,655	5,459	-	-
Special assessment	-	-	64,416	-	-	26,253	-	-	-	-	-
Enstar FMA refund	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	8,237	-	-	-
Total Revenues	750,520	802,803	84,259	14,517	-	26,253	9,190	9,892	5,459	-	-
Expenditures											
Current -											
General government	-	-	-	26,350	1,453	-	-	-	-	-	-
Public safety	25,204	-	-	-	-	-	-	-	-	-	-
Debt service principal	-	220,000	-	-	-	156,718	-	-	-	-	-
Debt service interest	-	175,000	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	25,204	395,000	-	26,350	1,453	156,718	-	-	-	-	-
Excess of Revenues Over (Under) Expenditures	725,316	407,803	84,259	(11,833)	(1,453)	(130,465)	9,190	9,892	5,459	-	-
Other Financing Sources (Uses)											
Loan proceeds	-	-	-	-	-	722,624	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(716,686)	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	8,630	407,803	84,259	(11,833)	(1,453)	592,159	9,190	9,892	5,459	-	-
Fund Balances, beginning	405	1,213,963	1,047,210	54,925	-	(297,600)	29,553	31,346	174,949	335	270
Fund Balances, ending	\$ 9,035	1,621,766	1,131,469	43,092	(1,453)	294,559	38,743	41,238	180,408	335	270

City of Homer, Alaska

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, continued

Year Ended June 30, 2023	Special Revenue Funds			Capital Project Funds							Total Capital Project Funds	Total Nonmajor Govern- mental Funds
	Sustain- ability 807	Ocean Dr Loop Assess- ments 808	Total Special Revenue Funds	Land Reserves 150	City Facilities 151	GF Fleet CARMA 152	GF CARMA 156	HART Trails 165	Gas Line 175	Energy Revolving Loan 620		
Revenues												
Property taxes	\$ -	3,272	3,272	-	-	-	-	-	-	-	-	3,272
Sales taxes	-	-	802,803	-	-	-	-	200,701	-	-	200,701	1,003,504
Intergovernmental	-	-	764,561	-	155,274	-	-	-	-	-	155,274	919,835
Investment income	517	-	37,140	-	2,962	24,939	40,448	18,032	11,846	-	98,227	135,367
Special assessment	-	-	90,669	-	-	-	-	-	482,260	-	482,260	572,929
Enstar FMA refund	-	-	-	-	-	-	-	-	69,509	-	69,509	69,509
Other	-	-	8,237	-	-	-	-	-	-	-	-	8,237
Total Revenues	517	3,272	1,706,682	-	158,236	24,939	40,448	218,733	563,615	-	1,005,971	2,712,653
Expenditures												
Current -												
General government	-	-	27,803	-	-	-	-	-	84	-	84	27,887
Public safety	-	-	25,204	-	-	-	-	-	-	-	-	25,204
Debt service principal	-	-	376,718	-	-	-	-	-	-	-	-	376,718
Debt service interest	-	-	175,000	-	-	-	-	-	-	-	-	175,000
Capital outlay	-	-	-	69,764	324,514	730,481	380,547	19,655	-	-	1,524,961	1,524,961
Total Expenditures	-	-	604,725	69,764	324,514	730,481	380,547	19,655	84	-	1,525,045	2,129,770
Excess of Revenues Over (Under) Expenditures	517	3,272	1,101,957	(69,764)	(166,278)	(705,542)	(340,099)	199,078	563,531	-	(519,074)	582,883
Other Financing Sources (Uses)												
Loan proceeds	-	-	722,624	-	-	-	-	-	-	-	-	722,624
Transfers in	-	-	-	-	418,759	99,570	12,058	-	-	12,867	543,254	543,254
Transfers out	-	-	(716,686)	-	-	(18,855)	-	(41,706)	-	-	(60,561)	(777,247)
Net Change in Fund Balances	517	3,272	1,107,895	(69,764)	252,481	(624,827)	(328,041)	157,372	563,531	12,867	(36,381)	1,071,514
Fund Balances, beginning	15,638	40,462	2,311,456	1,041,264	(197,554)	2,635,202	2,493,783	878,403	311,216	386,043	7,548,357	9,859,813
Fund Balances, ending	\$ 16,155	43,734	3,419,351	971,500	54,927	2,010,375	2,165,742	1,035,775	874,747	398,910	7,511,976	10,931,327

General Fund

The General Fund accounts for the financial operations of the City of Homer which are not accounted for in any other fund. Principal sources of revenues are sales taxes, property taxes, charges for services, and intergovernmental revenues. Primary expenditures in the General Fund are for general government, public safety, and public works.

City of Homer, Alaska

100 - General Fund
Balance Sheets

June 30,	2023	2022
Assets		
Cash and investments	\$ 5,612,963	\$ 4,269,337
Receivables		
Property taxes - delinquent, net of allowance for doubtful accounts of \$2,412 (\$14,083 in 2022)	44,394	88,365
Sales taxes	2,230,094	2,227,404
Accounts receivable, net of allowance for doubtful accounts of \$18,934 (\$21,806 in 2022)	174,895	164,853
Leases	-	94,078
Total Receivables	2,449,383	2,574,700
Due from other funds	206,919	853,143
Inventory	5,135	50,312
Prepaid items	64,645	18,412
Total Assets	\$ 8,339,045	\$ 7,765,904
Liabilities		
Accounts payable	\$ 315,393	\$ 307,097
Accrued payroll and related liabilities	458,042	418,062
Customer deposits	25,265	20,707
Total Liabilities	798,700	745,866
Deferred Inflows of Resources		
Lease related	-	93,984
Deferred property taxes	38,220	85,997
Total Deferred Inflows of Resources	38,220	179,981
Total Liabilities and Deferred Inflows of Resources	836,920	925,847
Fund Balance		
Nonspendable	69,780	68,724
Committed	4,928,471	5,318,560
Assigned - PERS benefits	171,314	171,314
Unassigned	2,332,560	1,281,459
Total Fund Balance	7,502,125	6,840,057
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 8,339,045	\$ 7,765,904

City of Homer, Alaska
100 - General Fund
Schedules of Revenues, Expenditures, and
Changes in Fund Balance - with 2022 Budget and Actual

	Year Ended June 30, 2023					2022
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budget Basis	Variance	Actual GAAP Basis
Revenues						
Taxes:						
Property taxes	\$ 3,883,897	4,077,288	-	4,077,288	193,391	\$ 3,837,033
Sales and use taxes	8,911,049	8,292,059	-	8,292,059	(618,990)	7,711,860
Total taxes	12,794,946	12,369,347	-	12,369,347	(425,599)	11,548,893
Permits and licenses	44,262	42,973	-	42,973	(1,289)	40,594
Intergovernmental:						
State PERS relief	-	167,686	(167,686)	-	-	437,745
Utility cooperative	24,458	24,752	-	24,752	294	23,877
Alcohol beverage tax	26,883	-	-	-	(26,883)	21,550
Public safety	528,866	1,035,952	-	1,035,952	507,086	558,248
Public works	34,000	34,000	-	34,000	-	34,000
Total intergovernmental	614,207	1,262,390	(167,686)	1,094,704	480,497	1,075,420
Charges for services:						
Administrative services	-	-	-	-	-	5,467
Ambulance services	165,082	283,609	-	283,609	118,527	357,367
Fire contracts	90,100	112,513	-	112,513	22,413	103,028
Camping fees	170,294	136,533	-	136,533	(33,761)	150,219
Airport services	194,642	231,685	-	231,685	37,043	215,695
Community school fees	27,191	38,821	-	38,821	11,630	12,895
Miscellaneous services	66,326	175,426	-	175,426	109,100	191,113
Total charges for services	713,635	978,587	-	978,587	264,952	1,035,784
Investment income (loss)	153,499	118,721	-	118,721	(34,778)	(196,256)
Fines and forfeitures	17,393	13,396	-	13,396	(3,997)	21,246
Total Revenues	\$ 14,337,942	14,785,414	(167,686)	14,617,728	279,786	\$ 13,525,681

City of Homer, Alaska
100 - General Fund
Schedules of Revenues, Expenditures, and
Changes in Fund Balance - with 2022 Budget and Actual, continued

	Year Ended June 30, 2023					2022
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budget Basis	Variance	Actual GAAP Basis
Expenditures						
General government:						
City council/mayor:						
Salaries and benefits	\$ 14,056	8,744	-	8,744	5,312	\$ 13,114
Maintenance and operations	456,900	338,613	-	338,613	118,287	549,444
Total city council/mayor	470,956	347,357	-	347,357	123,599	562,558
City clerk:						
Salaries and benefits	389,965	404,630	(7,344)	397,286	(7,321)	383,073
Maintenance and operations	62,452	48,855	-	48,855	13,597	54,406
Total city clerk	452,417	453,485	(7,344)	446,141	6,276	437,479
City manager:						
Salaries and benefits	741,598	516,212	(7,967)	508,245	233,353	295,248
Maintenance and operations	114,209	89,027	-	89,027	25,182	43,233
Total city manager	855,807	605,239	(7,967)	597,272	258,535	338,481
Personnel:						
Salaries and benefits	162,218	171,738	(3,023)	168,715	(6,497)	159,230
Maintenance and operations	59,970	51,578	-	51,578	8,392	65,406
Total personnel	222,188	223,316	(3,023)	220,293	1,895	224,636
Economic development:						
Salaries and benefits	-	184,747	(3,316)	181,431	(181,431)	151,299
Maintenance and operations	-	-	-	-	-	55,090
Total economic development	-	184,747	(3,316)	181,431	(181,431)	206,389
Information technology:						
Salaries and benefits	412,256	369,423	(6,200)	363,223	49,033	268,315
Maintenance and operations	139,526	156,837	-	156,837	(17,311)	122,916
Total information technology	551,782	526,260	(6,200)	520,060	31,722	391,231
HERC Building -						
Maintenance and operations	62,244	43,087	-	43,087	19,157	26,916
Community recreation:						
Salaries and benefits	157,949	158,164	(2,450)	155,714	2,235	138,336
Maintenance and operations	34,998	31,654	-	31,654	3,344	11,398
Total community recreation	192,947	189,818	(2,450)	187,368	5,579	149,734
Finance:						
Salaries and benefits	852,526	814,898	(13,553)	801,345	51,181	759,803
Maintenance and operations	97,758	67,688	-	67,688	30,070	70,365
Total Finance	950,284	882,586	(13,553)	869,033	81,251	830,168
Planning and zoning:						
Salaries and benefits	405,949	403,726	(6,512)	397,214	8,735	396,308
Maintenance and operations	45,815	45,502	-	45,502	313	26,967
Total planning and zoning	451,764	449,228	(6,512)	442,716	9,048	423,275

City of Homer, Alaska
100 - General Fund
Schedules of Revenues, Expenditures, and
Changes in Fund Balance - with 2022 Budget and Actual, continued

	Year Ended June 30, 2023					2022
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budget Basis	Variance	Actual GAAP Basis
Expenditures, continued						
General government, continued:						
City hall complex -						
Maintenance and operations	\$ 132,804	121,128	-	121,128	11,676	\$ 141,045
Leave cash out -						
Salaries and benefits	122,629	122,629	-	122,629	-	136,126
Total general government	4,465,822	4,148,880	(50,365)	4,098,515	367,307	3,868,038
Public safety:						
Emergency services:						
Fire - administration:						
Salaries and benefits	388,234	387,280	(6,478)	380,802	7,432	302,222
Maintenance and operations	237,349	213,138	-	213,138	24,211	216,832
Total fire - administration	625,583	600,418	(6,478)	593,940	31,643	519,054
Fire services:						
Salaries and benefits	429,191	378,224	(5,866)	372,358	56,833	373,289
Maintenance and operations	90,500	88,812	-	88,812	1,688	48,953
Total fire services	519,691	467,036	(5,866)	461,170	58,521	422,242
Emergency medical services:						
Salaries and benefits	423,421	432,813	(6,932)	425,881	(2,460)	419,652
Maintenance and operations	50,750	42,972	-	42,972	7,778	44,880
Total emergency medical services	474,171	475,785	(6,932)	468,853	5,318	464,532
Total emergency services	1,619,445	1,543,239	(19,276)	1,523,963	95,482	1,405,828
Police department:						
Police administration:						
Salaries and benefits	149,992	160,044	(3,199)	156,845	(6,853)	156,118
Maintenance and operations	341,804	401,906	-	401,906	(60,102)	381,098
Total police administration	491,796	561,950	(3,199)	558,751	(66,955)	537,216
Police dispatch:						
Salaries and benefits	686,319	665,548	(11,021)	654,527	31,792	633,759
Maintenance and operations	35,500	22,685	-	22,685	12,815	25,342
Total police dispatch	721,819	688,233	(11,021)	677,212	44,607	659,101
Police investigation:						
Salaries and benefits	196,762	242,477	(4,314)	238,163	(41,401)	253,511
Maintenance and operations	28,100	32,472	-	32,472	(4,372)	22,703
Total police investigation	224,862	274,949	(4,314)	270,635	(45,773)	276,214
Police patrol:						
Salaries and benefits	1,585,859	1,815,946	(31,376)	1,784,570	(198,711)	1,568,443
Maintenance and operations	7,500	5,847	-	5,847	1,653	1,416
Total police patrol	1,593,359	1,821,793	(31,376)	1,790,417	(197,058)	1,569,859

City of Homer, Alaska

100 - General Fund

Schedules of Revenues, Expenditures, and

Changes in Fund Balance - with 2022 Budget and Actual, continued

	Year Ended June 30, 2023					2022
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budget Basis	Variance	Actual GAAP Basis
Expenditures, continued						
Public safety, continued						
Police department, continued						
Jail:						
Salaries and benefits	\$ 702,383	660,777	(10,689)	650,088	52,295	\$ 661,177
Maintenance and operations	129,962	130,392	-	130,392	(430)	124,163
Total jail	832,345	791,169	(10,689)	780,480	51,865	785,340
Animal control -						
Maintenance and operations	238,894	303,512	-	303,512	(64,618)	223,229
Total animal control	238,894	303,512	-	303,512	(64,618)	223,229
Total police department	4,103,075	4,441,606	(60,599)	4,381,007	(277,932)	4,050,959
Total public safety	5,722,520	5,984,845	(79,875)	5,904,970	(182,450)	5,456,787
Public works:						
Administration:						
Salaries and benefits	119,491	102,721	(1,633)	101,088	18,403	101,325
Maintenance and operations	83,747	85,281	-	85,281	(1,534)	73,161
Total administration	203,238	188,002	(1,633)	186,369	16,869	174,486
Maintenance:						
Salaries and benefits	280,632	261,813	(3,714)	258,099	22,533	225,386
Maintenance and operations	172,790	196,930	-	196,930	(24,140)	196,454
Total maintenance	453,422	458,743	(3,714)	455,029	(1,607)	421,840
Roads:						
Salaries and benefits	549,028	498,888	(7,946)	490,942	58,086	505,142
Maintenance and operations	432,567	411,335	-	411,335	21,232	329,393
Total roads	981,595	910,223	(7,946)	902,277	79,318	834,535
Parks:						
Salaries and benefits	317,558	229,781	(2,134)	227,647	89,911	282,980
Maintenance and operations	339,022	310,974	-	310,974	28,048	267,481
Total parks	656,580	540,755	(2,134)	538,621	117,959	550,461
Motor pool:						
Salaries and benefits	221,933	194,186	(2,915)	191,271	30,662	186,597
Maintenance and operations	428,720	389,202	-	389,202	39,518	401,448
Total motor pool	650,653	583,388	(2,915)	580,473	70,180	588,045
Engineer inspection:						
Salaries and benefits	176,814	170,775	(2,749)	168,026	8,788	159,353
Maintenance and operations	23,530	23,115	-	23,115	415	31,076
Total engineer inspection	200,344	193,890	(2,749)	191,141	9,203	190,429

City of Homer, Alaska

100 - General Fund

Schedules of Revenues, Expenditures, and

Changes in Fund Balance - with 2022 Budget and Actual, continued

	Year Ended June 30, 2023					2022
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budget Basis	Variance	Actual GAAP Basis
Expenditures, continued						
Public works, continued:						
Janitorial:						
Salaries and benefits	\$ 229,724	256,982	(3,545)	253,437	(23,713)	\$ 209,644
Maintenance and operations	50,650	25,017	-	25,017	25,633	25,563
Total Janitorial	280,374	281,999	(3,545)	278,454	1,920	235,207
Total public works	3,426,206	3,157,000	(24,636)	3,132,364	293,842	2,995,003
Library:						
Salaries and benefits	782,805	780,320	(10,183)	770,137	12,668	693,390
Maintenance and operations	248,672	244,344	-	244,344	4,328	226,872
Total library	1,031,477	1,024,664	(10,183)	1,014,481	16,996	920,262
Airport:						
Salaries and benefits	108,952	158,538	(2,627)	155,911	(46,959)	143,796
Maintenance and operations	129,565	128,253	-	128,253	1,312	102,597
Total airport	238,517	286,791	(2,627)	284,164	(45,647)	246,393
Non-Departmental:						
Settlement	-	10,000	-	10,000	(10,000)	25,000
Museum	69,000	69,000	-	69,000	-	69,000
Homer Foundation Non-Profit	25,000	25,000	-	25,000	-	25,000
Total non-departmental	94,000	104,000	-	104,000	(10,000)	119,000
Total Expenditures	14,978,542	14,706,180	(167,686)	14,538,494	440,048	13,605,483
Excess of Revenues Over (Under)						
Expenditures	(640,600)	79,234	-	79,234	719,834	(79,802)
Other Financing Sources (Uses):						
Transfers in	907,807	1,739,101	-	1,739,101	831,294	1,587,163
Transfers out	(267,207)	(1,156,267)	-	(1,156,267)	(889,060)	(4,604,742)
Net Change in Fund Balance	\$ -	662,068	-	662,068	662,068	(3,097,381)
Fund Balance, beginning		6,840,057		6,840,057		9,937,438
Fund Balance, ending		\$ 7,502,125		7,502,125		\$ 6,840,057

Utility Special Revenue Fund

The Utility Special Revenue Fund accounts for the activities of the water and sewer facility operations, including collection and treatment of sewage, and distribution and transmission of water.

City of Homer, Alaska
Utility Special Revenue Fund
Combining Balance Sheet

	Utility Operations 200	Utility Capital Projects 215	Utility Reserves 256	Total Utility Fund
June 30, 2023				
Assets				
Cash and investments	\$ (144,588)	(2,249,048)	4,163,087	1,769,451
Receivables				
Accounts receivable	375,630	-	-	375,630
State and Federal grants and loans	-	1,346,534	-	1,346,534
Total Receivables	375,630	1,346,534	-	1,722,164
Inventory	538,542	-	-	538,542
Total Assets	\$ 769,584	(902,514)	4,163,087	4,030,157
Liabilities				
Accounts payable	\$ 89,870	345,672	16,901	452,443
Accrued payroll and related liabilities	68,064	-	-	68,064
Customer deposits	55,207	-	-	55,207
Total Liabilities	213,141	345,672	16,901	575,714
Fund Balances (Deficits)				
Nonspendable - inventory	538,542	-	-	538,542
Assigned - water and sewer	17,901	(1,248,186)	4,146,186	2,915,901
Total Fund Balances (Deficits)	556,443	(1,248,186)	4,146,186	3,454,443
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 769,584	(902,514)	4,163,087	4,030,157

City of Homer, Alaska
Utility Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2023</i>	Budget	Actual	Variance
Revenues			
Intergovernmental	\$ -	\$ 508,051	\$ 508,051
Charges for services:			
Water charges and connection fees	1,837,172	1,972,511	135,339
Sewer charges and connection fees	1,754,682	1,861,824	107,142
Total charges for services	3,591,854	3,834,335	242,481
Investment income	84,500	78,997	(5,503)
Total Revenues	3,676,354	4,421,383	745,029
Expenditures			
Water:			
Administration	281,718	295,538	(13,820)
Treatment plant	666,884	672,710	(5,826)
Water system testing	28,750	27,106	1,644
Pumping stations	101,020	98,608	2,412
Distribution system	371,410	356,414	14,996
Water reservoir	30,197	21,198	8,999
Water meters	190,760	261,428	(70,668)
Water hydrants	220,388	204,304	16,084
Total water	1,891,127	1,937,306	(46,179)
Sewer:			
Administration	215,734	230,114	(14,380)
Sewer plant operations	753,303	804,700	(51,397)
Sewer system testing	15,240	13,950	1,290
Sewer lift stations	225,231	198,270	26,961
Collection system	303,420	400,812	(97,392)
Total Sewer	1,512,928	1,647,846	(134,918)
Debt service:			
Interest	-	1,639	(1,639)
Capital outlay	-	1,317,096	(1,317,096)
Total Expenditures	3,404,055	4,903,887	(1,499,832)
Excess of Expenditures Over Revenues	272,299	(482,504)	(754,803)
Other Financing Sources (Uses)			
Loan proceeds	-	870,070	870,070
Transfers in	91,734	460,002	368,268
Transfers out	(364,033)	(23,064)	340,969
Net Change in Fund Balance	-	824,504	\$ 824,504
Fund Balance, beginning		2,629,939	
Fund Balance, ending		\$ 3,454,443	

City of Homer, Alaska

Utility Special Revenue Fund

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficits)

<i>Year Ended June 30, 2023</i>	Utility Operations 200	Utility Capital Projects 215	Utility Reserves 256	Total Utility Fund
Revenues				
Intergovernmental	\$ 31,587	476,464	-	508,051
Charges for services:				
Water charges and connection fees	1,972,511	-	-	1,972,511
Sewer charges and connection fees	1,861,824	-	-	1,861,824
Total charges for services	3,834,335	-	-	3,834,335
Investment income	(1,235)	-	80,232	78,997
Total Revenues	3,864,687	476,464	80,232	4,421,383
Expenditures				
Water:				
Administration	295,538	-	-	295,538
Treatment plant	672,710	-	-	672,710
Water system testing	27,106	-	-	27,106
Pumping stations	98,608	-	-	98,608
Distribution system	356,414	-	-	356,414
Water reservoir	21,198	-	-	21,198
Water meters	261,428	-	-	261,428
Water hydrants	204,304	-	-	204,304
Total water	1,937,306	-	-	1,937,306
Sewer:				
Administration	230,114	-	-	230,114
Sewer plant operations	804,700	-	-	804,700
Sewer system testing	13,950	-	-	13,950
Sewer lift stations	198,270	-	-	198,270
Collection system	400,812	-	-	400,812
Total Sewer	1,647,846	-	-	1,647,846
Debt service:				
Interest	1,639	-	-	1,639
Capital outlay	-	1,023,522	293,574	1,317,096
Total Expenditures	3,586,791	1,023,522	293,574	4,903,887
Excess of Revenues Over (Under)				
Expenditures	277,896	(547,058)	(213,342)	(482,504)
Other Financing Sources (Uses)				
Loan proceeds	-	870,070	-	870,070
Transfers in	-	460,002	-	460,002
Transfers out	(850,562)	1,382	826,116	(23,064)
Net Change in Fund Balances	(572,666)	784,396	612,774	824,504
Fund Balances (Deficits), beginning	1,129,109	(2,032,582)	3,533,412	2,629,939
Fund Balances (Deficits), ending	556,443	(1,248,186)	4,146,186	3,454,443

Port of Homer Enterprise Fund

Enterprise Funds account for operations that are financed and operated in a manner similar to private business operations. The City of Homer utilizes one Enterprise Fund.

Port of Homer – This fund accounts for the operations of the port and harbor.

City of Homer, Alaska
Port of Homer Enterprise Fund
Statements of Net Position

<i>June 30,</i>	2023	2022
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 5,210,665	\$ 4,212,009
Receivables:		
Accounts, net of allowance for doubtful accounts of \$19,789 (\$18,741 in 2022)	479,271	340,225
State and federal grants	526,470	-
Lease receivable	302,029	318,934
Prepaid items	223,014	14,625
Total Current Assets	6,741,449	4,885,793
Noncurrent Assets		
Restricted cash and investments - bond reserves	317,980	317,980
Lease receivable	7,095,394	6,685,682
Net OPEB assets	708,885	1,122,021
Property, Plant and Equipment		
Property, plant and equipment in service	74,706,340	74,446,090
Land and land improvements	15,804,641	15,804,641
Construction work in progress	792,916	50,337
Less accumulated depreciation	(46,828,714)	(44,655,299)
Net Property, Plant and Equipment	44,475,183	45,645,769
Total Noncurrent Assets	52,597,442	53,771,452
Total Assets	59,338,891	58,657,245
Deferred Outflows of Resources:		
Pension related	229,677	259,859
OPEB related	75,775	38,787
Total Deferred Outflows of Resources	305,452	298,646
Total Assets and Deferred Outflows of Resources	\$ 59,644,343	\$ 58,955,891

City of Homer, Alaska
Port of Homer Enterprise Fund
Statements of Net Position, continued

June 30,	2023	2022
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 498,625	\$ 263,310
Accrued payroll and related liabilities	85,195	68,450
Accrued leave	96,000	93,000
Accrued interest payable	4,425	4,553
General obligation bonds payable	220,000	210,000
Prepaid berth rentals and deposits	449,481	427,005
Unearned lease revenue	18,000	18,000
Unearned grant revenue	-	-
Total Current Liabilities	1,371,726	1,084,318
Noncurrent Liabilities, net of current portion:		
Unearned lease revenue	81,000	99,000
Accrued leave long term	149,559	127,779
General obligation bonds payable including bond premium	2,253,349	2,490,024
Net pension liabilities	1,743,748	1,543,365
Total Noncurrent Liabilities	4,227,656	4,260,168
Total Liabilities	5,599,382	5,344,486
Deferred Inflows of Resources:		
Lease related	7,233,457	6,934,008
Pension related	-	615,459
OPEB related	65,314	605,077
Total Deferred Inflows of Resources	7,298,771	8,154,544
Net Position		
Net investment in capital assets	42,001,834	42,945,745
Unrestricted (deficit)	4,744,356	2,511,116
Total Net Position	46,746,190	45,456,861
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 59,644,343	\$ 58,955,891

City of Homer, Alaska

Port of Homer Enterprise Fund

Statements of Revenues, Expenses, and Changes in Net Position

Year Ended June 30	2023	2022
Operating Revenues		
Harbor	\$ 3,802,202	\$ 3,675,098
Main dock	247,935	259,694
Fish dock	506,754	523,294
Deep water dock	365,311	157,434
Rents, leases and storage	862,798	570,414
Fish grinder	6,803	7,018
Total Operating Revenues	5,791,803	5,192,952
Operating Expenses		
Harbor	2,186,376	1,833,959
Main dock	124,313	140,588
Fish dock	518,763	603,730
Deep water dock	225,225	227,655
Fish grinder	22,015	21,819
Administration	729,256	788,920
Depreciation	2,173,415	2,171,924
Total Operating Expenses	5,979,363	5,788,595
Operating Loss	(187,560)	(595,643)
Nonoperating Revenues (Expenses)		
Investment income (loss)	73,471	(62,000)
Interest expense	(39,773)	(46,790)
State PERS relief	32,821	92,383
Other income	100,892	240,337
Cruise ship tax	38,535	103,597
Fish tax	116,236	66,865
Net Nonoperating Revenues (Expenses)	322,182	394,392
Loss Before Transfers and Capital Contributions	134,622	(201,251)
Transfers in	750,000	-
Transfers out	(121,763)	(36,960)
Capital contributions	526,470	35,234
Change in Net Position	1,289,329	(202,977)
Beginning Net Position	45,456,861	45,659,838
Ending Net Position	\$ 46,746,190	\$ 45,456,861

City of Homer, Alaska
Port of Homer Enterprise Fund
Statements of Cash Flows

<i>Year Ended June 30</i>	2023	2022
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 5,664,767	\$ 5,384,102
Payments to suppliers	(2,111,305)	(1,808,831)
Payments to employees	(2,141,880)	(1,660,267)
Net cash flows from (for) operating activities	1,411,582	1,915,004
Cash Flows from (for) Noncapital Financing Activities		
Transfers in (out)	628,237	(36,960)
Net cash flows from (for) noncapital financing activities	628,237	(36,960)
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long-term debt	(210,000)	(185,000)
Interest paid on long-term debt	(56,576)	(65,526)
Capital contributions received	-	35,234
Cruise ship tax and fish tax received	154,771	170,462
Acquisition of property, plant and equipment	(1,002,829)	(282,073)
Decrease in interfund loan	-	(44,973)
Net cash flows from (for) capital and related financing activities	(1,114,634)	(371,876)
Cash Flows from (for) Investing Activities		
Investment income received	73,471	(62,000)
Net Increase in Cash and Investments	998,656	1,444,168
Beginning Cash and Investments	4,529,989	3,085,821
Ending Cash and Investments	\$ 5,528,645	\$ 4,529,989

City of Homer, Alaska
Port of Homer Enterprise Fund
Statements of Cash Flows, continued

Year Ended June 30	2023	2022
Reconciliation of Operating Loss to Net Cash		
Flows from (for) Operating Activities		
Operating loss	\$ (187,560)	\$ (595,643)
Adjustments to reconcile operating loss to net cash flows from (for) operating activities:		
Depreciation	2,173,415	2,171,924
Noncash expense - PERS relief	32,821	92,383
Increase (decrease) in allowance for doubtful accounts	1,048	(5,965)
Amortization of deferred lease revenue	(18,000)	(18,000)
Miscellaneous nonoperating revenues and expense, net	100,892	240,337
 (Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(140,094)	30,214
Lease receivable	(392,807)	(7,004,616)
Prepaid items	(208,389)	21,301
Deferred outflows of resources related to pensions	30,182	(40,661)
Deferred outflows of resources related to OPEB	(36,988)	53,491
 Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	235,315	118,822
Accrued payroll and related liabilities	16,745	5,906
Accrued leave	24,780	(29,399)
Prepaid berth rentals and deposits	22,476	15,172
Net pension liability	200,383	(163,752)
Net OPEB (assets) liabilities	413,136	(979,631)
Deferred inflows of resources related leases	299,449	6,934,008
Deferred inflows of resources related to pensions	(615,459)	581,641.00
Deferred inflows of resources related to OPEB	(539,763)	487,472
 Net Cash Flows from (for) Operating Activities	 \$ 1,411,582	 \$ 1,915,004

City of Homer, Alaska
Port of Homer Enterprise Fund
Combining Schedule of Net Position

	Port & Harbor 400	Capital Projects 415	Fleet Reserve 452	Capital Outlay Reserve 456	Bonds 457	Cruise Ship Landing Tax 460	Total Port Fund
<i>June 30, 2023</i>							
Assets and Deferred Outflows of Resources							
Current Assets							
Cash and investments	\$ 1,451,388	242,328	169,514	3,481,063	(60,000)	(73,628)	5,210,665
Receivables:							
Trade, net of allowance for doubtful accounts	441,089	-	-	-	-	38,182	479,271
State and federal grants	-	526,470	-	-	-	-	526,470
Lease receivable	302,029	-	-	-	-	-	302,029
Prepaid items	18,956	204,058	-	-	-	-	223,014
Total Current Assets	2,213,462	972,856	169,514	3,481,063	(60,000)	(35,446)	6,741,449
Noncurrent Assets							
Restricted cash and investments - bond reserves	317,980	-	-	-	-	-	317,980
Lease receivable	7,095,394	-	-	-	-	-	7,095,394
Net OPEB assets	708,885	-	-	-	-	-	708,885
Property, plant and equipment:							
Property, plant and equipment in service	74,706,340	-	-	-	-	-	74,706,340
Land and land improvements	15,804,641	-	-	-	-	-	15,804,641
Construction work in progress	792,916	-	-	-	-	-	792,916
Less accumulated depreciation	(46,828,714)	-	-	-	-	-	(46,828,714)
Net Property, Plant and Equipment	44,475,183	-	-	-	-	-	44,475,183
Total Noncurrent Assets	52,597,442	-	-	-	-	-	52,597,442
Total Assets	54,810,904	972,856	169,514	3,481,063	(60,000)	(35,446)	59,338,891
Deferred Outflows of Resources:							
Pension related	229,677	-	-	-	-	-	229,677
OPEB related	75,775	-	-	-	-	-	75,775
Total Deferred Outflows of Resources	305,452	-	-	-	-	-	305,452
Total Assets and Deferred Outflows of Resources	\$ 55,116,356	972,856	169,514	3,481,063	(60,000)	(35,446)	59,644,343

City of Homer, Alaska
Port of Homer Enterprise Fund
Combining Schedule of Net Position, continued

	Port & Harbor 400	Capital Projects 415	Fleet Reserve 452	Capital Outlay Reserve 456	Bonds 457	Cruise Ship Landing Tax 460	Total Port Fund
June 30, 2023							
Liabilities, Deferred Inflows of Resources, and Net Position							
Liabilities							
Current Liabilities							
Accounts payable	\$ 301,395	129,701	-	67,529	-	-	498,625
Accrued payroll and related liabilities	84,759	436	-	-	-	-	85,195
Accrued leave	96,000	-	-	-	-	-	96,000
Accrued interest payable	4,425	-	-	-	-	-	4,425
General obligation bonds payable	180,000	-	-	-	40,000	-	220,000
Prepaid berth rentals and deposits	449,481	-	-	-	-	-	449,481
Unearned lease revenue	18,000	-	-	-	-	-	18,000
Unearned grant revenue	-	-	-	-	-	-	-
Total Current Liabilities	1,134,060	130,137	-	67,529	40,000	-	1,371,726
Noncurrent Liabilities, net of current portion:							
Unearned lease revenue	81,000	-	-	-	-	-	81,000
Accrued leave long term	149,559	-	-	-	-	-	149,559
General obligation bonds payable including bond premium	53,349	-	-	-	2,200,000	-	2,253,349
Net pension liabilities	1,743,748	-	-	-	-	-	1,743,748
Total Noncurrent Liabilities	2,027,656	-	-	-	2,200,000	-	4,227,656
Total Liabilities	3,161,716	130,137	-	67,529	2,240,000	-	5,599,382
Deferred Inflows of Resources:							
Lease related	7,233,457	-	-	-	-	-	7,233,457
OPEB related	65,314	-	-	-	-	-	65,314
Total Deferred Inflows of Resources	7,298,771	-	-	-	-	-	7,298,771
Net Position							
Net investment in capital assets	44,241,834	-	-	-	(2,240,000)	-	42,001,834
Unrestricted (deficit)	414,035	842,719	169,514	3,413,534	(60,000)	(35,446)	4,744,356
Total Net Position	44,655,869	842,719	169,514	3,413,534	(2,300,000)	(35,446)	46,746,190
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 55,116,356	972,856	169,514	3,481,063	(60,000)	(35,446)	59,644,343

City of Homer, Alaska
Port of Homer Enterprise Fund
Combining Schedule of Revenues, Expenses and Changes in Net Position (Deficits)

<i>Year Ended June 30, 2023</i>	Port & Harbor 400	Capital Projects 415	Fleet Reserve 452	Capital Outlay Reserve 456	Bonds 457	Cruise Ship Landing Tax 460	Total Port Fund
Operating Revenues							
Harbor	\$ 3,802,202	-	-	-	-	-	3,802,202
Main dock	247,935	-	-	-	-	-	247,935
Fish dock	506,754	-	-	-	-	-	506,754
Deep water dock	365,311	-	-	-	-	-	365,311
Rents, leases and storage	862,798	-	-	-	-	-	862,798
Fish grinder	6,803	-	-	-	-	-	6,803
Total Operating Revenues	5,791,803	-	-	-	-	-	5,791,803
Operating Expenses							
Harbor	1,700,297	254,115	-	231,964	-	-	2,186,376
Main dock	124,313	-	-	-	-	-	124,313
Fish dock	518,763	-	-	-	-	-	518,763
Deep water dock	225,225	-	-	-	-	-	225,225
Fish grinder	22,015	-	-	-	-	-	22,015
Administration	729,256	-	-	-	-	-	729,256
Depreciation	2,173,415	-	-	-	-	-	2,173,415
Total Operating Expenses	5,493,284	254,115	-	231,964	-	-	5,979,363
Operating Income (Loss)	298,519	(254,115)	-	(231,964)	-	-	(187,560)
Nonoperating Revenues (Expenses)							
Investment income	73,471	-	-	-	-	-	73,471
Interest expense	-	-	-	-	(39,773)	-	(39,773)
State PERS relief	32,821	-	-	-	-	-	32,821
Other income	92,916	7,650	-	326	-	-	100,892
Cruise ship tax	-	-	-	-	-	38,535	38,535
Fish tax	116,236	-	-	-	-	-	116,236
Net Nonoperating Revenues (Expenses)	315,444	7,650	-	326	(39,773)	38,535	322,182
Income (Loss) Before Transfers and Capital Contributions	613,963	(246,465)	-	(231,638)	(39,773)	38,535	134,622
Transfers in	568,587	289,507	15,120	(56,220)	39,694	(106,688)	750,000
Transfers out	(121,763)	-	-	-	-	-	(121,763)
Capital contributions	-	526,470	-	-	-	-	526,470
Change in Net Position	1,060,787	569,512	15,120	(287,858)	(79)	(68,153)	1,289,329
Beginning Net Position	43,595,082	273,207	154,394	3,701,392	(2,299,921)	32,707	45,456,861
Ending Net Position	\$ 44,655,869	842,719	169,514	3,413,534	(2,300,000)	(35,446)	46,746,190

Internal Service Funds

Internal Service Funds account for the financing of goods or services provided to other City departments on a cost-reimbursement basis.

Health Insurance Fund – This fund accounts for the cost of medical, dental, and vision insurance activities.

Leave Cash-out Fund – This fund accounts for anticipated employee leave cash outs.

City of Homer, Alaska
Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2023</i>	Health Insurance	Leave Cash-out	Total
Current Assets			
Cash and investments	\$ 49,532	\$ -	\$ 49,532
Liabilities and Net Position			
Current Liabilities			
Accrued payroll and related liabilities	12,617	276	12,893
Due to other funds	-	142,881	142,881
Total Current Liabilities	12,617	143,157	155,774
Net Position			
Unrestricted (deficit)	36,915	(143,157)	(106,242)
Total Liabilities and Net Position	\$ 49,532	\$ -	\$ 49,532

City of Homer, Alaska

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Net Position

<i>Year Ended June 30, 2023</i>	Health Insurance	Leave Cash-out	Total
Operating Revenues			
Interfund charges	\$ 2,223,068	\$ 261,313	\$ 2,484,381
Employee health contributions	193,146	-	193,146
Total Operating Revenues	2,416,214	261,313	2,677,527
Operating Expenses			
Salaries and benefits	-	313,494	313,494
Insurance premiums	2,147,264	-	2,147,264
Administration	535	-	535
Employee incentive fees	156,067	-	156,067
Total Operating Expenses	2,303,866	313,494	2,617,360
Transfers in	1,235	-	1,235
Change in Net Position	113,583	(52,181)	61,402
Beginning Net Position	(76,668)	(90,976)	(167,644)
Ending Net Position	\$ 36,915	\$ (143,157)	\$ (106,242)

City of Homer, Alaska
Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2023</i>	Health Insurance	Leave Cash-out	Total
Cash Flows from (for) Operating Activities			
Receipts from interfund services provided and employee contributions	\$ 2,416,214	\$ 261,313	\$ 2,677,527
Payments to employees	(143,450)	(313,218)	(456,668)
Payments for insurance, claims, and administration	(2,149,007)	-	(2,149,007)
Net cash flows from (for) operating activities	123,757	(51,905)	71,852
Cash Flows from (for) Noncapital Financing Activities			
Increase in due to other funds	(75,460)	51,905	(23,555)
Transfers in	1,235	-	1,235
Net cash flows from (for) noncapital financing activities	(74,225)	51,905	(22,320)
Net Increase in Cash and Investments	49,532	-	49,532
Cash and Investments, beginning	-	-	-
Cash and Investments, ending	\$ 49,532	\$ -	\$ 49,532

Reconciliation of Operating Income to Net Cash

Flows from (for) Operating Activities			
Operating income (loss)	\$ 112,348	\$ (52,181)	\$ 60,167
Adjustments to reconcile operating loss to net cash flows from (for) operating activities:			
Increase (decrease) in liabilities:			
Accounts payable	(1,208)	-	(1,208)
Accrued payroll and related liabilities	12,617	276	12,893
Net Cash Flows from (for) Operating Activities	\$ 123,757	\$ (51,905)	\$ 71,852

City of Homer, Alaska

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
DEPARTMENT OF THE TREASURY			
Passed through the State of Alaska Department of Commerce, Community, and Economic Development - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	AK0049	<u>\$ 716,685</u>
THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
Passed through the State of Alaska Department of Education and Early Development: COVID-19 Grants to States	45.310	ARPA25	<u>11,204</u>
ENVIRONMENTAL PROTECTION AGENCY			
Passed through the State of Alaska Department of Environmental Conservation - Sewer Overflow and Stormwater Reuse Municipal Grant Program	66.447	ACWA2313	<u>24,796</u>
DEPARTMENT OF HOMELAND SECURITY			
Passed through the State of Alaska Division of Homeland Security and Emergency Management - Homeland Security Grant Program:			
2022 State Homeland Security Program	97.067	21SHSP-GY21	39,327
2019 State Homeland Security Grant	97.067	Homer	<u>20,179</u>
Total Homeland Security Grant Program			<u>59,506</u>
Total Federal Financial Assistance			<u>\$ 812,191</u>

See accompanying notes to schedule of expenditures of federal awards.

City of Homer, Alaska

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of City of Homer under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Homer, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of Homer.

The City of Homer had no federally funded insurance programs or loan guarantees during the year ended June 30, 2023.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. Indirect Cost Rate

City of Homer has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Homer, Alaska
Schedule of State Financial Assistance
Year Ended June 30, 2023

State Agency / Program Title	Award Number	Total Award Amount	State Expenditures
Department of Environmental Conservation			
Drinking Water State Revolving Fund	409321-S	\$ 112,229	112,229
Drinking Water State Revolving Fund	409331-S	138,545	138,545
Drinking Water State Revolving Fund	409351-S	225,690	225,690
Total Drinking Water State Revolving Fund		476,464	476,464
CWA Section 221 Sewer Overflow and Stormwater Reuse Municipal Grant Program	ACWA2312	15,959	2,881
Total Department of Environmental Conservation		492,423	479,345
Department of Commerce, Community, and Economic Development			
* Homer Harbor Cathodic Protection Project	23-DC-041	750,000	221,341
Department of Corrections			
Prisoner Transport	220001265	66,650	66,650
Department of Education and Early Development			
Interlibrary Cooperation Grant	ILC23-013	8,058	8,058
Public Library Assistance	PLA-21-Homer	7,000	7,000
Total Department of Education and Early Development		15,058	15,058
Department of Transportation and Public Facilities			
* Homer Harbor Cathodic Protection Project	23-HG-005	366,000	305,129
Total State Financial Assistance			\$ 1,087,523

Note 1. Major Program Notation

* Denotes Major State Program

Note 2. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state award activity of the City of Homer under programs of the State of Alaska for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of the City of Homer, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Homer.

Note 3. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting.

Note 4. Awards to Subrecipients

No state expenditures presented in the Schedule were from awards passed through to

This page intentionally left blank.

Single Audit Report

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor and Members of the City Council
City of Homer, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Homer, Alaska (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 8, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

Anchorage, Alaska
October 8, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Honorable Mayor and Members of the City Council
City of Homer, Alaska

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the City of Homer, Alaska (the City) with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-003. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



The City is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The City is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, P.C.

Anchorage, Alaska
October 8, 2024



Independent Auditor's Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of State Financial Assistance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and City Council
City of Homer, Alaska

Report on Compliance for Each Major State Program

Opinion on Compliance for Each Major State Program

We have audited the City of Homer, Alaska's (the City) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplements* that could have a direct and material effect on each of the City's major state programs for the year ended June 30, 2023. The City's major state programs are identified in the accompanying Schedule of State Financial Assistance.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of *State of Alaska Audit Guide*. Our responsibilities under those standards and the *State of Alaska Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the City's compliance with the types of compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's state programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the types of compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *State of Alaska Audit Guide* requirements will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the types of compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State of Alaska Audit Guide*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State of Alaska* requirements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the *State of Alaska Audit Guide* and which is described in the accompanying schedule of findings and questioned costs as items 2023-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response



Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-004 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State of Alaska Audit Guide. Accordingly, this report is not suitable for any other purpose.

BDO USA, P.C.

Anchorage, Alaska
October 8, 2024

City of Homer, Alaska
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> none reported

Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no
---	-------------------	-----------------

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported

Type of auditor's report issued on compliance for major federal programs:	Unmodified.
---	-------------

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> X </u> yes	<u> </u> no
--	------------------	------------------

Identification of major federal programs:

Assistance Listing

<u>Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Agency</u>
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	Department of the Treasury

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
--	------------

Auditee qualified as low-risk auditee?	<u> </u> yes	<u> X </u> no
--	-------------------	-----------------

State Financial Assistance

Type of auditor's report issued on compliance for major state programs:	Unmodified
---	------------

Internal control over major state programs:

Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> (none reported)

Dollar threshold used to determine a state major program:	\$ 750,000
---	------------

Auditee qualified as low-risk auditee?	<u> </u> yes	<u> X </u> No
--	-------------------	-----------------

City of Homer, Alaska

Schedule of Findings and Questioned Costs, continued

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

<u>Finding 2023-001</u>	Significant Deficiency over Controls Pertaining to the Retention of Personal Identifiable Information and Personal Health Information
<i>Criteria</i>	<p><i>Governmental Auditing Standards</i> states that management is responsible to ensure the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provision of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements.</p> <p>Per the U.S. Department of Health and Human Services, the Health Insurance Portability and Accountability Act ("HIPPA") Privacy Rule located at 45 CFR Part 160 establishes national standards to protect individuals' medical records and other individually identifiable health information. The HIPPA Privacy Rule requires appropriate safeguards to protect the privacy of protected health information and sets limits and conditions on the uses and disclosures that may be made of such information without an individual's authorization.</p>
<i>Condition</i>	A portable storage device containing personally protected health information and related personally identifiable information for the affected individuals was removed from a secured location and misplaced.
<i>Cause</i>	There were insufficient safeguards in place over the secured location to ensure that removable devices were appropriately logged by personnel.
<i>Effect or potential Effect</i>	BDO identified the resulting impacts and potential future impacts related to misplaced portable storage devices. BDO determined the impacts to be significant to the entity due to the nature of the data that was misplaced. Future impacts could result in costly remediation by the City to alleviate the burden of identity theft.
<i>Recommendation</i>	Management should update policies and procedures pertaining to protected health information, personally identifiable information, secured storage facilities, and portable storage devices.
<i>Views of responsible officials and planned corrective actions</i>	Management agrees with the finding. Management has obtained professional services to ensure compliance with any State and Federal Laws including, but not limited to HIPAA requirements. Management is implementing policies and procedures to ensure loss of data risk is low.

City of Homer, Alaska

Schedule of Findings and Questioned Costs, continued

Finding 2023-002 **Grant Revenue Reconciliations - Significant Deficiency in Internal Control Over Financial Reporting**

Criteria Government Accounting Standards Board Statement of Principles, Section 1100.101 states that a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the government in conformity with generally accepted accounting principles (GAAP) and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Condition Reconciliations and related details provided on grant revenue contained amounts that were classified as unearned revenue, when the City had already met the criteria to record the amounts as grant revenue.

Cause Internal controls were not established to ensure that grant revenue was recorded and reconciled based on the modified accrual basis of accounting during the year.

Effect or potential Effect An adjustment of \$303,706 was posted during the audit to record revenue and reduce unearned revenue.

Recommendation Review process should be put in place to ensure revenue is recorded in the correct period once the criteria for revenue recognition is met.

Views of responsible officials and planned corrective actions Management agrees with the finding and plans to institute an internal requirement that grant reconciliations and necessary adjustment entries are completed on a quarterly basis to ensure financial reporting is timely and accurate.

The remainder of this page intentionally left blank.

City of Homer, Alaska

Schedule of Findings and Questioned Costs, continued

Section III - Federal Award Findings and Questioned Costs

Finding 2023-003	Deadline for Federal Single Audit - Reporting - Noncompliance and Material Weakness in Internal Control Over Compliance
<i>Agency</i>	U.S. Department of the Treasury
<i>Assistance Listing Numbers (ALN)</i>	21.027
<i>Program Name</i>	COVID-19 - Coronavirus Local Fiscal Recovery Fund
<i>Award Year</i>	FY 2023
<i>Pass-Through Agency</i>	State of Alaska Department of Commerce, Community, and Economic Development
<i>Pass-Through Entity Identifying Number</i>	AK0049
<i>Criteria or Specific Requirement</i>	2 CFR 200.512, Report Submission, establishes that the audit must be completed and the data collection form and reporting package submitted to the Federal Audit Clearinghouse (FAC) within the earlier of 30 days after receipt of the auditor's report or 9 months after the end of the audit period.
<i>Condition</i>	The City did not comply with the required submission date of the data collection form and reporting package to the FAC for the fiscal year ended June 30, 2023.
<i>Cause</i>	The City did not have controls in place to ensure the audit was completed timely so that the reporting package could be submitted to the FAC within the required timeframe.
<i>Effect or Potential Effect</i>	The City is not compliant with 2 CFR 200.512. The City could be exposed to a reduction or elimination of funds by the Federal awarding agencies.
<i>Questioned costs</i>	Not applicable.
<i>Context</i>	This is a condition identified per review of the City's compliance with the specified requirements.
<i>Identification as a repeat finding</i>	Yes. Finding 2022-004 Noncompliance and Material Weakness in Internal Control over Compliance.
<i>Recommendation</i>	We recommend the City establish controls to ensure the audit is completed timely and the reporting package is submitted to the FAC within the required timeframe.
<i>Views of Responsible Officials</i>	Management agrees with this finding. Management has developed internal deadlines to ensure the FY24 financial statements will be completed within the appropriate reporting deadlines.

City of Homer, Alaska

Schedule of Findings and Questioned Costs, continued

Section IV - State Award Findings and Questioned Costs

Finding 2023-004	Deadline for State Single Audit - Reporting - Noncompliance and Material Weakness in Internal Control Over Compliance
<i>State Agency</i>	Department of Environmental Conservation Department of Transportation and Public Facilities
<i>Grant Name, Award Number, and Award Year</i>	Homer Harbor Cathodic Protection Project, 23-DC-041, 2023 Homer Harbor Cathodic Protection Project, 23-HG-005, 2023
<i>Criteria or Specific Requirement</i>	2 AAC 45.010(b) states an entity that expends a cumulative total of \$750,000 or more shall submit an audit report for the audit period by "the earlier of 30 days after the entity receives its audit report for the audit period; or nine months after the end of the audit period" or a later date agreed upon in writing and advance of the date in this section.
<i>Condition</i>	The City did not provide the necessary information to complete the audit related to state programs subject to audit in a timely manner resulting in the audit not being completed by the State deadline.
<i>Cause</i>	The City did not have controls in place to reconcile and provide the information necessary to complete the audit by the required time.
<i>Effect</i>	The City is not in compliance with 2 AAC 45.010 (b)(1).
<i>Questioned costs</i>	Not applicable.
<i>Context</i>	This is a condition identified per review of the City's compliance with the specified requirements.
<i>Identification as a repeat finding</i>	No
<i>Recommendation</i>	We recommend the City establish controls to ensure the audit is completed timely and the reporting package is submitted to the State within the required timeframe.
<i>Views of Responsible Officials</i>	Management agrees with this finding. Management has developed internal deadlines to ensure the FY24 financial statements will be completed within the appropriate reporting deadlines.

This page intentionally left blank.

City of Homer, Alaska
Responses to Single Audit (Unaudited)



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

Summary Schedule of Prior Audit Findings Year Ended June 30, 2023

Finding 2022-001 **Grant Revenue Reconciliations - Significant Deficiency in Internal Control Over Financial Reporting**

Condition Reconciliations and related details provided on grant revenue were not completed until 16 months after year-end. In addition, the reconciliations indicated that grant receivable and revenue from the prior year were not recorded until the current fiscal year.

Status This Finding was carried forward as Finding 2023-002.

Finding 2022-002 **Governmental Accounting Standards Board Statement 87 (GASBS 87) - Significant Deficiency in Internal Control Over Financial Reporting**

Condition As part of its initial implementation of GASBS 87, management failed to measure the lease receivables and lease related deferred inflows of resources using the facts and circumstances that existed at the beginning of the period of implementation of GASBS 87. This resulted in adjustments to the lease receivables and lease related deferred inflows of resources recorded in the Port of Homer Enterprise Fund.

Status This finding has been corrected in the current year.

Finding 2022-003 **Significant Deficiency over Controls Pertaining to the Retention of Personal Identifiable Information and Personal Health Information**

Condition A portable storage device containing personally protected health information and related personally identifiable information for the affected individuals was removed from a secured location and misplaced.

Status This Finding was carried forward as Finding 2023-001.

Finding 2022-004 **Deadline for Federal Single Audit - Reporting - Noncompliance and Material Weakness in Internal Control Over Compliance**

Condition The City did not comply with the required submission date of the data collection form and reporting package to the FAC for the fiscal year ended June 30, 2022.

Status This Finding was carried forward as Finding 2023-003.



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

Summary Schedule of Prior Audit Findings, continued *Year Ended June 30, 2023*

Finding 2022-005

Review of Reporting - Significant Deficiency in Internal Control Over Compliance

Condition

During our testing of the reporting requirements, we noted the one report tested did not have evidence of review before submission.

Status

This Finding has been corrected in the current year.

The remainder of this page intentionally left blank.



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue

Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

Corrective Action Plan Year Ended June 30, 2023

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

Finding 2023-001

Significant Deficiency over Controls Pertaining to the Retention of Personal Identifiable Information and Personal Health Information

Planned Corrective Actions:

Management has obtained professional services to ensure compliance with any State and Federal Laws including, but not limited to HPPA requirements. Management is implementing policies and procedures to ensure loss of data risk is low.

Individual(s) Responsible for Corrective Action Plan

Bill Jirsa (Chief Technology Officer)
Mark Kirko (Fire Chief)
Melissa Jacobsen (City Manager)

Anticipated Completion Date:

This has been completed.

Finding 2023-002

Grant Revenue Reconciliations - Significant Deficiency in Internal Control Over Financial Reporting

Planned Corrective Actions:

The Finance Department is in the process of reorganization and management is working to ensure staff duties are more appropriately allocated amongst the department.

The Department will institute an internal requirement that grant reconciliations and necessary adjustment entries are completed on a quarterly basis to ensure financial reporting is timely and accurate.

Individual(s) Responsible for Corrective Action Plan

Elizabeth Fischer (Finance Director)
Jenna deLumeau (Controller)

Anticipated Completion Date:

This has been completed.



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

Corrective Action Plan, continued Year Ended June 30, 2023

Section III - Federal Award Findings and Questioned Costs

Finding 2023-003

Deadline for Federal Single Audit - Reporting - Noncompliance and Material Weakness in Internal Control over Compliance

Planned Corrective Actions:

The Finance Department is continuing its efforts in establishing and enforcing internal deadlines to ensure the financial statements are audited within the appropriate reporting deadlines.

The department has shifted staff duties to ensure the FY24 financial statements will be completed within the appropriate reporting deadlines.

Individual(s) Responsible for Corrective Action Plan

Elizabeth Fischer (Finance Director)
Jenna deLumeau (Controller)

Anticipated Completion Date:

The department has developed internal deadlines to ensure the FY24 financial statements will be completed within the appropriate reporting deadlines. This has been completed.

Section IV - State Award Findings and Questioned Costs

Finding 2023-004

Deadline for State Single Audit - Reporting - Noncompliance and Material Weakness in Internal Control over Compliance

Planned Corrective Actions:

The Finance Department is continuing its efforts in establishing and enforcing internal deadlines to ensure the financial statements are audited within the appropriate reporting deadlines.

The department has shifted staff duties to ensure the FY24 financial statements will be completed within the appropriate reporting deadlines.

Individual(s) Responsible for Corrective Action Plan

Elizabeth Fischer (Finance Director)
Jenna deLumeau (Controller)

Anticipated Completion Date:

The department has developed internal deadlines to ensure the FY24 financial statements will be completed within the appropriate reporting deadlines. This has been completed.



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

October 8, 2024

BDO USA, P.C.

3601 C St., Ste. 600

Anchorage, AK 99503

Ladies and gentlemen:

We are providing this letter in connection with your audit(s) of the financial statements of City of Homer (the Government), which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of financial position, changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of the date of this representation letter, as entered on the first page, the following representations made to you during your audit:

- (1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 13, 2024, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- (2) We have fulfilled our responsibility, as set out in the terms of the aforementioned audit engagement letter, for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- (3) The financial statements include all properly classified funds and other financial information of the primary government and all component units required to be included in the financial reporting entity by accounting principles generally accepted in the United States of America. All funds required to be presented as major funds are identified and presented as such.
- (4) We have made available to you:
 - (a) All financial records, and related data and federal and state awards (including amendments, if any, and any other correspondence with federal and state agencies or pass-through entities



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

relevant to federal and state programs and related activities), including the names of all related parties and all relationships and transactions with related parties, as agreed upon in the terms of the aforementioned audit engagement letter.

- (b) All additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) Minutes of the meetings of City Council, and Committees of Council Members that were held from July 1, 2021 to the date of this letter, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- (5) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
- (6) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or schedule of expenditures of federal awards (SEFA) or state schedule of financial assistance (SSFA). The financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit that are listed immediately below have been corrected. We have evaluated the propriety of the corrected misstatements based on a review of both the applicable authoritative literature and the underlying supporting evidence from our files and confirm our responsibility for the decision to correct them.

Corrected Misstatements

Item #	Account Name and Adjustment Description	Debit	Credit
1)	FY23 Sales Tax Correction		
	Sales Tax	\$220,259	
	Acct Receivable Sales Tax		(\$183,554)
	Sales Tax Receivable		(\$29,364)
	Hart Cap PJTS Sales Tax Rec		(\$7,341)
2)	FY23 Deferred Revenue Correction		
	Deferred Revenue	\$303,706	
	Grant Revenue		(\$303,706)

- (7) The financial statement misstatements relating to accounts and disclosures identified and discussed with us in the course of the audit that are listed immediately below have not been corrected. In our opinion, the effects of not correcting such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements of the Government taken as a whole.



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

Uncorrected Misstatements

Item #	Account Name and Adjustment Description	Debit	Credit	Impact on Net Position
1)	Natural Gas Assessment Receivable Correction			
	Current Year Assessment Revenue	\$18,358		
	Prior Year Assessment Revenue		(\$18,358)	
2)	Lease Payment Calculation for Wireless applied using the incorrect payment schedule			
	Lease Receivable	\$60,955		
	Deferred Inflow		(\$24,506)	
	Lease Revenue		(\$36,449)	\$36,449
3)	Community Assistance Program Grant Revenue Correction			
	Current Year Grant Revenue	\$98,714		
	Prior Year Grant Revenue		(\$98,714)	
Current year cumulative uncorrected misstatements				\$36,449
Cumulative effect of prior period uncorrected misstatements brought forward from last period				\$0
Cumulative uncorrected misstatements adjusted for prior period impact				\$36,449

- (8) You have identified and discussed with us in the course of the audit the deficiencies in our internal control over financial reporting listed immediately below

Material Weaknesses
<p>The City did not comply with the required submission date of the data collection form and reporting package to the FAC for the fiscal year ended June 30, 2023.</p> <p>The City did not provide the necessary information to complete the audit related to state programs subject to audit in a timely manner resulting in the audit not being completed by the State deadline.</p>
Significant Deficiencies
<p>A portable storage device containing personally protected health information and related personally identifiable information for the affected individuals was removed from a secured location and misplaced.</p> <p>Reconciliations and related details provided on grant revenue contained amounts that were classified as unearned revenue, when the City had already met the criteria to record the amounts as grant revenue.</p>



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

Control Deficiencies Other Than Material Weaknesses or Significant Deficiencies

Segregation of Duties: BDO identified in 2023 that the City's Controller and Finance Director have superuser access in Caselle. BDO additionally identified 2 users with superuser access that were no longer employees of the City. In addition, BDO identified that four finance department personnel, one city clerk, Special Projects Coordinator, Finance Director, and Controller, have the ability to post and approve their own journal entries.

During the audit, the engagement team noted instances where lease receivable and its related deferred inflows of resources were calculated using payments that did not conform with GASB 87.

In addition, the engagement team noted an instance where sales tax receivable per the TB did not reconcile to the PBC schedules.

- (9) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud or noncompliance. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud or noncompliance. We have no knowledge of any:
- (a) Fraud or suspected fraud involving management or involving employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.
 - (b) Fraud or suspected fraud involving others where the fraud could have a material effect on the financial statements.
 - (c) Allegations of fraud or suspected fraud affecting the Government received in communications from employees, former employees, regulatory agencies, law firms, predecessor accounting firms, or others.
 - (d) Instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse, whose effects should be considered when preparing the financial statements.
- (10) We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- (11) The following, where applicable and material, have been properly recorded or disclosed in the financial statements:
- (a) The identity of all related parties and all related party relationships and transactions of which we are aware, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

- (b) Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements.
- (c) Guarantees, whether written or oral, under which the Government is contingently liable.
- (d) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with accounting principles generally accepted in the United States of America. In that regard, all accounting estimates that could be material to the financial statements, including key factors and significant assumptions underlying those estimates, have been identified, and we believe the estimates are reasonable in the circumstances. The methods, significant assumptions, and the data used in making the accounting estimates and the related disclosures are appropriate to achieve recognition, measurement, and disclosure that is in accordance with accounting principles generally accepted in the United States of America.
- (e) The effects of all known actual or possible litigation, claims, and other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America, including:
 - Pending or anticipated tax refunds, other potential or pending claims, lawsuits by or against any branch of government or others;
 - Written or oral guarantees, endorsements, or unused letters of credit;
 - Unusual guarantees; or
 - Labor claims or negotiations.

Specifically, the loss of a portable storage device that resulted in the loss of ambulance patients PHI and PII has been considered in representation (25).

Accounting principles generally accepted in the United States of America require loss contingencies to be accrued if it is probable an asset has been impaired or a liability incurred at the statement of financial position date and the amount of loss can be reasonably estimated. Such contingencies must be disclosed, but may not be accrued, if the loss is reasonably possible (but not probable) or the loss is probable but the amount of loss cannot be reasonably estimated.

- (f) Commitments, such as:
 - Major capital asset purchase agreements;
 - More-than-one-year employment arrangements or contracts with suppliers or customers, or one-year-or-longer term leases;
 - Deferred compensation, bonuses, pensions plans, or severance pay; or



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

- Pending sale or merger of all or a portion of the business or of an interest therein or acquisition of all or a portion of the business, assets or securities of another entity;
 - (g) Joint ventures or other participations, the detailed transactions of which are not carried on our books.
- (12) There are no:
- (a) Violations or possible violations of budget ordinances, laws or regulations and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects could be material to the financial statements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - (b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
 - (c) Side agreements or other arrangements (either written or oral) that have not been disclosed to you.
 - (d) Restrictions of net position that were not properly authorized and approved, or reclassifications of net position that have not been properly reflected in the financial statements.
- (13) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the statement of financial position date and have been appropriately reduced to their estimated net realizable value.
- (14) The Government has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- (15) We have appropriately disclosed the Government's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.
- (16) We have complied with all aspects of contractual agreements, including debt covenants, that would have a material effect on the financial statements in the event of noncompliance. We have also complied with the SEC disclosure rules for reporting annual financial information and material events to repositories in accordance with SEC Rule N.240, 15c2-12.
- (17) No discussions have taken place with your firm's personnel regarding employment with the Government.
- (18) We are responsible for compliance with laws, regulations and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations and



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.

- (19) Components of net position (net investment in capital assets, restricted and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- (20) Revenues are appropriately classified in the statement of activities within program revenues, contributions, and general revenues. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- (21) In regards to the assisting us in preparing and submitting the required form SF-SAC Data Collection Form for the year ended June 30, 2023, based on our records and other information that comes to your attention during the audit, services performed by you, we have: (1) assumed all management responsibilities, (2) designated an individual (within senior management) with suitable skill, knowledge, or experience to oversee the services, (3) evaluated the adequacy and results of the services performed, and (4) accepted responsibility for the results of the services.
- (22) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United State of America and we believe it is fairly presented. The methods of measurement and presentation of the supplementary information have not changed from the prior period and we have disclosed to you any significant assumptions underlying the measurement and presentation of the supplementary information.
- (23) Required supplementary information is measured and presented in accordance with prescribed guidelines.
- (24) We are responsible for compliance with laws, regulations, and provisions of contracts and grant agreements applicable to us and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- (25) We have a process to track the status of audit findings and recommendations.
- (26) We have provided our views on your reported findings, conclusions, and recommendations. We are responsible for taking corrective action on audit findings and we are responsible for preparing and implementing a corrective action plan for each audit finding.
- (27) We have identified and disclosed to you the findings received for previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- (28) With respect to federal and state award programs:
 - (a) We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative*



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State of Alaska Supplement for State Single Audits (State Guide), including requirements relating to the preparation of the schedule of expenditures of federal awards (SEFA) and schedule of state financial assistance (SSFA).

- (b) We have, in accordance with the Uniform Guidance and State Guide, identified and disclosed to you in the schedule of expenditures of federal awards (SEFA) and SSFA, expenditures made during the audit period for all government programs and related activities provided by federal and state agencies in the form of federal and state awards, grants, federal and state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- (c) We acknowledge our responsibility for the preparation of the SEFA and SSFA and related notes in accordance with the requirements of the Uniform Guidance and State Guide, and we believe the SEFA and SSFA, including its form and content, is fairly presented in accordance with the Uniform Guidance and State Guide. The methods of measurement or presentation of the SEFA and SSFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA and SSFA below.
- (d) We have notified you of federal awards and funding increments that were received for awards received before December 26, 2014, and differentiated those awards from awards received on or after December 26, 2014, and subject to the audit requirements of the Uniform Guidance.
- (e) We will include the auditor's report on the SEFA and SSFA in any document that contains the SEFA and SSFA and that indicates you have reported on such information.
- (f) If the SEFA and SSFA are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA and SSFA no later than the date we issue the SEFA and SSFA and the auditor's report thereon.
- (g) We are responsible for understanding and complying with, and have complied with in all material respects, the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state programs and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions considered to have a direct and material effect on each federal and state program.
- (h) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended. Also, subsequent to the date of the auditor's report as of which compliance was audited, no changes have occurred in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and material weaknesses in internal control over compliance as reported in the schedule of findings and questioned costs.



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

- (i) We have made available to you all federal and state award contracts and grant agreements (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relating to each major federal and state program and related activities that have taken place with federal agencies and state or pass-through entities.
- (j) We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- (k) We have complied, in all material respects, with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement* and *State Audit Guide*, relating to federal and state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material requirements of federal and state awards, including the results of other audits or program reviews. We have confirmed that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal and state awards. We also know of no instances of noncompliance occurring subsequent to the end of the period audited.
- (l) We have disclosed to you any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- (m) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the *Uniform Guidance* and *State Audit Guide*.
- (n) We have disclosed to you our interpretations of compliance requirements that are subject to varying interpretations, if any.
- (o) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- (p) We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
- (q) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the schedule of expenditures of federal and state awards.
- (r) The copies of federal and state program financial reports provided to you are true copies of the reports submitted or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.
- (s) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with applicable federal and state statutes, regulations and terms



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue

Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

and conditions of the subaward and have met other pass-through entity requirements of the Uniform Guidance and State Guide.

- (t) We have considered the results of subrecipients' audits and have made any necessary adjustments to our books and records.
 - (u) We have charged costs to federal and state awards in accordance with applicable cost principles.
 - (v) We are responsible for, and have accurately completed, the appropriate sections of the Data Collection Form as required by the Uniform Guidance. The final version of the applicable audit reporting package, which includes your signed auditor's reports, that we will submit to the Federal Audit Clearinghouse (FAC) will be identical to the final version of such documents that you provided to us.
 - (w) We have identified and disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, internal or external monitoring, and other studies directly related to the audit objectives of the compliance audit, including findings received and corrective actions taken from the end of the audit period covered by the compliance audit report to the date of the auditor's report.
 - (x) We are responsible for, and have accurately prepared, the summary schedule of prior audit findings required to be included by the Uniform Guidance and State Guide, and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
 - (y) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- (29) There have been no known or suspected breaches of sensitive information (e.g., personnel files) caused by cyber-attack or other means, or other cybersecurity incidents, where the breach or other incident could have a material effect on the financial statements with the exception of the portable storage device, which is properly disclosed in Note 13 to the financial statements.

With regards to the loss of the portable storage device:

- a. We have informed you of incidents relating to loss of a portable storage device that contained protected health information and personally identifiable information that occurred during the period under audit and up to the date of this representation letter.
- b. We have determined these incidents to be immaterial to the financial statements and related disclosures.
- c. Management informed those charged with governance upon notification of this event. Management confirms that these communications continued throughout the duration of this event.
- d. Management determined these events did not rise to the level of formal investigation by law enforcement.



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

- e. We confirm that the City has adequate cyber insurance coverage in place for this event and potential future threats.
 - f. We confirm that the City notified its cyber insurance provider and legal counsel of this event.
 - g. We have informed you of the loss of personally identifiable information and protected health information and confirm that we are not aware of any controlled unclassified information nor classified information has been lost due to this incident.
 - h. We have identified that the result of this incident is the result of human error. We have engaged services to update the City's HIPAA policies and required forms.
- (30) In connection with any electronic presentation of the financial statements and your audit report thereon on our web site, we acknowledge that:
- We are responsible for the preparation, presentation, and content of the financial statements in the electronic format.
 - If your audit report is presented on our web site, the full financial statements upon which you reported and to which you appended your signed report will be presented.
 - We will clearly indicate in the electronic presentation on our web site the financial information that is subject to your audit report. We will clearly differentiate any information that may also be presented by us on or in connection with our web site that was contained in the published version of the financial statements and other supplementary information, but which is not part of the audited financial statements or other financial information covered by your audit report.
 - We have assessed the security over financial statement information and the audit report presented on our web site, and are satisfied that procedures in place are adequate to ensure the integrity of the information provided. We understand the risk of potential misrepresentation inherent in publishing financial information on our web site through internal failure or external manipulation.
 - If the electronic financial statements are generally made available to the public on our web site, we will include a notification to the reader that such financial statements are presented for convenience and information purposes only, and while reasonable efforts have been made to ensure the integrity of such information, they should not be relied on. A copy of the printed financial statements will be provided on request.
- (31) With respect to our participation in multi-employer defined benefit pension and other postemployment benefit (OPEB) plans:
- (a) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting and disclosure purposes are appropriate in the circumstances.
 - (b) We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.
 - (c) We agree with the findings of specialists in evaluating the net pension and OPEB liabilities and have adequately considered the qualifications of the specialist in determining the amounts and



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

- (32) We have considered climate-related events and conditions when preparing the financial statements and necessary disclosures, and have communicated to you such matters, if any, and their impact on our financial reporting.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the statement of financial position date and through the date of this representation letter, as entered on the first page, that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Very truly yours,



(Jenna delumeau, Controller)



(Elizabeth Fischer, Finance Director)

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Finance Director

RESOLUTION 24-105

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
ACCEPTING THE FISCAL YEAR 2023 BASIC FINANCIAL
STATEMENTS AND ACKNOWLEDGING THE MANAGEMENT LETTER
SUBMITTED BY THE CITY'S INDEPENDENT AUDITOR, BDO USA,
LLP AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE
FINANCIAL REPORT.

WHEREAS, BDO USA, LLP conducted the annual audit, submitted the Fiscal Year 2023
Basic Financial Statements, and the management letter was delivered for review and
distributed to the Mayor and City Council (enter date); and

WHEREAS, BDO USA, LLP made a public presentation during the Regular Meeting of
September 23, 2024.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Homer, Alaska, that the Fiscal
Year 2023 Basic Financial Statements is accepted and that the management letter is
acknowledged as submitted by BDO USA, LLP, the City's independent auditor.

PASSED AND ADOPTED by the Homer City Council this 23rd day of September, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, CITY CLERK

Fiscal Note: N/A



MEMORANDUM

Response to Resolution 24-039(A) Regarding Business Licenses

Item Type: Informational Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: October 8, 2024
From: Economic Development Advisory Commission
Through: Julie Engebretsen, Community Development Director

Synopsis

City Council adopted Resolution 24-039(A) in April. The resolution directed the Economic Development Advisory Commission (EDC) to investigate the concept of a City business license, with several points to consider. The Commission researched and discussed the issues at several meetings, and ultimately recommended against a City business license program. There was further discussion that one of the concerns was businesses doing business in Homer but not paying the sales tax, particularly those that operate out of the harbor.

AREVALO/YOUNG MOVED THAT THE CITY COUNCIL INVESTIGATE HARBOR SPECIFIC OPTIONS TO ACCOMPLISH THE GOALS OF SOLVING PROBLEMS IDENTIFIED REGARDING NON-HOMER BUSINESS OPERATING OUT OF THE HOMER HARBOR INSTEAD OF PURSUING A GENERAL BUSINESS LICENSE APPLICABLE TO ALL BUSINESSES.

Analysis

Below are the Council directed points of discussion and the Commission's response.

1. The proper level of license requirements.
 - **Response:** The Commission does not think a City business license program is warranted. Existing state business license and Kenai Peninsula Borough sales tax registration is adequate. A business license does not ensure any aspect of safety, as that is the role of a State Fire Marshal review, and/or a municipal building inspection program with an occupancy certificate.
2. Potential costs of licensure for business.
 - **Response:** Business licenses in Alaska range from a high of \$300 to a low of \$25. Palmer and Wasilla have \$25 fees, Juneau \$125, and Anchorage fees varied widely based on business categories.

3. Potential costs for the City to administer the program.

- **Response:** First year: \$34,000, Following years: \$19,000. No enforcement included. Add \$5,000/yr for active enforcement of 8 hours a month.
- First year license calculations: 1000 businesses, 30 minutes each, = 500 hours or a ¼ time position, \$24,000-27,000, depending on full or part time employee. (City cost for employee, not wages paid)
- License renewal 15 minute each = 250 hours, 1/8 position \$12,000-\$13,500 annual cost
- Software customization, \$5,000 (onetime fee), \$1,000 annual maintenance and training
- Credit card fees of 3.33%. (\$832 for 1000 permits @\$25 license fee)
 - Doesn't include finance staff, audit, etc should be small but not zero. (More an issue of opportunity cost)
- Outreach and Education: Web, social media and newspaper advertising, \$4,000
- Enforcement: Requires additional staff time. Estimate additional \$5,000/yr.

4. Outreach to the Chamber of Commerce and business community

- **Response:** This task was minimized due to the summer season and other outreach efforts for the Comprehensive Plan and Cruise Ship discussions. Chamber staff reported they received negative comments at the Chamber office.

5. How can the City engage with the State of Alaska Division of Corporations, Business and Professional Licensing and not duplicate the services available and information collected by that entity?

- **Response:** The state requires all entities conducting business to have a business license. The shortcomings of the state system are that each physical location of the business is not listed; only one is. So an entity might own multiple properties but have one business license. The business categories can also be confusing. A local business license program could provide information on each physical location of a business.

6. Pros and cons of a City Business Licensing Program

- **Response:**
 - PRO: A license program would provide public information on where all operations are. State data does not provide the location of all operations. Could provide a list of local business locations.
 - Con: Feels like a lot of overlap with the state. It is an administrative and cost burden for businesses and the City. It's a barrier of entry to business. Concern that the business license could become a gatekeeper on businesses with no oversight.

7. Consideration of a “no cost program” for data collection purposes only.

- **Response:** There are no cities or towns in Alaska that require a license but don’t charge a fee. Very few communities nationally require a license but have no fee. The few examples of communities that require a license at no charge were primarily seeking information due to the lack of a state business license and the desire for local data. There were no enforcement mechanisms to speak of.

8. Challenges and benefits of local business licensing programs in other Alaska communities.

- **Response:** Staff worked with the Chamber of Commerce for this research. Seward, Palmer, Sitka and Kodiak all have a business license that cost about \$25 a year, and a sales tax that ranges from 3%-7%. Some communities have additional fees for short term rentals, mobile food and itinerant merchants. The Mat-Su Borough stopped their business license program in April 2024, because the data from the registrations had not been used for any economic development tasks. They intended to shift staff time toward grant applications rather than administering the business license program for some 10,000 registered businesses. (ADN article 4/3/2024)

9. Enforcement Plans

- **Response:** Depends on staffing. Enforcement would need to be phased over time, and a budget would start at about \$5,000 a year for 8 hours a month.

10. What are the other existing licenses required in City limits and how will those licenses will be effected, changed, streamlined or overlap.

- **Response:** The City has sign permits, which have a lot of data as far as location and business name, conditional use permits, mobile food trucks and zoning permits. It is very difficult to enforce existing regulations due to low staffing. If we’re not able to adequately enforce existing sign laws, how would we enforce a new regulation in the form of a business license? Homer also does not have a building inspection program which would require an occupancy certificate. An occupancy certificate tells the City what businesses are in every location, and also begins to address safety concerns.

RECOMMENDATION:

Do not create a City business license.

Attachment

Resolution 24-039

EDC Meeting Minutes

CITY OF HOMER
HOMER, ALASKA

Venuti/Mayor

RESOLUTION 24-039(A)

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
PROVIDING DIRECTION TO THE ECONOMIC DEVELOPMENT
ADVISORY COMMISSION REGARDING THE CREATION OF A
BUSINESS LICENSING PROGRAM.

WHEREAS, The City does not currently have a business licensing program; and

WHEREAS, The adoption of a business licensing program has the potential to provide value by enhancing public safety, ensuring compliance with existing regulations, and providing opportunities for connections between the City and businesses by which the City can provide support and deliver public education; and

WHEREAS, The City Council chose “champions” for various City projects at a regular meeting held on October 23, 2023; and

WHEREAS, The investigation of a Citywide business license was a project to which Mayor Castner, Councilmember Venuti, and Economic Development Advisory Commission Chair Karin Marks were assigned champions; and

WHEREAS, The champions have met to discuss the potential scope of a business license program, but wish to have the Economic Development Advisory Commission (EDC) take time to discuss and develop the idea further; and

WHEREAS, The Council wishes to memorialize direction to the EDC via resolution to ensure clarity for the Commission and the Public regarding the Council’s intent.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska requests that the Economic Development Advisory Commission investigate the concept of a business licensing program which considers or achieves the following:

- The proper level of license requirements
- Potential costs of licensure for business
- Potential costs for the City to administer the program
- Outreach to the Chamber of Commerce and business community
- **How can the City engage with the State of Alaska Division of Corporations, Business and Professional Licensing and not duplicate the services available and information collected by that entity**
- **Pros and cons of a City Business Licensing Program**

- Consideration of a “no cost program” for data collection purposes only
- Challenges and benefits of local business licensing programs in other Alaska communities.
- Enforcement Plans;
- What are the other existing licenses required in City limits and how will those licenses will be effected, changed, streamlined or overlap.


PASSED AND ADOPTED by the Homer City Council this 8th day of April, 2024.

CITY OF HOMER



KEN CASTNER, MAYOR

ATTEST:



RENEE KRAUSE, MMC, ACTING CITY CLERK



MEMORANDUM

Resolution 24-039, A Resolution of the City Council of Homer, Alaska Providing Direction to the Economic Development Advisory Commission Regarding the Creation of Business Licensing Program.

Item Type: Backup Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: March 27, 2024
From: Julie Engebretsen, Community Development Director
Councilmember Venuti

The City of Homer does not have a general business license at this time. Council has identified a business licensing program as an interest. In October 2023, the Council designated Mayor Castner, Councilmember Venuti, and Economic Development Advisory Commission (EDC) Chair Marks as “champions” for this topic. The group has met a few times and wishes to utilize the EDC for further development of the concept before an ordinance is developed for Council consideration.

Depending on the structure of the program, a licensing ordinance could provide various benefits to the City and the community. Licensing can ensure that businesses are operating with existing regulations to include those related to zoning, safety, and public nuisances. It can help to ensure that applicable sales taxes are being collected and that there is a fair playing field for all commercial enterprises within the City. Licensing would also assist the City with data collection that assists planning for land use and operations like paving and snow plowing. It would also give the City a more streamlined channel to provide public education to businesses.

If Council passes the Resolution, the EDC will review existing business licenses regulations in similarly sized communities such as Seward and Palmer, and make recommendations to Council. Staff will investigate associated staff and financial costs for providing an online license program using the City’s existing software.

RECOMMENDATION: Adopt Resolution 24-039

Commissioner Kim shared that the Comprehensive Steering Plan Committee met last week to work on the plan to make the comprehensive plan as listed out by Agnew::Beck. He added that the firm was very receptive to the Committee's comments and changes. He noted that the open house is at the end of the month for the comprehensive plan, in addition to a website dedicated to the plan that is up and running. He finished his update by informing the Commission that Agnew::Beck will be in town the last week of March conducting public visitations.

PUBLIC HEARING

PENDING BUSINESS

- A. Housing
Memorandum from Economic Development Manager as backup

Commissioner Pitzman delivered a presentation comparing the value of real estate in Homer versus the rest of Alaska. He disputed a claim from a previous EDC meeting earlier in the year where it was said that Homer has affordable housing, citing that the report was reliant on census data, which he argued provides inaccurate figures based on homeowner estimates rather than actual sales data from the MLS. He demonstrated that the average and median sold prices of homes in Homer for 2022 and 2023 surpass the reported census figures, indicating Homer's higher cost of housing when compared to vast majority of the state. Additionally, Mr. Pitzman suggested that Homer is among the less affordable areas in Alaska, especially when compared to Juneau and the rest of Southeast Alaska where limited space for new construction influences the prices.

Mr. Pitzman continued, highlighting the low inventory of real estate in Homer that tends to hover around 40 single-family units, a significant number of which are either highly-priced or in poor condition. He explained that for 14 straight years builders have been building below the previous 52-year average. That statistic compounded with low interest rates have led to a reluctance among homeowners to sell and move. Mr. Pitzman said that there's no easy fix for the problem, and that it will take time to resolve the issue despite efforts by municipalities across the country.

NEW BUSINESS

- A. City Business License
Memorandum from Community Development Director as backup

Community Development Director Engebretsen shared with the Commission that the idea of a city business license has been in the works for quite some time, preceding the short-term rental ordinance that came before the Commission earlier in the year. She added that the City plans to move forward with the idea of a city business license via council action in the near future. Chair Marks opened the floor for discussion.

Commissioner Arevalo said that four things came to her mind immediately when she heard about the potential for a city business license: why does Council want this on their plate, what would enforcement for a city business look like, how much does the City plan to generate from it, and what are the foreseen arguments against it?

There was general consensus among the Commissioners that the whereas clauses needed to clearly reflect the reasons for why a city business license is needed, with Commissioners noting that this was one of the major complaints of the short-term rental ordinance.

Mayor Caster explained the need for a city business license, stating it's important for the City to know who is operating businesses and why. He mentioned concerns about businesses operating without paying sales tax, such as charter companies from Ninilchik using the harbor. He emphasized the license isn't about heavy taxation, but rather about understanding local business activity. He shared that he would like to make the license valid for 3-year increments and allow multiple businesses under one license. He noted the challenge of identifying eligible businesses for relief funds during the pandemic without the knowledge of tax collection. Mayor Castner assured the Commission that the focus isn't bureaucracy, but rather ensuring awareness of businesses operating within city limits.

Commissioner Kim inquired about how the implementation and enforcement of a city business license would happen. Mayor Caster answered that the City would strive for a complaint-driven system, meaning that if there was a legitimate complaint, there would be a cease and desist order handed out until the complaint was investigated and resolved. He added that he doesn't plan on hiring any enforcement officers if the city business license is implemented.

- B. City Lands
Memorandum from Community Development Director as backup

Community Development Director Engebretsen noted that one of the strategic goals of the Commission is to engage in land planning for city property, as well as the larger problems of constraints on the Spit and within the Central Business District. She added that the Commission should think of this a pre-training for the land allocation plan, and also comprehensive plan conversations. She walked the Commission through the various tools that are available on the Kenai Peninsula Borough parcel viewer.

INFORMATIONAL MATERIALS

- A. City Manager's Report
- B. City of Homer Newsletter
- C. EDC Strategic Plan 2024-2025
- D. EDC Meeting Calendar
- E. Homer Comprehensive Plan Rewrite Open House Flyer

Chair Marks noted the informational materials, and Commissioner Hasche volunteered to deliver the EDC report to Council at Council's March 26th meeting.

COMMENTS OF THE AUDIENCE

Scott Adams, city resident, stated that he's pleased to see the City is going to be able to get some funding for the HERC, but questioned why the facility can't be used for something other than destruction. He spoke briefly on the misconception that people in Homer don't communicate, citing a post on Facebook regarding the short-term rental ordinance that garnered roughly 300 comments from people in or around Homer. Lastly, he shared that he doesn't foresee any pushback from the public on the city business license.

Ms. Engebretsen reported that the City is going to spend \$5,000 on some patching of the roof to keep nursing the building along in order to keep using it. She added that the City is hopeful to receive grant funding for the HERC repairs.

H. Planning Updates

Ms. Engebretsen stated that they've been working hard in the planning office to get the software for zoning permits up and running. She noted that this is the same software that would be used for short-term rentals and business licenses should they go into effect. She also reported that the transportation plan will be up for public hearing with the Planning Commission on May 1st. She briefed the Commissioners on the public hearing that the Planning Commission held on April 3rd in regards to another proposed childcare facility in Homer.

PUBLIC HEARING

PENDING BUSINESS

A. Business License
Memorandum from Community Development Director as backup

Chair Marks noted that the City Council passed a resolution directing the EDC to consider the creation of a City business license. She directed the Commissioners to the amended resolution in the packet and noted the changes that had been made. She turned the floor over to Community Development Director Engebretsen, who stated that she felt the Commission needed to decide how much time and effort they want to put into the idea of a City business license.

Chair Marks asserted that she didn't want the Commission to take on this concept if there aren't valid reasons for doing so in the community. She added that both Mayor Castner and Councilmember Venuti seem to think there is a need for a City business license.

Commissioner Brown provided a synopsis of comments made by Councilmembers at the City Council meeting the night prior to the EDC's meeting. According to Ms. Brown, there was an overall disapproval from Councilmembers regarding the creation of a City business license. She added that her opinion was she felt it would be a waste of the Commission's time, especially considering the fact that there isn't a lot of support from Council or the community.

Commissioner Arevalo suggested that the two champions for the idea of a business license provide a list of things that they would like to see come as a result of the implementation of a City business license.

Commissioner Kim voiced that he feels it is worth the Commission's time to investigate the creation of a City business license given that the Commission is here for the economic development of the City. He added that from a cost-benefits perspective, the benefits outweigh the costs, and therefore he is in favor of discussing the idea of a City business license more in-depth.

Commissioner Brown reiterated Commissioner Arevalo's previous comments about needing to know what this is going to accomplish for the City.

Commissioner Brennan stated that she didn't understand the purpose behind the City business license since realizing that there would be no means of enforcement. She added that she was on board with the idea of a business license at the previous meeting, but was a little disappointed to receive the direction from City Council without any foreseen benefits for businesses.

Commissioner Hasche provided that he had informally asked members of the community about the potential of a City business license after the last meeting, and stated that most people are surprised the City doesn't already require a business license. He added that the overall sentiment of the community seems to be "if it isn't broke, don't fix it."

Commissioners agreed that if they had a concise list of potential benefits to the City that the business license would create, they then would be more open to assessing the creation of such a license. Community Development Director Engebretsen suggested creating an outline with scheduled tasks for the Commission to work on at various future EDC meetings. There was general consensus from the Commission that more clarity was needed regarding why the City wants to implement a business license, and that further discussion was necessary regarding a business license.

B. Comprehensive Plan

Community Development Director Engebretsen noted that there was a great open house event two weeks ago. She added that Agnew::Beck will be launching a six-week survey within the coming weeks, and that the consultants will be making their second community visit during the second week of May. Visiting that week will enable the consultants to attend meetings with City Council, the EDC, the Planning Commission, and the Parks Art Recreation and Culture Advisory Commission, in addition to meeting with other user groups and City departments.

NEW BUSINESS

A. Alaska Small Business Development Center Small Business Advisory Funding

Community Development Director Engebretsen informed the Commission that she requested this in her budget request to the City Manager. She provided a brief background on the small business development center and how it is funded. She added that the request for this year is \$12,000, and that the City has funded anywhere from \$10,000-25,000 in the past.

HASCHE/KIM MOVED TO RECOMMEND THE CITY COUNCIL FUND THE ALASKA SMALL BUSINESS DEVELOPMENT CENTER HOMER BUSINESS ADVISORY IN THE AMOUNT OF \$12,000.

Commissioner Kim voiced his support for the funding, stating that every dollar the City invests pays tenfold. He inquired about the possibility of partnering with Robert Green at the Small Business Development Center to amplify Mr. Green's influence.

There was no further discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

H. Housing Update

Chair Marks reported that the MAPP (Mobilizing for Action through Planning and Partnerships) housing for the assessment needs survey has been extended through September.

I. Planning Update

Community Development Director Engebretsen reported that there will be a vacancy on the Planning Commission in the near future.

PUBLIC HEARING

PENDING BUSINESS

A. Business Licenses

Community Development Director Engebretsen provided a brief summary of Resolution 24-039(A) that was recently adopted by City Council, which provides direction to the EDC regarding the creation of a business license. She requested each Commissioner to pick a task that they would like to work on for the purpose of discussing the potential for a business license at the EDC's August work session.

Tasks were assigned to Commissioners as follows:

- **Task #2:** Potential costs of licensure for business – **Commissioner Young**
- **Task #5:** How can the City engage with the State of Alaska Division of Corporations, Business and Professional Licensing and not duplicate the services available and information collected by that entity – **Commissioner Brown**
- **Task #7:** Consideration of a “no cost program” for data collection purposes only – **Commissioner Young**
- **Task #8:** Challenges and benefits of local business licensing programs in other Alaska communities – **Chamber Director Anderson**
- **Task #10:** What are the other existing licenses required in City limits and how will those licenses be affected, changed, streamlined, or overlap – **Commissioner Brennan**

NEW BUSINESS

A. Cruise Ships

Community Development Director Engebretsen noted that City Council adopted Resolution 24-048, which requests the EDC to develop an understanding of City/Municipal cruise ship policies from other communities. Discussion topics included:

- Cruise ship tourism and policies in Juneau, Alaska
- Friday, June 28th cruise ship landing
- Distinguishing the difference between large and small cruise ships
- Potential expansion of the Port and Harbor

G. HERC Update

Community Development Director Engebretsen noted that the City of Homer is an awardee of some State of Alaska Brownfield funding. She added that the Parks Art Recreation & Culture Advisory Commission has been tasked to see what can be done about cleaning up the two buildings on-site at the HERC.

H. Housing Update

Chair Marks noted that she should have an update to provide at the next meeting. She added that the group met on August 6th, but that the subcommittee didn't meet.

I. Planning Update

Community Development Director Engebretsen stated that the Comprehensive Plan is moving forward. She noted that all the Commissions will have a synopsis of the community survey results in the near future. She encouraged Commissioners and members of the public to participate in both the business and visitor surveys. She concluded her update by informing the Commission that Agnew::Beck will visit in October for Community Visit #3 and presentation of future growth scenarios.

PUBLIC HEARING

PENDING BUSINESS

A. Business Licenses

Memorandum EDC-24-011 from Community Development Director as backup

Community Development Director Engebretsen recalled the tasks that were divvied up among Commissioners and City Staff to investigate pertaining to business licenses at the previous meeting. Together, the Commission and Ms. Engebretsen reviewed the tasks, reporting on each of their assigned items, including:

- Potential cost of licensure for businesses
- Potential cost for the City to administer a program
- Outreach to the Chamber of Commerce and the business community
- How the City of Homer can engage with the State of Alaska
- Potential for a no cost business licensing program
- Challenges and benefits of implementing a business licensing program
- Specialty licenses and permits
- Pros and cons of a business licensing program

Ms. Engebretsen volunteered to summarize a list of pro and cons regarding business licensing from the EDC in a memo to Council. She stated that she would bring it back to the next meeting for any edits that the Commission wishes to make to the memo.

AREVALO/YOUNG MOVED THAT THE CITY COUNCIL INVESTIGATE HARBOR SPECIFIC OPTIONS TO ACCOMPLISH THE GOALS OF SOLVING PROBLEMS IDENTIFIED REGARDING NON-HOMER BUSINESS OPERATING OUT OF THE HOMER HARBOR INSTEAD OF PURSUING A GENERAL BUSINESS LICENSE APPLICABLE TO ALL BUSINESSES.

There was no further discussion.

Chair Marks requested that the Clerk perform a roll-call vote.

VOTE: YES: AREVALO, BRENNAN, MARKS, YOUNG & ZUBEK

Motion carried.

B. EDC Bylaws

Memorandum from Community Development Director as backup

Community Development Director Engebretsen noted that this was the second time that the Bylaw revisions were in front of the Commission, adding that Bylaw amendments must be seen twice by the Commission before being forwarded to City Council for approval. She reviewed the changes that had been made, and Chair Marks subsequently requested a motion and second.

YOUNG/BRENNAN MOVED TO FORWARD THE AMENDED EDC BYLAWS TO CITY COUNCIL FOR APPROVAL.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

C. Cruise Ships

Memorandum EDC-24-012 from Community Development Director as backup

Community Development Director Engebretsen recalled that the EDC had been assigned two tasks regarding cruise ships: develop and understand municipal cruise ship policies from other municipalities, and engage in a conversation with the Chamber of Commerce and other stakeholders about the effects of the cruise ship industry on the local businesses and the community to help inform any potential City policy development.

The Commission agreed to hold a worksession regarding cruise ships to start at 4:30 p.m. on September 10th, prior to the start of the regular meeting.

AREVALO/YOUNG MOVED TO SUSPEND THE RULES TO ALLOW PATTY RELAY TO SPEAK.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

**CITY OF HOMER
HOMER, ALASKA**

City Clerk/Canvass Board

RESOLUTION 24-111

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
CERTIFYING THE RESULTS OF THE CITY OF HOMER REGULAR
ELECTION HELD OCTOBER 1, 2024 TO ELECT A MAYOR FOR A TWO
YEAR TERM AND TWO CITY COUNCILMEMBERS FOR THREE YEAR
TERMS EACH.

WHEREAS, In compliance with Homer City Code 4.35, the Canvass Board of the City of Homer has opened, counted, and tallied the votes on absentee ballots including special needs ballots, and question ballots found to be valid, that were cast in the City of Homer Regular Election held on October 1, 2024; and

WHEREAS, The total number of voters voting in the City Regular Election was 1793 and reflects the number of voters, not the number of votes cast or ballots counted; and

WHEREAS, In accordance with Homer City Code 4.35, the Canvass Board of the City of Homer had inspected the precinct reports, Election Central Logs and entered the the results of the absent and questioned ballots on the Certification of Election along with the results of the precinct counts; and

WHEREAS, The results of the City Regular Election held October 1, 2024, attached as Exhibit A, is presented in the Canvass Board's Certificate of Election in accordance with the Homer City Code.

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby certifies the results of the City Regular Election held October 1, 2024, as presented in the Canvass Boards Certificate of Election, attached as Exhibit A, in accordance with the Homer City Code.

BE IT FURTHER RESOLVED that the following candidates are declared elected to office of City Councilmember, having received at least 17.5% of the votes cast for a three-year term of office:

COUNCILMEMBERS (TWO THREE YEAR TERMS)

Shelly Erickson

Donna Aderhold

BE IT FURTHER RESOLVED that the following candidate is declared elected to office of Mayor, having received at least 40% of the votes cast for a one-year term of office:

MAYOR (TWO YEAR TERM)
Rachel Lord

BE IT FURTHER RESOLVED that the Canvass Board's Certificate of Election (Exhibit A) be attached permanently as part of this Resolution.

PASSED AND ADOPTED by the City Council of Homer, Alaska, this 14th day of October, 2024.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

RENEE KRAUSE, MMC, CITY CLERK

Fiscal Note: N/A



City of Homer

Regular Election of October 1, 2024

Official Certificate of Election

We, the duly appointed Election Canvass Board of the City of Homer, Alaska hereby certify that the validated absentee and validated questioned ballots were opened, counted, and recorded at a legally authorized and convened meeting of the City of Homer Canvass Board, held October 4, 2024 and that the results of that count are entered with the certified results of the votes counted for the precinct polling places via Ballot Tabulation System and that the total results are recorded as follows:

Candidates – Two to Be Selected City Council 3 Year Term	Homer No. 1 06-230	Homer No. 2 06-240	Absentee/ Questioned/ Special Needs	Total Votes	Percentage of Total Votes Cast 2292 20% Required to be Elected HCC 4.35.020
ERICKSON, Shelly	474	375	376	1225	53%
ADERHOLD, Donna	402	283	336	1021	45%
Write-in	27	12	7	46	2%
Total Votes Cast	903	670	719		
Total Registered Voters	2961	2468			
Candidates – One to be Selected Mayor 2 Year Term	Homer No. 1 06-230	Homer No. 2 06-240	Absentee/ Questioned/ Special Needs	Total Votes	Percentage of Total Votes Cast 1741 40% Required to be Elected HCC 4.35.020
LORD, Rachel	355	267	327	949	55%
ANDERSON, Jim Wallace	306	265	209	780	44%
Write-in	9	2	1	12	1%
Total Votes Cast	670	534	537		
Total Registered Voters	2961	2468			

We further certify that of the 1793 voters* in this election, 1218 voted at their precinct on election day, 556 voted by absentee in person, mail, or electronic transmission, 12 voted by special needs ballot, and 7 voted by question ballot. The percentage of voter turnout is 33%. Total registered voters for the City of Homer are 5,429 as of September 7, 2024.

**Pursuant to Homer City Code 4.04.020 "voter" means any person who presented himself for the purpose of voting, either in person or by absentee ballot.*

In Witness Whereof, I have hereunto set my hand this 4th day of October 2024.

Canvass Board: Susie Myhill
Susie Myhill

Cindy Barker
Cindy Barker

Staff: Ashley Appel
Ashley Appel, Deputy City Clerk

Zach Pettit
Zach Pettit, Deputy City Clerk

Attest: Renee Krause
Renee Krause, MMC, City Clerk

CITY OF HOMER
HOMER, ALASKA
HOMER ELECTION CANVASS BOARD

OATH OF OFFICE

Before entering upon the discharge of duties, the Election Canvass Board shall take and subscribe the oath below:

We, the undersigned election canvass board, being first sworn, severally say upon oath:

I will honestly, faithfully, and promptly perform the duties of an Election Canvass Boardmember for the City of Homer. I will diligently endeavor to prevent the violation of any provision of law in conducting the election and processes thereof to which I am involved.

Subscribed and sworn (or affirmed) to law on this 4th day of October, 2024.

Susie Myhill

Susie Myhill

Cynthia Barker

Cynthia Barker

Assisting the Canvass Board as needed:

Ashley Appel, Deputy City Clerk

Ashley Appel

Zach Pettit, Deputy City Clerk

Zach Pettit

Attested to by:

Renee Krause

Renee Krause, MMC, City Clerk and City of Homer Election Supervisor