



Agenda

City Council Worksession

Monday, April 27, 2026 at 4:00 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: 965 8631 4135 Password: 792566

<https://cityofhomer.zoom.us>
Dial: 346-248-7799 or 669-900-6833;
(Toll Free) 888-788-0099 or 877-853-5247

CALL TO ORDER, 4:00 P.M.

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

DISCUSSION TOPIC/PRESENTATION(S)

- a. Brian Hardy, USI, Healthcare Renewal (15 minutes)
- b. Mid-Biennium Budget Adjustments
Memorandum CC-26-087 from Finance Director Regarding Water/Wastewater Rate Model Guidance

COMMENTS OF THE AUDIENCE (3 minutes)

ADJOURNMENT NO LATER THAN 4:50 P.M.

Next Regular Meeting is Monday, May 11, at 6:00 p.m., Worksession at 4:00 pm., Committee of the whole at 5:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.



MEMORANDUM

CC-26-087

Water/Wastewater Rate Model Guidance

Item Type: Informational Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: April 13, 2026
From: Elizabeth Fischer, Finance Director
Through: Melissa Jacobsen, City Manager

SUMMARY:

The purpose of this memo is to seek City Council guidance on the selection of a scenario to incorporate into the model for the upcoming Council meeting on April 27th.

BACKGROUND:

Worksessions were held on February 9th and 23rd of this year to discuss the water/wastewater rate model structure and the possible re-introduction of a monthly service fee. Those discussions concluded with the proposition to institute a monthly minimum fee. The City Manager's Proposed FY26/27 Mid-Biennium Budget and Water/Wastewater Utility Model will be presented to City Council at the next meeting on April 27th.

The attached document provides comparisons between the existing rate structure and five scenario comparisons for volumes from 1,000 – 10,000 gallons. The scenarios are as follows:

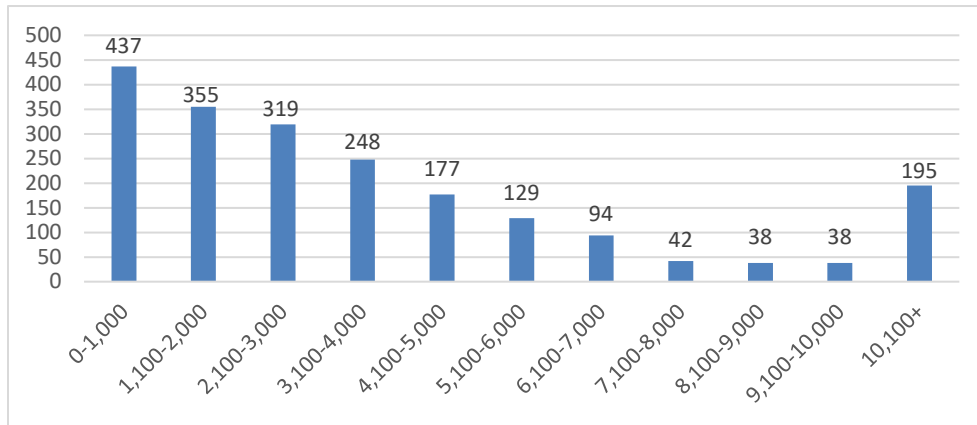
- Scenario 1: CARMA transfer is funded by service fee and removed from the commodity rate.
- Scenario 2: CARMA transfer is funded by 50/50 split between commodity rate and service fee.
- Scenario 3: CARMA transfer is increased to 20% and is funded in the commodity rate.
- Scenario 4: CARMA transfer is increased to 20% and is funded by service fee and removed from the commodity rate.
- Scenario 5: CARMA transfer is increased to 20% and is funded by 50/50 split between commodity rate and service fee.

The discussions had at February worksessions illustrated that the scenarios shifting the funding of the CARMA transfer from the commodity rate to the service fee were not preferred. The general conversation focused on establishing a monthly minimum fee instead of a flat service fee. Determining that monthly minimum fee was another talking point. Most conversations centered around establishing a monthly minimum based off 1,000 gallons of usage.

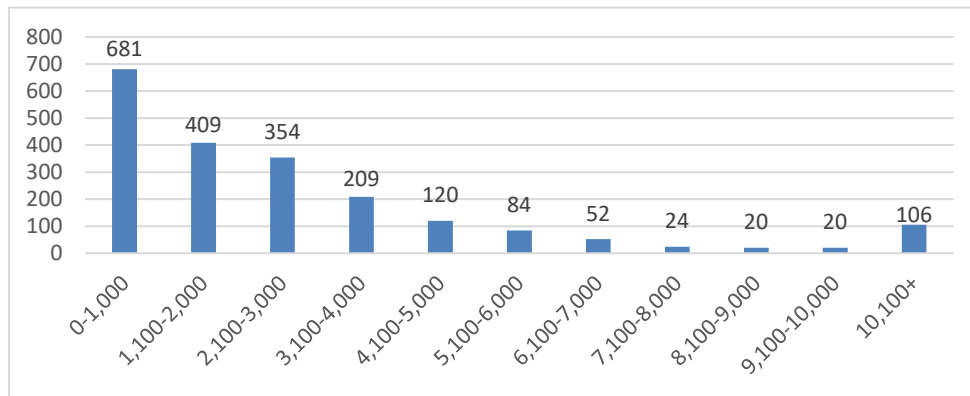
The following chart details the average water usage over the course of the last full fiscal year (July 2024 – June 2025), with an annualized average being 4,700 gallons:

| | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Avg Usage | 7,278 | 6,790 | 5,789 | 4,091 | 3,632 | 3,942 | 3,401 | 3,426 | 3,410 | 4,293 | 4,140 | 6,233 |

Customer usage demographics (customer count in each gallon range) for July 2024:



Customer usage demographics (customer count in each gallon range) for January 2026:



Below is a depiction of customers at each of the gallon thresholds presented in the attached comparison charts:

| | 0 | 1,000 | 2,000 | 3,000 | 4,000 | 5,000 | 6,000 | 7,000 | 8,000 | 9,000 | 10,000 |
|--------------|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| July 2024 | 148 | 30 | 44 | 24 | 12 | 12 | 11 | 11 | 2 | 4 | 2 |
| January 2025 | 313 | 42 | 36 | 22 | 16 | 6 | 5 | 3 | 1 | 1 | 3 |
| June 2025 | 143 | 39 | 31 | 31 | 24 | 15 | 14 | 4 | 7 | 3 | 8 |
| January 2026 | 236 | 30 | 32 | 32 | 20 | 7 | 1 | 6 | 3 | 2 | 4 |

RECOMMENDATION:

Staff recommends that the CARMA transfer amount is increased from 15% to 20% for the FY27 water/wastewater rates. The financial policies and FY27 budget need to be updated to reflect this change.

Staff is seeking guidance on selecting the appropriate gallon threshold to establish the monthly minimum fee.

ATTACHMENTS:

Water/Wastewater Comparison Charts
Water Utility Customer Count

| 1,000 Gallon Comparisons | | | | | | |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Existing | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 | Scenario 5 |
| Consumption | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Water Rate | 0.0165 | 0.0140 | 0.0153 | 0.0173 | 0.0140 | 0.0157 |
| Sewer Rate* | 0.0186 | 0.0158 | 0.0172 | 0.0196 | 0.0158 | 0.0177 |
| *Non-lift | | | | | | |
| Charges: | | | | | | |
| Water | 16.5 | 14.00 | 15.30 | 17.30 | 14.00 | 15.70 |
| Sewer | 18.60 | 15.80 | 17.20 | 19.60 | 15.80 | 17.70 |
| Service | 0 | 22 | 11 | 0 | 30 | 15 |
| Sales Tax | 2.76 | 4.07 | 3.41 | 2.90 | 4.69 | 3.80 |
| Total Bill | \$ 37.86 | \$ 55.87 | \$ 46.91 | \$ 39.80 | \$ 64.49 | \$ 52.20 |

Impact \$ 18.01 \$ 9.06 \$ 1.94 \$ 26.64 \$ 14.34

| 2,000 Gallon Comparisons | | | | | | |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Existing | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 | Scenario 5 |
| Consumption | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Water Rate | 0.0165 | 0.0140 | 0.0153 | 0.0173 | 0.0140 | 0.0157 |
| Sewer Rate* | 0.0186 | 0.0158 | 0.0172 | 0.0196 | 0.0158 | 0.0177 |
| *Non-lift | | | | | | |
| Charges: | | | | | | |
| Water | 33 | 28.00 | 30.60 | 34.60 | 28.00 | 31.40 |
| Sewer | 37.20 | 31.60 | 34.40 | 39.20 | 31.60 | 35.40 |
| Service | 0 | 22 | 11 | 0 | 30 | 15 |
| Sales Tax | 5.51 | 6.41 | 5.97 | 5.79 | 7.03 | 6.42 |
| Total Bill | \$ 75.71 | \$ 88.01 | \$ 81.97 | \$ 79.59 | \$ 96.63 | \$ 88.22 |

Impact \$ 12.29 \$ 6.26 \$ 3.88 \$ 20.92 \$ 12.51

| 3,000 Gallon Comparisons | | | | | | |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Existing | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 | Scenario 5 |
| Consumption | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Water Rate | 0.0165 | 0.0140 | 0.0153 | 0.0173 | 0.0140 | 0.0157 |
| Sewer Rate* | 0.0186 | 0.0158 | 0.0172 | 0.0196 | 0.0158 | 0.0177 |
| *Non-lift | | | | | | |
| Charges: | | | | | | |
| Water | 49.5 | 42.00 | 45.90 | 51.90 | 42.00 | 47.10 |
| Sewer | 55.80 | 47.40 | 51.60 | 58.80 | 47.40 | 53.10 |
| Service | 0 | 22 | 11 | 0 | 30 | 15 |
| Sales Tax | 8.27 | 8.74 | 8.52 | 8.69 | 9.37 | 9.04 |
| Total Bill | \$ 113.57 | \$ 120.14 | \$ 117.02 | \$ 119.39 | \$ 128.77 | \$ 124.24 |

Impact \$ 6.58 \$ 3.45 \$ 5.82 \$ 15.21 \$ 10.68

| 4,000 Gallon Comparisons | | | | | | |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Existing | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 | Scenario 5 |
| Consumption | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |
| Water Rate | 0.0165 | 0.0140 | 0.0153 | 0.0173 | 0.0140 | 0.0157 |
| Sewer Rate* | 0.0186 | 0.0158 | 0.0172 | 0.0196 | 0.0158 | 0.0177 |
| *Non-lift | | | | | | |
| Charges: | | | | | | |
| Water | 66 | 56.00 | 61.20 | 69.20 | 56.00 | 62.80 |
| Sewer | 74.40 | 63.20 | 68.80 | 78.40 | 63.20 | 70.80 |
| Service | 0 | 22 | 11 | 0 | 30 | 15 |
| Sales Tax | 11.02 | 11.08 | 11.07 | 11.59 | 11.71 | 11.67 |
| Total Bill | \$ 151.42 | \$ 152.28 | \$ 152.07 | \$ 159.19 | \$ 160.91 | \$ 160.27 |

Impact \$ 0.86 \$ 0.65 \$ 7.77 \$ 9.49 \$ 8.84

| 5,000 Gallon Comparisons | | | | | | |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Existing | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 | Scenario 5 |
| Consumption | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Water Rate | 0.0165 | 0.0140 | 0.0153 | 0.0173 | 0.0140 | 0.0157 |
| Sewer Rate* | 0.0186 | 0.0158 | 0.0172 | 0.0196 | 0.0158 | 0.0177 |
| *Non-lift | | | | | | |
| Charges: | | | | | | |
| Water | 82.5 | 70.00 | 76.50 | 86.50 | 70.00 | 78.50 |
| Sewer | 93.00 | 79.00 | 86.00 | 98.00 | 79.00 | 88.50 |
| Service | 0 | 22 | 11 | 0 | 30 | 15 |
| Sales Tax | 13.78 | 13.42 | 13.62 | 14.48 | 14.05 | 14.29 |
| Total Bill | \$ 189.28 | \$ 184.42 | \$ 187.12 | \$ 198.98 | \$ 193.05 | \$ 196.29 |

Impact \$ (4.85) \$ (2.16) \$ 9.71 \$ 3.77 \$ 7.01

| 6,000 Gallon Comparisons | | | | | | |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Existing | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 | Scenario 5 |
| Consumption | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| Water Rate | 0.0165 | 0.0140 | 0.0153 | 0.0173 | 0.0140 | 0.0157 |
| Sewer Rate* | 0.0186 | 0.0158 | 0.0172 | 0.0196 | 0.0158 | 0.0177 |
| *Non-lift | | | | | | |
| Charges: | | | | | | |
| Water | 99 | 84.00 | 91.80 | 103.80 | 84.00 | 94.20 |
| Sewer | 111.60 | 94.80 | 103.20 | 117.60 | 94.80 | 106.20 |
| Service | 0 | 22 | 11 | 0 | 30 | 15 |
| Sales Tax | 16.53 | 15.76 | 16.17 | 17.38 | 16.39 | 16.91 |
| Total Bill | \$ 227.13 | \$ 216.56 | \$ 222.17 | \$ 238.78 | \$ 225.19 | \$ 232.31 |

Impact \$ (10.57) \$ (4.96) \$ 11.65 \$ (1.94) \$ 5.18

Scenario 1: CARMA transfer is funded by service fee and removed from commodity rate.

Scenario 2: CARMA transfer is funded by 50/50 split between commodity rate and service fee.

Scenario 3: CARMA transfer is increased to 20% and is funded in the commodity rate.

Scenario 4: CARMA transfer is increased to 20% and is funded by service fee and removed from commodity rate.

Scenario 5: CARMA transfer is increased to 20% and is funded by 50/50 split between commodity rate and service fee.

| 7,000 Gallon Comparisons | | | | | | |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Existing | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 | Scenario 5 |
| Consumption | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 |
| Water Rate | 0.0165 | 0.0140 | 0.0153 | 0.0173 | 0.0140 | 0.0157 |
| Sewer Rate* | 0.0186 | 0.0158 | 0.0172 | 0.0196 | 0.0158 | 0.0177 |
| *Non-lift | | | | | | |
| Charges: | | | | | | |
| Water | 115.5 | 98.00 | 107.10 | 121.10 | 98.00 | 109.90 |
| Sewer | 130.20 | 110.60 | 120.40 | 137.20 | 110.60 | 123.90 |
| Service | 0 | 22 | 11 | 0 | 30 | 15 |
| Sales Tax | 19.29 | 18.10 | 18.72 | 20.28 | 18.73 | 19.53 |
| Total Bill | \$ 264.99 | \$ 248.70 | \$ 257.22 | \$ 278.58 | \$ 257.33 | \$ 268.33 |

Impact \$ (16.29) \$ (7.77) \$ 13.59 \$ (7.66) \$ 3.34

| 8,000 Gallon Comparisons | | | | | | |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Existing | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 | Scenario 5 |
| Consumption | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 |
| Water Rate | 0.0165 | 0.0140 | 0.0153 | 0.0173 | 0.0140 | 0.0157 |
| Sewer Rate* | 0.0186 | 0.0158 | 0.0172 | 0.0196 | 0.0158 | 0.0177 |
| *Non-lift | | | | | | |
| Charges: | | | | | | |
| Water | 132 | 112.00 | 122.40 | 138.40 | 112.00 | 125.60 |
| Sewer | 148.80 | 126.40 | 137.60 | 156.80 | 126.40 | 141.60 |
| Service | 0 | 22 | 11 | 0 | 30 | 15 |
| Sales Tax | 22.04 | 20.44 | 21.27 | 23.17 | 21.07 | 22.15 |
| Total Bill | \$ 302.84 | \$ 280.84 | \$ 292.27 | \$ 318.37 | \$ 289.47 | \$ 304.35 |

Impact \$ (22.00) \$ (10.57) \$ 15.53 \$ (13.37) \$ 1.51

| 9,000 Gallon Comparisons | | | | | | |
|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Existing | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 | Scenario 5 |
| Consumption | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 |
| Water Rate | 0.0165 | 0.0140 | 0.0153 | 0.0173 | 0.0140 | 0.0157 |
| Sewer Rate* | 0.0186 | 0.0158 | 0.0172 | 0.0196 | 0.0158 | 0.0177 |
| *Non-lift | | | | | | |
| Charges: | | | | | | |
| Water | 148.5 | 126.00 | 137.70 | 155.70 | 126.00 | 141.30 |
| Sewer | 167.40 | 142.20 | 154.80 | 176.40 | 142.20 | 159.30 |
| Service | 0 | 22 | 11 | 0 | 30 | 15 |
| Sales Tax | 24.80 | 22.78 | 23.82 | 26.07 | 23.41 | 24.77 |
| Total Bill | \$ 340.70 | \$ 312.98 | \$ 327.32 | \$ 358.17 | \$ 321.61 | \$ 340.37 |

Impact \$ (27.72) \$ (13.37) \$ 17.47 \$ (19.09) \$ (0.32)

| 10,000 Gallon Comparisons | | | | | | |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Existing | Scenario 1 | Scenario 2 | Scenario 3 | Scenario 4 | Scenario 5 |
| Consumption | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Water Rate | 0.0165 | 0.0140 | 0.0153 | 0.0173 | 0.0140 | 0.0157 |
| Sewer Rate* | 0.0186 | 0.0158 | 0.0172 | 0.0196 | 0.0158 | 0.0177 |
| *Non-lift | | | | | | |
| Charges: | | | | | | |
| Water | 165 | 140.00 | 153.00 | 173.00 | 140.00 | 157.00 |
| Sewer | 186.00 | 158.00 | 172.00 | 196.00 | 158.00 | 177.00 |
| Service | 0 | 22 | 11 | 0 | 30 | 15 |
| Sales Tax | 27.55 | 25.12 | 26.38 | 28.97 | 25.75 | 27.40 |
| Total Bill | \$ 378.55 | \$ 345.12 | \$ 362.38 | \$ 397.97 | \$ 353.75 | \$ 376.40 |

Impact \$ (33.43) \$ (16.18) \$ 19.41 \$ (24.81) \$ (2.16)

Scenario 1: CARMA transfer is funded by service fee and removed from commodity rate.

Scenario 2: CARMA transfer is funded by 50/50 split between commodity rate and service fee.

Scenario 3: CARMA transfer is increased to 20% and is funded in the commodity rate.

Scenario 4: CARMA transfer is increased to 20% and is funded by service fee and removed from commodity rate.

Scenario 5: CARMA transfer is increased to 20% and is funded by 50/50 split between commodity rate and service fee.

Water Utility Customer Count
0 - 3,000 Gallons

| | July 2024 | January 2025 | June 2025 | January 2026 |
|-------|----------------------|-------------------------|----------------------|-------------------------|
| 0 | 148 | 313 | 143 | 236 |
| 100 | 30 | 48 | 43 | 72 |
| 200 | 20 | 43 | 28 | 48 |
| 300 | 30 | 50 | 26 | 46 |
| 400 | 26 | 24 | 23 | 42 |
| 500 | 28 | 47 | 35 | 41 |
| 600 | 25 | 41 | 31 | 38 |
| 700 | 27 | 44 | 33 | 44 |
| 800 | 41 | 39 | 34 | 39 |
| 900 | 32 | 31 | 32 | 45 |
| 1,000 | 30 | 42 | 39 | 30 |
| 1,100 | 35 | 47 | 36 | 40 |
| 1,200 | 34 | 38 | 35 | 46 |
| 1,300 | 20 | 41 | 38 | 42 |
| 1,400 | 38 | 46 | 33 | 41 |
| 1,500 | 41 | 42 | 45 | 39 |
| 1,600 | 29 | 52 | 32 | 44 |
| 1,700 | 37 | 47 | 49 | 40 |
| 1,800 | 36 | 43 | 29 | 38 |
| 1,900 | 41 | 42 | 37 | 47 |
| 2,000 | 44 | 36 | 31 | 32 |
| 2,100 | 33 | 41 | 36 | 49 |
| 2,200 | 40 | 45 | 45 | 33 |
| 2,300 | 34 | 49 | 43 | 53 |
| 2,400 | 34 | 47 | 46 | 30 |
| 2,500 | 25 | 30 | 46 | 37 |
| 2,600 | 34 | 25 | 30 | 28 |
| 2,700 | 29 | 29 | 28 | 29 |
| 2,800 | 40 | 26 | 32 | 27 |
| 2,900 | 26 | 27 | 33 | 36 |
| 3,000 | 24 | 22 | 31 | 32 |