



Agenda

Port & Harbor Advisory Commission Regular Meeting

Wednesday, May 28, 2025 at 5:30 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: 954 2610 1220 Password: 556404

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

CALL TO ORDER, 5:30 P.M.

AGENDA APPROVAL

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

RECONSIDERATION

APPROVAL OF MINUTES

- [A.](#) Unapproved April 23, 2025 PHC Minutes

VISITORS / PRESENTATIONS

STAFF & COUNCIL REPORT / COMMITTEE REPORTS

- [A.](#) Port & Harbor FY25 YTD
- [B.](#) Port & Harbor Staff Report - May 2025
- C. Homer Marine Trades Association (HMTA) Report

PUBLIC HEARING

PENDING BUSINESS

- [A.](#) FY26/27 Operating & Capital Budgets

Memorandum PHC-25-008 from Port Administrative Supervisor as backup

NEW BUSINESS

- [A.](#) Title 18.08 Edits

Memorandum PHC-25-009 from Port Administrative Supervisor as backup

- [B.](#) Request from Homer Foundation to Relocate Giving Salmon Statue

Memorandum PHC-25-010 from Port Administrative Supervisor as backup

C. Land Allocation Plan

Memorandum PHC-25-011 from Community Development Director as backup

INFORMATIONAL MATERIALS

A. May 2025 Port Operations Report

B. May City Manager's Reports to Council

CM's Report for May 12, 2025

FY25 Q3 Report

CM's Report for May 27, 2025

COMMENTS OF THE AUDIENCE (3 minute time limit)

COMMENTS OF THE CITY STAFF

COMMENTS OF THE COMMISSION

ADJOURNMENT

Next Regular Meeting is **Wednesday, June 25, 2025 at 5:30 p.m.** All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska and via Zoom Webinar.

1. CALL TO ORDER, 5:30 P.M.

Session 25-04, a Regular Meeting of the Port and Harbor Advisory Commission was called to order by Chair Casey Siekaniec at 5:30 p.m. on April 23, 2025 in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska and via Zoom Webinar.

PRESENT: COMMISSIONERS BRADSHAW, ROTH, SIEKANIEC, VELSKO & STUDENT REPRESENTATIVE ROGERS

ABSENT: COMMISSIONERS ATWOOD, PITZMAN (BOTH EXCUSED) & FRIEND

STAFF: PORT ADMINISTRATIVE SUPERVISOR WOODRUFF & DEPUTY CITY CLERK PETTIT

2. AGENDA APPROVAL

Chair Siekaniec read the supplemental items into the record. He then requested a motion and second to approve the agenda as amended.

VELSKO/BRADSHAW MOVED TO APPROVE THE AGENDA AS AMENDED.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

3. PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA (3 minute time limit)

4. RECONSIDERATION

5. APPROVAL OF MINUTES

5.A. Unapproved March 26, 2025 PHC Minutes

ROTH/VELSKO MOVED TO APPROVE THE MARCH 26, 2025 REGULAR MEETING MINUTES.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

6. VISITORS/PRESENTATIONS

6.A. Elizabeth Fischer, Finance Director

Chair Siekaniec introduced the item by reading of the title and opened the floor for Finance Director Fischer. The following items were discussed throughout the presentation:

- First and second draft budgets to be reviewed by City Council at the April 14th and April 28th meetings
- Operating Budget to be adopted 10 days before the end of the fiscal year
- General fund is in tighter shape than anticipated
- Budget A vs. Budget B
 - Budget A includes a 2.2% cost of living adjustment for all City employees
- Prioritization of funding for ongoing/upcoming projects at the Port & Harbor

7. STAFF & COUNCIL REPORT/COMMITTEE REPORTS

7.A. Port & Harbor FY25 YTD

Port Director Hawkins shared that he was a part of the committee that interviewed the federal lobbyists, adding that the City decided to hire the Ferguson Group for its lobbyist Request for Proposal. He noted that it will cost the Port & Harbor about \$30,000 in expenses on its lobbying line item. Mr. Hawkins also provided an update on the Port Infrastructure Development Program grant, stating that the deadline has been moved to mid-August. There was brief discussion regarding leasing on the Spit.

Commissioner Velsko departed the meeting at 6:07 p.m.

7.B. Port & Harbor Staff Report – April 2025

7.C. Homer Marine Trades Association (HMTA) Report

8. PUBLIC HEARING(S)

9. PENDING BUSINESS

10. NEW BUSINESS

- 10.A. Draft Operating and Capital Budgets
Memorandum PHC-25-008 from Port Administrative Supervisor as backup

11. INFORMATIONAL MATERIALS

- 11.A. April 2025 Port Operations Report
- 11.B. Memorandum CC-25-104 Deep Water Dock Fender Repair
- 11.C. Memorandum CC-25-103 Refloat System 4
- 11.D. Quarterly Statistics

- 11.E. April City Manager's Report to Council
CM's Report for April 14, 2025

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

13. COMMENTS OF THE CITY STAFF

14. COMMENTS OF THE MAYOR

15. COMMENTS OF THE COMMISSION

16. ADJOURNMENT

Due to a loss of a quorum, the meeting was adjourned by Chair Siekaniec at 6:07 p.m. The next Regular Meeting is Wednesday, May 28, 2025 at 5:30 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska and via Zoom Webinar.

Zach Pettit, Deputy City Clerk II

Approved:_____

FUND 400 - PORT & HARBOR ENTERPRISE FUND			5/19/2025			
REVENUE DETAIL BY LINE ITEM, SORTED BY TYPE			88.2% of FY elapsed			
A/C Num.	Revenue Categories & Descriptions	FY23	FY24	FY25 YTD		FY25
		7/1/22 - 6/30/23	7/1/23 - 6/30/24	ACTUAL		7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
0600	HARBOR ADMINISTRATION					
4515	Ferry Lease	18,000	18,000	18,000	100.0%	18,000
4650	Rents & Leases	597,344	625,649	511,575	102.3%	500,000
	Operating Revenue - Admin	615,344	643,649	529,575	102.2%	518,000
4527	PERS Revenue	32,821	40,694	-		-
4634	Port Storage Fee	207,662	172,016	200,490	208.5%	96,164
4635	Port Impound Fee	816	2,017	1,020		-
4705	Business Licenses	20	30	45		-
4801	Interest On Investments	73,468	140,244	(8,168)		-
4901	Surplus Property	2,187	-	1,220		-
4902	Other Revenue	11,189	(0)	-		-
	Non-Operating Revenue - Admin	328,162	355,001	194,606	202.4%	96,164
0601	HARBOR					
4245	Waste Oil Disp	1,079	-	200		-
4249	Oil Spill Recovery	-	-	-		-
4318	Parking Revenue	158,725	178,961	160,976	71.5%	225,000
4319	Electrical Supplies	1,449	1,014	649	27.3%	2,380
4402	Non Moving Fine	100	12,219	6,386		8,000
4624	Berth Transient Monthly	716,742	748,679	537,068	74.5%	720,640
4625	Berth Reserved	1,628,043	1,779,007	1,937,826	106.0%	1,828,236
4626	Berth Transient Annual	325,749	361,422	318,198	95.6%	332,805
4627	Berth Transient Semi Annual	132,878	152,941	117,217	75.0%	156,364
4628	Berth Transient Daily	159,413	170,279	132,284	85.6%	154,599
4629	Metered Energy	140,575	146,080	104,562	116.9%	89,472
4644	Pumping	-	-	163	0.0%	-
4645	Wooden Grid	4,089	4,912	6,149	127.2%	4,833
4646	Commerical Ramp	49,562	65,949	41,713	75.8%	55,000
4647	Berth Wait List	15,082	13,425	12,443	98.6%	12,623
4648	Steel Grid Fees	6,969	2,605	-	0.0%	8,000
4654	Spit Camping	35,018	208,244	147,341	133.9%	110,000
4663	Trans Energy 110v	34,863	45,349	23,477	54.9%	42,746
4664	Trans Energy 220v	20,569	29,451	14,054	48.9%	28,744
4665	Trans Energy 208v	204,723	193,837	126,999	79.8%	159,228
4666	Commerical Ramp Wharfage	41,055	67,069	45,509	113.8%	40,000
	Operating Revenue - Harbor	3,676,683	4,181,443	3,733,213	93.8%	3,978,670
4802	Penalty/Int	7,797	14,884	14,919	229.5%	6,500
4902	Other Revenue	66,923	67,272	64,272	106.8%	60,167
	Non-Operating Revenue - Harbor	74,720	82,156	79,190	118.8%	66,667

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A/C Num.	Revenue Categories & Descriptions	FY23	FY24	FY25 YTD ACTUAL		FY25
		7/1/22 - 6/30/23	7/1/23 - 6/30/24			7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
0602	PIONEER DOCK					
4631	USCG Leases	38,976	40,495	36,868	119.7%	30,796
4637	Seafood Wharfage-PD	-	-	-		-
4638	PD Fuel Wharfage	198,654	193,311	171,427	79.8%	214,809
4639	Pioneer Dock - Wharfage	-	-	-		-
4641	PD Water Sales	9,291	6,908	5,404	51.5%	10,500
4642	PD Docking	39,991	45,052	42,513	92.4%	46,000
	Operating Revenue - Pioneer Dock	286,911	285,767	256,212	84.8%	302,106
0603	FISH DOCK					
4620	Ice Sales	243,997	341,209	233,787	88.0%	265,742
4621	Cold Storage	22,319	24,603	24,925	99.7%	25,000
4622	Crane Rental	203,818	201,470	151,813	79.8%	190,306
4623	Card Access Fees	6,144	5,933	4,945	86.8%	5,700
4637	Seafood Wharfage	20,530	24,621	17,581	101.5%	17,324
4700	Other Wharfage Fish Dock	9,945	68	-	0.0%	9,843
	Operating Revenue - Fish Dock	506,754	597,903	433,051	84.3%	513,915
4206	Fish Tax	116,236	78,772	122,599	189.9%	64,562
0604	DEEP WATER DOCK					
4633	Stevedoring	49,565	9,834	15,473	128.9%	12,000
4637	Seafood Wharfage	-	-	-	0.0%	-
4640	Deep Water Dock Wharfage	152,709	8,402	30,160	64.7%	46,651
4643	Deep Water Dock Docking	121,387	113,278	123,730	123.7%	100,000
4668	Dwd Water Sales	41,651	20,424	38,089	127.0%	30,000
4672	Port Security Revenues	-	-	-	0.0%	-
	Operating Revenue - DW Dock	365,311	151,937	207,452	110.0%	188,651
0605	OUTFALL LINE					
4704	Outfall Line	4,800	4,800	4,800	100.0%	4,800
0606	FISH GRINDER					
4706	Fish Grinder	6,803	10,393	6,460	87.4%	7,390
0615	LOAD AND LAUNCH RAMP					
4653	L & L Ramp Revenue	120,243	145,410	75,514	58.1%	130,000
	Operating Revenue - L & L Ramp	125,519	145,410	75,514	58.1%	130,000
	Total Revenues	6,107,243	6,537,231	5,642,673	96%	5,870,925
	Net Surplus (Deficit)	1,302,144	944,873	1,931,501		(26,572)

FUND 400 - PORT & HARBOR ENTERPRISE FUND				5/19/2025		
COMBINED EXPENDITURES				88.2% of FY elapsed		
A/C Num.	Expenditure Categories & Descriptions	FY23	FY24	FY25 YTD		FY25
		7/1/22 - 6/30/23	7/1/23 - 6/30/24	ACTUAL		7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
Salaries and Benefits						
5101	Salary and Wages	1,200,096	1,379,157	1,329,608	85.6%	1,552,986
5102	Fringe Benefits	197,813	884,305	710,830	81.3%	873,798
5103	Part-time Wages	171,551	122,103	126,845	68.6%	184,933
5104	Part-time Benefits	19,895	14,232	14,888	64.2%	23,173
5105	Overtime	29,798	29,580	30,604	77.6%	39,439
5107	Part-time Overtime	164	460	434	11.2%	3,879
5108	Unemployment Benefits	-	4,932	1,606	0.0%	-
5112	PERS Relief	32,821	40,694	-	0.0%	-
Total Salaries and Benefits		1,652,138	2,475,462	2,214,816	82.7%	2,678,207
Maintenance and Operations						
5201	Office Supplies	6,257	4,040	3,225	68.6%	4,700
5202	Operating Supplies	21,809	26,337	25,334	97.4%	26,000
5203	Fuel and Lube	43,534	49,017	34,306	94.5%	36,300
5204	Chemicals	-	4,408	2,133	35.6%	6,000
5207	Vehicle and Boat Maintenance	18,002	33,396	14,001	56.0%	25,000
5208	Equipment Maintenance	69,361	62,505	38,520	50.0%	77,000
5209	Building & Grounds Maintenance	56,517	40,523	68,443	102.2%	67,000
5210	Professional Services	47,195	19,760	14,814	40.6%	36,500
5211	Audit Services	16,196	47,868	36,154	85.1%	42,468
5213	Survey and Appraisal	-	17,500	-	0.0%	12,500
5214	Rents & Leases	3,716	4,563	4,929	70.4%	7,000
5215	Communications	8,840	12,981	9,685	96.9%	10,000
5216	Freight and Postage	1,492	2,028	565	10.3%	5,500
5217	Electricity	649,413	654,842	464,634	57.8%	803,495
5218	Water	85,913	138,976	123,066	134.5%	91,528
5219	Sewer	11,977	12,383	9,907	62.2%	15,919
5220	Refuse and Disposal	52,883	52,288	29,762	47.0%	63,300
5221	Property Insurance	88,108	106,791	116,336	100.0%	116,336
5222	Auto Insurance	9,740	10,907	11,950	103.7%	11,522
5223	Liability Insurance	77,367	86,006	100,515	122.8%	81,843
5226	Testing and Analysis	-	4,073	3,140	44.9%	7,000
5227	Advertising	4,345	6,888	2,806	40.1%	7,000
5228	Books and Subscriptions	107	-	-		-
5231	Tools and Equipment	17,252	5,214	13,517	72.3%	18,700
5234	Record and Permits	-	-	950	23.7%	4,000
5235	Membership Dues	7,435	6,085	6,707	95.8%	7,000
5236	Transportation	12,464	2,201	4,575	114.4%	4,000
5237	Subsistence	8,765	663	901	22.5%	4,000
5238	Printing and Binding	3,993	282	-	0.0%	3,500
5248	Lobbying	21,245	20,803	18,950	45.1%	42,000
5249	Oil Spill Response	-	-	-	0.0%	1,000
5250	Camera Area Network	214	2,423	4,897	27.2%	18,000
5252	Credit Card Expenses	101,699	132,100	103,127	79.9%	129,000

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		7/1/22 - 6/30/23	7/1/23 - 6/30/24	ACTUAL		7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
5256	Waste Oil Disposal	18,691	39,136	23,062	51.2%	45,000
5258	Float and Ramp Repairs	43,986	15,624	7,519	30.1%	25,000
5287	Electrical Supplies	1,010	-	-	0.0%	2,100
5601	Uniform	5,986	11,574	2,590	22.5%	11,500
5602	Safety Equipment	5,880	7,332	9,457	63.0%	15,000
5603	Employee Training	5,681	32,999	14,065	34.3%	41,000
5606	Bad Debt Expenses	35,622	58,210	51,107	170.4%	30,000
5608	Debt Payment-Interest	-	-	-		-
5624	Legal Services	-	4,388	-	0.0%	100,000
5627	Port Security	-	-	-	0.0%	2,500
5635	Software	134	3,200	2,902	72.6%	4,000
5637	Diving Services	16,045	30,945	-	0.0%	8,500
5638	Signage Parking Delineation	18,065	37,294	52,443	169.2%	31,000
	Total Maint. and Operations	1,596,939	1,808,553	1,430,993	68.1%	2,100,713
	C/O and Transfers					
5106	Leave Cash Out	57,406	73,867	-	0.0%	49,513
5241	GF Admin Fees	-	-	-		-
5990	Transfers To	1,498,614	1,234,477	65,364	6.1%	1,069,064
	Total Others	1,556,021	1,308,343	65,364	5.8%	1,118,577
	Total	4,805,098	5,592,358	3,711,172	62.9%	5,897,497



City of Homer

www.cityofhomer-ak.gov

Port and Harbor

4311 Freight Dock Road
Homer, AK 99603

port@cityofhomer-ak.gov

(p) 907-235-3160

(f) 907-235-3152

Memorandum

To: Port and Harbor Advisory Commission
From: Amy Woodruff, Port Administrative Supervisor
Date: May 19, 2025
Subject: May Staff Report

Homer Harbor Expansion

The Corps is preparing to internally select the Tentatively Selected Plan (TSP) and move it through the internal Corps review process. The public announcement of TSP still on track for this fall. Attached is the CM's written report on the recent meeting held with the Corps.

Commented [AW1]: Zach—please include, renee should have

Denali Commission Grant - System 4 Float Replacement Design & Permitting

September 10th, started design/permitting under Denali Commission Grant; kickoff with HDR anticipated soon.

FY25 Port Infrastructure Development Program (PIDP) Application

The new Notice of Funding Opportunity (NOFO) has been released. The grant application is due September 10th. We will be working primarily with HDR, with some additional work from Kim with Alaska Harbors Consulting to update the kickoff with HDR anticipated soon.

Financial Plan Update

Bryan anticipates having an updated financial plan for you in August or September.

Leasing Updates

Commissioner report-backs from City Council Meetings

- 4/28 Lacey Velsko
- 5/12 Bruce Friend
- 5/27 Dave Atwood

Attachments

Project Updates

2025 Commission Calendar & City Council Meeting Calendar



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Port and Harbor

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Port & Harbor Special Project Status Updates May 2025

Paid Parking Program Planning & Permitting	Project in progress	Working with ADOTPF to update TORA to allow for paid parking
Ice Metering System	Project Contract Awarded	North Star is preparing the engineering schematics, delivery expected midsummer, winter install.
System 4 Float Replacement Design & Permitting	Design in Progress	Task order 2 with Alaska Harbors Consulting has been signed
Steel Grid Repair or Replacement	Seeking Design Funding	Working with Public Works to Estimate Costs for design
Run Electricity to Camera Poles at Ramps 1-5	Project in Progress	One pole remaining; next step will be to fund camera install
Refloat DD Float	Project in Progress	Materials have been ordered
Repair Fender on DWD Inside Berth	Project in Progress	Scope change: driving replacement pin pile for fender (not load bearing)
Various FY 26/27 Capital Projects (See budget detail)	Seeking Funding	Will update this list with new capital projects after the biennial capital budget passes in June.

Status Categories:

Seeking design funding Design funded Design Contract Awarded Design in progress Design complete	Seeking project funding Project Funded Project Contract Awarded Project in Progress Project Complete
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2025 Council Meetings

Please look over your calendars to see which dates you are available for prior to the meeting. If shared equally, each commissioner will sign up for three meetings.

Date	Commission Report	Commissioner
January 27 th	January Meeting	Casey Siekaniec
February 10 th	--	Jared
February 24 th	--	Lacey Velsko
March 10 th	February Meeting	Will Roth
March 24 th	--	Will Roth
April 14 th	March Meeting	Lacey Velsko
April 28 th	April Meeting	Lacey Velsko
May 12 th	--	Bruce Friend
May 27 th (Tuesday)	--	Dave Atwood
June 9 th	May Meeting	Casey Siekaniec
June 23 rd	--	Dave Atwood
July 28 th	June Meeting	
August 11 th	--	
August 25 th	--	
September 8 th	August Meeting	Dave Atwood
September 22 nd	--	
October 13 th	September Meeting	
October 27 th	October Meeting	

November 10 th	--	Will Roth
November 24 th	November Meeting	

PHC Meeting Date <i>all meetings start at 5:30 pm</i>	
January 22 nd	Quarterly Statistics Review Strategic Plan Clerk Reappointment Notices sent out
February 26 th	*Terms expire February 1 st Approve Strategic Plan
March 26 th	
April 23 rd	Quarterly Statistics Elections of Officers Budget Review with Finance Director
May 28 th	
June 25 th	Land Allocation Plan with Community Development Director Engebretsen
July 23rd - Cancelled	Cancelled
August 27 th	Capital Improvement Plan Quarterly Statistics
September 24 th	
October 22 nd	Quarterly Statistics End-of-Season Review with Harbormaster Clarke Approve 2026 Meeting Schedule
November 12 th	Seattle Fish Expo
December 10 th	Annual update on long-range planning for Spit Erosion



MEMORANDUM

FY 26/27 Operating and Capital Budgets

Item Type: Action Memorandum
Prepared For: Port & Harbor Advisory Commission
Date: April 16, 2025
From: Amy Woodruff, Port Administrative Supervisor
Through: Bryan Hawkins, Port Director

The City Manager's draft budget is now before Council, and Council is scheduled to vote on the final budget in June. There is time for discussion, revisions, and back-and-forth between Staff, Council and Commissions. Based on the budget timeline, the Commission can make a motion at the May meeting in order to have it considered by Council before the final budget is approved.

RECOMMENDATION:

Make a motion of support for the draft FY 26/27 Operating and Capital Budgets for the Enterprise Fund

ATTACHMENTS:

Revised Budget Development Schedule
Most Recent Port & Harbor Capital Requests

City of Homer
REVISED Budget Development Schedule
for Fiscal Year 2026 and 2027

Dates	Event
July 2024	Begin FY26/27 budget discussions with departments
7/22/2024	Budget Development Schedule delivered to Council
August - October 2024	Budget Worksessions (Council and Commissions)
10/28/2024	Committee of the Whole, Council to discuss budget priorities for the coming year
	Regular Meeting, Public Hearing - public input on budget priorities for the coming year
Beginning of November 2024	Submit to departments, budget work sheets including salary and fringe benefit costs
11/25/2024	During Committee of the Whole, Council to discuss Revenue Sources for General Fund and preliminary budget assumptions.
End of December 2024	Departmental Draft Budget and narratives to Finance
January 2025	City Manager - Begin Budget Review with Finance Director and Department Heads
1/20/2025	Worksession (4-7pm) - Department Budget Discussions
2/3/2025	Worksession (4-7pm) - Department Budget Discussions
2/10/2025	Worksession - Utility Rate Model Discussion
2/24/2025	Worksession - Utility Rate Model Discussion (if needed)
3/24/2025	Worksession - Reserved for Budget Discussions
4/14/2025	City Manager's Budget (Proposed Budget) and Utility Rate Model to Council
	Committee of the Whole, Council to discuss budget
	Regular Meeting - Public Hearing
4/28/2025	Committee of the Whole, Council to discuss budget
	Regular Meeting - to introduce Budget Ordinance and Fee/Tariff Ordinances
5/12/2025	Committee of the Whole, Council to discuss budget
5/27/2025	Committee of the Whole, Council to discuss budget
	Regular Meeting - Public Hearing
6/9/2025	Regular Meeting - Public Hearing & FY 26/27 Budget Adoption



MEMORANDUM

FY26/27 Capital Budget

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

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

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

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

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

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

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

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

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

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



MEMORANDUM

PHC-25-009

Review of Lease Code and Base Lease

Item Type: Action Memorandum
Prepared For: Port & Harbor Advisory Commission
Date: May 21, 2025
From: Amy Woodruff, Port Administrative Supervisor
Through: Bryan Hawkins, Port Director

Background

Current Lease Code, HCC 18.08, was established in 2018 through the efforts of then-City Manager Koester and City Attorney Holly Wells along with City Councilmembers Smith and Erickson. Memos from when the Ordinance was introduced demonstrate how they worked systematically to ensure that each component of Lease Policy in the Property Management Policy and Procedures manual carried over into code. Some small edits have been made to code since that time.

All leases are subject to City Code. Adding a requirement to Code adds that requirement for all tenants. Removing a requirement from Code does not remove it from existing leases or the lease template. We are reviewing code and the base lease template together to ensure that changes are aligned between the two documents. Any proposed changes to the base lease language will be for future tenants by default and current tenants only by mutual agreement with the tenant. The City cannot amend a lease after signing it without the agreement of the Tenant.

Request from the Commission

Staff are introducing an overview of some suggested changes to lease code at this meeting along with complete copies of the land lease template and lease code. Please review the table of proposed changes and be prepared to provide feedback at the May meeting. Additional written feedback from Commissioners can be provided to Staff until Monday, June 2nd. At the June 25th meeting staff will come back with a copy of Lease Code with proposed edits. At that the Commission can make a motion of support to Council.

RECOMMENDATION

Review the attachments and come prepared to make recommendations for edits.

ATTACHMENTS

Homer City Code 18.08 CITY PROPERTY LEASES
City of Homer Base Land Lease Template
Table of proposed lease changes

Commented [AW1]: Please attach, Zach

Chapter 18.08

CITY PROPERTY LEASES

Sections:

- 18.08.005 Purpose.
- 18.08.010 Definitions.
- 18.08.020 Land allocation plan – Property available for lease.
- 18.08.030 Standardized leases.
- 18.08.040 Council approval of leases.
- 18.08.045 Lease applications.
- 18.08.050 Requests for proposals – Competitive bidding process.
- 18.08.060 Criteria for evaluating and approving proposals and competing lease applications.
- 18.08.065 Lease application and proposal documents.
- 18.08.070 Notice to award.
- 18.08.075 Lease rental rates.
- 18.08.080 Lease execution and final approval.
- 18.08.090 Development and use.
- 18.08.100 Appraisal.
- 18.08.110 Options to renew.
- 18.08.120 Improvements.
- 18.08.130 Lease renewal.
- 18.08.140 Sublease.
- 18.08.150 Early termination.
- 18.08.160 Assignment.
- 18.08.170 Insurance.
- 18.08.175 Exception – Leasing to government entities.
- 18.08.180 Assessments – Capital improvement projects.
- 18.08.190 Connection to utilities.
- 18.08.195 Processing and filing fees.
- 18.08.200 Time is of the essence – Lease applications, proposals, and negotiations.

18.08.005 Purpose.

The purpose of this chapter is to ensure that the lease of City-owned property maximizes the value of City assets and that the City awards leases that provide the highest and best use of City-owned property. It is the policy of the City to lease its property in a fair and nondiscriminatory way. [Ord. 18-16(S)(A) § 1, 2018].

18.08.010 Definitions.

For the purpose of this chapter, the following words and phrases are defined as set forth in this section:

“Applicant” means a person applying to lease or acquire an interest in City-owned real property and includes bidders and proposers.

“Appraisal” means a valuation or estimation of value of property by an Alaska certified general real estate appraiser or an otherwise qualified appraiser selected by the City Manager.

“Assignment” means a transfer of a leasehold interest or rights to a leasehold interest, in its entirety, in City-owned real property.

“City Manager” means the City of Homer Manager or their designee.

“Fair market rent” means the rental income that a public or private property would most likely command in the open market, indicated by the current rents paid for comparable space as of the date of the appraisal.

“Irregularities” means deviations from the request for proposal that are not substantive in nature and/or typographical or scrivener errors that do not impact the integrity or responsiveness of the proposal.

“Long-term lease” means a written agreement granting exclusive possession or use of City-owned real property for more than one year.

“Short-term lease” means a written agreement granting exclusive possession or use of City-owned real property for one year or less.

“Sublease” means a leasing by a tenant or lessee of part or all of a leased premises to another entity or entities with the original lessee retaining the rights and interest under the original lease.

“Surveyor” means a registered professional land surveyor. [Ord. 21-02 § 2, 2021; Ord. 18-16(S)(A) § 1, 2018].

18.08.020 Land allocation plan – Property available for lease.

a. Unless dedicated or reserved to another purpose, all real property including tide, submerged or shore lands to which the City has a right, title and interest as owner or lessee, or to which the City may become entitled, may be leased as provided in this chapter. In the case of any conflict between this chapter and any local, State or Federal law governing the leasing of City tide and submerged lands, the law governing the leasing of City tide and submerged lands shall prevail.

b. The City administration shall maintain a list of all City-owned properties authorized for lease by Council. This list shall be adopted annually and contain the information required under this chapter. The list may be called the land allocation plan and will be made available to the public.

c. Council shall adopt a land allocation plan that identifies:

1. City-owned property available for lease;
2. The property description, lease rate, preferred length of the lease term for each available parcel; and
3. Any requirements, preferences or restrictions regarding use and/or development.

d. Council may identify property in the land allocation plan that is subject to competitive bidding. Property subject to competitive bidding in the land allocation plan need only identify the property description in the land allocation plan but all other terms required in subsection (c) of this section shall be identified in the request for proposal for such properties.

e. Prior to the adoption of the land allocation plan, Council shall hold a work session. Commission members and City staff may provide recommendations to Council during the work session regarding City-owned property available for lease and the terms of such leases.

f. The City shall provide public notice of the adoption of the land allocation plan and the City-owned real property available for lease no more than 60 days after its adoption.

g. All uses and activities on City-owned real property available for lease are subject to all applicable local, State, and Federal laws and regulations.

h. The Council may restrict specific City-owned properties to certain uses or classes of use that serve the City’s best interest. [Ord. 22-49 § 1, 2022; Ord. 18-16(S)(A) § 1, 2018].

18.08.030 Standardized leases.

a. The City Manager shall develop a standardized ground lease that contains provisions generally applicable to the lease of City-owned property and a standardized building lease that contains provisions generally applicable to the lease of space in City-owned buildings. The standard lease documents shall be reviewed by the City Attorney and approved by Council.

b. Lease terms may deviate from the standardized lease terms when the City Manager determines such deviations are reasonable and necessary to protect the City’s best interests and Council approves the lease as required in HCC 18.08.040. [Ord. 18-16(S)(A) § 1, 2018].

18.08.040 Council approval of leases.

- a. All long-term leases for more than five years shall be approved by Council via ordinance. All long-term leases for five years or less shall be approved by Council via resolution. All leases on the Homer Spit shall receive advisory review by the Port and Harbor Advisory Commission prior to submission to the Council or the City Manager for approval. The Council and the City Manager may forego this requirement if either finds time is of the essence or if the best interests of the City require otherwise for the leasing activity. This requirement does not apply to subleases.
- b. The City Manager may execute short-term leases without Council approval when the City Manager determines that a short-term lease is in the best interest of the City and notifies the Council in writing of the short-term lease and its essential terms.
- c. Short-term leases are not required to go through the competitive bidding process unless the short-term lease would result in the lease of City-owned property to the same lessee for more than one consecutive year.
- d. Except as expressly provided in this chapter, property leased by the City from a third party that is available for sublease or the lease of space in City-owned buildings located on real property owned by a third party is exempt from this chapter. [Ord. 24-20(A) § 1, 2024; Ord. 18-16(S)(A) § 1, 2018].

18.08.045 Lease applications.

- a. Except for property subject to competitive bidding under this chapter, persons interested in leasing City property may submit a lease application to the City Clerk. The City Manager shall consider all applications and determine if an application is complete and meets the criteria identified in the land allocation plan and in HCC 18.08.060.
- b. When the City receives more than one lease application for a parcel that meets the criteria established for that parcel in the land allocation plan, the City Manager shall evaluate the applications using the criteria in HCC 18.08.060 and award the lease most advantageous to the City. If both applicants are equally advantageous to the City, the City Manager shall award the lease to the applicant who submitted a completed application first.
- c. Applicants may be charged a nonrefundable lease application fee as set forth in the City of Homer fee schedule. [Ord. 22-49 § 2, 2022; Ord. 18-16(S)(A) § 1, 2018].

18.08.050 Requests for proposals – Competitive bidding process.

- a. The City Manager may issue a request for proposals to lease specific property identified in the land allocation plan at any time after posting the notice required in HCC 18.08.020(f).
- b. A request for proposal advertised by the City must identify the property description of the property available for lease, the time frame for the submission of requests for proposals, any preferred uses or industries, and the overall criteria the City intends to use to score and rank proposals.
- c. The City Manager must obtain approval from the Council before requesting proposals to lease property not identified in the land allocation plan as property available for lease.
- d. The City Manager shall consider all responses to the City's request for proposals that are timely, responsible and responsive. Untimely submissions shall be rejected. The City Manager reserves the right to reject any and all proposals in the City's best interest.
- e. The City Manager may rescind a notice to award at any time prior to the execution of a lease if the proposer can no longer meet the terms of the proposal. If the City Manager rescinds a notice to award, the City Manager may negotiate with the next most responsive proposer and submit a new recommendation for award to Council under HCC 18.08.070 and Council may approve the award of the proposal to that recommended proposer. If negotiations with the next most responsive bidder are unsuccessful, all bids must be rejected and a new request for proposal may be issued.
- f. The Council may approve other bidding or proposal procedures or exceptions to these procedures via resolution. [Ord. 22-49 § 3, 2022; Ord. 18-16(S)(A) § 1, 2018].

18.08.060 Criteria for evaluating and approving proposals and competing lease applications.

- a. The criteria for evaluating proposals shall include, but are not limited to, the following:

1. Compatibility with neighboring uses and consistency with applicable land use regulations including the Comprehensive Plan;
2. The development plan including all phases and timetables;
3. The proposed capital investment;
4. Experience of the applicant in the proposed business or venture;
5. Financial capability or backing of the applicant including credit history, prior lease history, assets that will be used to support the proposed development;
6. The number of employees anticipated;
7. The proposed rental rate;
8. Other financial impacts such as tax revenues, stimulation of related or spin-off economic development, or the value of improvements left behind upon termination of the lease;
9. Other long-term social economic development; and
10. The residency or licensure of the applicant in the City, Kenai Peninsula Borough, and/or the State of Alaska, as identified in the City's request for proposal and permitted under State and Federal law.

b. Determination of rent shall take into consideration the following factors:

1. Appraisal or tax assessed valuation;
2. Highest and best use of land;
3. Development (existing and planned);
4. Economic development objectives;
5. The location of the property; and
6. Alternative valuation methodologies as negotiated by both parties. [Ord. 18-16(S)(A) § 1, 2018].

18.08.065 Lease application and proposal documents.

Upon request by the City Manager or as required in a request for proposal or the lease allocation plan, an applicant or proposer shall provide, at its sole expense, the following:

- a. A property improvement plan with information regarding planned improvements by lessee, including schedule for commencement and completion of proposed improvements;
- b. A survey of the property subject to the proposed lease; and/or
- c. If only a portion of a lot is to be leased, a subdivision plat. [Ord. 18-16(S)(A) § 1, 2018].

18.08.070 Notice to award.

- a. Upon a determination that a proposal meets the criteria under HCC 18.08.060, the City Manager shall recommend the proposal to Council for acceptance. If Council approves the recommendation, the City Manager shall issue a notice to award the lease to the successful proposer. The City Manager's recommendation shall be presented to Council in a written memorandum identifying the recommended winning proposer, the property description, the essential terms of the proposed lease, and the reasons the City Manager recommended the award.
- b. The City Manager shall submit any recommendation for approval of a proposal under this chapter for property located on the Homer Spit to the Port and Harbor Advisory Commission for review and comment prior to recommending a proposal to Council.

c. If the Council adopts the City Manager's recommendation, the City Manager shall negotiate with the selected proposer and present a final lease to the Council for approval. A notice of tentative award is conditional upon the City Manager's successful negotiation of a final written lease consistent with the terms upon which the award was based.

d. The City Manager may rescind a notice to award. A notice to award becomes void on the date the City Manager provides written notice to the proposer that the award has been rescinded. [Ord. 22-49 § 4, 2022; Ord. 18-16(S)(A) § 1, 2018].

18.08.075 Lease rental rates.

a. Except as otherwise provided in this section, all property shall be leased at no less than "fair market rent."

b. Payments of a higher than fair market rent resulting from a proposal or lease application is generally in the public interest and will help to establish fair market rent using current market forces.

c. The Council may establish a minimum rent or "asking price." It may set a minimum rent at an amount equal to or higher than the estimated "fair market rent" if it finds that it is in public interest to do so. It may set uniform rental rates for a class of similar properties that remain available for leasing after the conclusion of a competitive lease offering.

d. Except as otherwise provided in this chapter, Council may approve a lease of City land for less than fair market rent only if the motion approving the lease contains a finding that the lease is for a valuable public purpose or use, and a statement identifying such public purpose or use.

e. The lease shall provide for payment of interest or a late fee for rent past due, and provide for recovery by the City of attorneys' fees and costs to the maximum extent allowed by law in the event the City is required to enforce the lease in court, and such additional provisions pertaining to defaults and remedies as the City Manager may determine to be in the City's interest.

f. Lease amount to be adjusted annually based on the Anchorage Consumer Price Index. [Ord. 18-16(S)(A) § 1, 2018].

18.08.080 Lease execution and final approval.

a. After a notice to award a lease is approved by Council or a lease application is approved by the City Manager, the City Manager is responsible for finalizing and executing the lease agreement with the successful applicant or proposer. After Council's approval of the notice to award but before Council approval under HCC 18.08.040, the City Manager may negotiate nonessential long-term lease terms and make changes necessary to clarify the terms of the long-term lease or correct clerical errors.

b. The City Manager has authority to negotiate all terms of short-term leases subject to the provisions of this chapter.

c. After a lease is executed by both parties, the City Manager shall draft and the City Clerk shall record a memorandum of lease. [Ord. 22-49 § 5, 2022; Ord. 18-16(S)(A) § 1, 2018].

18.08.090 Development and use.

a. All leases must require the lessee to comply with all applicable local, State, and Federal laws.

b. Except as provided otherwise in the lease agreement, an as-built survey including elevations performed by a surveyor shall be provided to the City within six months of completion of development on the leased property. Each additional structure or significant improvement shall require an updated as-built survey. All surveys are to be provided by lessees at their expense.

c. Except as provided otherwise in the lease agreement, at the time each as-built survey is submitted, a statement of value including leaseholds and all improvements shall be provided. The statement of value shall be either a letter of opinion or appraisal completed by an appraiser.

d. All development requirements and performance standards contained in the lease shall be strictly enforced and if not complied with or negotiated for modification shall be cause for the lease to be terminated. Failure to enforce the terms of the lease shall not constitute waiver of any such term.

e. The City may require a lease of City-owned property to be secured by any means that meet the City's best interest, including, without limitation, a security deposit, surety bond or guaranty. [Ord. 18-16(S)(A) § 1, 2018].

18.08.100 Appraisal.

a. An appraisal of the fair market rent of the property will be required before final approval of a new lease or the transfer of a lease and within two years prior to the renewal of a lease.

b. The requirement of an appraisal may be waived at the discretion of the City Manager for short-term leases.

c. All leased properties shall be appraised every five years from the effective date of the lease. The City may choose to have the property appraised at less than five-year intervals in order to appraise multiple properties at one time. An increase in rental rates resulting from appraisals occurring in less than five years from the last appraisal shall not be applied prior to date of appraisal permitted under this section or the effective date of the transfer or renewal of a lease.

d. Except as otherwise provided under this section or in a specific lease, lease rates shall be increased on the anniversary of the lease effective date to reflect property appraisal values. A lessee shall be notified of any increase in the appraised value of the property at least 30 days before the increased rental rate becomes effective.

e. In the event an appraisal reports a decrease in fair market rent, a lessee may petition or the City Manager may recommend to Council a reduction in the lease rate. Council may approve a reduction if it determines via resolution that such reduction corresponds with the appraised fair market rent and is in the City's best interest.

f. Each year, the City will select and retain an appraiser to appraise all leased City-owned property due for appraisals in that year. The City will have sole discretion to select the appraiser and bears the cost of the appraisal. [Ord. 18-16(S)(A) § 1, 2018].

18.08.110 Options to renew.

a. Leases may contain no more than two options to renew and each option must not exceed 25 percent of the length of the initial lease term.

b. A lessee may not exercise an option to renew unless the City Manager determines that the lessee is in full compliance with the terms of the lease at the time of renewal.

c. A lessee whose initial lease and all options have expired shall have no automatic right of further renewal or extensions. [Ord. 18-16(S)(A) § 1, 2018].

18.08.120 Improvements.

a. Except as otherwise provided in the lease agreement, construction of improvements shall take place only after review and approval of the construction plans by the City Manager and only after all applicable permits have been secured and legal requirements met.

b. Improvements not included in the lease agreement or improvements that are inconsistent with or deviate from those permitted in the lease agreement must be approved by Council via resolution. Council shall only approve such improvements upon recommendation by the City Manager and after review by the Port and Harbor Commission, the Homer Advisory Planning Commission, and any other commission determined to be appropriate by the City Manager. Inconsistent improvements may be approved if the proposed changes to the improvements serve the City's best interest and/or when changes are necessary due to relevant changes in industry or the local economy.

c. All improvements constructed upon leased property become the property of the City upon termination of the lease unless otherwise provided in the lease agreement or agreed to by the parties in writing.

d. Lessee shall be responsible for all taxes, including property taxes on the leasehold interest in the real property and improvements and any sales tax on rent payments. [Ord. 18-16(S)(A) § 1, 2018].

18.08.130 Lease renewal.

a. Council, upon written recommendation by the City Manager, may exempt the renewal of a lease from competitive bidding if Council finds such exemption serves the City's best interests.

b. A lessee seeking to enter into a new lease with the City exempted from competitive bidding under this section must submit a lease application and a written request for a new lease to the City Manager at least 12 months but no more than 18 months prior to the expiration of the existing lease. The City Manager shall notify Council of new lease requests under this section. The City will review the application but is under no obligation to enter into a new lease.

c. If Council approves the new lease without a competitive process, it must do so by resolution within six months prior to the date of lease termination.

d. Council shall consider the following factors when determining whether to exempt a lease from competitive bidding under this section:

1. Lessee's past capital investment and binding commitment to future capital investment;
2. Lessee's financial condition and prior lease history;
3. The number of persons employed and the prospect for future employment;
4. Tax revenues and other financial benefits to the City anticipated in the future if the lease is renewed;
5. Consistency of past use and intended future use with all applicable laws, including land use codes and regulations, the Comprehensive Plan, and overall economic development plan;
6. Other opportunities for use of the property that may provide greater benefit to the City; and
7. Other social, policy, and economic considerations as determined by Council. [Ord. 22-49 § 6, 2022; Ord. 18-16(S)(A) § 1, 2018].

18.08.140 Sublease.

a. City property may be subleased if expressly permitted in the lease agreement and approved by Council.

b. Except as provided otherwise in the lease agreement, all subleases must be in writing, executed by the parties, and approved by the City Manager or their designee.

c. Approval must be granted prior to occupancy of the leased premises by a subtenant.

d. Subleasing shall not be used to transfer substantially all of a leasehold interest.

e. All subleases must comply with all applicable Federal, State, and local laws. [Ord. 22-49 § 7, 2022; Ord. 21-02 § 1, 2021; Ord. 18-16(S)(A) § 1, 2018].

18.08.150 Early termination.

Except as provided otherwise in the lease agreement, Council shall approve the termination of a lease for failure to comply with the lease terms. The City Attorney shall be consulted prior to termination of a long-term lease for failure to comply with lease terms. The City Manager may only terminate a lease for failure to comply with the lease terms after receiving Council approval to do so. The City Manager shall seek approval to terminate under this section in executive session. The name of lessee and description of the leased property shall not be included in any public notices or documents circulated by the City unless and until Council approves termination of the lease under this section. The City Manager shall notify a lessee in writing that Council will be considering termination of the lease and provide the date, time, and place of the meeting at which Council will consider such termination. Lessee may waive the right to confidentiality under this section and request Council hold its discussion of termination in public. This section shall not prevent the City from sending lessee, or other parties with an interest in the lease, notifications and/or correspondence related to the lease or lessee's compliance with its terms. [Ord. 18-16(S)(A) § 1, 2018].

18.08.160 Assignment.

- a. Except as provided in the lease agreement, Council must approve the assignment of a lease to another party.
- b. Except as otherwise provided in this section or the lease agreement, the City Manager must make a determination that a lessee is in full compliance with a lease before an assignment will be effective. The City Manager may, in his or her sole discretion, consent to assignment of a lease where lessee is in full compliance with the lease terms except for payments owed so long as assignor and/or assignee agree in writing to pay the full amount owed within 90 days of the assignment. An assignment shall not be effective and shall constitute default by lessee if full payment is not received within 90 days of the assignment.
- c. Except as otherwise provided in the lease agreement, if the lessee is in good standing and eligible to assign the lease, the following procedures apply:
 1. The lessee shall file a written request for assignment and a complete new lease application to the City Manager;
 2. The City Manager shall review the request and new lease application and determine whether the proposed assignee can fulfill the terms of the lease and the requirements of this chapter and is in the City's best interests;
 3. The City Manager shall make a recommendation on the assignment to Council for final action; and
 4. Council shall approve or deny the request for assignment via resolution.
 5. Assignment of long-term leases on the Homer Spit shall be reviewed by the Port and Harbor Advisory Commission prior to submission to Council for approval.
- d. Council may approve assignment of a lease to a bank or other financial institution if it determines the assignment is in the best interest of the City and the City Manager recommends approval.
- e. Where a lessee intends to assign the lease as part of a sale of the business located on the leased lot, the person who intends to purchase the business may apply to extend the lease term to allow the continuation of the business and to secure financing for the purchase of that business. Any significant changes in the terms (use) of the existing lease must be reviewed by the Port and Harbor Commission and approved by City Council by resolution as an amendment to the lease. [Ord. 22-49 § 8, 2022; Ord. 18-16(S)(A) § 1, 2018].

18.08.170 Insurance.

- a. All lessees shall keep in force for the full term of the lease public liability insurance in the amount of not less than \$1,000,000 coverage per occurrence for bodily injury, including death, and property damage. The City shall be named as an additional insured.
- b. Lessees who intend to conduct activities which could potentially have significant risk of environmental contamination shall also obtain not less than \$2,000,000 in environmental impact insurance and/or environmental clean-up policy, or the equivalent subject to review and approval by the City Manager. The City shall be named as an additional insured. The City will determine on a case-by-case basis whether a lease of City property will involve a significant risk of environmental contamination due to the use of the property, the presence of hazardous materials, or the location of the property.
- c. Certificates of insurance showing the required insurance is in effect and identifying the City as an additional insured shall 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.
- d. All insurance policies must be in effect for the duration of the lease term, or longer if stated in the lease, and the City must be notified of any changes to policies.
- e. Insurance requirements that exceed those required in this section may be imposed in the terms of a lease agreement. [Ord. 18-16(S)(A) § 1, 2018].

18.08.175 Exception – Leasing to government entities.

a. Except as otherwise prohibited by law, leases to Federal or State government entities or political subdivisions or agencies of the State of Alaska or the United States may be exempted from this chapter upon a finding by Council that it is in the City's best interest to do so.

b. The City may lease real property to the United States, the State of Alaska, a political subdivision of the State, or an agency of any of these entities, for less than fair market rent if Council determines it is in the City's best interest to do so. [Ord. 18-16(S)(A) § 1, 2018].

18.08.180 Assessments – Capital improvement projects.

a. Lessees of City property shall pay all real property special assessments levied and assessed against the property to the full extent of installments billed during the lease term.

b. In the event the City completes a capital improvement project which directly benefits the leasehold property and no local improvement district is formed to pay the cost of that project, the City may, in its sole discretion, impose, and the lessee shall pay as additional rent, the leasehold property's proportionate share of the cost of the project. The amount of additional rent imposed annually by the City under this subsection shall not exceed the amount which would have been payable annually by the lessee if a local improvement district had been formed which provided for installment payments on a schedule and bearing interest at rates typical of other local improvement districts of the City for that type of capital improvement. [Ord. 18-16(S)(A) § 1, 2018].

18.08.190 Connection to utilities.

Lessees of City real property shall connect to City utilities and bear all costs of connections and adhere to all applicable local, State and Federal regulations. Connections to newly installed City utilities shall be made as soon as possible after completion. [Ord. 18-16(S)(A) § 1, 2018].

18.08.195 Processing and filing fees.

Fees for lease applications, lease, subleases and assignments, and other related fees are contained in the City of Homer fee schedule. Failure to pay required fees may result in the rejection of a lease application or denial of lease renewal, assignment, or sublease. [Ord. 22-49 § 9, 2022; Ord. 18-16(S)(A) § 1, 2018].

18.08.200 Time is of the essence – Lease applications, proposals, and negotiations.

The City Manager may consider all City lease applications and proposals that are responsive, responsible, in compliance with the provisions of this chapter and in the City's best interest. If the City, in its sole discretion, determines that it will be unable to reach an acceptable agreement with a proposer within a reasonable period of time, the City reserves the right to terminate negotiations with any proposer should it be in the City's best interest. [Ord. 22-49 § 10, 2022].

GROUND LEASE AND SECURITY AGREEMENT

BETWEEN

CITY OF HOMER, ALASKA

AND

Dated _____, 20__

GROUND LEASE AND SECURITY AGREEMENT

GROUND LEASE AND SECURITY AGREEMENT ("Lease") dated as of _____, 20____, between the CITY OF HOMER, an Alaska municipal corporation ("Landlord"), whose address is 491 East Pioneer Avenue, Homer, Alaska 99603, and _____ a _____ [state of organization] _____ [type of entity] ("Tenant"), whose address is _____.

[USE THE FOLLOWING PARAGRAPH WHEN TENANT IS NOT A NATURAL PERSON]

[Attached as **Exhibit A** is a schedule naming each owner of Tenant and describing the percentage of ownership of each. Also attached to **Exhibit A** are a certificate of good standing issued by the state under whose laws Tenant is organized, and, if Tenant is a foreign entity, a certificate of authority issued by the State of Alaska. Attached as **Exhibit B** is a true and correct copy of a resolution of Tenant authorizing Tenant to enter into this Lease and authorizing the undersigned individual(s) or officer(s) to execute the Lease on behalf of Tenant.]

RECITALS

WHEREAS, Landlord owns certain properties having a strategic location near the waterfront and marine-related public infrastructure; and

WHEREAS, it is the policy of Landlord to retain ownership of these properties, and to make them available for leasing, in order to encourage growth in targeted economic sectors, to insure that Landlord receives the maximum benefit from a large investment in public infrastructure, and to provide land for businesses that require close proximity to the waterfront or infrastructure to operate efficiently and profitably; and

WHEREAS, Landlord has accepted Tenant's proposal to lease and develop the property leased herein, because Tenant's proposed use of the property should further Landlord's goals for the development of Landlord's properties, and Tenant's proposal to lease and develop the property is a material inducement to Landlord leasing the property to Tenant; and

[USE THE FOLLOWING PARAGRAPH WHEN TENANT IS DEVELOPING THE PROPERTY]

[WHEREAS, Tenant has made its own determination that its proposed development of the property will be economically feasible, and that the term for which it is leasing the property will be sufficient to amortize Tenant's investment in developing the leased property under Tenant's proposal.]

NOW, THEREFORE, in consideration of the matters recited above, and the mutual covenants herein, the parties agree as follows:

ARTICLE 1. DEFINITIONS AND ATTACHMENTS

1.01 Definitions. As used herein, the term:

(a) "Additional Rent" includes all amounts defined or referred to in this lease as additional rent, as well as all charges in the nature of rent such as taxes, utilities and insurance, regardless of whether such amounts are due directly to or collectible by Landlord or to a third party

under the terms of this Lease or under applicable law and including any of the preceding amounts that Landlord pays to a third party on behalf of Tenant, before or after any event of default.

(b) “Annual Rent Adjustment” and “Annual Rent Adjustment Date” are defined in Section 4.01(b).

(c) “Base Rent” is defined in Section 4.01.

(d) “Complete” and “Completion” mean, with regard to an improvement, that construction of the improvement is finished and the improvement is fully operational and ready for occupancy or use for its intended purpose, including without limitation the issuance of any applicable certificate of occupancy and other applicable permits, licenses, certificates or inspection reports necessary to the improvement’s legally authorized use.

(e) “Council” means the City Council of the City of Homer, Alaska.

(f) “Default Rate” means an annual rate of interest equal to the lesser of (i) the maximum rate of interest for which Tenant may lawfully contract in Alaska, or (ii) ten and one-half percent (10.5%).

(g) “Environmental Laws” means all local, state, and federal laws, ordinances, regulations, and orders related to environmental protection; or the use, storage, generation, production, treatment, emission, discharge, remediation, removal, disposal, or transport of any Hazardous Substance.

(h) “Excusable Delay” means delay due to strikes, acts of God, inability to obtain labor or materials, orders of any governmental authority having jurisdiction, removal of Hazardous Materials discovered at any time after the commencement of the Term, enemy action, civil commotion, fire, unusual inclement weather, unavoidable casualty or similar causes beyond the reasonable control of Tenant.

(i) “Extended Term” is defined in Section 3.05 if this Lease provides for extension at the option of the Tenant.

(j) “Five Year Rent Adjustment” and “Five Year Rent Adjustment Date” are defined in Section 4.01(a).

(k) “Hazardous Substance” means any substance or material defined or designated as hazardous or toxic waste; hazardous or toxic material; hazardous, toxic, or radioactive substance; or other similar term by any federal, state, or local statute, regulation, or ordinance or common law presently in effect or that may be promulgated in the future as such statutes, regulations, and ordinances may be amended from time to time.

(l) “Initial Term” is defined in Section 3.01.

(m) “Lease Ordinance” means such ordinances or other portions and provisions of the Homer City Code as may be enacted from time to time to dictate Landlord’s policies and requirements in leasing real property, currently enacted as Chapter 18.08 of the Homer City Code, as such may be amended, reenacted, supplemented or recodified from time to time, and as used herein the term shall refer to the Lease Ordinance as currently in effect at the time its terms would have operative effect on this Lease.

(n) “Leasehold Mortgage” is defined in Section 13.01.

- (o) “Property” is defined in Section 2.01.
- (p) “Rent” means Base Rent plus any Additional Rent.
- (q) “Qualified Mortgagee” is defined in Section 13.03.
- (r) “Required Improvements” is defined in Section 6.02.
- (s) “Term” means the Initial Term plus any Extended Term.

1.02 Attachments. The following documents are attached hereto, and such documents, as well as all drawings and documents prepared pursuant thereto and all documents, policies and endorsements delivered hereunder, including without limitation all copies of required insurance policies and/or endorsements, shall be deemed to be a part hereof:

Exhibit “A” Schedule of Organization, Owners, Percentage of Ownership

Exhibit “B” Conformed Copy of Resolution Authorizing Lease and Authorizing Signers to Sign Lease Agreement on Behalf of Tenant

Exhibit “C” Legal Description of Property

Exhibit “D” Tenant’s Lease Proposal

Exhibit “E” Site Plan

Exhibit “F” Required Improvements Floor Plan

Exhibit “G” Permission to Obtain Insurance Policies

ARTICLE 2. THE PROPERTY

2.01 Lease of Property. Subject to the terms and conditions of this Lease, Landlord leases to Tenant and Tenant leases from Landlord the following described property (the “Property”):

[insert legal description], Homer Recording District, State of Alaska, as depicted on **Exhibit C**, containing _____ square feet, more or less, also known as Kenai Peninsula Borough Tax Parcel No. _____;

subject, however, to reservations, restrictions, easements and encumbrances of record, and to encroachments that may be revealed by an inspection of the Property.

2.02 Quiet Enjoyment. Landlord covenants that Tenant, upon paying the Rent and other charges and performing its other obligations under this Lease shall have quiet enjoyment of the Property during the Term without hindrance or interference by Landlord or by any person claiming an interest in the Property through Landlord.

2.03 Property Accepted “As Is.” Tenant has inspected the Property, has made its own determination as to the suitability of the Property for Tenant’s intended use, and accepts the Property “AS IS.” None of landlord, its agents, or its employees make any warranties, expressed or implied, concerning the condition of the Property, including without limitation the habitability or fitness of the Property for any particular purpose, including those uses authorized by this Lease, or subsurface and soil conditions, including the presence of any Hazardous Substance.

2.04 No Subsurface or Mineral Rights. This Lease does not confer mineral rights, any rights to extract natural resources, or any rights with regard to the subsurface of the Property below the level necessary for the uses of the Property permitted in this Lease, all of which rights are, as between Landlord and Tenant, reserved to Landlord.

ARTICLE 3. TERM

3.01 Lease Term. The term of this Lease is _____ years, commencing on _____, 20__, and ending on _____, 20__ (the “Term”).

3.02 Lease Renewal.

(a) Tenant represents and warrants that it has determined that the duration of the Term, including any available Extended Terms, will be sufficient for Tenant to amortize any investment that it makes in connection with this Lease, including without limitation any investment in leasehold improvements, including any Required Improvements as Tenant may be required to develop. Tenant acknowledges that it has no right of any kind to continue using or occupying the Property after the expiration or earlier termination of the Term, including without limitation any option to renew this Lease, or any option to extend the Term other than as may be provided in Section 3.05.

(b) Notwithstanding the preceding subsection (a), not less than 12 months and not more than 18 months before the expiration of the Term, Tenant may apply to Landlord to enter into a new lease for the Property that is exempted from competitive bidding under and pursuant to the Lease Ordinance.

3.03 Surrender of Possession. Upon the expiration or earlier termination of the Term, unless Tenant and Landlord have entered into a new lease for the Property commencing upon the termination of the Term, Tenant shall promptly and peaceably surrender the Property, clean, free of debris, and in as good order and condition as at the commencement of the Term, ordinary wear and tear excepted. If Tenant fails to surrender the Property in the required condition, Landlord may restore the Property to such condition and Tenant shall pay the cost thereof, plus interest at the Default Rate, on demand. Section 6.08 governs the disposition of improvements on the Property at the expiration or earlier termination of the Term.

3.04 Holding Over. Tenant’s continuing in possession of the Property after the expiration or earlier termination of the Term will not renew or extend this Lease. In the absence of any agreement renewing or extending this Lease, Tenant’s continued possession of the Property after the end of the Term will be a tenancy from month to month, terminable upon 30 days written notice by either party at any time, at a monthly rental equal to 150% of the monthly Base Rent in effect at the end of the Term, subject to all other terms of this Lease. For good cause, Landlord may waive all or part of the increase in Base Rent during the holdover period.

[USE ONE OF THE FOLLOWING PARAGRAPHS DEPENDING ON WHETHER THE LEASE PROVIDES OPTIONS FOR EXTENDED TERMS, WHICH BY ORDINANCE ARE LIMITED TO TWO OPTIONS EACH FOR NO MORE THAN 25% OF THE ORIGINAL TERM]

[3.05. Omitted.]

[3.05. Options to Extend Lease Term.]

(a) At its option and in its sole discretion, Tenant may seek to extend the Term for [one (1)/two (2)] additional, consecutive _____ month periods (each an “Extended Term”), provided that:

- (1) Tenant gives Landlord written notice of its exercise of the option not more than one year and not less than 120 days before day the Term would otherwise expire; and
- (2) the City Manager determines that the lessee is in full compliance with the terms of the lease at the time of renewal.

(b) Tenant’s failure to exercise an option to extend the Term in strict compliance with all the requirements in subsection (a) renders that option and all options as to subsequent Extended Terms null and void.]

ARTICLE 4. RENT, TAXES, ASSESSMENTS AND UTILITIES

4.01 Base Rent. Tenant shall pay to Landlord an initial annual rent of \$_____ (as such may later be adjusted per the terms of this Lease, the “Base Rent”). Base Rent is payable monthly in advance in installments of \$_____, plus sales and all other taxes Landlord is authorized or obligated to collect on such transactions, on _____, 20__, and on the _____ day of each month thereafter, at the office of the City of Homer, 491 East Pioneer Avenue, Homer, Alaska 99603-7645, or at such other place as Landlord may designate in writing. All Base Rent shall be paid without prior demand or notice and without deduction or offset. Base Rent that is not paid on or before the due date will bear interest at the Default Rate. Base Rent is subject to adjustment as provided in Section 4.02.

4.02 Rent Adjustments.

(a) **Five-Year Appraised Rent Adjustments.** In the fifth year of the Term, and in every fifth year thereafter, Landlord will obtain an appraisal by a qualified real estate appraiser of the fair rental value of the Property as if privately owned in fee simple, excluding the value of alterations, additions or improvements (other than utilities) made by Tenant (or by Tenant’s predecessors under the Lease, if Tenant is party to this Lease by assignment). Following receipt of each such appraisal, the Base Rent will be adjusted (the “Five Year Rent Adjustment”), effective on the anniversary of the commencement of the term (each such date is a “Five Year Rent Adjustment Date”), to an amount equal to the greater of (1) the area of the Property in square feet, multiplied by the fair rental value per square foot determined by the appraisal, and (2) the Base Rent in effect immediately before the Five Year Rent Adjustment Date. The Base Rent as adjusted on a Five Year Rent Adjustment Date thereafter shall be the Base Rent.

(b) **Annual Rent Adjustments.** In addition to the rent adjustments under Section 4.02(a), the Base Rent also shall be adjusted annually (the “Annual Rent Adjustment”), effective on the anniversary of the commencement of the term in every year without a Five Year Rate Adjustment (each such date is an “Annual Rent Adjustment Date”), by the increase, if any, for the previous year in the cost of living as stated in the Consumer Price Index, All Urban Consumers, Anchorage, Alaska Area, All Items 2000 – present = 100 (“CPI-U”), as published by the United States Department of Labor, Bureau of Labor Statistics most recently before the Annual Rent Adjustment Date. If the CPI-U is revised or ceases to be published, Landlord instead shall use such revised or other index, with whatever adjustment in its application is necessary, to most nearly approximate in Landlord’s judgment the CPI-U for the relevant period.

4.03 Taxes, Assessments and Other Governmental Charges. Tenant shall pay prior to delinquency all taxes, installments of assessments that are payable in installments and other governmental charges lawfully levied or assessed upon or with respect to the Property,

improvements on the Property and personal property that is situated on the Property; provided that Tenant may contest in good faith any such tax, assessment or other governmental charge without subjecting the Property to lien or forfeiture. If an assessment on the Property that is not payable in installments becomes due during the Term, Tenant shall be obligated to pay the fraction of the assessment that is determined by dividing the number of years remaining in the Term by 10. If the Term of this Lease is subsequently extended renewed (i.e. if Tenant and Landlord later enter into a new lease without putting the Property out for competitive bidding as referenced in Section 2.02), then the part of the assessment that Tenant shall be liable for shall be determined by adding the extended or renewal term to the number of years remaining in the Term when the assessment became due. If the Term commences or expires during a tax year, the taxes or assessments payable for that year will be prorated between Landlord and Tenant. Tenant shall exhibit to Landlord, on demand, receipts evidencing payment of all such taxes, assessments and other governmental charges. Any taxes, installments of assessments on the Property that are due to or collectible by Landlord, or for which Landlord becomes liable that are attributable to any portion of the Term, shall be Additional Rent.

4.04 Utility Charges. Tenant shall pay all charges for utility and other services provided to or used on the Property, including without limitation gas, heating oil, electric, water, sewer, heat, snow removal, telephone, internet service and refuse removal. Tenant shall be solely responsible for the cost of utility connections. Any of the preceding due to or collectible by Landlord shall be Additional Rent.

4.05 Tenant to Pay for City Services. Tenant shall pay for all services provided by the City of Homer that are related to the use or operation of the Property, improvements thereon and Tenant's activities thereon, at the rates established by the City of Homer from time to time for such services, including without limitation wharfage, crane use, ice, and other Port and Harbor services. Tenant shall provide the City of Homer with the information necessary to determine the amount of service charges owed, keep written records of such information for not less than two years after such charges are due, and, upon request, make such records available to the City of Homer for inspection and audit.

4.06 Additional Rent and Landlord's Right to Cure Tenant's Default. All costs or expenses that Tenant is required to pay under this Lease at Landlord's election will be treated as Additional Rent, and Landlord may exercise all rights and remedies provided in this Lease in the event of nonpayment. If Tenant defaults in making any payment required of Tenant or defaults in performing any term, covenant or condition of this Lease that involves the expenditure of money by Tenant, Landlord may, but is not obligated to, make such payment or expenditure on behalf of Tenant, and any and all sums so expended by Landlord, with interest thereon at the Default Rate from the date of expenditure until repaid, will be Additional Rent and shall be repaid by Tenant to Landlord on demand, provided, however, that such payment or expenditure by Landlord will not waive Tenant's default, or affect any of Landlord's remedies for such default.

4.07 Security Deposit. Upon execution of this Lease, and in addition to any other security or credit support provided by or for the benefit of Tenant in entering into this Lease, Tenant shall deposit with Landlord an amount equal to 10% of the annual Base Rent as security for Tenant's performance of its obligations under this Lease. Landlord may commingle the security deposit with other funds of Landlord, and its obligations with respect to such security deposit shall only be as a debtor and not as a trustee or fiduciary. If Tenant defaults in performing any obligation under this Lease, including without limitation the payment of rent, Landlord may apply all or any portion of the security deposit to the payment of any sum in default or any damages suffered by Landlord as result of the default, or any sum that Landlord may be required to incur by reason of the default. Upon demand, Tenant shall deposit with Landlord the amount so applied so that Landlord will have the full deposit on hand at all times during the Term.

***[USE THE FOLLOWING PARAGRAPH FOR FISH PROCESSORS WITH ACCESS TO
OUTFALL LINE]***

4.08 Outfall Line Connection Agreement. Tenant shall connect to the City of Homer fish processor outfall line. On or before the commencement of the Term of this Lease, Tenant shall enter into a Fish Processor Outfall Line Connection Agreement with Landlord, and thereafter at its own expense install and maintain a fish grinder as required by the Fish Processor Outfall Line Connection Agreement. Tenant shall comply with the terms of the Fish Processor Outfall Line Connection Agreement until the earlier to occur of (i) the expiration or earlier termination of the Term, and (ii) the date the City of Homer ceases to maintain the outfall line. Any default under the Fish Processor Outfall Line Connection Agreement shall be considered a default under this Lease.]

ARTICLE 5. SECURITY INTEREST

To secure the performance of Tenant's obligations under this Lease, including without limitation the obligations to pay rent and other sums to be paid by Tenant, Tenant grants to Landlord a lien and security interest in the following collateral: ("Collateral"): (1) all security deposits or other monies owing from Landlord to Tenant (as collateral in the possession of the secured party); (2) all insurance proceeds from any policy insuring the Property or improvements thereon; (3) all compensation payable to Tenant as a result of eminent domain proceedings or a transfer in lieu thereof; (4) all rents from Tenant's subletting of all or a part of the Property; and (5) all improvements on the Property, including any Required Improvements. Said lien and security interest will be in addition to Landlord's liens provided by law.

This Lease shall constitute a mortgage by Tenant as mortgagor of all right, title and interest of Tenant in and to any and all improvements on the Property, including any Required Improvements, in favor of Landlord as mortgagee, and the recorded memorandum of this Lease shall reference Landlord as mortgagee of such improvements. In addition, Tenant shall execute, such financing statements and other instruments as Landlord may now or hereafter reasonably request to evidence the liens, mortgages and security interests granted by Tenant hereunder, including any deed of trust pertaining to additions, alterations and improvements on the Property. This Lease also constitutes a security agreement under the Uniform Commercial Code as enacted in Alaska ("UCC"), and Landlord will have all rights and remedies of a secured party under the UCC regarding the Collateral.

ARTICLE 6. USE AND IMPROVEMENT OF PROPERTY

6.01 Use of Property. Tenant shall use and, if applicable, improve the Property only in the manner described in Tenant's proposal or application for the Property as more fully set forth on **Exhibit D**. Tenant's undertaking to use and, if applicable, improve the Property as described on Exhibit D is a material inducement to Landlord leasing the Property to Tenant, and Tenant shall not use or improve the Property for any purpose other than as described on Exhibit D without Landlord's written consent, which consent Landlord may withhold in its sole discretion.

6.02 Required Improvements. Tenant shall, at Tenant's sole expense, construct, and at all times during the Term keep and maintain as the minimum development on the Property the Required Improvements as described on Exhibit D and as depicted more specifically in the site plan and floor plans in **Exhibit E** and **Exhibit F**, respectively. If the Required Improvements are not in place at the commencement of the Term, Tenant shall commence construction of the Required Improvements within one year after the date of commencement of the Term, prosecute the construction of the Required Improvements with diligence, and Complete construction of the Required Improvements within one additional year.

6.03 Construction Prerequisites. Tenant may not commence any construction on the Property, including without limitation construction of the Required Improvements, without first satisfying the following conditions:

(a) Not less than thirty (30) days before commencing construction, Tenant shall submit to Landlord preliminary plans and specifications, and an application for a City of Homer zoning permit, for the construction, showing the layout of proposed buildings and other improvements, ingress and egress, dimensions and locations of utilities, drainage plans, and any other information required for the zoning permit or other required permits. The preliminary plans and specifications are subject to Landlord's approval, which will not be unreasonably withheld, as well as all specific requirements for the issuance of any permits or zoning variances. Landlord shall communicate approval or disapproval in the manner provided for notices hereunder, accompanying any disapproval with a statement of the grounds therefor. Tenant shall be responsible for complying with all laws governing the construction, including any specific requirements for the issuance of any permits or zoning variances, notwithstanding Landlord's approval of preliminary plans and specifications under this paragraph.

(b) Not less than fifteen (15) days before commencing construction, Tenant shall deliver to Landlord one complete set of final working plans and specifications as approved by the governmental agencies whose approval is required for Tenant to commence construction. The final working plans and specifications shall conform substantially to the preliminary plans and specifications previously approved by Landlord, subject to changes made to comply with suggestions, requests or requirements of a governmental agency or official in connection with the application for permit or approval.

(c) Not less than five (5) days before commencing construction, Tenant shall give Landlord written notice of its intent to commence construction, and furnish to Landlord the following:

- (1) Proof that all applicable federal, state and local permits required for the construction have been obtained.
- (2) For construction, alteration or restoration of Required Improvements, a current certificate of insurance with the coverages specified in Section 9.04(c).

6.04 Extensions of Time for Completion of Required Improvements. Landlord shall grant an extension of the time to Complete the Required Improvements for a period of time equal to the duration of an Excusable Delay, upon Tenant's written request describing the nature of the Excusable Delay, provided Tenant has commenced construction in a timely manner and is proceeding diligently to Complete construction.

6.05 Additional and Replacement Improvements.

(a) Construction of alterations, additions improvements that are not consistent with terms of this Lease or the proposed uses for the Property set forth on Exhibit D is prohibited unless the improvements are authorized by an amendment to this Lease approved by the Council via resolution.

(b) Subject to Section 6.05(a), upon satisfying the conditions in section 6.03, Tenant at any time may, but is not obligated to, construct new improvements on the Property and demolish, remove, replace, alter, relocate, reconstruct or add to existing improvements; provided that Tenant is not then in default under this Lease and provided further that Tenant continuously maintains on the Property the Required Improvements, or their equivalent of equal or greater value. Once any work is begun, Tenant shall with reasonable diligence prosecute to Completion all construction of

improvements, additions, alterations, or other work. All salvage resulting from such work will belong to Tenant, who is responsible for its removal and lawful disposal.

6.06 As-Built Survey. Within 30 days after Completion of construction of any improvements on the Property involving construction, alteration, addition, removal or demolition of the foundation, structure, utility services, ingress and egress, or any major changes of all or any part of any structure or improvement on the Property, Tenant shall provide Landlord with three copies of an as-built survey of the Property prepared by a registered professional surveyor, showing the location of all improvements on the Property, including underground utilities, pipelines and pre-existing improvements. Tenant shall accompany the as-built survey with a description of all changes from the approved plans or specifications made during the course of the work.

6.07 Ownership of Improvements. Other than the Required Improvements, any and all buildings, fixtures and improvements of any nature whatsoever constructed or maintained on the Property by Tenant will be and remain the property of Tenant at all times during the Term and may be removed or replaced by Tenant during the Term, subject to the provisions Section 6.08.

6.08 Disposition of Improvements at End of Term.

(a) Unless excepted by operation of the following subsection (b), any and all buildings, fixtures and improvements of any nature whatsoever constructed or maintained on the Property become the property of Landlord upon expiration or earlier termination of the Term.

(b) One year before the expiration of the Term, the Landlord and Tenant shall determine if the buildings, fixtures and improvements constructed or maintained on the Property, including the Required Improvements, are structurally sound and in good condition. If such buildings, fixtures and improvements constructed or maintained on the Property are structurally sound and in good condition, Tenant shall leave such improvements intact with all components, including without limitation doors, windows, and plumbing, electrical and mechanical fixtures and systems, in good condition and ready for use or occupancy, upon expiration of the Term, and Tenant shall execute, acknowledge, and deliver to Landlord a proper instrument in writing releasing and quitclaiming to Landlord all of Tenant's interest in such buildings, fixtures and improvements. Tenant shall be obligated to and shall remove, prior to the expiration of the Term, any buildings, fixtures and improvements constructed or maintained on the Property that are not structurally sound and in good condition, and Landlord shall not have or obtain any ownership interest in such buildings, fixtures and improvements by reason of this Lease.

(c) If Landlord terminates this Lease because of a default by Tenant prior to the expiration of the Term, any buildings, fixtures and improvements constructed or maintained on the Property shall, at Landlord's option, become the property of Landlord, which may use or dispose of them in its sole discretion. If Landlord elects not to obtain ownership of such buildings, fixtures and improvements under the preceding sentence or elects to remove any of such buildings, fixtures or improvements for any reason, Tenant shall be obligated to and shall remove such buildings, fixtures or improvements.

(d) Tenant shall notify Landlord before commencing the removal of an improvement as required under the preceding subsections (b) and/or (c) and coordinate the removal work with Landlord. Once Tenant commences the removal work, Tenant shall prosecute the removal with reasonable diligence to Completion and shall repair all damages to the Property caused by such removal no later than the expiration of the Term. All salvage resulting from such work will belong to Tenant, who is responsible for its removal and lawful disposal.

(e) If Tenant fails to remove any improvements from the Property that Tenant is required to remove under and per the terms of the preceding subsections (b), (c) and/or (d), Tenant

shall pay Landlord the costs that Landlord incurs in removing and disposing of the improvements and repairing damages to the Property caused by such removal.

ARTICLE 7. CARE AND USE OF THE PROPERTY

7.01 Maintenance of the Property. Tenant at its own cost and expense shall keep the Property and all buildings and improvements that at any time may be situated thereon in a clean, safe and orderly condition, and in good repair at all times during the Term.

7.02 Repair of Improvements.

(a) Except as provided in Section 7.02(b), in the event any buildings or improvements situated on the Property by Tenant are damaged or destroyed by fire, earthquake, tsunami, or other casualty, Tenant shall at Tenant's expense restore the same to good and tenantable condition or shall remove the same as soon as is reasonably possible, but in no event may the period of restoration exceed 18 months nor may the period of removal exceed 45 days.

(b) Unless Tenant is excused from the obligation under this paragraph, if the Required Improvements or any part thereof are damaged or destroyed by fire, earthquake, tsunami, or other casualty, rendering the Required Improvements totally or partially inaccessible or unusable, Tenant shall at Tenant's expense restore the Required Improvements to substantially the same condition as they were in immediately before such damage, provided that:

- (1) if the cost of repairing or restoring the Required Improvements, less any available insurance proceeds not reduced by applicable deductibles and coinsurance, exceeds 10% of the replacement cost of the Required Improvements, then Tenant may terminate this Lease by giving notice to Landlord of Tenant's election to terminate within 15 days after determining the restoration cost and replacement cost, and this Lease shall terminate as of the date of such notice;
- (2) if the repair or restoration of the Required Improvements would be contrary to law, either party may terminate this Lease immediately by giving notice to the other party; or
- (3) if such damage or casualty to the Required Improvements occurs within three years before the end of the Term, Tenant may, in lieu of restoring or replacing the Required Improvements, terminate this Lease by giving written notice of termination to Landlord within 120 days after such damage or casualty.

Nothing in this paragraph relieves Tenant of the obligation to surrender the Property upon the expiration or earlier termination of the Term in the condition required by Section 3.03.

7.03 Nuisances Prohibited. Tenant at all times shall keep the Property in a clean, orderly and sanitary condition and free of insects, rodents, vermin and other pests; junk, abandoned or discarded property, including without limitation vehicles, equipment, machinery or fixtures; and litter, rubbish or trash. Tenant shall not use the Property in any manner that will constitute waste or a nuisance. Landlord, at Tenant's expense and without any liability to Tenant, may remove or abate any such junk, abandoned or discarded property, litter, rubbish or trash, or nuisance on the Property after 15 days written notice to Tenant, or after (4) four hour notice to Tenant in writing, by telephone, facsimile or in person if Landlord makes a written finding that such removal or abatement is required to prevent imminent harm to public health, safety or welfare. Tenant shall pay Landlord all the costs of such removal, plus interest at the Default Rate, as Additional Rent under this Lease. This section does not limit or waive any other remedy available to the City of Homer to abate any nuisance or for the violation of the Homer City Code.

7.04 Compliance with Laws. Tenant's improvement and use of the Property shall comply with all governmental statutes, ordinances, rules and regulations, including without limitation the City of Homer Zoning Code and all applicable building codes, now or hereafter in effect.

7.05 Liens. Except as provided in Article 13, Tenant may not permit any lien, including without limitation a mechanic's or materialman's lien, to be recorded against the Property. If any such lien is recorded against the Property, Tenant shall cause the same to be removed; provided that Tenant may in good faith and at Tenant's own expense contest the validity of any such lien without subjecting the Property to foreclosure, and in the case of a mechanic's or materialman's lien, if Tenant has furnished the bond required in A.S. 34.35.072 (or any comparable statute hereafter enacted providing for a bond freeing the Property from the effect of such a lien claim). Tenant shall indemnify and save Landlord harmless from all liability for damages occasioned by any such lien, together with all costs and expenses (including attorneys' fees) incurred by Landlord in negotiating, settling, defending, or otherwise protecting against such lien and shall, in the event of a judgment of foreclosure of the lien, cause the same to be discharged and removed prior to any attempt at execution of such judgment.

7.06 Radio Interference. Upon Landlord's request, Tenant shall discontinue the use on the Property of any source of electromagnetic radiation that interferes with any government operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

7.07 Signs. Tenant may only erect signs on the Property that comply with state and local sign laws and ordinances. City Planning Department approval is required prior to the erection of any sign on the Property.

7.08 Garbage Disposal. Tenant shall keep any garbage, trash, rubbish or other refuse in industry standard containers until removed, and cause all garbage, trash, rubbish or other refuse on the Property to be collected and transported to a Kenai Peninsula Borough solid waste facility or transfer station at least once a week. Tenant may not place garbage, trash, rubbish or other refuse from the Property in Landlord's garbage disposal facilities on the Homer Spit or any other public facility.

7.09 Access Rights of Landlord. Landlord's agents and employees shall have the right, but not the obligation, to enter the Property at all reasonable times to inspect the use and condition of the Property; to serve, post or keep posted any notices required or allowed under the provisions of this Lease, including notices of non-responsibility for liens; and to do any act or thing necessary for the safety or preservation of the Property.

[OPTIONAL PARAGRAPH 7.__ APPLICABLE FOR USE OF FISH DOCK]

[7. Fish Dock Use Permit. Before using the City of Homer Fish Dock, Tenant shall obtain a City of Homer Fish Dock Use Permit. Tenant shall continue to have a current Fish Dock Use Permit in force until the earlier to occur of (i) the expiration or earlier termination of the Term, and (ii) the date Tenant ceases to use the Fish Dock.]

[OPTIONAL PARAGRAPH 7.__ APPLICABLE FOR USE OF OTHER DOCKS]

7. Terminal Use Permit. Before using City of Homer Docks other than the Fish Dock, Tenant shall obtain a City of Homer Terminal Use Permit. Tenant shall continue to have a current Terminal Use Permit in force until the earlier to occur of (i) the expiration or earlier termination of the Term, and (ii) the date Tenant ceases to use City of Homer Docks other than the Fish Dock.

ARTICLE 8. ASSIGNMENT AND SUBLEASE

8.01 Assignment or Sublease Absent Consent is Void.

(a) Tenant shall not assign or sublease its interest in this Lease or in the Property without compliance with applicable provisions of the Lease Ordinance, including applying for and receiving consent of Council, and any attempted assignment or sublease absent such compliance is and shall be null and void and of no effect and, at Landlord's election, will constitute an event of default hereunder.

(b) If Tenant seeks to assign or sublease its interest in this Lease or in the Property, in addition to compliance with applicable provisions of the Lease Ordinance, Tenant shall request consent of Council to such assignment or sublease in writing at least 30 days prior to the effective date of the proposed assignment or sublease, accompanied by a copy of the proposed assignment or sublease. If Tenant subleases any portion of the Property, Tenant shall be assessed Additional Rent equal to 10% of the current Base Rent for the subleased area.

(c) No consent to any assignment or sublease waives Tenant's obligation to obtain Landlord's consent to any subsequent assignment or sublease. An assignment of this Lease shall require the assignee to assume the Tenant's obligations hereunder, and shall not release Tenant from liability hereunder unless Landlord specifically so provides in writing.

8.02. Events that Constitute an Assignment. If Tenant is a partnership or limited liability company, a withdrawal or change, voluntary, involuntary or by operation of law, of one or more partners or members owning 25% or more of the entity, or the dissolution of the entity, will be deemed an assignment to the Tenant as reconstituted, subject to Section 8.01 and the Lease Ordinance. If Tenant is a corporation, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of 25% of the value of the assets of Tenant, will be deemed an assignment to the Tenant as reconstituted, subject to Section 8.01 and the Lease Ordinance; provided that if Tenant is a corporation the stock of which is traded through an exchange or over the counter, a sale or other transfer of a controlling percentage of the capital stock of Tenant will not constitute such an assignment. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 25% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding and entitled to vote for the election of directors.

8.03. Costs of Landlord's Consent to be Borne by Tenant. As a condition to Landlord's consent to any assignment or sublease under section 8.01 and the Lease Ordinance, Tenant shall pay Landlord's reasonable costs, including without limitation attorney's fees and the expenses of due diligence inquiries, incurred in connection with any request by Tenant for Landlord's consent to the assignment or sublease.

ARTICLE 9. LIABILITY, INDEMNITY AND INSURANCE

9.01 Limitation of Landlord Liability. Landlord, its officers and employees shall not be liable to Tenant for any damage to the Property or the buildings and improvements thereon, or for death or injury of any person or damage to any property, from any cause; however, this provision shall not affect the liability of Landlord, its officers and employees on any claim to the extent the claim arises from their negligence or willful misconduct.

9.02 Indemnity Generally. Tenant shall indemnify, defend, and hold harmless Landlord, its officers and employees from all claims arising from death or injury of any person or damage to any property occurring in or about the Property; however, this provision shall not apply to any claim to the extent the claim arises from the sole negligence or willful misconduct of Landlord, its officers and employees.

9.03 Indemnity for Emergency Service Costs. Without limiting the generality of Section 9.02, in the event of a major fire or other emergency, Tenant shall reimburse Landlord for the cost of providing fire-fighting and other emergency service to Tenant, the Property or at any other location where the fire or emergency requiring response arises from or is related to the use of the Property or Tenant's operations. For purposes of this section, a major fire or other emergency is one that requires more than five man-hours of effort by the City of Homer Fire Department.

9.04 Insurance Requirements.

(a) Without limiting Tenant's obligations to indemnify under this Lease, Tenant at its own expense shall maintain in force such policies of insurance with a carrier or carriers reasonably satisfactory to Landlord and authorized to conduct business in the state of Alaska, as Landlord may reasonably determine are required to protect Landlord from liability arising from Tenant's activities under this Lease, including the minimum insurance requirements set forth for tenants under the Lease Ordinance. Landlord's insurance requirements in the Lease Ordinance (or any superseding policy permitted under the Lease Ordinance) specify only the minimum acceptable coverage and limits, and if Tenant's policy contains broader coverage or higher limits, Landlord shall be entitled to such coverage to the extent of such higher limits.

(b) Without limiting the generality of the foregoing, Tenant shall maintain in force at all times during the Term the following minimum policies of insurance:

- (1) Comprehensive general liability insurance with limits of liability not less than a combined single limit for bodily injury and property damage of \$1,000,000 each occurrence and \$2,000,000 aggregate. This insurance shall also be endorsed to provide contractual liability insuring Tenant's obligations to indemnify under this Lease.
- (2) Comprehensive automobile liability covering all owned, hired and non-owned vehicles with coverage limits not less than \$1,000,000 occurrence combined single limit for bodily injury and property damage.
- (3) Workers' compensation insurance as required by AS 23.30.045. This coverage shall include employer's liability protection not less than \$1,000,000 per person, \$1,000,000 per occurrence. Where applicable, coverage for all federal acts (i.e. U.S. Longshoremen and Harbor Worker's Compensation and Jones Acts) shall also be included. The workers' compensation insurance shall contain a waiver of subrogation clause in favor of Landlord.
- (4) Environmental remediation and environmental impairment liability, including sudden and accidental coverage, gradual pollution coverage, and clean-up cost coverage associated with any activity by Tenant or others on, from, or related to the Property, with coverage limits not less than \$1,000,000 for any one accident or occurrence. Coverage shall extend to loss arising as a result of the work or services or products furnished, used or handled in connection with Tenant's operations contemplated under this Lease.

[*ALTERNATIVE 9.04(b)(4) — Optional provision waiving environmental insurance based on the authorized uses of Section 6.01.*]

[(4) Based on the authorized uses of the Property stated in Section 6.01, environmental insurance is not required. However, if Tenant uses the Property, with or without authorization from the Landlord, for purposes other than those stated in paragraph Section 6.01, if Landlord so elects, and within 10 days after Landlord gives notice of such election, Tenant shall procure and at all times

thereafter maintain, at its expense, environmental remediation and environmental impairment liability, including sudden and accidental coverage, gradual pollution coverage, and clean-up cost coverage associated with any activity by Tenant or others on, from, or related to the Property, with coverage limits not less than \$1,000,000 for any one accident or occurrence. Coverage shall extend to loss arising as a result of the work or services or products furnished, used or handled in connection with Tenant's operations contemplated under this Lease.]

- (5) Property insurance covering the Required Improvements described in Section 6.02 in an amount not less than full replacement cost of the Required Improvements. This policy shall include boiler and machinery coverage.

(c) During any construction of the Required Improvements and during any subsequent alteration or restoration of the Required Improvements at a cost in excess of \$250,000 per job, Tenant shall maintain builder's risk insurance in an amount equal to the completed value of the project.

(d) Tenant shall furnish Landlord with certificates evidencing the required insurance not later than the date as of which this Lease requires the insurance to be in effect, and the provision of any such certificates due at or prior to the commencement of the Term shall be a condition precedent to the commencement of the Term. The certificates and the insurance policies required by this Section shall contain a provision that coverages afforded under the policies will not be cancelled or allowed to expire, and limits of liability will not be reduced, without at least 30 days' prior written notice to Landlord. Landlord shall be named as an additional insured under all policies of liability insurance required of Tenant. Landlord's acceptance of a deficient certificate of insurance does not waive any insurance requirement in this Lease. Tenant also shall grant Landlord permission to obtain copies of insurance policies from all insurers providing required coverage to Tenant by executing and delivering to Landlord such authorizations substantially in the form of **Exhibit G** as Landlord may request.

ARTICLE 10. ENVIRONMENTAL MATTERS

10.01 Use of Hazardous Substances. Tenant shall not cause or permit the Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose of, transfer, produce or process any Hazardous Substance, except as is necessary or useful to Tenant's authorized uses of the Property stated in Section 6.01, and only in compliance with all applicable Environmental Laws. Any Hazardous Substance permitted on the Property as provided in this section, and all containers therefor, shall be handled, used, kept, stored and disposed of in a manner that complies with all applicable Environmental Laws, and handled only by properly trained personnel.

10.02 Prevention of Releases. Tenant shall not cause or permit, as a result of any intentional or unintentional act or omission on the part of Tenant or any of its agents, employees, contractors, tenants, subtenants, invitees or other users or occupants of the Property, a release of any Hazardous Substance onto the Property or onto any other property.

10.03 Compliance with Environmental Laws. Tenant at all times and in all respects shall comply, and will use its best efforts to cause all tenants, subtenants and other users and occupants of the Property to comply, with all Environmental Laws, including without limitation the duty to undertake the following specific actions: (i) Tenant shall, at its own expense, procure, maintain in effect and comply with all conditions of, any and all permits, licenses and other governmental and regulatory approvals required by all Environmental Laws, including without limitation permits required for discharge of (appropriately treated) Hazardous Substances into the ambient air or any sanitary sewers serving the Property; and (ii) except as discharged into the ambient air or a sanitary sewer in strict compliance with all applicable Environmental Laws, all Hazardous Substances from or on the Property to be treated and/or disposed of by Tenant will be removed and transported

solely by duly licensed transporters to a duly licensed treatment and/or disposal facility for final treatment and/or disposal (except when applicable Environmental Laws permit on-site treatment or disposal in a sanitary landfill).

10.04 Notice. Tenant shall promptly give Landlord (i) written notice and a copy of any notice or correspondence it receives from any federal, state or other government agency regarding Hazardous Substances on the Property or Hazardous Substances which affect or will affect the Property; (ii) written notice of any knowledge or information Tenant obtains regarding Hazardous Substances or losses incurred or expected to be incurred by Tenant or any government agency to study, assess, contain or remove any Hazardous Substances on or near the Property, and (iii) written notice of any knowledge or information Tenant obtains regarding the release or discovery of Hazardous Substances on the Property.

10.05 Remedial Action. If the presence, release, threat of release, placement on or in the Property, or the generation, transportation, storage, treatment or disposal at the Property of any Hazardous Substance (i) gives rise to liability (including but not limited to a response action, remedial action or removal action) under any Environmental Law, (ii) causes a significant public health effect, or (iii) pollutes or threatens to pollute the environment, Tenant shall, at its sole expense, promptly take any and all remedial and removal action necessary to clean up the Property and mitigate exposure to liability arising from the Hazardous Substance, whether or not required by law.

10.06 Indemnification. Subject to Section 10.09, Tenant shall indemnify, defend, and hold harmless Landlord, its officers and employees from and against any and all claims, disbursements, demands, damages (including but not limited to consequential, indirect or punitive damages), losses, liens, liabilities, penalties, fines, lawsuits and other proceedings and costs and expenses (including experts', consultants' and attorneys' fees and expenses, and including without limitation remedial, removal, response, abatement, cleanup, legal, investigative and monitoring costs), imposed against Landlord, arising directly or indirectly from or out of, or in any way connected with (i) the failure of Tenant to comply with its obligations under this Article; (ii) any activities on the Property during Tenant's past, present or future possession or control of the Property which directly or indirectly resulted in the Property being contaminated with Hazardous Substances; (iii) the discovery of Hazardous Substances on the Property whose presence was caused during the possession or control of the Property by Tenant; (iv) the clean-up of Hazardous Substances on the Property; and (v) any injury or harm of any type to any person or damage to any property arising out of or relating to Hazardous Substances on the Property or from the Property on any other property. The liabilities, losses, claims, damages, and expenses for which Landlord is indemnified under this section shall be reimbursable to Landlord as and when the obligation of Landlord to make payments with respect thereto are incurred, without any requirement of waiting for the ultimate outcome of any litigation, claim or other proceeding, and Tenant shall pay such liability, losses, claims, damages and expenses to Landlord as so incurred within 10 days after notice from Landlord itemizing in reasonable detail the amounts incurred (provided that no itemization of costs and expenses of counsel to Landlord is required where, in the determination of Landlord, such itemization could be deemed a waiver of attorney-client privilege).

10.07 Survival of Obligations. The obligations of Tenant in this Article, including without limitation the indemnity provided for in Section 10.06, are separate and distinct obligations from Tenant's obligations otherwise provided for herein and shall continue in effect after the expiration of the Term.

10.08 Claims against Third Parties. Nothing in this Article shall prejudice or impair the rights or claims of Tenant against any person other than Landlord with respect to the presence of Hazardous Substances as set forth above.

10.09 Extent of Tenant's Obligations. Tenant's obligations under this Article apply only to acts, omissions or conditions that (i) occur in whole or in part during the Term or during any time of Tenant's possession or occupancy of the Property prior to or after the Term of this Lease; or (ii) are proximately caused in whole or in part by the occupancy of, use of, operations on, or actions on or arising out of the Property by Tenant or its employees, agents, customers, invitees or contractors.

10.10 Inspection at Expiration of Term. Within 90 days before the expiration of the Term, Tenant shall at its own expense obtain a Phase I environmental inspection of the Property, and conduct any further inspection, including without limitation test holes, that is indicated by the results of the Phase I inspection. Tenant, at its own expense, shall remediate any contamination of the Property that is revealed by the inspections and that is Tenant's responsibility under this Article.

ARTICLE 11. CONDEMNATION

11.01 Article Determines Parties' Rights and Obligations. If any entity having the power of eminent domain exercises that power to condemn the Property, or any part thereof or interest therein, or acquires the Property, or any part thereof or interest therein by a sale or transfer in lieu of condemnation, the interests of Landlord and Tenant in the award or consideration for such transfer and the effect of the taking or transfer upon this Lease will be as provided in this Article.

11.02 Total Taking. If all of the Property is taken or so transferred, this Lease and all of Tenant's interest thereunder will terminate on the date title to the Property vests in the condemning authority.

11.03. Partial Taking. If the taking or transfer of part of the Property causes the remainder of the Property to be not effectively and practicably usable in the opinion of the Tenant for the purpose of operation thereon of Tenant's business, this Lease and all of Tenant's interest thereunder will terminate on the date title to the Property vests in the condemning authority. If the taking or transfer of part of the Property leaves the remainder of the Property effectively and practicably usable in the opinion of Tenant for the operation of Tenant's business, this Lease and all of Tenant's interest thereunder will terminate as to the portion of the Property so taken or transferred on the date title to the Property vests in the condemning authority, but will continue in full force and effect as to the portion of the Property not so taken or transferred, and the Base Rent will abate in the proportion that the portion of the Property taken bears to all of the Property.

11.04 Compensation. Landlord and Tenant each may make a claim against the condemning or taking authority for the amount of just compensation due to it. Tenant shall make no claim against Landlord for damages for termination of the leasehold or interference with Tenant's business, even if Landlord is the condemning or taking authority. Neither Tenant nor Landlord will have any rights in or to any award made to the other by the condemning authority; provided, that if a single award to Landlord includes specific damages for loss of Tenant's leasehold interest separately awarded in the eminent domain proceeding and not as a part of the damages recoverable by Landlord, Landlord will transmit such separately awarded damages to Tenant.

ARTICLE 12. DEFAULT

12.01. Events of Default. Each of the following shall constitute an event of default under this Lease:

(a) The failure of Tenant to pay Rent or any other sum of money due under this Lease within ten (10) days after the date such payment is due.

(b) The failure of Tenant to perform or observe any covenant or condition of this Lease, other than a default in the payment of money described in the preceding subsection (a), which is not cured within thirty (30) days after notice thereof from Landlord to Tenant, unless the default is of a kind that cannot be cured within such 30-day period, in which case no event of default shall be declared so long as Tenant shall commence the curing of the default within such 30 day period and thereafter shall diligently and continuously prosecute the curing of same.

(c) The use of the Property or buildings and improvements thereon for purposes other than those permitted herein, to which Landlord has not given its written consent.

(d) The commencement of a case under any chapter of the federal Bankruptcy Code by or against Tenant, or the filing of a voluntary or involuntary petition proposing the adjudication of Tenant as bankrupt or insolvent, or the reorganization of Tenant, or an arrangement by Tenant with its creditors, unless the petition is filed or case commenced by a party other than Tenant and is withdrawn or dismissed within ninety (90) days after the date of its filing.

(e) The admission in writing by Tenant of its inability to pay its debts when due; the appointment of a receiver or trustee for the business or property of Tenant, unless such appointment shall be vacated within ten (10) days after its entry; Tenant making an assignment for the benefit of creditors; or the voluntary or involuntary dissolution of Tenant.

12.02 Landlord's Remedies. Upon the occurrence of an event default, Landlord has all of the following remedies, all in addition to any other remedies that Landlord may have at law or in equity:

(a) Landlord may terminate this Lease by written notice to Tenant, upon which termination Tenant shall immediately surrender possession of the Property, vacate the Property, and deliver possession of the Property to Landlord. Tenant hereby makes a present grant to Landlord of a full, free and irrevocable license to enter into and upon the Property, in the event Landlord terminates this Lease in accordance with this subsection (a), and to repossess the Property, to expel or remove Tenant and any others who may be occupying or within the Property, and to remove any and all property therefrom, using such force as may be necessary, with or without process of law, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing Landlord's right to rent or any other right given to Landlord hereunder or by operation of law.

(b) Landlord may by written notice declare Tenant's right to possession of the Property terminated without terminating this Lease. Tenant hereby makes a present grant to Landlord of a full, free and irrevocable license to enter into and upon the Property, in the event Landlord terminates Tenant's right of possession in accordance with this subsection (b), and to repossess the Property, to expel or remove Tenant and any others who may be occupying or within the Property, and to remove any and all property therefrom, using such force as may be necessary, with or without process of law, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing Landlord's right to rent or any other right given to Landlord hereunder or by operation of law.

(c) Subject to Section 12.01(e), Landlord may relet the Property in whole or in part for any period equal to or greater or less than the remainder of the Term, as applicable, for any sum that Landlord may deem reasonable.

(d) Landlord may collect any and all rents due or to become due from subtenants or other occupants of the Property.

(e) Landlord may recover from Tenant, with or without terminating this Lease, actual attorney's fees and other expenses incurred by Landlord by reason of Tenant's default and elect to recover damages described under either (1) or (2):

- (1) from time to time, an amount equal to the sum of all Base Rent and other sums that have become due and remain unpaid, less the rent, if any, collected by Landlord on reletting the Property reduced by the amount of all expenses incurred by Landlord in connection with reletting the Property; or
- (2) immediately upon Tenant's default, an amount equal to the difference between the Base Rent and the fair rental value of the Property for the remainder of the Term, discounted to the date of such default at a rate per annum equal to the rate at which Landlord could borrow funds for the same period as of the date of such default.

(f) Reentry or reletting of the Property, or any part thereof, shall not terminate this Lease, unless accompanied by Landlord's written notice of termination to Tenant.

12.03 Assignment of Rents. Tenant immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any subletting of all or a part of the Property, and Landlord, as assignee and attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease, except that Tenant has the right to collect such rent until the occurrence of an event of default by Tenant.

ARTICLE 13. LEASEHOLD MORTGAGES

13.01. Mortgage of Leasehold Interest. Tenant shall have the right at any time, and from time to time, to subject the leasehold estate and any or all of Tenant's improvements situated on the Property to one or more deeds of trust, mortgages, and other collateral security instruments as security for a loan or loans or other obligation of Tenant (each a "Leasehold Mortgage"), subject to the remainder of this Article 13.

13.02 Subordinate to Lease. The Leasehold Mortgage and all rights acquired under it shall be subject and subordinate to all the terms of this Lease, and to all rights and interests of Landlord except as otherwise provided in this Lease.

13.03 Notice to Landlord. Tenant shall give Landlord notice before executing each Leasehold Mortgage, and shall accompany the notice with a true copy of the note and the Leasehold Mortgage as proposed for execution. Upon Landlord's written consent to the Leasehold Mortgage and upon execution of the Leasehold Mortgage by all parties, the mortgagee shall become a Qualified Mortgagee as that term is used in this Lease. Tenant also shall deliver to Landlord a true and correct copy of any notice from a Qualified Mortgagee of default or acceleration of the maturity of the note secured by a Leasehold Mortgage promptly following Tenant's receipt thereof.

13.04 Modification or Termination. No action by Tenant or Landlord to cancel, surrender, or materially modify the economic terms of this Lease or the provisions of Article 11 will be binding upon a Qualified Mortgagee without its prior written consent.

13.05 Notice to Qualified Mortgagee.

(a) If Landlord gives any notice hereunder to Tenant, including without limitation a notice of an event of default, Landlord shall give a copy of the notice to each Qualified Mortgagee at the address previously designated by it.

(b) If a Qualified Mortgagee changes its address or assigns the Leasehold Mortgage, the Qualified Mortgagee or assignee may change the address to which such copies of notices hereunder shall be sent by written notice to Landlord. Landlord will not be bound to recognize any assignment of a Qualified Mortgage unless and until Landlord has been given written notice thereof, a copy of the executed assignment, and the name and address of the assignee. Thereafter, the assignee will be deemed to be the Qualified Mortgagee hereunder with respect to the assigned Leasehold Mortgage.

(c) If a Leasehold Mortgage is held by more than one person, Landlord shall not be required to give notices to the Qualified Mortgagee of the Leasehold Mortgage unless and until all of the holders of the Leasehold Mortgage give Landlord an original executed counterpart of a written designation of one of their number to receive notices hereunder. Notice given to the one so designated is effective as notice to all them.

13.06 Performance of Tenant Obligations.

(a) A Qualified Mortgagee may perform any obligation of Tenant and remedy any default by Tenant under this Lease within the time periods specified in the Lease, and Landlord shall accept such performance with the same force and effect as if furnished by Tenant; provided, however, that the Qualified Mortgagee will not thereby be subrogated to the rights of Landlord.

(b) Tenant may delegate irrevocably to a Qualified Mortgagee the non-exclusive authority to exercise any or all of Tenant's rights hereunder, but no such delegation will be binding upon Landlord unless and until either Tenant or the Qualified Mortgagee gives Landlord a true copy of a written instrument effecting such delegation.

(c) If Tenant defaults in the payment of any monetary obligation hereunder, Landlord shall not terminate this Lease unless and until Landlord provides written notice of such default to each Qualified Mortgagee and no Qualified Mortgagee cures such default within 10 days after the expiration of any grace or cure periods granted Tenant herein. If Tenant defaults in the performance of any non-monetary obligation hereunder, Landlord shall not terminate this Lease unless and until Landlord provides written notice of such default to each Qualified Mortgagee and no Qualified Mortgagee cures such default within 30 days after the expiration of any grace or cure periods granted Tenant herein.

13.07 Possession by Qualified Mortgagee. A Qualified Mortgagee may take possession of the Property and vest in the interest of Tenant in this Lease upon the performance of the following conditions:

(a) The payment to Landlord of any and all sums due to Landlord under this Lease, including without limitation accrued unpaid rent.

(b) The sending of a written notice to Landlord and Tenant of the Qualified Mortgagee's intent to take possession of the Property and assume the Lease.

(c) The curing of all defaults not remediable by the payment of money within an additional 30 days after the date upon which such default was required to be cured by Tenant under the terms of this Lease.

13.08 No Liability of Mortgagee Without Possession. A Qualified Mortgagee shall have no liability or obligation under this Lease unless and until it sends to Landlord the written notice described in paragraph 13.07(b). Nothing in this Lease or in the taking of possession of the Property and assumption of the Lease by a Qualified Mortgagee or a subsequent assignee shall relieve Tenant of any duty or liability to Landlord under this Lease.

13.09 New Lease. If a Qualified Mortgagee acquires Tenant's leasehold as a result of a judicial or non-judicial foreclosure under a Leasehold Mortgage, or by means of a deed in lieu of foreclosure, the Qualified Mortgagee thereafter may assign or transfer Tenant's leasehold to an assignee upon obtaining Landlord's written consent thereto, which consent will not be unreasonably withheld or delayed but which assignment will be subject to all of the other provisions of Article 8 and any provisions of the Lease Ordinance concerning acceptable assignees. Upon such acquisition by a Qualified Mortgagee or its assignee of Tenant's leasehold, Landlord will execute and deliver a new ground lease of the Property to the Qualified Mortgagee or its assignee not later than 120 days after such party's acquisition of Tenant's leasehold. The new ground lease will be identical in form and content to this Lease, except with respect to the parties thereto, the term thereof (which will be co-extensive with the remaining Term hereof), and the elimination of any requirements that Tenant fulfilled prior thereto, and the new ground lease will have priority equal to the priority of this Lease. Upon execution and delivery of the new ground lease, Landlord will cooperate with the new tenant, at the sole expense of said new tenant, in taking such action as may be necessary to cancel and discharge this Lease and to remove Tenant from the Property.

ARTICLE 14. GENERAL PROVISIONS

14.01 Authority. Tenant represents and warrants that it has complete and unconditional authority to enter into this Lease; this Lease has been duly authorized by Tenant's governing body; this Lease is a binding and enforceable agreement of and against Tenant; and the person executing the Lease on Tenant's behalf is duly and properly authorized to do so.

14.02 Estoppel Certificates. Either party shall at any time and from time to time upon not less than 30 days prior written request by the other party, execute, acknowledge and deliver to such party, or to its designee, a statement in writing certifying that this Lease is in full force and effect and has not been amended (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 Base Rent and other charges have been paid in advance. The requesting party shall pay the cost of preparing an estoppel certificate, including the cost of conducting due diligence investigation and attorney's fees.

14.03 Delivery of Notices -Method and Time. All notices, demands or requests from one party to another shall be delivered in person or be sent by (i) mail, certified or registered, postage prepaid, (ii) reputable overnight air courier service, or (iii) electronic mail or facsimile transmission (accompanied by reasonable evidence of receipt of the transmission and with a confirmation copy mailed by first class mail no later than the day after transmission) to the address for the recipient in Section 14.04 and will be deemed to have been given at the time of delivery or, if mailed, three (3) days after the date of mailing.

14.04 Addresses for Notices. All notices, demands and requests from Tenant to Landlord shall be given to Landlord at the following address:

City Manager
City of Homer
491 East Pioneer Avenue
Homer, Alaska 99603
Facsimile: (907) 235-3148
Email: _____

All notices, demands or requests from Landlord to Tenant shall be given to Tenant at the following address:

Facsimile: _____
Email: _____

Each party may, from time to time, designate a different address or different agent for service of process by notice given in conformity with Section 14.03.

14.05 Time of Essence. Time is of the essence of each provision of this Lease.

14.06 Computation of Time. The time in which any act provided by this Lease is to be done is computed by excluding the first day and including the last, unless the last day is a Saturday, Sunday or a holiday, and then it is also excluded. The term “holiday” will mean all holidays as defined by the statutes of Alaska.

14.07 Interpretation. Each party hereto has been afforded the opportunity to consult with counsel of its choice before entering into this Lease. The language in this Lease shall in all cases be simply construed according to its fair meaning and not for or against either party as the drafter thereof.

14.08 Captions. The captions or headings in this lease are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Lease.

14.09 Independent Contractor Status. Landlord and Tenant are independent contractors under this Lease, and nothing herein shall be construed to create a partnership, joint venture, or agency relationship between Landlord and Tenant. Neither party shall have any authority to enter into agreements of any kind on behalf of the other and shall have no power or authority to bind or obligate the other in any manner to any third party.

14.10 Parties Interested Herein. Nothing in this Lease, express or implied, is intended or shall be construed to give to any person other than Landlord, Tenant and any Qualified Mortgagee any right, remedy or claim, legal or equitable, under or by reason of this Lease. The covenants, stipulations and agreements contained in this Lease are and shall be for the sole and exclusive benefit of Landlord, Tenant and any Qualified Mortgagee, and their permitted successors and assigns.

14.11 Multi-Party Tenant. If Tenant is comprised of more than one natural person or legal entity, the obligations under this Lease imposed upon Tenant are joint and several obligations of all such persons and entities. All notices, payments, and agreements given or made by, with, or to any one of such persons or entities will be deemed to have been given or made by, with, or to all of them, unless expressly agreed otherwise by Landlord in writing.

14.12 Broker's Commissions. Each of the parties represents and warrants that there are no claims for brokerage commissions or finders' fees in connection with the execution of this Lease, and agrees to indemnify the other against, and hold it harmless from, all liability arising from any such claim including, without limitation, the cost of counsel fees in connection therewith.

14.13 Successors and Assigns. This Lease shall be binding upon the successors and assigns of Landlord and Tenant, and shall inure to the benefit of the permitted successors and assigns of Landlord and Tenant.

14.14 Waiver. No waiver by a party of any right hereunder may be implied from the party's conduct or failure to act, and neither party may waive any right hereunder except by a writing signed by the party's authorized representative. The lapse of time without giving notice or taking other action does not waive any breach of a provision of this Lease. No waiver of a right on one occasion applies to any different facts or circumstances or to any future events, even if involving similar facts and circumstances. No waiver of any right hereunder constitutes a waiver of any other right hereunder.

14.15 Attorney's Fees.

(a) If Landlord is involuntarily made a party to any litigation concerning this Lease or the Property by reason of any act or omission of Tenant, or if Landlord is made a party to any litigation brought by or against Tenant without any fault on the part of Landlord, then Tenant shall pay the amounts reasonably incurred and expended by Landlord, including the reasonable fees of Landlord's agents and attorneys and all expenses incurred in defense of such litigation.

(b) In the event of litigation between Landlord and Tenant concerning enforcement of any right or obligation under this Lease, the non-prevailing party shall reimburse the prevailing party for the attorney's fees reasonably incurred and expended by the prevailing party in the litigation.

14.16 Severability. If any provision of this Lease shall for any reason be held to be invalid, illegal, unenforceable, or in conflict with any law of a federal, state, or local government having jurisdiction over this Lease, such provision shall be construed so as to make it enforceable to the greatest extent permitted, such provision shall remain in effect to the greatest extent permitted and the remaining provisions of this Lease shall remain in full force and effect.

14.17 Entire Agreement, Amendment. This Lease constitutes the entire and integrated agreement between Landlord and Tenant concerning the subject matter hereof, and supersedes all prior negotiations, representations or agreements, either written or oral. No affirmation, representation or warranty relating to the subject matter hereof by any employee, agent or other representative of Landlord shall bind Landlord or be enforceable by Tenant unless specifically set forth in this Lease. This Lease may be amended only by written instrument executed and acknowledged by both Landlord and Tenant.

14.18 Governing Law and Venue. This Lease will be governed by, construed and enforced in accordance with, the laws of the State of Alaska. Any action or suit arising between the parties in relation to or in connection with this Lease, or for the breach thereof, shall be brought in the trial courts of the State of Alaska for the Third Judicial District at Homer.

14.19 Execution in Counterparts. This Lease may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same document.

[OPTIONAL SPECIAL PROVISIONS]

14.20 Prior Lease Amended And Superseded. Landlord and Tenant are parties to a prior lease affecting the Property dated _____, ____, a memorandum of which has been recorded in the records of the Homer Recording District under Document No. _____ (the "Prior Lease"). This Lease replaces and supersedes the Prior Lease effective as of _____, 20__, and on and

after that date the Prior Lease shall have no force or effect, except that it shall remain in effect as to events, rights, obligations, or remedies arising or accruing under the Prior Lease prior to that date.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first set forth above.

Landlord:

Tenant:

CITY OF HOMER

TENANT NAME

By: _____

Katie Koester, City Manager

(Name, Title)

ACKNOWLEDGMENTS

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me on _____, 20__, by _____, 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 _____ (name of entity).

Notary Public in and for Alaska
My Commission Expires: _____

EXHIBIT A

**SCHEDULE OF ORGANIZATION, OWNERS,
PERCENTAGE OF OWNERSHIP**

Tenant, _____, is a _____ organized under the laws of the state of _____. Attached to this exhibit is a certificate issued by that state certifying that Tenant is in good standing and describing its legal organization. If Tenant is a foreign entity authorized to conduct business in Alaska, its certificate of authority is also attached

The _____ (specify whether shareholders, partners, members, etc.) and their percentage of ownership are as follows:

Name _____ %

Address: _____

Name _____ %

Address: _____

Name _____ %

Address: _____

TOTAL 100 %

EXHIBIT B

**CONFORMED COPY OF RESOLUTION AUTHORIZING LEASE AND
AUTHORIZING SIGNERS TO SIGN LEASE AGREEMENT ON BEHALF
OF TENANT**

EXHIBIT C
LOCATION OF PROPERTY
(Section 2.01)

EXHIBIT D
TENANT'S PROPOSED USE OF THE PROPERTY
(Section 6.01)

EXHIBIT E
SITE PLANS
(Section 6.02)

EXHIBIT F
FLOOR PLANS
(Section 6.02)

EXHIBIT G

PERMISSION TO OBTAIN INSURANCE POLICIES

(Section 9.04(d))

The City of Homer is hereby granted permission to request and obtain copies of _____ (“Tenant”) insurance policies from Tenant’s broker and/or insurer, _____. Tenant requests the broker/insurer to provide the City of Homer with information about and copies of all of Tenant’s insurance policies providing the type of coverage required by the Lease between Tenant and the City of Homer.

It is understood that the Tenant may revoke this permission at any time by written notice to City of Homer and to Tenant’s broker and/or insurer; however, such revocation will constitute a default of Tenant’s lease from the City of Homer.

Date: _____

TENANT NAME

By:

_____ (printed name)
_____ (title)

By: _____
_____ (printed name)
_____ (title)

	Homer City Code <i>(Partial excerpts of identified sections)</i>	Base Lease Section	Recommendation	Justification
18.08 .005 Purpose		Recitals	No recommended changes	N/A
18.08.010 Definitions	<p>““Irregularities” means deviations from the request for proposal that are not substantive in nature and/or typographical or scrivener errors that do not impact the integrity or responsiveness of the proposal.”</p> <p>““Long-term lease” means a written agreement granting exclusive possession or use of City-owned real property for more than one year.</p> <p>“Short-term lease” means a written agreement granting exclusive possession or use of City-owned real property for one year or less.”</p>	1.01 Definitions	<p>This definition is the only time the word ‘irregularities’ appears in this section of code—we should ensure that it is used in the appropriate section of code or removed.</p> <p>Consider a change to the length of lease that constitutes a “short term” lease</p>	<p>Clarity</p> <p>The City Manager can execute short term leases without going through Council/PHC. Should that be limited to less than one year or does the Commission want to consider a longer time, e.g. five years?</p>
18.08.020 Land Allocation Plan		N/A	Discuss: Is there a conflict between having the City set a Lease Rate in the Land Allocation Plan and our desire to have the City derive maximum revenue from the leasing program?	It could be that we set ourselves up for only getting the amount we list as a minimum. Should we make those numbers internal only?
18.08.030 Standardized Leases		N/A	City needs to prepare a standardized building lease	We have a standardized ground lease (where property is bare or improvements are owned by tenant, as is the case for most of our leased properties), but not a standardized building lease.

18.08.040 Council Approval of Leases	<p>“All leases on the Homer Spit shall receive advisory review by the Port and Harbor Advisory Commission prior to submission to the Council or the City Manager for approval. The Council and the City Manager may forego this requirement if either finds time is of the essence or if the best interests of the City require otherwise for the leasing activity. This requirement does not apply to subleases.”</p>	N/A	<p>Discuss: Does the Commission want to review the application at one meeting and then the draft lease agreement at a second meeting? Or would you prefer to review the application and provide recommended terms, requirements, or performance standards at that time?</p> <p>Remove “or the City Manager”.</p>	<p>This creates a lot of meetings and can mean that it takes as much as 4 months to approve a lease application. City staff are reluctant to waive code requirements based on “time is of the essence” or “the best interests of the City” and would prefer a consistent rule.</p> <p>We have to have internal review of an application or lease agreement completed before we bring it to the commission.</p>
18.08.045 Lease Applications	<p>(a) “persons interested in leasing City property may submit a lease application to the City Clerk”</p>	N/A	Remove “to the City Clerk”	Applications are now processed through the Port & Harbor office.
18.08.050 Requests for Proposals	<p>“e. The City Manager may rescind a notice to award at any time prior to the execution of a lease if the proposer can no longer meet the terms of the proposal. If the City Manager rescinds a notice to award, the City Manager may negotiate with the next most responsive proposer and submit a new recommendation for award to Council under HCC 18.08.070 and Council may approve the award of the proposal to that recommended proposer. If negotiations with the next most responsive bidder are unsuccessful, all bids must be rejected and a new request for proposal may be issued.”</p>	N/A	Change “the next most responsive proposer” to “other responsive proposers in order of their respective rankings” and remove sentence requiring all bids to be rejected	<p>This change aligns with City RFP policy for Procurement used for purchases (3.16.110 (g)) and allows for flexibility if we have multiple responsive and responsible proponents. We are not required to negotiate with all proponents if we do not want to.</p>
18.08.060 Criteria for evaluating and approving proposals and competing lease applications	<p>“b. Determination of rent shall take into consideration the following factors:</p> <ol style="list-style-type: none"> 1. Appraisal or tax assessed valuation; 2. Highest and best use of land; 3. Development (existing and planned); 4. Economic development objectives; 5. The location of the property; and 6. Alternative valuation methodologies as negotiated by both parties.” 	N/A	<p>Move section b to 18.08.075 Lease Rental Rates</p> <p>Add reference to “irregularities” somewhere in section A</p>	<p>Since that discussion discusses rental rates, not criteria for evaluating proposals, it’s a better fit there.</p> <p>This word is defined in 10.08.010 but not used at all otherwise. Adding it to code here will distinguish between minor errors and things that would make a proposal non-responsive.</p>

18.08.065 Lease Application and Proposal Documents	18.08.065 “Upon request by the City Manager or as required in a request for proposal or the lease allocation plan,[...]”	N/A	Correct “Lease Allocation Plan” to “Land Allocation Plan	This is the correct term for this plan
18.08.070 Notice to Award	a. [...]“ The City Manager’s recommendation shall be presented to Council in a written memorandum identifying the recommended winning proposer, the property description, the essential terms of the proposed lease, and the reasons the City Manager recommended the award.”	N/A	Recommend changing approval of a City Manager recommendation by memorandum to approval via resolution. Discuss: “proposal” is used in this section, is it necessary to change to “proposal or application”	Approval of a memorandum is difficult to track in the historical record. Approval via resolution is the procedure used in procurement when awarding a contract to a successful bidder. Properties can be open to applications on a rolling basis or by RFP depending on what Council sets out in the Land Allocation Plan. These are similar but distinct processes.
18.08.075 Lease Rental Rates		4.01 Base Rent	No recommended changes	
18.08.080 Lease Execution and Final Approval		N/A	No recommended changes	
18.08090 Development and Use		Article 6 Use and Improvement of Property	Discuss: This section mentions Performance Standards. How could the City implement performance standards beyond required development?	Enforcement of performance standards is difficult if they are not based on clear outcomes like constructing a building according to plan.

18.08.100 Appraisal	<p>“a. An appraisal of the fair market rent of the property will be required before final approval of a new lease or the transfer of a lease and within two years prior to the renewal of a lease.</p> <p>b. The requirement of an appraisal may be waived at the discretion of the City Manager for short-term leases.”</p>	4.02 Rent Adjustments	<p>Remove “for short term leases”</p> <p>Add provision allowing the City to pass along the cost of appraisals to tenants as an increase to the lease rates or as a direct charge.</p>	<p>Sometimes leases are assigned (transferred) multiple times in short succession, or there are other reasons why completing an appraisal is an impediment to the lease process.</p> <p>Tenants used to be required to hire an appraiser at their own expense. The City took on the responsibility because tenants were not completing appraisals in a timely manner.</p>
18.08.110 Options to Renew	<p>“a. Leases may contain no more than two options to renew and each option must not exceed 25 percent of the length of the initial lease term.”</p>	3.05 Options to Extend Lease Term	Change Code references to “Options to renew” to “options to extend lease term”	Use consistent terms.
18.08.120 Improvements		Article 6 Use and Improvement of Property	Discuss: What would enforcement of this section of policy look like in practice?	These are high standards and expensive as followed. They have not been strictly enforced as of yet. It’s possible that problems would arise if enforced exactly as written.
18.08.130 Lease Renewal	<p>“a. Council, upon written recommendation by the City Manager, may exempt the renewal of a lease from competitive bidding if Council finds such exemption serves the City’s best interests.</p> <p>b. A lessee seeking to enter into a new lease with the City exempted from competitive bidding under this section must submit a lease application and a written request for a new lease to the City Manager at least 12 months but no more than 18 months prior to the expiration of the existing lease. The City Manager shall notify Council of new lease requests under this section. The City will review the application but is under no obligation to enter into a new lease.</p> <p>c. If Council approves the new lease without a competitive process, it must do so by resolution within six months prior to the date of lease termination.”</p>	3.02 Lease Renewal	<p>Discuss: Remove this section of code and the base lease?</p> <p>-OR-</p> <p>If retaining this section, title needs to be updated—this is not a “renewal” it is a non-competitive new lease.</p> <p>Add language to make it clear that requests must be in writing and acknowledged in writing by the City Manager to be exercised.</p>	<p>It is almost always in the best interest of the City to have a competitive process that determines the lease rate. HCC 18.08.050 allows for deviation from the RFP procedure if approved by Council via resolution, but it should not be standard procedure. This should only be considered when there is clear benefit to the City.</p> <p>“Renewal” is used in different sections to refer to (a) options to extend existing leases and (b) new leases for a property after a tenant’s lease expires with no options to extend. These are two very different things!</p>
18.08.140 Sublease	<p>18.08.140 Sublease a. City property may be subleased if expressly permitted in the lease agreement and approved by Council.</p> <p>b. Except as provided otherwise in the lease agreement, all subleases must be in writing, executed by the parties, and approved by the City Manager or their designee.</p>	Article 8 Assignment and Sublease	<p>Remove “and approved by Council” from 18.08.140(A) of HCC</p> <p>Replace “consent of Council” with “consent of the City” wherever it appears in section 8.01 of the Base Lease template.</p> <p>Amend existing Leases to require consent of “the City” for sublease rather than Council</p>	Subleases are subject to the terms and conditions of the prime lease, which is approved by Council. Subleases cannot grant any additional rights not granted by the prime lease, so there’s less to worry about than when considering a brand new lease. Subleases tend to change hands frequently and approval by Council can take a long time.

18.08.150 Early Termination	<p>“Except as provided otherwise in the lease agreement, Council shall approve the termination of a lease for failure to comply with the lease terms. The City Attorney shall be consulted prior to termination of a long-term lease for failure to comply with lease terms. The City Manager may only terminate a lease for failure to comply with the lease terms after receiving Council approval to do so. The City Manager shall seek approval to terminate under this section in executive session. The name of lessee and description of the leased property shall not be included in any public notices or documents circulated by the City unless and until Council approves termination of the lease under this section. The City Manager shall notify a lessee in writing that Council will be considering termination of the lease and provide the date, time, and place of the meeting at which Council will consider such termination. Lessee may waive the right to confidentiality under this section and request Council hold its discussion of termination in public. This section shall not prevent the City from sending lessee, or other parties with an interest in the lease, notifications and/or correspondence related to the lease or lessee’s compliance with its terms.”</p>	12.02 Landlord’s Remedies	<p>Remove references to Executive Session.</p> <p>Discuss: Remove requirement that City Manger seek Council approval to terminate a lease?</p>	<p>This section of code as written is a violation of the Open Meetings Act.</p> <p>Requiring approval of Council is an impediment to enforcing the lease terms already approved by Council.</p>
18.08.160 Assignment		Article 8 Assignment and Sublease	No recommended changes	
18.08.170 Insurance		9.04 Insurance Requirements	<p>Add language to base lease that makes it clear that Commercial Vehicle Liability insurance is only required “If Applicable”</p> <p>Update Worker’s Compensation insurance requirements in base lease to align only with statutory limits</p>	<p>Many tenants’ use of vehicles is simply for transportation to and from work or occasional movement of supplies and does not necessitate this type of coverage based on conversations with insurance agents.</p> <p>Workers Comp insurance claims in Alaska only pay out at the statutory amounts and requiring higher coverage increases premium costs without providing additional protection to employees.</p>

18.08.175 Exception – Leasing to Government Entities		N/A	No recommended changes	
18.08.180 – Assessments – Capital Improvements		4.03 Taxes, Assessments and Other Governmental Charges	No recommended changes	
18.08.190 Connection to Utilities		4.04 Utility Charges	Add language that makes it clear that any structure where water/electricity are used must be connected to utilities	Potential for risky connections using extension cords, draining water onto the ground instead of into sewer, etc.
18.08.195 Processing and Filing Fees		4.03 Taxes, Assessments, and Other Governmental Charges	No Recommended Changes	
18.08.200 Time is of the Essence			No Recommended Changes	

Proposed Edits not found in HCC 18.08				
	Not in Homer City Code	Base Lease Section	Recommendation	Justification
“Additional Rent” For Subleases	“Additional Rent” was removed from City Code by Ordinance 21-02 but not removed from base lease template or amended out of existing leases.	8.01 (b)	Add reference to \$500 Annual Sublease fee to City Fee Schedule. Remove reference to Additional Rent from base lease; Add reference to Annual Sublease Fee to Base Lease Template, and amend existing leases.	The administrative burden for subleases does not scale with the size of the sublease. An annual fee is a fairer way to account for the City’s staff time associated with managing subleases than a small per-square-foot additional rent charge of about 10 cents per year for subleased areas.
Performance Standards	Priority in the PHC Strategic plan		Discuss	
Maximizing Revenue to the City	Priority in the PHC Strategic plan		Discuss	



MEMORANDUM

Request to Relocate the Giving Salmon Statue along Harbor Boardwalk

Item Type: Action Memorandum
Prepared For: Port & Harbor Advisory Commission
Date: May 20, 2025
From: Amy Woodruff, Port Administrative Supervisor
Through: Bryan Hawkins, Port Director

The Executive Director of the Homer Foundation, Stacey Schultz, reached out to the Port & Harbor with a request to relocate the Giving Salmon statue. Port Staff wanted to bring this request to the commission for a recommendation to the City Manager.

Ms. Schultz wrote in an email to Staff: “The Giving Salmon was a project from the Homer Foundation in 2018. The intent was to promote the Homer Foundation and earn money for the Opportunity Fund which is used for community grants. Community Grants are disbursed to non profit organizations working on emerging needs in our community.

Homer Foundation is exploring if moving the Giving Salmon to the harbor boardwalk side might bring more attention to it. Where it is currently located is easily missed by people walking the boardwalk. We also feel the Boathouse might benefit from having the Giving Salmon in front of it to draw more people to the seating in the Boathouse area.”



Where the Giving Salmon is currently located so the group can see where it is in reference to the bathroom and the Boat House.



Option 1 and Option 2 are potential sites for the Giving Salmon. Option 1 would give a bit of a view from the bathroom area perhaps.

RECOMMENDATION

Make a motion to the City Manager recommending that the City work with the Homer Foundation to relocate the Giving Salmon to the area in front of the Boathouse Pavilion.



MEMORANDUM

Land Allocation Plan

Item Type: Action Item
Prepared For: Port and Harbor Advisory Commission
Date: May 28, 2025
From: Julie Engebretsen, Community Development Director
Through: Amy Woodruff, Port Administrative Supervisor

Requested Action:

1. Review the Draft Section A of the plan, Lands Available for Lease. Staff recommended changes are noted, as well as the property where all lease options have expired. Does the Commission agree with the changes, and are there any other comments/recommendations?

Background

Homer City Code Title 18.08 regulates city property leases. Each year, the City Council reviews and passes a resolution on which lands should be available for lease. Most City leasing occurs on the Spit and at the airport terminal. The Port and Harbor Commission usually provides the most detailed comments about the Spit, as they typically are most familiar with area operations and long-term leases.

The Port and Harbor and Economic Development Commissions provide comments by memorandum to the Council. The kinds of comments that code solicits include: which parcels should be available for lease, the lease rate, preferred length of the lease term, and any requirements, preferences or restrictions regarding use and or development.

Requested Actions:

1. Review the Draft Section A, Lands Available for Lease, and make comments.

Attachments:

1. HCC 18.08.020
2. Draft Section A, Lands Available for Lease

18.08.020 Land allocation plan – Property available for lease.

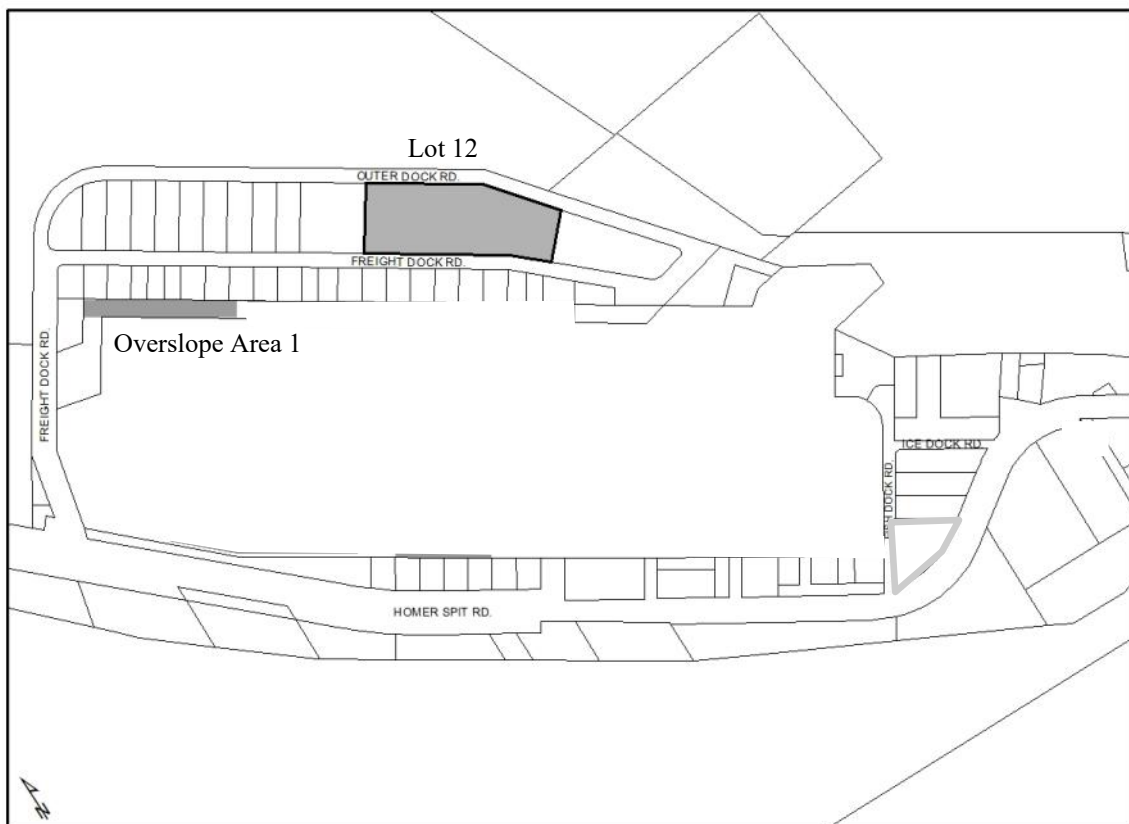
- a. Unless dedicated or reserved to another purpose, all real property including tide, submerged or shore lands to which the City has a right, title and interest as owner or lessee, or to which the City may become entitled, may be leased as provided in this chapter. In the case of any conflict between this chapter and any local, State or Federal law governing the leasing of City tide and submerged lands, the law governing the leasing of City tide and submerged lands shall prevail.
- b. The City administration shall maintain a list of all City-owned properties authorized for lease by Council. This list shall be adopted annually and contain the information required under this chapter. The list may be called the land allocation plan and will be made available to the public at the City Clerk's office.
- c. Council shall adopt a land allocation plan that identifies:
 - 1. City-owned property available for lease;
 - 2. The property description, lease rate, preferred length of the lease term for each available parcel; and
 - 3. Any requirements, preferences or restrictions regarding use and/or development.
- d. Council may identify property in the land allocation plan that is subject to competitive bidding. Property subject to competitive bidding in the land allocation plan need only identify the property description in the land allocation plan but all other terms required in subsection (c) of this section shall be identified in the request for proposal for such properties.
- e. Prior to the adoption of the land allocation plan, Council shall hold a work session. Commission members and City staff may provide recommendations to Council during the work session regarding City-owned property available for lease and the terms of such leases.
- f. The City shall provide public notice of the adoption of the land allocation plan and the City-owned real property available for lease no more than 60 days after its adoption.
- g. All uses and activities on City-owned real property available for lease are subject to all applicable local, State, and Federal laws and regulations.
- h. The Council may restrict specific City-owned properties to certain uses or classes of use that serve the City's best interest. [Ord. [18-16\(S\)\(A\)](#) § 1, 2018]

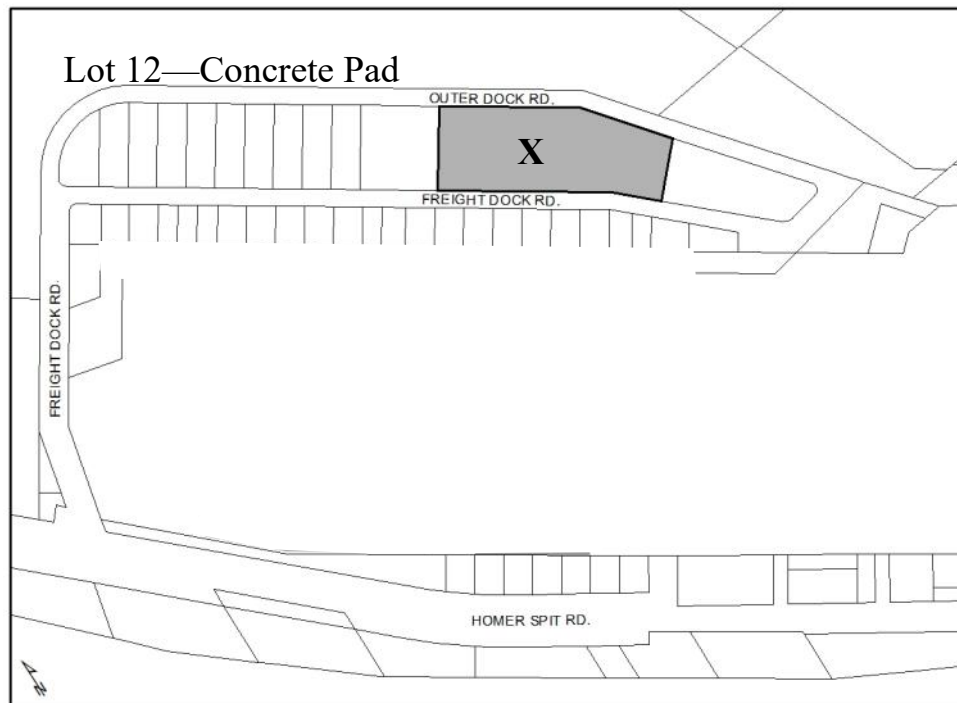
Section A

Lands available for lease

The following lots, and select areas within the Homer Airport are available for lease in 2025. Lease procedures follow the City of Homer City Code, Title 18.

The Port and Harbor Office provides information on long term leasing at the Homer Airport Terminal and on the Homer Spit. This includes short and long term leases and license agreements, such as vending machines, and bike rentals. For more information, contact 907-435-3160.





Designated Use: Lease

Acquisition History:

Area: 5 acres

Parcel Number: 18103220

Legal Description: Homer Spit Subdivision no 5 Lot 12

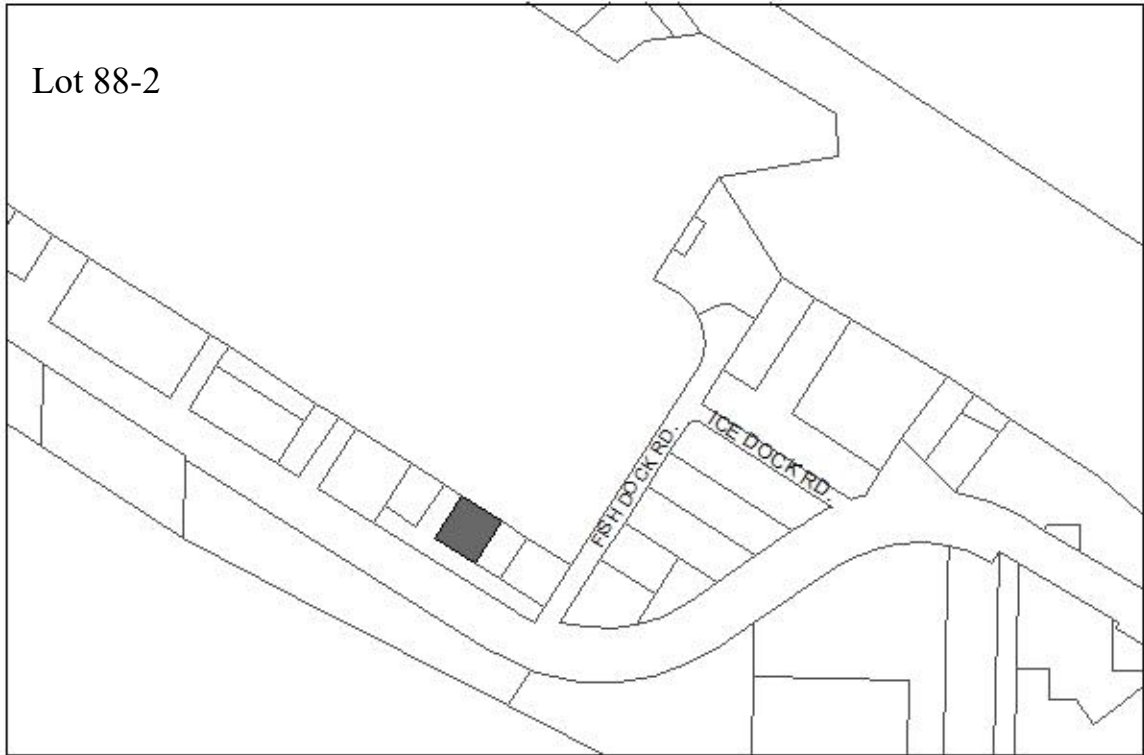
Zoning: Marine Industrial

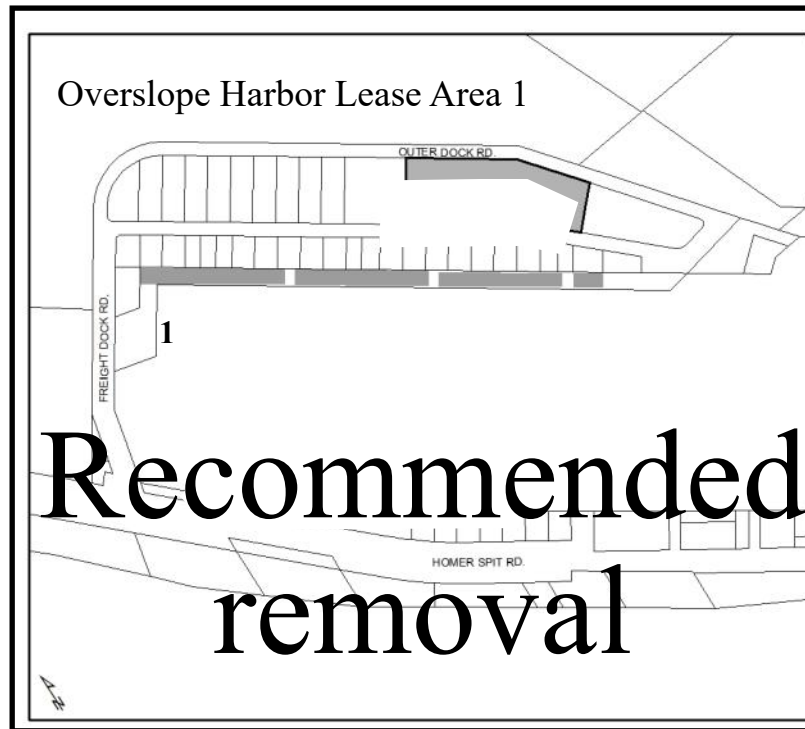
Infrastructure: Water, sewer, paved road access, fenced, security lighting

Address: 4380 Homer Spit Road

Notes: 1 acre portion under lease per Resolution 23-032 to Alaska Scrap and Recycling 8 year lease with two one year options for renewal.

Prior to a long-term lease the site is appraised. The appraised lease rates for up-lands is approximately \$1.05 per square foot, per annum. Lease rates vary; contact the Port at 907-235-3160.

	
Designated Use: Leased Lands Acquisition History:	
Area: 0.29 acres	Parcel Number: 18103442
Legal Description: HM0920050 T07S R13W S01 HOMER SPIT SUB NO TWO AMENDED LOT 88-2	
Zoning: Marine Commercial	Wetlands: N/A
Infrastructure: Water, sewer, paved road access	Address: 4460 Homer Spit Road
Leased to: Lease is expiring;	
Finance Dept. Code: 400.600.4650	



Designated Use: Lease
Resolution 17-33, 23-043

Area:

Parcel Number:

Legal Description:

Zoning: Marine Commercial and Small Boat
Harbor Overlay

Infrastructure:

Address:

Prior to a long-term lease the site is appraised. The appraised lease rates for uplands is approximately \$1.05 per square foot, per annum. Lease rates vary; For more information, contact 907-435-3160.

Homer Airport Terminal



Designated Use: Airport
Acquisition History:

Available for lease

- Concession area across from baggage claim, 110 square feet, \$2/psf plus concession fees plus taxes.

For more information, contact 907-435-3160.

Staff to verify lease space available—ticket counter, concession and air freight space

Finance Dept. Code:

May 2025 Operations Report

Halibut and Black Cod are open, In the news....

Ice Plant

- Ice Plant up and ready for the 2025 Salmon openers.
- Ongoing refrigeration equipment inspections.
- Ongoing crane inspections and service happening this month.
- Grind Shack 95% done, waiting on block sealing and paving.
- All fish dock cranes operational.
- Keeping up with work orders.
- Building and grounds keeping maintenance.

Port Maintenance

- Ongoing electric pedestal Maintenance.
- Ongoing Docks and Harbor infrastructure inspections and repairs.
- Keeping up with recurring monthly work orders.
- Fire Cart inspections.
- Dewatering pump inspections

Operations

- Harbor occupancy is currently around 640 vessels
- Marine Repair Facility currently has 4 vessels
- Three Harbor Officers completed HAZWOPER training
- Staff has been busy assigning hot-berths and mitigating stall conflicts
- Staff assisted HVFD with several EMS calls and in-bound vessels
- Pioneer and Deep Water Dock landings included vessels: AMHS Tustumena; Perseverance; Ann T. Cheramie w/ Petro Alaska; Kate Frances; Polar Bear; Poseidon; M/V Viking Venus; M/V Riviera
- Deep Water Dock inside berth periodically closed for maintenance
- Staff assisted with Harbor Clean-Up Day, and Serve the City projects
- Staff met with Chamber of Commerce and Marine Trades to discuss Harborfest
- Seasonal Harbor Assistant and Parking Enforcement positions are nearly all filled, and crews are working on early season tasks



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 Lord and Homer City Council
FROM: Melissa Jacobsen, City Manager
DATE: May 7, 2025
SUBJECT: City Manager's Report for May 12, 2025 Council Meeting

KPEDD Industry Overview Forum 4/24/25

The Kenai Peninsula Economic Development District put on their annual forum this year in Kenai, with three staff members from the City's Community Development department in attendance: Julie Engebretsen, Ryan Foster, and Jackie McDonough. They were treated to a day of presentations from area experts on workforce development, the future of energy in Cook Inlet, mariculture, and other topics. According to a KPEDD-commissioned report, the Kenai Peninsula Borough's economy "has fared much better than most other places in Alaska in recent years" and the outlook for 2025 is "relatively positive." Challenges include housing availability, the retention of young workers, and health care for a growing senior population.

The forum also marked the launch of the next Comprehensive Economic Development Strategy (CEDS), a regional plan that is revised every five years and guides economic growth across the borough. Public input is being solicited in many communities, including Homer on May 29th. More information can be found at kpedd.org/ceds.

Reminder: Homer Education and Recreation Center (HERC) Community Meeting

The City of Homer is hosting a community informational meeting regarding the Homer Education and Recreation Center (HERC) on May 20, 2025 at 6pm. Special guests include staff from the State of Alaska Department of Environmental Conservation Brownfields Program, consultants from BGES – an environmental consulting firm hired by the state to conduct hazardous materials testing, and a facilitator from the Center for Creative Land Recycling. Join us at the Homer Public Library to discuss Brownfields, challenges, and what is happening now at the HERC. The presentation will begin at 6:15pm. Please send questions or comments to planning@ci.homer.ak.us.

Bridge Removal at the big HERC Building

Public Works staff have done a structural assessment on the bridges and surrounding ground on the west side of the big HERC building. The south bridge is 40 plus year old bridge and as it is now, repairs are not feasible. Public Works equipment operators will be replacing bridge over the next few days with a 36" culvert for drainage and creating a temporary 8ft- 10ft gravel walking path.

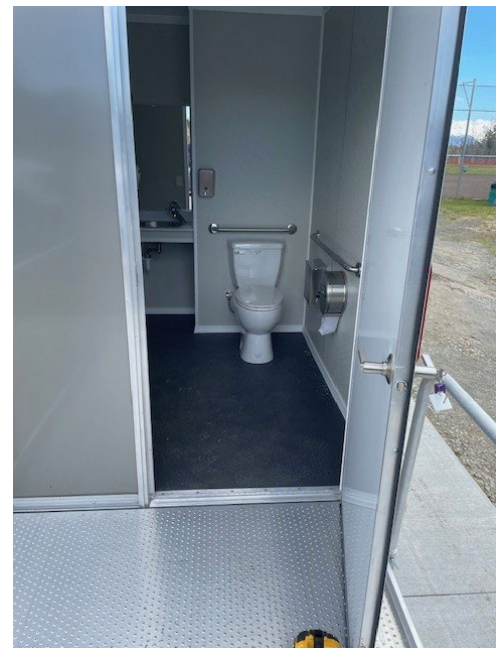
Homer Spit Rock Revetment Work Complete

Contractors for the Alaska Department of Transportation & Public Facilities recently completed the final section of rock hard facing that closes the gap between the end of the Homer Spit Road rock revetment and the Glacier Drive-In property. This critical section of rock was added to the existing rock revetment to protect properties that were particularly impacted by erosion and left vulnerable following last November's storm surge event. While over the long-term more comprehensive erosion mitigation measures are essential, we appreciate the State completing this important emergency protective measure to help protect coastal infrastructure and local properties from immediate erosion damage.



Mobile Restroom Update

In 2024, Council approved funds to complete water/sewer connections and purchase Mobile Restroom units to provide improved public facilities at city parks. We are happy to report that we now have two of these mobile restroom units, each featuring 3 individual stalls with full City water/sewer service, and that they will be operational for the kick-off of the 2025 recreational season. One unit has just been installed and is operational at Jack Gist Park, pictured below. The second unit will be placed at Karen Hornaday Park and is expected to be operational in time for Homer Little League's opening day.



Public Input Opportunity on a Proposed Community Recreation Center Site

At the beginning of the year Council approved Memorandum CC-25-011 requested feedback from Parks, Art, Recreation, and Culture Advisory Commission (PARCAC), the Economic Development Advisory Commission (EDC), Planning Commission, neighboring property owners, organizations, and community members on a City owned parcel in the town center for a future Community Recreation Center. Recreation Manager Mike Illg has drafted an informational memo for Commission's upcoming May meetings and the PARCAC and EDC will have a second meeting in June. Property owners adjacent to the site and organizations will be notified by mail that they're invited to attend the June meetings, and/or provide input through the webpage that is being developed. Community members are invited to provide comments at the meetings and through the webpage as well. This is an exciting next step in this effort!

City Manager Meetings and Events:

- April 30th – FY26/27 Budget update at Employee Committee meeting
- May 1st – Monthly Lease Property Team meeting
- May 7th – KBNERR and staff re: Kachemak Peatlands NOAA Grant check in
- Ongoing weekly meetings with Departments, Mayor and Councilmembers, and City Attorney

Attachments:

- Memorandum from Special Projects & Communications Coordinator Re: Status of the Sterling Highway Erosion Mitigation Project
- HERC Flyer
- Employee Anniversaries for May



MEMORANDUM

Status of the Sterling Highway Erosion Mitigation Project #34708 proposed in the 2024-2027 Statewide Transportation Improvement Program, Amendment #2.

Item Type: Informational Memorandum
Prepared For: Mayor and City Council
Date: May 7, 2025
From: Jenny Carroll, Special Projects & Communications Coordinator
Through: Melissa Jacobsen, City Manager

Update on Status of the Sterling Highway Erosion Mitigation STIP Project #34708

In mid-February 2025, the Alaska Department of Transportation and Public Facilities (DOT&PF) informed the City that they were nominating a Sterling Highway Erosion Mitigation Project on the Homer Spit for inclusion in the 2024-2027 Statewide Transportation Improvement Program (STIP) through the STIP amendment process. Additionally, DOT&PF proposed that the City of Homer take the lead on planning efforts by contracting with engineering firm(s) to complete planning and design.

The erosion mitigation STIP project, numbered 34708, proposes \$800,000 (\$727,760 in Federal PROTECT formula funds and \$72,240 in State matching funds) for FY25 planning activities to “evaluate needed improvements to protect the Sterling Highway from erosion along the Homer Spit. Improvements may include excavation, coastal erosion protection, paving, signing and striping, and utility relocations”.

Amending the STIP is a formal process that requires a public comment period and response to comments before it is submitted to the Federal Highway Administration for final approval. Staff forwarded [City Council Resolution 23-083\(A\)](#) to the State as the City’s official comment during the Public Comment period, which closed on March 20, 2025.

On April 24, 2025, City staff met with Alaska Department of Transportation and Public Facilities (DOT&PF) Deputy Commissioner Katherine Keith to get an update on the status of the proposed project. Presently, DOT&PF is wrapping up their review and making edits in response to public comments and is preparing to send the final proposed Amendment #2 to FHWA. She also informed staff that DOT&PF prepared a very preliminary Scope, Schedule, Cost Estimate (SSE), which increased planning funding for the project and added construction funding in a future year.

On April 30, 2025, DOT&PF Commissioner Anderson emailed a response to the Mayor and City Council (attached) thanking you for your “detailed and proactive letter of support” and that “local commitments strengthen the case for federal funding through grant programs and will be essential as we scope data collection and planning efforts under Project #34708.”

Deputy Commissioner Keith connected the City with Wyatt Sorensen who is DOT&PF’s Project Management Office Director and will be our liaison for the proposed project. Mr. Sorensen shared the preliminary SSE which estimates \$1.5M for project planning (\$1M for FY25 and \$500,000 for FY26) and estimates \$6.1M in construction costs in year four (FY28).

In a May 5, 2025 phone meeting with Mr. Sorensen, staff learned that the construction cost estimate is based on a ***Rough Order of Magnitude cost estimate*** from HDR’s 2019 Technical Memo which focused on rock revetment as the solution for erosion prevention and estimated per-linear-foot costs for revetment that likely have changed since that time. The construction cost estimate presently programmed in the STIP is subject to change depending on planning and design outcomes, i.e. rock revetment work and/or offshore mitigation measures.

While there is still much to learn about the process of working with DOT&PF on this project, we are very pleased to be working collaboratively on long-term mitigation strategies to protect the Homer Spit and its essential transportation infrastructure.

This collaborative effort represents a significant undertaking for the City, where details are critical to managing a project of such magnitude and complexity. Staff is proceeding with appropriate diligence in gathering information, evaluating options, and understanding implications—and will keep Council fully informed of all developments. It’s important to note that no formal agreements can be executed with the State until the STIP amendment receives FHWA approval, and the City will neither enter into agreements with the State nor undertake specific planning tasks or commitments without prior Council consideration and formal decision.

Recommendation: N/A. This is an informational memo only.

Attachments:

Letter from DOT&PF Commissioner Ryan Anderson
Sterling Hwy Erosion Mitigation Study proposed STIP project #34708
Scope, Schedule, Estimate (SSE) Confirmation

From: [Commissioner, DOT \(DOT sponsored\)](#)
To: [Jenny Carroll](#)
Cc: [DOT STIP \(DOT sponsored\)](#)
Subject: RE: STIP Amendment #2 – Project #34708 Sterling Highway Erosion Mitigation Study
Date: Wednesday, April 30, 2025 4:55:17 PM

Dear Mayor and City Council,

Thank you for your detailed and proactive letter of support for Project #34708, the Sterling Highway Erosion Mitigation Study, included in the Draft Amendment #2 to the 2024–2027 Statewide Transportation Improvement Program (STIP).

We recognize the City of Homer’s long-standing advocacy for protecting the Homer Spit and the critical infrastructure it supports, including transportation links, port operations, and public access. We also appreciate your reference to the recent storm damage and disaster declarations in November 2024, which have underscored the urgent need for coordinated erosion mitigation and resilience planning.

The Department values the City’s formal resolutions, ongoing leadership, and willingness to collaborate in pursuing federal partnerships, including a potential co-sponsored U.S. Army Corps of Engineers General Investigation. These local commitments strengthen the case for federal funding through grant programs and will be essential as we scope data collection and planning efforts under Project #34708.

We are encouraged by the City’s vision and engagement, and we look forward to continued cooperation as the project progresses. Your support and collaboration will be key in shaping a durable and sustainable response to erosion vulnerabilities along the Homer Spit.

Thank you again for your leadership and your commitment to strengthening infrastructure resilience in coastal Alaska.

Sincerely,

Ryan Anderson, P.E.
Commissioner
Alaska Department of Transportation and Public Facilities

34708**Sterling Highway Erosion Mitigation Study**

This planning study will evaluate needed improvements to protect the Sterling Highway from erosion along the Homer Spit. Improvements may include excavation, coastal erosion protection, paving, signing and striping, and utility relocations.

Strategic Investment Area		Work Type	Place Name		Bridge Condition		
Resiliency			Homer		Bridge #	Year Built	Condition
Landscape			Pavement Condition				
Corridor			Current Condition	Expected Condition	No Bridge Work		No Rating or N/A
Toll Credits	PEB Score		N/A	N/A			
\$0	N/A						

2024-2027 STIP Funding by Phase			2024-2027 STIP Funding by Source		
Phase Total		\$800,000	Fund Source Total		\$800,000
FY	Phases	Planned Obligation	FY	Fund Source	Programmed
FY25	P9	\$800,000	FY25	PROTECT Program	\$727,760
			FY25	State Match	\$72,240

Additional Project Details									
STIP ID #	IRIS Code	Total Project Cost by Stage	Obligated Prior to FY25	FY25-27 Planned Obligation w/o ACC	Post FY27 Planned Obligations	Start	Finish	AC Balance Prior to FY25	Post FY27 ACC
34708-Single Project	STIP 34708	\$800,000	\$0	\$800,000	\$0			\$0	\$0

Scope, Schedule, Estimate (SSE) Confirmation

Project Name	Sterling Hwy Milepoint 134 to 138 Erosion Improvements along Homer Spit Road		
DATE	12/6/2024	CATEGORY	Modernization
NEED ID	TBD	REASON	<input checked="" type="radio"/> New Project <input type="radio"/> Update SSE

PLANNING SSE

PROPOSED SCOPE	This project will construct improvements to protect the Homer Spit Road from coastal erosion. Improvements may include excavation, coastal erosion protection, paving, signing and striping, and utility relocations.
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PLANNING ESTIMATE	Year 1 (2025)	Year 2 (2026)	Year 3 (2027)	Year 4 (2028)	Year 5 (2029)	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Design	1,000,000	500,000									1,500,000
Utilities				100,000							100,000
Right of Way											-
Construction				6,000,000							6,000,000
TOTAL											-

CONFIRMED SSE

CONFIRMED SCOPE	
------------------------	--

ENGINEERS CONFIRMED	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Design											-
Utilities											-
Right of Way											-
Construction											-
TOTAL	-	-	-	-	-						-

Scope, Schedule, Estimate (SSE) Confirmation

Project Name	Sterling Hwy Milepoint 134 to 138 Erosion Improvements along Homer Spit Road		
DATE	6-Dec-24	CATEGORY	Modernization
NEED ID	TBD	REASON	<input checked="" type="radio"/> New Project <input type="radio"/> Update SSE

CONSIDERATIONS

SSE	Value	Comments
<i>Basis for Estimate</i> <i>Field Review or Recon</i> <i>List Assumptions & Unknowns</i>	Itemized Approx	Assume a 25% (of construction) design cost for small non-typical
	No	
	Assumes construction cost is approximately \$6M based on the Rough Order of Magnitude Costs included in the attached Coastal Erosion Assessment memo.	
ENVIRONMENTAL	Value	Comments
<i>Anticipated Environmental Doc</i> <i>Environmental Doc Prep Time</i> <i>4(F) Involvement</i> <i>Permits Required</i> <i>List Assumptions & Unknowns</i>	CE	
	8 months	
	No	Unknown at this time
	Yes	USACE, ADEC, City of Homer, NMFS, US Fish and Wildlife
	Additional permits may be required beyond those listed above.	
ROW	Value	Comments
<i>Confidence in ROW Estimate</i> <i>List Assumptions & Unknowns</i>	Moderate	
	Assumes all improvements are within existing DOT ROW or on DNR land (below OHW)	
UTILITY	Value	Comments
<i>Confidence in Utility Estimate</i> <i>List Assumptions & Unknowns</i>	Moderate	
	Assumes all utilities are located on the east side of the Homer Spit Road and impacts are minimal.	
OTHER	Value	Comments
<i>Impacts to Annual M&O</i> <i>Bridge Work Included</i> <i>Geotech Considerations</i> <i>List Assumptions & Unknowns</i>	Yes	M&O efforts should be reduced as a result of this project.
	No	
	This SSE is based upon the Sept. 30, 2019 Coastal Erosion Assessment of the Sterling Hwy Termini on Homer Spit by HDR.	

CERTIFICATION & APPROVAL

Please adjust comment boxes to fit all text before converting to PDF

Confirmed SSE Prepared By	Aaron Hunting	12/6/2024
Confirmed SSE Pre-Construction Approval	<small>Name</small> <div style="border: 1px solid black; border-radius: 50%; padding: 2px; display: inline-block;"> <small>DocuSigned by:</small> Luke Bowland </div>	<small>Date</small>
	<small>Signature, Professional Engineer</small> <small>775BE2E04D534FE</small>	
	Luke Bowland	4/24/2025
	<small>Name</small>	<small>Date</small>
Confirmed SSE Planner Approval	<small>Name</small> <div style="border: 1px solid black; border-radius: 50%; padding: 2px; display: inline-block;"> <small>DocuSigned by:</small> </div>	<small>Date</small>
	<small>Signature, Planning Engineer</small> <small>B4620DC58A2343B</small>	
	Ben white	4/25/2025
	<small>Name</small>	<small>Date</small>



Homer Education and Recreation Center (HERC) Community Information Meeting

MAY 20, 2025
6 pm • Homer Public Library
500 Hazel Avenue

Send questions or comments to planning@ci.homer.ak.us



What are
Brownfields?

What challenges
are causing
delays?

What is
happening now?

Doors open 6 pm
Presentation 6:15 pm

This meeting is hosted by
the City of Homer
with support from the
Alaska Department of
Environmental
Conservation
and BGES, Inc.



MEMORANDUM

Employee Anniversaries for May

Item Type: Informational Memorandum
Prepared For: Mayor Lord and City Council
Date: May 12, 2025
From: Andrea Browning, HR
Through: Melissa Jacobsen, City Manager

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.

Pike Ainsworth	Port	17	Years
Mike Gilbert	Public Works	11	Years
Sean McGrorty	Port	9	Years
Ralph Skorski	Public Works	7	Years
Taylor Crowder	Police	4	Years
Sean Love	Public Works	4	Years
Brenden Fuson	Port	2	Years
Galina Orlova	Fire	1	Year

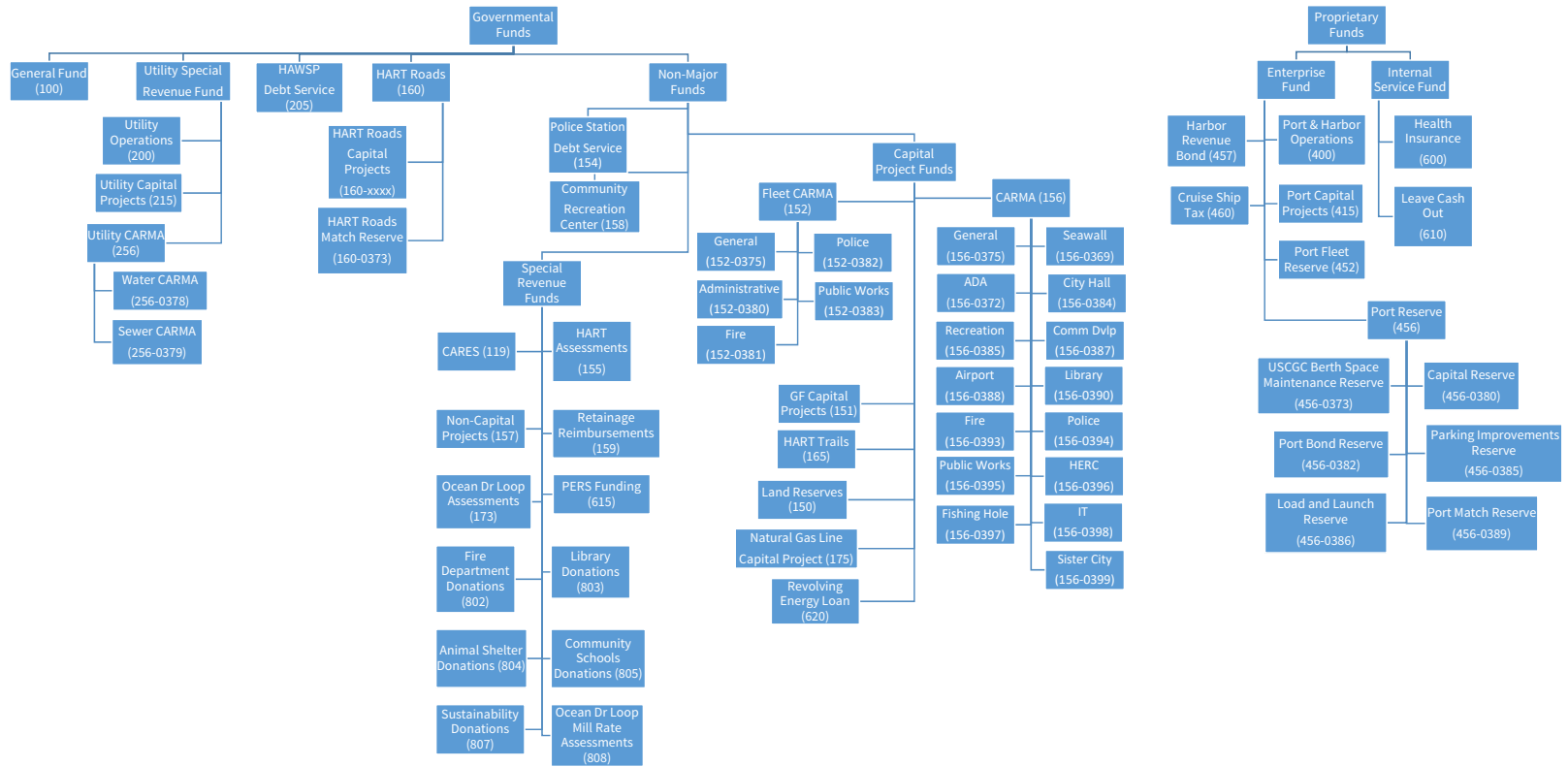
Financial Report - FY25 3rd Quarter
Provided May 12, 2025

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Combined Operating Expenditure Detail Report – Port & Harbor Fund	Pages 18-19
Police Station Debt Service Fund (DSF) Reconciliation.....	Page 20

City of Homer
Financial Reporting Schedule
for Calendar Year 2025

Dates	Event
1/13/2025	
1/27/2025	Monthly FY25 Year-To-Date (YTD) Report
2/10/2025	FY25 2nd Quarter Report
2/24/2025	Monthly FY25 YTD Report
3/10/2025	
3/24/2025	Monthly FY25 YTD Report
4/14/2025	
4/28/2025	Monthly FY25 YTD Report
5/12/2025	FY25 3rd Quarter Report
5/27/2025	Monthly FY25 YTD Report
6/9/2025	
6/23/2025	Monthly FY25 YTD Report
7/28/2025	Monthly FY25 Year-End Report - Preliminary
8/11/2025	FY25 4th Quarter Report
8/25/2025	Monthly FY25 YTD Report
9/8/2025	
9/22/2025	Monthly FY25 YTD Report
10/13/2025	
10/27/2025	Monthly FY25 YTD Report
11/10/2025	FY25 1st Quarter Report
11/24/2025	Monthly FY25 YTD Report



Fund Balance Report
Actuals through Quarter Ending March 2025

Fund Name	Fund #	FY23 Actual	FY24 Actual	FY25 Actual	Obligated	Available
General	100	7,502,125	7,787,967	9,144,966	5,964,944	3,180,022
Utility Operations	200	556,443	878,690	1,502,901	1,449,142	53,760
Utility Capital Projects	215	(1,248,186)	(894,658)	(748,611)		(748,611)
Utility Reserves	256	4,146,186	3,514,147	3,029,769	1,585,185	1,444,583
HAWSP Debt Service	205	6,426,287	7,400,377	8,529,592	72,427	8,457,165
HART Roads	160	5,159,608	5,698,768	6,295,331	5,166,260	1,129,071
CARES	119	9,035	2,235	2,235		2,235
Police Station Debt Service	154	1,621,766	2,032,027	2,857,350		2,857,350
HART Assessments	155	1,131,469	1,218,727	1,236,211		1,236,211
Non-Capital Projects	157	43,092	25,521	32,193		32,193
Retainage Reimbursements	159	(1,453)	-	-		-
Seawall Assessments	173	294,559	302,875	320,916		320,916
PERS Funding	615	38,743	303,621	313,206		313,206
Fire Department Donations	802	41,238	38,213	44,643		44,643
Library Donations	803	180,408	189,184	184,830		184,830
Animal Shelter Donations	804	335	335	347		347
Community Schools	805	270	269	279		279
Sustainability	807	16,155	17,079	17,618		17,618
Ocean Dr Loop Assessments	808	43,734	46,409	50,857		50,857
Land Reserves	150	971,500	386,415	382,965	21,986	360,979
Capital Projects	151	54,927	300,997	(319,333)		(319,333)
GF Fleet CARMA	152	1,303,770	740,647	527,184	306,919	220,264
GF CARMA	156	2,165,742	1,651,044	2,066,959	1,093,986	972,973
Community Rec Center	158	-	900,000	1,334,247		1,334,247
HART Trails	165	1,035,775	1,043,034	1,221,994	213,593	1,008,401
Gas Line	175	874,747	300,203	341,257		341,257
Energy Revolving Loan	620	398,910	411,776	411,776		411,776
Total By Fund - Governmental		\$ 32,767,184	\$ 34,295,902	\$ 38,781,684	\$ 15,874,443	\$ 22,907,241
Port & Harbor Operations**	400	1,560,475	2,149,952	4,495,549	26,572	4,468,977
Port Capital Projects	415	842,719	974,396	367,776		367,776
Port Fleet Reserves	452	169,514	87,410	87,158	8,305	78,853
Port Reserves	456	3,413,534	4,041,610	3,903,333	3,340,692	562,642
Port Bonds	457	(2,300,000)	(1,967,192)	(1,986,956)		(1,986,956)
Cruise Ship Landing Tax	460	(35,446)	(35,093)	(30,480)		(30,480)
Total By Fund - Enterprise		\$ 3,650,796	\$ 5,251,082	\$ 6,836,380	\$ 3,375,568	\$ 3,460,811
Health Insurance	600	36,915	243,104	(47,987)		(47,987)
Leave Cash Out	610	(143,157)	(122,404)	(368,618)		(368,618)
Total By Fund - Internal Service		\$ (106,242)	\$ 120,701	\$ (416,606)	\$ -	\$ (416,606)
Total By Fund - All Combined		\$ 36,311,738	\$ 39,667,685	\$ 45,201,458	\$ 19,250,011	\$ 25,951,447

**Determined by formula: Current Assets - Current Liabilities

These numbers are preliminary and are subject change

CITY OF HOMER

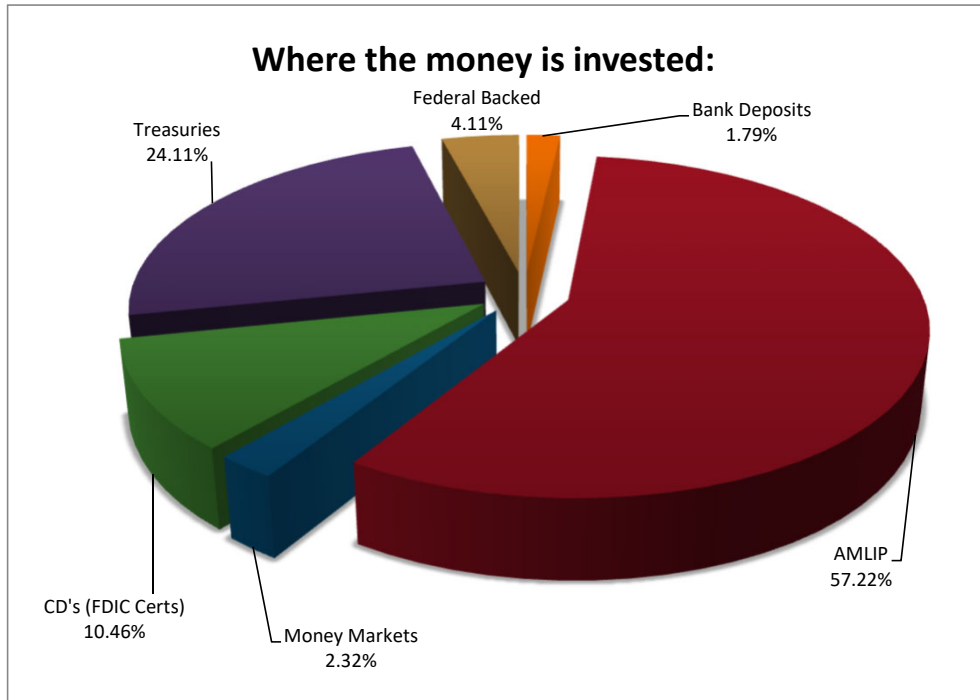
Treasurer's Report

As of:

March 31, 2025

INVESTMENT BY INSTITUTION:	\$ Invested	% Of \$ Invested
Bank Deposits	\$ 787,744	2%
AMLIP	\$ 25,243,423	57%
TVI	\$ 18,088,106	41%
Total Cash and Investments	\$ 44,119,273	100%

MATURITY OF INVESTMENTS:		AMOUNT	% Of Investment by Maturity Date
1 to 30 Days	4/30/2025	\$ 27,055,634	61%
30 to 120 Days	7/29/2025	\$ 1,667,482	4%
120 to 180 Days	9/27/2025	\$ 1,400,721	3%
180 to 365 Days	3/31/2026	\$ 3,576,108	8%
Over 1 Year		\$ 10,419,328	24%
TOTAL		\$ 44,119,273	100%



These investments are made in accordance with the City of Homer's investment policy pursuant to Ordinance 93-14, Chapter 3.10. The balances reported are unaudited.

Central Treasury Report
Actuals through Quarter Ending March 2025

	FY23 Actual	FY24 Actual	FY25 YTD
Bank Deposits	1,095,483	1,567,396	787,744
Investments	32,687,196	36,232,760	43,331,529
Total Cash and Investments	\$ 33,782,679	\$ 37,800,156	\$ 44,119,273
Cash and Investments	33,464,699	37,482,175	43,801,293
Restricted Cash and Investments	317,980	317,980	317,980
Total Cash and Investments	\$ 33,782,679	\$ 37,800,156	\$ 44,119,273

By Fund:

Fund Name	Fund Number			
General	100	5,812,171	6,133,335	7,732,878
Utility Operations	200	(144,588)	187,753	806,468
Utility Capital Projects	215	(2,249,048)	(1,901,998)	(917,175)
Utility Reserves	256	4,163,087	3,604,163	3,053,860
HAWSP Debt Service	205	5,915,270	6,854,943	8,204,633
HART Roads	160	4,745,984	5,500,176	5,805,478
CARES	119	9,801	(9,682)	2,235
Police Station Debt Service	154	1,417,359	1,814,315	2,639,637
HART Assessments	155	1,131,469	1,218,727	1,268,397
Non-Capital Projects	157	40,093	26,311	33,029
Community Rec Center	158	-	900,000	1,334,247
Retainage Reimbursements	159	228,032	233,979	136,910
Seawall Assessments	173	294,559	302,875	327,021
PERS Funding	615	38,743	303,621	313,206
Fire Department Donations	802	41,237	38,213	44,643
Library Donations	803	170,407	179,184	184,830
Animal Shelter Donations	804	335	335	347
Community Schools	805	269	269	279
Sustainability	807	16,155	17,079	17,618
Ocean Dr Loop Assessments	808	43,733	46,409	50,857
Sister City Donations	809	-	52	52
Land Reserves	150	971,753	386,415	382,965
Capital Projects	151	(64,038)	215,387	(430,307)
GF Fleet CARMA	152	1,303,770	740,825	527,184
GF CARMA	156	2,202,498	1,704,686	2,067,652
HART Trails	165	984,676	988,606	1,169,064
Gas Line	175	874,747	300,203	435,225
Energy Revolving Loan	620	398,909	411,776	411,776
Port & Harbor Operations	400	1,769,369	2,232,390	4,428,152
Port Capital Projects	415	242,328	863,363	368,990
Port Fleet Reserves	452	169,514	87,745	87,158
Port Reserves	456	3,481,063	4,092,612	3,903,333
Port Bonds	457	(60,000)	232,808	168,044
Cruise Ship Landing Tax	460	(73,628)	(35,093)	(30,480)
Health Insurance	600	49,532	250,779	(40,313)
Leave Cash Out	610	(142,881)	(122,404)	(368,618)
Total By Fund		\$ 33,782,679	\$ 37,800,156	\$ 44,119,273

General Fund
Expenditure Report
Actuals through Quarter Ending March 2025
75% Fiscal Year Elapsed

Current Fiscal Analysis

	FY25		FY25	
	AMENDED		ACTUAL	
	BUDGET		\$	%
Revenues				
Property Taxes	\$	4,225,672	\$	5,317,370 126%
Sales and Use Taxes		9,296,032		6,998,389 75%
Permits and Licenses		41,723		33,727 81%
Fines and Forfeitures		8,381		2,582 31%
Intergovernmental		746,338		408,932 55%
Charges for Services		445,762		522,054 117%
Other Revenues		-		104,256
Airport		202,406		172,986 85%
Operating Transfers		1,568,082		20,710 1%
Total Revenues	\$	16,534,397	\$	13,567,988 82%
Expenditures & Transfers				
Administration	\$	2,201,751	\$	1,515,460 69%
Clerks/Council		942,104		577,699 61%
Planning		446,281		304,585 68%
Library		1,126,251		796,392 71%
Finance		948,850		606,862 64%
Fire		1,973,062		1,340,482 68%
Police		4,416,940		3,565,056 81%
Public Works		3,663,001		2,246,542 61%
Airport		239,580		168,841 70%
City Hall, HERC		190,449		118,943 62%
Non-Departmental		191,000		191,000 100%
Total Operating Expenditures	\$	16,339,269	\$	11,431,861 70%
Transfer to Other Funds				
Leave Cash Out	\$	178,375	\$	- 0%
Other		6,752		- 0%
Total Transfer to Other Funds	\$	185,127	\$	- 0%
Transfer to CARMA				
General Fund Fleet CARMA	\$	-	\$	- 0%
General Fund CARMA		-		- 0%
Seawall CARMA		10,000		- 0%
Total Transfer to CARMA Funds	\$	10,000	\$	- 0%
Total Expenditures & Transfers	\$	16,534,397	\$	11,431,861 69%
Net Revenues Over (Under) Expenditures	\$	0	\$	2,136,127

Water and Sewer Fund
Expenditure Report
Actuals through Quarter Ending March 2025
75% Fiscal Year Elapsed

Current Fiscal Analysis

	FY25		FY25	
	ADOPTED		ACTUAL	
	BUDGET		\$	%
Revenues				
Water Fund	\$	2,494,551	\$ 1,894,771	76%
Sewer Fund		2,213,812	1,528,013	69%
Total Revenues	\$	4,708,362	\$ 3,422,785	73%
Expenditures & Transfers				
<u>Water</u>				
Administration	\$	350,977	\$ 272,845	78%
Treatment Plant		726,654	495,605	68%
System Testing		36,000	24,148	67%
Pump Stations		123,793	65,690	53%
Distribution System		393,195	335,289	85%
Reservoir		19,191	8,753	46%
Meters		288,507	46,265	16%
Hydrants		214,868	146,000	68%
<u>Sewer</u>				
Administration	\$	348,160	\$ 262,156	75%
Plant Operations		938,779	552,922	59%
System Testing		18,000	11,025	61%
Lift Stations		230,206	154,920	67%
Collection System		378,085	249,512	66%
Total Operating Expenditures	\$	4,066,415	\$ 2,625,130	65%
Transfer to Other Funds				
Leave Cash Out	\$	12,216	\$ -	0%
GF Admin Fees		-	-	0%
Other		15,597	-	0%
Total Transfer to Other Funds	\$	27,813	\$ -	0%
Transfers to CARMA				
Water	\$	325,376	\$ -	0%
Sewer		288,758	-	0%
Total Transfer to CARMA Funds	\$	614,134	\$ -	0%
Total Expenditures & Transfers	\$	4,708,362	\$ 2,625,130	56%
Net Revenues Over(Under) Expenditures	\$	0	\$ 797,655	

Port and Harbor Fund
Expenditure Report
Actuals through Quarter Ending March 2025
75% Fiscal Year Elapsed

Current Fiscal Analysis

	FY25 ADOPTED BUDGET	FY25 ACTUAL	
		\$	%
<u>Revenues</u>			
Administration	\$ 640,736	\$ 610,819	95%
Harbor	4,045,337	3,575,038	88%
Pioneer Dock	302,106	227,928	75%
Fish Dock	578,477	492,397	85%
Deep Water Dock	188,651	189,962	101%
Outfall Line	4,800	4,800	100%
Fish Grinder	7,390	6,460	87%
Load and Launch Ramp	130,000	61,672	47%
Total Revenues	\$ 5,897,497	\$ 5,169,076	88%
<u>Expenditures & Transfers</u>			
Administration	\$ 1,227,954	\$ 921,047	75%
Harbor	1,658,848	1,083,428	65%
Pioneer Dock	89,120	67,368	76%
Fish Dock	817,052	459,760	56%
Deep Water Dock	107,656	96,804	90%
Outfall Line	13,500	3,140	23%
Fish Grinder	45,150	17,325	38%
Harbor Maintenance	558,501	389,856	70%
Main Dock Maintenance	54,546	35,439	65%
Deep Water Dock Maintenance	65,046	38,662	59%
Load and Launch Ramp	141,549	90,607	64%
Total Operating Expenditures	\$ 4,778,920	\$ 3,203,435	67%
Transfer to Other Funds			
Leave Cash Out	\$ 49,513	\$ -	0%
GF Admin Fees	-	-	0%
Debt Service	-	-	0%
Other	380,573	-	0%
Total Transfer to Other Funds	\$ 430,086	\$ -	0%
Transfers to Reserves			
Harbor	\$ 688,491	\$ -	0%
Load and Launch Ramp	-	-	0%
Total Transfer to Reserves	\$ 688,491	\$ -	0%
Total Expenditures & Transfers	\$ 5,897,497	\$ 3,203,435	54%
Net Revenues Over(Under) Expenditures	\$ 0	\$ 1,965,641	

FUND 100 - GENERAL FUND

REVENUE DETAIL BY LINE ITEM, SORTED BY TYPE

A/C Num.	Revenue Categories & Descriptions	FY23	FY24	FY25 YTD		FY25
		7/1/22 - 6/30/23	7/1/23 - 6/30/24	ACTUAL		7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
0005	PROPERTY TAXES:					
4101	Real Prop Tax	3,703,173	4,256,321	4,925,909	127.0%	3,880,104
4102	Per Prop Tax	231,901	246,726	236,337	99.7%	236,982
4103	Motr Vehicle Tx	39,248	40,928	29,542	64.8%	45,581
4104	Prior Years Taxes	55,894	67,296	109,333	226.1%	48,363
4105	Pen/Int Prop Tx	42,898	34,684	7,465	86.4%	8,642
4107	Oil Tax	4,173	-	8,784	146.4%	6,000
	Total Property Taxes	4,077,288	4,645,956	5,317,370	125.8%	4,225,672
0010	SALES & USE TAXES:					
4201	Sales Tax	7,783,970	7,741,229	6,519,307	74.2%	8,789,131
4206	Remote Sales Tax	505,089	435,433	451,339	99.2%	455,000
4202	Cooperative Tax	24,752	24,504	24,743	103.5%	23,901
4203	Liquor License	-	35,250	-	0.0%	23,667
4205	Sales Tax Comm	3,000	4,000	3,000	69.2%	4,333
	Total Sales and Use Taxes	8,316,811	8,240,416	6,998,389	75.3%	9,296,032
0015	PERMITS & LICENSES:					
4301	Driveway Permit	2,436	2,000	1,965	89.5%	2,196
4302	Sign Permits	450	350	400	342.9%	117
4303	Building Permit	24,650	20,351	20,295	120.8%	16,800
4304	Peddler Permits	700	940	350	13.0%	2,693
4308	Zoning Fees	10,000	16,300	5,122	41.2%	12,442
4309	Row Permit	3,233	2,695	1,620	52.7%	3,075
4310	Marijuana Licenses	-	2,400	2,000	176.5%	1,133
4314	Taxi/chauffeurs/safety Inspec	1,505	1,785	1,976	60.5%	3,268
	Total Permits and Licenses	42,973	46,821	33,727	80.8%	41,723
0020	FINES & FORFEITURES:					
4401	Fines/Forfeit	3,118	3,989	1,967	23.5%	8,381
4402	Non Moving Fine	10,278	-	615	0.0%	-
	Total Fines and Forfeitures	13,396	3,989	2,582	30.8%	8,381
0025	USE OF MONEY:					
4801	Interest Income	118,721	343,825	(13,018)	0.0%	-
4802	Penalty/Interest	-	-	-	0.0%	-
	Total Use of Money	118,721	343,825	(13,018)	0.0%	-
0030	REVENUES-OTHER AGENCIES:					
4503	Prisoner Care	509,922	660,103	312,080	50.3%	619,938
4504	Borough 911	52,800	52,800	52,800	100.0%	52,800
4505	Police Sp Serv	149,617	38,000	-	0.0%	39,600
4510	Library E-Rate Discount	19,908	15,078	10,052	0.0%	-
4511	Pioneer Av Maint	34,000	34,000	34,000	100.0%	34,000
4527	PERS Revenue	167,686	183,118	-	0.0%	-
	Total Intergovernmental	933,932	983,099	408,932	54.8%	746,338
0035	CHARGES FOR SERVICES:					
4311	Library Cards	11	86	-	0.0%	-
4315	Project Administration Fee	1,380	-	-	0.0%	-
4316	Lid Application Fee	100	100	100	0.0%	-
4317	Lid Yearly Bill	13,567	10,259	6,191	31.5%	19,649

FUND 100 - GENERAL FUND

REVENUE DETAIL BY LINE ITEM, SORTED BY TYPE

A/C Num.	Revenue Categories & Descriptions	FY23	FY24	FY25 YTD		FY25
		7/1/22 - 6/30/23	7/1/23 - 6/30/24	ACTUAL		7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
4516	Pw Equip & Serv	955	638	24,010	0.0%	-
4599	Pioneer Beautification	-	-	5	0.0%	-
4601	Ambulance Fees	283,609	274,001	277,730	107.2%	258,981
4603	Fire Contract - Kachemak City	112,513	126,656	151,857	135.0%	112,513
4607	Other Services	12,652	15,626	12,049	69.0%	17,465
	Camping	150,219	136,533	-	0.0%	-
4609	Animal Care Fee	7,650	-	-	0.0%	-
4610	Plans & Specs	3	200	100	0.0%	-
4611	City Clerk Fees	4,313	2,125	1,594	68.9%	2,314
4612	Publication Fee	100	-	-	0.0%	-
4613	Cemetery Plots	13,600	9,400	5,600	62.2%	9,000
4614	Community Recreation Fees	38,821	54,409	42,100	177.7%	23,686
4650	Rents & Leases	3,661	150	-	0.0%	205
4655	Pavillion Rental	2,425	1,711	718	36.8%	1,950
	Total Charges for Services	645,578	631,893	522,054	117.1%	445,762
0040	OTHER REVENUE:					
4901	Surplus Prop	67,613	35,000	29,119	0.0%	-
4902	Other Revenue	47,385	84,012	75,137	0.0%	-
	Total Other Revenues	114,998	119,012	104,256	0.0%	-
0045	AIRPORT TERMINAL REVENUES:					
4655	Airline Leases	152,817	150,576	130,035	99.3%	130,997
4656	Concessions	1,428	1,428	1,071	17.6%	6,069
4657	Car Rental	46,274	43,300	26,318	61.6%	42,706
4658	Parking Fees	31,164	24,064	15,563	68.8%	22,634
4660	Advertising	-	-	-	0.0%	-
	Total Airport	231,684	219,367	172,986	85.5%	202,406
	Total Before Operating Transfers	14,495,381	15,234,379	13,547,278	90.5%	14,966,315
0099	OPERATING TRANSFERS:					
4990	HART Transfer - Road/Trail Mtnc	907,807	907,807	-	0.0%	1,279,890
4992	Other Transfer	95,754	10,000	20,710	207.1%	10,000
4990	Draw on Fund Balance - Fire Positions	-	-	-	0.0%	92,061.24
4990	Draw on Fund Balance - Finance Position*	-	-	-	0.0%	
4990	Draw on Fund Balance - Balance Budget	-	-	-	0.0%	
4990	Draw on Fund Balance - Budget Amendments	-	-	-	0.0%	186,131.00
	Total Operating Transfers	1,003,561	917,807	20,710	1.3%	1,568,082
	Grand Total	15,498,942	16,152,185	13,567,988	82.1%	16,534,397
	Net Surplus (Deficit)	648,032	661,085	2,136,127		0

FUND TOTAL	100 - GENERAL FUND COMBINED EXPENDITURES					
A/C Num.	Expenditure Categories & Descriptions	FY23	FY24	FY25 YTD ACTUAL		FY25
		7/1/22 - 6/30/23	7/1/23 - 6/30/24			7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
	Salaries and Benefits					
5101	Salary and Wages	5,657,121	5,753,619	4,723,685	70.8%	6,670,229
5102	Fringe Benefits	3,483,891	3,433,619	2,482,450	73.2%	3,389,273
5103	Part-time Wages	369,250	287,808	222,220	56.4%	394,357
5104	Part-time Benefits	100,564	167,546	98,891	72.4%	136,608
5105	Overtime	635,058	595,313	494,194	123.5%	400,093
5107	Part-time Overtime	12,894	5,181	3,270	29.3%	11,151
5108	Unemployment Benefits	2,928	1,676	1,109	0.0%	-
5112	PERS Relief	167,686	183,118	-	0.0%	-
	Total Salaries and Benefits	10,429,393	10,427,881	8,025,818	73.0%	11,001,711
	Maintenance and Operations					
5201	Office Supplies	44,141	45,402	30,799	64.2%	47,950
5202	Operating Supplies	284,810	346,384	217,416	58.1%	374,330
5203	Fuel and Lube	325,678	298,120	161,435	64.0%	252,300
5204	Chemicals	190,447	134,229	112	0.1%	222,600
5205	Ammunition	14,574	18,377	7,358	36.8%	20,000
5206	Food and Staples	36,307	38,424	31,364	71.0%	44,200
5207	Vehicle and Boat Maintenance	227,479	207,147	214,667	72.6%	295,500
5208	Equipment Maintenance	15,974	36,448	45,255	82.1%	55,125
5209	Building & Grounds Maintenance	76,739	76,352	37,580	36.2%	103,757
5210	Professional Services	796,681	755,016	720,935	72.5%	994,050
5211	Audit Services	33,885	121,846	90,104	75.9%	118,642
5213	Survey and Appraisal	20	4,350	7,359	56.6%	13,000
5214	Rents & Leases	94,413	123,939	88,058	44.8%	196,658
5215	Communications	231,461	244,761	170,753	78.3%	218,190
5216	Freight and Postage	21,204	35,274	20,076	136.6%	14,700
5217	Electricity	266,590	289,827	162,416	52.4%	309,971
5218	Water	18,244	21,934	17,403	72.1%	24,126
5219	Sewer	24,244	29,363	21,421	64.0%	33,457
5220	Refuse and Disposal	7,391	9,843	4,011	38.9%	10,300
5221	Property Insurance	55,522	72,338	78,816	100.0%	78,816
5222	Auto Insurance	43,673	49,420	46,149	96.6%	47,749
5223	Liability Insurance	117,923	118,449	189,623	95.4%	198,870
5224	Fidelity Bond	450	450	450	100.0%	450
5227	Advertising	26,152	32,521	15,397	35.1%	43,900
5228	Books	44,917	45,125	22,191	49.6%	44,750
5229	Periodicals	10,812	9,709	3,007	24.0%	12,550
5230	Audio Visual	16,230	17,462	8,407	51.0%	16,500
5231	Tools and Equipment	111,613	129,250	53,481	37.8%	141,445
5233	Computer Related Items	49,848	71,551	40,885	59.9%	68,200
5234	Record and Permits	798	807	226	22.6%	1,000
5235	Membership Dues	19,318	16,585	15,927	58.6%	27,170
5236	Transportation	48,328	5,687	6,882	0.0%	-
5237	Subsistence	31,047	4,593	3,431	0.0%	-
5238	Printing and Binding	3,213	4,272	2,583	18.7%	13,850
5242	Janitorial	-	-	-	0.0%	1,000
5244	Snow Removal	72,765	60,023	27,055	91.1%	29,700
5248	Lobbying	23,411	26,661	23,591	37.4%	63,000

FUND 100 - GENERAL FUND						
TOTAL COMBINED EXPENDITURES						
A/C Num.	Expenditure Categories & Descriptions	FY23	FY24	FY25 YTD		FY25
		7/1/22 - 6/30/23	7/1/23 - 6/30/24	ACTUAL		7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
5251	Pioneer Beautification	1,571	1,203	-	0.0%	1,500
5252	Credit Card Expenses	6,298	2,728	2,342	99.7%	2,350
5280	Volunteer Incentives	32,970	36,543	14,964	38.4%	39,000
5282	City Hall Building Maintenance	10,524	12,901	10,293	102.9%	10,000
5283	Library Building Maintenance	22,865	22,675	4,404	17.6%	25,000
5284	Police Building Maintenance	8,422	2,983	5,589	53.2%	10,500
5285	Fire Building Maintenance	6,215	5,589	3,724	74.5%	5,000
5286	Old School Building Maintenance	754	-	-	0.0%	-
5287	Animal Control Building Maintenance	870	5,154	300	12.0%	2,500
5288	Old Police Building Maintenance	545	-	-	0.0%	-
5292	City Hall Motor Pool	328	8	50	7.2%	700
5293	Police Motor Pool	18,327	20,041	15,752	78.8%	20,000
5294	Fire Motor Pool	12,069	11,583	7,365	40.9%	18,000
5601	Uniform	38,387	58,863	48,194	71.0%	67,900
5602	Safety Equipment	25,340	34,489	22,616	56.6%	39,950
5603	Employee Training	110,778	215,259	151,351	48.9%	309,510
5604	Public Education	824	2,835	1,252	26.4%	4,750
5605	Sister Cities	-	3,962	310	0.0%	-
5611	ADA Compliance	-	-	-	0.0%	250
5614	Car Allowance	10,182	22,354	15,312	155.6%	9,842
5624	Legal Services	254,699	273,819	144,325	72.2%	200,000
5625	Impound Costs	4,202	1,385	733	12.2%	6,000
5626	Jail Laundry Services	-	-	-	0.0%	-
5627	Security	-	41,376	68,138	85.2%	80,000
5630	Haven House	14,000	14,000	-	0.0%	14,000
5632	Wellness Program	24,030	20,995	11,432	42.3%	27,000
5633	Phones	-	3,968	10,826	108.3%	10,000
5634	Networking	5,055	6,274	6,740	103.7%	6,500
5635	Software	54,272	50,979	60,666	86.1%	70,500
5636	Servers	10,129	21,317	15,371	102.5%	15,000
5639	Subscription Databases	-	8,952	17,369	73.9%	23,500
5801	Pratt Museum	69,000	79,000	79,000	100.0%	79,000
5804	Homer Chamber of Commerce	-	75,000	75,000	100.0%	75,000
5815	Parks & Recreation Board	189	1,475	1,000	66.7%	1,500
5830	Homer Foundation	25,000	25,000	25,000	100.0%	25,000
Total Maintenance and Operations		4,154,146	4,584,654	3,406,043	63.8%	5,337,558
Transfers						
5106	Leave Cash Out	122,629	221,360	-	0.0%	178,375
5990	Transfers To	144,742	257,206	-	0.0%	16,752
Total Transfers		267,371	478,566	-	0.0%	195,127
Total		14,850,910	15,491,101	11,431,861	69.1%	16,534,397

FUND 200 - UTILITY FUND						
REVENUE DETAIL BY LINE ITEM, SORTED BY TYPE						
A/C Num.	Revenue Categories & Descriptions	FY23	FY24	FY25 YTD ACTUAL		FY25
		7/1/22 - 6/30/23	7/1/23 - 6/30/24			7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
Water Revenue						
Operating Revenue:						
	Metered Sales	1,915,984	2,245,909	1,852,422	79.7%	2,325,213
4661	Connection Fees	16,382	16,770	12,000	67.8%	17,696
4662	Services & Meters	33,625	39,996	21,963	63.7%	34,490
4663	In Lieu of City Sales Tax	459	477	558	0.0%	-
Total Operating Revenue		1,966,450	2,303,153	1,886,942	79.4%	2,377,399
Non- Operating Revenue						
4801	Interest on Investments	(1,235)	18,121	(117)	0.0%	-
4802	Penalty & Interest (Utilities)	6,061	7,780	7,947	213.8%	3,717
4527	PERS Revenue	17,448	20,767	-	0.0%	-
4990	Transfer from Fund Balance	-	-	-	0.0%	4,470
4992	Transfer from GF	91,734	103,000	-	0.0%	108,964
Total Non-Operating Revenue		114,009	149,668	7,829	6.7%	117,151
Total Water Revenue		2,080,459	2,452,820	1,894,771	76.0%	2,494,551
Sewer Revenue						
Operating Revenue						
	Metered Sales	1,829,631	1,987,374	1,508,872	69.1%	2,184,808
4619	Inspection Fees	-	-	-	0.0%	-
4662	Services & Meters	21,688	16,414	10,972	59.3%	18,509
4701	RV Dump Station	10,505	9,713	8,169	135.6%	6,024
Total Operating Revenue		2,100,139	2,013,501	1,528,013	69.2%	2,209,341
Non- Operating Revenue						
4527	PERS Revenue	14,139	17,229	-	0.0%	-
4990	Transfer from Fund Balance	238,315	-	-	0.0%	4,471
Total Non-Operating Revenue		252,454	17,229	0	0.0%	4,471
Total Sewer Revenue		2,352,593	2,030,730	1,528,013	69.0%	2,213,812
Total Operating Revenue		4,066,589	4,316,653	3,414,956	74.5%	4,586,740
Total Non-Operating Revenue		366,462	166,897	7,829	6.4%	121,622
Total Water & Sewer Revenues		4,433,052	4,483,550	3,422,785	72.7%	4,708,362
Net Surplus (Deficit)		(534,349)	526,865	797,655		0

FUND 200 - UTILITY FUND						
WATER COMBINED EXPENDITURES						
A/C Num.	Expenditure Categories & Descriptions	FY23	FY24	FY25 YTD		FY25
		7/1/22 - 6/30/23	7/1/23 - 6/30/24	ACTUAL		7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
Salaries and Benefits						
5101	Salary and Wages	611,373	679,114	560,740	74.0%	757,671
5102	Fringe Benefits	391,189	431,416	306,292	73.8%	415,051
5103	Part-time Wages	18,937	-	9,859	221.7%	4,447
5104	Part-time Benefits	2,036	-	1,202	237.6%	506
5105	Overtime	31,469	41,047	29,083	61.6%	47,187
5107	Part-time Overtime	-	-	433	0.0%	-
5108	Unemployment Benefits	-	-	-	0.0%	-
5112	PERS Relief	17,448	20,767	-	0.0%	-
Total Salaries and Benefits		1,072,453	1,172,343	907,610	74.1%	1,224,861
Maintenance and Operations						
5201	Office Supplies	907	3,095	1,023	58.5%	1,750
5202	Operating Supplies	164,158	52,639	27,647	13.0%	212,850
5203	Fuel and Lube	36,173	39,372	24,167	79.0%	30,600
5204	Chemicals	165,691	197,903	126,623	84.4%	150,000
5207	Vehicle and Boat Maintenance	556	368	532	106.3%	500
5208	Equipment Maintenance	33,201	40,773	4,521	9.7%	46,550
5209	Building & Grounds Maintenance	7,786	5,022	1,665	21.6%	7,700
5210	Professional Services	54,650	49,829	30,542	46.6%	65,500
5211	Audit Services	6,656	23,934	17,699	83.4%	21,234
5213	Survey and Appraisal	1,200	1,200	1,200	100.0%	1,200
5215	Communications	16,657	20,823	13,570	150.8%	9,000
5216	Freight and Postage	450	187	-	0.0%	6,500
5217	Electricity	224,992	249,410	145,764	58.5%	249,291
5221	Property Insurance	11,263	13,386	14,582	100.0%	14,582
5222	Auto Insurance	12,898	13,820	14,884	100.0%	14,885
5223	Liability Insurance	2,649	4,853	10,104	91.2%	11,080
5226	Testing and Analysis	15,580	23,696	14,813	74.1%	20,000
5227	Advertising	1,505	-	-	0.0%	1,000
5231	Tools and Equipment	7,588	6,648	1,428	15.2%	9,400
5233	Computer Related Items	678	410	-	0.0%	750
5234	Record and Permits	200	-	-	0.0%	250
5235	Membership Dues	976	925	1,315	131.5%	1,000
5236	Transportation	680	-	-	0.0%	-
5237	Subsistence	945	-	-	0.0%	-
5248	Lobbying	-	-	-	0.0%	1,000
5252	Credit Card Expenses	17,436	14,042	20,622	82.5%	25,000
5602	Safety Equipment	2,702	589	167	10.8%	1,553
5603	Employee Training	4,637	11,791	7,555	57.4%	13,150
5606	Bad Debt Expenses	8,821	3,054	4,876	40.6%	12,000
5608	Debt Repayment - Interest	1,639	4,353	1,686	0.0%	-
Total Maintenance and Operations		803,274	782,122	486,984	52.5%	928,324
Transfers						
5106	Leave Cash Out	63,736	7,414	-	0.0%	5,611
5241	GF Admin Fees	-	-	-	0.0%	-
5990	Transfers To	376,780	124,780	-	0.0%	335,754
Total Transfers		440,515	132,194	-	0.0%	341,365
Total		2,316,242	2,086,659	1,394,595	55.9%	2,494,551

FUND	200 - UTILITY FUND					
SEWER	COMBINED EXPENDITURES					
A/C Num.	Expenditure Categories & Descriptions	FY23	FY24	FY25 YTD		FY25
		7/1/22 - 6/30/23	7/1/23 - 6/30/24	ACTUAL		7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
Salaries and Benefits						
5101	Salary and Wages	511,437	571,394	480,267	74.6%	643,401
5102	Fringe Benefits	318,783	350,524	251,521	72.7%	346,198
5103	Part-time Wages	5,652	5,070	11,499	69.0%	16,659
5104	Part-time Benefits	625	531	1,301	69.6%	1,869
5105	Overtime	20,150	26,261	19,721	77.7%	25,375
5107	Part-time Overtime	-	-	217	0.0%	-
5108	Unemployment Benefits	-	-	-	0.0%	-
5112	PERS Relief	14,139	17,229	-	0.0%	-
Total Salaries and Benefits		870,785	971,009	764,525	74.0%	1,033,502
Maintenance and Operations						
5201	Office Supplies	731	3,587	818	74.3%	1,100
5202	Operating Supplies	159,612	43,059	19,345	32.9%	58,800
5203	Fuel and Lube	21,275	26,570	21,548	71.8%	30,000
5204	Chemicals	77,446	86,319	72,054	94.8%	76,000
5207	Vehicle and Boat Maintenance	246	466	423	169.3%	250
5208	Equipment Maintenance	35,685	23,216	7,667	17.4%	44,000
5209	Building & Grounds Maintenance	1,345	2,216	3,626	95.4%	3,800
5210	Professional Services	82,810	46,488	68,681	39.9%	172,000
5211	Audit Services	6,656	23,934	17,699	83.4%	21,234
5214	Rents & Leases	-	-	-	0.0%	-
5215	Communications	6,527	10,550	8,434	153.3%	5,500
5216	Freight and Postage	-	541	-	0.0%	6,500
5217	Electricity	289,421	293,998	159,171	46.2%	344,494
5218	Water	662	822	482	59.6%	809
5219	Sewer	692	854	482	59.6%	810
5221	Property Insurance	16,942	22,701	24,718	100.0%	24,718
5222	Auto Insurance	12,898	13,820	14,884	100.0%	14,885
5223	Liability Insurance	2,112	4,014	8,690	91.2%	9,529
5226	Testing and Analysis	7,352	5,077	2,360	36.3%	6,500
5227	Advertising	-	-	-	0.0%	1,250
5231	Tools and Equipment	3,418	3,348	916	19.1%	4,800
5233	Computer Related Items	-	-	-	0.0%	-
5234	Record and Permits	7,920	7,941	7,920	88.0%	9,000
5235	Membership Dues	1,165	476	1,450	207.1%	700
5236	Transportation	1,007	-	-	0.0%	-
5237	Subsistence	483	-	-	0.0%	-
5248	Lobbying	-	-	-	0.0%	1,000
5252	Credit Card Expenses	17,436	14,112	21,321	106.6%	20,000
5601	Uniform	300	400	-	0.0%	500
5602	Safety Equipment	2,956	640	2,523	95.2%	2,650
5603	Employee Training	6,945	15,969	799	4.9%	16,400
5606	Bad Debt Expenses	(518)	290	-	0.0%	2,500
Total Maintenance and Operations		763,523	651,408	466,010	53.0%	879,728
Transfers						
5106	Leave Cash Out	13,020	8,355	-	0.0%	6,605
5241	GF Admin Fees	-	-	-	0.0%	-
5990	Transfers To	1,003,831	239,253	-	0.0%	293,977
Total Transfers		1,016,851	247,608	-	0.0%	300,582
Total		2,651,159	1,870,025	1,230,535	55.6%	2,213,812

FUND 400 - PORT & HARBOR ENTERPRISE FUND
REVENUE DETAIL BY LINE ITEM, SORTED BY TYPE

A/C Num.	Revenue Categories & Descriptions	FY23	FY24	FY25 YTD		FY25
		7/1/22 - 6/30/23	7/1/23 - 6/30/24	ACTUAL		7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
0600	HARBOR ADMINISTRATION					
4515	Ferry Lease	18,000	18,000	18,000	100.0%	18,000
4650	Rents & Leases	597,344	625,649	421,972	84.4%	500,000
	Operating Revenue - Admin	615,344	643,649	439,972	84.9%	518,000
4527	PERS Revenue	32,821	40,694	-	0.0%	-
4634	Port Storage Fee	207,662	172,016	176,741	183.8%	96,164
4635	Port Impound Fee	816	2,017	1,020	0.0%	-
4705	Business Licenses	20	30	35	0.0%	-
4801	Interest On Investments	73,468	140,244	(8,168)	0.0%	-
4901	Surplus Property	2,187	-	1,220	0.0%	-
4902	Other Revenue	11,189	(0)	-	0.0%	-
4990	Transfers In	-	-	-	0.0%	26,572
	Non-Operating Revenue - Admin	328,162	355,001	170,848	139.2%	122,736
0601	HARBOR					
4245	Waste Oil Disp	1,079	-	200	0.0%	-
4249	Oil Spill Recovery	-	-	-	0.0%	-
4318	Parking Revenue	158,725	178,961	143,612	63.8%	225,000
4319	Electrical Supplies	1,449	1,014	381	16.0%	2,380
4402	Non Moving Fine	100	12,219	6,161	77.0%	8,000
4624	Berth Transient Monthly	716,742	748,679	497,385	69.0%	720,640
4625	Berth Reserved	1,628,043	1,779,007	1,935,876	105.9%	1,828,236
4626	Berth Transient Annual	325,749	361,422	269,947	81.1%	332,805
4627	Berth Transient Semi Annual	132,878	152,941	60,219	38.5%	156,364
4628	Berth Transient Daily	159,413	170,279	114,475	74.0%	154,599
4629	Metered Energy	140,575	146,080	94,908	106.1%	89,472
4644	Pumping	-	-	122	0.0%	-
4645	Wooden Grid	4,089	4,912	5,506	113.9%	4,833
4646	Commerical Ramp	49,562	65,949	36,442	66.3%	55,000
4647	Berth Wait List	15,082	13,425	6,066	48.1%	12,623
4648	Steel Grid Fees	6,969	2,605	-	0.0%	8,000
4654	Spit Camping	35,018	208,244	141,556	128.7%	110,000
4663	Trans Energy 110v	34,863	45,349	23,466	54.9%	42,746
4664	Trans Energy 220v	20,569	29,451	14,054	48.9%	28,744
4665	Trans Energy 208v	204,723	193,837	112,280	70.5%	159,228
4666	Commerical Ramp Wharfage	41,055	67,069	44,646	111.6%	40,000
	Operating Revenue - Harbor	3,676,683	4,181,443	3,507,301	88.2%	3,978,670
4802	Penalty/Int	7,797	14,884	13,724	211.1%	6,500
4902	Other Revenue	66,923	67,272	54,013	89.8%	60,167
	Non-Operating Revenue - Harbor	74,720	82,156	67,737	101.6%	66,667
0602	PIONEER DOCK					
4631	USCG Leases	38,976	40,495	30,149	97.9%	30,796
4637	Seafood Wharfage-PD	-	-	-	0.0%	-
4638	PD Fuel Wharfage	198,654	193,311	155,682	72.5%	214,809
4639	Pioneer Dock - Wharfage	-	-	-	0.0%	-
4641	PD Water Sales	9,291	6,908	4,203	40.0%	10,500
4642	PD Docking	39,991	45,052	37,893	82.4%	46,000

FUND 400 - PORT & HARBOR ENTERPRISE FUND

REVENUE DETAIL BY LINE ITEM, SORTED BY TYPE

A/C Num.	Revenue Categories & Descriptions	FY23	FY24	FY25 YTD		FY25
		7/1/22 - 6/30/23	7/1/23 - 6/30/24	ACTUAL		7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
	Operating Revenue - Pioneer Dock	286,911	285,767	227,928	75.4%	302,106
0603	FISH DOCK					
4620	Ice Sales	243,997	341,209	195,957	73.7%	265,742
4621	Cold Storage	22,319	24,603	23,586	94.3%	25,000
4622	Crane Rental	203,818	201,470	131,872	69.3%	190,306
4623	Card Access Fees	6,144	5,933	3,125	54.8%	5,700
4637	Seafood Wharfage	20,530	24,621	15,258	88.1%	17,324
4700	Other Wharfage Fish Dock	9,945	68	-	0.0%	9,843
	Operating Revenue - Fish Dock	506,754	597,903	369,798	72.0%	513,915
4206	Fish Tax	116,236	78,772	122,599	189.9%	64,562
0604	DEEP WATER DOCK					
4633	Stevedoring	49,565	9,834	14,488	120.7%	12,000
4637	Seafood Wharfage	-	-	-	0.0%	-
4640	Deep Water Dock Wharfage	152,709	8,402	30,160	64.7%	46,651
4643	Deep Water Dock Docking	121,387	113,278	109,344	109.3%	100,000
4668	Dwd Water Sales	41,651	20,424	35,970	119.9%	30,000
4672	Port Security Revenues	-	-	-	0.0%	-
	Operating Revenue - DW Dock	365,311	151,937	189,962	100.7%	188,651
0605	OUTFALL LINE					
4704	Outfall Line	4,800	4,800	4,800	100.0%	4,800
0606	FISH GRINDER					
4706	Fish Grinder	6,803	10,393	6,460	87.4%	7,390
0615	LOAD AND LAUNCH RAMP					
4653	L & L Ramp Revenue	120,243	145,410	61,672	47.4%	130,000
	Operating Revenue - L & L Ramp	120,243	145,410	61,672	47.4%	130,000
	Total Revenues	6,101,967	6,537,231	5,169,076	87.6%	5,897,497
	Net Surplus (Deficit)	1,317,606	742,125	1,965,641		0

FUND 400 - PORT & HARBOR ENTERPRISE FUND						
COMBINED EXPENDITURES						
A/C Num.	Expenditure Categories & Descriptions	FY23	FY24	FY25 YTD		FY25
		7/1/22 - 6/30/23	7/1/23 - 6/30/24	ACTUAL		7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
	Salaries and Benefits					
5101	Salary and Wages	1,200,096	1,379,157	1,157,494	74.5%	1,552,986
5102	Fringe Benefits	197,813	884,305	594,488	68.0%	873,798
5103	Part-time Wages	171,551	122,103	104,875	56.7%	184,933
5104	Part-time Benefits	19,895	14,232	12,299	53.1%	23,173
5105	Overtime	29,798	29,580	26,726	67.8%	39,439
5107	Part-time Overtime	164	460	365	9.4%	3,879
5108	Unemployment Benefits	-	4,932	1,606	0.0%	-
5112	PERS Relief	32,821	40,694	-	0.0%	-
	Total Salaries and Benefits	1,652,138	2,475,462	1,897,852	70.9%	2,678,207
	Maintenance and Operations					
5201	Office Supplies	6,257	4,040	3,225	68.6%	4,700
5202	Operating Supplies	21,809	26,337	25,038	96.3%	26,000
5203	Fuel and Lube	43,534	49,017	32,483	89.5%	36,300
5204	Chemicals	-	4,408	2,133	35.6%	6,000
5207	Vehicle and Boat Maintenance	18,002	33,396	13,535	54.1%	25,000
5208	Equipment Maintenance	69,361	62,505	38,164	49.6%	77,000
5209	Building & Grounds Maintenance	56,517	40,523	60,321	90.0%	67,000
5210	Professional Services	51,240	19,760	13,914	38.1%	36,500
5211	Audit Services	16,196	47,868	35,398	83.4%	42,468
5213	Survey and Appraisal	-	17,500	-	0.0%	12,500
5214	Rents & Leases	3,716	4,563	4,103	58.6%	7,000
5215	Communications	8,840	12,981	9,685	96.9%	10,000
5216	Freight and Postage	1,492	2,028	511	9.3%	5,500
5217	Electricity	649,413	654,842	376,081	46.8%	803,495
5218	Water	85,913	138,976	115,823	126.5%	91,528
5219	Sewer	11,977	12,383	9,284	58.3%	15,919
5220	Refuse and Disposal	52,883	52,288	25,219	39.8%	63,300
5221	Property Insurance	88,108	106,791	116,336	100.0%	116,336
5222	Auto Insurance	9,740	10,907	11,950	103.7%	11,522
5223	Liability Insurance	77,367	86,006	100,515	122.8%	81,843
5226	Testing and Analysis	-	4,073	3,140	44.9%	7,000
5227	Advertising	4,345	6,888	2,806	40.1%	7,000
5228	Books and Subscriptions	107	-	-	0.0%	-
5231	Tools and Equipment	17,252	5,214	13,517	72.3%	18,700
5233	Computer Related Items	2,459	-	1,751	0.0%	-
5234	Record and Permits	-	-	950	23.7%	4,000
5235	Membership Dues	7,435	6,085	6,707	95.8%	7,000
5236	Transportation	12,464	2,201	4,575	114.4%	4,000
5237	Subsistence	8,765	663	901	22.5%	4,000
5238	Printing and Binding	3,993	282	-	0.0%	3,500
5248	Lobbying	21,245	20,803	17,200	41.0%	42,000
5249	Oil Spill Response	-	-	-	0.0%	1,000
5250	Camera Area Network	7,094	2,423	11,780	65.4%	18,000
5252	Credit Card Expenses	101,699	132,100	98,664	76.5%	129,000
5256	Waste Oil Disposal	18,691	39,136	23,062	51.2%	45,000
5258	Float and Ramp Repairs	43,986	15,624	4,739	19.0%	25,000

FUND 400 - PORT & HARBOR ENTERPRISE FUND COMBINED EXPENDITURES						
A/C Num.	Expenditure Categories & Descriptions	FY23	FY24	FY25 YTD ACTUAL		FY25
		7/1/22 - 6/30/23	7/1/23 - 6/30/24			7/1/24 - 6/30/25
		ACTUAL	ACTUAL	\$	%	BUDGET
5287	Electrical Supplies	1,010	-	-	0.0%	2,100
5601	Uniform	5,986	11,574	2,590	22.5%	11,500
5602	Safety Equipment	5,880	7,360	9,457	63.0%	15,000
5603	Employee Training	5,681	32,999	13,011	31.7%	41,000
5606	Bad Debt Expenses	35,622	58,210	49,693	165.6%	30,000
5608	Debt Payment-Interest	4,665	16,800	-	0.0%	-
5614	Car Allowance	-	-	1,600	0.0%	-
5624	Legal Services	-	4,388	-	0.0%	100,000
5627	Security	-	-	1,689	67.5%	2,500
5635	Software	134	3,200	2,902	72.6%	4,000
5637	Diving Services	16,045	30,945	-	0.0%	8,500
5638	Signage Parking Delineation	18,065	37,294	41,132	132.7%	31,000
	Total Maint. and Operations	1,614,987	1,825,381	1,305,583	62.1%	2,100,713
	C/O and Transfers					
5106	Leave Cash Out	57,406	73,867	-	0.0%	49,513
5241	GF Admin Fees	-	-	-	0.0%	-
5990	Transfers To	1,459,829	1,420,397	-	0.0%	1,069,064
	Total Others	1,517,235	1,494,263	-	0.0%	1,118,577
	Total	4,784,361	5,795,106	3,203,435	54.3%	5,897,497

**Fund 154 - Police Station DSF
Reconciliation**

	FY 22 Actual	FY 23 Actual	FY 24 Actual	FY 25 YTD	FY 26 Projection
Beginning Balance	832,489	1,213,963	1,621,766	2,032,027	2,779,723
Revenue					
Sales Tax	776,974	802,803	804,262	685,637	
Remaining Budgeted Sales Tax				243,623	804,262
Interest Income	-	-	-	84,765	
Transfers	-	-	-	131,170	
Total Revenue	776,974	802,803	804,262	1,145,195	804,262
Expenditures					
Debt Payment - Principal	210,000	220,000	230,000	245,000	255,000
Debt Payment - Interest	185,500	175,000	164,000	152,500	140,250
Total Expenditures	395,500	395,000	394,000	397,500	395,250
Change in Net Assets	381,474	407,803	410,262	747,695	409,012
Ending Balance	1,213,963	1,621,766	2,032,027	2,779,723	3,188,735
Principal Outstanding	3,500,000	3,280,000	3,050,000	2,805,000	2,550,000
Accrued Interest	1,059,250	884,250	720,250	567,750	427,500
Total Needed for Prepayment (5/1/30)	4,559,250	4,164,250	3,770,250	3,372,750	2,977,500
Funding Difference	(3,345,287)	(2,542,484)	(1,738,223)	(593,027)	211,235

Optional Prepayment: The Municipal Bond principal installments due on or after May 1, 2030 are subject to prepayment in whole or in part at the option of the Borough on any date on or after May 1, 2030, at a price of 100% of the principal amount thereof to be prepaid, plus accrued interest to the date of prepayment.



City of Homer

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Memorandum

TO: Mayor Lord and Homer City Council
FROM: Melissa Jacobsen, City Manager
DATE: May 20, 2025
SUBJECT: City Manager's Report for May 27, 2025 Council Meeting

Land Purchase Complete!

The City is now the official owner of the 20-acre parcel north of Hornaday Park. Thank you to all the folks that helped make that happen – what a great addition to public greenspace in Homer! City staff is coordinating with the Kachemak Heritage Land Trust (KHLT) on trail planning efforts. KHLT contacted the National Park Service (NPS), which offers a free technical assistance program for open space projects such as this. NPS responded favorably to the proposal, but is not able to take on additional projects at this time, unfortunately. It is unknown how the Reduction in Force (RIF) process will affect the NPS, but they expect some movement on this issue in the next month. Staff will follow up in June/July to see where their capacity and programs have landed.

Homer Education and Recreation Center (HERC) Brownfield Meeting

The Alaska Department of Environmental Conservation (ADEC) is providing technical assistance to the City through the Brownfields Assessment and Cleanup Program (DBAC). Consultants were here May 19-21 to finalize contaminant testing at the HERC site and from there they will develop an Analysis of Brownfield Cleanup Alternatives (ABCA). The analysis compares different cleanup methods for a Brownfield site, considering effectiveness, feasibility and cost. The ABCA is slated to be completed in August and ADEC will follow up with a public comment period.



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During their site visit, the City, ADEC staff and consultants hosted a community informational meeting regarding the HERC at the Homer Public Library on May 20, 2025 to discuss Brownfields, remediation challenges, and what is happening now at the HERC.

Kenai Peninsula Comprehensive Economic Development Strategy Update

The Kenai Peninsula Economic Development District (KPEDD) is in the process of updating the Kenai Peninsula's 5-year Comprehensive Economic Development Strategy, or CEDS. The CEDS is guided by community input and lays out long-term strategies for economic growth, job creation, infrastructure improvement, and regional adaptability. KPEDD is hosting a community meeting in Homer on May 29 to hear from Homer residents. It is from 11 AM–12 PM at the Kachemak Bay Campus at 533 E. Pioneer Ave, Homer. If you cannot attend in person, you can join virtually by scanning the QR code on the attached flier, or visit www.kpedd.org/ceds where you can provide comments online.

Reminder! Public Input Opportunity on a Proposed Community Recreation Center Site

The City Council is interested in public input on a proposed location for a new Multi-Purpose Recreation Facility. Please plan to attend the Economic Development Advisory Commission (EDC) meeting on June 13th, the Parks, Art, Recreation, and Culture Advisory Commission (PARCAC) on June 15th and/or the Planning Commission meeting on June 18th or visit the City website to provide comments online.

Safe and Healthy Kids Fair

The 32nd Annual Safe and Healthy Kids Fair was a complete success! The City of Homer involvement included staff help and equipment from the Library, Fire Department, Public Works, and Community Recreation. There was an estimated 400 plus visitors, 200 free hot dogs eaten, 85 free helmets given away, 38 vendors, 20 + volunteers, four live bands, four new bikes given away and a countless number of smiles from the kiddos.



Highland Drive

The decrease in spring rainfall has slightly slowed to rate of erosion/subsidence of the downslope side of Highland Drive. The City reduced the impacted section of the road to one lane and placed 50% load limits signs at both ends to reduce the load near the edge of this slope to reduce risk to public and the load passing over this road. The lane closure and weight limit will remain in place for the foreseeable future. The City contracted RESPEC Engineering in March to design the replacement culvert due to the complexity of the Bidarki Creek crossing. The City has received the 50% design drawings and provided feedback to RESPEC. The cost estimate was a little higher than the City expected, so we are applying some “Value Engineering” principles to the design to attempt to reduce the anticipated project costs. The final design is expected to be completed by early June and we anticipate bidding the project after receipt, providing adequate funding is available in the HART Roads Fund.

Beluga Slough Lift Station

This project is near completion and is expected to wrap up before May 30th. Once it's done, East Road Services will be re-initiating pumping operations using the lift station, removing the bypass pumping system, removing traffic control devices, restoring the asphalt path and sweeping up pathway, and demobilizing equipment.

Ohlson Lane / West Bunnell Ave

East Road Services mobilized to the site a week ago and began limited work. As they demobilize from the Beluga Slough Lift Station project, you will begin to see more activity on this project. The initial work on this project has been locating water service connections and widening Ohlson Lane to accommodate the parking lane. Efforts were temporarily paused to complete the lift station project and allow for construction materials to be shipped to Alaska.

Alaska DOT Grader Training

The State of Alaska offers annual training opportunities to communities for free. The City of Homer has capitalized on this free training by sending 3 staff members this year to the training event. The training is sponsored by the Alaska DOT, and they bring up an experienced grader training expert from the Lower 48 who is nationally recognized as one of the top trainers in the nation. This has proven to be very valuable training tool to the City of Homer and other communities around the state.

HVFD Trainings

Fire Engineer, Derek Haws and Samantha Woods, both of Homer Fire completed a 40-hour Fire Officer-1 class this week. The class was taught by Chief Kirko and 6 other firefighters from WES and KESA also completed the course.

HVFD fire personnel trained with our high pressure air bag system, performing rescue operations of a mannequin trapped under a vehicle. The event was modeled after a vehicle vs. bicyclist scenario with entrapment of the bicyclist stuck under the vehicle. Crews systematically used the heavy lift air bags to raise the vehicle straight up and off the patient allowing EMS to care for the injured patient.



Tent Camp West on the Homer Spit is Reopening

Over the last 10-15 years, the Tent Camp West area on the Homer Spit has experienced significant coastal erosion. The storm surge event in November of 2024 further accelerated this erosion, causing serious damage to Tent Camp West. Port and Harbor have been restoring the beach and were able to open the campground for Memorial Day Weekend.

City Manager Meetings and Events:

May 13th – Conversations with a Councilmember w/Councilmember Davis

May 14th – Met with folks re: demonstrations

May 15th – Met with Katheryn Schake, KBNERR, Marie McCarty, KHLT, and KPB Mayor Micciche and staff re: Kachemak Peatlands Project

May 16th – Met with USACES and HDR on Homer Harbor Expansion Project

May 19th - Met with KBBI re: Concert on the Lawn planning

May 20th - Kick off meeting with our federal lobbyist, The Ferguson Group & ADEC/Brownfields public meeting

Ongoing weekly meetings with Departments, Mayor and Councilmembers, and City Attorney

Attachments:

- Kenai Peninsula Comprehensive Economic Development Strategy Update Flyer
- Homer Harbor Expansion Project monthly report



COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

PUBLIC ENGAGEMENT

Thursday, May

29, 2025

11 AM - 12 PM

**Kachemak Bay
Campus**

"Big Room"

**533 E. Pioneer Ave
Homer, Ak 99603**

**Can't attend in person?
Join us virtually!**



What is the CEDS?

The Comprehensive Economic Development Strategy (CEDS) is a regionally-driven plan that guides economic growth and resilience across the Kenai Peninsula Borough. It's developed and led by KPEDD with input from the community.

Why it matters:

The CEDS drives long-term economic development—supporting job creation, improving infrastructure, and strengthening the region's ability to adapt and thrive.

Your voice matters:

Community involvement is key. Help shape the strategy by sharing your input and participating in the process.

Learn more or get involved at: www.kpedd.org/ceds/



WE WANT YOUR INPUT!

CEDS Outreach Opportunities

May 28th Kenai/Soldotna Joint
Chamber Luncheon CEDS
Presentation
@ Soldotna Sports Complex
12 PM - 1 PM

May 28th Soldotna City Council
Presentation @ Soldotna City Hall
6 PM

*Join virtually on the City of Soldotna website

**This digital flyer will be updated as outreach opportunities are scheduled



MEMORANDUM

City Managers Report
City Council
May 27, 2025

Homer Spit Erosion Update

Item Type: Informational Memorandum
Prepared For: Mayor and City Council
Date: May 20, 2025
From: Jenny Carroll, Special Projects and Communications Coordinator
Through: Melissa Jacobsen, City Manager and Bryan Hawkins, Port Director

Purpose: This memorandum provides the Homer Harbor Expansion Study monthly written update to Homer City Council per Resolution 23-037.

We are pleased to report that Federal funds to complete the US Army Corps of Engineers final two fiscal years of activities were secured in the Federal Fiscal Year 2025 Continuing Resolution.

The U.S. Army Corps of Engineers (USACE) Project Development Team (PDT)

Continuing study activities:

- The Geotechnical team:
 - Reviewed geophysical fieldwork results (sub-bottom profiling, hydrographic and topographic survey data) and recommended collecting eight core samples after selection of the Tentatively Selected Plan (TSP).
 - Will be coordinating the Ship Simulation, again after TSP.
 - Will continue to refine the TSP according to data and information collected in the core sampling and ship simulation, eventually bringing the TSP design to a preliminary design to be advanced in the Pre-construction, Engineering, and Design (PED) phase.
- The USACE Environmental Resources team:
 - Completed their environmental fieldwork in March.
 - Convened a meeting with the Environmental Stakeholder's Working Group on April 24, 2025 where they shared preliminary information gathered from the environmental fieldwork and solicited recommendations for Post-Construction Environmental Monitoring and Surveys related to Harbor infrastructure (e.g., breakwater, float systems) and Harbor Activities, including vessel operations and dredging operations.
- The USACE Project Development team overall is:
 - Developing cost estimates and reviewing and refining benefits calculations for the four alternatives being considered as they work toward an internal Tentatively Selected Plan Milestone Meeting on June 25, 2025.

- Conducting a preliminary review of the project alternatives using their standard Four Accounts evaluation framework. This comprehensive assessment examines the project from multiple perspectives: national economic efficiency, environmental impacts and benefits, remote and subsistence harbors, and other social considerations. The Corps will analyze how the project performs across these four accounts to ensure that their decisions consider not just economic factors, but also environmental stewardship and community impacts when arriving at a TSP recommendation.

HDR – Owner Representative:

- Presented the In-Person Quarterly Report to City Council on April 28, 2025.
- Attended twice-monthly USACE Project Development Team meetings and twice-monthly meetings with City.
- Joined City of Homer representatives to discuss the Homer Harbor Expansion study on KBBi public radio's May 14, 2025 Coffee Table program. If you were not able to listen live, a recording will be posted at <https://www.kbbi.org/show/coffee-table>.
- Provides communications support as-needed; keeps [Homer Harbor Expansion website](#) updated.
- Is coordinating with a contracted firm to schedule and conduct geotechnical core sampling which will occur later in the summer, after the TSP and the approximate basin size, configuration and location are determined.

City of Homer staff:

- Attended twice-monthly USACE Project Development Team meeting and twice-monthly meetings with HDR.
- Met in person with USACE on May 16 to discuss steps the US Army Corps of Engineers is taking to reach a Tentatively Selected Plan as described above.
- Discussed the Homer Harbor Expansion General Investigation on KBBi public radio's May 14 Coffee Table program.
- Ongoing communications/outreach: Information and updates about the study are being disseminated through the [Homer Harbor Expansion website](#), the City's quarterly newsletter, the [City of Homer Facebook](#) and [Instagram](#) pages and through HHE email subscriber list as needed.

RECOMMENDATION:

Informational Only.