



## **Homer City Hall**

491 E. Pioneer Avenue

Homer, Alaska 99603

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

# **City of Homer Agenda**

## **City Council Worksession**

**Monday, September 09, 2019 at 4:00 PM**

**City Hall Cowles Council Chambers**

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

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

### **DISCUSSION TOPIC(S)**

A. Fund Balance 101

### **COMMENTS OF THE AUDIENCE** (3 minutes)

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

Next Regular Meeting is Monday, September 23, 2019 at 6:00 p.m., Worksession 4:00 p.m. Committee of the Whole at 5:00 p.m. and a Worksession September 16, 2019 3:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.



## City of Homer

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## Office of the City Manager

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## Memorandum

TO: Mayor Castner and City Council  
FROM: Katie Koester, City Manager  
DATE: September 4, 2019  
SUBJECT: 2019 Budget Status

The purpose of this memo is to provide an update on the status of revenue sources for the General Fund in 2019. The tables below detail the City's 2019 revenue projections from Sales Tax and Real Property Taxes which combined make up over 75% of General Fund revenue.

### Property Tax

The 2019 General Fund Revenue projected \$3,075,573 in revenue from Real Property Taxes. The assessed value for 2019 has not been finalized, but based on the preliminary values the City is due approximately \$275,647 more than the 2019 budget projected. Keep in mind actual amount collected will likely be lower reflecting the difference between the amount billed and the amount collected by the Borough.

Real Property Tax projections for 2019:

Taxable values in the COH for 2019	\$744,715,500
CoH receives 4.5 mills of taxable values	\$3,351,220
CoH 2019 budget	\$3,075,573
Estimated additional revenue over budget	\$275,647

### Sales Tax

The Borough provided the attached table reflecting Sales Tax Revenues from January 1 - June 30, 2019.

	Jan. 1, 2019 - June 30, 2019	Jan. 1, 2018 - June 30, 2018	Jan. 1, 2017 - June 30, 2017	Jan. 1, 2016 - June 30, 2016
COH taxable sales for Jan. 1 - June 30	\$84,727,675	\$83,546,845	\$78,874,479	\$77,637,293
Percentage increase from previous year	1.41%	5.92%	1.59%	

### Charges for Services

Year to date, we are behind in charges for services due primarily to the bankruptcy of the company who performed ambulance billing for the City. A new contract has been awarded and we anticipate an influx of funds in the second half of 2019, with some revenue carrying over to 2020 in that line item. Camping revenue has also experienced a decline in 2019.

**Are we on track for 2019? Yes.**

Keep in mind a large portion of sales tax revenue will come in the 3<sup>rd</sup> quarter, July and August when visitorship peaks. According to the Borough, taxable sales are consistently 20% higher during second half of the year when compared to January – June. Using this model, we estimate revenue will be slightly over our 2019 budget for sales tax.

<b>Sales tax estimates based on 1<sup>st</sup> &amp; 2nd quarter sales and applying 20% increase in sales for second half of 2019</b>	
Estimated taxable sales for 2019	\$186,400,885
3.0% to General Fund	\$5,592,027
2019 sales tax budget	\$5,355,237
Estimated additional revenue over budget	\$236,790

Enc:

2019 Real Property Values

1<sup>st</sup> and 2<sup>nd</sup> Quarter Sales Tax Revenue and Historical Analysis

2019 Budget General Fund Revenue Pie Chart

Memo from Mayor Castner RE: Effect of Fires on COH Budgeted Income from Sales Tax

# GRM Live 2019 REAL PROPERTY TAG 20 SUMMARY

## CERTIFIED VALUES

(Excludes Oil Accounts)

		ASSESSED VALUES	KPB	CITY
Total Accounts	4,399	Total Ass'd Land	364,936,800	364,936,800
Total Acreage	15,216.89	Total Ass'd Improvements	934,136,300	934,136,300
		Total Ass'd Real Property	1,299,073,100	1,299,073,100

### EXEMPTIONS

MANDATORY EXEMPTIONS		Count	KPB Value	City Value
400	Government Exempt Value	276	386,912,000	386,912,000
402	University Exempt Value	2	6,977,900	6,977,900
404	Religious Exemption	25	15,946,400	15,946,400
406	Charitable Exempt Value	42	12,299,100	12,299,100
408	Hospital Exempt Value	1	4,682,200	4,682,200
410	State Educational Exempt Value	8	937,000	937,000
411	Armed Forces Agency Exempt Value	1	209,100	209,100
412	Senior Mandatory Exempt Value	556	79,860,800	79,860,800
413	Veteran Mandatory Exempt Value	17	2,461,400	2,461,400
415	ANCSA Native Exempt Value	1	436,800	436,800
420	Electric CoOp Exempt Value	4	4,206,400	4,206,400
422	Clerks Deed	1	92,600	92,600
Total Tag20:		934	515,021,700	515,021,700

OPTIONAL EXEMPTIONS		Count	KPB Value	Count	City Value
451	OP Residential Boro Exemption	943	45,117,000	0	0
452	OP 20k City Residential Exemption	0	0	1,193	23,528,800
453	OP Community Purpose Exempt Value	30	15,727,100	0	15,727,100
462	OP Senior Resident >150k Exempt Value	490	54,222,400	0	0
463	OP Disabled Veteran >\$150k Exempt Value	14	2,421,700	0	0
465	OP Volunteer FF/EMS Exemption 1	7	70,000	7	0
468	OP Volunteer FF/EMS Exemption 1 City	0	0	0	80,000
Total Tag20:		1,484	117,558,200	1,200	39,335,900

**TAG 20 Totals:** 2,417 632,579,900 1,200 554,357,600

### TAXABLE VALUE

TOTAL ASSESSED VALUE	1,299,073,100	1,299,073,100
TOTAL EXEMPTIONS	632,579,900	554,357,600
TOTAL TAXABLE	666,493,200	744,715,500

### DEFERMENTS AND TAX CREDITS - TAG 20

VT	Count	Description	Value
<b>DEFERMENTS</b>			
170	2	Agricultural Deferral Value Loss	80,600
171	10	Conservation Easement Value Loss	415,000
	12	<b>TAG Total DEFERMENTS</b>	495,600
<b>TAX CREDITS</b>			
550	18	Disabled Resident \$500TAX CREDIT Borough	0
	18	<b>TAG Total TAX CREDITS</b>	0

**GRM Live 2019 REAL PROPERTY TAG 82 SUMMARY**  
**CERTIFIED VALUES**  
**(Excludes Oil Accounts)**

		ASSESSED VALUES	KPB	CITY
Total Accounts	14	Total Ass'd Land	1,046,300	1,046,300
Total Acreage	10.83	Total Ass'd Improvements	2,558,300	2,558,300
		Total Ass'd Real Property	<b>3,604,600</b>	<b>3,604,600</b>

**EXEMPTIONS**

MANDATORY EXEMPTIONS		Count	KPB Value		City Value
400	Government Exempt Value	2	4,700		4,700
412	Senior Mandatory Exempt Value	4	483,400		483,400
	Total Tag82:	6	488,100		488,100
OPTIONAL EXEMPTIONS		Count	KPB Value	Count	City Value
451	OP Residential Boro Exemption	4	200,000	0	0
452	OP 20k City Residential Exemption	0	0	0	100,000
462	OP Senior Resident >150k Exempt Value	3	404,300	0	0
	Total Tag82:	7	604,300	0	100,000
	<b>TAG 82 Totals:</b>	13	<b>1,092,400</b>	0	<b>588,100</b>

**TAXABLE VALUE**

TOTAL ASSESSED VALUE	3,604,600	3,604,600
TOTAL EXEMPTIONS	1,092,400	588,100
TOTAL TAXABLE	<b>2,512,200</b>	<b>3,016,500</b>

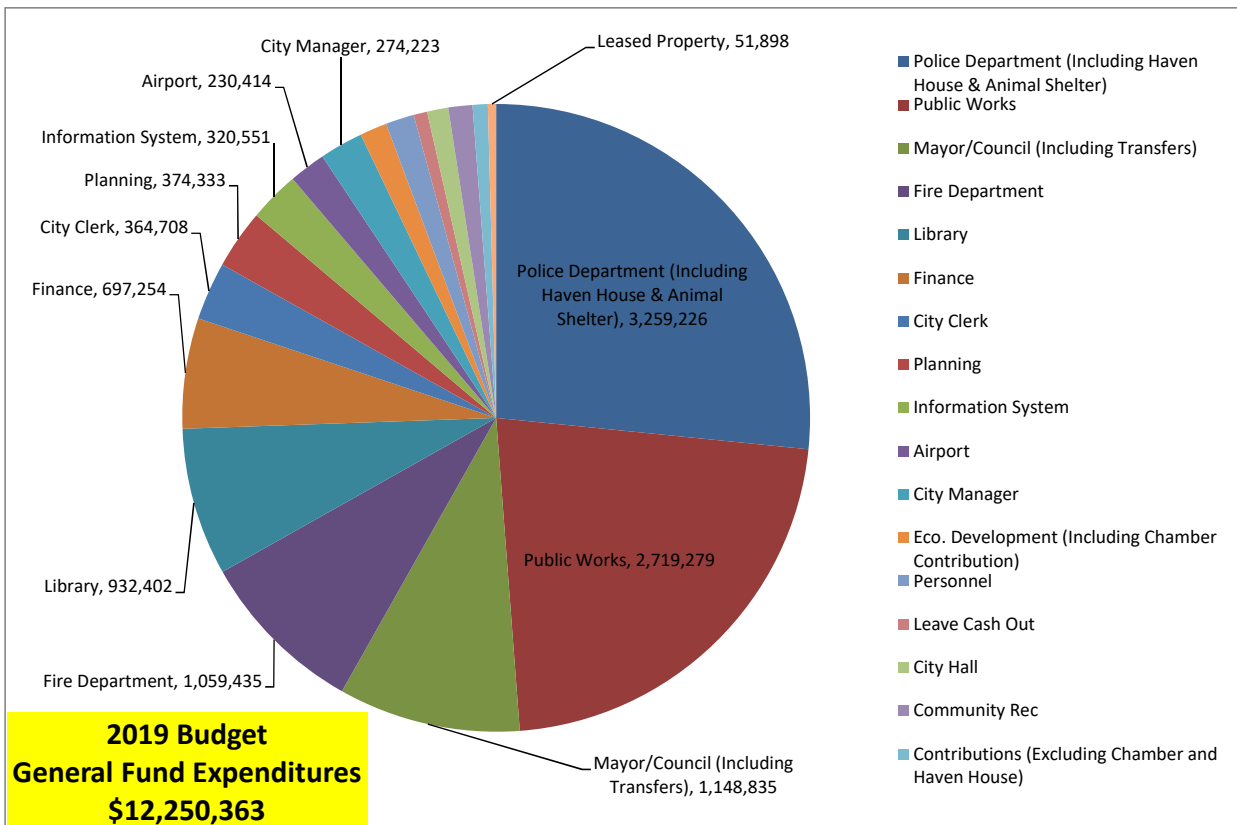
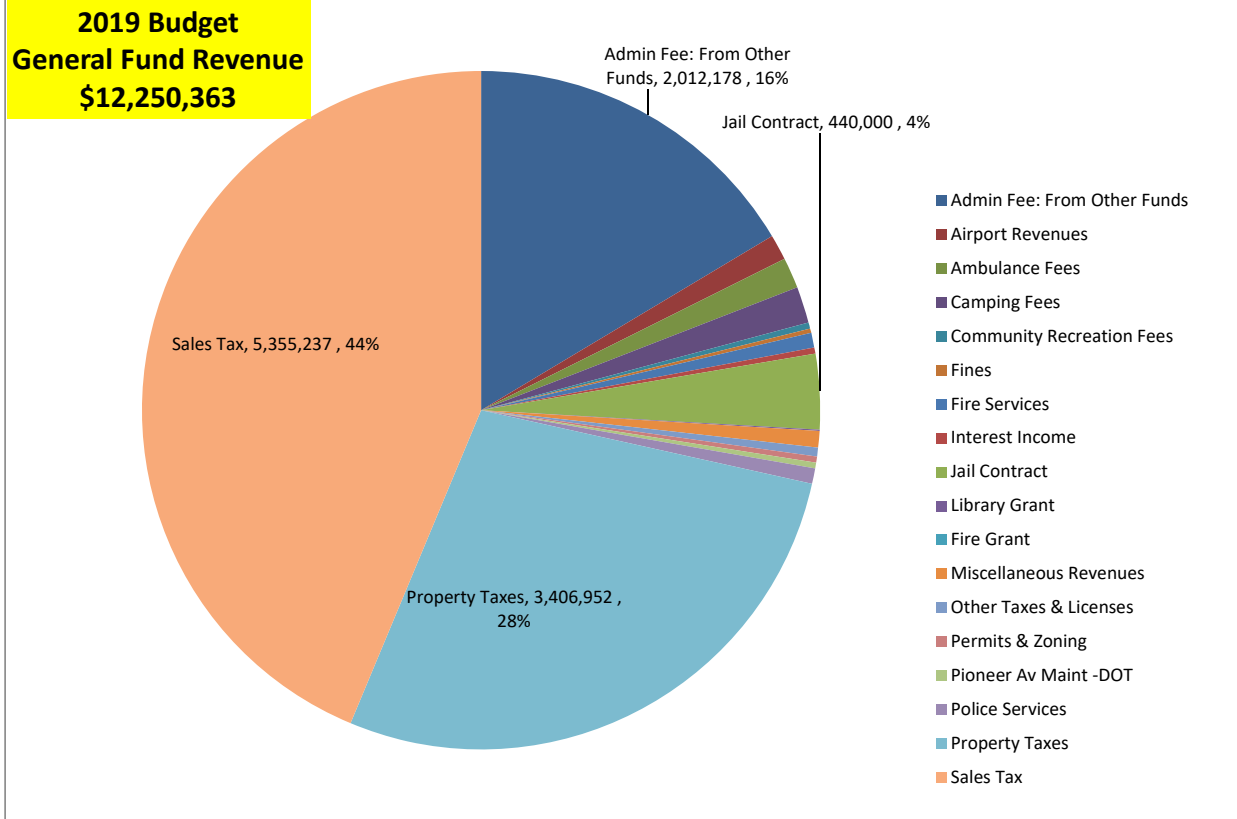
**DEFERMENTS AND TAX CREDITS - TAG**

VT      Count      Description      Value

**TAG Total**

<b>City of Homer</b>						
Taxable Sales by Line of Business						
For the period of Jan. 1st - June 30th and comparing the same time period to previous years						
	<b>Jan 2019 - June 2019</b>	<b>Jan 2018 - June 2018</b>	<b>Jan 2017 - June 2017</b>	<b>Jan 2016 - June 2016</b>	<b>% Change 1 year</b>	<b>% Change 4 year</b>
ADMINISTRATIVE, WASTE MAN	\$347,863	\$359,514	\$518,134	\$532,260	-3%	-35%
AGRICULTURE, FORESTRY, FI	\$795,833	\$237,563	\$159,497	\$114,146	235%	597%
ARTS AND ENTERTAINMENT	\$798,688	\$750,756	\$582,603	\$516,543	6%	55%
CONSTRUCTION CONTRACTING	\$687,061	\$725,104	\$900,594	\$850,309	-5%	-19%
EDUCATIONAL SERVICES	\$115,144	\$116,553	\$123,375	\$117,134	-1%	-2%
FINANCE AND INSURANCE	\$60,171	\$53,205	\$43,184	\$33,594	13%	79%
GUIDING LAND	\$123,664	\$105,778	\$94,324	\$65,640	17%	88%
GUIDING WATER	\$3,161,469	\$2,948,815	\$2,475,511	\$2,528,756	7%	25%
HEALTHCARE AND SOCIAL ASST	\$161,153	\$175,952	\$203,797	\$121,794	-8%	32%
HOTEL/MOTEL/B & B	\$6,000,892	\$5,912,739	\$6,092,358	\$6,475,528	1%	-7%
INFORMATION	\$1,962,904	\$2,034,658	\$2,300,537	\$2,397,511	-4%	-18%
MANAGEMENT OF COMPANIES	\$126,214	\$0	\$0	\$0	100%	100%
MANUFACTURING	\$884,374	\$780,709	\$690,701	\$677,737	13%	30%
MINING/QUARRYING	\$1,300	\$0	\$0	\$0	100%	100%
PROFESSIONAL, SCIENTIFIC	\$1,429,658	\$1,447,632	\$1,403,038	\$1,428,337	-1%	0%
PUBLIC ADMINISTRATION	\$2,262,165	\$2,243,709	\$2,410,562	\$1,598,846	1%	41%
RENTAL COMMERCIAL PROPERT	\$296,330	\$155,050	\$128,000	\$101,663	91%	191%
RENTAL NON-RESIDENTAL PRO	\$322,054	\$331,373	\$309,140	\$297,380	-3%	8%
RENTAL SELF-STORAGE & MINI	\$490,278	\$498,494	\$449,687	\$546,486	-2%	-10%
RENTAL PERSONAL PROPERTY	\$362,465	\$358,843	\$318,274	\$288,829	1%	25%
RENTAL RESIDENTAL PROPERT	\$2,636,993	\$2,784,832	\$2,624,580	\$2,612,255	-5%	1%
RESTAURANT/BAR	\$9,835,194	\$9,875,268	\$8,799,771	\$9,149,841	0%	7%
RETAIL TRADE	\$40,476,484	\$39,812,762	\$37,334,580	\$37,030,483	2%	9%
SERVICES	\$4,220,853	\$4,662,851	\$4,150,600	\$4,049,566	-9%	4%
TELECOMMUNICATIONS	\$746,510	\$920,913	\$840,548	\$785,098	-19%	-5%
TIMBERING	\$505	\$0	\$0	\$0	100%	100%
TRANSPORTATION AND WAREHO	\$1,081,790	\$1,030,799	\$920,805	\$806,507	5%	34%
UTILITIES	\$4,618,455	\$4,503,620	\$4,314,867	\$3,843,017	3%	20%
WHOLESALE TRADE	\$687,444	\$680,636	\$576,438	\$571,908	1%	20%
Grand Totals	\$84,727,675	\$83,546,845	\$78,874,479	\$77,637,293	<b>1.41%</b>	<b>9.13%</b>

**City of Homer  
2019 Operating Budget**





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Office of the Mayor

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## Memorandum

TO: Katie Koester, City Manager  
FROM: Mayor Castner  
DATE: August 29, 2019  
SUBJECT: Effects of Fires on CoH Budgeted Income from Sales Tax

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On Monday night, the City Council spoke about anecdotal evidence of a severe loss of normal August business activity due to the road closures between Anchorage and Homer. While the effective loss of sales tax is unknown until the third quarter accounting and disbursement is made by the Borough, we should be prepared for a short-fall that would require a fund transfer to prevent deficit spending in the following and final quarter.

This is a good time to look at the application of the Emergency Fund. I think the easy path would be to cover the short-fall from the General Fund – Fund Balance, but I would argue that the correct path is to take the money out of the Emergency Fund and replenish the Emergency Fund in the 2020 budget.

By doing this the Council will be exposed to the exigencies of emergency appropriation – a policy matter that needs some further review. They might say there is no rush to resolve the accounting, and we are obligated to cover our expenses. That's all true but belies the fact of a “de facto” administrative transfer without Council consent. The path of funding should be transparent and correct.

We won't know until October, but I wanted to advance the notion to you early so you could give it some consideration.