



Agenda

City Council Worksession

Monday, October 28, 2024 at 4:00 PM

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

Homer City Hall

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

Zoom Webinar ID: 965 8631 4135 Password: 792566

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

CALL TO ORDER, 4:00 P.M.

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

DISCUSSION TOPIC(S)

- a. Land Allocation Plan
- [b.](#) FY26/27 Budget Priorities

Memorandum CC-24-227 from City Manager as backup.

COMMENTS OF THE AUDIENCE (3 minutes)

ADJOURNMENT NO LATER THAN 4:50 P.M.

The next Regular Meeting is Monday, November 12, 2024 at 6:00 p.m., Committee of the Whole at 5:00 p.m. A Special Meeting is schedule at 3:30 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.



MEMORANDUM

FY26/27 Budget Priorities

Item Type: Informational Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: October 23, 2024
From: Melissa Jacobsen, City Manager

This is our first session in planning for the FY26/27 budget and I'd like to share some of the things I am thinking of in preparing for the draft FY26/27 budget.

Tax Revenue

In 2020 we saw a large increase in sales tax as COVID shut down travel and Alaskans stayed "home" for vacations and moving around in state during the summer. Unfortunately, those trends are changing and sales tax revenue to the City has been on the decline. Property taxes have been up with the new development that's been going on and that has helped to offset the loss of sales tax, but overall there is still a decline in tax revenue overall. For FY26/27 we'll have to sharpen our pencils to come up with a realistic revenue projection to build our budget on.

Deferred Maintenance

From rolling stock to aging infrastructure, things are breaking down and some departments are running out of space as we grow. We've seen several instances of unbudgeted expenditures due to necessary repairs and maintenance. The City Manager's office has sent deferred maintenance worksheets out to departments, and Public Works is developing a fleet replacement schedule. We will bring this information to Council and schedule budget priority work sessions with departments and divisions as we work through the budgeting process.

- Discuss work session scheduling for January/February
 - Public Works
 - Homer Volunteer Fire Department
 - Port
 - Homer Police Department
 - Library
 - Administration – CM/Clerks/Finance/Community Development

Restricted Fund Balance for Emergency Use

Ordinance 19-35(S)(A) adopted several code amendments in Title 3, Budget, including HCC 3.05.049(b) establishing within the fund balance an amount equal to four months of revenue for the current fiscal year that is restricted to emergency use only. The current restricted balance for emergency use for FY25 is approximately \$5.5 million.

- Does Council want to revisit the restricted fund balance and consider a code amendment
 - Amending the “equal to four months”?
 - Establishing a dollar threshold or percentage?
 - Leave it as is?

I also recognize that we didn’t have an opportunity for a Council strategic planning or visioning session this year, so I’ve included a look back on what Council priorities were back in 2020 and 2022. Completed items are highlighted blue and in progress are orange.

2022 Council Priorities

Fiscal Policy Improvements					
Comprehensive Plan Fast Forward		Zoning Code Modernization		Building Code Adoption and Implementation	
Expansion of Sidewalks and Trails			Water and Sewer Expansion		
Housing Challenges			Emergency Preparedness and Training		
Public Safety Conversations	Volunteer Action Plan	Coast Guard City Designation	Harbor Float Replacements	Recreation Priorities and Planning	Cybersecurity Improvements

2020 Council Initiated Priorities

HERC Demolition/Community Recreation Center			Storm Water Management Plan and Implementation		
Climate Action Plan			Wayfinding/Streetscape		
Water and Sewer Policy	Reserve Funding (Water and Sewer)	Election Code	City Council Operating Manual	Procurement Policy	
Funding for Large Vessel Harbor Study					

Good progress has been made in moving forward on past priorities and I’ll work to have updates on the items in process by meeting time.

Please plan to share which of these priorities still resonate with you, and what priorities are high on your list currently?

When thinking about new priorities and potential revenue declines, what are you willing to put aside to move a new priority forward?