



## Agenda

### City Council Worksession

Monday, February 09, 2026 at 4:00 PM

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

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#### Homer City Hall

491 E. Pioneer Avenue  
Homer, Alaska 99603  
[www.cityofhomer-ak.gov](http://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

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#### 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. Mid-Biennium Budget Discussions

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

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

Next Regular Meeting is Monday, February 23, 2026, at 6:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

FY26/27 Mid-Biennium Budget  
Worksession 02/09/26



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## Talking Points

- Supplemental Emergency Medical Transport (SEMT) Program
- FY26/27 Mid-Biennium Budget Schedule
- Water/Wastewater Infrastructure Discussion
- Water/Sewer Rate Considerations
- Wrap Up / Questions



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## Supplemental Emergency Medical Transport (SEMT) Program

- Voluntary program that allows eligible Medicaid providers to voluntarily submit annual reports to be reimbursed Medicaid supplemental payments
  - Supplemental payments are “the federal portion of the difference between the provider’s cost per transport and the payment the provider has already received in fee-for-service Medicaid payments and any other source of reimbursement”.
- Annual cost reports are submitted to the State of Alaska, Dept of Health
- Administrative Fee due by June 15 each year of participation
  - Fee is calculated by multiplying flat rate by number of provider’s SEMT-eligible transports.

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## SEMT Payments

Two payments types received through this voluntary program:

- Interim Payment – by end of the second quarter following the submission of the annual report
- Final Settlement – completed within three years of receiving the report.
  - The Department will either issue a final supplemental funds payment or recover any payments exceeding provider’s cost.

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## FY24 SEMT Payment

- FY24 annual report was due by November 30, 2024
  - City was granted extensions through April 30, 2025
- City of Homer received an interim payment of \$10,878
- Final settlement will be completed by April 30, 2028

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## How to Utilize SEMT Payments?

- Per the State regarding stipulations on the use of the reimbursement:
  - "The State Plan Amendment (SPA) and the Alaska Administrative Code (7 AAC 145.750) do not contain any stipulations for the use of the reimbursement."
- Utilization Plan:
  - Receive as revenue into General Fund and transfer those funds into Fire Fleet CARMA to assist with maintenance/repair costs associated with that fleet. Establish policy to formalize process.

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## FY26/27 Mid-Biennium Budget Schedule

| Dates                      | Event  |
|----------------------------|--|
| 8/11/2025                  | Preliminary Mid-Biennium Budget Development Schedule delivered to Council                            |
| 11/10/2025                 | Worksession - Mid-Biennium Budget  |
| 1/12/2026                  | Regular Meeting - Public Hearing - Mid-Biennium Budget Development Schedule delivered to Council     |
| Beginning of December 2025 | Begin Mid-Biennium Budget conversations with departments   |
| 2/9/2026                   | Worksession - Reserved for Budget Discussions  |
| 2/23/2026                  | Worksession - Reserved for Budget Discussions  |
| 4/27/2026                  | City Manager's Proposed Mid-Biennium Budget and Utility Rate Model to Council                        |
| 5/11/2026                  | Committee of the Whole, Council to discuss mid-biennium budget                                       |
|                            | Regular Meeting - to introduce Budget Ordinance and Fee/Tariff Ordinances                            |
| 5/26/2026                  | Committee of the Whole, Council to discuss mid-biennium budget                                       |
|                            | Regular Meeting - Public Hearing   |
| 6/8/2026                   | Regular Meeting - Public Hearing & Adopt FY26/27 Mid-Biennium Budget and Utility Rate Model for FY27 |

### City Council Dates:

- Feb 2026 – Budget Worksessions
- April 27, 2026 – Mid-Biennium Budget to Council
- May/June 2026 – Discuss/adopt Mid-Biennium Budget

### Other areas needing discussion:

- Utility rate model
- Capital spending/prioritization of needs
- Financial Policies/Best Practices
- Anything else??



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## Water/Wastewater Infrastructure Values

| Water Capital Infrastructure | Units               | Unit Rate   | Current Replacement Value |
|------------------------------|---------------------|-------------|---------------------------|
| Water Mains                  | 282,587 linear feet | \$700       | \$197,810,900             |
| Fire Hydrants                | 332 each            | \$20,000    | \$6,640,000               |
| Pressure Reducing Stations   | 29 each             | \$200,000   | \$5,800,000               |
| Pressure Boosting Stations   | 3 each              | \$200,000   | \$600,000                 |
| Raw Water Pump Station       | 1 each              | \$3,000,000 | \$3,000,000               |
| Water Storage Tanks          | 4 each              | \$1,250,000 | \$5,000,000               |
| Water Treatment Plant        | 1 each              |             | \$20,000,000              |
|                              |                     |             | \$238,850,900             |

| Wastewater Capital Infrastructure | Units               | Unit Rate | Current Replacement Value |
|-----------------------------------|---------------------|-----------|---------------------------|
| Wastewater Collection Pipe        | 291,456 linear feet | \$400     | \$116,582,400             |
| Wastewater Force main Pipe        | 61,248 linear feet  | \$300     | \$18,374,400              |
| Wastewater Force main Pipe        | 61,248 linear feet  | \$300     | \$18,374,400              |
| Sanitary Sewer Manholes           | 731 each            | \$10,000  | \$7,310,000               |
| Wastewater Lift Stations          | 9 each              | \$800,000 | \$7,200,000               |
| Wastewater Treatment Plant        | 1 each              |           | \$20,000,000              |
|                                   |                     |           | \$187,841,200             |

Current Replacement Values are in 2025 dollars



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## Water/Wastewater Capital Infrastructure Investments Schedule

## Water

|   | YEARS               |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2025 to 2035        | 2035 to 2045        | 2045 to 2055        | 2055 to 2065        | 2065 to 2075        | 2075 to 2085        |
| Water Mains                                       | \$45,496,507        | \$45,496,507        | \$33,627,853        | \$21,759,199        | \$25,715,417        | \$25,715,417        |
| Fire Hydrants                                     | \$2,500,000         | \$1,580,000         | \$1,620,000         | \$980,000           | \$1,620,000         | \$580,000           |
| Pressure Reducing Stations                        | \$1,000,000         | \$1,000,000         | \$1,000,000         | \$1,000,000         | \$1,000,000         | \$800,000           |
| Pressure Boosting Stations                        | \$200,000           | \$0                 | \$200,000           | \$0                 | \$200,000           | \$0                 |
| Raw Water Pump Station                            | \$3,000,000         | \$0                 | \$0                 | \$3,000,000         | \$0                 | \$0                 |
| Water Storage Tanks                               | \$1,250,000         | \$1,250,000         | \$1,250,000         | \$0                 | \$1,250,000         | \$0                 |
| Water Treatment Plant                             | \$3,450,000         | \$3,450,000         | \$3,450,000         | \$3,450,000         | \$3,450,000         | \$3,450,000         |
| <b>Investment over 10-years</b>                   | <b>\$56,896,507</b> | <b>\$52,776,507</b> | <b>\$41,147,853</b> | <b>\$30,189,199</b> | <b>\$33,235,417</b> | <b>\$30,545,417</b> |
| <b>Suggested Investment annually (Calculated)</b> | <b>\$5,689,651</b>  | <b>\$5,277,651</b>  | <b>\$4,114,785</b>  | <b>\$3,018,920</b>  | <b>\$3,323,542</b>  | <b>\$3,054,542</b>  |

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## Wastewater

|   | YEARS               |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2025 to 2035        | 2035 to 2045        | 2045 to 2055        | 2055 to 2065        | 2065 to 2075        | 2075 to 2085        |
| Wastewater Collection Pipe                        | \$24,482,304        | \$13,989,888        | \$45,467,136        | \$9,326,592         | \$15,155,712        | \$8,160,768         |
| Wastewater Force main Pipe                        | \$6,125,000         | \$6,125,000         | \$6,125,000         | \$6,125,000         | \$6,125,000         | \$6,125,000         |
| Sanitary Sewer Manholes                           | \$1,535,100         | \$877,200           | \$2,850,900         | \$584,800           | \$950,300           | \$511,700           |
| Wastewater Lift Stations                          | \$4,800,000         | \$800,000           | \$0                 | \$800,000           | \$1,600,000         | \$0                 |
| Wastewater Treatment Plant                        | \$3,000,000         | \$3,000,000         | \$3,000,000         | \$3,000,000         | \$3,000,000         | \$3,000,000         |
| <b>Investment over 10-years</b>                   | <b>\$39,942,404</b> | <b>\$24,792,088</b> | <b>\$57,443,036</b> | <b>\$19,836,392</b> | <b>\$26,831,012</b> | <b>\$17,797,468</b> |
| <b>Suggested Investment annually (Calculated)</b> | <b>\$3,994,240</b>  | <b>\$2,479,209</b>  | <b>\$5,744,304</b>  | <b>\$1,983,639</b>  | <b>\$2,683,101</b>  | <b>\$1,779,747</b>  |



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## Water/Sewer Rate Considerations

- Per the City's schedule, we should be contributing/spending roughly \$9.7M each year towards infrastructure for the next ten years.
  - Current combined Water/Sewer CARMA balance is \$2.1M
- The City is relying on outside sources to fund major infrastructure repairs/replacements. Outside funding is becoming more difficult to source.
- Research found that Kenai and Wasilla communities utilize minimum monthly fees, which are determined based on a 3-bedroom, 4-person household.
- Resolution 23-048(S)(A) adopted Utility Financial/Rate Setting Policies
  - At minimum, rate model is to be reviewed every 5 years (due in 2028)

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## Wrap Up

- Next up:
  - FY26/27 Budget Worksession – February 23<sup>rd</sup>
  - FY26 2<sup>nd</sup> Quarter Report – March 9<sup>th</sup>
- Any Questions?

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