



Agenda

City Council Worksession

Monday, February 09, 2026 at 4:00 PM

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

Homer City Hall

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

Zoom Webinar ID: 965 8631 4135 Password: 792566

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

CALL TO ORDER, 4:00 P.M.

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

DISCUSSION TOPIC(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.

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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 Forcemain Pipe	61,248 linear feet	\$300	\$18,374,400
Wastewater Forcemain 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
Investment over 10-years	\$56,896,507	\$52,776,507	\$41,147,853	\$30,189,199	\$33,235,417	\$30,545,417
Suggested Investment annually (Calculated)	\$5,689,651	\$5,277,651	\$4,114,785	\$3,018,920	\$3,323,542	\$3,054,542

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 Forcemain 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
Investment over 10-years	\$39,942,404	\$24,792,088	\$57,443,036	\$19,836,392	\$26,831,012	\$17,797,468
Suggested Investment annually (Calculated)	\$3,994,240	\$2,479,209	\$5,744,304	\$1,983,639	\$2,683,101	\$1,779,747

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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 23rd
 - FY26 2nd Quarter Report – March 9th
- Any Questions?

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