

HOMER CITY COUNCIL  
491 E. PIONEER AVENUE  
HOMER, ALASKA  
[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)



**WORKSESSION**  
**4:00 P.M. TUESDAY**  
**MARCH 5, 2019**  
**CITY HALL CONFERENCE ROOM**

MAYOR KEN CASTNER  
COUNCIL MEMBER DONNA ADERHOLD  
COUNCIL MEMBER HEATH SMITH  
COUNCIL MEMBER TOM STROOZAS  
COUNCIL MEMBER SHELLY ERICKSON  
COUNCIL MEMBER CAROLINE VENUTI  
COUNCIL MEMBER RACHEL LORD  
CITY ATTORNEY HOLLY WELLS  
CITY MANAGER KATIE KOESTER  
CITY CLERK MELISSA JACOBSEN

### **WORKSESSION AGENDA**

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

Mayor Castner and Councilmembers Aderhold and Stroozas request excusal.

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

**3. LEGISLATIVE UPDATE (4:00-4:50 p.m.)**

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**4. CITY WATER EXTENSION DISCUSSION WITH KACHEMAK CITY MAYOR AND COUNCIL (5:00 p.m.)**

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**5. COMMENTS OF THE AUDIENCE**

**6. ADJOURNMENT**

Next Regular Meeting is Monday, March 11, 2019 at 6:00 p.m., Special Meeting at 4:00 p.m. and Committee of the Whole at 5:00 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

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

## Office of the City Manager

491 East Pioneer Avenue  
Homer, Alaska 99603

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### Memorandum

TO: Mayor Castner and Homer City Council  
FROM: Katie Koester, City Manager  
DATE: February 28, 2019  
SUBJECT: Legislative Worksession March 5 - Outline

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The purpose of this memo is to organize conversation and outline the goals and objectives for the Legislative worksession scheduled March 5, 2019.

The central issue facing the Legislature and the State of Alaska is the Governor's proposed budget and the impacts it would have on Alaskans. This topic will dominate our conversation throughout the Legislative session. Alaska Municipal League has asked each community to prepare a Municipal Impact Statement, following a template they provided, and also host a community meeting on or around March 9<sup>th</sup>. Objectives I would like to accomplish during the March 5 Legislative worksession include:

1. Review and amend letter to Governor and Legislature based on AML template to have a document that can come before the body at the March 11<sup>th</sup> City Council meeting.
2. Discuss hosting a community meeting. If, when, and what topics would be covered (or determine if that goal has been accomplished with Representative Vance's March 1<sup>st</sup> visit).
3. Discuss the attached Kenai Peninsula Borough resolution regarding the petroleum property tax; the Borough plans to introduce this resolution March 5.
4. Discuss next steps for Resolution 19-013, supporting the University of Alaska and the Kachemak Bay Branch of the Kenai Peninsula College.
5. Discuss upcoming scheduling. Council has asked for bi-monthly Legislative worksessions. Please confirm if 4pm the Tuesday following the week of each City Council is a good time for members. Any discussion on topics for the next meeting will be helpful so they can be properly noticed and researched by staff.

Keep in mind, AML has requested additional lobbying trips by members as the session progresses. It promises to be a busy, interesting and long Legislative session.

Enc:

Email from AML requesting municipal impact statement and community meetings

Draft AML municipal impact statement for City of Homer

Draft Homer City Council letter to Governor and Legislature RE: municipal impact statement

2017 Homer City Council letter to Governor Walker and Legislature

KPB Resolution 2019-023

Resolution 19-013

Councilmember Aderhold AML trip report



**From:** [AML](#)  
**To:** [Katie Koester](#)  
**Subject:** Municipal Impact and Town Hall Meetings  
**Date:** Monday, February 25, 2019 1:36:00 PM



Dear AML and ACoM members,

Thanks again to everyone who could attend last week's meetings here in Juneau. It was a productive visit.

AML was tasked with developing a proposed plan for the town hall meetings, which would be led by every mayor. **Below is for your review and use:**

Alaska's mayors are hosting mayor-led conversations with communities around the state. These meetings will focus on the potential impact of the FY20 proposed budget to local governments and communities.

Mayors will provide some background for community members about what cost-shifting by the State will mean for each municipality, as well as indirect impacts to the community.

Public testimony is encouraged, and should focus on opposition/support of the proposed budget, and feedback on proposed trade-offs.

**Trade-offs**, as part of the mayor's presentation, you may consider including:

- Overall budget (AML will try to get you a basic version that you can add to)
  - Payout of full – and past – Permanent Fund Dividend (= to entire “deficit”)
  - Refusal to consider broad-based taxes (income, flat or sales, all of which would additionally capture revenue from out of state visitors and workers)
  - Unequal fulfillment of debt payments – oil tax credits but not school debt reimbursements
  - Removing resource sharing from petroleum and fisheries
  - Eliminate the Alaska Marine Highway System
  - 25% reduction in education, reduction in Medicaid, reduction in University
- Municipal impact (this is entirely up to you how you approach)
  - Reduction in services – reduce number of municipal employees
  - Across the board reductions – public safety, public works, administration
  - Elimination of quality of life programs – parks, libraries, pools, etc.
  - Increase or decrease in local education contribution
  - Increased taxes

**Date:** We suggest hosting these on **March 9**, if possible, or as close to that day as possible.

**Report:** Please have someone take notes, or record by video if possible, and deliver to your legislator and AML as soon as you can. AML will try to pull together a full report representative of participating communities.

**We also were asked to develop a template for a "municipal impact statement." Please download your statement from the folder linked below:**

- <https://www.dropbox.com/sh/k5vrcpme5udh7qw/AABn3lNdGdBGiZdn84QZDLT6a?dl=0>

These are based on a number of different publicly available datasets, so please update as you see fit. Feel free to revise the numbers you want to emphasize, but most importantly help us fill out the bottom half of the document, where you would list different impacts to the local government and community.

Please don't hesitate to call with questions or concerns. We're here to support you and advocate in your interests.

Sincerely,

Nils Andreassen  
Alaska Municipal League  
[www.akml.org](http://www.akml.org)  
907-790-5305

New and interesting articles:

<https://www.dermotcole.com/reportingfromalaska/2019/2/24/economist-estimates-dunleavy-budget-would-eliminate-12800-alaska-jobs>

<http://midnightsunak.com/2019/02/22/akleg-day-38-the-dunleavy-administration-is-failing-to-convince-legislators-its-budget-is-good-for-alaska/>

<http://www.akledger.com/2019/02/22/without-policy-backing-health-budget-set-to-drain-state-savings-account/>

<http://www.akledger.com/2019/02/20/alaska-ferry-system-would-end-october-1-under-dunleavy-budget/>

<https://www.adn.com/politics/alaska-legislature/2019/02/22/alaska-fishing-communities-would-take-hit-under-dunleavy-proposal-to-end-fish-tax-revenue-sharing/>

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Alaska Municipal League | [Website](http://www.akml.org)



AML | One Sealaska Plaza, Suite 200, Juneau, AK 99801

[Unsubscribe kkoester@ci.homer.ak.us](mailto:kkoester@ci.homer.ak.us)

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We appreciate the State's commitment to sustainable spending but want to draw attention to the unsustainable impact the proposed FY20 budget will have on local governments in Alaska.

The City of Homer is responsible for municipal governance in this community of 5313. We have 101.5 employees who fulfill the obligations of a local government. Our ability to do so is limited by statute, public interest and available resources. Traditionally those resources have included State and Federal funding, which offset the burdens that might otherwise be felt by a local tax base.

In FY17, our tax revenue was #DIV/0! of our total budget, and any impact from State decision-making on local economies further weakens our sustainability. This includes cuts to the University, AMHS, and Medicaid (which impacts municipal-owned hospitals).

Based on the proposed FY20 budget, we have highlighted below some of the impacts that your decisions will have on our residents.

- Our Community Assistance funding has been \$177,172.05 and is #DIV/0! of our budget
- Our School Bond Debt expected to be retired in FY 20 is and the total is , which would fall back on local taxpayers
- Our current Local Contribution to education is and additionally we contribute
  - Our contribution is of what the State contributes
- Our residents depend on in PCE funding to afford high energy costs
- Our receipt of the Petroleum Property Tax, totaling , represents of our budget
- Our share of the Shared Fisheries Business Tax is \$43,242 and our share of the Fish Landing Tax is
- The anticipated cuts to our school district are

While PCE and Community Assistance remain funded, we are concerned for their long-term viability.

The combined reductions and cost-shifting will mean that the City of Homer anticipates:

- Potential staff reductions =
- Public Safety budget reduced by %
- Public Works budget reduced by %
- Quality of Life programs potentially eliminated include
- Taxes would need to increase by \_\_\_\_\_ to offset these decisions

We believe the proposed FY20 budget and approach that you have outlined reflects little concern for the burden that you have passed on to residents of Alaska. The City of Homer will work to mitigate the damage from these actions, including to work with legislative leaders to develop solutions that reflect the public interest.





## City of Homer

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## Homer City Council

491 East Pioneer Avenue  
Homer, Alaska 99603

(p) 907-235-3130

(f) 907-235-3143

March 11, 2019

Honorable Governor Dunleavy  
Alaska State Legislature, State Capitol  
120 4<sup>th</sup> St.  
Juneau, Alaska 99801

RE: City of Homer Municipal Impact Statement

Honorable Governor Dunleavy and Members of the Alaska State Legislature,

We appreciate the State's commitment to sustainable spending but want to draw attention to the unsustainable impact the proposed FY20 budget will have on local governments in Alaska.

The City of Homer is responsible for municipal governance in our community of 5,313 residents. We have 101.5 full time employees who fulfill the obligations of a local government. Our ability to do so is limited by statute, public interest, and available resources. Traditionally those resources have included State and Federal funding, which offset the burdens that might otherwise be felt by a local tax base.

On average our tax revenue comprises 72% of our total General Fund budget, and any impact from State decision-making on Alaska's economy further weakens the City's ability to sustainably serve our community. The City of Homer is very concerned about the impact cuts to the University, AMHS, and Medicaid will have on our local economy.

- The Kachemak Bay Branch of the Kenai Peninsula College is part of the fabric of Homer. It educates students in a formal learning environment and the community through diverse programming. It provides critical job training for everyone from fisherman to nurses and employs **X** professionals.
- The City of Homer is the Home Port to the M/V Tustemena. The Alaska Marine Highway System brings visitors and residents throughout town as a gateway to Seldovia, Kodiak, and Western Alaska.
- South Peninsula Hospital is the largest employer in Homer with over **400** professional jobs. The Hospital provides critical care to our residents; the Kenai Peninsula Borough has the fastest growing senior population in the State.

Based on the proposed FY20 budget, we have highlighted below some of the areas that will be directly impacted based on your administration's proposed budget:

- Our Community Assistance funding was \$177,172 in State FY2019.
- Our receipt of the Petroleum Property Tax was \$10,080 in 2018.
- We received \$62,000 in 2018 in Fisheries Taxes from the State. These funds are invested directly back into our public access fish dock to support fishing industry infrastructure.

The City of Homer was hit hard in 2015 when the State reduced the contract with communities for shared prisoner space by 45% and we removed Community Assistance from our operating budget due to the uncertain future of the fund. Also during this time, the City Council cut the budget, which included staff reductions, and with voter approval, restructured sales tax to cover municipal operations. Recognizing the need to pay our own way, voters approved a .35% sales tax increase in 2018 to fund a long overdue police station. **The City of Homer and its residents have stepped up to the plate.** There is no room in our budget or tax base for further cost shifting.

[Councilmembers, do we want to comment on a solution, rather than just complain about the impacts? From March 2017 letter to Governor and Legislature: "Homer City Council recognizes the need to use our largest asset – the Permanent Fund – as part of the solution and supports a percent of market value (POMV) approach that funds government while protecting the principal of the fund".]

We believe the proposed FY20 budget and approach that you have outlined reflects little concern for the burden that you have passed on to the residents of Alaska and the local governments that serve them. The City of Homer will work to mitigate the damage from these administrative actions while partnering with our legislative leaders to develop solutions that protect the public's interest.

Sincerely,

Homer City Council

Mayor Ken Castner

Donna Aderhold

Heath Smith

Tom Stroozas

Shelly Erickson

Caroline Venuti

Rachel Lord



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## Homer City Council

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Homer, Alaska 99603

(p) 907-235-3130

(f) 907-235-3143

March 13, 2017

Governor Walker  
Alaska State Legislature  
State Capitol  
Juneau, Alaska 99801

Governor Walker and Legislators of the great State of Alaska,

The Homer City Council continues to recognize our ongoing state fiscal crisis. During our recent visit to the state capitol we were encouraged by the attention being given to this serious matter by legislators. However, we found it disconcerting to find the House and Senate so far apart on the solution to the crisis. We reaffirm Homer City Council's position submitted to you during the last legislative session via Resolution 16-017 (see attached). Producing an ongoing balanced, sustainable, and predictable budget brings confidence to Alaskan residents, investors, and the economy as a whole. We support new measures that will create a balanced and fair revenue stream to offset oil revenue losses.

The Homer City Council evaluated proposals being discussed by the legislature for balancing the state budget and has developed positions as follows:

### REVENUE

- Homer City Council recognizes the need to use our largest asset – the Permanent Fund – as part of the solution and supports a percent of market value (POMV) approach that funds government while protecting the principal of the fund.
- Potential mechanisms to fill the remaining gap include an income tax, a statewide sales tax, and a variety of taxes on specific goods (such as studded tires and motor fuels). Sales taxes and taxes on specific goods may have direct impacts on municipalities such as the City of Homer.
  - Sales Tax: Over 50% of general fund revenue for the City of Homer comes from sales tax, making it an important part of how government is funded in a small town that serves as a hub community for a much greater area. Combined with the Kenai Peninsula Borough sales tax, Homer shoppers pay 7.5% sales tax. Any state-wide sales tax MUST consider the impact to local communities and not simply add a new sales tax on top of what local municipalities charge.
  - Taxes on Specific Goods: Specific taxes on goods (such as studded tires or motor fuels) hit rural areas harder than urban areas because the cost of these items is already higher. Multiple taxes on specific goods results in "death by a thousand taxes" to municipalities and local residents.

### BUDGET CUTS

- The Homer City Council understands that budget cuts will continue to be considered as the state struggles to make ends meet. The community of Homer has suffered from cuts to state government during the past several years. As cuts are made, problems in our municipality, ranging from drug violence to heavy snow loads, do not go away. Below are examples of past and proposed state budget cuts that have direct or indirect impacts on the City of Homer.
  - Community Jails—the City of Homer contracts with the Department of Corrections to help fund our jail. Alaska State Troopers house prisoners at the Homer Community jail from well outside City limits. Past

cuts to our contract have affected our ability to staff the jail and future cuts would be highly detrimental.

- o State Troopers—the Homer police department partners with the Alaska State Troopers on law enforcement. Reductions in coverage on the lower Kenai Peninsula affects the ability of the Homer police to do their jobs and compromises the safety of the greater Homer area.
- o Transportation—Homer is criss-crossed with state maintained roads and our community has one highway linking us to the central peninsula and Anchorage. We depend on the Alaska Department of Transportation and Public Facilities (ADOT&PF) to perform year-round maintenance on the state highway and state roads within Homer. We also have agreements with ADOT&PF for winter maintenance that would be jeopardized with further cuts to the agency. In addition, as the home port of the M/V Tustumena and the Alaska Marine Highway System (AMHS) link to Seldovia, Kodiak, and southwest Alaska, Homer City Council recognizes the importance and value of the AMHS. We are concerned about the economic impact further cuts to the AMHS would have on coastal municipalities.
- o K-12 Education—While K-12 education is a function of the Kenai Peninsula Borough, cuts to the school district's budget result in changes that directly affect our community's economy.
- o University—Homer is home to the Kachemak Bay Campus (KBC) of the Kenai Peninsula College. KBC is at the heart of Homer, providing classes our community members depend on to seek undergraduate and graduate degrees, learn trades, and continue their educations. KBC is a direct positive for our economy and its loss or diminishment would leave a deep hole.
- o Community Assistance—The City of Homer no longer includes Community Assistance (formerly known as Revenue Sharing) in our annual operating budget due to its uncertain nature. However, we use the funds for capital projects in the community and appreciate that it offsets the unfunded mandate of the senior property tax exemption.
- o PERS/TRS—Homer City Council appreciates the state legislature honoring the existing agreement with municipalities on funding rates for PERS (Public Employees' Retirement System) and TRS (Teachers' Retirement System).

We applaud your diligence in working to resolving this crisis. As you work to balance the state budget for a sustainable future for our state, we encourage you to fully weigh the ramifications cuts and taxes have on municipalities.

Thank you again for your willingness to serve the residents of this state and your work to secure a stable future for generations to come.

Sincerely,

Homer City Council



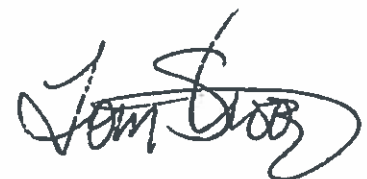
Mayor Bryan Zak



Donna Aderhold



Heath Smith



Tom Stroozas



Shelly Erickson



David Lewis



Catriona Reynolds

Introduced by:

Mayor, Bagley

Date:

03/05/19

Action:

Vote:

**KENAI PENINSULA BOROUGH  
RESOLUTION 2019-023**

**A RESOLUTION IN SUPPORT OF MODIFYING SB 57 AND HB 59 TO ALLOW  
LOCAL MUNICIPALITIES TO TAX A MAXIMUM OF 10 MILS ON OIL AND GAS  
PROPERTY TAXABLE UNDER AS 43.56**

- WHEREAS,** Governor Michael Dunleavy has transmitted SB 57 and HB 59 to the legislature which would repeal the levy of tax by municipalities on oil and gas exploration, production and pipeline transportation property and repeal the credit for municipal payments against the state levy of tax on oil and property; and
- WHEREAS,** additionally this bill provides that the state would retain all tax on oil and gas, exploration, production and pipeline transportation property which would provide estimated tax revenues of \$450,000,000 to the state next fiscal year; and
- WHEREAS,** Kenai Peninsula Borough revenues from oil and gas properties are estimated at \$14,784,733 for this fiscal year which is approximately 18.3 percent of the borough's revenues for FY 2020; and
- WHEREAS,** this reduction in revenues would cripple the Kenai Peninsula Borough's ability to fund education, maintain and improve roads throughout the borough outside of the cities, provide other services including 911, hospital, solid waste, fire and emergency medical, senior citizen, and recreational services to visitors and residents in the borough and its service areas; and
- WHEREAS,** this measure would cause the Kenai Peninsula Borough to seek other sources of revenue to fund basic services which would likely be in the form of radical increases in local taxes and fees; and
- WHEREAS,** this would also drastically affect other municipalities in the state with oil and gas properties, severely impairing their ability to provide education and other services to their residents; and
- WHEREAS,** allowing municipalities to collect taxes on oil and gas property in their boundaries is just, equitable and appropriate as municipalities are impacted by their presence including incurring costs of providing education to their employees and their families, fire and emergency medical services, law enforcement, solid waste services, road services, hospital services, recreational services, 911 services, and many other services; and

**WHEREAS,** the general property tax rate levied by the borough is currently 4.7 mils with service area mils added on to property located in service areas and city taxes added on to property located in cities; and

**WHEREAS,** the highest property tax rate levied against any oil and gas property in the Kenai Peninsula Borough is currently 10.33 mils and the lowest such rate is 4.70 mils; and

**WHEREAS,** a more equitable approach would be to allow municipalities to levy a tax under AS 43.56 of up to 10 mils on oil and gas property thereby ensuring that the State of Alaska would receive half of the 20 mils allowed under AS 43.56 from these properties and continuing to provide much needed funding for the affected municipalities; and

**WHEREAS,** to be workable any such measure would also have to allow a municipality to tax oil and gas properties at a rate less than that charged to other property in the municipality to enable them to raise sufficient funds to continue providing services;

**NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:**

**SECTION 1.** That Governor Dunleavy and the state legislature are strongly encouraged to modify SB 57 and HB 59 to allow municipalities to continue to levy local property taxes on AS 43.56 oil and gas properties at a rate up to 10 mils, and to charge oil and gas property a lower rate than that charged for other properties in the municipality.

**SECTION 2.** That a copy of this resolution shall be sent to Governor Dunleavy, all members of the Alaska House of Representatives and all members of the Alaska State Senate.

**SECTION 3.** That this resolution shall become effective immediately upon its adoption.

**ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 5TH DAY OF MARCH, 2019.**

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Wayne H. Ogle, Assembly President

ATTEST:

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Johni Blankenship, MMC, Borough Clerk

Yes:

No:

Absent:



**CITY OF HOMER  
HOMER, ALASKA**

Venuti

**RESOLUTION 19-013**

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,  
SUPPORTING THE UNIVERSITY OF ALASKA UNDERSCORING THE  
KEY ROLL THE KACHEMAK BAY BRANCH OF THE KENAI  
PENINSULA COLLEGE HAS IN HOMER AND ENCOURAGING FULL  
FUNDING OF THE UNIVERSITY AT EXISTING LEVELS.

WHEREAS, A well-educated public, from kindergarten through college, contributes to  
the well-being and economy of Homer, the Kenai Peninsula Borough and the State of Alaska;  
and

WHEREAS, Governor Dunleavy's proposed budget cut 41% from the University of Alaska  
overall budget; and

WHEREAS, Governor Dunleavy's proposed budget for the University of Alaska would  
directly affect the Kachemak Bay Campus, resulting in the termination of critical services and  
instruction to the students; and

WHEREAS, The Kachemak Bay Campus provides opportunity for post-secondary  
education for more than seven hundred students, with an emphasis on smaller classes and  
individual instruction; and

WHEREAS, The Kachemak Bay Campus provides students an opportunity for post-  
secondary education at a price and location which makes vocational, college, and adult  
educational options a viable choice; and

WHEREAS, The Kachemak Bay Campus provides for local jobs and promotes economic  
development within the community of Homer.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska supports full  
funding of post-secondary education by the State of Alaska and encourages the State  
Legislature to invest in the youth of Alaska and their future.

BE IT FURTHER RESOLVED that copies of this resolution be sent to Alaska Governor Mike  
Dunleavy, Senator Gary Stevens, and Representative Sarah Vance.

PASSED AND ADOPTED by the Homer City Council this 25<sup>th</sup> day of February, 2019

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CITY OF HOMER

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HEATH SMITH, MAYOR PRO TEMPORE

ATTEST:

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MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal note: N/A

26 February 2019

Alaska Municipal League Winter Meeting and Legislative Fly-In, Juneau, 18-20 February 2019

Trip Report

Councilmember Donna Aderhold

I had the privilege to travel to Juneau to meet with Homer's state legislators and state and federal agencies, and attend the Alaska Municipal League's winter meeting. These trips are valuable on many fronts, and I appreciate the opportunity to attend. Below is a summary of the meetings held.

### **Senator Gary Stevens**

Councilmembers Smith and Lord, City Manager Koester, and I met with Senator Gary Stevens. The bulk of our conversation revolved around the governor's proposed budget and Senator Stevens' perceptions of the budget thus far. He noted that during a Senate Finance hearing, Senator von Imhof aptly stated that the budget is the result of everyone receiving a \$3,000 PFD in 2019. Senator Stevens wants to know the impact of proposed budget measures on municipalities.

Regarding the University of Alaska, he does not want to lose the colleges. He would like to see the university preserve programs and remove some administrative layers in chancellors and deans. The future of the UAA education program is uncertain, though there is the possibility of UAA education students receiving their degrees from either UAF or UAS. Senator Stevens is sponsoring a bill that would make the Board of Regents responsible for monitoring accreditation of programs. He is also concerned about the loss of the WWAMI program, wondering aloud how many doctors in Homer came through the program.

Our discussion touched on numerous other budget related topics:

- He has heard support from his constituents for an income tax. He supports one, but believes an income tax bill would not pass the governor.
- He tentatively supports sending prisoners outside Alaska because of the cost savings. The prisoners sent outside would include those individuals with the longest sentences.
- The trooper's 15% salary increase will probably stay in the budget. This affects Homer because law enforcement is all the same pool.
- Senator Stevens has sponsored a bill that would allow municipalities to invest funds in the permanent fund investment.
- He noted that the senate is discussing that it may be time to get rid of oil tax credits.
- He believes the current administration is interested in giving AKLNG back to the oil and gas companies. Is there a market?

- Senator Stevens will be traveling through his district, including Homer, soon for community updates.

### **Representative Sarah Vance**

Councilmembers Smith and Lord, City Manager Koester, and I met with Representative Vance. When we met with her the House had just organized and was in the midst of determining committee assignments.

City Manager Koester provided information on how state budget cuts would affect municipalities, especially Homer. For instance, SB 63 that would stop sharing fish taxes with municipalities would cut approximately \$100,000 revenues to Homer. Other impacts would be indirect.

Representative Vance compared the governor's proposed budget to pruning a tree rather than clearcutting a forest. Pruning is healthy for the tree.

Regarding education, she is interested in adjusting requirements for school building construction to better meet the needs of communities. She is interested in increasing local control to improve education.

She encourages the public to weigh in on innovation ideas. She'd like to find efficiencies that keep jobs. She wants people to be part of the conversation.

SB57, which would redirect oil and gas property taxes from municipalities to the state would likely not see the light of day this year, she predicted.

Regarding new revenues for the state, Representative Vance said that a sales tax is most favored by state residents based on a poll from an undisclosed source.

She noted that one-third of the legislature is new this year and the administration is new and reorganized.

Representative Vance is planning town hall meetings in Homer. At the time of our meeting she had not determined when they would be scheduled.

### **Alaska Municipal League Meeting**

City Manager Koester, Councilmember Smith, and I attended the Alaska Municipal League meeting. Councilmember Lord attended periodically during breaks in the Harbormaster's conference. Following are brief summaries of presentations made during the two days we attended.

Much of the planned agenda for the first day of AML fell apart after the governor's budget became public and many speakers needed to attend to budget review and legislative hearings related to the budget. Instead, AML Executive Director Nils Andreassen provided a municipal overview of the budget and opened the room for discussion of how the budget would impact different municipalities. AML Board President Tim Navarre started the meeting by noting that parts of the governor's proposed

budget put municipalities out of business and municipalities need to work together with the administration to affect change.

#### AML Budget Overview

- Municipalities that contribute the greatest to the state's GDP experience the brunt of cuts and cost-shifting
- Indirect costs to municipalities are the more significant challenge
- These cuts do not reduce state government, they eliminate the state's support of institutions that are fundamental to the quality of life and economic health
- Discussion on the bullets above included the following:
  - "Prudent local government" results in savings with the governor uses against municipalities that have saved
  - The senate is working pragmatically toward negotiation with the governor for a veto-proof budget
  - "On day 1 he opened the state for business, on day 75 he closed Valdez."
  - "Fundamental breach of social structure between state and rural Alaska."
  - OMB Director Arduin stated that state spending caused the state recession—as opposed to the documented oil price drop
- Community assistance is not clearly in the budget, but the governor is saying the state will pay \$50 million this year. Community assistance funds are absorbed into the general fund in FY20.
- School bond debt reimbursement is eliminated from the budget. These are negotiated agreements and commitments the state made with municipalities over time. Across the state this is \$105 million, \$2.8 million for the Kenai Peninsula Borough.
- The shift of the petroleum property tax from municipalities to the state (SB57) results in a \$439.5 million cost shift (\$15 million for KPB). This results in state rescission and preemption of municipal taxing authority.
- Shifting fisheries business taxes and fisheries resource landing taxes (SB63) from municipalities to the state results in a loss of \$25.9 million and \$6.3 million, respectively to municipalities statewide. More rescission and preemption.
- The base student allocation from the state to municipalities is reduced to \$1,100/student. Beyond impacts to schools and students, local governments will need to evaluate their local contribution. Overall this is a \$332.4 million cut to municipalities, \$18.3 million for KPB.
- Ports and harbors: in 2003 the state committed to fund DOT&PF port and harbor projects transferred by the state to municipalities, including Homer. SB59 would repeal this commitment, currently at \$32.5 million but ports and harbors require constant maintenance and upgrades. Municipalities took on state debt and are now being punished.
- Additional cuts that affect municipalities:
  - UA--\$155 million
  - Health spending--\$270 million (includes SPH)

- Alaska Marine Highway System—end service in October, 65% cut and planned divestiture; Southeast Conference is working on a restructure of AMHS (amhsreform.com); need to clarify with administration what it means to privatize
  - Power Cost Equalization reallocated to general fund
  - Many other smaller things
- Total costs to 24 highest value municipalities (based on 5 variables) = \$774,822,158; cost shifting as percent of tax revenue = 49%
- Solutions from a broad policy perspective
  - “Anything you take off the table has to be replaced.” Mike Barnhill, OMB Policy
  - Use of earnings reserve
  - Implementation of a broad-based tax
  - Reduce or reallocate payout of the PFD
  - Decrease repayment of oil tax credits
  - Reduce actual size of state government
- Communications
  - Alaskan as citizens deserve their share of the state’s resource wealth AND as taxpayers deserve public services that their wealth contributes to.
  - Governor Dunleavy’s proposal increases taxes and eliminates essential services.
  - All cuts are not created equal.
  - “Prudent behavior” by local governments reward by cost-shifting and burdens.
  - Erosion of quality of life, loss of jobs, etc. = preparation for recession.
  - Budget plan accepts status quo as good enough for Alaskans – no growth scenario.

#### Senator Bert Stedman

Notes and quotes captured during his presentation:

“The budget has been stabbed a few times, it’s bleeding pretty good, and the prognosis isn’t good.”

Said in jest: No tax increases here at all.

Looking at holding PERS/TRS rate at 22% and maintaining revenue sharing.

Sinking of the AMHS—DOT&PF will be in front of Senate Finance committee in a few days and he intends to ask what the holding costs for the fleet are after October. What are maintenance costs for a mothballed fleet? What about the state-owned boat yard in Ketchikan?

Alaska has strongest government in the U.S. by structure. Working to negotiate with the governor—kicking him in the butt is not effective. We still have a revenue issue.

Working to get everyone in the senate to understand what’s in the budget.

Unlikely that the bill to remove oil and gas property tax will pass, which leaves a big hole in the governor’s budget.

Got to come up with something fair around the state that is not disruptive to the state and communities.

Recommends short letters: revenue impact to towns and how municipalities would remedy, i.e., how quickly can municipalities respond legislatively and administratively to state cuts.

Upcoming presentations to senate finance include the university, DOT&PF, and HHS.

“Beaching the fleet and tubing the shipyard not an option.”

Need to fix the problem. Whining and crying won’t get us there. We need an economy.

Dunleavy is serious about the budget, Stedman does not agree. They are negotiating.

#### Outcome of AML Board meeting with Governor Dunleavy

A small group of AML board members met with Governor Dunleavy for 20 minutes. The governor is open to ideas from AML that would reduce the cost of municipal regulation compliance. He requested feedback on constitutional amendments he has proposed. He also suggested that the state could give the municipalities more land (although the state is currently years behind in the considerable work to transfer land and the process costs money). He is looking for ways to increase resource development.

#### Group discussion among AML attendees

Should there be a consistent set of questions asked at community town hall meetings?

Currently there is no connection between the people and the cost of government. We have one taxpayer in the state (oil and gas industry), and the more people who move to the state the greater the drain on state resources.

PERS/TRS is a burden on small communities that have had to reduce the number of employees, because they end up paying the 22% on “ghost” employees.

AML suggested that cities and boroughs work together to present municipal impacts comprehensively.

#### Senator Lisa Murkowski

Misery loves company.

\$90 billion in federal cuts to avoid sequestration.

Are our communities healthy? Are we able to attract people? It’s about people.

Impact to Alaska from the federal shutdown:

- Highest per capita federal employees affected
- Local “mom and pop” businesses, fishermen, and other non-federal workers affected by federal employees not spending money and federal work not happening

The state of Alaska stands to lose federal funds because there often needs to be a state match to receive federal funds.

Doesn't help to dig a deeper hole in one place to fill it in another. Need to find different revenues instead of pitting one part of the state against another

PFAS at Alaska airports—pushing EPA to develop an action plan.

Mike Barnhill, Office of Management and Budget Policy Director

Governor Dunleavy's budget cut \$1.6 billion from Governor Walker's proposed budget, from \$4.8 billion to \$3.2 billion. At Gov. Dunleavy's direction the budget pays out a full PFD.

Some revenue in the budget comes from the municipalities:

- Repeal local petroleum property tax (SB57) brings \$398 million to the state.
- Repeal sharing of fish business and landing taxes with municipalities brings \$28.4 million to the state.
- Debt reimbursement:
  - Repeal school debt reimbursement brings \$100 million to state
  - Repeal project debt reimbursement (capital projects nearing debt payback) brings \$4.5 million to state
- Oil and gas tax credit paydown from surplus AIDEA funds
- The state does share 50% of alcohol taxes with municipalities

Shutting down 11 agencies altogether would save the state \$400 million.

OMB analyzed the capacity of municipalities to weather some years of lost revenues if SB57 passes.

Through legislation the governor would change the structure of community assistance and other “quasi-dedicated funds” (other “quasi-dedicated funds” include power cost equalization and higher education). The intent is to move these funds to the general fund (which the administration argues is where the funds belong because they are not truly designated funds) and fund each program annually.

The budget is now subject to “the process” which equals legislative review. New revenues are up to the process.

Any suggested additions to the budget need to be accompanied by a means to pay for them.

Jason Brune, DEC Commissioner

Mission of agency to protect human and environmental health. Alaska has better standards than other states for a reason; we need to hold ourselves to the same high standard.

Local problems call for local solutions.

Higher fecal coliform standards for the cruise ship industry than for municipalities—there should be one standard.

PFAS issues at local airports around the state leading to drinking water well contamination. EPA is working on an MCL

CPlans are out of control—too long and too hard to read; working on changing that.

Confident DEC can hold oil and gas industry to a very high standard (said in response to a question about air quality issues in Nuiqsut).

Sandra Moller, DCCED Division of Community and Regional Affairs

“Alaska is only as strong as its rural communities.”

“People engineer.” Mission: Helping Alaska’s communities build sustainable economies and means of self-governance.

Her office administers municipal grants for community revenue sharing, PILT, and fish taxes.

In response to a question about the stress the governor’s proposed budget puts on municipalities and rural communities she responded “stress makes steel stronger.”

Anchorage Mayor Ethan Berkowitz

“We must, indeed, all hang together or, most assuredly, we shall all hang separately.” Ben Franklin

"There is no vision, no hope, no future, no agenda for Alaska, if your only ideology, if your only philosophy, if your only cause is to cut the budget." Wally J. Hickel

The governor’s budget is designed to tear us apart. Declaring Alaska open for business should not be a cliché. The statement rings hollow with the proposed budget.

Rather than protecting the full amount of the permanent fund we should be protecting the principles and ideals behind the dividend.

The budget pushes more responsibility onto municipalities while taking away municipalities’ ability to take on more responsibility.

Speaker of the House Bryce Edgmon

House organized thanks to republicans who joined a coalition around a fiscal plan for the state. The coalition includes 25 representatives. The house intends to go toe to toe with the governor on the budget. One-third of the undesignated general fund budget gone in one fell swoop would cripple rural communities. People need to understand the tradeoffs.

Representative Tammie Wilson, co-chair Finance

The coalition is about working together. She remains just as conservative right as always. She wants transparency from the governor on how they built the budget. What were their priorities? The cuts to education in the budget demonstrate no understanding that municipalities have revenue caps. However, the budget forces Alaskans to have the conversation we need to have.

We need a balanced budget. But so far we haven't had a discussion about how we got to a reduced PFD. Now we have the opportunity to have that discussion with Alaskans. One-half of undesignated general fund goes to municipalities through various means. Need to change the conversation with the governor and Alaskans. She hasn't seen the administration be transparent with the senate yet.

#### Senator Lyman Hoffman, finance committee

Alaska is on a different path now. The PFD is larger than HSS and Education budgets. We could eliminate every state worker and still not balance the budget. He is a supporter of revenue sharing with municipalities and working to keep the Power Cost Equalization endowment.

#### U.S. Senator Dan Sullivan

Alaska is still in a recession but on the verge of finally emerging—oil and gas on the North Slope is going through a renaissance, the military and Coast Guard are rebuilding, and there is a highway bill for the Alaska Marine Highway System.

Sen. Sullivan is working on several pieces of legislation related to wellness:

- Save our Seas Act related to ocean plastics (passed). Now working on legislation on plastics with everyone involved
- Comprehensive Addiction and Recovery Act is working through the legislature. It would provide funding to communities affected by opioid addiction.
- Power Act would give victims of sexual assault the right to counsel similar to the right to counsel for those accused of a crime.
- Also working on other legislation related to sexual assault and domestic violence. This will take a generation.

There is currently a debate in Congress about the pros and cons of earmarks.

Secretary of Interior Ryan Zinke was great for Alaska. His replacement (Dave Burnhart) will be just as good. He knows Alaska issues.

#### Public Safety Summit

Presentations by Amy Demboski, Deputy Chief of Staff, Ben Stevens, Policy Advisor, Ed Mercer, Chief Juneau Police, Greg Russell, Retired Police Officer, Jim Stiers, Chief Fairbanks Fire Department, John Moosey, Mat-Su Borough Manager, and Yucel Ors, National League of Cities.

Governor's office is formulating a strategy to change crime trends in Alaska—reform doesn't happen overnight. The governor's budget had the least reductions in areas of public safety. The state is looking

to share assets with municipalities and low or no cost to the state. See public safety as a continuum of care—what do communities need? More troopers, behavioral health providers, etc.?

The Juneau Police Department has not been fully staffed in 20 years. Municipalities and state compete with each other for the same pool of recruits and end up taking from each other. It's difficult to maintain morale when officers are seeing the same people and the same crimes over and over.

Alaska needs standards through the Alaska Police Standards Council. Results in certified officers. Can screen for integrity—better to leave a position vacant than to hire the wrong person. It costs \$100 thousand to lose one trained officer.

The Mat-Su Borough was working towards obtaining police powers until the governor's budget came out. HB25 would privatize police agencies which would result in losing oversight of police departments.

Need safe communities for businesses to invest. PTSD among officers is an issue—need to improve mental health. \$4 million from the feds to the state for opioid crisis grants—how was this used in Alaska? Is it getting to local levels? Juvenile justice, SAFER, and other grants mentioned.

#### **U.S. Coast Guard**

City Manager Koester, Harbormaster Hawkins, Councilmember Smith, and I met with the U.S. Coast Guard to continue discussions on Homer's plans for a large vessel harbor. Harbormaster Hawkins provided an update of our planning efforts with the U.S. Army Corps of Engineers and Admiral Bell and his team updated us on their future plans in Alaska. We discussed our need for support from the U.S. Coast Guard as we move our plans forward.

#### **Alaska Department of Transportation and Public Facilities**

City Manager Koester, Councilmembers Smith and Lord, and I met with Deputy Commissioner Mary Siroky and Legislative Liaison Mike Lesmann regarding the status of the Pioneer Avenue reconstruction project, East Hill reconstruction, erosion along the Sterling Highway on the Homer Spit, drainage issues near Augustine Drive, and other Homer road projects.



**CITY OF HOMER  
HOMER, ALASKA**

Mayor

**ORDINANCE 19-09**

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,  
ACCEPTING AND APPROPRIATING A \$100,000 SERVICE  
EXTENSION FEE AND AUTHORIZING THE EXTENSION OF CITY OF  
HOMER WATER SERVICES TO LOT 2B, PUFFIN ACRES MILEPOST 3  
EAST END ROAD IN KACHEMAK CITY.

WHEREAS, In 2004, in conjunction with the Alaska Department of Transportation East End Road Improvement Project, the City of Homer was afforded a very cost effective opportunity to extend the water and sewer lines along East End Road to Kachemak Drive; and

WHEREAS, When the East End Sewer was extended, Kachemak City was allowed to pay for a portion of the sewer improvement (based on the area and lots potentially served) with grant monies and assessments Kachemak City levied on Kachemak City benefited lots; and

WHEREAS, Resolution 04-42(A) authorized the City of Homer to proceed with the petitioning process as outlined in HCC 17.04.030 that eventually established the East End Road Sewer Local Improvement District (LID) and the East End Road Water LID; and

WHEREAS, While approximately half of the cost of the construction was allocated to the lots within the LID, the unallocated portion became known as the “Kachemak City Share”; and

WHEREAS, The Kachemak City Share of East End Road Water Extension Improvements was calculated at \$265,069.88 (.484% of the total based on the area and lots potentially served plus a standard 5% administrative fee) for creating water assessments to be collected in some fashion at such time as connections are permitted; and

WHEREAS, The City of Homer has been approached by East End Partners, LLC a company constructing affordable housing units in Kachemak City that needs access to a reliable water source; and

WHEREAS, Affordable housing has been identified as a need by the City of Homer in the Comprehensive Plan and Comprehensive Economic Development Strategy; and

WHEREAS, East End Partners, LLC will build 24 units of varying sizes that will help fill this need for the greater Homer area; and

WHEREAS, East End Partners, LLC has proposed to pay a service connection fee of \$100,000 to have access to City water; and

WHEREAS, The service connection fee will go to the Homer Accelerated Water and Sewer Program (HAWSP) to help fund future water system distribution improvements; and

WHEREAS, The connection of City water fronting Lot 2B does not change the City's policy on extending water outside City limits established in Resolution 04-42(A); and

WHEREAS, At which time a sewer only customer in Kachemak City hooks up to City water, their water usage will be metered and no longer billed under the sewer only rate structure; and

WHEREAS, A service fee of \$5 is charged to every water customer outside of City Limits in lieu of City of Homer sales tax.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends the FY 2019 Capital Budget by accepting \$100,000 from East End Partners, LLC and appropriating it to the Homer Accelerated Water and Sewer Program for future water and sewer distribution improvements as follows:

Appropriation/Transfer From:

| <u>Description</u>                                                              | <u>Amount</u> |
|---------------------------------------------------------------------------------|---------------|
| Service connection fee for Lot 28,<br>Mile Post 3, East End Road, Kachemak City | \$100,000     |

Section 2. The \$100,000 service connection fee is an independent arrangement between the City of Homer and East End Partners, LLC and will not be applied to any potential future agreement to extend water to the lots along East End Road in Kachemak City that front a water main.

Section 3. This ordinance is a budget amendment ordinance only, is not permanent in nature and shall not be codified.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this \_\_\_\_ day of \_\_\_\_\_, 2019.

CITY OF HOMER

\_\_\_\_\_  
KEN CASTNER, MAYOR

ATTEST:

\_\_\_\_\_  
MELISSA JACOBSEN, MMC, CITY CLERK

YES:

NO:

ABSTAIN:

ABSENT:

First Reading:

Public Hearing:

Second Reading:

Effective Date:

Reviewed and approved as to form.

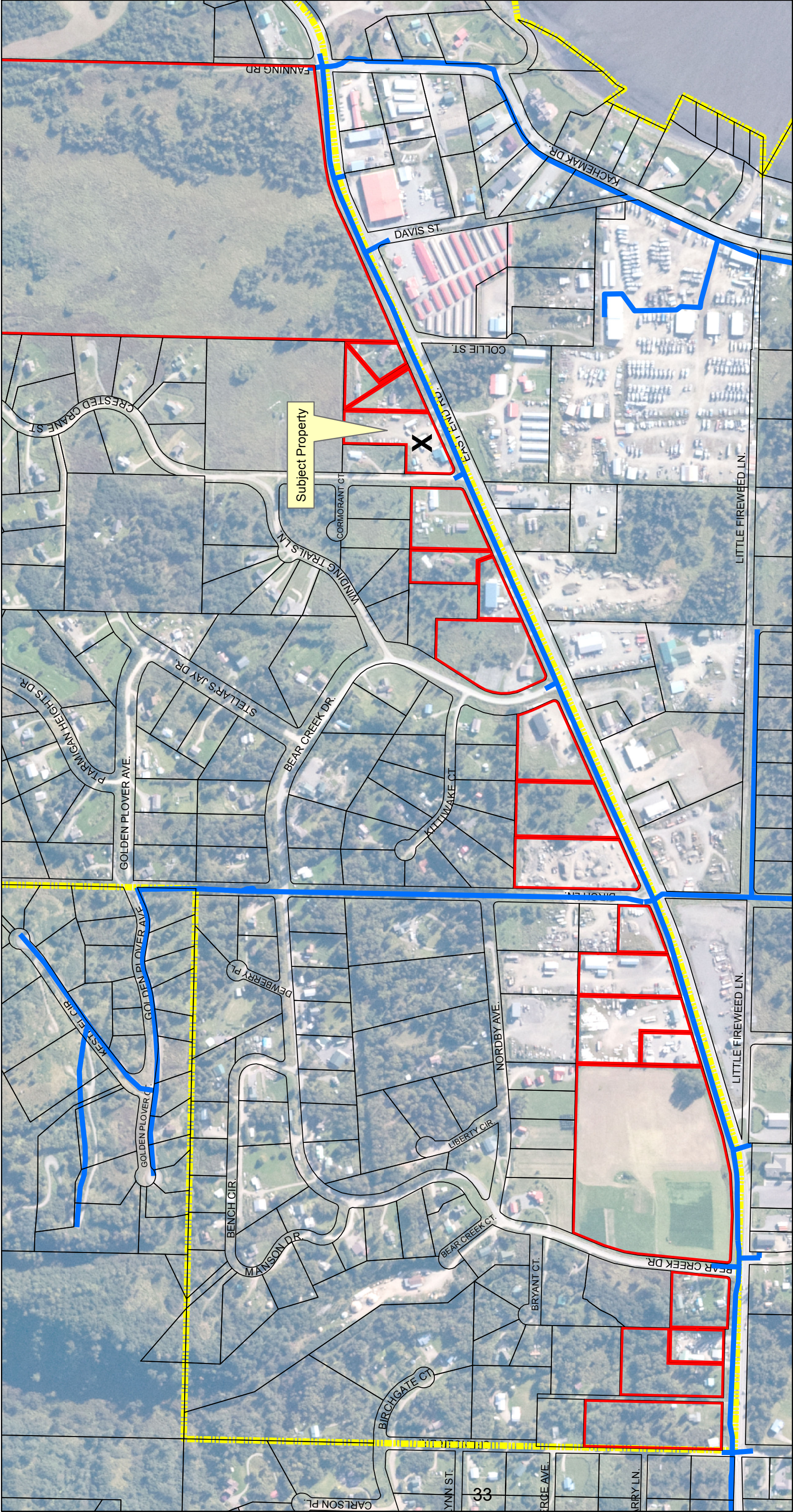
\_\_\_\_\_  
Katie Koester, City Manager

\_\_\_\_\_  
Holly C. Wells, City Attorney

Date:\_\_\_\_\_

Date:\_\_\_\_\_





**Legend**

City Limits

Kachemak City Parcels

Waterlines 2019

## 2/27/2019 Water Line Map



COH P&Z for discussion only



**From:** [Carey Meyer](#)  
**To:** [jeanne walker](#)  
**Cc:** [Erica](#); [Bill & Roni Overway](#); [Department Clerk](#); [Department City Manager](#)  
**Subject:** RE: Exploring question of Homer selling water to Kachemak City  
**Date:** Tuesday, February 19, 2019 9:11:24 AM

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- 1) The water main running up the section line (installed by Mr. Fowler) is owned now by the City of Homer.
- 2) I am not aware of any policy, regulation or code language that would require remuneration to Mr. Fowler if additional lots within Kachemak City were added to that water line.
- 3) The 4" water line located in the section line easement was sized to serve only the lots in Mr. Fowler's subdivision.

Carey S. Meyer, P.E., MPA  
Public Works Director/City Engineer  
City of Homer, Alaska  
3575 Heath Street  
Homer, AK 99603  
[cmeyer@ci.homer.ak.us](mailto:cmeyer@ci.homer.ak.us)  
(p) 907-435-3124  
(f) 907-235-3145  
(c) 907-399-7232

-----Original Message-----

From: jeanne walker <[jeannemarie.walker@gmail.com](mailto:jeannemarie.walker@gmail.com)>  
Sent: Friday, February 15, 2019 11:39 AM  
To: Carey Meyer <[CMeyer@ci.homer.ak.us](mailto:CMeyer@ci.homer.ak.us)>  
Cc: Erica <[kachemak@xyz.net](mailto:kachemak@xyz.net)>; Bill & Roni Overway <[roniandbill@gmail.com](mailto:roniandbill@gmail.com)>; Department Clerk <[clerk@ci.homer.ak.us](mailto:clerk@ci.homer.ak.us)>; Department City Manager <[City\\_Manager@ci.homer.ak.us](mailto:City_Manager@ci.homer.ak.us)>  
Subject: Exploring question of Homer selling water to Kachemk City

Hi Carey. I am a council member from Kachemak City. Kachemak City Council and Homer City Council are looking at a possible work session on March 3rd to explore the question of providing Homer City water to some residents in Kachemak City. We are looking at the properties that are immediately adjacent to the water main that runs along East End Road. Also of interest would be the lots that are adjacent to the water main that runs along the section line between the two cities from East End Road north through Bear Creek Drive, Golden Plover Avenue and up to Kestrel Circle.

It would be helpful to have several questions answered as these section line properties are considered. When Mr. Fowler developed Canyon Trails subdivision and the water main was extended north of East End Road, I am assuming that water main became the property of the City of Homer once service was provided to the Homer City residents on that line? Would there be remuneration to Mr. Fowler if additional lots within Kachemak City were added to that water line? And finally would that water main be physically capable of providing water to some or all of those Kachemak City properties adjacent to the section line water main?

Thank you for considering these questions.

Jeanne Walker



**Jo Johnson**

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**From:** Kelly Cooper <midnightsun.kelly@live.com>  
**Sent:** Sunday, March 12, 2017 12:13 PM  
**To:** Jo Johnson  
**Subject:** Please vote yes to reconsider and then vote no on Resolution 17-014

**Resolution 17-014(S)**, A Resolution of the City Council of Homer, Alaska, Authorizing the Extension of City of Homer Water Services to Benefited Lots in Kachemak City and Nullifying the Statement in Resolution 04-42(A) With Regard to Extending City Water to Non-City Properties

Jo,  
Please distribute to council.

Please vote yes to reconsider Resolution 17-014 and then vote no on this resolution. There should have been communication with Kachemak City on this resolution giving them the opportunity to get public input, determine if their residents support this and research done by the two cities to see if it makes sense. While there may be a few that think this is a good idea, the current resolution has not been vetted.

Thank you.  
Kelly Cooper

**Jo Johnson**

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**From:** Francie Roberts <francieroberts@gmail.com>  
**Sent:** Monday, March 13, 2017 10:34 AM  
**To:** Department Clerk  
**Subject:** Resolution 17-014(S)

Dear Homer City Council Members,

I do not support Resolution 17-014(S). I am glad you are reconsidering it.

Kachemak City residents have specifically chosen not to be a part of the City of Homer and not to pay property tax to our city. By extending the rights to utilize the water system, you are allowing benefits to a particular group of citizens who do not wish to be a part of our city.

There are also people in the city who do not have water services, the energy would be better spent to provide them with services.

I am sorry I had a previous commitment or I would be there in person to tell you how I feel.

Francie Roberts

*Rec'd*  
*3/13/17*

Subject: Extending hard piped water outside City limits. [REDACTED]

[REDACTED]

Greetings Mr. Mayor, Councilmembers and Administrative folks. Thank you for your work.

I'm Jack Cushing, I've been a City resident for over 30 years, and a 20 mile East Road resident for another 10 years prior to that. I served five years on the Planning Commission followed by four years on the Council and then eight years as the Mayor.

I'm here at this meeting, to speak to your reconsideration on resolution 17-014s allowing hard piped waterlines to areas outside the City limits. I hope that you will put this resolution up for additional consideration, and vote it down tonight, or at least spend some time and give it the in-depth consideration it deserves. I was visiting my son in DC, and my mom in New Hampshire, when this resolution originally came up and apologize if you may already have discussed some of these items.

Briefly, numerous items that I feel warrant in-depth discussion are:

1. Will this open the door, for the City, in the future, to possibly have to consider annexation again? From experience, this would make your last Monday night's meeting seem like a cakewalk, except it would last for 2 to 3 years. What does the Boundary Commission say about an area's capacity to appeal an annexation request in-spite of the fact that they are incorporated, once they are receiving this service?
2. Opinion of Kachemak City residents? Has that City been approached as a whole to see what their desires are?
3. Further line extensions? Could lot lines be dropped and large areas be covered by a single service?
4. Zoning? Would lots receiving this service be subject to City of Homer zoning requirements. The most obvious example of this is our 66,000 square-foot large retail ordinance voted in by the City voters? Unzoned growth outside the City enabled by City services, would put City businesses at a distinct and obvious disadvantage. This topic was discussed in-depth during the formulation of this original resolution.
5. Interruptibility of service? Will the City be obliged to increase its total water supply, in part to accommodate this area, in the future, over City properties still waiting for water. Over a year's worth of consideration was given to the

interruptibility of trucked water service. This was done to favor properties in Homer, the owners of the water system, and not oblige a future council to have to go to court, to assure that City of Homer properties have first rights to this resource that will always be in demand.

[REDACTED]

7. Sales tax? City businesses help support City functions with sales tax, was there any discussion of fairness to in-town businesses on this issue?

8. Property tax? City properties help support City functions with property tax. Was there any discussion on fairness to in-town properties on this issue?

9. Water for bulk water hauling with trucks? There was a bulk water fill station in this area previously. It did not work out to the advantage of the City. After much negotiation, the station was closed down and relocated into town. Was there any discussion of this use?

Again, thanks for your work and consideration of this important issue.

[REDACTED]

CITY OF HOMER  
HOMER, ALASKA

PWD/City Clerk

RESOLUTION 04-42(A)

A RESOLUTION OF THE CITY COUNCIL DETERMINING, PURSUANT TO HOMER CITY CODE 17.04.030(D), THAT THE EAST END ROAD WATER AND SEWER IMPROVEMENTS ARE NEEDED AND AUTHORIZING THE CITY CLERK TO PROCEED WITH THE PETITIONING PROCESS FOR SAID IMPROVEMENTS.

WHEREAS, The City Council discussed Memorandum 04-09(S) during their Regular Meeting of January 12, 2004 and gave direction to the City Manager; and

WHEREAS, After review by the City Manager and Public Works Director they recommend that the Council proceed with the petitioning process; and

WHEREAS, The petition process will be conducted pursuant to Homer City Code (HCC) 17.04.030.

NOW, THEREFORE, BE IT RESOLVED by the City Council hereby determines, pursuant to HCC 17.04.030(d), that the East End Road Water and Sewer Improvements are needed and that the City Clerk is hereby authorized to proceed with the petitioning process for an East End Road Sewer Local Improvement District (LID) and an East End Road Water LID; and

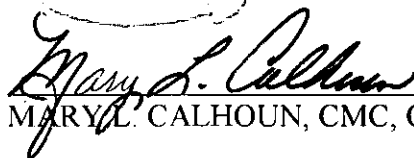
BE IT FURTHER RESOLVED that the City Clerk shall follow the petitioning process as outlined in HCC 17.04.030 and

**BE IT FURTHER RESOLVED that the City of Homer affirms its position not to extend City water to non City properties.**

PASSED AND ADOPTED by the City Council of Homer, Alaska this 10th day of May,

2004

ATTEST:

  
MARY L. CALHOUN, CMC, CITY CLERK

CITY OF HOMER

  
JACK CUSHING, MAYOR

Proposed Fiscal Note: Sewer - Total cost estimated is \$303,911.79; 75% = \$227,933.84; would be assessed against each of 11 parcels = \$20,721.26, twenty year payment plan at 2.5% interest. Water- Total cost estimated is \$334,719.27; 75% = \$251,039.45 would be assessed against each of 16 parcels = \$15,689.97, twenty year payment plan at 2.5% interest.



#### **14.08.072 Priority use of water.**

The first priority of use of the water produced by the Homer water system is to provide for the human consumption, sanitation, and fire protection needs of water consumers located within the certificated service area. Water consumed outside the certificated service area is not entitled to any priority. [Ord. [98-4](#) § 2, 1998].

#### **14.08.074 Surplus water – Sale.**

a. Subject to subsection (b) of this section and other provisions of this chapter, water, if any, may be made available for sale to bulk water customers, resellers, and others for export or consumption outside the certificated service area.

b. Notwithstanding any other provision of this title, the City Council may by resolution restrict, interrupt, decrease, or terminate the sale of water for export or consumption outside the certificated service area whenever the City Council determines it is in the best interests of the City to do so. Such action shall only be taken upon a legislative finding by the City Council that such action is in the best interest of the City. If practicable, the City will give 30 days' notice to the public, affected bulk water customers, and resellers of action taken under this subsection, but the failure to give such advance notice will not render the restriction, interruption, decrease, or termination ineffective, nor will it give rise to any claim or action against the City.

c. As used in this section, “surplus water” is water that the City, in its sole discretion, determines is in excess of the sanitation, fire protection, and demands of water consumers for consumption within the certificated service area. [Ord. [01-16](#), 2001; Ord. [01-09\(A\)](#) § 1, 2001; Ord. [98-4](#) § 3, 1998].

#### **14.08.076 Water shortage or emergency declaration.**

a. A water shortage may be declared by the City Council, in its discretion, after a public hearing and upon adoption of a finding that there is insufficient water available to meet the sanitation, fire protection, and consumption needs of water consumers located within the certificated service area, or when there is insufficient surplus water available to meet the demands of all bulk water customers, resellers, and others for export or consumption outside the certificated service area. Examples of circumstances that may justify the declaration of a water shortage include, but are not limited to, increased demand for water resulting from new development or population increases; low water levels in the reservoir or other water supply deficiencies; malfunction of the water system; increased demand from bulk water customers, resellers, or consumers located within or outside the certificated service area; or any other cause or circumstances that render the output of the Homer water system inadequate to meet the demands.

b. The City Manager may, in his or her discretion, declare a water emergency of not to exceed 15 days, and the City Council may, in its discretion, declare a water emergency of not to exceed 30 days without a public hearing, or of any length after a public hearing, upon adoption of a finding that sudden or unanticipated causes have impaired or pose imminent threat of impairment of the City's ability to meet the ordinary current demands of all consumers or purchasers of City water. Examples of circumstances that may justify the declaration of a water emergency include, but are not limited to,

disaster; actual or imminent threat of malfunction or breakdown of dams, water treatment facilities, mains, distribution lines, pumps, storage tanks, or any other component of the water system; actual or imminent threat of contamination of the water supply; or injury or imminent threat of injury to the public health, safety, or welfare. [Ord. [98-4](#) § 4, 1998].

**14.08.077 Water shortage or emergency – Interruption of sale of surplus water – Other measures.**

a. If a water shortage or water emergency is declared, the City shall first restrict, decrease, interrupt, or terminate the sale of surplus water to bulk water customers, resellers, and others for export or consumption outside the certificated service area as and to the extent the City, in its sole discretion, deems appropriate in response to the water shortage or water emergency. In addition, the City may take any other measures that the City determines, in its sole discretion, are necessary to alleviate or otherwise address the water shortage or water emergency, including, but not limited to, allocating water necessary for the first priority uses identified in HCC [14.08.072](#) and establishing secondary priorities and allocations for the remaining water, without discrimination between consumers located within the certificated service area using water for the same purpose or purposes.

b. Any measures adopted in response to a declared water shortage or water emergency shall, for the duration of the period of the declared shortage or emergency, prevail over any conflicting provisions of law establishing rights of persons to receive specific or proportionate amounts of the water supply available for distribution within the certificated service area or otherwise.

c. Any measures adopted in response to a declared water shortage or water emergency shall be made available for public inspection and copying at the City Clerk's office, at the City Library, and at the Department of Public Works for the duration of the period of the declared shortage or emergency. As soon as practical after the adoption of such measures, notice of the measures shall also be published once a week for two consecutive weeks in a newspaper of general circulation in the City, unless the duration of the declared shortage or emergency ends sooner. [Ord. [98-4](#) § 5, 1998].

**14.08.078 Water shortage or emergency – Appeal.**

Any person aggrieved by a City Council declaration of a water shortage or water emergency under HCC [14.08.076](#), or by any action taken by the City in response to such a declaration, may appeal the declaration or action to the Superior Court. The appeal must be filed within 30 days from the date the declaration was adopted or action taken. The declaration or action of the City shall not be reversed except on the ground that such declaration or action was fraudulent, arbitrary, or capricious. [Ord. [98-4](#) § 6, 1998].

**14.08.079 Immunity for discretionary acts.**

An action for damages may not be brought against the City, or any of its agents, officers, or employees, for a claim based on the exercise or failure to exercise any discretionary function or duty granted in this chapter, whether or not the discretion was abused, including, without limitation, the exercise of discretion to restrict, interrupt, decrease, or terminate the sale of water to bulk water customers, resellers, or others for export or consumption outside the certificated service area.

Nothing in this section shall be construed to limit any defenses or immunities available under AS [09.65.070](#) or any other provision of law. [Ord. [01-09\(A\)](#) § 2, 2001; Ord. [98-4](#) § 7, 1998].

**14.08.080 Schedule of rates – Rules and regulations.**

a. Water utility services shall be billed according to the schedule set forth by resolution of the Homer City Council and shall be reviewed annually and amended, as necessary, to take effect as of the date set forth by resolution.

b. The City Manager shall have printed a sufficient number of copies of the water rate schedule approved and adopted by the City and the copies shall be available for public use upon demand at the office of the City Clerk. [Ord. [13-30\(A\)](#) § 2, 2013; Ord. 09-22(A)(S)(A) § 2, 2009; Ord. [00-02](#) § 3, 2000; Ord. [97-17\(A\)](#), 1997; Ord. [97-12](#) § 4, 1997; Ord. 97-5(S)(A) § 2, 1997; Ord. [95-7](#), 1995; Ord. [91-10\(S\)](#) §§ 1, 2, 1991; Ord. [90-24\(A\)](#), 1990].

**14.08.090 Schedule of rates outside of the City limits.**

All rates and charges set forth by resolution of the Homer City Council shall apply to water service provided outside the City limits. [Ord. [00-02](#) § 4, 2000; Ord. [91-10\(S\)](#) §§ 3, 4, 1991; Ord. [90-24\(A\)](#), 1990].



## **OUTLINE OF HOMER'S SPECIAL ASSESSMENT DISTRICT (HSAD) PROCEDURE**

Based on Homer City Code Chapter 17.04, effective May 10, 2016, the steps in the Homer Special Assessment District procedure may be described in a series of stages:

### **Stage 1 – Initiation of HSAD by resolution or petition**

a. Resolution - Council may initiate a HSAD by resolution by a vote of no less than  $\frac{3}{4}$  of the Council.

b. Petition - Property owners may initiate a HSAD by petition signatures of the record owners of not less than 50 percent of the assessed cost of the improvement in the proposed district.

### **Stage 2 – Petition**

a. If the HSAD is initiated by resolution of the Council there is no petition prepared. Proceed to neighborhood meeting of owners within the district.

b. If the HSAD is initiated by property owner petition, the petition is prepared by the city clerk for distribution to all property owners in the district. If within 60 days the petition is returned with approving signatures of the owners of not less than 50 percent of the assessed cost of the improvement:

- A meeting of record owners of real property in the proposed district is scheduled, and
- The proposed district is referred to the City Manager to prepare an improvement plan for the district that includes final boundaries, design, cost estimate, assessments against properties, method for allocating costs among the properties, time period which assessments will be financed, and a preliminary assessment roll.

If there are not sufficient signatures, Council is informed and adopts a resolution finding that the petition was insufficient and the HSAD fails.

### **Stage 3 – Public Hearing/Written Objection**

a. A public hearing is scheduled and published. Property owners receive notice via certified mail no less than 60 days before the hearing.

b. A record owner of real property within the proposed district may file a written objection to the improvement plan no later than the day before the public hearing. If owners of real property that would bear 50% or more of the assessed cost of the improvement file timely written objections, Council may not proceed with the improvement unless it revises the improvement plan to reduce the assessed cost of the improvement that is borne by objecting owners to less than 50% of the assessed cost of the improvement. In the event the resolution changes the district boundary all owners of property shall be notified of the change.

c. Council holds a public hearing and then adopts a resolution determining to proceed with the proposed improvement.

#### **Stage 4 – Contract for Construction/Solicitation of Bids**

- a. After the HSAD has been created the City solicits bids for construction. If cost of constructing the improvement will exceed 115% of the estimated cost in the improvement plan, property owners will be notified via certified mail of the increased cost.
- b. If record owners of property that would bear 50% or more of the cost of the improvement object in writing, the City will not contract to construct the improvement.

#### **Stage 5 – Assessment Roll and Objections**

- a. After completion of the improvement, Council shall assess costs to each property benefitted in the district.
- b. An assessment roll will include the name and address of the record owner, Kenai Peninsula Borough parcel number, property description, amount assessed, and assessed value of the property.
- c. A hearing is scheduled to hear objections to the assessment roll.
- d. Property owners are notified of the hearing date and sent the assessment roll via certified mail.
- e. Council corrects any errors or inequalities in the assessment roll and confirms the assessment roll by resolution. Council sets the time for payments, interest rate, and penalties for delinquent payments by resolution.