

HOMER CITY COUNCIL
491 E. PIONEER AVENUE
HOMER, ALASKA
www.cityofhomer-ak.gov



WORKSESSION
4:00 P.M. TUESDAY
MARCH 20, 2018
CITY HALL CONFERENCE ROOM

MAYOR BRYAN ZAK
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

NOTICE OF MEETING WORKSESSION AGENDA

- 1. CALL TO ORDER, 4:00 P.M.**
- 2. AGENDA APPROVAL** (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual, pg. 6)
- 3. ISSUES BEFORE THE ALASKA LEGISLATURE INCLUDING:**
 - Revenue Sharing
 - PERS/TRS and the Unfunded Liability
 - Fiscal Policy
 - Revenue Measures New Taxes (Sales Tax, Income Tax, etc.)
 - State of Alaska Operating Budget
 - Transportation
 - Public Safety

Memorandum 18-035 from City Manager as backup

Page 3

- 4. COMMENTS OF THE AUDIENCE**
- 5. ADJOURNMENT**

Next Regular Meeting is Tuesday, March 27, 2018 at 6:00 p.m., a Worksession at 4:00 p.m., 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

Office of the City Manager

491 East Pioneer Avenue
Homer, Alaska 99603

citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

(f) 907-235-3148

Memorandum 18-035

TO: Mayor Zak and Homer City Council
FROM: Katie Koester, City Manager
DATE: March 15, 2018
SUBJECT: Legislative Priorities

The purpose of this memo is to outline legislative issues that the City of Homer has taken an interest in in order to inform bimonthly Legislative work sessions with Council. Staff from Rep. Seaton's office will call in during the Tuesday March 20 work session and provide an update on session if available.

Relevant Resolutions passed since 2016 with status update as of March 15, 2016:

-Resolution 17-091: A Resolution of the City Council of Homer, Alaska, Supporting Senate Bill 92: An Act Relating to Abandoned and Derelict Vessels.

SB 92 (sponsor: Sen. Micciche) is in SFIN and has had 2 hearings in March. Representative Seaton has introduced a companion bill, HB 386, that is in HFIN.

-Resolution 17-090: A Resolution of the City Council of Homer, Alaska, Supporting Full Funding (\$9,820,141) for the State of Alaska Municipal Harbor Facility Grant Program in the FY 2019 State Capital Budget.

-Resolution 17-079: A Resolution of the Homer City Council Adopting the 2018-2023 Capital Improvement Plan and Establishing Capital Project Legislative Priorities for Fiscal Year 2019.

Legislative priorities have been mailed to and hand delivered to legislators. With the continued fiscal uncertainty, it looks doubtful that a capital bill beyond necessary fund to match federal funding is in the cards. An infrastructure bond bill may be likely in the future, but probably not this year. State input on a federal infrastructure package is also a possibility we need to be prepared for and have shared our projects and priorities with the Governor, State delegation and Federal Delegation through that lens.

-Resolution 17-078: A Resolution of the City of Homer Requesting that the Legislature Revisit the Standards for Recalling Municipal Officials to Determine the Sufficiency of the Definitions There-In.

Senator Stevens's office said they will not be able to introduce a bill. Rep. Seaton's office may have an update on research they have been doing on the topic.

-Resolution 16-028: A Resolution of the City Council of Homer, Alaska, Respectfully Requesting The Alaska Legislature Consider Less Severe Cuts to the Alaska Public Broadcasting Commission in the FY17 Budget. Reynolds.

-Resolution 16-017: A Resolution of the City Council of Homer, Alaska, Expressing a Deep Sense of Urgency for the Alaska State Legislature to Take Immediate and Decisive Action during the 2016 Legislative Session to Enact a Complete Package of Initiatives to Provide for a Balanced, Sustainable, and Predictable State Budget for the Foreseeable Future. Mayor.

-March 12, 2016 Letter of support for funding Pittman Robertson trail and wildlife viewing grants

HFIN added 3 staff to admin fund and \$1,000,000 as a one-time match to federal funds. This will likely become an item to debate between House and Senate version of final budget.

Budget items that pertain to the City:

- Funding for Alaska Land Mobile Radio
- Winter maintenance contract with DOT
- Contract with State Troopers for use of Police Station
- Contract with DOC for use of Community Jail
- Maintaining municipal PERS contribution rate at 22%
- Health of Community Assistance
- OWL grant funding for Library programing
- Number of State Troopers in our region
- Number of DOT regional staff
- Alaska Marine Highway funding
- Code Blue (emergency services grant program)

Visit <http://www.akleg.gov/basis/Home/BillsandLaws> for complete information on introduced legislation.

CITY OF HOMER
HOMER, ALASKA

City Manager/Port Director

RESOLUTION 17-091

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, IN
SUPPORT OF SENATE BILL 92: AN ACT RELATING TO ABANDONED
AND DERELICTVESSELS.

WHEREAS, Hundreds of derelict vessels currently litter Alaska's coastline and harbors and these numbers will increase every year unless action is taken to address aging fleets and changing commercial fisheries; and

WHEREAS, In the past two years alone there have been numerous derelict vessel situations that have cost the state, municipalities, and the federal government considerable expense, including two ex-Navy tugs in Adak, abandoned barges in Steamboat Slough near Bethel, and the tug Challenger that sunk off Juneau; and

WHEREAS, The Alaska Association of Harbormasters and Port Administrators recognizes the widespread costs and then environmental and navigational risks for both municipalities and the state associated with derelict vessels; and

WHEREAS, Neighboring states have dramatically strengthened their derelict vessel prevention laws in the past five years to better prevent, track and manage derelict vessels, including raising fees to support state management of derelict vessels and requiring vessel insurance; and

WHEREAS, In 1990 the Alaska legislature passed a resolution acknowledging the need to better understand and address the existing and growing problem of derelict vessels around the state; and

WHEREAS, The State of Alaska has outdated statutes regarding derelict vessels which lack the ability to track vessel owners, agency enforcement authority, statewide coordination of response, funding or vessel insurance requirements; and

WHEREAS, In 2013 the AAHPA supported the creation of the ad-hoc derelict vessel task force which includes representatives from state and federal agencies as well as the AAHPA, regional tribal representatives, federal and state legislative offices, and private industry; and

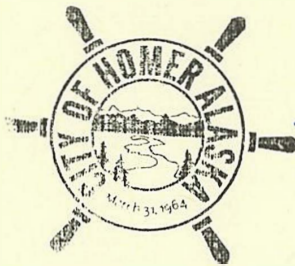
WHEREAS, Over nine full-day meetings, the task force developed thoughtful, robust and meaningful proposed changes that will help all stakeholders around the state, including harbor facilities, better address and prevent derelict vessels; and

WHEREAS, This will help our members protect harbor infrastructure, keep valuable moorage space in our harbors available, and will prevent unsustainable economic, environmental and navigational hazards; and

WHEREAS, The proposed changes will improve communication and coordination between Alaska's harbors and state and federal agencies, directly leading to decreased costs associated with managing derelict vessels.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, fully supports the passage by the state legislature of Senate Bill 92.

PASSED AND ADOPTED by the City Council of Homer, Alaska, this 30th day of October, 2017.



CITY OF HOMER

Bryan Zak
BRYAN ZAK, MAYOR

ATTEST:

MELISSA JACOSSN, MMc, CITYCLERK

Fiscal Note: N/A

**CITY OF HOMER
HOMER, ALASKA**

City Manager/Port Director

RESOLUTION 17-090

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, IN
SUPPORT OF FULL FUNDING (\$9,820,141) FOR THE STATE OF
ALASKA MUNICIPAL HARBOR FACILITY GRANT PROGRAM IN THE FY
2019 STATE CAPITAL BUDGET.

WHEREAS, The majority of the public boat harbors in Alaska where constructed by the
State during the 1960s and 1970s; and

WHEREAS, These harbor facilities represent critical transportation links and are the
transportation hubs for waterfront commerce and economic development in Alaskan coastal
communities; and

WHEREAS, These harbor facilities are ports of refuge and areas for protection for ocean-
going vessels and fishermen throughout the State of Alaska, especially in coastal Alaskan
communities; and

WHEREAS, The State of Alaska over the past nearly 30 years has transferred ownership
of most of these State-owned harbors, many of which were at or near the end of their service
life at the time of transfer, to local municipalities; and

WHEREAS, The municipalities took over this important responsibility even though they
knew that these same harbor facilities were in poor condition at the time of transfer due to the
state's failure to keep up with deferred maintenance; and

WHEREAS, Consequently, when local municipal harbormasters formulated their annual
harbor facility budgets, they inherited a major financial burden that their local municipal
governments could not afford; and

WHEREAS, In response to this financial burden, the Governor and the Alaska Legislature
passed legislation in 2006, supported by the Alaska Association of Harbormasters and Port
Administrators, to create the Municipal Harbor Facility Grant program, AS 29.60.800; and

WHEREAS, The Alaska Association of Harbormasters and Port Administrators, is
pleased with the Department of Transportation and Public Facilities administrative process to
review, score and rank applicants to the Municipal Harbor Facility Grant Program, since state
funds may be limited; and

WHEREAS, For each harbor facility grant application, these municipalities have committed to invest 100% of the design and permitting costs and 50% of the construction cost; and

WHEREAS, The municipalities of the City of Anchorage, the City and Borough of Juneau, City of Ketchikan, City and Borough of Sitka, City of Whale Pass, and the City of Whittier have offered to contribute \$9,820,141 in local match funding for FY2019 towards eight harbor projects of significant importance locally as required in the Harbor Facility Grant Program; and

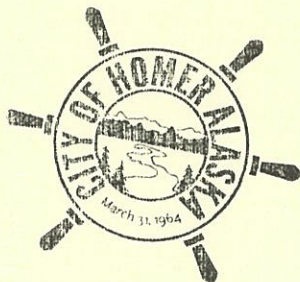
WHEREAS, Completion of these harbor facility projects is all dependent on the 50% match from the State of Alaska's Municipal Harbor Facility Grant Program; and

WHEREAS, During the last ten years the Municipal Harbor Facility Grant Program has only been fully funded twice; and

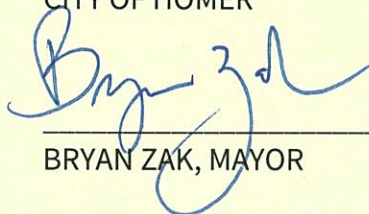
WHEREAS, During the last ten years the backlog of projects necessary to repair and replace these former State owned harbors has increased to over \$100,000,000.

NOW, THEREFORE, BE IT RESOLVED that City Council of Homer, Alaska, urges full funding in the amount of \$9,820,141 by the Governor and the Alaska Legislature for the State of Alaska's Municipal Harbor Facility Grant Program in the FY 2019 State Capital Budget in order to ensure enhanced safety and economic prosperity among Alaskan coastal communities.

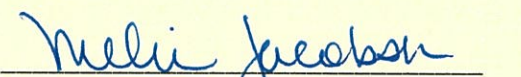
PASSED AND ADOPTED by the City Council of Homer, Alaska, this 30th day of October, 2017.



CITY OF HOMER


BRYAN ZAK, MAYOR

ATTEST:


MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal Note: N/A

**CITY OF HOMER
HOMER, ALASKA**

Mayor/City Council

RESOLUTION 17-079

A RESOLUTION OF THE HOMER CITY COUNCIL ADOPTING THE
2018-2023 CAPITAL IMPROVEMENT PLAN AND ESTABLISHING
CAPITAL PROJECT LEGISLATIVE PRIORITIES FOR FISCAL YEAR
2019.

WHEREAS, Duly published hearings were held on September 11 and September 25,
2017 in order to obtain public comments on capital improvement projects and legislative
priorities; and

WHEREAS, The Council received comments from all of the City of Homer Advisory
Commissions and held a Worksession on August 28, 2017; and

WHEREAS, It is the intent of the City Council to provide the Governor, the State
Legislature, State agencies, the Alaska Congressional Delegation, and other potential funding
sources with adequate information regarding the City's capital project funding needs.

NOW, THEREFORE BE IT RESOLVED by the City Council of Homer, Alaska, that the "City
of Homer Capital Improvement Plan 2018-2023" is hereby adopted as the official 6-year capital
improvement plan for the City of Homer.

BE IT FURTHER RESOLVED that the following capital improvement projects are
identified as priorities for the FY 2018 State Legislative Request:

- 1 New Homer Police Station
- 2 Homer Large Vessel Harbor
- 3 Homer Barge Mooring & Large Vessel Haul Out Repair Facility
- 4 Storm Water Master Plan
- 5 Fire Department Fleet Management

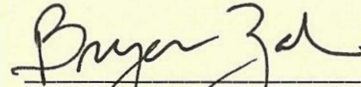
BE IT FURTHER RESOLVED that projects for the FY 2019 Federal Legislative Request
will be:

- 1 New Homer Police Station
- 2 Homer Large Vessel Harbor

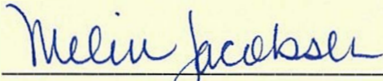
BE IT FURTHER RESOLVED that the City Manager is hereby instructed to advise
appropriate State and Federal representatives and personnel of the City's FY 2019 capital
project priorities and take appropriate steps to provide necessary background information.

PASSED AND ADOPTED by the Homer City Council on this 25th day of September 2017.

CITY OF HOMER

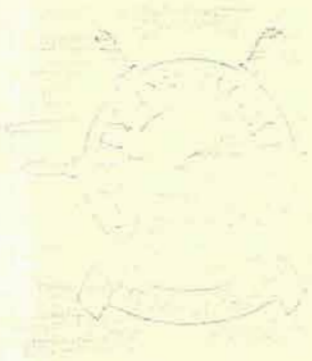

BRYAN ZAK, MAYOR

ATTEST:



MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal Note: N/A



**CITY OF HOMER
HOMER, ALASKA**

Aderhold/Smith

RESOLUTION 17-078

A RESOLUTION OF THE CITY OF HOMER REQUESTING THAT THE
ALASKA LEGISLATURE REVISIT THE STANDARD FOR RECALLING
MUNICIPAL OFFICIALS TO DETERMINE THE SUFFICIENCY OF
DEFINITIONS AND PROCESSES THEREIN.

WHEREAS, Recall elections concerning municipal and local elected officials have recently been held or contemplated in the City of Homer, the Kenai Peninsula Borough, the City of Haines, City of Cordova, and the Petersburg Borough; and

WHEREAS, Recall elections are an important part of the democratic process and therefore the rules governing recall must be clear and easily understood by voters, elected officials, and municipal employees; and

WHEREAS, Alaska Statutes 29.26.240 through 29.26.360 govern recall elections for municipal officials; and

WHEREAS, The standards for what constitutes both an action that would justify recall and how a local municipal official should evaluate the recall petition's sufficiency are not clearly defined in the Alaska Statutes, leading to a wide range of interpretations; and

WHEREAS, In 1984, the Alaska Supreme Court suggested that the legislature clarify the recall statutes. The Court made the following statement in *Meiners v. Bering Strait School District*, 867 P.2d 287, 296 (Alaska 1984):

Each issue in this case arises because one or another of the provisions of Alaska's recall statute is in some way ambiguous. The need for judicial participation in the recall process could be decreased by more carefully drawn statutes. Article XI, section 8 of the [Alaska] Constitution commands the Legislature to prescribe both the procedures and the grounds for recall. The political nature of the recall makes the legislative process, rather than judicial statutory interpretation, the preferable means of striking the balances necessary to give effect to the Constitutional command that elected officers shall be subject to recall. . . [W]e commend to the Legislature the suggestion that these statutes be revised to clarify its intentions;

and

WHEREAS, Over the past 30 years, and despite the Alaska Supreme Court's request, the Alaska Legislature still has not clarified the statutes related to recalling municipal officials; and

WHEREAS, "Misconduct in office", currently one of the grounds for recalling a municipal official, is undefined in the Alaska Statutes and the level and type of misconduct required is not specified; and

WHEREAS, The Alaska Supreme Court has stated that it was not advisable to force municipal clerks who are not attorneys to rely on in-depth legal analyses including reviews of case law to determine the sufficiency of recall petitions; and

WHEREAS, The Alaska Legislature can look to at least 28 other states for examples of laws when deciding how to clarify Alaska's recall statutes as recall of local officials is allowed in Alabama (Ala. Code§ 11-44-130), Arizona {Const. Art. 8}, Arkansas (Ark. Code§ 14-47-112), California (Const. Art. 2, § 19 and Cal. Election Code§ 11000), Colorado {Const. Art. 21, § 4 and Rev. Stat. § 31-4-501}, Florida (Fla. Stat. § 100.361), Georgia {Const. Art. 2, § 2.4 and Ga. Code § 21-4-1}, Idaho (Const. Art. 6, § 6 and Id. Code§ 34-1701), Kansas (Const. Art. 4, § 3 and Kan. Stat. § 25-4301), Louisiana {Const. Art. 10, § 26 and La. Rev. Stat. § 18:1300}, Michigan {Const. Art. 2, § 8 and Mich. Comp. Laws § 168.951}, Minnesota {Minn. Stat. § 351.14}, Missouri (Mo. Rev. Stat. § 77.650 and § 78.260), Montana (Mont. Code § 2-16-601), Nebraska (Neb. Rev. Stat. § 31-786 and § 32-1309), Nevada {Const. Art. 2, § 9}, New Hampshire (N.H. Rev. Stat. § 49D:3(e)), New Jersey {Const. Art. 1, § 2(b)}, New Mexico (Const. Art. 10, § 9), North Dakota {Const. Art. 3, § 10}, Ohio {Ohio Code § 705.92}, Oregon {Const. Art. 2, § 18 and ORS § 249.865}, South Dakota (S.D. Codified Laws § 9-13-29), Tennessee (Tenn. Code § 6-31-301), Washington {Const. Art. 1, § 33-34 and Wash. Code § 29A.56.110}, West Virginia {W.Va. Code § 8-12-4(3)}, Wisconsin (Const. Art. 13, § 12 and Wis. Stat. § 9.10) and Wyoming (Wyo. Stat. § 15-4-110); and

WHEREAS, Alaska can look to at least seven other states that require a specific ground for recall to be stated when a person or group attempts to recall an elected official: Georgia {Ga. Code § 21-4-3(7) and 21-4-4(c)}, Kansas {KS. Stat. § 25-4301}, Minnesota {Const. Art. VIII § 6}, Montana (Mont. Code § 2-16-603), Rhode Island (Const. Art. IV § 1), Virginia (Va. Code § 24.2-233) and Washington {Const. Art. I, § 33}.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, requests that the Alaska Legislature revisit the standards for recalling municipal officials to determine the sufficiency of the definitions and processes therein.

PASSED AND ADOPTED by the Homer City Council this day of August, 2017.



CITY OF HOMER

BRYAN ZAK, MAYOR

ATTEST:

_____

MELISSA JACOBSON, MMC, CITY CLERK

Fiscal Note: N/A

**CITY OF HOMER
HOMER, ALASKA**

Reynolds

RESOLUTION 16-028

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
RESPECTFULLY REQUESTING THE ALASKA LEGISLATURE
CONSIDER LESS SEVERE CUTS TO THE ALASKA PUBLIC
BROADCASTING COMMISSION IN THE FY17 BUDGET.

WHEREAS, KBBI Public Radio (Kachemak Bay Broadcasting, Inc.) provides important news and information services 24 hours a day, 365 days a year, serving lower Cook Inlet residents from Clam Gulch to Nanwalek, and Chinitna Bay to the west side of Kodiak Island; and

WHEREAS, KBBI provides essential public service in times of emergency and natural disasters. At 1:30 a.m. on Sunday, January 24, 2016, a 7.1 earthquake struck the west side of Cook Inlet, 47 miles across Cook Inlet from Anchor Point and 60 miles from Homer. Within 20 minutes KBBI staff were on the air with earthquake information and provided regular updates until 6:00 a.m. The effort continued into the afternoon, including information from the Central Kenai Peninsula area where the most severe physical damage took place; and

WHEREAS, KBBI has invested significant financial resources to purchase and install backup propane generators at the studio and transmitter locations to provide vital information to communities when disaster threatens. This can come in the form of earthquakes, tsunamis, volcano eruptions, wildfire, or floods. In the past 25 years the southern Kenai Peninsula has experienced each of these events multiple times; and

WHEREAS, KBBI's high level of response led the City of Homer to invite KBBI's participation in the City's *All Hazard Mitigation Plan* committee. KBBI also participated in the *Coastal Community Resilience Training* in October 2015, a disaster preparedness training offered by NOAA; and

WHEREAS, KBBI's ability to broadcast to the central Kenai Peninsula via KDLL, Kenai has been important in emergency response situations; and

WHEREAS, Cuts to all segments of Alaska government budgets are anticipated for FY17; and

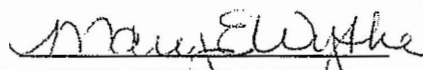
WHEREAS, The proposed reduction to the budget for public radio seems disproportionate and will adversely affect service across Alaska; especially to Bush and rural residents where public radio may be the primary source of regional and emergency information.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, respectfully requests the Alaska Legislature consider less severe cuts to the Alaska Public Broadcasting Commission in the FY17 budget.

PASSED AND ADOPTED by the Homer City Council on this 14th day of March, 2016.

CITY OF HOMER




MARY E. WYTHE, MAYOR

ATTEST:


JO JOHNSON, MMC, CITY CLERK

Fiscal Note: N/A

**CITY OF HOMER
HOMER, ALASKA**

Mayor

RESOLUTION 16-017

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
EXPRESSING A DEEP SENSE OF URGENCY FOR THE ALASKA
STATE LEGISLATURE TO TAKE IMMEDIATE AND DECISIVE ACTION
DURING THE 2016 LEGISLATIVE SESSION TO ENACT A COMPLETE
PACKAGE OF INITIATIVES TO PROVIDE FOR A BALANCED,
SUSTAINABLE, AND PREDICTABLE STATE BUDGET FOR THE
FORESEEABLE FUTURE.

WHEREAS, Alaska is an 'owner state' who has developed its natural resources as the
primary means to fund essential/desired public services offered by the state; and

WHEREAS, Alaska has relied predominately on the development of its vast oil reserves
to fund the majority of state government expenditures over the past 35 years; and

WHEREAS, Production of Alaskan North Slope crude oil has steadily decreased over
the past 25 years; and

WHEREAS, Global oil prices have remained highly volatile over recent decades, but
until recently, have trended higher over time, masking the effect of decreasing oil production;
and

WHEREAS, Global oil prices have dropped significantly over the past two years and are
projected to remain relatively low for the foreseeable future; and

WHEREAS, The combination of reduced oil production, reduced oil prices, and an
overreliance on oil as the primary source of funding for state government has resulted in a
massive state fiscal deficit; and

WHEREAS, Cash reserves currently being used to cover the existing deficit will be
depleted in just a few years, threatening the state's annual dividend program and potentially
the state's Permanent Fund itself; and

WHEREAS, The State of Alaska has been duly warned by Standard & Poors that due to
the current fiscal imbalance, its credit rating will continue to be downgraded if the Legislature
fails to take appropriate action in 2016; and

WHEREAS, Major business leaders in the state have warned that they would be unlikely to continue making significant commercial investments in Alaska if the Legislature fails to address the fiscal deficit during the 2016 legislative session; and

WHEREAS, Governor Walker has introduced a complete fiscal plan to provide a sustainable and predictable balanced budget, using the strength of our existing financial assets, and a balanced blend of spending reductions and additional new revenues; and

WHEREAS, While spending reductions must be a part of any balanced fiscal solution, extreme care must be exercised to not inadvertently cut our way into an economic recession as was done in the 1980's; and

WHEREAS, Every dollar of cash reserves spent now to fund one-time budget shortfalls, is then unavailable to continue working for the state as an ongoing income producing asset into the future; and

WHEREAS, Continuing to spend down cash reserves in the short-term, will reduce the amount of sustainable revenue we can plan to generate from our current financial assets in the future, resulting in the necessity to increase other sources of revenue (taxes) in the future to compensate; and

WHEREAS, Now more than ever is the time for statesmanship, not provincial politics or electioneering rhetoric. Politically difficult decisions are required this year.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Homer, Alaska that:

Section 1. The City Council of Homer, Alaska, calls upon the Alaska State Legislature to take affirmative and immediate action this year to enact a comprehensive package of initiatives that will provide for a sustainable and predictable balanced state budget for the foreseeable future.

Section 2. The City Council of Homer, Alaska, appreciates the difficult work of the Administration to put forth one possible comprehensive fiscal solution; and while the (Community Name) may not support every aspect of this plan, does recognize it as an appropriate starting point for legislative deliberation.

Section 3. The City Council of Homer, Alaska, insists that the Alaska State Legislature engage in meaningful discussions of all fiscal options without regard to perceived negative political fallout.

Section 4. The Homer City Clerk is instructed to transmit a copy of this resolution to every member of the Alaska State Legislature, the Governor, and all local and statewide media outlets.

PASSED AND ADOPTED by the City Council of Homer, Alaska, this 25th day of January, 2016.

CITY OF HOMER




MARY E. WYTHE, MAYOR

ATTEST:


JO JOHNSON, MMC, CITY CLERK

Fiscal Note: N/A



City of Homer

www.cityofhomer-ak.gov

Homer City Council

491 East Pioneer Avenue
Homer, Alaska 99603

(p) 907-235-3130

(f) 907-235-3143

March 27, 2018

Alaska State Legislature House Finance Committee,

Alaska's vast land and water resources, and diverse habitats support healthy and abundant fish and wildlife. Our wildlife has a significant positive impact on Alaska residents and communities, and on our economy.

Two Federal programs provide valuable funding to States to assist with projects that restore, conserve and manage wildlife and their habitat, as well as enhance safe public access to these resources. However, due to budget cuts, Alaska will be losing out on these funds for lack of Alaska Division of Fish and Game staff to administer the funds.

We are writing in support of adding funding to the State budget to restore ADF&G staffing to a level at which the division can administer Pittman-Robertson and Dingell-Johnson federal grants. Without it, the State is poised to forfeit millions of dollars in federal funding for habitat protection and public access programs.

Responsible use and development of our lands and waters is important to Alaska's economy and culture in terms of quality of life, money spent in the state and job creation. Over the last thirty years, Dingell-Johnson funds have completed more than 160 capital improvement projects to provide new and improved access to waters throughout the state. Homer's harbor users recently benefitted from the program. Dingell-Johnson funds helped upgrade the load and launch ramp.

Likewise, Pittman-Robertson Wildlife Restoration Program funds have helped rehabilitate and enhance wildlife habitat and populations, and provided public access for hunting and other wildlife-oriented recreation. The City of Homer has Pittman-Robertson eligible trail and wayside projects and a dedicated fund for the required match which would provide public access for wildlife-oriented recreation.

Adjusting funding levels for ADF&G will allow the State to leverage these important Federal dollars which can be put to work for the benefit of Alaska and its communities.

Sincerely,

Mayor Bryan Zak
On behalf of the Homer City Council



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue

Homer, Alaska 99603

clerk@cityofhomer-ak.gov

(p) 907-235-3130

(f) 907-235-3143

Memorandum

Agenda Changes/Supplemental Packet

TO: MAYOR ZAK AND HOMER CITY COUNCIL
FROM: RENEE KRAUSE, CMC, DEPUTY CITY CLERK
DATE: MARCH 20, 2018
SUBJECT: AGENDA CHANGES AND SUPPLEMENTAL PACKET

ISSUES BEFORE THE ALASKA LEGISLATURE INCLUDING:

- Revenue Sharing
- PERS/TRS and the Unfunded Liability page 1
- Fiscal Policy page 1
- Revenue Measures New Taxes (Sales Tax, Income Tax, etc.) Page 2
- State of Alaska Operating Budget Page 3
- Transportation Page 4
- Public Safety Page 4

Memorandum from Representative Seaton's Office as backup

**Homer City Council
Legislative Working Group
March 20, 2018**

This information below is based on the State Operating and Mental Health Budgets – HB 286/HB 286 as passed from the House Finance Committee on March 16th, and the FY18 Supplemental Budget (Fast Track) – HB 321, which passed the House and the Senate and is now awaiting to be transmitted to the Governor. The information below does not include any funding that comes through the State Capital Budget – SB 142, as this bill has not yet been heard by the House. The Operating Budget will most likely be amended to some degree on the House floor, and again in the Senate. The difference between the House and Senate versions of the bill will be worked out in Conference Committee.

Community Assistance (Previously known as Community Revenue Sharing)

In the Governor’s budget, he included an FY18 supplemental of \$30 million from the Power Cost Equalization fund which will allow for an FY19 Community Assistance payout of \$30 million to communities. However, there was nothing in the FY19 budget to assure an FY20 payout to communities.

To assure a community assistance payout to communities in both FY19 and FY20, the House moved the Gov’s \$30 million appropriation into the HB 321 (FY18 Supplemental Budget) and included an additional \$30 million appropriation in HB 286 (Operating Budget).

PERS/TRS Unfunded Liability

The House included \$135.2 million for the Public Employees’ Retirement System and \$128.2 million for the Teachers’ Retirement System as additional state contributions to keep the retirement systems funded. These are the same amounts as proposed by the Governor.

Fiscal Policy

According to the updated revenue projections produced by the State Department of Revenue, the estimated amount of unrestricted revenue for FY19 is \$2.34 billion. The state’s Unrestricted General Fund (UGF) budget for Agency Operations and Statewide Obligations is \$4.5 billion, leaving a budget gap of \$2.5 billion. This budget is nearly \$1 billion less than it was in FY15. There may be additional cuts, but we cannot close a \$2.5 billion with cuts alone, and we cannot count on the price and production of oil alone to fill the gap.

HB 286 (Operating Budget) currently includes a 4.75% (\$2.46 billion) POMV draw from the Earnings Reserve Account (ERA) with 33% (\$813 million) directed to the PFD Fund for PFD payment to Alaskans, and 67% (\$1.65 billion) for deposit into the General Fund for essential public services. The 4.75% is well below the projected growth of the fund of 6.5% and would provide an estimated PFD of \$1,258 for qualified Alaskans. The 4.75% draw has passed the AK Permanent Fund Corp's stress tests and is more sustainable for the ERA.

Spring Revenue Forecast:	\$2.34 billion UGF
<u>House 67% of POMV draw ERA:</u>	<u>\$1.65 billion UGF</u>
Estimated Revenue FY19:	\$3.99 billion UGF

State Agency Operations & Obligations:	\$4.5 billion UGF
Capital Budget estimate:	\$0.16 billion UGF
Oil and Gas Tax Credits:	\$0.05 billion UGF
<u>Unanticipated expenses:</u>	<u>\$0.1 billion UGF</u>
Estimated FY19 budget:	\$4.81 billion UGF

Estimated Deficit FY19: \$800 million UGF

The Constitutional Budget Reserve Fund has a balance of \$2.5 billion and could be used to fill the gap to reach a fully funded budget. However, using the CBR will not be an option in future years.

Note that the current version of the operating budget includes flat funding for many programs including education. For many school districts, flat funding will result in more teacher layoffs this coming year.

Revenue Measures

The House proposed a progressive income tax last session that would have accomplished two things:

- 1) Raised an estimated \$687 million in new revenue to fill the gap
- 2) Tied new revenue to the economy. As population and economy grows, so does the revenue needed to reinvest back into our state.

An income tax is not the only option available to solve the fiscal gap. A state sales tax is another option, along with a motor fuels tax, or restructuring the oil and gas production tax to bring our state share back up to the level it used to be.

The Governor introduced [HB 282](#) - *Capital Budget Contingent on Employment Tax*. The \$280 million in projected tax revenue would fund mainly deferred maintenance and infrastructure. House Finance is scheduled to hear this bill this Friday. It has not yet been heard in Senate finance.

The bottom line is that we cannot rely on oil alone to fill the gap. Oil revenue will always be a part of the state budget, but it can no longer be the only part. We cannot grow the economy if we do not have a consistent form of revenue, as we used to have in Alaska with an income/education tax, that connects Alaskans to the services provided. This includes everything from new schools, teachers, University, public safety, pioneer homes, and major deferred maintenance, renovation, and new construction projects.

Overall State Operating Budget

The budget passed the House Finance Committee last Friday and includes the following funding.

	UGF Only	ALL GF	All Funds
15 Management Plan	\$5.46 billion	\$6.16 billion	\$12.58 billion
19 Governor's Budget	\$4.46 billion	\$5.26 billion	\$9.37 billion
House Finance Budget	\$4.50 billion	\$5.35 billion	\$10.45 billion

The budget increased for several reasons.

- 1) Community Assistance - \$30 million: The Governor only included funding for FY18 Community Assistance, and nothing for FY19. Without a \$30 million appropriation in FY19, the payout for community assistance would have been reduced to \$20 million.
- 2) University - \$19 million: This brings the University funding closer to the amount requested by the Board of Regents. The regents requested \$341.6 million and the Governor included \$316 million. The addition by the H-FIN brings their total funding up to \$335 million.
- 3) Public School Trust Fund - \$18 million: This needed to be added to the bill in case the Public School Trust Fund Bill (HB 213) does not pass. If the bill passes, then this amount will come out of the operating budget and the money would come through a fiscal note associated with the bill.
- 4) Public Defender- \$1 million: Needed for additional public defenders in Bethel, Ketchikan, Fairbanks, and Anchorage to deal with growing number of cases.
- 5) Capitalize the Oil and Gas Tax Credit fund - \$49 million. Governor has a bill for financing oil and gas tax credits with a bond issuance. If the bill passes, then the \$49 million will need to be removed from the budget.

SB 321 – Fast Track Supplemental

This bill was passed by the House and the Senate and is awaiting the Governor's signature. The bill funds projects that were short funded in FY 18 and need additional authorization. Projects include:

- 1) Department of Correction - \$18.3 million: Population management due to increase in number of incarcerations and increase cost for health care.
- 2) Alaska Permanent Fund Corporation - \$5 million: External Management Fees increased as a result of strong market returns. These fees are based on the value of the fund.
- 3) Community Assistance - \$30 million: Allows for a \$30 million payout to communities in FY19.
- 4) Alaska Marine Highway System - \$24 million: The AMHS was short funded and these funds will allow sailings through the end of the fiscal year.
- 5) Medicaid Reimbursement - \$45 million: To pay providers for the services provided for Medicaid recipients.

Additional supplemental items will be added to the capital budget that were not included here and that were not considered a high enough emergency to include in the fast track supplemental budget.

Transportation

No significant changes in operations. The House included the same level of funding for transportation as proposed by the Governor. The Governor proposed \$100.0 reduction for overtime pay related to snow and ice control in the Central Region. The House did not restore this funding. The Alaska Marine Highway System (AMHS) is funded at last year's level.

The Capital Budget (SB 142) will included transportation related capital projects. See below.

Public Safety

The Governor included \$34 million for public safety. This includes
Substance Abuse Treatment Centers - \$18 million
Enhanced Trooper and Prosecutor Presence - \$2.9 million
Correction Center Operations - \$10.4 million
Statewide Drug Prosecutor - \$200,000
Public Defender Support - \$500,000
Anchorage Prosecutor - \$1 million

Also added to the budget:

Public Defender Agency – \$1 million: Needed for additional public defenders in Bethel, Ketchikan, Fairbanks, and Anchorage to deal with growing number of cases.

Office of Public Advocacy – \$465,000: Improve services provided to abused and neglected children by adding 4 Guardian ad Litem (GAL) to OPA. Guardian ad Litem are individual appointed by the court to represent the best interests of the ward or respondent in court proceedings. A GAL is appointed if the court decides that the respondent cannot determine his own interests because of impaired ability.

Also, the Alaska Wing Civil Air Patrol had approx.. \$150,000 cut from last year. They will have \$302,300 for FY19 only (as a “one time increment”) with intent language that they actively search to secure other funding for operations (such as federal).

Capital Budget

The Capital budget is scheduled to be heard in H-FIN on March 23. This budget bill is typically the last budget that is passed. This is because if there were any other pieces of other budget bills that were missed and need to pass, they can be included in the capital budget. This can include Salary schedules due to recent negotiations, supplemental items, ratifications, or other technical fixes.

The Governor’s Capital Budget includes the following projects:

- Snowmobile Trail Development projects: \$250,000 DGF
- State Park Public Use Cabins: \$300,000 DGF
- AK Marine Hwy System -Vessel Overhaul & Facility projects: \$13.5 million UGF
- Public & Community Transportation state match: \$1 million UGF
- Village Safe Water & Wastewater projects: \$12 million UGF; \$52.5 million Federal match; \$500,000 Other funds
- Cook Inlet Pipeline Infrastructure Assessment: \$200,000 DGF Oil/Hazard fund

The capital budget includes \$160 million UGF plus an additional \$280 million that is contingent on the passage of SB 140/HB 282 - Wage Tax. If passed, the wage tax would pay for such things as:

- Major Maintenance Grant funds: \$70 million;
- UA Deferred Maintenance: \$70 million;
- Statewide Deferred Maintenance, Renovation and Repair: \$50 million;
- Port of Anchorage: \$40 million;
- Highway Match to Maximize Available Federal Funds: \$7 million;
- Municipal Harbor Facility Grant Fund Projects: \$10 million;

- Alaska Energy Authority – Bulk Fuel Upgrades: \$5 million;
- Weatherization Program - \$15 million;
- Senior Citizens Housing Development Program - \$2 million;
- Emergency Medical Services – Match for Code Blue - \$1 million

Along with several other projects.

If the bill does not pass, then either these projects will not be funded or will need to be included in the regular capital budget, and would increase the amount of funding needed through the capital budget.

The public is encouraged to submit public testimony on HB 282 to:
housefinance@akle.gov

