

Economic Development Advisory Commission Agenda

September 12, 2017

Regular Meeting 6:00 p.m.

City Hall Cowles Council Chamber



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**NOTICE OF MEETING
REGULAR MEETING AGENDA**

- 1. CALL TO ORDER, PLEDGE OF ALLEGIANCE- 6:00 p.m.**
- 2. APPROVAL OF THE AGENDA**
- 3. PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA (3 minutes)** **PAGE 3**
- 4. RECONSIDERATION**
- 5. APPROVAL OF MINUTES**
 - A. Regular Meeting Minutes for August 8, 2017 **PAGE 5**
- 6. VISITORS/PRESENTATIONS (10 minutes)**
- 7. REPORTS (5 minute each)**
 - A. Staff Report **PAGE 11**
- 8. PUBLIC HEARING**
- 9. PENDING BUSINESS**
 - A. BR&E Initiative
 1. Commissioners Report on Outreach Efforts/ Opportunities
 2. Scheduling for Data Analysis and Preparing Report
 - B. Small Business Development Center Funding Request **PAGE 14**
 - C. Letter to Dr. and Mrs. Marley Declining Property Offer **PAGE 17**
- 10. NEW BUSINESS**
 - A. Rescheduling November Regular Meeting **PAGE 19**
- 11. INFORMATIONAL ITEMS**
 - A. City Manager's Report **PAGE 21 AND PAGE 25**
 - B. Commissioner Attendance at City Council Meetings **PAGE 29**
- 12. COMMENTS OF THE AUDIENCE(3 minutes)**
- 13. COMMENTS OF THE CITY STAFF**
- 14. COMMENTS OF THE COUNCILMEMBER (If one is assigned)**
- 15. COMMENTS OF THE CHAIR**
- 16. COMMENTS OF THE COMMISSION**
- 17. ADJOURNMENT/NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY, OCTOBER 10, 2017 at 6:00 p.m. in the City Hall Cowles Council Chambers located at 491 E. Pioneer Ave, Homer, Alaska.**

Session 17-03 a Regular Meeting of the Economic Development Advisory Commission was called to order by Chair Karin Marks at 6:02 p.m. on August 8, 2017 at the City Hall Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska and opened with the Pledge of Allegiance.

PRESENT: COMMISSIONERS EVANS, RICHARDSON, MARKS, LORD, SANSOM, GUSTAFSON

ABSENT: COMMISSIONER KIESEL

STAFF: SPECIAL PROJECTS AND COMMUNICATION COORDINATOR CARROLL
COUNCILMEMBER SMITH
DEPUTY CITY CLERK SMITH

AGENDA APPROVAL

EVANS/RICHARDSON- MOVED TO APPROVE THE AGENDA

There was no discussion

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion Carried.

PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA

RECONSIDERATION

APPROVAL OF MINUTES

A. June 13, 2017 Regular Meeting Minutes

Commissioner Lord pointed out laser print did not provide a quote when requested.

LORD/SANSOM - MOVED TO APPROVE THE MINUTES OF JUNE 13, 2017 AS AMENDED

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

VISITORS

A. Marie Bader and Other Board Members of Kachemak Shellfish Mariculture Association

Marie Bader and Steve Rykaczewski from Kachemak Shellfish Mariculture Association (KSMA) started their presentation by thanking the commission for supporting Kachemak Shellfish Mariculture

Association. Ms. Bader explained that Resolution 03-85(S) was instrumental in securing the 2003 EDA Federal Loan and being on the Capital Improvement Plan has increased their chances of obtaining funding. Fish and Game do an annual report of Mariculture, in 2015 Mariculture had over 1.1 million dollars in sales, and each acre of farm produced 7,000\$ in product. There are 60 farms statewide and 25% of the farms are located in Kachemak Bay and Kachemak Bay produces 38% of the states total sales. KSMA's Remote Selling Facility is Alaska's only source of oyster seed due to Ketchikan failing to make a usable oyster seed product. KSMA have been successful for the last 4 years. The current facility is 20 years old and requires frequent maintenance and repair. They state all of the money they are making is going directly back into repairing the facility. Mr. Rykaczewski states the future of Mariculture is in kelp production. It is a 20 million dollar industry in Maine and a 2 billion dollar industry in the United States. Alaska only sold 25lbs of kelp in 2015. Ms. Bader and Mr. Rykaczewski both believe that the potential in the kelp industry is huge.

Commissioner Lord inquired about the supply to demand ratio, the successfulness of KSMA opposed to Ketchikan, and asked how Ketchikan got their funding.

Mr. Rykaczewski explained that the reason KSMA is so successful is "hands down" because of their employees. They monitor the nursery 24 hours a day from January to May to make sure the larvae have enough to eat. Right now KSMA is the only seed producing farm in Alaska. Ms. Bader explains that if they get funding to repair or build a new facility, they could easily add another setting to extend the season.

Commissioner Sansom asked if there were any negative impacts to the oyster seed or oyster farming.

Mr. Rykaczewski explains that the only negative impact he can think of would be the noise the equipment makes during the season. In fact, oysters are a good source of water purity. If oysters can't live in the water, then it will make everyone aware that the ocean is changing.

REPORTS

A. Staff Report

Jenny Carroll, Special Projects and Communications Director, had no report.

PUBLIC HEARINGS

PENDING BUSINESS

A. BR & E – Initiative

1. Update

Ms. Carroll provided a Memorandum that stated the Economic Development Commission has mailed out 1,700 post cards for their survey and currently have 69 respondents. Of the 69 respondents 39% of the respondents provided their name and contact number. The commission has followed up with said respondents and has gotten very positive feedback to the surveys. Ms. Carroll encouraged the entire Commission to participate in the survey and reminded everyone to listen carefully, take detailed notes, and be timely in the feedback process.

Ms. Lord commented that her overall impression of the survey has been very positive. The community has responded well to the Commission personally getting involved and the confidentiality clause comforts them to know their information will not be shared.

Councilmember Smith suggested that the Commission come up with some way to ask these responders if they have reference of someone else who would enjoy giving feedback.

2. Next Steps

Ms. Carroll explained that the next steps should be advertising the survey. Social media, post cards, and word of mouth are all things the Commission needs to do in order to gain feedback. The commission also should report their progress on the survey to City Council and think about presenting their results to City Council in the future.

NEW BUSINESS

A. CIP Review and Recommendations

1. Draft
2. Everything You always wanted to know

The Commission briefly discussed the combination of the Barge Mooring and Haul Out Facility projects into one two phased project. They also discussed the development of the Ramp 2 restrooms and that the Public Safety Building has had no change in progress. Councilmember Smith stated that he believed the Large Vessel Harbor was moved up in ranking last year and that the current form may be an error. Ms. Carroll stated she would look into that possible error.

The Commissioners discussed which two projects should be sent to City Council.

LORD/GUSTAFSON- MOVED TO SEND LARGE VESSEL HARBOR AND BARGE MOORING/ HAUL OUT REPAIR FACILITY TO CITY COUNCIL FOR THE CAPITAL IMPROVEMENT PLAN

The commission discussed adding the Mariculture Project to the Capital Improvement Plan but decided against it.

VOTE: 4 YES 1NO: MAJORITY VOTE

Motion carried.

A. Small Business Development Center Funding Request Letter

Commissioner Marks stated that she received this letter and had a brief conversation with John Bittner from the Small Business Development Center (SBDC). Ms. Marks suggests that the Commission gather information and form a suggestion to bring to City Council about giving SBDC funds. There was more discussion to follow. The consensus of the Commission is to move the letter request to the next agenda and make a decision after they gather more information.

B. Homer Ocean Park Proposal Marley Letter

William and Judy Marley sent the Commission a letter requesting that the city buys their 40 acre property and constructs a convention center on it. Ms. Carroll provided a map of the property which

shows wetland and bluff erosion issues. There was an erosion study done for the City which shows the erosion lines have not stayed the same and are eroding at .3 -.7 meters per year. The letter did not include an asking price for the property, but Ms. Carroll asked Mr. Marley what his price point was. He responded by saying 2.1 million dollars for the two properties.

Ms. Lord stated that we already have a proposed conference center in town center on the Capital Improvement Plan.

Commissioner Richardson stated that she thinks buying this property would not be a good idea because of the bluff erosion.

LORD/SANSOM- MOVED TO DECLINE THE PROPOSAL OF BUYING TWO PROPERTIES FROM WILLIAM AND JUDY MARLEY.

There was no discussion.

VOTE: NONOBJECTION: UNANIMOUS CONSENT

Motion Carried.

INFORMATIONAL ITEM

A. City Manager's Report

Ms. Carroll inquired if the Commission would like to have the City Manager's Report put in the packet on a regular basis to keep up to date with the items going on in other commissions.

The Commission agreed that from now on they will put the City Manager's Report in their meeting Packets.

B. Commissioner Attendance at City Council Meetings

Ms. Lord volunteered to be present and speak at the August 14th City Council Meeting

Councilmember Smith volunteered to be present and speak at the August 28th City Council Meeting.

Ms. Marks volunteered to be present and speak at the September 11th meeting.

COMMENTS OF THE AUDIENCE

COMMENTS OF CITY STAFF

No Comments

COMMENTS OF THE COUNCILMEMBER

No Comments

COMMENTS OF THE CHAIR

No Comments

COMMENTS OF THE COMMISSION

No Comments

ADJOURN

There being no further business to come before the Commission the meeting adjourned at 8:15pm. The **NEXT REGULAR MEETING IS SCHEDULED FOR Tuesday, September 12, 2017 at 6:00 p.m.** at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

HAYLEY SMITH, DEPUTY CITY CLERK

Approved:_____



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Memorandum

TO: Economic Development Advisory Commission
FROM: Jenny Carroll, Special Projects & Communications Coordinator
DATE: September 6, 2017
SUBJECT: Staff Report to EDC

Business Retention & Expansion

Responses to the BR&E Survey are up to 84, with 20 business owners requesting and following through with personal interviews. Post Labor Day outreach included refreshing the City of Homer web article, and Commissioners continuing to promote the survey at various community functions and civic meetings.

The survey will close on October 13, one month from our September EDC meeting and three days after our October 10th meeting – bringing us to the point where we need to begin planning for and scheduling for data analysis, result write-up and presentation.

I will be gone on annual leave from November 6-23rd so will miss the November EDC meeting. The annual EDC meeting schedule does not have a December meeting.

I recommend the EDC look at preliminary data analysis at the October meeting with a follow up at the November meeting to identify predominant, common themes in the survey results and suggest actions or ideas to consider that would address broad issues that emerge from the data.

I also recommend scheduling a worksession or two in late October/early November to work on the survey narrative entries and perform a Red Flag review.

The goal would be to have a summary report for City Council in January, with a report to the community shortly after that.

Alaska Small Business Development Center

On August 18, I responded to Jon Bittner's SBDC funding request letter as you requested at the August 8th EDC meeting. My request letter is attached in the packet, as is Mr. Bittner's response providing follow-up information.

EDC members should each review the information in the packet. Discussion at the meeting should lead to a motion for how the EDC wants to respond to the request (i.e. recommend City Council support the SBDC at level X, or not, or recommend SBDC apply for City funds through the Homer Foundation's City of Homer Grants program, which was set up by the City specifically to support locally-based non-profit organizations that provide services within the City of Homer.)

After discussion, if the motion doesn't pass, the motion could be further amended or replaced. A memorandum about the EDC's recommendation can be shared at the next City Council meeting under the EDC Commission report.

Homer Ocean Park --- Proposal to sell land to the City of Homer

On August 10, as requested, I responded via letter to William Marley regarding his proposal that the City of Homer purchase property he owns along the Sterling Highway for Homer Ocean Park. The letter is included in your packet for informational purposes.

Welcome Ethen Groves to the Economic Development Advisory Commission

At the September 11 City Council meeting, Mayor Zak will appoint Ethen Groves, a full-time student at Homer High School, to be a Student Advisor to the EDC. (As an advisor, Ethen will not be a voting member.) I look forward to his participation in and contributions to the Commission.

Informational Items:

1. August 2017 City Manager's Reports
2. City of Homer Individual City Report excerpted from the Kenai Peninsula Economic Development District's ***Situations & Prospects*** publication. ***Situations & Prospects***, published annually is the most current and comprehensive review of the Kenai Peninsula's economy and relevant metrics available. Thanks to Tim Dillon and crew for putting this together. You can read the full report at <https://kpedd.org/reports/situations-prospects-reports/>



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August 18, 2017

Jon Bittner, Executive Director, Alaska SBDC
1901 Bragaw Street, Suite 199
Anchorage, AK 99508-3471

Dear Mr. Bittner,

Karin Marks presented your SBDC funding request letter to the City of Homer Economic Development Advisory Commission (EDC) at their August 8, 2017 meeting. After a brief discussion, the EDC concluded they needed more information to help them make an informed decision. As staff support for the EDC, they asked me to contact you make this request on their behalf.

A brief overview of SBDC's organizational structure would be helpful. And while your letter clearly shows the impact the SBDC has had statewide since inception, the EDC asked to know more specifically impacts in the southern Kenai Peninsula.

Other areas of inquiry include:

- Current financials – what is the SBDC's overall budget? What are SBDC's revenue streams? From these, where did SBDC experience cuts, and in what amounts? What percentage of the budget do the State and Borough cuts represent? What specific steps has the SBDC taken in the past few years to prepare for a shrinking State budget?
- What other funding requests have you made? If SBDC doesn't meet its overall funding goal, what is the contingency plan? If SBDC doesn't meet its overall funding goal, will \$7,000 from the City of Homer make a difference? How would a shortfall affect the southern Kenai Peninsula?
- How will you use the funds you are requesting from the City of Homer? What would be the impact to the southern Kenai Peninsula?
- Where do you see the SBDC two to five years out? What has to happen for the SBDC to meet budget goals? What is the likelihood of further cuts from SBDC's remaining funding streams (including in-kind contributions)? Do you see the need to submit funding requests on an annual basis?

The Commission appreciates that travel to Homer to address these questions costs your organization. They are quite happy to get your response in letter format, with the option to follow up on any remaining questions via phone or skype during the next business meeting.

The next EDC meeting is Tuesday, September 12, 2017 at 6 pm. SBDC's funding request will be on the agenda. I can put your response letter in the meeting packet if I receive it by 5:00 pm Wednesday, September 6.

Thank you very much. The EDC appreciates the importance of small businesses for the health of our local economy as well as the challenges the State fiscal downturn presents to us all.

The EDC looks forward to hearing back from you.

Jenny Carroll
Special Projects and Communications Coordinator
jcarroll@ci.homer.ak.us / 907-435-3101

August 22, 2017

Jennifer Carroll, Special Projects and Communications Coordinator
cc: Karin Marx, Economic Development Chair
City of Homer
491 E. Pioneer, Ave
Homer, AK 99603

SUBJECT: City of Homer – Additional Information

Dear Jennifer and Karin,

Thank you for your letter regarding SBDC's request for funding from the City of Homer. I have attempted to answer the follow-up questions you and the Economic Development Advisory Commission had below. If you need any additional information or clarification, please don't hesitate to ask.

- Current Financials – SBDC's overall budget is around \$1.8 million. These funds are used to support the 15 staff members that operate in seven SBDC centers statewide in Homer, Soldotna, Anchorage, Fairbanks, Juneau, Mat-Su, and Ketchikan. The SBDC's funding is a mix of federal funds from the Small Business Administration, matching funds from the State of Alaska, support from local governments in Juneau, Fairbanks, and Ketchikan as well as donations from the public and private sector. As for what cuts the SBDC received for the upcoming fiscal year, we are looking at roughly a \$60,000 reduction in state funding, a proposed \$80,000 reduction in federal funding and the \$21,000 reduction in funding from the Kenai Peninsula Borough so far. All together that represents just under 9% reduction in overall funding for the organization.
- How Has SBDC Prepared For Potential Budget Cuts - To prepare for reductions in budget, SBDC has eliminated all of its center administrative positions so that we can focus on continuing to provide business assistance services. We have also developed contract business and economic development services that we provide to the City of Valdez, the Tanana Chiefs Conference and other organizations to increase our earned revenues. We are updating our processes for providing our workshops and expanding our offerings using partners and volunteers to try and increase revenues there as well. Additionally, we continue to streamline our business services and operations through the development and deployment of new technologies, techniques and partnerships to allow us to continue to serve Alaskan businesses in the face of reduced budgets remotely.
- Other Fundraising Efforts - The AK SBDC is engaged in a comprehensive statewide and regional fundraising effort. We are making asks like the one that was made to your organization in every region of the state that has a SBDC center. We are also working with

larger foundations and corporations like Wells Fargo, the Carr Foundation and other entities for statewide support that isn't tied to a particular center or region. In your area, Homer Electric and Enstar have agreed to provide funding to date and we are actively working with several other groups to try and raise additional funds.

- What is The SBDC's Plan B - Because the SBDC's funds are almost entirely used for personnel, we don't really have many options if we can't meet our funding goals other than to reduce staff. As for how much of an impact the \$7,000 we're asking the City of Homer for will have on our overall budget, it represents 33% of the funding cut by the Kenai Peninsula Borough, so will help us go a long way towards replacing the regional funding that was reduced. We know how difficult it is to find financing in this economic climate which is why we are focusing on a series of small asks, instead of trying to find one or two large donations to cover our shortfall. Every dollar we raise helps us continue to achieve our mission and allows us to show the local, community level support that our staff in your region generate.
- Use of Funds - We would use the funds that you provide to support the costs associated with having a SBDC business advisor in Homer. This would include offsetting personnel and operating costs for the Homer SBDC office. I believe that the impact of this office and its sister office in Soldotna have been significant. In the last four years alone, the Homer office has helped start 75 new businesses and supported 137 existing businesses which created 175 new jobs and raised over \$8,000,000 in capital.
- Future of SBDC - In the next two to five years I see the SBDC becoming an even more important part of Alaska's economic future. Small businesses are job creators, innovators and economic engines for communities across the state and the Alaska SBDC has a 30-year history of being their go-to resource for launch, growth and innovation state companies. Economic diversification and growth has never been more important that it is today with declining oil revenues and low oil prices, which is why the services that the SBDC provides have never been more needed. As to the likelihood of further funding cuts, I am hopeful that this will be the last major cuts we see, but there's no guarantee of that. Regardless of the budget however, I think that the continued funding by the City of Homer for SBDC's services in the city are important for showing the value that the City places on our mission and our services.

I am hopeful that the City of Homer sees the benefit of the SBDC's past and future work in your community and that you will help us to continue to assist small businesses in Homer and beyond grow and prosper. I am available to answer questions and look forward to working with you in the future.

Sincerely,

Jon Bittner, Executive Director, Alaska SBDC



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Dr. William and Mrs. Judy Marley
183 West Bayview Avenue
Homer, AK 99603

August 10, 2017

Dear Dr. and Mrs. Marley,

Thank you for taking the time to share with me your idea for the City of Homer becoming owners of your land located on the Sterling Highway with the purpose of developing a community convention center. At your request, I presented your letter and Homer Ocean Park concept drawing to the Economic Development Commission (EDC) at their August 8, 2017 meeting.

A conference center has been recognized as a potential economic development asset in Homer. In recognition of this potential, a centrally located facility, within easy walking distance to lodging and shops, is included as a long-range project in the City's Capital Improvement Plan.

After some discussion, though, the EDC concluded that a major land purchase by the City is not currently feasible and will not be forwarding a recommendation to the City Council.

Again, thank you for bringing your idea to the Economic Development Commission. We always welcome input from the public and share your enthusiasm for creating a vibrant economy in Homer.

Sincerely,

Jennifer Carroll
Economic Development Advisory Commission Staff Support
907-435-3101 • jcarroll@ci.homer.ak.us



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MEMORANDUM

TO: ECONOMIC DEVELOPMENT COMMISSION
FROM: HAYLEY SMITH, DEPUTY CITY CLERK
DATE: SEPTEMBER 12, 2017
SUBJECT: RESCHEDULING NOVEMBER 14TH REGULAR MEETING

The November 14th Economic Development Meeting conflicts with the AAMC Clerks Conference in Anchorage that all Homer City Clerks will be attending.

I have attached the Clerks Scheduling Calendar for the Month of November to show the availability of the Conference Room and Council Chambers.

The Available Options are as follows:

Option 1: Change the Regular Meeting to a work session on November 14th 2017

Option 2: Arrange a Special Meeting on November 21st 2017.

Option 3: Decide on another available date and time for the Commission to meet.

RECCOMENDATION

Discuss alternate dates for the November meeting and make a motion to reschedule or to cancel the November 14th regular meeting.

November 2017

November 2017							December 2017						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
5	6	7	1	2	3	4	3	4	5	6	7	1	2
12	13	14	8	9	10	11	10	11	12	13	14	8	9
19	20	21	22	23	24	25	17	18	19	20	21	22	23
26	27	28	29	30			24	25	26	27	28	29	30
							31						

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Oct 29	30	31	Nov 1 5:30pm Planning Commission Work Session (Council) 6:30pm Planning Commission Regular	2	3	4
5	6	7 Run Off Election (If Needed) 5:30pm Library Advisory Board (Council Chambers)	8	9 Run Off Canvass Board (If Needed) 4:00pm ADA Committee (Council Chambers)	10 CLOSED FOR VETERANS DAY	11
12	13	14 6:00pm Economic Development Meeting (Council) 6:30pm SOA Childcare-Lewis Watson	15 5:00pm Port and Harbor Meeting (Council Chambers)	16 5:30pm Parks, Art, Recreation and Culture Advisory Meeting (Council Chambers)	17	18
19	20	21	22	23 CLOSED FOR THANKSGIVING	24 CLOSED FOR THANKSGIVING	25
26	27 5:00pm Committee of the Whole (Council Chambers) 6:00pm City Council Regular Meeting	28	29 10:00am Department Head Meeting (Conference Room)	30	Dec 1	2



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Memorandum

TO: Mayor Zak and Homer City Council
FROM: Katie Koester, City Manager
DATE: August 9, 2017
SUBJECT: August 14 City Manager's Report

Salary and Benefits Study

HR Director Browning has been working on a salary and benefits study comparing other municipalities' complete compensation packages which includes: position descriptions and wages, longevity scale info, health care, cost of living adjustments, and other fringe benefits with the City of Homer to help inform your deliberation during the budget cycle. Her analysis depends on the participation of neighboring municipalities and their willingness to share information, so timing is difficult. Nevertheless, her goal is to have the study done by the end of September. This report will produce a lot of real time, real world information that will be very valuable. I am looking forward to reviewing the results with you.

Lunch with a Councilmember

Fall must really be right around the corner...Lunch with a Councilmember is starting back up soon. The Homer Friends of the Library Coordinator will contact you to schedule a time slot. I encourage members of the public who are interested in more free form dialogue with their City leaders to attend this hour long 'brown bag' lunch at the Library conference room from noon to one the first Council Monday of the month (September 11, October 9, November 27, December 11).

Reminder: Emergency Management Worksession September 11th

Council expressed an interest in more information regarding City of Homer specific emergency operations after the worksession held with the Department of Military and Veteran's affairs. The worksession on September 11th will provide Council an opportunity to review the City of Homer Emergency Operations Plan (<https://www.cityofhomer-ak.gov/fire/emergency-operations-plan>), ask specific questions of the Fire Chief and hopefully allow time for some discussion on area maritime response.

Coffee Table

August 2 Mayor Zak, former Councilmember Howard and myself were invited to KBBI's coffee table to discuss the structure and responsibilities of City government. It was a great opportunity to share with the public details on what Councilmembers are asked to take on as the decision makers and leaders of a complex organization of 100 employees and a 25 million dollar annual budget. KBBI expressed an interest in running a series of coffee table programs that focus on different departments and responsibilities of City government.

Visit from Captain of the Port

Port and Harbor Director Hawkins and I met with newly appointed USCG Captain of the Port for Western Alaska (including Southcentral), Captain Sean MacKenzie and staff. The Captain of the Port is in charge of enforcing USCG regulations regarding maritime security, safety and environmental protection. In addition to providing Captain MacKenzie with an overview of the Large Vessel Harbor expansion plans, we emphasized the importance of the Coast Guard in our community and the City's willingness to work with them on any issues they may have.

Alaska Municipal League Summer Meeting

I will be out of the office Tuesday August 15 through Friday August 19 to attend Alaska Municipal League Summer meeting with Councilmember Smith and Mayor Zak. I am looking forward to touching base with other Managers and municipal leaders about how they are handling everything from declining revenue to Port and Harbor development. Though I will not be in the office, I will be available by phone and email and will be working on packet preparation for the next meeting while I am there, so please feel free to contact me if you need anything.

Global Sustainable Fisheries of Alaska

In 2015, the City was approached by Global Sustainable Fisheries of Alaska (GSFA) to lease Lot 9A and Lot 10A on the Homer Spit (corner of Fish Dock and Homer Spit Road). In the original proposal GSFA planned to build a 10,780 sq ft fish processing plant that used unique freezing technology to preserve quality. Eventual plans included manufacturing modular units that could be sent to bush Alaska for preserving harvest in rural communities. Resolution 16-086 authorized lease negotiations. In Resolution 16-105 the proposed facility was reduced to 2,700 sq ft. The lease was subject to GSFA obtaining \$1.6 million grant from the U.S. Department of Commerce and Economic Development Administration (EDA). As the landowner, the EDA required the City to file as a joint applicant for the grant. Resolution 16-096 approved a joint agreement between GSFA and the City of Homer that specified that GSFA would be treated like any other lease holder and be responsible for meeting all grant requirements.

On August 3, 2017, the City Manager's office received notification that GSFA was not awarded the Economic Development Administration grant due to failure to secure the required match. As you can see from the long trail of resolutions, staff has spent a lot of time working with GSFA over the last 3 years. The project has gained significant statewide attention with promises to revolutionize fish processing in Alaska and combat unemployment in rural communities. GSFA has contacted City staff to request renewed partnership on a second application. However, with lease approval being dependent on a successful grant award, I have no choice but to terminate negotiations with GSFA. After going through one round of application, I don't believe the City has the time or expertise to reapply as a joint applicant for the EDA grant and I will be re-advertising lots 9A and 10A as available for lease.

Community Assistance

At the July 24th Council meeting I was asked to report on the status of the FY 2017 community assistance payment from the state. As you recall, Ordinance 16-21(S) appropriated \$189,000 for the SPARC project with the intent of reimbursing the General Fund those dollars once payment was received from the state.

- State Fiscal year 2017 Community Assistance Payment: \$215,640 received November of 2016

- State Fiscal year 2018 projected Community assistance amount: \$145,735 (will receive late 2017)

Right of Way Clearing

Over the last few years Public Works has dedicated a portion of the summer to improving drainage along roads by re-establishing road side ditches. This work extends the life of roads, improves their level of

service, and reduces long-term maintenance costs. The City Council has probably received complaints about this work similar to those received in the City Manager's office and at Public Works, so I want to take a minute to explain the need for this work and the pains the department takes to be respectful of property owners.

Ordinance 16-51 and Homer City Code Chapter 11.36 provides for the removal of vegetation that interferes with the reasonable public use of a right-of-way. Public Works makes every effort to contact adjacent property owners about the work in their neighborhood and explain why the work is necessary. We knock on doors and leave door hangers. At the property owner's request, downed trees can be salvaged for firewood. All work is completed within street right-of-way. Surveyors are employed to locate property lines to make sure we are not excavating or clearing vegetation on private property.

Road side ditches play an important role in collecting surface water from adjacent property and draining the road subgrade. Poor drainage contributes to saturated road gravel/subgrades which (especially during breakup) causes roads to become impassable. Good drainage reduces the severity and the length of time gravel roads suffer during thawing and wet conditions. Paved roads will deteriorate more quickly if underlying subgrade and gravel become saturated. The types of soils encountered in Homer are generally fine-grained silty soils that are highly moisture sensitive, impermeable and frost susceptible. Keeping ground and surface water away from roads, buildings and infrastructure is especially important in Homer.

To complete ditch maintenance, vegetation along the road side is impacted. We understand that to some property owners, trees and vegetation growing in the right-of-way act as a visual buffer to their property. It is especially difficult to see trees removed when the aphides and beetles have killed so many healthy trees in our town. Unfortunately, trees in the right-of-way can and do block sight distances, interfere with snow plowing and storage. They also interfere with the maintenance and operation of drainage improvements, gas mains, telephone and power lines, and cable facilities. Street right-of way is intended to serve the public and provide access, drainage, and a corridor for aboveground and underground utilities. In most cases, trees in the right-of-way conflict with these public needs.

In summary, the work described above is completed for the following reasons:

- Maintain and improve drainage
- Clear overhanging/protruding vegetation that interferes with the heavy maintenance equipment and emergency vehicle response
- Provide for snow storage and the ability to "wing back" snow during heavy accumulations
- Maintain sight distances at driveways and intersection
- Allow for utility companies, including power, telephone, gas and cable TV facilities, to efficiently operate and maintain their facilities

It is probable that the lack of attention in the past to maintaining street right-of-way in the manner described above has contributed to the severity of the work being accomplished now. We hope that the Council and the community can understand and support our ongoing efforts to maintain street right-of-way for the benefit of the many users of our public rights-of-way.

Enc:

Employee Anniversaries - August

Memo from Planning Commission Updating Council on their work on Homelessness

Memo from Public Works Director on Providing Small Quantity Bulk Water to the Public



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Memorandum

TO: Mayor Zak and Homer City Council
FROM: Katie Koester, City Manager
DATE: August 23, 2017
SUBJECT: August 28 City Manager's Report

Emergency Repair at the Library

The City discovered an issue with our fire alarm system at the Library recently when we contracted with Taylor Fire to look into why alarm tests were failing. Public works was hoping that the analysis would provide a repair option that might extend the life of the unit. However, while waiting for their arrival, the unit had a major and final irreparable failure. Apparently there has been a history of failure with the system, and Taylor Fire has been replacing them on a regular basis. The Library system has been limping along with this panel for over a year and parts are no longer available. The sprinkler system itself is still functional, so fire protection is operable. However, there is no notification to emergency personnel or building maintenance of an event. Additionally, there is no early warning/notification to anyone inside the building that a fire could be occurring in a back room, etc. The alarm control panel system is a code requirement. The fire alarm system should be up and running by the time of the Council meeting. The contractor estimated the work would cost \$7,300 which I will be requesting from Library depreciation reserves during the midyear budget amendments.

Staff Participation at Committee of the Whole

I have asked all Department Heads to participate at the Committee of the Whole. This helps management understand Council's decisions and priorities and provides you an opportunity to ask detailed questions about pending legislation or other City issues while the experts are in the room. Please help me use staff time wisely and ask questions that require specific expertise during the committee of the whole if at all possible. Unless there is unusually complex legislation specific to a department on the agenda, department heads are free to go after Committee of the Whole. This will help control our level of effort so department heads can spend more time in the trenches. Thank you for your help in getting the most out of City staff.

Backup Generator and Harbormaster's Office

At the August 14 meeting City Council approved a Homeland Security grant to purchase an emergency backup generator at for the Harbormaster's office. The question of alternate fuel sources came up after the meeting and I wanted to take a moment to explain why diesel was chosen as the preferred alternative.

The biggest threat for an extended power outage on the Spit comes from a significant earthquake. A fault line runs across the Spit around the hockey rink, which is about where the road sank in 1964. In any major earthquake event there is a risk that the natural gas supply would be shut down until such a time that the Enstar utilities can be tested and returned to service. How long something like that would take depends on

the severity of the event. It is likely that during a significant earthquake event there would be a long period of aftershocks that could continue for days and prolong response.

Staff also talked about Propane as an option mostly because it is easy to store long-term and there are no real spill risk. However, propane is problematic because of supply. There are no large propane storage tanks in Homer. All propane comes down the highway which adds another layer of vulnerability. Who knows what Spit Road will look like when the big one hits? It may be useable, or the end of the Spit maybe an island for a while.

Diesel is prevalent on the Spit. Petro Marine's tank farm is located at the end of the Spit. If push came to shove, there are literally tens of thousands of gallons of diesel in the boats in the harbor. In the end, the most important variable is not efficiency but reliability. The generator will likely get minimal use; short-term power outages and monthly testing. A back up generator is about keeping the lights, phones, computers, radios, and heating up and running without fail 24-7 during an emergency. For that we need the most reliable source of fuel that is readily available on the end of the Spit when the chips are down.

Alaska Municipal League Summer Meeting Travel Report

I attended the Alaska Municipal Management (AMMA) and Alaska Municipal League (AML) meeting the week of August 14 with Mayor Zak and Councilmember Smith. The weather was terrible, but the company was outstanding. In addition to municipal leaders from around the state, the Governor and his staff spent most of Thursday with the group. At the manager's meeting, I had the opportunity to ask my colleagues advice on issues ranging from staff development to building a new harbor. I am always impressed at how helpful and free with information Alaskan Managers are. They embody the help your neighbor spirit that makes Alaska such a great place to live. I had the privilege of facilitating a dialogue with this group of professionals on building communication skills. The room shared great tangible advice on effective communication with Council, relationship building with staff, and struggles with navigating the changes from traditional media to social media. The Haines City Manager organized an impromptu meeting with their newly formed Economic Development Board and we shared economic development struggles and success in our similar small commercial fishing and tourism towns. These trips are always a great opportunity to get out of our silos and learn, network and share with other Alaskan communities. The next AML meeting is November 13-17 and I encourage Councilmembers who are able to attend.

Proposition 1 – Be Smart with the Hart - Education Campaign

Staff in my office is gearing up for a voter education campaign on the Proposition 1, the ballot initiative that allows trail and road maintenance costs to be charged to the HART fund in addition to new road and trails. Council asked to see materials before they are published (attached in draft form). As you know, changes to HART combined with conservative budgeting are essential to being able to keep City services without imposing new taxes. Please feel free to email me with any feedback on the materials or to volunteer to do some voter outreach. The campaign will include:

- postcard mailing (draft is page 1 & 2 of attachment)
- web banner advertisements (draft is page 3 & 4 of attachment)
- Newspaper ads. These can be sized for FB posts or ads as well.
- FB posts/ads - sample one with Smart with Hart branding is included on page 6 of the attachment.
- Radio PSAs
- Press Release
- Opinion pieces/ letter to the editor
- Direct outreach/presentations

Alaskans of the Week

Two Alaskans have been honored by Senator Dan Sullivan recently for their dedication to this great state by being named the 'Alaskan of the Week' on the Senator Floor. In May long time operator of the Homer Animal Shelter, Sherry Bess was recognized for her commitment to taking care of stray and lost animals in Homer. Homer Electric employee Kathy Heindl was recognized just last week for her commitment to preserving a sustainable salmon fishery, among a long list of other accomplishments. The national recognition is a reminder of everything our friends and neighbors do to make this a great place to live and how fortunate we are to live somewhere with such a strong spirit of community service.

Enc:

Be Smart with the Hart Voter Education Materials

Press Release: Alaskan of the Week Sherry Bess

Press Release: Alaskan of the Week Kathy Heindl

Thank you note to Homer EMS

2017 Homer City Council Meetings

Economic Development Advisory Commission Attendance

It is the goal of the Commission to have a member report regularly to the City Council at Council meetings. There is a place on the Council's agenda specifically for this. After Council approves the consent agenda and any scheduled visitors, it is then time for staff reports, commission reports and borough reports. That is when you would stand and be recognized by the Mayor to approach and give a brief report on what the Commission is currently addressing, projects, events, etc.

The Remaining 2017 City Council dates follow. There are generally two Council meetings a month. A commissioner who is scheduled to speak and has a choice at which Council meeting they will attend. If you are signed up for a meeting and the Commission decides activity does not warrant a report to Council, you may reschedule your attendance.

June 12, 26 2017 _____

July 24, 2017 _____

August 14, 28, 2017 Commissioner Lord August 14, Councilmember Smith August 28

September 11, 25, 2017 Commissioner Marks September 11

October 9, 23, 2017 _____

November 27, 2017 _____

December 11, 2017

Please note: when additional members are appointed, they will be asked to fill in the proposed schedule above.