

MANAGERS REPORT
August 23, 2010

TO: MAYOR HORNADAY / HOMER CITY COUNCIL

FROM: WALT WREDE

UPDATES / FOLLOW-UP

1. Budget Preparation: We are in the middle of budget preparation and appear to be on target for delivering the budget to Council at the end of the month. This week will be spent in meetings with department heads going over and refining their individual budgets. So far, at this early stage, it is looking very much like Council will receive pretty much a status quo budget. There might even be some further reductions. We have not yet received the third quarter sales tax report but we have received the data for August, which is generally the biggest month in terms of taxable sales and sales tax receipts. This August is slightly up over last year but the overall impact is minimal because preceding months were down. So far, sales taxes look flat and are trending close to last year. We have not yet seen the bump in sales taxes that some have predicted. We still might, but probably not in time for the draft budget unless I delay delivery of the budget by a week or so. By the end of September, first week in October, we should have information on taxable sales (good for projections) but we won't receive the actual check for third quarter taxes until November. In addition, real property values in Homer have declined by \$21,421,680. This translates into a loss of about \$160,000 in property tax revenue.
2. Tidal Power Feasibility Study: The City is preparing another grant application for a Tidal Power Feasibility Study. This is Round IV of the State Alternative Energy Grant Program. The applications will be evaluated and scored by the Alaska Energy Authority and then the highest scoring projects will be submitted to the Governor and the Legislature for funding. The application deadline is Tuesday. We are receiving lots of help from volunteers including Bill Smith and Chris Holderied. HEA is a partner in this project and we are optimistic that the City will be successful this round.
3. Energy Efficiency: Work has begun on the project to do energy audits and make associated improvements on City buildings and facilities. The consultants have already been to Homer twice to view the facilities, look at plans and specifications, and consult with City buildings and maintenance staff. Special attention is being given to the biggest energy users, the ice plant and the sewer treatment plant.
4. Library energy efficiency: The contractor has begun work on a separate contract to improve energy efficiency at the library. You will recall that this work involved mostly computer programming and technical adjustments to equipment. It also included limited capital improvements. This work should be completed in time to save money on energy costs this winter.
5. Reservoir Fire Mitigation / Forest Health Project: This project is moving ahead and has a projected start date in late October. The City and the Spruce Bark Beetle

- Program staff are currently developing the precise treatment plant, working with cooperating agencies, contacting adjacent landowners, and developing the required Conditional Use Permit application.
6. New City Website: Work is on-going on the new City website. Department liaisons have been working with the contractor to refine the site features and overall look. At this point, we expect the new site to be launched at the end of September or early October.
 7. Fire Training Facility: A construction contract has been signed and we anticipate that the facility will be assembled here in Homer this fall. We are discussing sites to place this facility (it is mobile but would need a semi-permanent location). We are targeting an area on the Spit that is within the old Gates enclosure but not on the cement chip pad. This site has benefits because it is close to fire hydrants, close to the harbor for maritime fire training, is partially shielded from public view, no expensive site work is required, and it is away from residential neighborhoods. Some smoke might be produced during training exercises. The facility could be moved if a business wished to lease the area.
 8. Animal Shelter Fence: You might have noticed that the fenced area next to the Animal Shelter is just about completed. Hopefully you also noticed the new piece of historical “art” that has been placed right next to the fence by the Public Works staff. Some of the crew want to drive it this winter!
 9. Cemetery Land: The land sale transaction for an addition to the cemetery has been completed. We will now look for funding to make the necessary improvements over the next few years.
 10. Water Treatment Plant Land: This land sale transaction was also completed last week.
 11. Gas Line Distribution System Task Force: The Council recently adopted a memorandum which recommended that a Task Force be created that would look at all of the options for financing a gas distribution system within the Homer City limits and make recommendations to the Council. You will recall that this was part of the legislative intent language in the capital budget. I think that Council should consider forming the task Force this fall for a variety of reasons. First, it would be very beneficial for the City to have a plan in place before the Governor and the legislature begin discussing the capital budget and Phase II of the transmission line to Homer in January. Second, it appears that a least one program that might provide low interest financing expires at the end of December. That might be an option Council would want to keep on the table. Unless Council objects, I will bring a memorandum or resolution to the next meeting which will jump start getting this task force up and running.

ATTACHMENTS

1. September Employee Anniversaries
2. Correspondence from NOAA