

Session 13-14, a Regular Meeting of the Homer City Council was called to order on June 24, 2013 at 6:00 p.m. by Mayor Mary E. Wythe at the Homer City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska, and opened with the Pledge of Allegiance.

PRESENT: COUNCILMEMBERS: BURGESS, HOWARD, LEWIS,
ROBERTS, ZAK

ABSENT: DOLMA (excused)

STAFF: CITY MANAGER WREDE
CITY CLERK JOHNSON
COMMUNITY AND ECONOMIC
DEVELOPMENT COORDINATOR KOESTER
FINANCE DIRECTOR LI
IT MANAGER POOLOS
POLICE CHIEF ROBL
PORT AND HARBOR DIRECTOR HAWKINS
PUBLIC WORKS DIRECTOR MEYER

Council met for a Worksession from 4:00 p.m. to 4:57 p.m. to discuss Water and Sewer Rates. From 5:00 p.m. to 5:23 p.m. Council met as a Committee of the Whole to discuss Consent and Regular Meeting Agenda items.

Mayor Wythe declared Councilmember Burgess' absence at the June 10th meeting as excused instead of unexcused. Email notice was sent to the Clerk on Sunday before the meeting; however, the Clerk was out of the office.

Councilmember Dolma has requested excusal.

Mayor Wythe declared Councilmember Dolma's absence as excused. There were no objections from Council.

Department Heads may be called upon from time to time to participate via teleconference.

AGENDA APPROVAL

(Addition of items to or removing items from the agenda will be by unanimous consent of the Council. HCC 1.24.040.)

The following changes were made to the agenda:

CONSENT AGENDA - **Ordinance 13-22**, An Ordinance of the City Council of Homer, Alaska, Dedicating the Oil and Gas Property Tax Revenues to be Paid in 2013 by the Owners of the Drill Rig Endeavour (\$181,087.16) to the City of Homer Permanent Fund. Mayor. **Ordinance 13-23**, An Ordinance of the City Council of Homer, Alaska, Dedicating and Transferring All Port Tariff Fees Generated by the Drill Rig Endeavor's Moorage at the Deep Water Dock in 2012 and 2013 (\$576,815.53) to the Port and Harbor Depreciation Reserve Fund. Mayor. **Ordinance 13-24**, An Ordinance of the City Council of Homer, Alaska Amending the FY 2013 Capital Budget by Appropriating \$98,500 From the Homer Accelerated Roads and Trails Program Fund (HART) for Road Improvements, Trail Construction, and Pedestrian Safety and Walkability Enhancements in Old Town. Lewis/Roberts. **Resolution 13-072**, A Resolution of the City Council of Homer, Alaska, Authorizing the City Manager to Dispose of a Used and Surplus Deep Water Dock Fender Units Pursuant to HCC 18.30.010-020 and HCC 18.30.040(b). City Manager/Port and Harbor Director. Memorandum 13-097 from City Clerk as backup to Ordinances 13-22, 13-23, 13-24 and Resolution 13-072.

ANNOUNCEMENTS/PRESENTATIONS - Thank you from the Kachemak Nordic Ski Club for Grant Funds from The Homer Foundation. **PUBLIC HEARINGS** - Public Hearing Notice for Monday, June 24, 2013. **Resolution 13-048**, A Resolution of the Homer City Council Amending the City of Homer Fee Schedule Under Water and Sewer Fees. City Clerk. Written public comments. **RESOLUTIONS** - **Resolution 13-067(S)**, A Resolution of the Homer City Council Awarding the Contract for the Homer Spit Trail Shore Protection Project to the Firm of **Endries Company** of **Soldotna, Alaska**, in the Amount of **\$884,624** and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk. Memorandum 13-095 from Public Works Director as backup. **Resolution 13-071(S)**, A Resolution of the Homer City Council Awarding the Contract for the Homer Deep Water Dock and Spit Trail Extension Project to the Firm of **North Star Paving and Construction** of **Soldotna, Alaska**, in the Amount of **\$1,883,998** and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk. Memorandum 13-096 from Public Works Director as backup.

Resolution 13-068 was moved from the Consent Agenda to Resolutions. Resolutions 13-067 and 13-067(S) were pulled.

Mayor Wythe called for a motion for adoption of the agenda as amended.

BURGESS/ROBERTS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

Brianna Allen, city resident, supports Ordinance 13-24 as a partnership agreement. She read letters from property owners Gary Miller and Buck and Shelly Laukitis who support improvements in the Old Town area.

Adele Person Groening, Homer resident, supports Ordinance 13-24. She walks the patchwork trails and segments of sidewalks with her young children. Improvements to Old Town are a model for other areas.

Asia Freeman, city resident, supports Ordinance 13-24 and the positive changes for Old Town. It is a partnership by owners, offering creativity, trail development, excitement, and neighborhood vitality.

Rika Mouw, city resident, supports Ordinance 13-24. It will create a waterfront pedestrian district. Artists and residents partnering creates a dynamic win, win situation.

Adrienne Sweeney, city resident and multiple business owner in Old Town, supports Ordinance 13-24. We can collaborate together and the project will help with safety issues.

Mike Dye, Homer resident, supports Ordinance 13-24. Old Town is an important part of the community.

Mary Ann Marquardt, city resident, supports Ordinance 13-24. Living in the area, she sees a lot of pedestrian traffic with no place for pedestrians to walk. With tourists and residents walking to the local establishments and the area beach, safe walking places and signs are needed.

Christina Fenner, Homer resident, supports Ordinance 13-24 for safety reasons and artists in the community.

Lisa Zatz, business owner, supports Ordinance 13-24. The Old Town neighbors have done a good job of presenting safety and beautification features. She is all for reducing the speed to 15 mph with removable speed bumps. Now the police are frequently called to the area.

Barb Petersen, city resident, commented on Resolution 13-068. For 41 years she has had a partnership with the City on the Spit. Pier One Theatre started out on the old city dock and operated there for 10 years. In 1985 the City asked if Pier One would like the present site. A lot of work was done to make the building a theatre. The theatre runs a profit/loss of \$88,000 per summer with everything bought within the community.

Ann Margret Wimmerstedt, city resident, supports Ordinance 13-24. The rejuvenation of Old Town offers opportunities for artists to volunteer for some tasks and permanent sculptures and artist statements. She supports Pier One and TEX for children, and all of Barb Petersen's efforts.

Tricia Lillibridge, city resident, commented on Resolution 13-068. It was a mistake when the parcel was zoned marine industrial. Pier One was then offered the location. It is a beautiful

recreational space with 10,000 sq. ft. of property for water-based activities. She asked that the eleven acres be divided in half for both recreation and barge pull out.

RECONSIDERATION

CONSENT AGENDA

(Items listed below will be enacted by one motion. If separate discussion is desired on an item, that item may be removed from the Consent Agenda and placed on the Regular Meeting Agenda at the request of a Councilmember.)

- A. Homer City Council unapproved Regular meeting minutes of June 10, 2013. City Clerk. Recommend adoption.

Moved to New Business, Item B.

- B. **Memorandum 13-090**, from Mayor, Re: Reappointment of Jennifer Sonneborn to the Homer Advisory Planning Commission.

- C. **Ordinance 13-20**, An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating a Legislative Grant in the Amount of \$4,200,000 for Harbor Projects. City Manager. Recommended dates: Introduction June 24, 2013, Public Hearing and Second Reading July 22, 2013.

- D. **Ordinance 13-21**, An Ordinance of the Homer City Council Accepting and Appropriating a Legislative Grant in the Amount of \$2,000,000 for the Port and Harbor Office and Skyline Fire Station. City Manager. Recommended dates: Introduction June 24, 2013, Public Hearing and Second Reading July 22, 2013.

- E. **Ordinance 13-22**, An Ordinance of the City Council of Homer, Alaska, Dedicating the Oil and Gas Property Tax Revenues to be Paid in 2013 by the Owners of the Drill Rig Endeavour (\$181,087.16) to the City of Homer Permanent Fund. Mayor. Recommended dates: Introduction June 24, 2013, Public Hearing and Second Reading July 22, 2013. Memorandum 13-097 from City Clerk as backup.

Moved to New Business, Item C.

- F. **Ordinance 13-23**, An Ordinance of the City Council of Homer, Alaska, Dedicating and Transferring All Port Tariff Fees Generated by the Drill Rig Endeavor's Moorage at the Deep Water Dock in 2012 and 2013 (\$576,815.53) to the Port and Harbor Depreciation

Reserve Fund. Mayor. Recommended dates: Introduction June 24, 2013, Public Hearing and Second Reading July 22, 2013.

Memorandum 13-097 from City Clerk as backup.

- G. **Ordinance 13-24**, An Ordinance of the City Council of Homer, Alaska Amending the FY 2013 Capital Budget by Appropriating \$98,500 From the Homer Accelerated Roads and Trails Program Fund (HART) for Road Improvements, Trail Construction, and Pedestrian Safety and Walkability Enhancements in Old Town. Lewis/Roberts. Recommended dates: Introduction June 24, 2013, Public Hearing and Second Reading July 22, 2013.

Memorandum 13-097 from City Clerk as backup.

- H. **Resolution 13-064**, A Resolution of the Homer City Council Awarding the Art Work Contracts for the Homer Spit Trail Phase II to Tarri Thurman and Marlon Prazen of Mooserun Metalsmiths of Homer, Alaska, in the Amount of \$11,000, and Melisse Reichman of Homer, Alaska, in the Amount of \$11,000, and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk. Recommend adoption.

Memorandum 13-092 from Art Selection Committee as backup.

- I. **Resolution 13-065**, A Resolution of the City Council of Homer, Alaska, Approving an Amendment to the Kachemak Bay Seafoods Lease on Lot 88-3, Homer Spit No. 2, to permit Commercial Subleases in Two Buildings Located on the Leased Property, and Authorizing the City Manager to Execute the Appropriate Documents. City Manager. Recommend adoption.

- J. **Resolution 13-066**, A Resolution of the City Council of Homer, Alaska, Approving and Accepting a Regional and Community Jails Services Contract for FY 2014 With the Alaska Department of Corrections in the Amount of \$753,410.00 and Authorizing the City Manager to Execute the Appropriate Documents. City Manager/Police Chief. Recommend adoption.

Memorandum 13-094 from Police Chief as backup.

- K. **Resolution 13-068**, A Resolution of the City Council of Homer, Alaska, Amending the Land Allocation Plan to Make Lot 2, Tract 1-A, Fishing Hole Subdivision Available for Lease, Establishing the Parameters for Such an Offering, and Authorizing the City Manager to Proceed With a Request for Proposals. City Council. Recommend adoption.

Moved to Resolutions, Item C.

- L. **Resolution 13-069**, A Resolution of the City Council of Homer, Alaska, Approving a Proposed Land Sale and Easement/Long Driveway Agreement Between the City of Homer and Harmon and Pauli Hall, and Authorizing the City Manager to Execute the Appropriate Documents. City Manager. Recommend adoption.
- M. **Resolution 13-070**, A Resolution of the City Council of Homer, Alaska, Authorizing the Allocation of Up to \$12,000 From the Reimbursable Grant Established in Ordinance 12-51(A) for the Purposes of Funding Phase 1 of the Tidal Energy Incubator Project. City Manager. Recommend adoption.
- N. **Resolution 13-072**, A Resolution of the City Council of Homer, Alaska, Authorizing the City Manager to Dispose of a Used and Surplus Deep Water Dock Fender Units Pursuant to HCC 18.30.010-020 and HCC 18.30.040(b). City Manager/Port and Harbor Director. Recommend adoption.

Memorandum 13-097 from City Clerk as backup.

Item K, Resolution 13-068 was moved from the Consent Agenda to Resolutions, Item C.

Item A, unapproved Regular meeting minutes of June 10, 2013 was moved to New Business, Item B.

Item E, Ordinance 13-22 was moved from the Consent Agenda to New Business, Item C.

Mayor Wythe called for a motion for the approval of the recommendations of the consent agenda as amended.

BURGESS/LEWIS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VISITORS

ANNOUNCEMENTS/PRESENTATIONS/BOROUGH REPORTS

REPORT/COMMISSION

- A. **Mayor's Proclamation** – July as Parks and Recreation Month

Mayor Wythe read and presented the proclamation to Parks Maintenance Coordinator Angie Otteson.

B. Borough Report

Bill Smith, Kenai Peninsula Borough Assemblyman, reported almost 100 people testified at the last Assembly meeting on the ordinance expanding protection of anadromous waters. The ordinance to delete changes made in 2011 to add more parcels to the protection area failed. The ordinance to adopt special exceptions for lake front properties and expanding protections for prior existing uses has been continued to July 2. The Borough has several initiatives, one being all elections by mail. State law does not allow a vote by mail in a runoff between two candidates. Last year there was a proposal to make service areas have appointed seats versus elected seats. Over 95% of service area seats are filled by self appointment with no competition in an election. Another initiative that has been certified is to increase the deduction for personal property from \$20,000 to \$50,000. The initiative will be put before the voters. Currently senior exemptions for the City of Homer are \$150,000 and \$300,000 at the Borough. A Borough resident gets the \$300,000 plus the \$20,000 personal property exemption. For the Borough to balance the books they would extend the \$50,000 exemption to all and place a limit of a \$300,000 exemption to seniors.

C. Commissions/Board Reports:

1. Library Advisory Board
2. Homer Advisory Planning Commission
3. Economic Development Advisory Commission
4. Parks and Recreation Advisory Commission

Tricia Lillibridge, Parks and Recreation Commissioner, thanked Council for the parks proclamation. Everyone that serves on the commission puts in many volunteer hours and shares a passion to improve parks and highlight recreational opportunities in the town. The commission had a dynamic meeting last month discussing cutting back on some committees and looking at how to set up future committees. Park Day is Saturday, August 17th at Ben Walters Park. The Rotary Club has adopted the park and has done a lot of work on the restrooms and the dock. At Park Day there will be food and the commissioners will be there; she requested the presence of the Council too. The commission reviewed the CIP list and their selections include:

- Karen Hornaday Park funds for Phase II – road work to make the park a safe place;

- Mariner Park restrooms – new restrooms there could be cheaper than originally expected due to other construction in the area this summer;
- Jack Gist Park/Cottonwood Horse Park – speed warning signs are needed to ease access to East End Road.

The commission would like to add Rogers Park Loop Trail to their bucket of parks.

The pavilion at Karen Hornaday Park has been designed and approved by the engineers. The design work was more money than anticipated. An RFP will be issued to build the pavilion with both volunteer and paid labor. The construction will likely take place in August and September.

Commissioner Lillibrige encouraged people to apply for commissioner openings. It provides opportunity to participate in enhancing parks and recreational opportunities in Homer.

5. Port and Harbor Advisory Commission

- D. Memorandum 13-093 from Community and Economic Development Coordinator, Re: Green Dot Update
- E. Homer More Than a Fishing Town, An economically diverse city at the end of the road, Alaska Economic Trends
- F. Thank you from the Kachemak Ski Club for Grant Funds from The Homer Foundation

PUBLIC HEARING(S)

- A. **Resolution 13-048**, A Resolution of the Homer City Council Amending the City of Homer Fee Schedule Under Water and Sewer Fees. City Clerk.

Memorandum 13-073 from Water and Sewer Rate Task Force as backup.

- Resolution 13-048(S)**, A Resolution of Homer City Council Amending the City of Homer Fee Schedule Under Water and Sewer Fees. City Clerk.

Mayor Wythe opened the public hearing.

Phil Morris, Mayor of Kachemak City, suggested postponement again and a joint Worksession between Kachemak City and Homer City Council. Sewer costs for Kachemak City are all over

the lot. The 22% increase now is better than the 50% increase proposed at the beginning of tonight's meetings.

Josh Garvey, city resident and CFO of Land's End, asked why local government is paying itself so much. We need to look at the City's internal costs. The proposed water and sewer rates are anti-business; it is taking money from the business community and distributing it to overinflated budgets. Two hours ago figures were \$250,000 off; this requires postponement. Hire experts for complex problems. Water costs are four times higher than any other place on the Peninsula.

Adrienne Sweeney, city resident and business owner, remembers several years ago when water and sewer rates increased by 100% in one year. She urged council to take some time and postpone the discussion to the winter when small businesses can participate.

Bill Smith, city resident, is astonished to see an average of 3,500 gallons per month/per household sewer usage for Kachemak City. The number is way larger than the actual usage.

Mike Dye, city resident and Land's End employee, commented on the significant changes to the water and sewer rate models. The task force put in considerable time and effort, but they had no resources to deal with. Last minute changes are still being made; city staff noted a quarter of a million dollar shortfall. There are no windfalls in Land's End budget. He suggested an outside firm conduct a study on the rates.

Billy Robertson, Land's End employee, commented the resort would have to absorb the increased water and sewer rates by eliminating ten seasonal employees or one full-time position. They already try to get twelve months of business out of six months of opportunity.

Mayor Wythe closed the public hearing.

ORDINANCE(S)

CITY MANAGER'S REPORT

A. City Manager's Report

1. Port and Harbor Bond Sale: The Bond sale closed on June 19th in Seattle. The City has transferred \$290,100 to the Bank of New York to hold as a reserve fund and the \$4,200,000 in sale proceeds have been transferred to a City account.
2. Health Insurance Broker: Just a reminder, we are confirmed for a workshop with the City health insurance broker, Jeff Paxton for 5:15 PM on Thursday, June 27. Please mark your schedules.

3. Animal Shelter RFP: The contract for operating the Animal Shelter expires at the end of December 2013. An RFP for Animal Shelter services has been prepared and will hit the streets this week. If you know companies or individuals that are interested and qualified, please have them contact the Clerk's office.
4. Pier One Lot: At the last meeting, I was asked to prepare a resolution that would offer the entire lot for lease. Such a resolution appears on your agenda for consideration. One of the questions that came up was whether the Pier One Theatre would be able to apply for a long term lease. After looking into this a bit, it appears that the answer is no. The line between the Marine Industrial Zoning District and Open Space/Recreation District is just to the South of the Fishing Hole, almost hugging the rim. Therefore, the Pier One Theatre (and the campground) is in the Marine Industrial District and would not be eligible to receive a lease.
5. Water and Sewer Rates: This packet contains a substitute resolution which cleans up some confusing language and presents the fees in a way that we believe is clearer and more understandable. Since the resolution was prepared, John has continued to work with the numbers provided by the Task Force and has discovered that they will not provide the revenue that is needed, especially on the sewer side. This will be explained at the meeting. At the workshop, John will have a new rate schedule that is based upon the correct numbers and 2014 revenue and expenditure projections.
6. Sterling Highway Paving: The DOT/PF contractor has pretty much completed the sidewalk concrete work. Asphalt grinding is scheduled to start today. They plan to do the Homer Hill first. Traffic will be reduced to two lanes from four during this phase. Folks will need to be patient and assume that travel in and out of town will take a little longer. Twenty minute delays can be expected during the paving phase, however, the contractor currently plans to do that at night.
7. Deed Transfer Agreement: Last week I went to Anchorage to sign the Deed Transfer Agreements between the City and DOT/PF regarding ownership and maintenance of Olson Lane, West Bunnell, and Mission Road. You will recall that this was part of the Spit Trail funding agreement approved by Council.
8. City Paving Projects: You may have noticed that the City paving projects are underway. The ones we have received the most comments on so far are Fish Dock, Ice Dock, and Fairview Ave.
9. Gas Lines: So far, things appear to be going pretty well with the gas lines. Enstar reports that Chumley's is about 50% done with the trunk line project. So far, we have spent about 50% of the legislative grant. Enstar expects to have the Hospital and the High School connected with gas flowing by the end of July. UTI, the contractor working on the distribution system within the City is making great progress. They have been doing an excellent job working with residents to minimize impacts and so far we have received no complaints about their activities. Enstar reports that approximately 500 people and businesses have signed up for the service so far.

10. Governor's Picnic: Plans and preparations for the Governor's Picnic are moving along rapidly. Fundraising for the picnic has been pretty successful and the overall plan sounds very good. Katie can give you a full update at the meeting if you wish.

11. Deep Water Dock TORA: This week I was in Anchorage to work on several changes to the TORA Agreement which the Council has already approved by resolution. The changes are mostly not substantive, but if they become so, I will bring it back to Council for approval.

City Manager Wrede provided his report as a laydown. He highlighted Item 7, a deed transfer agreement with the State for ownership and maintenance of West Bunnell, Mission Road and Olson Lane. Due to the school bus route, Mission Road will need to be plowed in the early morning during the winter months. Generally the snow removal crews start with the downtown core area and work their way up the hills to the residential areas.

Mayor Wythe called for a recess at 7:10 p.m. and reconvened the meeting at 7:15 p.m.

B. Bid Report

CITY ATTORNEY REPORT

COMMITTEE REPORT

- A. Public Arts Committee
- B. Transportation Advisory Committee
- C. Permanent Fund Committee
- D. Lease Committee
- E. Port and Harbor Improvement Committee
- F. Employee Committee Report

PENDING BUSINESS

- A. **Resolution 13-048**, A Resolution of the Homer City Council Amending the City of Homer Fee Schedule Under Water and Sewer Fees. City Clerk.

Memorandum 13-073 from Water and Sewer Rate Task Force as backup.

Resolution 13-048(S), A Resolution of Homer City Council Amending the City of Homer Fee Schedule Under Water and Sewer Fees. City Clerk.

Motion on the floor from June 10th: MOTION FOR THE ADOPTION OF RESOLUTION 13-048 BY READING OF TITLE ONLY.

Mayor Wythe called for a motion to substitute Resolution 13-048(S) for Resolution 13-048.

BURGESS/ROBERTS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

ROBERTS/LEWIS – MOVED TO POSTPONE RESOLUTION 13-048(S) TO JULY 22ND.

Councilmember Roberts asked for more time due to significant changes in the rate structure. Finance Director Li brought forth new information that changed the whole philosophy of the rate structure. People deserve time to comment on the significant change. The shortfall is anticipated at \$250,000.

Councilmember Burgess participated on the task force on the lengthy process. Most objections are relating to one group of people wanting to shift costs to another group of people. The cost causer equals cost payer means everyone pays the same. The task force did a good job and the information they relied upon was the same as a hired contractor would receive from city staff.

Councilmember Howard noted at the last meeting one person said we were ramrodding things through so she made the motion to postpone. At the close of the meeting she was lambasted for continuing. When talking about sewer and water, Land's End is never happy. The task force held special hearings in the winter so folks would have the time to go through it, instead of in the summertime. She is offended by some of the remarks that the task force did not have good resources. The task force paid money to have special rate setting materials from the American Water Works Association and others. The comments are not well founded.

VOTE: (postponement) YES. ROBERTS, ZAK, LEWIS

VOTE: NO. HOWARD, BURGESS

Motion failed.

Councilmember Burgess noted the information the task force relied upon when setting the sewer commodity rate was the operating flows from lift stations. Much to his credit, the Finance Director noted a discrepancy in the billable flows and brought that discrepancy to our attention. If we stick with the new proposed rate model it will require amending the sewage rate to \$0.0147 per gallon to make up the projected shortfall. If you are in a lift zone the rate will need to be amended to \$0.0218 per gallon.

BURGESS/ROBERTS - MOVED TO AMEND THE RATE FOR SEWAGE IN A LIFT STATION TO \$0.0218 PER GALLON.

Councilmember Zak agrees with the numbers, but it is nearly a 25% increase for the sewage lift station rate. It is a \$244,000 impact that we learned about tonight and it might be better to wait until September to discuss it further.

Councilmember Burgess commented we have two alternatives, either adjust the rate to meet our budget, or eliminate and socialize the cost of operating the lift stations to all users.

Councilmember Zak expressed concern about socializing some parts of the rates and not others. It may take some work to get to an agreeable position. If we act too quickly tonight there is now a 25% increase and other unknown impacts.

Mayor Wythe noted the intention is to get the amendments in so when it is postponed and comes back there will be another public hearing and people can comment on it.

Councilmember Zak noted the operating costs are not clear and there are other numbers he is not comfortable with. The rate passed on to users might be double of what they are currently paying.

Councilmember Burgess commented it is unfortunate that we have to consider decisions in a linear fashion. It is a complicated issue; the task force was formed to discuss it for that very reason.

VOTE: (amendment) YES. LEWIS, ROBERTS, HOWARD, BURGESS

VOTE: NO. ZAK

Motion carried.

ROBERTS/LEWIS - MOVED TO AMEND THE NON LIFT STATION SEWAGE RATE TO \$0.0147 PER GALLON.

Councilmember Burgess asked for a friendly amendment to specify it is non lift station sewage. The amendment was agreeable to the makers of the motion.

VOTE: (amendment) YES. BURGESS, LEWIS, ROBERTS, ZAK, HOWARD

Motion carried.

BURGESS/HOWARD - MOVED TO AMEND TO MAKE AN ACROSS THE BOARD RATE INCREASE OF 4% AND THAT THE INCREASE BE DEDICATED TO ANY OVERRUN REVENUES FOR OPERATING AND BE DEDICATED TO THE WATER AND SEWER RESERVE FUND TO ACCOUNT FOR COSTS IN MAINTAINING THE SYSTEM.

Councilmember Burgess commented the Water and Sewer Rate Task Force did a good job designing a rate model that would meet the operating costs of the system. In the current budget we are operating at a \$200,000 shortfall and are not funding depreciation. In the long term manageability of the system we need to account for a small portion of that cost within the rate model.

VOTE: (amendment) YES. HOWARD, BURGESS, LEWIS

VOTE: NO. ROBERTS, ZAK

Motion failed.

LEWIS/ROBERTS - MOVED TO POSTPONE TO AUGUST 12TH.

There was no discussion.

VOTE: (postponement) YES. ZAK, LEWIS, ROBERT

VOTE: NO. HOWARD, BURGESS

Motion failed.

VOTE: (main motion as amended) YES. HOWARD, BURGESS, ROBERTS

VOTE: NO. ZAK, LEWIS

Motion failed.

NEW BUSINESS

- A. **Memorandum 13-091**, from City Clerk, Re: Referendum Petition to Repeal Ordinance 12-36(A) Prohibiting Sellers from Providing Customers with Disposable Plastic Shopping Bags.

BURGESS/LEWIS - MOTION TO ORDER A SPECIAL ELECTION ON THE REFERENDUM QUESTION.

A typical election costs the City \$4,800. Council discussed the lack of merits for a special election, including cost, voter turnout in the summer, and only attracting special interest groups.

Councilmember Burgess defended a special election as the will of the voters is the will of a democracy. The voters have a means to overturn the plastic bag ban.

VOTE: YES. ZAK, BURGESS

VOTE: NO. ROBERTS, HOWARD, LEWIS

Motion failed.

- B. Homer City Council unapproved Regular meeting minutes of June 10, 2013. City Clerk. Recommend adoption.

ZAK/ROBERTS – MOVED TO AMEND THE MINUTES TO REFLECT COUNCILMEMBER BURGESS’ EXCUSAL FOR THE JUNE 10TH MEETING.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- C. **Ordinance 13-22**, An Ordinance of the City Council of Homer, Alaska, Dedicating the Oil and Gas Property Tax Revenues to be Paid in 2013 by the Owners of the Drill Rig Endeavour (\$181,087.16) to the City of Homer Permanent Fund. Mayor. Recommended dates: Introduction June 24, 2013, Public Hearing and Second Reading July 22, 2013.

Memorandum 13-097 from City Clerk as backup.

Mayor Wythe called for a motion for the introduction of Ordinance 13-22 for first reading by reading of title only.

LEWIS/BURGESS – SO MOVED.

Mayor Wythe commented the property tax revenues from the Endeavour were derived by the alignment of many non-standard facts. It should be classified as windfall funds. There may be a day when the docks support this as normal commerce, but that is not today.

Councilmember Zak noted the moorage of the Endeavor was a large revenue item. If we start looking for taxable items we will find quite a few others. This is a big budget item to add to the Permanent Fund. The windfall definition does not fit; taxes were paid to the citizens of Homer. There may be an opportunity to allocate the funds more appropriately if we leave them undesignated.

Councilmember Burgess agreed it was not necessarily a windfall, although the Permanent Fund is a good place to put the monies. He asked if there was an alternative location to allocate the funds.

Councilmember Zak suggested leaving the revenues in the budget and when we find an opportunity, they can be allocated to serve the community as a whole.

Councilmember Lewis would like to hear from the public. There are a lot of places that have a shortfall, including healthcare and water and sewer.

VOTE: YES. LEWIS, ROBERTS, HOWARD, BURGESS

VOTE: NO. ZAK

Motion carried.

RESOLUTIONS

A. **Resolution 13-067**, A Resolution of the Homer City Council Awarding the Contract for the Homer Spit Trail Shore Protection Project to the Firm of _____ of _____, _____, in the Amount of \$_____ and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk.

Resolution 13-067(S), A Resolution of the Homer City Council Awarding the Contract for the Homer Spit Trail Shore Protection Project to the Firm of **Endries Company** of **Soldotna, Alaska**, in the Amount of **\$884,624** and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk.

Memorandum 13-095 from Public Works Director as backup.

Pulled.

B. **Resolution 13-071**, A Resolution of the Homer City Council Awarding the Contract for the Homer Deep Water Dock and Spit Trail Extension Project to the Firm of _____ of _____, _____, in the Amount of \$_____ and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk.

Resolution 13-071(S), A Resolution of the Homer City Council Awarding the Contract for the Homer Deep Water Dock and Spit Trail Extension Project to the Firm of **North Star Paving and Construction** of **Soldotna, Alaska**, in the Amount of **\$1,883,998** and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk.

Memorandum 13-096 from Public Works Director as backup.

Mayor Wythe called for a motion for the adoption of Resolution 13-071 by reading of title only.

ROBERTS/HOWARD - SO MOVED.

Mayor Wythe called for a motion to substitute Resolution 13-071(S) for Resolution 13-071.

BURGESS/LEWIS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VOTE: (main motion as amended) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

C. **Resolution 13-068**, A Resolution of the City Council of Homer, Alaska, Amending the Land Allocation Plan to Make Lot 2, Tract 1-A, Fishing Hole Subdivision Available for Lease, Establishing the Parameters for Such an Offering, and Authorizing the City Manager to Proceed With a Request for Proposals. City Council. Recommend adoption.

Mayor Wythe called for a motion for the adoption of Resolution 13-068 by reading of title only.

BURGESS/ROBERTS – SO MOVED.

ROBERTS/LEWIS – MOVED TO AMEND EVERY PLACE THAT LISTS LOT 2 TRACT 1-A TO SAY SOUTHERN TWO-THIRDS OF THE PARCEL.

Many activities have been allocated on the northern third of the parcel with the water trail, Pier One, and the campground fee station. The Wooden Boat Society has talked about that portion of the parcel. There is no intent to drive people off the lot. It is realistic to define the available area.

BURGESS/ROBERTS – MOVED FOR A FRIENDLY AMENDMENT TO AMEND TO SOUTHEAST.

The portion was verified by Port and Harbor Director Hawkins.

VOTE: (secondary amendment) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VOTE: (amendment) YES. BURGESS, LEWIS, ROBERTS, ZAK, HOWARD

Motion carried.

ROBERTS/LEWIS – MOVED TO AMEND LINE 39 TO OFFER TWO-THIRDS OF THE PARCEL FOR LEASE.

City Manager Wrede noted the last bullet “be it further resolved” indicates applicants may submit a proposal for all or a portion of the lot.

VOTE: (amendment) YES. HOWARD, BURGESS, LEWIS, ROBERTS, ZAK

Motion carried.

VOTE: (main motion as amended) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

COMMENTS OF THE AUDIENCE

Mike Dye, city resident, thanked everyone that voted against Resolution 13-048(S). The comments last week about ramrodding were not his and he was not meaning any ill content. Land’s End is never happy about water rates; any targeted costs that impact businesses negatively upset people. The owner cares a lot about his employees and the rate increases would have been damaging for his employer.

Tricia Lillibridge, city resident, asked for clarification on Lot 2, Tract 1-A.

Mayor Wythe showed the portion of the lot available for lease. It has never been the intent to put Pier One out of business. Council has never seen a proposal from the Wooden Boat Society, they have just heard about it.

Barbara Petersen, city resident, thanked Council for allowing more time for Pier One to operate. She didn't know if Council would stop the lease.

COMMENTS OF THE CITY ATTORNEY

City Attorney Klinkner was not present.

COMMENTS OF THE CITY CLERK

City Clerk Johnson had no comments.

COMMENTS OF THE CITY MANAGER

City Manager Wrede had no comments.

COMMENTS OF THE MAYOR

Mayor Wythe announced Katie is looking for volunteers to work two to three hour shifts at Karen Hornaday Park on July 25th for the Governor's Picnic. Call Katie at 435-3101. The Mayor thanked everyone that came out for public comments. Council and the public that comments have the best interests of the community in mind. Council's decisions run the business that you have hired them to run. But, there are no funds to pay for anything the citizens do not provide. We have repeatedly restricted those funds. It is very difficult to operate a business if you don't have qualified employees, yet we constantly hear how overpaid and overprovided our employees are. Yet the City has a hard time finding employees because we do not pay enough and we do not have enough benefits. The water and sewer system was built to meet a need that has not yet developed. We have miles of water and sewer line in subdivisions that have not yet filled up, yet we still have to pay to maintain the water and sewer system. She invited those that point fingers to step up to the table for election. As you voice opinions, keep in mind that we have a very silent majority that may not share your opinion. The property that is considered Pier One belongs to the Port and Harbor enterprise fund. They purchased the property. When we allot the parcel to uses outside of their business, we are not looking out for their interests. It is not good business to take their profit centers away. The port is a multi-million dollar asset industry that requires revenues beyond slip fees. When something is purchased with funds for a specific use, it is disingenuous for user groups to come back 25 years later and say we're glad you bought this so

we can use it. We are not trying to eliminate green space; we just have a small pot with a smaller portion to allocate to parks, recreation, and trails. Council is trying to do business first and fun things later.

COMMENTS OF THE CITY COUNCIL

Councilmembers Roberts is disappointed the water and sewer rates did not pass. She wanted to postpone it. The committee worked hard and is being criticized, even though they thought very thoroughly about it. During her tenure on the council she has been through the meter and bucket methods of water and sewer rates. The new proposal is one of the fairest methods she has seen in a long time. To throw it away is not our best choice. Enstar is building gas lines all over the place. Enstar said they would notify the public as to what neighborhoods they would be working in, but they are not. Information on their website has remained stagnant for ten days. The locations posted on the web are nowhere near where they said they would be. She has asked questions of Enstar and has not gotten answers.

Councilmember Burgess clarified Council's intent for the RFP on Lot 2, Tract 1-A. No one wants to eliminate green space, recreational activities, or Pier One Theatre; they want to assess the best use of the lot and solicit information in making that decision. Council is trying to make the most informed decision possible to balance the recreational needs and the economic benefits of the lot. It is not Council's intent to throw Pier One out. On the water and sewer rate model, by voting it down we have failed the citizens of Homer and city staff. He encouraged those that voted it down to bring it back for reconsideration. He served on the task force and they worked really hard on this. The information they relied on was the same that a contractor or private rate setter would have. Councilmember Burgess fails to see how a private contractor or another body could make a different model unless they were slipped money by a large special interest organization to come to a different conclusion. Under the current proposed rate model about 75% of users will experience cost savings. The rate model is not anti-business; it transfers costs to the actual commodity. Small businesses that use a low volume of water save money. You can't commend the task force out of one side of your mouth and then call them incompetent on the other side. It doesn't work. We owe it to the citizens to agree on models well in advance, inform them of the models well in advance, and then move forward and not allow the process to be derailed or influenced by misinformation or interest of a particular group. Council needs to reconsider this and we owe it to the people to give them a model that is sustainable moving forward that is apolitical.

Councilmember Lewis issued notice of reconsideration to be voted on at the July 22nd meeting.

Councilmember Howard commented on the strategic planning event. She feels strongly that we need to hire a facilitator. The City Manager needs to be part of the conversation instead of

facilitating it. She knows a couple facilitators in Anchorage that work with the hospital and are familiar with Homer. She referred the Clerk to doodle.com for scheduling meetings. Otherwise the task is harder than herding cats. Councilmember Howard thanked the Police Chief for his good negotiation for a very good jail contract. She expressed an interest on signing up for the Port and Harbor Building Task Force. The Port and Harbor Advisory Commission will be considering their appointment to the task force in July.

Councilmember Zak commented the sun is still shining so he would like to go see his new grass grow.

Councilmember Lewis would like to be appointed to the Port and Harbor Building Task Force.

ADJOURNMENT

There being no further business to come before the Council, Mayor Wythe adjourned the meeting at 8:13 p.m. The next Regular Meeting is Monday, July 22, 2013 at 6:00 p.m., Committee of the Whole 5:00 p.m., and a Worksession 4:00 p.m. A Worksession is scheduled for June 27, 2013 at 5:15 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

JO JOHNSON, CMC, CITY CLERK

Approved: _____