

Session 13-15, a Regular Meeting of the Homer City Council was called to order on July 22, 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, DOLMA, HOWARD, LEWIS,
ROBERTS, ZAK

STAFF: CITY MANAGER WREDE
CITY CLERK JOHNSON
CITY ATTORNEY KLINKNER
COMMUNITY AND ECONOMIC
DEVELOPMENT COORDINATOR KOESTER
FINANCE DIRECTOR LI
FIRE CHIEF PAINTER
IT MANAGER POOLOS
LIBRARY DIRECTOR DIXON
PORT AND HARBOR DIRECTOR HAWKINS
PUBLIC WORKS DIRECTOR MEYER

Council met for a Worksession from 4:00 p.m. to 4:45 to discuss Ordinances 13-25 and 13-26. From 5:00 p.m. to 5:46 p.m. Council met as a Committee of the Whole to discuss Resolution 13-079, Consent Agenda, and Regular Meeting Agenda items.

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:

RECONSIDERATION - **Resolution 13-048(S)(A)**, A Resolution of Homer City Council Amending the City of Homer Fee Schedule Under Water and Sewer Fees. City Clerk. Revenue Impact on the City of Kachemak and Meeting Minutes; Rate Calculations by Finance Director; Written public comments. **CONSENT AGENDA** - **Ordinance 13-27**, An Ordinance of the City Council of Homer, Alaska, Making Technical Corrections to Title 21 of the Homer City Code for its Republication by Code Publishing, Inc. Planning. Memorandum 13-107 from City Planner as backup. **Resolution 13-078(S)**, A Resolution of the City Council of Homer, Alaska, Mandating the City Manager to Propose Projects that Utilize the Funds in Excess of \$3 Million Dollars in the HART Fund and Funds in Excess of \$3 Million Dollars in the HAWSP Fund for Consideration of the Homer City Council. Burgess/Roberts. **Resolution 13-080(S)**, A Resolution

of the City Council of Homer, Alaska, Requiring Invitations to Bid (ITB) and Request for Proposals (RFP) Plans and Specifications with Searchable Text and Plan Holder's Lists to be Posted on the City of Homer Website **in a System Similar to That Utilized by the Kenai Peninsula Borough**. Roberts/Burgess. Examples of bid information for website. **RESOLUTIONS - Resolution 13-082(S)**, A Resolution of the Homer City Council Awarding the Contract for the Homer Small Boat Harbor System 5 Electrical Improvements to the Firm of Puffin Electric, Inc. of Homer, Alaska, in the Amount of \$477,778.00 and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk/Public Works Director. Memorandum 13-108 from Public Works Director as backup. **Resolution 13-083(S)**, A Resolution of the Homer City Council Awarding the Contract for the Homer Spit Trail Shore Protection Project to the Firm of Alaska Marine Excavation, LLC of Anchor Point, Alaska, in the Amount of \$919,888.00 and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk/Public Works Director. Memorandum 13-109 from Public Works Director as backup. **Resolution 13-084**, A Resolution of the Homer City Council Awarding the Contract for Meadow-Wood Place Subdivision Sanitary Sewer Repair Project to the Lowest Responsible Bidder in the Amount of the Low Bid and Authorizing the City Manager to Execute the Appropriate Documents. City Manager/Public Works Director. Memorandum 13-105(S) from Public Works Director as backup.

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

LEWIS/BURGESS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

Shelly Erickson, Homer resident and Homer Voice for Business, told Council business people are unwilling or afraid to speak to Council for fear of retaliation. Business owners work hard and have no time to run for office. They rely on elected officials to make decisions that will not destroy the economic stability of the town. She urged Council to listen to business owners and respect and treat them with the dignity they deserve.

Larry Slone, city resident, commented on Resolution 13-048(S)(A). The task force was the guiding principle to formulate a rate structure politically and cost mutual. Council's job is to take the document and to modify it to be functional. Make it simple. Mr. Slone referenced his document that suggested removing miniscule rates. The rate structure is based on equity and transparency.

Kevin Hogan, former city resident, told Council not to pass Resolution 13-078 without a public hearing. The voters voted on it; don't change the ground rules. He told Council not to adopt Resolution 13-048(S)(A) since the problem is not solved. He asked Council to consider the cost side instead of the revenue side. Staff is where the money is going; water and sewer rates are the highest in the state. An apology is in order for one councilmember that made personal attacks on a business.

Marilyn Hueper, Homer resident and business owner, voiced opposition against Resolution 13-048(S)(A). It would mean an increase for her. Because access and cost to water is prohibitive she is open to changing her business operations. Her biggest cost is laundry. She could co-op and create a laundry service outside of Homer.

Mike Warburton, Homer resident and business owner, commented on Resolution 13-048(S)(A). There is a skewed belief small businesses have a lot of money. People think that of him since he is remodeling his building on the highway, but every dollar came from the bank. His daughter attends an in-state college and he hasn't paid more than \$4,500 for a car in several years.

Paul Hueper, Homer resident and business owner, commented on Resolution 13-048(S)(A). His water and sewer rates are four to five times higher than other city's rates. It is taking future revenues out of people's pockets. He will have to raise his rates. Most businesses in Homer don't feel protected by the City. He suggested using the new windfall of \$750,000 to balance the fund.

Adrienne Sweeney, Homer resident and business owner, urged Council to vote no on Resolution 13-048(S)(A). Look for ways to reduce the budget. Fix leaks and instead of purchasing expensive equipment, hire local small businesses. Between 2008 and 2009 rates went up 100% for her. Small businesses work around the clock and don't collect a paycheck. They do a real service to the City by providing jobs and sales tax. Find ways to support local small businesses to help them create jobs and encourage young people to stay here.

Mike Dye, Homer resident, asked Council to turn down Resolution 13-048(S)(A). Look at the money from the Deep Water Dock to balance the current budget. He was told by two task force members Land's End bill will increase by \$70,000. The proposal is a faulty system; it is using two methodologies on two sides. Thirty business people have formed an organization to look at the issues more closely.

Phil Clay, Homer resident and apartment owner, had to increase rates to his tenants. He asked Council to vote against Resolution 13-048(S)(A). He suggested subcontracting some of the issues out, since where there is competition there are always lower rates.

Josh Garvey, Homer resident, supports Shelly Erickson. He asked to make a presentation on the proposed water and sewer rate level and was denied the opportunity. It is a broken rate model. He is aghast and enraged Council will be passing an unjust plan. Councilmember Burgess is trying to hide the fact Land's End will be paying 176% more for water and sewer. John Li shows 50% of customers will see another increase in water and sewer rates. Council needs to stop killing the community with big government costs; 100% of the people need to see a decrease.

RECONSIDERATION

- A. **Resolution 13-048(S)(A)**, A Resolution of 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.

Mayor Wythe called for a motion for the reconsideration of Resolution 13-048(S)(A).

BURGESS/DOLMA – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

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 24, 2013. City Clerk. Recommend adoption.
- B. **Memorandum 13-104**, from City Clerk, Re: 2014 Proposed Budget Schedule.
- C. **Ordinance 13-25**, An Ordinance of the Homer City Council, Amending HCC 3.10.130, Governance of Homer Permanent Fund Assets, HCC 3.12.020, Contributions, HCC 3.12.030 Allocation to Sub-Funds, HCC 3.12.060 Expenditures of Income and HCC 3.12.080, Expenditure of Principal; Enacting HCC 3.12.015, Definitions; and Repealing HCC 3.12.070, Loans from Income Sub-Fund; Regarding the Homer Permanent Fund.

City Clerk/Permanent Fund Committee. Recommended dates: Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

Memorandum 13-098 from Permanent Fund Committee as backup.

- D. **Ordinance 13-26**, An Ordinance of the Homer City Council, Appropriating \$67,310.08 from the Homer Permanent Fund to the Homer Foundation City of Homer Endowment Fund. City Clerk/Permanent Fund Committee. Recommended dates: Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

Memorandum 13-098 from Permanent Fund Committee as backup.

- E. **Ordinance 13-27**, An Ordinance of the City Council of Homer, Alaska, Making Technical Corrections to Title 21 of the Homer City Code for its Republication by Code Publishing, Inc. Planning. Recommended dates: Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

Memorandum 13-106 from City Attorney as backup.

Memorandum 13-107 from City Planner as backup.

- F. **Ordinance 13-28**, An Ordinance of the City of Homer, Amending Homer City Code Chapter 11.12, Street and House Numbering, to Establish Standards and Procedures for the Naming and Renaming of Streets. Burgess. Recommended dates: Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

Moved to Ordinances.

- G. **Ordinance 13-29**, An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating a State of Alaska Public Library Assistance Grant for FY 2014 in the Amount of \$6,600, with a Local Match of \$7,000 for Books and Library Materials, and Authorizing the City Manager to Execute the Appropriate Documents. City Manager/Library Director. Recommended dates: Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

Memorandum 13-099 from Library Director as backup.

- H. **Ordinance 13-30**, An Ordinance of the Homer City Council, Amending HCC 14.04.040, Sewer Rate Schedule, and HCC 14.08.080, Schedule of Rates--Rules and Regulations; to Provide that Sewer and Water Rate Schedule Changes Shall Take Effect as of the Date Set Forth by Resolution. City Manager. Recommended dates: Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

Memorandum 13-102 from City Clerk as backup.

- I. **Ordinance 13-31**, An Ordinance of the City Council of Homer, Alaska, Amending the 2013 Operating Budget By Appropriating an Additional \$69,000 from the Water

Reserve Fund for the Demolition of the Redwood Tank at the Water Treatment Plant. City Manager/Public Works Director. Recommended dates: Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

Memorandum 13-101 from Public Works Director as backup.

- J. **Resolution 13-073**, A Resolution of the Homer City Council Confirming the Appointment of Zhiyong Li as Treasurer for Calendar Year 2013. City Manager. Recommend adoption.
- K. **Resolution 13-074**, A Resolution of the City Council of Homer, Alaska, Designating Signatories of City Accounts and Superseding Any Previous Resolution So Designating. City Clerk. Recommend adoption.
- L. **Resolution 13-075**, A Resolution of the Homer City Council Amending the Library Facility Use Policy. City Manager/Library Director. Recommend adoption.

Memorandum 13-100 from Library Advisory Board as backup.

- M. **Resolution 13-076**, A Resolution of the City Council of Homer, Alaska, Amending the Fee Schedule for Library Facility Use Fees. City Clerk/Library Advisory Board. Recommend adoption.
- N. **Resolution 13-077**, A Resolution of the City Council of Homer, Alaska, Requesting the City Manager to Prepare a Plan Requesting that the State Fire Marshal Delegate Fire Marshal Authority to the City of Homer Fire Chief. Burgess/Roberts. Recommend adoption.
- O. **Resolution 13-078**, A Resolution of the City Council of Homer, Alaska, Mandating the City Manager to Propose Projects that Utilize the Funds in Excess of \$3 Million Dollars in the HART Fund and Funds in Excess of \$3 Million Dollars in the HAWSP Fund for Consideration of the Homer City Council. Burgess/Roberts. Recommend adoption.

Resolution 13-078(S), A Resolution of the City Council of Homer, Alaska, Mandating the City Manager to Propose Projects that Utilize the Funds in Excess of \$3 Million Dollars in the HART Fund and Funds in Excess of \$3 Million Dollars in the HAWSP Fund for Consideration of the Homer City Council. Burgess/Roberts.

Moved to Resolutions.

P. **Resolution 13-079**, A Resolution of the City Council of Homer, Alaska, Requiring the Finance Department to Provide a Quarterly Report of Finances of the City of Homer. Roberts/Burgess. Recommend adoption.

Q. **Resolution 13-080**, A Resolution of the City Council of Homer, Alaska, Requiring Invitations to Bid (ITB) and Request for Proposals (RFP) Plans and Specifications with Searchable Text and Plan Holder's Lists to be Posted on the City of Homer Website. Roberts/Burgess. Recommend adoption.

Resolution 13-080(S), A Resolution of the City Council of Homer, Alaska, Requiring Invitations to Bid (ITB) and Request for Proposals (RFP) Plans and Specifications with Searchable Text and Plan Holder's Lists to be Posted on the City of Homer Website **in a System Similar to That Utilized by the Kenai Peninsula Borough**. Roberts/Burgess.

Moved to Resolutions.

R. **Resolution 13-081**, A Resolution of the Homer City Council Awarding the Contract for Septic Tank Purchase – Kachemak City Sewer System to Consteel Concrete Company of Wasilla, Alaska, in the Amount of \$31,920 and Authorizing the City Manager to Execute the Appropriate Documents. City Manager/Public Works Director. Recommend adoption.

Memorandum 13-103 from Public Works Director as backup.

Item F – Ordinance 13-28 was moved to Ordinances. Item O - Resolutions 13-078 and 13-078(S) and Item Q - Resolutions 13-080 and 13-080(S) were moved to Resolutions.

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

BURGESS/HOWARD – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VISITORS

A. **Buccaneer Energy**

Mark Landt, Vice President of Land and Leasing, and Christina Anderson, the local point of contact for Buccaneer, presented their plans regarding the West Eagle drilling program east of McNeil Canyon. The site is 21 miles from Homer; 5.7 miles from McNeil Canyon School. Numerous permits are needed for the operation. Buccaneer will contract a local company to transport water to West Eagle. The well will require between 1,000 and 40,000 gallons per day. The well will operate 12 hr. shifts/24 hours per day.

In August the Glacier Drilling Rig will be moved to the West Eagle site. It will be trucked from Kenai to the location. Buccaneer will coordinate with DOT and the Borough for heavy load transport to the site. Their traffic will be heavier during the Glacier Rig mobilization and demobilization.

The well will be drilled up to 8,000 feet. There will be no fracking. They anticipate the drilling time will be 30 to 45 days, although they could be there for 60 days. The waste will go to permanent landfills; some will be injected in disposable wells in Kenai. There will be some local hire to man the office and facilitate crews. The crews are Alaska hires. Some support services are required, including a contractor to haul water.

Buccaneer reported on the Cosmopolitan Site offshore near Anchor Point. The Endeavour Drilling Rig was moved from Homer to the site after an eight-month stay at the Deep Water Dock.

Buccaneer maintains a local office at 412 East Pioneer Ave. and welcomes community input. Public meetings are scheduled in the upcoming days at Bidarka and McNeil Canyon School in the Library.

B. Pratt Museum, Update on the Exhibits and Education Program, Scott Bartlett, Curator of Exhibits and Ryjil Christianson, Director of Education

Director of Education Ryjil Christianson provided an overview of the Pratt Museum's lifelong learning program. The museum works closely with local educators and teachers to set up field trips. Pratt Play Dates for babies and toddlers are held in the winter. The Senior Outreach is held once a month with representatives visiting the Senior Center to provide a variety of topics of natural history. The Pratt offers student internships for both college and high school students. The Master Naturalist Workshop partners with Alaskan Coastal Studies, Kachemak Bay Research Reserve, and Kachemak Bay Campus to offer affordable training.

The Pratt values education and used grants to hire an outside evaluator to get details on the community's needs. They want to ensure every dollar that comes in goes out to the community.

There is a desire for more hands-on workshops for adults and kids. The new facility highlights community educational space.

Curator of Exhibits Scott Bartlett reported on the current special exhibit *Encounters Whales in Our Waters*. This exhibit grew out of a massive community effort to salvage and articulate a 39-ft. gray whale skeleton. Other exhibits include *Inspired by Place*, an Arctic exhibit. On the forest trail behind the museum is an exhibit *Facing the Elements*. This summer the Pratt is partnering with Seldovia Native Association to provide the Gull Island bird cam.

Design and planning for the new museum building includes space for permanent and special exhibits and improved installations. Outside the museum they will provide orientation and improved interpretation. In the lobby they will take advantage of the community room. Special exhibits will be in two rotating galleries featuring an art gallery. A display case will be used for small art.

Upcoming exhibits include *Beneath the Surface*, an exploration of the beauty and mystery of archeology. In October there will be the preview for the annual Ritz art auction. This year's theme is Moulin Rouge. In November they will host an exhibit from Kodiak, *When Crab was King*. Tamanta Katurlluta, gathering of a native tradition, will be at the Pratt over the Labor Day weekend. The biennial event grew out of native villages. The event will include the kayak landing on the Spit and an afternoon at the Pratt with demonstrations and storytelling. An evening performance of dance and culture will be at the Mariner Theatre and a picnic at Karen Hornaday Park.

Mayor Wythe called for a recess at 7:11 p.m. and reconvened the meeting at 7:19 p.m.

**ANNOUNCEMENTS/PRESENTATIONS/BOROUGH
REPORTS**

REPORT/COMMISSION

- A. Borough Report
- B. Commissions/Board Reports:
 - 1. Library Advisory Board
 - 2. Homer Advisory Planning Commission
 - 3. Economic Development Advisory Commission
 - 4. Parks and Recreation Advisory Commission

5. Port and Harbor Advisory Commission

PUBLIC HEARING(S)

A. **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. Introduction June 24, 2013, Public Hearing and Second Reading July 22, 2013.

Ordinance 13-20(S), 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.

Mayor Wythe opened the public hearing. In the absence of public testimony, Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion to substitute Ordinance 13-20(S) for Ordinance 13-20.

LEWIS/BURGESS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Mayor Wythe called for a motion for the adoption of Ordinance 13-20(S) by reading of title only for second and final reading.

BURGESS/LEWIS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

B. **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. Introduction June 24, 2013, Public Hearing and Second Reading July 22, 2013.

Ordinance 13-21(S), An Ordinance of the Homer City Council Accepting and Appropriating a Legislative Grant in the Amount of \$2,000,000 for the New Port and Harbor Office and Skyline Drive Fire Station. City Manager.

Mayor Wythe opened the public hearing. In the absence of public testimony, Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion to substitute Ordinance 13-21(S) for Ordinance 13-21.

LEWIS/BURGESS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Mayor Wythe called for a motion for the adoption of Ordinance 13-20(S) by reading of title only for second and final reading.

LEWIS/BURGESS - SO MOVED.

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. Introduction June 24, 2013, Public Hearing and Second Reading July 22, 2013.

Memorandum 13-097 from City Clerk as backup.

Mayor Wythe opened the public hearing. In the absence of public testimony, Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Ordinance 13-22 by reading of title only for second and final reading.

ROBERTS/DOLMA – SO MOVED.

There was no discussion.

VOTE: YES. ROBERTS, DOLMA, HOWARD, BURGESS

VOTE: NO. ZAK, LEWIS

Motion carried.

D. **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. Introduction June 24, 2013, Public Hearing and Second Reading July 22, 2013.

Memorandum 13-097 from City Clerk as backup.

Mayor Wythe opened the public hearing. In the absence of public testimony, Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Ordinance 13-23 by reading of title only for second and final reading.

HOWARD/LEWIS - SO MOVED.

ROBERTS/HOWARD - MOVED TO AMEND LINE 38 TO PORT AND HARBOR DEPRECIATION RESERVE FUND.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

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

Motion carried.

- E. **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. Introduction June 24, 2013, Public Hearing and Second Reading July 22, 2013.

Memorandum 13-097 from City Clerk as backup.

Mayor Wythe opened the public hearing.

Brianna Allen, city resident, thanked Council for bringing the ordinance forward. She would like to see an extension of another trail system in Old Town, keeping Charles Way closed to thru traffic.

Kimberlee McNett, city resident and Homer Cycling Club, supports the ordinance. It will welcome cyclists to a unique and beautiful part of town.

Flo Larson, city resident, commented that the Bunnell Art Center used to be the old general store and you can almost feel the history there. Pedestrian and cycling paths will make Homer more wonderful than it already is.

Adrienne Sweeney expressed support for the walkability and safety of Old Town. The small community in Old Town has an honored past.

Asia Freeman, city resident, thanked the City for helping develop and provide an exciting project. It is the result of over 20 years of support in small businesses, housing, and recreational activity in Old Town. Speed bumps are the most important thing to maintain in the ordinance.

Jake (Asia's son), likes the idea of improvements to Old Town. With cars, walkers, and bikers all together there needs to be more space in areas.

Charles Davis, city resident, is not opposed to improvements, even though he was not notified. Traffic problems are caused by non enforcement of parking on the street. Traffic jams are caused by people looking for Bishop's Beach. A sign at Main and Bunnell is needed so there is no question of how to get to the beach.

Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Ordinance 13-24 by reading of title only for second and final reading.

BURGESS/ROBERTS - SO MOVED.

BURGESS/ZAK - MOVED TO AMEND LINE 35 AFTER "LOWER SPEED LIMIT" TO ADD "SEASONABLY REMOVABLE SPEED BUMPS".

Councilmember Roberts asked about the costs of adding removable speed bumps.

City Manager Wrede answered we did leave speed bumps out on purpose. We researched the costs and winter storage. There are a lot of neighborhoods that could use speed bumps. We wanted to wait until after the new signage, striping, pavement, and narrowing of roads to see if it works. We need to set up criteria when speed bumps are needed. They are generally not placed on dead end roads. It was left out of the ordinance since it would set a precedent. We have no good criteria to establish when they are justified. If more is needed, we can come back with speed bumps next year.

Councilmember Burgess suggested we work on the criteria as a winter project.

VOTE: (amendment) YES. ZAK, BURGESS

VOTE: NO. LEWIS, ROBERTS, DOLMA, HOWARD

Motion failed.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

ORDINANCE(S)

- A. **Ordinance 13-28**, An Ordinance of the City of Homer, Amending Homer City Code Chapter 11.12, Street and House Numbering, to Establish Standards and Procedures for the Naming and Renaming of Streets. Burgess. Recommended dates: Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

Mayor Wythe called for a motion for the adoption of Ordinance 13-28 for introduction and first reading by reading of title only.

BURGESS/ROBERTS – SO MOVED.

Councilmember Burgess commented naming or renaming of streets is not codified in code. The Planning Department is very busy and he wanted to make sure citizens had resources if needed. The ordinance is not designed to name or rename streets; it just outlines the process.

BURGESS/ROBERTS - MOVED TO ADD THE WHEREAS CLAUSES AS PROVIDED BY CITY PLANNER RICK ABBOD: WHEREAS, HOMER IS A FIRST CLASS CITY AND HAS A PLAN FOR ADOPTING STREET ADDRESSES; WHEREAS, THE PLANNING DEPARTMENT COORDINATES THE ADDRESSING OF PROPERTIES IN THE CITY OF HOMER; WHEREAS, STREET NAMES AND ADDRESSES SHALL COMPLY WITH THE NATIONAL EMERGENCY NUMBER ASSOCIATION; WHEREAS, THERE IS A NEED AND BENEFIT TO IMPROVING THE PROCESS OF NAMING STREETS; AND NOW, THEREFORE, THE CITY OF HOMER HEREBY ORDAINS.

There was no discussion.

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

Motion carried.

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

Motion carried.

CITY MANAGER'S REPORT

A. City Manager's Report

1. July Employee Anniversaries
 2. Letter to DOT/PF, Re: Tree Cutting and End of Runway
 3. Capital Project Status Report
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1. Port and Harbor Bond Sale: We are currently reviewing a detailed a legal guidance paper provided by Tom Klinkner which addresses how bond proceeds may be invested and how they may be appropriated. The reserve funds held by New York Mellon Bank will definitely be invested. The bond proceeds will all likely be spent within 18 months so that limits investing opportunities somewhat.
 2. Health Insurance Plan: At the last meeting, the Council heard a presentation by the City health insurance broker. In his report, Jeff detailed the current status of the plan, provided his perspective on future trends in the industry, and offered suggestions on how the plan could be amended to reduce expenditures. Part of his recommendation included a two tiered plan which Andrea and I have discussed with him at length. My plan on addressing the health insurance issue is as follows. First, we have asked Jeff to run a number of scenarios based upon baseline levels of City contributions. That will allow us to see how the benefit package will be impacted and what the implications are for the City budget under each scenario. We should have the results of that work soon. Second, we plan to reconvene the Employee Committee to discuss proposed plan modifications and to visit each department to speak directly with the

employees. The goal is to get employee input and to make sure every employee understands how important this issue is from a budget perspective. The goal is to have plan modifications in place by mid September so that the Council will have budget numbers in front of them when it received the draft FY 2014 Budget and can review the City contribution to health care as part of the normal budget approval process. Finally, I intend to bring a mid-year budget amendment ordinance to the Council at the first meeting in August. Among other things, this ordinance will contain funds to make up the deficit that occurred in Fiscal year 2012 and the projected deficit in 2013. The depleted Reserve Fund will be addressed in the 2014 budget proposal.

3. Dispatch: The Police Department continues to have serious problems recruiting and retaining dispatchers. This follows a nationwide trend however, it causes concern on many levels. We continue to review the options available to us and we may want to address this issue again with the Council in the near future.
4. HERC Building: The Boys and Girls Club has ceased operations for now and my understanding is that they are in negotiations with the School District to see about locating the program in one of the school buildings; likely the middle school. As you know, some Community Recreation programs are held in the HERC gym because of limited space and time at the High School. It is time to produce the Community Rec. class schedule for fall and winter. Users of these programs have approached me wanting to know if the building will be available for Community Schools programs this fall and winter. My response has been that we still have the Fire Marshall questions to contend with and that it will be difficult, absent new revenues, to justify keeping the building open and heated for just a couple of programs. More on that later. Council should anticipate getting inquires about this. These programs are really popular and provide significant benefits to the community.
5. Legal Issues: In the last two weeks the City received excellent news on two pending court cases. First, the Court ruled in favor of the City in the F/V Albert case. The Albert was a derelict vessel that was “warehoused” in the harbor for many years. The owner was basically uncooperative and ran up a large tally of delinquent bills. Extensive efforts to negotiate and settle the case were ultimately unsuccessful. Court was the last and best option. The City prevailed and was awarded attorney’s fees and costs that could exceed \$30,000. This week the judge ruled in favor of the City in the Tony Neal case. Council has been briefed on this case before so I won’t go into the details. The bottom line is that the Court found that the City is not obligated to plow snow on Beluga Lake for ice skating. Last week the City filed a complaint in court against Grant Aviation. Grant broke its lease without prior notice. It owed the City a significant amount of back rent when it left and over a year remained on the term of the lease. Damages continue to accumulate. Efforts to contact Grant and to resolve this matter have been unsuccessful. The company has been unresponsive

which has been disappointing. Finally the City continues to try and negotiate settlement agreements with Matt Shadle and Mike Kennedy regarding zoning complaints that are pending in court. The court dates on both have been extended several times while negotiations are taking place. Oral arguments regarding the City's request for summary judgment on the complaint filed by Ken Castner over the gas SAD took place several weeks ago. The judge requested additional information which has been provided by the parties.

6. Drill Rigs: The City has been approached by Buccaneer and by Furie, owner of a different drilling rig operating in the Inlet, about using the Deep Water Dock in future years if necessary. We understand that Buccaneer intends to be drilling all winter this year but wants to know if the dock is available if repairs or maintenance are necessary. It is not clear at this time exactly what Furie's plans may be. I bring this to your attention so that if Council has any concerns about rigs mooring at the dock, it can let us know. We know that this is an issue of great interest in the community. The administration has taken the position that as long as there are no environmental, health, safety or other concerns that would justify denying access, the City is open for commerce. That is our position unless we hear different from Council. Several weeks ago we received a copy of the report prepared by URS Alaska LLC entitled Endeavor-Spirit of Independence - Final Benthic Survey Report for Buccaneer Alaska Operations, LLC. The report was requested by both Fish and Game and the City to look at the impacts to the sea bottom, to other mooring vessels, and to habitat as a result of the rig "soft pinning" its legs at the dock. Both pre-departure and post-departure surveys were conducted. The report concluded that the disturbance to the seafloor should have no effect on other vessels attempting to moor, that the remaining depressions would fill in quickly, and "no long term effects to the benthic habitat or fauna would be expected from this transitory disturbance."
7. Adopt-A-Park: The Parks and Recreation Advisory Commission has designated August 17 as Parks Day. One of the things they want to do is highlight the Adopt-A-Park Program which was established by the Council several years ago. In particular, they want to thank the Kachemak Bay Rotary Club for all of the work it has done, and intends to do at Ben Walters Park. This work includes, but is not limited to, scraping and painting the bathrooms, purchase and installation of a bench near the floating docks, regular litter pick-up, donations of flowers, potting soil, flower barrels, repairing and replace the posts along the driveway, and drainage work and rehabbing the trail to the docks. The Rotary Club deserves recognition and thanks for adopting this park and putting so many of its time and resources into making improvements there.
8. Economic Studies Underway: Northern Economics is hard at work looking at the economic impacts associated with the Drilling Rig being moored at the Deep Water Dock this past winter. They are also conducting the port and harbor rate study. We have been providing input and

information to them and getting regular progress reports. Please let us know if you would like a verbal update.

9. Gas Lines: So far, things appear to be going pretty well with the gas lines. According to Enstar, they are still on schedule to have the Hospital and the High connected to gas by the end of July. I believe the contractors are doing a terrific job and so far, we have not experienced the disruption and traffic and property impacts that were anticipated.
10. Governor's Picnic: Plans and preparations for the Governor's Picnic are moving along rapidly. Fund raising for the picnic has been very successful and the overall plan sounds very good. Katie can give you a full update at the meeting if you wish. Updates can also be provided on the other associated events that day like the ribbon cutting ceremony at the hospital and the project tours and meetings with Commissioners.
11. Airport Terminal Revenues: We are experiencing a significant decline in revenues at the airport terminal which makes that facility less self supporting than we would like it to be. During the past year, the number of rental car concessions has been reduced from 3 to 1. As you know, Grant Aviation has departed and Fed Ex recently confirmed that it intends to move to a larger space at a nearby hanger when its lease expires next month. We will be working to attract new businesses where possible.
12. Strategic Plan: It looks like Saturday, August 17 has been selected as the day for strategic planning. I believe the Mayor intends for this workshop to be narrowly focused upon the CIP List. Julie from planning has agreed to facilitate the meeting so that I am free to participate directly. I expect that we will meet with the Mayor soon to discuss an agenda and develop a plan for using the time productively.
13. CIP Schedule: The Council recently approved a schedule for adopting the next CIP List. The schedule contains a work session on August 12 to review proposed projects. Subsequent to that, the Council scheduled an all day planning session on the CIP List for August 17. This might seem to make the August 12 workshop either premature or unnecessary. We gave some thought to recommending cancelling it. However, we now think it should remain. That time could be used to familiarize Council with the projects that have been completed, the ones underway, and the new ones proposed. It would be good background information to have going into the planning session on the 17th, which will be more likely focused upon the process of developing a CIP list. Lets us know if you disagree.

City Manager Wrede commented on the email glitches last week and Council not receiving an invitation to tour Icicle's floating processor.

Administration has had meetings with Enstar, contractors, and DOT. The gas line project has made significant progress, is right on schedule, and is very close to budget. The trunk line is 68% complete; construction is on target to get the line out to Kachemak City by this fall. Both the hospital and high school could be supplied with gas the first week of August. Much of the

remaining work to be done is on the Anchor River. Enstar reported they have 1,000 meters already set. UTI, the contractor for the distribution system, is doing a terrific job. We were worrying about complaints of damage to property, but so far that has not happened. Instead we are receiving compliments. UTI is going out of their way to address concerns. By the first of August UTI expects all of the downtown area between East and West Hill along with Pioneer Avenue will be done. They are making good progress.

The Rotary Club has been volunteering at Ben Walters Park with their time and money. The Parks and Recreation Advisory Commission has Park Day scheduled for Saturday, August 17th. They will highlight the work done by the Rotary there.

Mayor Wythe noted the employee anniversaries, 13 employees celebrating 125 years of service.

Councilmember Lewis asked for an update on the Mike Kennedy case and Grant Air.

City Manager Wrede reported Grant Air walked away from their lease agreement with no prior notice. We are trying hard to get their attention about owing the City money, including back rent of \$20,000. We are trying hard to work with Mr. Kennedy to resolve the issue. The hope is that we don't have a court date.

Katie Koester reported on the Governor's Picnic scheduled for July 25th from 4:00 – 7:00 p.m. at Karen Hornaday Park. The City will be hosting the picnic with other community members. Best Beginnings Homer has been helping with the planning of the event over the last few months. Mrs. Koester thanked the community for their generosity of donations and volunteers. If the weather stays we will have a great turnout and a lot of fun. The event is meant to celebrate Homer. The Governor will be attending with most of his cabinet and the First Lady. It is a great opportunity to show them Homer.

Ten booths of state departments will be available to answer questions. Sparky of DNR Forestry will be there. There are nine booths for kids' activities. Good food, the ukulele band, and distinguished guests will be there. It is a huge community picnic with food, fun, and hopefully sunshine. Tents will be available for the picnic – rain or shine.

Councilmember Lewis asked about the FAA requirement of tree removal along Kachemak Drive.

City Manager Wrede answered healthy tall trees on Kachemak Drive between the hill up from the Spit road and parking lots will be removed. The FAA told DOT unless the trees are cut, flights will not be allowed to approach after dark. It is a health and safety issue due to flights. Most of the trees are on city land. DOT asked for permission to cut them and that was given

under certain conditions. The trees will be cut by hand and the stumps will be left to keep the soil in place. If the trees fall and cover the existing trails they will be cut back 10 ft. The Forest Service will supervise the operation and make public firewood available. The trees are healthy and alive and not everyone wants to see them cut. They are in the same location of the proposed path.

Included in the Manager's Report was a capital project status report. There are 21 ongoing capital projects with four beginning the design phase and another six to begin soon. In between the gas line and road improvements, a lot of work is going on.

B. Bid Report

C. Games Report

1. Alaska Marine Conservation Council

CITY ATTORNEY REPORT

A. City Attorney's Report for June 2013

City Attorney Klinkner reported a judgment was recovered against the derelict vessel *Albert* in the harbor. We will work on collecting the judgment from the vessel owner.

Ben Walters Park litigation was successfully concluded in the City's favor. The donor of the park land asserted that the City was obligated to plow Beluga Lake in the winter for ice skating as a condition of the donation. The court ruled against that, stating the document that the donor relied on was not part of the transaction because it was not approved by the Council. Attorney Klinkner thanked City Clerk Jo Johnson for marshaling the city records necessary to establish the case. The transaction began in 1981 and spanned through 1983.

An action has been filed against Grant Aviation for unpaid back rent, failure to remove their property from the terminal, and for future unpaid rent under the lease until February 2014.

Continued efforts are being made to resolve the zoning complaint against Mr. Kennedy.

A claim against Matt Shadle for an illegal gravel pit on the way into town on Sterling Highway is ongoing. We have moved for judgment. There has been no response from Mr. Shadle.

On the Ken Castner case pertaining to the method of assessments for condominiums for natural gas, arguments have been made. The court invited supplemental submissions on issues that arose in the oral argument. Submissions have been made and it is in the hands of the judge.

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. **If reconsidered - Resolution 13-048(S)(A)**, 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.

Councilmember Burgess acknowledged the public testimony and will still operate under the assumption of a democracy. With easy access to factual information voters can make an informed decision. Business owners that spoke tonight will definitely see a rate increase. The current water and sewer rate schedule provides high quality drinking water and treats sewage effectively before entering Kachemak Bay. There are about 1,600 users on the high class, effective system. We are not like Anchorage with a high population that barely treats its effluent before it goes in the ocean. We are not like Kenai who plans to raise their rates to come into compliance with water and sewer quality standards.

To address this we need to add infill and customers to the system. How do we allocate the costs equitably against users? Current large volume users pay less per gallon than small volume users. The system costs the same until we make about two million gallons of water. The variable costs of operating the system are not proportional to the fixed costs. The rate model of the task force included local business people: Sharon Minsch, Ken Castner, Lloyd Moore, Bob Howard, Barbara Howard originally, Mayor Wythe, and himself. Ironically a lot of the people that could have offered input on small businesses weren't at the meetings.

As to the comment that he misrepresented someone or said that Land's End wanted to bribe someone, he questioned Land's End repeated motive for wanting an outside party to come in that

would have relied upon the same information as the task force did. We are now in the same boat where we can politicize the rate schedule or use the task force recommendations which is an apolitical rate model. It is an amicable rate model where a gallon water of water is a gallon of water and a gallon of poo is a gallon of poo. The task force decided rates would be determined by cost causer = cause payer. The task force decided to be specific with lift stations and BOD. It may not be in the interest of the business community to propagate that Homer is not business friendly, when Council socialized bringing natural gas to the entire city. We have to pay for water and sewer one way or other or pass it to the taxpayer. We either pass it and move forward with the basic principle or go back on what we decided to do and continue to politicize it, make bitter enemies, and back alley friends.

Councilmember Lewis agrees with a lot of what Councilmember Burgess said. In the comparison of Kenai's water with ours, we have a lot of standing water with a lot of poo in it that has to be treated. Everyone should pay the same for a gallon of water. Some entities will make out like a bandit and little ones may end up paying more. He has lived without water and sewer and doesn't care what it costs. He wants it, period.

Mayor Wythe advised Council that amendments should be made now so a public hearing can be held on August 12th.

Councilmember Zak referenced the Slone amendment (provided by citizen Larry Slone). There are measures in the resolution that are an administrative burden; they could reduce the current rate. Business owners talked about the costs of water to them and the concern if they would be able to create or keep employees. Business owners also said they don't have a lot of money. Some may have a 44% increase per gallon. When you hear about a \$70,000 burden placed on a business that is not a small increase. He would like to see the resolution voted down and start fresh. He doesn't feel the community was fairly represented by the task force. A couple members quit serving on the task force for a number of reasons. He won't vote for it; there are still issues with it. If we take the time we can keep the community together and come up with a solution. How can we bring down the costs of producing water? The existing rate schedule is better than the proposed.

Councilmember Burgess commented if we don't move forward we will continue with the current rate schedule. We can say we need to think about it more and need more community input. There has been a year's worth of consideration by the task force with six months of public comment. The high volume users object. Under the current proposed rate model 56% of the people will see a reduction of costs if their usage is the same. Before the task force decided to socialize the costs, 75% would see a reduction in costs. Two years ago apartment owners' rates were increased and we had a room full of people. We can subsidize and support businesses, but if we are doing it on the backs of the people who should gain from the economic benefit of having the business here,

it comes to diminishing returns. Let's be honest why we want to delay; this has been well hashed out.

Mayor Wythe commented she too sat on task force. When the idea of forming a task force for water and sewer rates was made, everything said it was a bad idea. If there was going to be a task force there should be some people on there that have no dog in the fight. She lives in the city, has four lots, pays sales and property taxes, has a road maintained by the Borough, and has no city water or sewer. Her return is the benefit received while in town. Most of the people in the city do not have water and sewer service. Other people that do not benefit from it should not be asked to subsidize it. There have been complaints that business people were not able to participate. When the task force was put together a certain number of people from the community could participate. She was there for almost every meeting. One member stepped off the committee within three months, citing he was outside of his league in understanding rate setting and the whole concept. The other one stepped off in December for health reasons.

Mayor Wythe thanked Land's End for advertisement as they managed to do something this committee tried to do for ten months. Although the information that provided is not exactly accurate, they were able to bring small businesses out to partake in the discussion. She has heard repeatedly businesses in the community don't want to step up for fear of retaliation. That's part of living in Homer. She has learned that 100% of what you are not willing to speak towards, your opinion will be totally brushed over. By stepping up and putting your name and your business in front of the Council you influence what is going on positively. By not participating, you are negatively impacting your business.

Mayor Wythe noted you are voting on a change in philosophy as to how water and sewer rates are set. In a commodity rate system everyone pays a fee. The task force tried to identify fees. The lift station is a huge swing. Finance Director John Li provided eight scenarios. These are all the things Council needs to think about, what philosophy is in the best interests of the community. She again asked for amendments today so people can speak to them in August.

ZAK/BURGESS - MOVED THAT THE AMENDMENTS OFFERED BY THE SLONE RECOMMENDATION ITEMS 1 - 9 BE ACCEPTED (Submitted July 22 as a laydown).

Items would include:

1. *Conservation: Approximately 1% reduction in revenue.*
2. *Remove \$5 Sprinkler fee.*
3. *Remove \$10 BOD fee.*
4. *Remove \$5/apartment fee.*
 - a. *Admin Service Fee: \$16/month per meter (\$315,000/year).*
5. *"Socialize" one-half (\$90,000) of Lift-Station fee to Sewer commodity fee adding*

- \$1/1000 to all users.*
6. *Kach City. 3,000 gallons per unit.
Basic sewer rate, plus the reduced lift rate of \$3.75/1000, plus \$7.75 pumping fee.*
 7. *Bulk. Basic water rate of \$11.95/1000 plus reduced Lift-Station rate of \$3.75/1000.*
 8. *Minimum \$16/month Service Fee all meter subscribers.*
 9. *Infrastructure Depreciation. Any additional depreciation contributions taken from General Fund.*

Councilmember Burgess commented on the proposed amendments:

1. A 6% to 7% reduction in use due to a commodity based system would be reasonable; it would likely be underfunded at 1%.
2. & 3. These are de minimis fees designed for tracking; he has no objection to Council getting rid of them.
4. Equates per user/per administrative costs. If you remove the \$5 apartment fee the City has to take more time in addressing 10 apartment owners.
5. If you are going to get rid of lift station costs, get rid of them completely. Everyone will pay to lift sewage.
6. Kachemak City – base it on what Homer uses. Do we want to be a full utility service to Kachemak City when we represent the concerns of the citizens of Homer? Keep in mind who votes for us and whose interest we represent.
7. Bulk water – there has to be some incentive to hooking up to the sewer system. If a truck can deliver my water cheaper than hooking up to city sewer, that will not encourage infilling.
9. Infrastructure depreciation shoves it under the rug. If the City can't support its infrastructure costs via its operating revenues, then the rest of us all get to pay to maintain the system that delivers water to a set number of users. If you are going to run a business the costs are accounted for and incorporated in the budget.

Councilmember Howard commented Slone put things into categories so we can go about them so we say this is our policy about certain things. We are policy makers and it is our job. If you want to get into playing with the numbers go get a job with the City. We keep flowing back into the operations side. Do you think everyone should pay for the small amount of users for the lift stations? The other comment made: transparency equals equity – that's what happened with the task force, albeit they are being highly chastised. The task force made sure they were transparent and to the best of our ability we had an equitable system for everyone.

VOTE: (amendment) YES. ZAK

VOTE: NO. BURGESS, LEWIS, ROBERTS, DOLMA, HOWARD

Motion failed.

BURGESS/LEWIS - MOVED TO AMEND THE RATE MODEL TO ELIMINATE THE DE MINIMIS FEES, SPECIFICALLY THE \$5 SPRINKLER FEE AND THE BOD FEES.

Councilmember Burgess asked that to compensate the minimal loss that the rate model per gallon be appropriately updated. It will be socialized to the commodity rate.

Finance Director John Li reported the BOD is \$6,000 and the sprinkler is \$1,200.

Councilmember Zak likes the attempt and hopes to find other ways to make other amendments. He expressed his concern about trying to piece it together now rather than taking a look at the whole system. We are setting policy so we will move forward; it concerns him of the policy we are making.

Councilmember Roberts supports eliminating the sprinkler fee after hearing the Fire Chief's comments at the Committee of the Whole. Sprinklers are a safety issue and people should not be discouraged from installing them in buildings.

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

Motion carried.

Mayor Wythe asked for discussion and consideration of the sewer only users that have no monthly service fee. Kachemak City has a \$5 fee for billing of the sewer. Should the multi-user fee be applied to Kachemak City for their sewer?

Finance Director Li confirmed there are about 20 other residents that do not have a sewer bill.

Councilmember Burgess commented for consistency if you have a sewer hookup it makes sense to pay an administrative fee.

ROBERTS/LEWIS - MOVED TO AMEND TO ADD A \$5 ADMINISTRATIVE FEE PER MONTH FOR ANY PERSON THAT ONLY GETS SEWER USAGE.

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

VOTE: NO. ZAK

Motion carried.

ROBERTS/LEWIS – MOVED TO AMEND TO ADJUST THE KACHEMAK CITY AVERAGE GALLONAGE RATE, NOT DOLLAR RATE, TO 3,000 GALLONS FROM 3,500 GALLONS.

City Manager Wrede called attention to the 20 people within the city that we do the same thing for. They are sewer only users and have that assumption for them too.

ROBERTS/LEWIS - MOVED TO AMEND THAT ALL SEWER ONLY USERS WOULD GET AN AVERAGE VOLUME OF 3,000 GALLONS PER MONTH.

Councilmember Roberts noted 3,000 gallons per month was the average amount City of Homer users were billed for.

Councilmember Dolma commented he would charge five cents a gallon for everything outside the city. If you want cheap water, move to Homer. Whether the average user only uses 10 gallons a month, he wants money. They did not elect him and he is not representing them. There are 20 residents in the city that he does not have a solution for.

Councilmember Burgess agreed with Councilmember Dolma. Kachemak City has it made with no sales tax or property tax on their water and sewer. He would like to represent the economic interest of Homer residents.

VOTE: (amendment) YES. LEWIS, ROBERTS

VOTE: NO. DOLMA, ZAK, HOWARD, BURGESS

Motion failed.

ROBERTS/DOLMA - MOVED TO POSTPONE RESOLUTION 13-048(S)(A) TO THE AUGUST 12TH MEETING FOR A PUBLIC HEARING AND CONSIDERATION OF THE COUNCIL.

Councilmember Howard commented we are making things better by the amendments in the resolution. More laydowns will come before Council before the next meeting. She advocates voting tonight, as we will continue until the cows come home.

Attorney Klinkner confirmed the need to postpone for a further public hearing for the benefit of those adversely affected by the rates. Some of the adjustments are favorable to some and not favorable to others.

VOTE: (postponement) YES. ROBERTS, DOLMA, ZAK, HOWARD, BURGESS

VOTE: NO. LEWIS

Motion carried.

NEW BUSINESS

RESOLUTIONS

A. **Resolution 13-082**, A Resolution of the Homer City Council Awarding the Contract for the Homer Small Boat Harbor System 5 Electrical Improvements to the Lowest Responsible Bidder in the Amount of the Low Bid and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk/Public Works Director.

Resolution 13-082(S), A Resolution of the Homer City Council Awarding the Contract for the Homer Small Boat Harbor System 5 Electrical Improvements to the Firm of Puffin Electric, Inc. of Homer, Alaska, in the Amount of \$477,778.00 and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk/Public Works Director.

Memorandum 13-108 from Public Works Director as backup.

Councilmember Burgess declared a conflict of interest as he is working with Puffin Electric as a sub-contractor on another city bid that will provide a monetary gain over \$5,000.

Mayor Wythe declared Councilmember Burgess had a conflict of interest. There was no objection from the Council.

Councilmember Burgess was excused from participation and left his seat.

Mayor Wythe called for a motion for the adoption of Resolution 13-082 by reading of title only.

LEWIS/ROBERTS – SO MOVED.

Mayor Wythe called for a motion to substitute Resolution 13-082(S) for Resolution 13-082.

LEWIS/ZAK - 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.

Councilmember Burgess returned to his seat.

- B. **Resolution 13-083**, A Resolution of the Homer City Council Awarding the Contract for the Homer Spit Trail Shore Protection Project to the Lowest Responsible Bidder in the Amount of the Low Bid and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk/Public Works Director.

Resolution 13-083(S), A Resolution of the Homer City Council Awarding the Contract for the Homer Spit Trail Shore Protection Project to the Firm of Alaska Marine Excavation, LLC of Anchor Point, Alaska, in the Amount of \$919,888.00 and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk/Public Works Director.

Memorandum 13-109 from Public Works Director as backup.

Mayor Wythe called for a recess at 8:49 p.m. and reconvened the meeting at 8:54 p.m.

Mayor Wythe called for a motion for the adoption of Resolution 13-083 by reading of title only.

LEWIS/ROBERTS – SO MOVED.

Mayor Wythe called for a motion to substitute Resolution 13-083(S) for Resolution 13-083.

LEWIS/ROBERTS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

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

Motion carried.

- C. **Resolution 13-084**, A Resolution of the Homer City Council Awarding the Contract for Meadow-Wood Place Subdivision Sanitary Sewer Repair Project to the Lowest Responsible Bidder in the Amount of the Low Bid and Authorizing the City Manager to Execute the Appropriate Documents. City Manager/Public Works Director.

Memorandum 13-105 from Public Works Director as backup.

Memorandum 13-105(S) from Public Works Director as backup.

Resolution 13-084(S), A Resolution of the Homer City Council Awarding the Contract for the Meadow-Wood Place Subdivision Sanitary Sewer Manhole Repair Project to the Firm of Gregoire Construction of Homer, Alaska, in the Amount of \$9,200 and Authorizing the City Manager to Execute the Appropriate Documents. City Manager/Public Works Director.¹

Mayor Wythe called for a motion for the adoption of Resolution 13-084 by reading of title only.

LEWIS/ZAK – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

D. **Resolution 13-078**, A Resolution of the City Council of Homer, Alaska, Mandating the City Manager to Propose Projects that Utilize the Funds in Excess of \$3 Million Dollars in the HART Fund and Funds in Excess of \$3 Million Dollars in the HAWSP Fund for Consideration of the Homer City Council. Burgess/Roberts. Recommend adoption.

Resolution 13-078(S), A Resolution of the City Council of Homer, Alaska, Mandating the City Manager to Propose Projects that Utilize the Funds in Excess of \$3 Million Dollars in the HART Fund and Funds in Excess of \$3 Million Dollars in the HAWSP Fund for Consideration of the Homer City Council. Burgess/Roberts.

Mayor Wythe called for a motion for the adoption of Resolution 13-078 by reading of title only.

BURGESS/ROBERTS – SO MOVED.

Mayor Wythe called for a motion to substitute Resolution 13-078(S) for Resolution 13-078.

BURGESS/ROBERTS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

¹ Resolution 13-084(S) was not included in the Supplemental Packet along with Memorandum 13-105(S). Although Council did not formally make a motion to substitute Resolution 13-084(S) for Resolution 13-048 their intent was to make the contract award.

Motion carried.

BURGESS/LEWIS – MOVED TO AMEND TO SUBSTITUTE “MANDATING” BY “POLITELY DIRECTING”.

HOWARD/BURGESS - MOVED FOR A FRIENDLY AMENDMENT TO REMOVE “POLITELY”.

City Manager Wrede explained the resolution would not authorize any use of the funds the voters didn't already authorize. The voters voted on a list of roads the monies could be used for. Council subsequently amended the program by ordinance and election where the money could be used for trails and new roads not on the list.

Council would review what the approved methods of use for roads and trails are to ensure we are using them in accordance to what the community voted for. There is currently \$5M to \$6M in HART funds not earning much interest. Putting the funds to work for useful projects would be beneficial. There is a list of projects that need to be funded to increase public safety and stimulate the economy and improve traffic flow.

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

Motion carried.

BURGESS/ROBERTS - MOVED TO POSTPONE TO THE NEXT MEETING AS A PUBLIC HEARING AND NOTICE APPROPRIATELY.

There was no discussion.

VOTE: (postponement) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

E. **Resolution 13-080**, A Resolution of the City Council of Homer, Alaska, Requiring Invitations to Bid (ITB) and Request for Proposals (RFP) Plans and Specifications with Searchable Text and Plan Holder's Lists to be Posted on the City of Homer Website. Roberts/Burgess. Recommend adoption.

Resolution 13-080(S), A Resolution of the City Council of Homer, Alaska, Requiring Invitations to Bid (ITB) and Request for Proposals (RFP) Plans and Specifications with Searchable Text and Plan Holder's Lists to be Posted on the City of Homer Website **in a System Similar to That Utilized by the Kenai Peninsula Borough**. Roberts/Burgess.

Mayor Wythe called for a motion for the adoption of Resolution 13-080 by reading of title only.

BURGESS/ROBERTS - SO MOVED.

ROBERTS/BURGESS - MOVED TO ADOPT THE SUBSTITUTE RESOLUTION.

ROBERTS/ZAK – MOVED TO AMEND LINE 11 AND 12 TO ELIMINATE “IN A SYSTEM SIMILAR TO THAT UTILIZED BY THE KENAI PENINSULA BOROUGH”.

Councilmember Roberts noted the Borough’s system has an excellent way of advertising bids and RFPs, but it is costly. The Clerk has shown us a similar system utilized by the City of Soldotna that is not so costly.

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

Motion carried.

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

Motion carried.

COMMENTS OF THE AUDIENCE

Charles Davis, city resident, commented on the irony that where he lives it is beautified and calmed, but he still doesn’t have water and sewer service. He encouraged Council to get a sound, solid accounting philosophy to bill equitably. If adding speed bumps on Main Street it should be put to a public hearing.

Councilmember Burgess noted Council did not add the speed bumps to the ordinance.

Larry Slone, city resident, noted the comments criticizing Councilmember Burgess were a bit overstated. As to Resolution 13-048(S)(A), Mr. Burgess gave an excellent defense. He is surprised and amazed at the business representation. They don’t appreciate this is a closed system, with costs fixed at \$3.6M. It is like a game of musical chairs; every two years you are it. Last time it was him, as a multi-plex owner. We are trying to design enough chairs so everyone can have a seat. If you were underpaying before, someone else was footing the bill. He commented on the Enstar gas line that ran through his sewer line, backing it up. They have tried to accommodate him fairly.

Josh Garvey reiterated it is not just large businesses that will suffer from the rate increases; almost 50% of customers will see a rate increase. The claim that it a fair rate model is a complete farce. There are hidden costs, rampant system waste, and treatment of the water fund as a slush fund for covering big government expenses. This system doesn’t work; it is broken. He is disheartened to see Council disregard the testimony of so many voices. He urged Council to start listening.

COMMENTS OF THE CITY ATTORNEY

City Attorney Klinkner had no comment.

COMMENTS OF THE CITY CLERK

City Clerk Johnson announced an opportunity for adventure with the candidacy filing period for two 3-year term council seats. The filing period opens August 1st and ends on August 15th.

COMMENTS OF THE CITY MANAGER

City Manager Wrede expressed sentiments to Land's End for putting the ad out because it did get people's attention. He hopes people will look and search for the truth. There was some false stuff in there: \$1M to process water bills: that is not even close to true. The committee determined 40% of the Finance Department's budget was devoted to water and sewer issues and that was \$300,000. That includes sending the bills out, collecting the money, providing customer service, and all the other things the Finance Department does. There is one recurring theme; that we have to cut costs. We are always looking to cut costs and have done so with energy saving methods we have taken. This budget cycle we will really focus on costs on water and sewer. We will take a serious look at every cost and justify each one. If we can reduce costs we will do that.

COMMENTS OF THE MAYOR

Mayor Wythe appreciates the small businesses coming out. She has been trying to get small businesses to get involved. She believes small businesses hurt themselves more by not becoming involved. Every time they are not here, planning and zoning and water/sewer rate decisions are made that may impact them. She encouraged the people on the list (of the ad) in the Homer News to contact Finance Director John Li to see what their water/sewer rates would be. Many consumers' rates will be going down. There are winners and losers every time the rates are juggled. The commodity based rate means the high volume user is the one that will be impacted. Right now low volume users are impacted because we have a substantial per user fee and the multi-plex or per apartment fee. Those people are carrying the burden and it will shift so people using water will pay the costs. There were several comments about the windfall to the Port and Harbor. Port and Harbor is an enterprise fund just like the water/sewer fund. Those monies are not available to the general fund or water/sewer fund. If you have two businesses owned by separate companies they are totally independent of one another and responsible for maintaining their own expenses without subsidy from other sources. She has heard about the belt tightening and understands it. In eight years of her term on the Council they have reduced the budget by over \$3M. We have reduced property tax by .5 mill and eliminated the winter sales tax on food. We have reduced the budget repeatedly for eight years. People at the table are continually looking for ways to cut costs. Council is working hard to make decisions for the best of Homer.

COMMENTS OF THE CITY COUNCIL

Councilmember Roberts commented she feels like we are getting closer on the water/sewer rates. She appreciates the input from all the people. She would hate to say we discard all this and start over; it is not the right thing to do. UTI has been in her neighborhood installing gas lines. She concurs with Walt. They are nice people, ask you things, and try to make it right. She appreciates their care about the neighborhood. In the City Manager's report there are three pages of Public Works Department projects. It is amazing and lots of nice things are going on in the city.

Councilmember Zak is against the existing water and sewer proposal. It is the general policy and the hypothesis behind the policies of the City. He is outnumbered here. He encouraged anyone out for an adventure (City Council candidates) to come on; we could use some help. It is good to have a separate voice as someone is listening and hears what you are saying. He asked people to email him. Although we have reduced the budget we have hurt the local economy. We have got the gas line, a wonderful thing, and have reduced our costs of doing business. There is a whole lot more policy wise that can be done.

Councilmember Dolma said for the 50% of folks that have a rate increase, 50% of the rates will go down. Someone is getting a better deal. It is a fair rate. More than the philosophy of it should be this way or that, consistency is important. If you can plan ahead for the next 10 to 20 years, that is important to businesses. If you are a big user that will affect you more and big users should plan for change. For the twenty sewer users that do not use water, he apologized for the flip comment. He doesn't know how to address that in this model. Just because someone tells you something doesn't mean it is true and doesn't mean it is in your best interests. Challenge folks and listen to more than one person. There was a lot of poor information tonight, some inadvertent, some intentional. Get out and talk to folks and get to the truth of the information.

Councilmember Burgess would like to see us put the water/sewer rate schedule behind us so we can tackle the real question of how we make our system cost effective. How do we infill and expand the system to make it economically viable? He cares what we will be doing 10, 20, 30 years from now. He wants his kids to live in an economically solvent city. Look around at the city. It's beautiful, it's sunny, your streets are getting paved, you are going to get gas at your front door, and most businesses are having the most profitable year they have had in half a decade. Most of it happened because this council built consensus and took bold steps when a few people said this was not the way to go. Council did what they thought was in the best interests of the majority of the people for the long term. We are all committed to doing that. If he has to continue under the precept that democracy depends on well informed citizens willing to participate, it concerns him when individuals specifically and intentionally rely on misinformation to advance their point. What goes around comes around. It is a dangerous path to follow and once any of us go down that road we risk disparaging our own community and good

name of our neighbors. The news media should also be aware of that when choosing their headlines or reporting their facts. We rely on you to be investigative and to do a good job at researching these things, not to just believe everything you are told. He doesn't know if he speaks for the rest of the council, but he supports the City Manager in finding a budget healthy solution for employee health costs. This is an important decision that affects the livelihood of the community. The City Manager is not out to get you. He has a tough issue to solve and the more we work together the better the outcome for everyone. Councilmember Burgess finds it interesting when small business owners come up and say they are too busy to participate in local government. As the owner of several local small businesses and somebody who sacrifices sleep in order to contribute to the success of those businesses, that is hard for him to swallow. He is on this council because he didn't want to be part of the landscape; he wanted to have a voice. There are two seats available on the council. Come join the party. The adventure awaits you. It's been a great summer. Go out and enjoy it!

Councilmember Lewis would have bought a bulls-eye shirt for Beau if he had known he was going to be picked on so much. When the committee was formed he called two of the largest water users and let them know to get a seat on the committee. Neither one applied. They need to step up and sit on those; it is in their best interest. It is expensive to live in Homer. You need a good job to make it here. As much as he would love to say we can make it cheaper and better you have to live with it.

Councilmember Howard thanked Katie and the City Manager for putting together the CIP status report. On so many projects you could see the word "cruise head tax" and how important that is to us. She thanked the Permanent Fund Committee for the work they did and the City Attorney for his valuable help to get this straightened out so we can stay focused on sewer and water.

Mayor Wythe reminded the public of the Governor's Picnic on Thursday, July 25th from 4:00 to 7:00 p.m. at Karen Hornaday Park.

ADJOURNMENT

There being no further business to come before the Council, Mayor Wythe adjourned the meeting at 9:28 p.m. The next Regular Meeting is Monday, August 12, 2013 at 6:00 p.m., Committee of the Whole at 5:00 p.m., and a Worksession at 4:00 p.m. A Worksession is scheduled for Saturday, August 17, 2013 from 9:00 a.m. to 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.

JO JOHNSON, CMC, CITY CLERK

HOMER CITY COUNCIL
REGULAR MEETING MINUTES
JULY 22, 2013

Approved: _____