

HOMER CITY COUNCIL
REGULAR MEETING MINUTES
JUNE 27, 2016

Session 16-14 a Regular Meeting of the Homer City Council was called to order on June 27, 2016 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: ADERHOLD, LEWIS, REYNOLDS, SMITH, ZAK
ABSENT: VAN DYKE (excused)
STAFF: CITY MANAGER KOESTER
CITY CLERK JOHNSON
DEPUTY CITY CLERK JACOBSEN

Council met as Committee of the Whole to discuss Ordinance 16-38, and Consent and Regular Agenda meeting items.

Mayor Wythe ruled Councilmember Van Dyke's absence as excused. No objection was voice by Council.

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 change was made: **Ordinance 16-30(S-2)(A)**, Bond Rate Forecast

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

LEWIS/REYNOLDS SO MOVED

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

There were no public comments.

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.)

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- A. Homer City Council unapproved Special and Regular meeting minutes of June 13, 2016. City Clerk. Recommend adoption.
- B. **Memorandum 16-108**, from Deputy City Clerk, Re: Seasonal Addendum to Liquor License for Grace Ridge Brewing, Inc.
- C. **Ordinance 16-36**, An Ordinance of the City Council of Homer, Alaska, Amending the FY 2016 Operating Budget by Appropriating \$9,970.00 From Sewer Reserves for the Removal of an Underground Fuel Storage Tank at the Sewer Treatment Plant. City Manager/Public Works Director. Recommended dates: Introduction June 27, 2016, Public Hearing and Second Reading July 25, 2016.

Memorandum 16-109 from Public Works Director as backup.

- D. **Ordinance 16-37**, An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating a Donation From Paul M. Hertzmann, Inc., Vintage Photography of San Francisco, California, in the Amount of \$1,000.00 for the Homer Public Library and Stipulating That the Funds be Segregated and Used by the Library in Support of Its Mission to Provide Library Services. City Manager/Library Director. Recommended dates: Introduction June 27, 2016, Public Hearing and Second Reading July 25, 2016.

Memorandum 16-110 from Library Director as backup.

- E. **Ordinance 16-38**, An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code Title 20, Animals, Regarding the Regulation and Impoundment of Animals, and Penalties for Animal Violations. City Manager/Police Chief. Recommended dates: Introduction June 27, 2016, Public Hearing and Second Reading July 25, 2016.

Memorandum 16-111 from Deputy City Clerk as backup.

Memorandum 16-114 from City Attorney as backup.

- F. **Resolution 16-074**, A Resolution of the City Council of Homer, Alaska, Placing a Moratorium on All New Water or Sewer Special Assessment Districts Until the Debt Service Ratio for the Homer Accelerated Water and Sewer Fund is Above 1.25 and Directing the Homer Advisory Planning Commission to Develop Procedures for Applying and Lifting the Debt Service Ratio Restrictions. City Manager. Recommend adoption.
- G. **Resolution 16-075**, A Resolution of the Homer City Council Updating the Library Mission Statement. City Clerk/Library Advisory Board. Recommend adoption.

Memorandum 16-112 from Library Advisory Board as backup.

- H. **Resolution 16-076**, A Resolution of the City Council of Homer, Alaska, Approving a Contract for General Counsel Legal Services to the Firm of Birch Horton Bittner and Cherot in the Monthly Amount of \$11,500.00 and Authorizing the City Manager to Execute the Appropriate Documents. Mayor/City Council. Recommend adoption.

Memorandum 16-113 from City Manager as backup.

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

LEWIS/REYNOLDS SO MOVED

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

VISITORS

ANNOUNCEMENTS/PRESENTATIONS/BOROUGH REPORT/COMMISSION REPORTS

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

Mayor Wythe acknowledged July and Parks and Recreation Month and encouraged that everyone get out and enjoy the parks, July should be a great month.

- B. Mayor's Proclamation – July 4th Parade 2016

Mayor Wythe read and presented the proclamation to Jan Knutson of the Chamber of Commerce. Ms. Knutson commented on this year's parade events and handed out parade flyers to display.

- C. Borough Report

- D. Commissions/Board Reports:

1. Library Advisory Board
2. Homer Advisory Planning Commission
 - a. Minutes of June 15, 2016

3. Economic Development Advisory Commission
4. Parks Art Recreation and Culture Advisory Commission

Parks Art Recreation and Culture Advisory Commissioner Louise Ashmun reported they have started updating their bylaws and working on receiving new art for the Library. The commission addressed a neighbors complaints about the noise at the disk golf course and started the discussion about what might work to reduce issues between neighbors and park users, including hours, physical barriers, and working with the Disc Golf Association to do some self-monitoring of the area. They are continuing to review and revise beach policy to correlate with the new ordinance about driving on the beach and to get signage for the new rules. They are hoping the Council can take action on a recommendation from the Commission about dogs and leashes on city beaches and parking lots and are working hard to get Homer to embrace the notion of cleaning up after their pets. With relation to budgeting they discussed potential CIP projects and changing trail money to leverage matching grants for building small greenway projects to increase trail connectivity. Ms. Ashmun said the commission appreciates Council and thanked them for the work they do working with and for the Commission.

5. Port and Harbor Advisory Commission
6. Cannabis Advisory Commission

Councilmember Lewis reported the Commission is working with the City Attorney on an excise tax on cannabis products.

- E. Thank You From Kachemak Nordic Ski Club
- F. Thank You From Homer Food Pantry
- G. Huffington Post Article - 8 Quirky Spots Where You're Free To Be You And Me

PUBLIC HEARING(S)

- A. **Ordinance 16-30(S-2)(A)**, An Ordinance of the City Council of Homer, Alaska, Authorizing the City to Issue General Obligation Bonds in the Principal Amount of Not to Exceed \$12,000,000 to Finance the Acquisition and Construction of a Police Station; Amending HCC 9.16.010 to Provide for an Increase in the Rate of the City Sales Tax From 4.5% to 5.5% From April 1 Through September 30, With the Increase Providing Funds to Pay Debt Service on the General Obligation Bonds and Expiring on September 30 of the Year When the City Has Received Sufficient Funds From the Increase to Pay All of That Debt Service; and Submitting the Question of the Issuance of the Bonds and the Sales Tax Rate Increase to the Qualified Voters of the City at the October 4, 2016 Regular City Election. Smith. Introduction May 23, 2016, Public Hearings June 13 and 27, 2016, and Second Reading June 27, 2016.

Memorandum 16-091 from City Attorney as backup.
Memorandum 16-092 from City Manager as backup.

Ken Castner, city resident and Public Safety Building Review Committee Member, commented in support of Ordinance 16-30(S-2)(A) and not to exceed \$12 million seems like a fair limit. He explained he isn't sure of the exact bonding that will be needed and one thing that has been important all along is to make sure any existing uses being held at the HERC location would not be orphaned so there is some money in their draft budget to move the skateboard park to another location on the property. Mr. Castner explained the committee has worked hard to bring in a facility that utilizes an existing building, maximizes the asphalt already there, and noted the property has adequate water and sewer system capacity. They are still in the planning stages and in the next three weeks they should be coming back with better plans, elevations, and budgets.

Tom Zitzman commented he doesn't have any objection to the police department expansion. He questions asking the population to approve a \$12 million bond. The 1% sales tax will have a minor impact on many residents, but a huge impact on others. When debating the issue of driving on the beach, a lot of testimony was from residents needing coal to heat their home. He asked council not to lose sight of that. He isn't familiar with the process of deciding on the construction and location decisions for the building. He noted the recent sale of the Kachemak Foods building and it would cost \$4 or \$5 million to renovate that structure and might have been an acceptable alternative for the police department. Mr. Zitzman added this might not be the best time to use the sales tax for a building project of \$12 million. The bond credit rating at the state is going to be adversely impacted because of the disagreement in Juneau for funding the state budget. The figures in the packet may not project the negative impact if the state's credit rating is adversely impacted. He touched on the possibility of being able to lease space at the HERC building.

Scott Adams, city resident, said he has attended some of the Public Safety Building Review Committee meetings and said he appreciates the committees work but thinks there are additional cuts that can be made. He expressed concern about the indoor shooting range and its added cost isn't necessary. Another cut he thinks should be looked at is the fitness support and the gymnasium. He thinks the dispatch cost is high and questions why it is so high. Regarding the tax increase, Mr. Adams said first they want to tax for the bond and questioned if they will tax to run it. He questions how much it will cost to run the building and employees. He thinks the number needs to be lower than \$12 million and thinks \$9 million is a more acceptable cost.

Nancy Hillstrand said she thinks we are in a time of extreme uncertainty in the world and our state, and this is not the time to be doing this type of work. England just pulled away from the EU and these are just uncertain times everywhere. This puts it on the back of the business people and the visitors. She thinks we need to slow down on this. She is happy the older building is being used, but we need to stay within our means, and \$12 million isn't within our means. We are a small town and need to think as such.

Mayor Wythe called for a motion for the adoption of Ordinance 16-30 (S-2)(A) by reading of title only for second and final reading.

LEWIS/REYNOLDS SO MOVED

Councilmember Smith noted the information in the supplemental packed and thinks they need to lower the 1% to something closer to what is needed to pay the bond. He believes lowering the 1% to .65% will give them enough to pay down the bond and address fluctuation in the rates.

SMITH/REYNOLDS MOVED TO AMEND ORDINANCE 16-30 (S-2)(A) ALL OCCURRENCES OF THE SALES TAX RATE OF 5.5% TO 5.15% AND THE RATE OF INCREASE FROM 1% TO .65%.

There was discussion that it's based on a 30 year bond of \$12 million, using the information in the bond schedule included in the bond schedule in the laydown packet.

Question was raised if there is savings in using the 1% and paying the bond down quicker. Councilmember Smith said there would be a savings, but the mechanisms we have to close the budget gap are sales tax, property tax and possibly paring back the HART. Paring this back to to .65 allows us the .35 if needed to close the gap. This change will allow them to leverage better.

Questions to the City Manager were confirming if she believes the .65% is adequate and if increments other than .0 or .5, are acceptable and if it causes additional burden to business owners.

City Manager Koester responded that the adequacy of the .65 depends on how many years the bond is amortized over and thinks Councilmember Smith took that into account. In all likelihood with inflation and so forth we will probably bring more and paying off more quickly so she is comfortable with it. Regarding the increments of sales tax there has been testimony that the more complicated the sales tax is, the more difficult it is for the businesses.

Councilmember Lewis noted that the comments about giving us the .35% cushion in case we need it for HART, his issue is that we would be going back to the voters in a year or two for another sales tax increase to cover something else.

VOTE (Amendment): YES: SMITH, ADERHOLD, REYNOLDS, ZAK
NO: LEWIS

Motion carried.

Councilmember Lewis added that we have had a lot of comments for and against doing this at this time. He noted that the Council isn't approving the project tonight; they are approving asking the voters to make the final decision in October.

VOTE (Main motion as amended): YES: ADERHOLD, REYNOLDS, LEWIS, ZAK, SMITH

Motion carried.

- B. **Ordinance 16-31**, An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating a Commercial Vessel Passenger Tax Program Pass Through Grant From the Kenai Peninsula Borough for Calendar Year 2015 in the Amount of \$27,055.00, and Authorizing the City Manager to Execute the Appropriate Documents. City Manager. Introduction June 13, 2016, Public Hearing and Second Reading June 27, 2016.

Scott Adams, city resident, noted the Harbormaster's comments from the earlier meeting that the funds will be used for a mooring buoy. He thinks that sounds more like maintenance and should be funded by the harbor funds and not the cruise ship funds.

Mayor Wythe called for a motion for the adoption of Ordinance 16-31 by reading of title only for second and final reading.

LEWIS/REYNOLDS SO MOVED

LEWIS/REYNOLDS MOVE TO AMEND STARTING ON LINE 25 AFTER PROCEEDS OF THIS GRANT FOR STRIKE EVERYTHING TO THE END AND REPLACE WITH DEEP WATER DOCK NORTH MOORING BUOY.

Councilmember Lewis acknowledged Mr. Adams' comments and noted that the cruise ship uses the mooring buoy and thinks it's a good way to use the cruise ship funds instead of the port and harbor budget.

Councilmember Smith said all ships that tie up to that dock use the buoy, so it is a good point that its maintenance and maybe it should be considered as such.

VOTE: (Amendment): NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

There was no further discussion.

VOTE: (Main motion as amended): NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

- C. **Ordinance 16-32**, An Ordinance of the City Council of Homer, Alaska, Amending the FY 2016 Operating Budget by Appropriating \$64,149 From the Fire Donations Fund to Purchase an Advanced Patient Care Simulator. City Manager/Fire Chief. Introduction June 13, 2016, Public Hearing and Second Reading June 27, 2016.

Memorandum 16-096 from Fire Chief as backup.

There was no public testimony.

Mayor Wythe called for a motion for the adoption of Ordinance 16-32 by reading of title only for second and final reading.

LEWIS/REYNOLDS SO MOVED

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

- D. **Ordinance 16-33**, An Ordinance of the City Council of Homer, Alaska, Amending HCC 21.41.040, Basis for Establishing Flood Hazard Areas, Adopting the Flood Insurance Study for the Kenai Peninsula Borough and Incorporated Areas, Alaska Dated October 20, 2016 With Accompanying Flood Insurance Rate Maps (Firms). Planning. Introduction June 13, 2016, Public Hearing and Second Reading June 27, 2016.

Memorandum 16-102 from City Planner as backup.

There was no public testimony.

Mayor Wythe called for a motion for the adoption of Ordinance 16-33 by reading of title only for second and final reading.

REYNOLDS/ADERHOLD SO MOVED

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

- E. **Ordinance 16-34**, An Ordinance of the City Council of Homer, Alaska, Amending the Homer City Zoning Map to Rezone Portions of the Urban Residential (UR) and Residential Office (RO) Zoning Districts to Central Business (CB) Zoning District. Planning. Introduction June 13, 2016, Public Hearing and Second Reading June 27, 2016.

Memorandum 16-103 from City Planner as backup.

Bill Smith, Pratt Museum Board Member, commented for the museums expansion project the lots need to be one zoning district and Central Business District is the most appropriate for the use on the property.

Mayor Wythe called for a motion for the adoption of Ordinance 16-34 by reading of title only for second and final reading.

LEWIS/REYNOLDS SO MOVED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

- F. **Ordinance 16-35**, An Ordinance of the City Council of Homer, Alaska, Amending the FY 2016 Operating Budget by Authorizing the Expenditure of \$65,000 for the Purchase of Two Used Police Vehicles From the Police Fleet Reserves and Authorizing the City Manager to Execute the Appropriate Documents. City Manager. Introduction June 13, 2016, Public Hearing and Second Reading June 27, 2016.

Memorandum 16-104 from Police Lieutenant as backup.

There was no public testimony.

Mayor Wythe called for a motion for the adoption of Ordinance 16-35 by reading of title only for second and final reading.

LEWIS/REYNOLDS SO MOVED

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

ORDINANCE(S)

CITY MANAGER'S REPORT

- A. City Manager's Report

City Manager Koester commented in addition to her written report she was asked to provide a letter of support from the City for a trails grant application for the Homer Cycling Club. It's for funds to build mountain bike trails up near Diamond Ridge and Diamond Creek Recreational Area. The grant at this stage is planning insight and to bring a professional in. Given the amount of time before the next meeting she wanted to get a nod from the Council to draft the letter and include it in the next Manager's report.

CITY ATTORNEY REPORT

COMMITTEE REPORT

- A. Employee Committee Report
- B. Public Safety Building Review Committee
- C. Americans with Disabilities Act Compliance Committee

PENDING BUSINESS

- A. **Resolution 16-063**, A Resolution of the Homer City Council Maintaining the Water and Sewer Fees at the 2016 Rate and Updating the Homer Fee Schedule Accordingly. City Manager/Finance Director. Postponed from June 13, 2016.

Resolution 16-063(S-2), A Resolution of the Homer City Council Maintaining the Water Fees at the 2016 Rate and Amending the Sewer Fees for Sewer Only Customers and Kachemak City Customers and Updating the Homer Fee Schedule Accordingly. Mayor.

Memorandums 16-093 and 16-107 from City Manager as backup.

Motion on the floor from June 13th: MOTION TO SUBSTITUTE RESOLUTION 16-063(S-2) FOR RESOLUTION 16-063.

Councilmember Lewis said he doesn't have a problem dropping the per gallon multiplier from 3500 to 3000 but all the users within the city pay city sales tax, and users outside the city won't be, even though they are using a city utility.

LEWIS/REYNOLDS MOVED TO RETAIN THE \$5 SERVICE CHARGE.

Councilmember Aderhold asked if the potential change to Borough Code will enable the city to collect sales tax since the point of sale is inside the city.

City Manager Koester replied it is her interpretation of the changes to Borough Code that would mean we would be able to collect sales tax on that. She noted the changes haven't been adopted yet.

Councilmember Lewis suggested it could be contingent that if the borough code changes and we can collect the sales tax then we drop the \$5 fee.

Mayor Wythe commented that it might be more appropriate to wait for the sales tax decision then can address the \$5 fee if they choose to.

Councilmember Reynolds commented she would rather this directly correlate to sales tax than a \$5 monthly fee.

VOTE: (Amendment): YES: SMITH, LEWIS
NO: REYNOLDS, ADERHOLD, ZAK

Motion failed.

VOTE (To substitute Resolution 16-063(S-2)): YES: LEWIS, REYNOLDS, ZAK, ADERHOLD
NO: SMITH

Motion carried.

There was no further discussion.

VOTE (Adoption of Resolution 16-36(S-2)): YES: ZAK, SMITH, REYNOLDS, LEWIS, ADERHOLD

Motion carried.

NEW BUSINESS

RESOLUTIONS

COMMENTS OF THE AUDIENCE

Tom Zitzman commented that from a planning standpoint he would have felt better on Ordinance 16-30 if was a firm amount and go to the population saying we need x number of dollars and we're going to do it through a sales tax. There are too many unknowns. He asked them to sharpen their pencils and have that information to the public ASAP so we can start talking about what this really means as far as the cost, term of the bond, and interest rate. He thinks they will have better possibility of getting this passed. He added that it's regrettable on a huge issue like this there have only been four or five people testify.

Scott Adams, city resident, commented when Council talked about the 1% or .65, there was discussion of .35% that could go toward something else. It sounded like if they get 1% they would take .65 toward the building and .35 for something else. He asked about Resolution 16-076 he wonders what legal services this is for.

Mayor Wythe commented that it is a new contract with the City Attorney because their current contract is expiring.

Bill Overway, Kachemak City Mayor, thanked the City Manager and the Mayor for taking time to revisit the rates and compare what we had to where we're at now. We try to work together as a small community and try to support hockey and the new building they are talking about as they can. They do believe in the two cities working together.

COMMENTS OF THE CITY ATTORNEY

City Attorney Wells was not present.

COMMENTS OF THE CITY CLERK

City Clerk Johnson had no comment.

COMMENTS OF THE CITY MANAGER

City Manager Koester had no comment.

COMMENTS OF THE MAYOR

Mayor Wythe commented the actual number for the public safety building is being honed in. At the last meeting that number was less than \$12 million already and we are just trying to whittle it down. She said there is a schedule in place for the public outreach and she believes it is available on line and there will be a concerted effort by the building committee to do outreach to the community. Just as there have been very few people here to make comment there have been basically two people from the general public consistently concerned, interested, and participating in the process. It is a big project, it just hasn't had a lot of public participation at the meeting themselves. She thanked everyone for coming in tonight.

COMMENTS OF THE CITY COUNCIL

Councilmember Smith thanked Mr. Adams and Mr. Zitzman for their input. He encouraged more public participation on the public safety building if people want to see and show some power in helping guide that process. Without public feedback there is no way for them to form what they present to council. He continues to support the new building but shares the concerns with others about the price tag. He knows Mr. Castner wants to do an educational program but money is money and \$12 million is going to be a tough sell. He thinks there is work to do and looks forward to it being done.

Councilmember Lewis thanked Kachemak City for all they have given to the town. He knows they have contributed a lot of money to the rink, they probably will to soccer and to other organizations as well. He knows people that live there who use a lot less than the 3000 gallons. In the long run they can get meters and save a fair amount of money there.

Councilmember Reynolds commented the first syringe exchange program; they are calling the program The Exchange. They had participants come by, some dropping off syringes others picking up new supplies, some were able to take advantage of hepatitis C and HIV testing, and they were able to get some Narcan kits out. The kits are the first line of response if someone has an overdose

happening. The next one is July 5 from 5:00-7:00 p.m. Some of the questions that came up centered around personal safety of coming to the exchange and if there was risk of being pulled over after participating in the exchange. They were able to reassure people that the police have been involved in getting the syringe exchange program in place and see the value of it. If anyone has questions about the program they can call Kachemak Bay Family Planning at 235-3136 to be connected with people who can answer questions. She thanked NOAA for the opportunity to tour their vessel Rainier; it was very informative and interesting. Tomorrow from 5:00 – 7:00 p.m. there is a reception and mural tour for the Peonies on Pioneer project.

Councilmember Aderhold commented on Wednesday and Friday 1:00 -3:00 p.m. there will be discovery labs hosted by the Kachemak Bay Research Reserve and encouraged people to attend. This lab is near and dear to her because it will be about Gulf Watch Alaska.

Councilmember Zak commented about his observation of the tourist visiting this season. The chamber the number of visitors per day has doubled and they are taking pictures around Homer, so the stories about us living in igloos and its dark is no longer the case, the word is out and Homer is being discovered. One of the most creative things he's seen around town are the buckets with flags at the cross walks. It's great to see the creative people in the community coming up with ideas to improve safety. He reminded everyone there are lots of visitors here so we need to be aware of them and watch out for pedestrians. A lot of the tourist he talks to really appreciate our communities hospitality.

ADJOURNMENT

There being no further business to come before the Council, Mayor Wythe adjourned the meeting at 7:20 p.m. The next Regular Meeting is Monday, July 25, 2016 at 6:00 p.m., Committee of the Whole 5:00 p.m., and Worksession 4:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved: _____