



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue
Homer, Alaska 99603

clerk@cityofhomer-ak.gov

(p) 907-235-3130

(f) 907-235-3143

Memorandum

Agenda Changes/Supplemental Packet

TO: MAYOR WYTHE AND HOMER CITY COUNCIL

FROM: MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

DATE: FEBRUARY 22, 2016

SUBJECT: AGENDA CHANGES AND SUPPLEMENTAL PACKET

Memorandum from Deputy City Clerk re: Clerical Corrections

Page 3

RECONSIDERATION

Ordinance 16-05(S)(A), An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code 1.16.040, Disposition of Scheduled Offenses—Fine Schedule, Enacting Homer City Code Chapter 7.16, Vehicles in Beach Areas, and Repealing Homer City Code Chapter 19.16, Vehicles on Homer Spit Beach, to Restrict the Operation, Stopping and Parking of Motor Vehicles in Beach Areas.

Written public comments

Page 17

PUBLIC HEARINGS

Ordinance 16-06, An Ordinance of the City Council of Homer, Alaska, Enacting Homer City Code Chapter 6.18, Marijuana Establishments, Prohibiting the Operation of Marijuana Cultivation Facilities, Marijuana Product Manufacturing Facilities, Marijuana Testing Facilities, and Retail Marijuana Stores in the City.

and

Ordinance 16-04(A)(S), An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code 21.12, Rural Residential; Homer City Code 21.18, Central Business District; Homer City Code 21.24, General Commercial 1; Homer City Code 21.26, General Commercial 2; Homer City Code 21.27, East End Mixed Use; Homer City Code 21.40 to Identify the Zoning Districts Permitting Marijuana Facilities and Adopting Chapter 21.62 Entitled “Marijuana Facilities” Regarding General Land Use Requirements for Marijuana Cultivation, Manufacturing, Testing, and Retail Facilities.

Written public comments

Page 29

CITY MANAGER’S REPORT

AML Legislative Meeting Report from Councilmember Zak

Page 35

Lobbyist Report from Anderson Group

Page 61

PENDING BUSINESS

Resolution 16-013, A Resolution of the Homer City Council Concerning the Harbor Enterprises, dba Petro 49, (Formerly Petro Marine Services) Lease for Lot 8-E-1 Homer Spit #6 and Directing that it be Canceled at the Term of the Lease December 1, 2018, and that the Property be Advertised for Lease in a Request for Proposals.

and

Resolution 16-014, A Resolution of the Homer City Council Amending the Harbor Enterprises, dba Petro 49, (Formerly Petro Marine Services) Lease on the Coal Point Fuel Float and the Terminal Tank Farm on the Coal Point Lot (Sec 1 T7S, R13W, S.M.) and to Enter Into a New 20-Year Term Lease With the City, and Authorizing the City Manager to Execute the Appropriate Documents

Written public comments Page 63

Resolution 16-016, A Resolution of the City Council of Homer, Alaska, in Support of the Homer Public Safety Building as Presented by the Public Safety Building Review Committee.

Memorandum 16-039 from Police Chief as backup Page 65

Written public comments Page 73

RESOLUTIONS

Resolution 16-021(S), A Resolution of Homer City Council Awarding the Contract for the Deep Water Dock Uplands Improvement 2016 Project to the Firm of Puffin Electric, Inc. of Homer, Alaska, in the amount of \$864,235.72 and Authorizing the City Manager to Execute the Appropriate Documents. City Manager/Public Works Director.

Page 75

Memorandum 16-038 from Public Works Director as backup. Page 77

RECOMMENDATION: Voice consensus to changes under Agenda Approval.

Fiscal Note: N/A



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Memorandum

TO: MAYOR WYTHE AND HOMER CITY COUNCIL
FROM: MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK
THROUGH: KATIE KOESTER, CITY MANAGER
DATE: FEBRUARY 19, 2016
SUBJECT: CLERICAL CORRECTIONS AFTER PACKET PUBLICATION

After completion of the packet we discovered and corrected the following clerical errors:

Ordinance 16-05(S)(A)(S) Lines 51-53 had the motor vehicle operation period transposed and should have read Mariner Park Beach Access. The supporting map was also incorrect.

Ordinance 16-07 Line 43 indicated Proposition 2 when it should be Proposition 1.

We also found that two resolution numbers were duplicated and made the following corrections:

Resolution 16-018 noting insufficiency for the Shelford Street Petition was corrected to number 16-022

Resolution 16-019 accepting a Bronze Dog sculpture was corrected to number 16-023

Copies are attached.

Informational Only

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**CITY OF HOMER
HOMER, ALASKA**

Reynolds/Aderhold

ORDINANCE 16-05(S)(A)(S)

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA, AMENDING HOMER CITY CODE 1.16.040, DISPOSITION OF SCHEDULED OFFENSES—FINE SCHEDULE, ENACTING HOMER CITY CODE CHAPTER 7.16, VEHICLES IN BEACH AREAS, AND REPEALING HOMER CITY CODE CHAPTER 19.16, VEHICLES ON HOMER SPIT BEACH, TO RESTRICT THE OPERATION, STOPPING AND PARKING OF MOTOR VEHICLES IN BEACH AREAS.

THE CITY OF HOMER ORDAINS:

Section 1. Subsection (c) of Homer City Code 1.16.040, Disposition of scheduled offenses—fine schedule, is amended by adding new lines to read as follows:

Code Section	Description of Offense	Fine		
		1st offense	2nd offense	3rd & subsequent offenses
7.16.020	Motor vehicle in beach area	\$25	\$250	\$500
7.04.030	Motor vehicle on storm berm	\$25	\$250	\$500

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Section 2. Homer City Code Chapter 7.16, Vehicles in Beach Areas, is enacted to read as follows:

7.16.010 Definitions.

In this chapter:

“Beach area” means all of the following, whether publicly or privately owned: submerged land, tideland, and the zone of sand, gravel and other unconsolidated materials that extends landward from the elevation of mean high water to the place where there is a marked change in material or physiographic form.

“Berm” means a natural, linear mound or series of mounds in a beach area composed of sand, gravel, or both, generally paralleling the water at or landward of the elevation of mean high water.

“Motor vehicle” means a device in, upon, or by which a person or property may be transported or drawn upon or immediately over land, that is self-propelled except by human or animal power.

35 “Storm berm” means a berm formed by the upper reach of storm wave surges or the
36 highest tides. Storm berms generally include an accumulation of seaweed, driftwood, and
37 other waterborne materials. A beach area may have more than one storm berm.

38 “Submerged land” means land covered by tidal water from the elevation of mean low
39 water seaward to the corporate boundary of the city.

40 “Tideland” means land that is periodically covered by tidal water between the
41 elevation of mean high water and mean low water.

42
43 7.16.020 Operating, stopping or parking of motor vehicles in beach areas prohibited;
44 Exceptions.

45 a. Except as provided in subsections b through d of this section, no person may
46 operate, stop or park a motor vehicle within or upon any beach area.

47 b. A person may operate, stop or park a motor vehicle within and upon the beach area
48 east of a line extending south from the southern end of a line extending south from the
49 southern end of the vacated easement formally known as Shirlene Circle, and within and
50 upon the beach area west of Bishops Beach Park Access.

51 **c. A person may operate, stop or park a motor vehicle within and upon the beach**
52 **area between the Beluga Slough outlet and the Mariner Park Beach Access from October**
53 **31 through March 1 solely for the purpose of gathering sand and coal.**

54 d. An owner of property immediately adjacent to a beach area may operate, stop and
55 park a motor vehicle within or upon a beach area as is reasonably necessary to maintain the
56 owner’s property, in accordance with the terms of a permit issued for that purpose by the
57 chief of police.

58 e. Nothing in this section permits a person to operate, stop or park a motor vehicle
59 within or upon privately owned property in a beach area without the permission of the
60 property owner.

61
62 7.16.030 Operating, stopping or parking of motor vehicles on storm berms prohibited.

63 No person may operate, stop or park a motor vehicle upon a storm berm.

64
65 7.16.040 Impoundment authorized.

66 A vehicle that is stopped or parked in violation of this chapter may be impounded as
67 provided in HCC Chapter 7.08.

68
69 Section 3. Homer City Code Chapter 19.16, Vehicles on Homer Spit Beach, is repealed.

70
71 Section 4. This Ordinance is of a permanent and general character and shall be
72 included in the City Code.

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74 ENACTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this _____ day of
75 _____ 2016.

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CITY OF HOMER

MARY E. WYTHE, MAYOR

ATTEST:

JO JOHNSON, MMC, CITY CLERK

AYES:

NOES:

ABSTAIN:

ABSENT:

First Reading:

Public Reading:

Second Reading:

Effective Date:

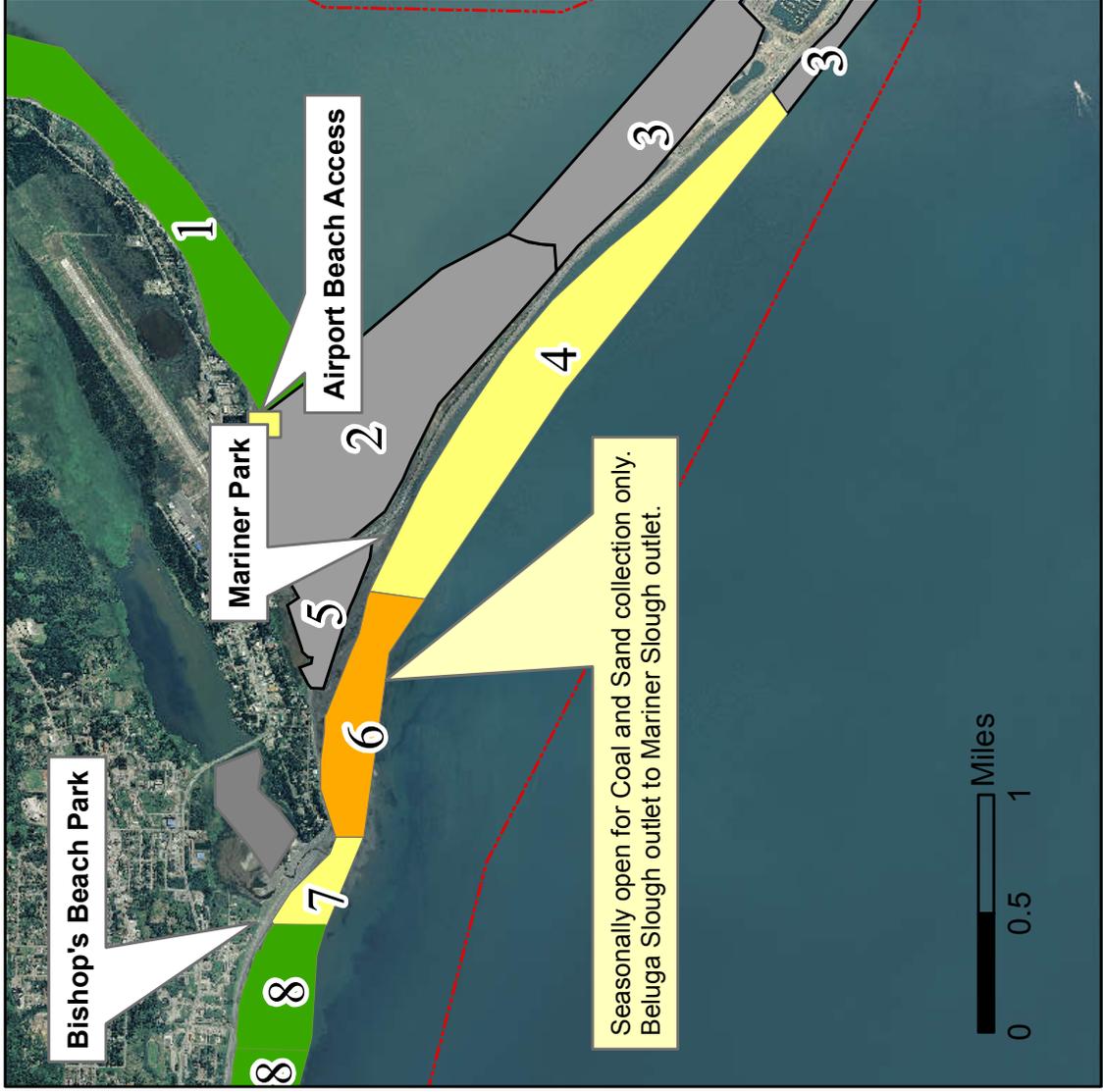
Reviewed and approved as to form:

Mary K. Koester, City Manager

Date: _____

Thomas F. Klinkner, City Attorney

Date: _____



Legend

- City Limits

Beach Areas

- New Vehicle Closure
- Closed to Vehicles since 2002
- Vehicles Allowed
- Seasonally open for coal and sand gathering

**Vehicles on the Beach - Ordinance 16-05(S)(A)(S)
as introduced in the Council packet published 2/18/2016**



February 19, 2016

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 Mayor

4 **ORDINANCE 16-07**

5 AN ORDINANCE OF THE HOMER CITY COUNCIL SUBMITTING TO
6 THE QUALIFIED VOTERS OF THE CITY THE QUESTION WHETHER
7 MARIJUANA ESTABLISHMENTS SHALL BE PROHIBITED IN THE
8 CITY AT THE REGULAR ELECTION TO BE HELD IN THE CITY ON
9 OCTOBER 4, 2016, AND PROHIBITING MARIJUANA
10 ESTABLISHMENTS IN THE CITY UNTIL CERTIFICATION OF THE
11 RESULT OF THE ELECTION ON THAT QUESTION.
12

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15 WHEREAS, The State of Alaska voters passed Ballot Measure 2 at the November 4,
16 2014 regular State of Alaska election, effectively permitting marijuana establishments in the
17 State of Alaska subject to State regulations; and

18
19 WHEREAS, The State of Alaska Marijuana Control Board recently adopted regulations
20 regarding marijuana facilities in the State of Alaska that become effective February 21, 2016;
21 and

22
23 WHEREAS, The voters' support for Ballot Measure 2 at the Statewide 2014 election
24 may not reflect the support for the operation and regulation of marijuana establishments
25 within the City of Homer, Alaska; and

26
27 WHEREAS, The benefits and potential consequences of permitting the commercial
28 marijuana industry to operate within the City are significant and warrant voter approval by
29 the qualified voters at the next regular election;

30
31 THE CITY OF HOMER ORDAINS:

32
33 Section 1. Commercial marijuana establishments shall not be permitted within
34 the boundaries of the City of Homer prior to the certification of the election results on
35 Proposition No. 1.

36
37 Section 2. The City Clerk is hereby directed to submit Proposition No. 1 to the
38 qualified voters at the October 4, 2016 regular municipal election in substantially the
39 following form:
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PROPOSITION NO. 1

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Shall the City of Homer adopt a local option to prohibit the sale and importation for sale of marijuana and any marijuana product; the operation of any marijuana establishment, including one or more of the following license types: a retail marijuana store; a cultivation facility; a marijuana product manufacturing facility; or a marijuana testing facility?

YES NO

A "YES" vote would prohibit the operation of any commercial marijuana establishments, including cultivation facilities, testing facilities, manufacturing facilities, and retail stores or facilities from operating within the boundaries of the City of Homer.

A "NO" vote would permit the City of Homer City Council to permit operations of commercial marijuana establishments, including cultivation facilities, manufacturing facilities, testing facilities, and/or retail stores or facilities within the boundaries of the City of Homer.

Section 3. This ordinance shall become effective immediately upon its enactment.

ENACTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this ____ day of _____ 2016.

CITY OF HOMER

MARY E. WYTHE, MAYOR

ATTEST:

JO JOHNSON, MMC, CITY CLERK

AYES:
NOES:
ABSTAIN:
ABSENT:

85 First Reading:
86 Public Reading:
87 Second Reading:
88 Effective Date:
89
90 Reviewed and approved as to form:
91
92 _____
93 Mary K. Koester, City Manager
94
95 Date: _____

Thomas F. Klinkner, City Attorney

Date: _____

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

City Clerk

3
4 **RESOLUTION 16-022**

5
6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
7 NOTING THE INSUFFICIENCY OF THE PETITION FOR SHELFORD
8 STREET ROAD RECONSTRUCTION AND PAVING SPECIAL
9 ASSESSMENT DISTRICT.

10
11 WHEREAS, The petition was circulated from December 7, 2015 to February 5, 2016;
12 and

13
14 WHEREAS, Signatures from property owners in favor of the road improvements
15 petition equals 11% of the property value; and

16
17 WHEREAS, pursuant to HCC17.04.040(a)(2) the sufficiency of the petition requires
18 signatures of the record owners of not less than one half in value of the real property in the
19 proposed improvement district.

20
21 NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, notes the
22 insufficiency of the petition for Shelford Street Road Reconstruction and Paving
23 Improvements.

24
25 BE IT FURTHER RESOLVED this does not preclude further petitioning by property
26 owners for road improvements for a modified area or any other type of improvement by
27 initiating a new petition.

28
29 PASSED AND ADOPTED by the Homer City Council this 22nd day of February, 2016.

30
31 CITY OF HOMER

32
33
34 _____
35 MARY E. WYTHE, MAYOR

36
37 ATTEST:

38
39
40 _____
41 MELISSA JACOBSEN, CMC, ACTING CITY CLERK

42
43 Fiscal Note: N/A

**CITY OF HOMER
HOMER, ALASKA**

City Clerk

RESOLUTION 16-023

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
APPROVING AND ACCEPTING THE DONATION FROM THE HOMER
ANIMAL FRIENDS OF A BRONZE DOG BY ALASKAN ARTIST STEVE
KELLY TO BE PLACED AT THE MEMORIAL GARDEN AT THE HOMER
ANIMAL SHELTER.

WHEREAS, Alan Kelly, local resident and lover of dogs, passed away last fall; and

WHEREAS, His brother Steve Kelly, a bronze sculpture artist, has made a bronze
sculpture of a dog that he would like to donate to the Homer Animal Friends in memory of
Alan; and

WHEREAS, Homer Animal Friends would like to place the sculpture in the memorial
garden in front of the Homer Animal Shelter; and

WHEREAS, a friend of Alan Kelly has offered to pour a small concrete pad for the
statue to sit on; and

WHEREAS, The Public Arts Committee is unable to make a recommendation regarding
the donation because they did not have a quorum at their February 11th regular meeting.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, approves
and accepts the donation from the Homer Animal Friends of a bronze dog by Alaskan Artist
Steve Kelly to be placed at the Memorial Garden at the Homer Animal Shelter.

PASSED AND ADOPTED by the Homer City Council this 22nd day of February, 2016.

CITY OF HOMER

MARY E. WYTHE, MAYOR

ATTEST:

MELISSA JACOBSEN, CMC, ACTING CITY CLERK

Fiscal Note: N/A

Feb. 19, 16
TO: Parks and Recreation Comm.

I am a 3rd Generation coal
Gatherer/user. I heat with coal
in the winter it is a blessing
my son^{family} also helps me get coal.

William Brooks / Grandfather

Red Harrington / father

Ken Harrington / myself

4th Gen Harley Harrington / son

We, my son and I continue to get
coal and would prefer to get
it to the Right or the Left of
the entrance to the beach.

also I don't want to see another
Rock barcade on the beach, or
more signage theres enough, they

Don't need to hire 2 employes to
watch the beach with tax payers \$.

I've collected the names of people
that would like the ^{Beach} Left the
same; as I and my family do. Please
Leave it alone. Thanks Ken Harrington
P3

001104 8102 51 034 W

Feb 17, 2016

TO: Parks and Recreation Comm.

Petition To: Keep all of Bishop's Beach open to the Public all the Time. No Changes Please

- | | Name | address |
|----|-----------------------|----------------------------------|
| 1. | Ken Harrington | 290 Jenny Homer |
| 2 | Steve RIEDEL | 3101 Kachemak Dr Homer |
| 3 | COOPER | PO BOX 924 Homer |
| 4 | RAY E. KRANICH | BOX 715 Homer |
| 5 | D. Pyan | Box 15425, Fritz Creek |
| 6 | Larry Gorvey | PO Box 117 Homer Long Key |
| 7 | Mer Lee | PO Box 2123 |
| 8 | Duncan Hall | |
| 9 | Frank Hunter | 900 Goldberry St Homer |
| 10 | Drew Brown | 895 Linden Court |
| 11 | Michael Ardenia | 21 |
| 12 | Anita Kelly-Tyler | |
| 13 | Valerie Rios | |
| 14 | Collin MacCamble | |
| 15 | BRENDAN SMITH | 4605 RACHELLE ROAD HOMER |
| 16 | Jenny Lemire-Halsgate | 320 Jenny Way #14 Homer AK 99603 |
| 17 | Jenny Lemire-Halsgate | 226-1125 |
| 18 | TRAVIS | 4637 ROLLING MOUNTAINS RD A.1 |

PLEASE KEEP CARS
+ OTHER WHEELED
VEHICLES OFF THE
BEACH EAST OF THE
BISHOPS BEACH ENTRANCE

THANK YOU
KATE ANN

POB 3364
HOMER AK
99605

~~NO~~ NO Changes To Bishops Beach

- | | Name | address |
|----|---------------------------------|--|
| 19 | Carrie Wilcox | 166W Bunnell |
| 20 | Matt Leas | 345 Steady Ste 102 |
| 21 | ZIHI CUKA | PO, BOX 51 Homer |
| 22 | Thomaz Chittre | PO Box 2798 |
| 23 | JAMES J ANDERSON | 567 WINDOOL ST, HOMER AK |
| 24 | Jana Carsey | 210 Carey Sillitby Wy |
| 25 | Robert Langsdale | since 1958 |
| 26 | NIKOLKO BHAD SURG AK | |
| 27 | Geo Acker | |
| 28 | Ji Hatt AK | P.O. Box 2989 Homer AK 99603 |
| 29 | Lennie AK | PO. Box 334 Homer AK 99603 |
| 30 | Toby Benz | 35581 North Fork rd. Anchor Point AK 99556 |
| 31 | Ryan Nyc | Leosleo Clarice way Homer AK 99603 |
| 32 | Nicole Cranbon | POB. 2144 Homer AK 99603 |
| 33 | ETHAN WALDVOER | 159 MOUNTAIN VIEW DR UNIT B HOMER AK 99603 |
| 34 | Rachel Radford | |
| 35 | Robin Cook | 159 Mountain View Dr. #B |
| 36 | POO to Murrez | P.O. Box 217 |
| 37 | DIANE SYMBEISING | PO 15322 Fritz Creek 99603 |
| 38 | KEA SONTAK | PO Box 1276 99556 |
| 39 | Cassidy Wyde | PO Box 1106 Anchor Point AK 99556 |
| 40 | DANIEL LAVOIE | 290 JENNY WAY, HOMER |
| 41 | | |
| 42 | | |

Name address
No changes to Bishops Beach

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Wythe

Dear City Council of Homer,

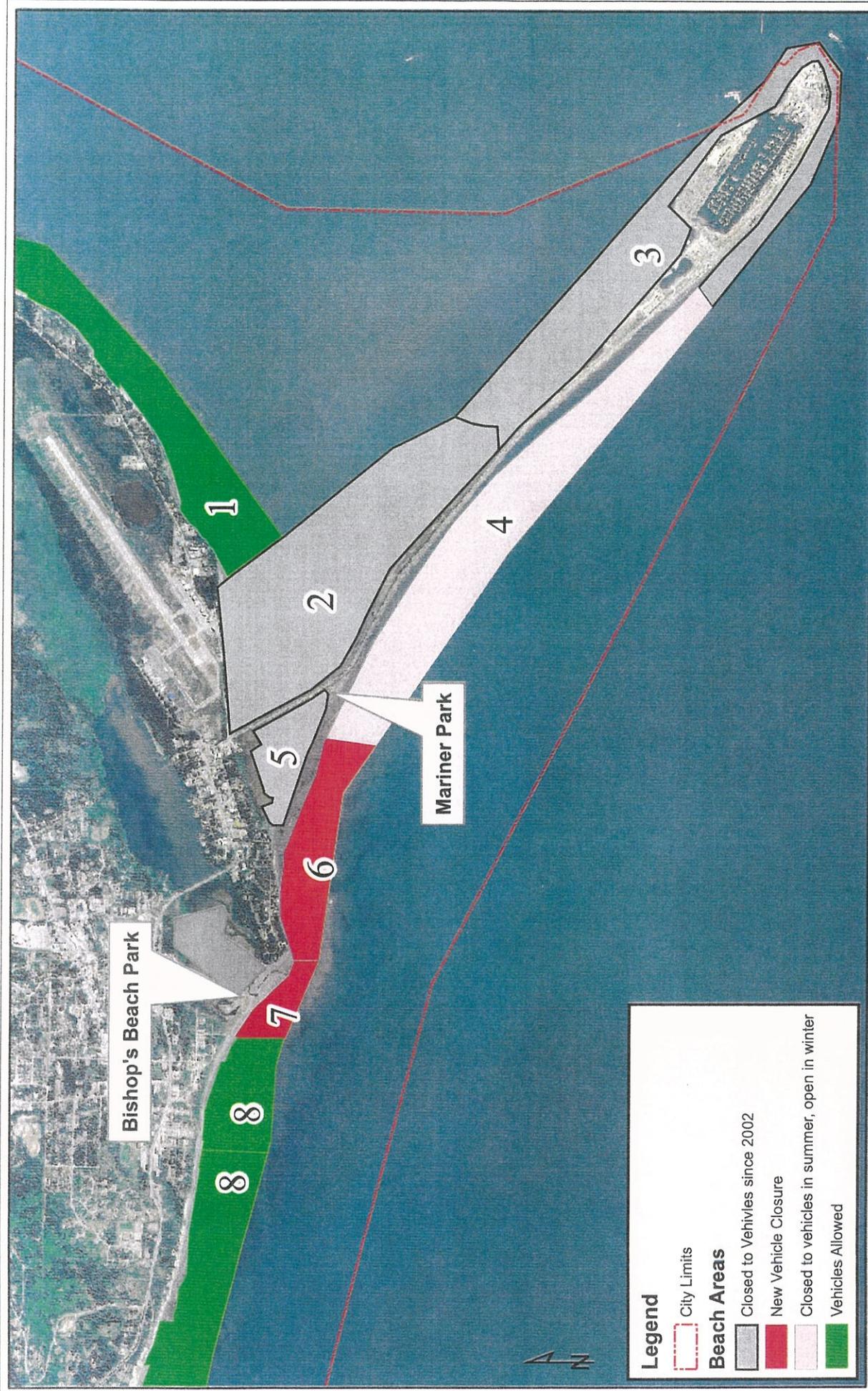
My name is Scott Adams and I would like to see a reconsideration of the Ordinance 16-05(S)A being issued by Councilmember Lewis. The Ordinance closes Area 4 & 6 Mariner Park year round, as early as the Feb 19th Parks & Rec meeting, there was Proposals brought forth by Committee, and passed. Prohibiting vehicles in Area 7 and allow seasonal opening for vehicles in other areas, from Oct 1st-Mar1st. The vote was yes non objective, unanimous consent, motion carried.

P & R Committee asked people at the meetings, if they would be agreeable with a Seasonal closure Mar1st-Oct1st, in Area 7 all were in agreement-yes. Surfers, Coalers Almost 90% of talk at the meetings was about Bishops Beach that I attended, I testified to have the Beluga Slough Area 7 closed to vehicles, with Areas 4 & 6 being open the winter Oct-Mar seasonal for coaling.

Having gone over the minutes of some of the P & R meetings, you will find that there was no Complaints to speak of, from the police, mostly tourist not knowing the rules and once informed, they complied, in Areas of 4 & 6. There was talk of a permit system, but Planning didn't have the personnel. Just wondering if it could be paid like paying our Gas bill and having stickers made like the State Parks annual passes.

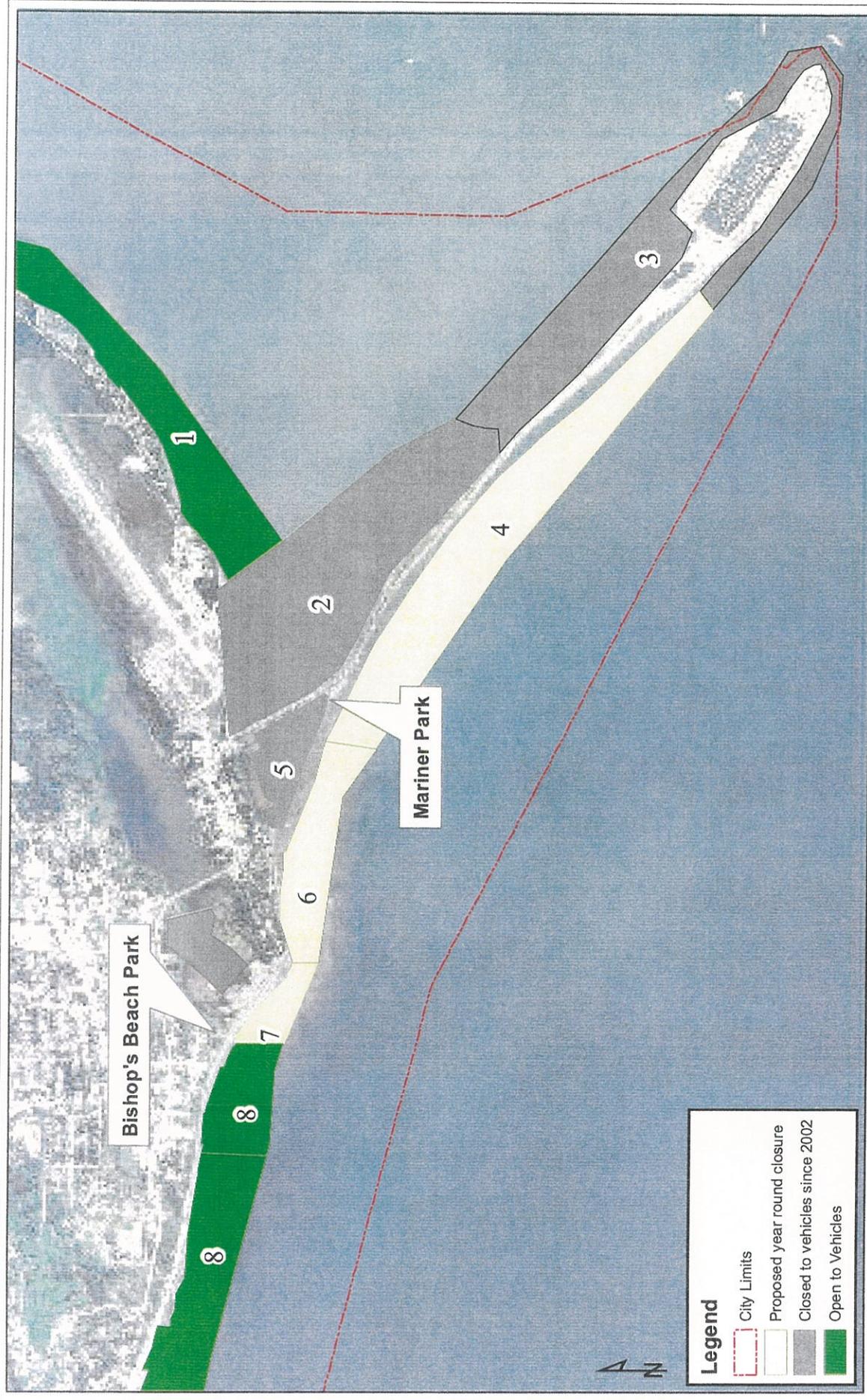
Our own Mayor stated she collected coal, if not for herself, for others. I feel the use of The Homer Beaches to collect coal is historic and has traditional values, many people in the area heat their homes with the use of coal, Mariner Park is my beach of preference. I do not like the rocky terrain of Bishops Beach.

I am in agreement with the Reconsideration being brought forward by Councilmember Lewis, an abbr Area 4.



Vehicles on the Beach - Lewis Amendment

Draft



Legend

- City Limits
- Proposed year round closure
- Closed to vehicles since 2002
- Open to Vehicles

REVISED Vehicles on Homer Beaches Map



Parks + Rec Mar
Rec Oct -
Seasonal
 August 18, 2015 4+6

February 16, 2015

Bishops Beach Public Access Testimony

My name is Robert Moss and I was born in Seldovia and have lived in Homer for 65 years. I am and have been a commercial fisherman my entire life and have a Bachelor's degree in Fish and Wildlife management. Beach access to the areas considered for vehicular closure is of great concern to me and goodly number of other full time Homer residents who use these beaches for the purpose of harvesting coal. My self and others, use this fuel as the primary source for heating our homes, and have done so for decades. My father and several others held the coal contract for heating the public schools for a number of years. That same coal came from the beaches being considered for closure. Realizing that unlimited beach access is causing numerous safety problems and berm degradation, I urge you to make provisions for the customary and traditional vehicle use to access coal deposited by winter storms on the beach between Mariner Park and the Bishops beach access. In the defense of allowing access for this purpose, I submit the following reasons. Using the areas in question extensively for many years during the time frame of October through March, it is obvious that the highest vehicular usage occurs on the Bishops beach access area, from there to partway to Beluga Slough. The primary reason is that, during the colder months the beach upper area can be driven on by two wheel drive vehicles as it is frozen. Conversely during the months of October thru February or March the Mariner Park beach accessed through Mariner Park is used very little by vehicles. Those that are using it, do so almost exclusively seeking coal. There is a natural barrier to access the beach to the west of Mariner Park, which is the flow draining out of the slough to the west of the spit road. Other than those searching for coal there is little beach vehicle activity as four-wheel drive is necessary. In reality, the berms are virtually never driven on, primarily because that is not where the coal is going to be found. In addition, the berm between Mariner Park and Beluga Slough is not conducive to driving on because it is steeper and has a defined border. The coal, in this area, differing from the vein coal found west of Bishops Beach, is found on that area of the beach between where the beach grade flattens out down lower, and the upper reaches of the tide. The environmental impact to the beach driving in this area is minimal. In this area of the beach, the gravel and sand substrate is in constant motion from wave and current action and harbors few organisms. The coal that is found on the beach is not mined from intertidal veins. In this area the coal veins are offshore and not accessible. Coal available is naturally broken off and has been carried up to the middle and upper beach by tide and waves. In regards to the amount of usage of the beach by those seeking coal, all of us that utilize this historical resource know that there are very few days that the coal is deposited. It takes a combination of the correct tide size, the correct wind velocity, the correct wind direction, and the correct length of wind duration to create the ideal conditions. For example, so far this year in the fall of 2014, and up to now in 2015, there has been 2 days (only two) where any volume of coal has been deposited and those were the only productive days. Those were the only two days I was on the beach to gather coal. This is indicative of winter beach vehicle activity in that area.

In conclusion, I respectfully submit that it seems entirely reasonable to allow seasonal cold weather access to that area between Mariner Park and Beluga Slough, and perhaps all the way

to the Bishops Beach access road. By allowing customary and historical usage during the coldest months, impact and usage will be drastically cut down by virtue of the temperature, along with the fact that fewer out of town visitors are present. In addition, environmental impact will be at a minimum due to frozen conditions and low usage in conjunction with the area in question. With thousands and thousands of miles of coastline in Alaska that are not accessible or over utilized, it is reasonable to allow limited use during that period of the year with the lowest impact. History and tradition make Homer unique, and the place we all love to live, and raise our families, I pray there is room for all of us.

Thank you for your anticipated consideration in this matter.



Robert Moss
PO Box 3428,
Homer, AK 99603
(907) 399-3120
mossi@xyz.net



2014-2015 Winter Coal Supply

February 16, 2015

Bishops Beach Public Access Testimony

My name is Robert Moss and I was born in Seldovia and have lived in Homer for 65 years. I have been a commercial fisherman my entire life and have a Bachelor's degree in Fish and Wildlife management. Beach access to the areas considered for vehicular closure is of great concern to me and goodly number of other full time Homer residents who use these beaches for the purpose of harvesting coal. My self and others, use this fuel as the primary source for heating our homes, and have done so for decades. My father and several others held the coal contract for heating the public schools for a number of years. That same coal came from the beaches being considered for closure. Realizing that unlimited beach access is causing numerous safety problems and berm degradation, I urge you to make provisions for the customary and traditional vehicle use to access coal deposited by winter storms on the beach between Mariner Park and the Bishops beach access. In the defense of allowing access for this purpose, I submit the following reasons. Using the areas in question extensively for many years during the time frame of October through March, it is obvious that the highest vehicular usage occurs on the Bishops beach access area, from there to partway to Beluga Slough. The primary reason is that, during the colder months the beach upper area can be driven on by two wheel drive vehicles as it is frozen. Conversely during the months of October thru February or March the Mariner Park beach accessed through Mariner Park is used very little by vehicles. Those that are using it, do so almost exclusively seeking coal. There is a natural barrier to access the beach to the west of Mariner Park, which is the flow draining out of the slough to the west of the spit road. Other than those searching for coal there is little beach vehicle activity as four-wheel drive is necessary. In reality, the berms are virtually never driven on, primarily because that is not where the coal is going to be found. In addition, the berm between Mariner Park and Beluga Slough is not conducive to driving on because it is steeper and has a defined border. The coal, in this area, differing from the vein coal found west of Bishops Beach, is found on that area of the beach between where the beach grade flattens out down lower, and the upper reaches of the tide. The environmental impact to the beach driving in this area is minimal. In this area of the beach, the gravel and sand substrate is in constant motion from wave and current action and harbors few organisms. The coal that is found on the beach is not mined from intertidal veins. In this area the coal veins are offshore and not accessible. Coal available is naturally broken off and has been carried up to the middle and upper beach by tide and waves. In regards to the amount of usage of the beach by those seeking coal, all of us that utilize this historical resource know that there are very few days that the coal is deposited. It takes a combination of the correct tide size, the correct wind velocity, the correct wind direction, and the correct length of wind duration to create the ideal conditions. For example, so far this year in the fall of 2015, and up to now in 2016, there has been 2 days (only two) where any volume of coal has been deposited and those were the only productive days. Those were the only two days I was on the beach to gather coal. This is indicative of winter beach vehicle activity in that area.

In conclusion, I respectfully submit that it seems entirely reasonable to allow seasonal cold weather access to that area between Mariner Park and Beluga Slough, and perhaps all the way -

OVER PLEASE

--to the Bishops Beach access road. By allowing customary and historical usage during the coldest months, impact and usage will be drastically cut down by virtue of the temperature, along with the fact that fewer out of town visitors are present. In addition, environmental impact will be at a minimum due to frozen conditions and low usage in conjunction with the area in question. With thousands and thousands of miles of coastline in Alaska that are not accessible or over utilized, it is reasonable to allow limited use during that period of the year with the lowest impact. History and tradition make Homer unique, and the place we all love to live, and raise our families, I pray there is room for all of us.

Thank you for your anticipated consideration in this matter.

Robert Moss
PO Box 3428,
Homer, AK 99603
(907) 399-3120
moss@xyz.net



2014-2015 Winter Coal Supply

From: Eileen Faulkner <ejf@gci.net>
Sent: Friday, February 19, 2016 7:01 AM
To: Melissa Jacobsen
Subject: City Council Meeting

The following is provided since I cannot attend the 22 Feb meeting.

First, Pot Store: I am aware of what I voted for, BTW it was no. I am also aware cities are able to opt out

Second: I provide the following –I do not support the ordinance to not allow the selling/growing/whatever within the city limits. Why – The city needs to start thinking outside of the box. In the past the city said no to the Sea Life Center (in Seward), said no to some business on the spit (do not recall what business) and put so many road blocks up that we do not have a Fred Meyers in town. Imagine all the sales tax revenue from each of these. We recently had how are we going to create a budget with what we have with what do we cut. We can no longer rely on the oil business, funds from the state, funds from the borough, tourists etc- so if this ordinance passes we will continue to have budget problems with not enough funds to pay for what residents want/need. While I did not agree and said no to legalizing pot – we need to allow it within Homer city limits for the sales tax alone. It will provide much needed funds to the city. If you pass this ordinance, then Anchor Point will create a shop meaning the borough will get the funds and I imagine so will Kachemak City. We need the sales tax from the sale of pot.

Eileen J Faulkner
City Resident

From: Jo Johnson
Sent: Friday, February 19, 2016 3:44 PM
To: Melissa Jacobsen
Subject: FW: Prop Ord 16-06 & 16-07

-----Original Message-----

From: Bernie Gareau [<mailto:bhgareau@hotmail.com>]
Sent: Friday, February 19, 2016 9:37 AM
To: Department Clerk
Subject: Prop Ord 16-06 & 16-07

To the Mayor and City Council:

The voters in Homer have approved the legalization of marijuana. I recognize your powers to limit / control local production and retail activities. If you choose to override the wishes of the voters I simply request that you amend your proposals to include alcohol and tobacco. Since you seem intent on revisiting and possibly overriding the electorate then let's be really bold and go for elimination of all of society's local ills. Eliminate the bars and liquor stores as well as the smoke shops. Local citizens will probably not stop drinking and smoking tobacco but they will have to go to Fritz Creek or Ninilchik to feed their vices. Good luck.

Bernie Gareau
1037 Barnett Pl

16. February. 2016

Dear City Council, Mayor, City Manager:

Re: Cannabis issues

As a citizen of this community, I feel that we are at an important juncture. Our community could continue on its path of being a fishing/tourist town and just a neat place to live. By adding the growing, manufacturing and selling of cannabis, will the complexion of our community change and will it change for the better?

I am very concerned about the possible allowance of these activities within city limits. Truth be told, we already have a sizable drug culture within our city. We do not need to add on another level. We do not need to become the cannabis capital of the state by making this product easily available to the public-at-large, which would include our tourists and those that would come specifically for cannabis.

My big concern is our youth. Are we being fair to them by providing easy access to this drug? They have enough temptations to face without having to walk by cannabis shops on Pioneer or a growing operation in the lot next door to their home. What a message we would be sending to them! Please think about them.

I am well aware of the current black market operating in town. Let it be.

Another critical consideration is the impact on our police force. They are understaffed already and have certainly been faced with more challenging situations in the last year. Do they need another challenge? They are stretched right now. I question whether they would be able to handle and enforce all the issues related to this cannabis cause.

I have found it interesting that in the last two weeks we have had two criminal incidences dealing with cannabis activities – a robbery and a raid on a production facility with a value of at least one million dollars. This is huge money and this makes me believe that we would indeed have big producers, buyers, sellers moving into our area in no time.

Living in a rural residential area I fear that our property values will go down if there is a cannabis operation in the neighborhood. Is this fair to all of us who years ago chose to live in this type of area? I never dreamed that a cannabis farm could be right next door to my property. And I frankly do not want one there. At the last City Council meeting the figure of \$20,000 was mentioned as

an initial start-up cost. It was stated that few would have that kind of money. I am not so sure of that in light of this million dollar raid.

Regarding the ten mile limiting boundary – that is not the city’s problem, but the state. Let those concerned deal with the state.

Please do not let greed and the almighty dollar get in your way. Yes, the licensing, taxing, etc. would create a revenue stream, but at what price.

I do not understand why we have to have all in place right now. It is better to err on the side of caution. Let us see how other communities handle this. We do not need to lead the pack. It is interesting, though, that several large communities are banning it. That should tell us something right there. There is no rush.

The recreational users can still go about their business using this product. No one is denying them that.

As a sidelight, I live in a rural residential area of Homer that was annexed a couple of years ago under City Manager Ron Drathman. At that time, businesses operating within this area were grandfathered in. No new businesses were allowed. Just a couple of years ago, a corner property housing a mechanical repair shop came up for sale. The buyer wanted to operate a different kind of business, but this was not allowed and the deal fell through. So, how is this that a growing operation can take precedence in my neighborhood? I would be curious as to what is the legal opinion on this.

I ask that you please look after the welfare of our community. Do what is right. Think through this thoroughly and take your time, if necessary.

Thank you for your attention to the above.

Respectfully submitted,

Kathy Hill

City resident

Melissa Jacobsen

To: Jo Johnson
Subject: RE: Marijuana in Homer

From: Donna Sigler [<mailto:siglerdonna@yahoo.com>]

Sent: Wednesday, February 17, 2016 1:00 PM

To: Jo Johnson

Subject: Marijuana in Homer

In regard to Ordinance 16-06 and Ordinance 16-04(A)(F): Is the proposed use of marijuana (Ord. 16-04(A)(F)) what is the best decision for our city? I believe that such an important decision should be settled by a vote of the public.

At this time, therefore, I support Ordinance 16-06 and oppose Ordinance 16-04(A)(F).

Donna Sigler

City Council

FEB 19 2016 PM 12:12



In Favor of ordinance 16-06

Prohibits sale, manufacturing, growing etc
marijuana in Homer city limits

Sincerely
Kerry A Plant
Kerry F. Plant

Note for Katie: John from Finance should plan on attending the PERS summit on March 17th from 9 am to 4 pm in Juneau sponsored by AML.

Page 1 of notes: **Senator Dan Sullivan's office**

Page 1 of notes: **Senator Pete Kelly**

Page 5 of notes: **Ray Gillespie, AML lobbyist**

Page 7 of notes: **Kathy Wasserman from AML**

Page 10 of notes: **John Hozey, Deputy Chief of Staff Governors office**

Page 11 of notes: **Senator Anne MacKinnon – Co-chair of Senate Finance**

Page 14 of notes: **Pat Pitney Alaska State Budget Director**

Page 15 of notes: **Alaska State Senator Lisa Murkowski**

Page 17 of notes: **Senator Lesil McGuire**

Page 23 of notes: **Commissioner Randy Hofback**

Page 25 of notes: **Bryce Edgcombe** - Chair of the House Bush Caucus and on the Finance Committee

Page 26 of notes: **Senator Peter Micciche**

(3) LINKs To PRESENTATIIOs

1. Link to presentation on Page 10 of these notes: <http://www.akml.org/wp-content/uploads/2015/11/Sen.-Anna-MacKinnon-AML-Feb-2016.pdf>

2. Link to presentation on page 16 of these notes: Senator Lesil McGuire
<http://www.akml.org/wp-content/uploads/2015/11/Sen.-Lesil-McGuire-AML-Feb-2016.pdf>

3. Link to presentation on page 21 of these notes: Commissioner Randy Hofback
Link to presentation: <http://www.akml.org/wp-content/uploads/2015/11/Comm.-Randy-Hoffbeck-AML-Feb-2016.pdf>

Senator Sullivan's office – policy 25 Years in McGrath, door is always open. If you have an issue with a Federal agency that your having trouble with. We call directors and regional directors and get things done. Or, IRS, Social Security Administration, what ever our people send out letters and we get results.

Rural Schools

Payment in Lieu of Taxes both of these is high on our list to keep these alive.

The senator is on four committees:

Commerce Science and committee

Environment and Public Works

- Land based subcommittee, try to roll back some strict regulatory regimes.

Delayed projects and delayed infrastructure.

Senator Armed Services Committee – rebalancing the Pacific and Asian Pacific and keeping a strong force in Alaska.

425 Brigade trying to keep it in Anchorage.

Veterans Affairs Committee –

Example of issue resolved: Bethel trying to get 15 acres back for National Guard Armory – an issue stagnant since 1997, signed stamped deeds transferring the land back to the City of Bethel.

Senator Pete Kelly

Cut the budget and break the seal on the Arctic Reserve

What reasonable people will do.

The reason we have to cut the budget, thresholds of permissions through which we have to go to get to our objectives.

Most people believe the government is too big. It is the people of Alaska's opinion the State of Alaska is not very efficiently run, and therefore you need to get your house in order. In the past we have approached the budget in a way that was not conducive to the will of the people of Alaska . . . And then we go into these sub committee meetings, I am representative it is a cross section of the people of Alaska there are some very smart people and some very dumb people. By and large they do a good job. At the sub-committee level is where it breaks down, most of the year we do not deal with them and then they have to face off with the director who knows everything, and you have a mission to get so much out of that budget. Your mission changes slightly from getting a reasonable budget out of your sub-committee and not looking stupid. So you spend a lot of time in these sub-committee members and you find a \$1,000 here and \$20,000 there and your piecing these together and your looking at this big pot of money but if you drop it \$1 you loose all \$40M. And then you go back and you have to defend it again after having the snot knocked out of you with the department heads you go to defend it again.

We have come up with a **Board of Directors budget**. The Board of Directors does not get into the tiny, tiny budgets but based on the direction you get. So, at the sub-committee we make a lot of changes – some will be so insignificant they do not help

us. So, what we are trying to do is look at the general elements of the budget.
Unallocated reduction.

Policy initiatives in place. The savings have to be actual savings that show up in the 2017 budget. They have to be actually quantifiable 2017 savings.

March 15th deadline for the Senate to put out a budget.

Governors plan

Senator McGuire's plan

Our plan is not to come up with the pieces and parts; our job is to get an orderly conclusion to produce an environment to produce a discussion. This is the Senate plan. Please do not ask me about specific items.

Mayor Navarre's house passed a budget in 1992 but the senate did not go along with it.

Cutting the budget at the State level which has to be done, but this often transfers to taxes at the local level. The earlier we know what the cuts are the better we are able to do with this at the local level. Have you considered having joint house and finance committee members? Some of shoving off the expenses off to the municipalities is going to happen but were not specifically doing this. This is one of the reasons I do not like the 90-day session. I believe in a healthy separation of the House and the Senate. This is why I do not like the 90-day session. I love small group dynamics but often one question will dominate the meeting. But, then it might be a completely different meeting, as that question did not catch fire. That is why I like two separate bodies. If you put them together you get one body. What happens some time is so few people dominate these meetings.

City of Angoon – Concerned using the permanent fund to solve the issues of the State of Alaska. City of Angoon mother with three children having to raise three children. History of Angoon, we were bombed and had to get through the winter. When your talking about the permanent fund, 80% unemployment in the villages. Full blooded Tlinket, but when we employ people at the oil companies and the mines these people come from the south. An income tax would bring some of this money back. But, your also income taxing me and I do not mind that. Keep in mind the single mother happy to get money too put oil in the tank. Oil workers and maybe they buy a cup of coffee and a piece of pizza on their way home, start putting a tax on those people and then your helping the people here. Look at the Constitution. Anyone can look at my vest that I am wearing and know were I am from. The permanent fund also benefits the urban communities. We come shop in Juneau, Anchorage, Fairbanks and we pay sales tax. Lets have an income tax.

Mayor of Bethel, How much cuts do you propose. Just in general what is your general estimate? If I tell you the number understand that it is not coming out of the day-to-day operations. Last year we cut 400M out of the day-to-day operations. The sky did not fall and we were told the sky was going to fall. The day-to-day operations do not have enough in them to get. What we are looking at statewide reductions that we will get through policy reductions. In the past changes to Medicaid would impact people where they live. Emergency dental was a good

example; if you did not pay the dental you would pay something else. So, when we cut Medicaid there will be a policy change that will give us those. We are paying a lot of out of state for Medicaid that do not exist, and it is fraud, it is not just folks, it is providers as well.

Pretend number this might be 50M. But if I told you that I was going to cut 50M out of Medicare you would freak out, but it is not going to be directed at the individual but we have the technology to fix this but it will not come from the people. A billion dollars we are going to have to sharpen the pencils. We have to be responsible to the single mom.

My dad was a flat rate mechanic and it was a struggle. When I think of people in the State of Alaska to deliver up the fruits of their labor, and then hand them a check for doing that. Make sure government is right sized first. And now the only things that I can do as a Board of Director is take out some more. If we take out so much we can go back next year and fix it. Government is not sacred; it is necessary and we need to fund it at the right level before you even contemplate taking our money.

Mayor Navarre The question from Angoon, distinction about the dividend and earnings of the permanent fund.

We the people of the State of Alaska – it is going to take all of us solving it.

Question: Senator Kelly -? There will be no income taxing? Pete – I will vote no against an income tax. Pat Pitney when she comes to us and explains the governors plan that has all of these pipes. Pat is a bean counter and it is how she thinks. That is who you want working on the administration. Pat wants to make sure whatever happens her government is funded. My side, the Board of Directors looks in general terms. Pete – I like the idea of a much smaller and far distant fiscal cliff. If our keep all of the pipes it will swell up and there will be a deficit again. The fact you cannot have every penny to fund government, I like the waterfall a little farther away as I can already hear the rapids.

What number for oil are using? The unfortunate thing is the governors budget is based at \$55 per barrel, we are using the 26 to 30 barrel. We are going to have to use from our earnings reserve. There is some optimistic that we will go back to \$80. Some solace is the flow of oil in the pipeline. Two years ago the administration became much more conservative.

Mayor of Wasilla – we would never pit urban vs. rural. Cap the PFD, and this is one tool in the tool chest. Another is revenue sharing. All of the cuts cannot come from our side and this has to start this year. In the discussion of transferring some of the duties over to us so we hope the communications stay open, whether it is through sales tax or capping the permanent fund so that everyone has skin in the game.

Pete – Urban and Rural Alaska, two years ago we had overwhelming public testimony. Proud of the Senate Finance committee then that it would not be a good thing for all of us to take the money out they are too dependent on it. Your going to get some of it, this is going to be the works year as we get to a solution. We have to go through these thresholds of permissions to get to the results. Another reason why we have the March 15th deadline. We will deliver the cuts and will discuss the revenue measures with 30 days left.

This is a good discussion and we want to be part of this discussion.

Ray Gillespie:

You have just heard from Senator Kelly – all of the legislators are dealing with that. My job as your AML lobbyist is to try to explain what that means to local government. We know we have a crisis and we know there will be revenue sharing reductions, but more importantly we see costs shift from State to local governments. The biggest cost shift we will see is dealing with the pension fund obligations. Last September a letter went out putting all of the unfunded back out to the municipalities. Department of Administration booked the full amount above 22% but there was a footnote the state disclaimed, as well as local government disclaimed and back to discussion some municipalities were paying 17% some were paying 140% to the unfunded liability, but in addition to that problem as well as comingling of funds at the State level, and with some tense negotiations between state and municipalities. 22% was the maximum municipalities would pay so that cap is still in law. The state of Alaska will pay the unfunded liability above 22%, but there has been increasing pressure to revisit that cap. They might increase that cap or remove the cap. This would be a 2.2 billion cost shift to local government. The spreadsheet shows what would happen to your bottom line and what that would mean to your finance condition. We did this for the largest ones. AML supports the 2008 compromise to support the 22% cut. If there is a shift this is a shifting of the cost of government and not a cut. Looking on the hill at increasing the burden on local government. As a member of AML remind them of the importance of that cap. There is no bill number but there are many out there that could be an amendment to many.

On to other issues related to revenue sharing.

Existing current if nothing happens, a payout that used to be 60M next year will be 38M. This assumes nothing happens, next year one more payout, and after that it goes away. The governor next year new appropriation of 35M to get to a 50M payout, this happening is fairly remote, but there is a discussion that might preserve revenue sharing at a lower level, level out at 40M, which would require a new appropriation of 6M. In these difficult budget times this is a pretty heavy lift.

Increasing the basic allocation so the smaller communities get a little more right of the top, and this would - - additional protection for smaller communities as larger communities have a way to make this up. A mandatory property tax exemption for senior citizens and veterans making this optional. No one has their name on this yet, but if you are going to reduce funding, then let us give the local municipalities a vehicle to do this. The portion of property that is exempting is increasing. What the Senior Citizen cost exemption chart is in your packet.

Cost shifting is a natural result of what we are seeing due to the budget reductions. Great pressure to reduce government. Some of the things we have hear rumor of: Fish Taxes and landing tax revenues, now from 50 / 50 split some discussion at the sub committee level changing this.

Public Safety – Shift to local law enforcement – reducing trooper protection

Road Maintenance – shift to local government

DEC food inspections – shift to local government

Community jails and contracts shift to local government

Another discussion shifting maintenance and operations of local airports.

Chart with the 150K cap in some communities they have done more. This compares the exemption with Revenue sharing to the exemption.

Pension Obligation Bonds: a big maybe . . . quite a lot of discussion in the legislature but not well received. What amount if any of the 22% is included what might this mean for local governments. AML – getting behind pension obligation funds might be a double-edged sword. We do not want to jeopardize the 22% cap in the process. Right now it is a mute question, as this proposal will probably not move forward.

Conference of the Mayors – in the fall

Three-legged stool, we need additional revenue or taxes. Senator Kelly does not have the third leg, we do not yet move to taxes. This does not spread the burden as equally across the state? To make it fair we need the three legs on the stool and we need to have that message communicated and we need to share it is three legs and our legislatures need to hear this. It is time to be responsible and it is time to step up.

DOT approached Sitka would you be willing to take over operations of the airport? Pat from Kodiak. The sustainability group with relations to the two-legged stool? Ernie can you address that. We are working on a draft that it be a three-legged stool and we are urging our state legislators to involve us in the conversation.

Cathy and I have been carrying the water and sometimes the conversation is not a welcomed message. We represent local governments the more local mayors can help with this is a much more effective conversation. We understand the impact on local governments of decisions being made on the hill. Senate Bill 385 was a big cost shift, the 2008 agreement was re-written extending the amortization increased local government payments. We want to avoid this happening again. We want you to be aware of what is really happening.

Question: Will there be an opportunity for us to call in about the three-legged stool? AML got a call, hey you crashed our system. Will there be testimony for these things? We have a process that allows us to call in but the

Ray has the number just call me

I have the number too

Why cannot we get a phone system that works? As soon as we get the message there is testimony regarding this opportunity.

Kathy – a few federal things

We have two more years of funding for secure schools - we hope he is right.

A few of the larger communities- all of you who have Lowes they have found a way to reduce their assessments. They build a building that looks only like a best buy, or a Lowes, and they base the assessment as if the store were dark and empty so they base the assessment as if it were only dark and empty. Be aware of this stuff.

1:15 pm

Clay Walker – intro and information about AML and inspiration and introduction to AML team.

PERs Update from Sheldon Fischer – not here right now

PERs with Ray Gillespie
Update on legislative issues

There is a lot of bad news on the hill; the good news is that we have the resources to address our issues to come up with a sustainable budget plan. The politics that go into that. . The impacts on local government.

The first and largest issues is one that is coming to a head is the unfunded pension liability. Two years ago the legislature places money in to the fund and extended the amortization period for nine years this resulted in an additional 2.5 Million in payments by local government. We are dealing this this again this year is another cost shift of 2.5M to local governments.

2008 SB 125 the consolidated assistance. Part of what went into this was what municipal rates and what should go into this. Prior to this there were different rates being paid in, so this was a compromise to cap the municipal contributions at 22% of salary. This gave the municipalities comfort they had predictability moving forward. So that compromise is under assault these days. Because of changes in the accounting rules, local governments are required to show on the balance sheet the unfunded liability. The amount above 22% was also cost shifted off of the state books. The department of law determined Essentially the 22% cap is unconstitutional. Annual payment will go up or down dependent on market shifts and income. We loose the predictability and the cap.

See chart for the communities – What you would be paying if it went up and the differences. Last column on the right what you have to book on your balance sheets. The state footnote about liability above 22%. So, we have a standoff for one year. We have an orphan liability but there will be continued work to shift this liability off of the State books to the local municipalities. Legislatures are under pressure to reduce the budget, one way of doing this is to remove or reduce the 22% and the spreadsheet shows what the cost to the municipalities is. This is one of the top priorities to remind your legislatures how important this 22% is. Two years ago it was close to 45%. Remember what you show next year is an amount you also have to book on your year-end financial statement. This is a big deal and the governor wants to maintain it, but we need to remind our local legislators of this. Remind your local officials and citizens they need to be communicating with their legislatures to avoid consequences.

Question: Recording the liability is one thing but paying it is another. Do we know what the formula was in the past and what it will be in the future? What are the ramifications if a municipality said no.

Ray: My understanding – one of the reasons back in 2008 that they had to consolidate the, there had been a commingling of funds, and the records were not reliable for the State to send out a bill. If you asking me today, how they allocate the unfunded liability I do not know, as there are no reliable records.

Your next Question, about what if the municipality did not pay, then legally who is responsible? The rate is determined on an annual basis and there is about a two-year delay. The arm board sets the rate each year and the rare has a couple of components, those you employ right now, and those to pay off the retired employees. Above 22% the State is paying that. Because of the pay down it was reduced from the high 30% to 27 or lower. If the cap goes away the risk if it goes up goes to the municipalities. The State has the ability to impound any payments to the municipalities and the penalty interest rate is 12%. Some municipalities have fallen below the floor and have not paid in years. There are ten to 20 employers who are in the category. The largest of these is the University of Alaska so the University has to write about a 258,000 check this year (17% of 22M). Not aware of any enforcement action. Once you fall behind there is a 12% interest rate on the unpaid balance that is written in statute.

Question: What did the department of law find unconstitutional? This undermines the compromise of 2008. The primary point is they argued it violated the appropriations clause. In any given year the State has . . . , One for PERs and one for TERs, the fact that it is subject to appropriations in the statute makes it not.

Question: Jennifer - who is ultimately liable for the unfunded amounts? With any difference of opinion there are arguments that could be made. Back to 2008, nobody could really determine the amount for your employees. Whether it could get sorted out doing this would be very expensive. If the agreement was 22% that was a level for everyone to live with this level as opposed to fighting about it. How many people did we have work at our municipality since 1969, and there were 645. In theory we could figure this out. At 22% it is not worth the time and money to figure this out, if the rate is 40% it might be worth figuring it out.

Could you explain termination costs?

In 2008, late in the session there was conversation about laying off, so the meat ax approach said that if a community laid off a classification or department or certain group they would have to pay a termination cost study for the future commitments. It was thought assessing termination study costs plus giving the state a check for the future costs. Smaller communities do not have the ability to layoff a single employee in a department. This causes a problem in this environment where you are going to have to figure out ways to downsize your workforce. We have tried, but each bill meets with the same fate of a 25 to 50M fiscal note attached to it. This goes to the finance committee and it dies. If you have a regulation that conflicts with a statute the statute prevails. A letter in your packet that addresses the termination study. There are ongoing payments into 2039 to when the PERs would be paid off.

If your looking at the whole equation one assumption was the PERs was making 8% on their investment, as well as the base was going up 3% per year. As we cut positions due to budget reasons if we are not increasing pay at 3% then this goes up. So, when the State lays off employees do we pick up those costs? The State does not do termination studies, but then municipalities will be picking up the costs of whatever this cost is. A few additional numbers back at our annual conference five years ago, letter from Galena - Galena military base closed so suddenly the city lost 17 employees and the State billed them for 198K, well Galena did not have the money. Then Galena did not have the money, they had a flood, then the 12% interest

kicked in and now this bill is over 1M. When you have small communities like this (St. George – owes 5 to 600K, and these communities will never be able to pay these bills). We need to somehow solve this. The reason St. George is behind was writing paychecks to their employees taking out the retirement funds but not submitting this to the State. So, I called the City of St. George and asked were you aware you owe 500K to the state? She thinks this is like a gym membership. The bill is still going up. How many communities have had a PERs resource person comes out and talk to you? St. George has not remitted payment since 2005 and it was last year St. George was told you owe us this much. These municipalities will never be able to pay this. They have a high fuel bill, and so may attaché revenue sharing but we need to resolve this.

Other things:

Revenue sharing is going down – there has not been any new appropriation. Currently there is 114M left, we have been used to 60M a year. Last year was 57M; next year will be a 38M payout. Then it goes away, the Governor has promised a 35M appropriation and there would be a 50M payout each year. The chances of this 35M being appropriated is not good. So the discussion we have heard going on is the Legislature recognizes the need to help small communities. Talking about a new appropriation this year of 6M with a payout of 40M, which would require another 40M appropriation to bring the fund back up. Small communities need more protection in this current fiscal environment.

How do you help larger communities make up for a loss in revenue sharing? One-way is to make the senior citizen tax exemption optional rather than mandatory. But, this has in the past political suicide.

Pay more for exemptions then you get for revenue sharing.

How do you reduce the cost of state government? There is a lot of discussion about cost shifting. If you have to stop then it falls on the shoulders of local government. These are a few of what we have heard.

- Fish tax change on percentages
- Public Safety – shift law enforcement to local government – example Girdwood
- Road maintenance
- DEC food inspections
- Community contracts and jails
- Airports

Cost shift does not reduce the size of local government it shifts the costs to your local government.

John Hozey – Deputy Chief of Staff at the Governors office

The Governor supports the 22%

The Governor called a cabinet meeting today.

My goal is to form a better relationship. We cannot get there until we have a stronger relationship. We are bleeding \$400000 per hour. It does not work today. If we are successful this year with some sort of financial package it will put the government on an allowance. The State cannot accept spikes anymore. If we are not

proactive the legislature may do the knee jerk reaction by the legislature. Lets be real, it is just a statute that can be changed at any time. If we do not appear to share the pain then it will happen for us.

Trying to cut 30M, it became so painful a week ago; we told the legislature to do it. That is the discussion going on right now. If you're unwilling to obtain new revenue. Jails and police is an example, and the legislature does not think of this as a cost shift. They might just think we are too big.

Getting rid of the 22% might come up. So, let us be proactive and think about how we might make this up.

This is a real critical year; we cannot sustain these kinds of deficits. My fear is that most legislatures are not going to do the full package this year. You can get the best builder in the world to build you a house, but if he does not put the roof on you are going to curse the builder.

Most likely there will be a special session this year. During this the governor gets to set the focused agenda.

Today when we had Senate Finance here there were a whole lot of questions not answered. This year it is going to take every one of us to stand up and ask the straight questions. These are policy makers on a higher level, but you also are policy makers. You are mandated to operate certain functions within your community and with this you. . . The state needs to be involved in this as well, but if you close your community on Tuesday and send everyone home, you still have bills and issues you have to deal with when you wake up on Wednesday. The state has to think about if you do A, B, and C to municipalities what does that do? We have municipalities out there were there is nothing left to cut. What we have already heard on the hill this year is we made all these cuts last year and nobody squealed. We are the ones on the front lines and when they start doing these cuts on the State side it shifts to us. Who pays and which pocket does it come out of?

Does that mean if I live in the valley, that

Legislature talking about what does it mean to cut government. They have to be responsible. What do I have to take back to my community?

Jennifer: Legislatures look at everybody with their handout and it is appointment after appointment and what makes AML different. We are not in the same situation as some of these other school districts and non-profits are that there is no separation from a pothole to the client. When you shift the cost you have to the communities know.

Local Government payroll is now higher then the oil companies.

Tim Navarre: We have to be part of the solution to fix this problem. If the state does not make huge cuts this year, then . . .

We know revenue sharing is going down. .

But what a lot of them are not saying if that if we do not fix this is that nobody will get revenue PFD. If we do not do something then we will see the economy spiral.

When times get tough and budgets get lean then people do not work so well together.

Where I live the cuts are hurting me, it is a problem for me. Capital budget, do you think . . . the capital budget cuts made may not be felt for a couple of years. I am

feeling it very challenging when the cost shifting is not being recognized for what it is, because when the cost shifting occurs then we at the municipality have to raise taxes to cover the shifting like jails. Why do we not ask the legislatures to use the third leg to address taxes?

Senator Anne MacKinnon – Co-chair of Senate Finance

Sen.Anna.MacKinnon@akleg.gov

Served on Anchorage Assembly 3 terms, 4th term Alaska Senate

Getting to Yes

Link to Presentation: <http://www.akml.org/wp-content/uploads/2015/11/Sen.-Anna-MacKinnon-AML-Feb-2016.pdf>

Will take cooperation from 21 + 11

Revenue Sources – 1/3rd of our economy oil

1/3rd in permanent fund,

1/3rd Federal

1/3rd all other

14 State legislative agency departments

Inside the legislative branch but reducing this is not going to happen.

If we do expect to cut it will have to come from the 14 State agencies.

Education and the education formula account for 26% from the spending is sitting in the BSA – Basic student allocation.

It has been told to the legislatures that this 42% is off of the table. If that is the case then Houston we have a problem.

State operating costs biggest expense is the PFD

Then BSA and 42%

Then Health and Social services 29%

University 9%

Investing 32% in education and not considering it for a cut is not the right.

Special session last year added back the public radio, and giving raises to BSA.

Deficit vs. Revenue

Department of revenue and social services

The dark blue is the gradual tick up of government spending.

The bright yellow is the capital budget spending. Last year the cut was 480M and 400M from the operation budget.

Is the problem that we are spending too much or that we do not have revenue. It is a combination of both. We cannot repeat the cut. We need to invest in the infrastructure so that we do not lose an asset that is important to public safety as a whole.

Snapshot of Deficit – right now we need above \$50 a barrel to balance the budget (\$48.59) now, \$56.24 is what we need; it opened today at \$30 up two dollars. We are creeping toward a 4 Billion dollar deficient and not at 3.5 deficient.

Taxes – Governor has proposed a 6% income tax, which would lead to a 1.5% tax on your average income, and this would bring in about 2.5M

Right size government 11 senators and 21 ...

Medicaid reform proposal to the full finance committee

Health employee contributions

SB 114 Senator McGuire disconnect the . . . , the governor has something similar proposed that will still generate a dividend.

How will the policy affect the State of Alaska? We are already in a recession but we do not yet know the impact. We need to be straightforward with Alaskans about the magnitude that we face, and do not harm communities in a desperate way.

Senator Coghill will lead our smart justice reform.

How will tax credits effect investments?

Oil Tax Credit Reform

Reduce Royalty deposited to permanent fund

Other proposed revenues governor

Income Tax

Increase Motor Fuel Tax – currently lowest in the country

Increase Taxes – alcohol, marijuana, mining, and fishing. tobacco, tourism

Increase Various Fees

Sales Tax

These combines could generate about \$500 million or more depending on rates.

A sales tax is more costly because we do not have collection set up. It would take more state employees.

More Than A Good Idea

We are in tough times and all things are on the table and education cannot be held harmless. We have a system that we are investing 1.3 B into and we score the lowest in basic math and . . . I have people testify before me and people have said we do not support education. But our schools are not performing as well as they should.

Education needs to do more for our students. They do not have to take remedial classes. We need to work together to and I do not think we can get the cuts that we need if we do not have education as part of the discussion. We are focused on the budget, the budget, and the budget. It is all about how this affects you, your communities, you as business owners, and us as Alaskans.

Pat Branson Mayor of Kodiak – I have sat in on the Medicaid reform knowing the Department of Health and Social services is the 2nd biggest cost. The fraud situation is currently 1/10th of 1 percent – huge opportunity – Fraud has possibility. 120 of those cases were personal care attendants. If we put additional resource into we would find more. Opportunity for fee for service. The use of generic drugs could also save us, let our medical community guide us to comparable generic drugs. Travel costs on the federal could go to 100%. AML has these graphs to show the people of Alaska how dedicated legislatures how important a dividend is, as well as how this dividend revolves in your economies. That 1.4B dividend is spent in your local communities. It does not make mathematical sense but it does make social sense.

We continue to discuss raising the cap of PERs/TERs but if we do cost shifting we will provide additional ability for you to get this back from your communities.

We do want responsibilities lie where responsibilities should. The State invested 3M dollars and we placed this in the TERS system as it gives us the best return. The other is the PERS and our obligation is about 60%.

We are also looking at the Senior Exemption. City manager Adak no property tax, but we do have as sales tax. We pay energy costs through the roof. Rural schools are expensive to operate. We are trying to move toward renewable energy.

The State needs to eliminate some programs – we are spending more money then we have. We gave a raise last year when we could not afford one. We have to make a recommendation that we do not give the raise. We have a 3.5 to 4B hole to fill and the small stuff is not going to get us there.

Ron Long, City of Seward

Private sector economy and capital construction projects. Do you see any funds? The short answer is no. We do need to have a larger capital budget then we had last year, but this was not well received. Not a lot of tolerance to have this budget any bigger then it already is.

Alaska had a AAA budget rating, downgraded by Standard and Poor's to AA; they were concerned that our debt was being appropriately rated. We have a little capacity about 180M left but it is not that we have not done it but when. The bond debt right now indicates the time for bonding now is not right. Now is not the right time. If the legislature is unwilling to make cuts or generate revenue then we should not do bonds. We should be investing in deferred maintenance to extend their life. In 2012, we invested 300M for the KniK Arm crossing. If we are moving forward with the 270M we are out selling them now, they should sell in Feb. This will take away the credit that we should have in debt. Should some of these underlying conditions change then it could be on the table again. If you put out a bond early, it is a gift that keeps on giving. 250M for one year and 200M for next year, containing want. Getting a project for each district is a huge demand. Leveraging federal

dollars, but the vertical construction is where the deferred maintenance dollars should be spent.

Angoon just got a 10M-ferry terminal but only one person from Angoon worked on that project as the rest were not certified.

Raven C. Pigeon why are we allowing this to happen in our house to work in our house and not pay there fair share. Example mines – one quarter they walked away with 34M profit. You have a few employees there but they do not get treated fairly. We gave up a lot to sit at this table – not a lot of hard feeling between natives and non-natives think about this when you are talking about our resources.

Income tax and out of state workers. Those workers can change their residency and not have to pay an income tax. Also, considering a tourism tax. This governor is committed to local hire.

Thank you for the pay down

Thank you for 22%

Ernie Hall - We all realize we own the problem and not you, but I would ask that you consider holding a Senate Finance budget committee but invite AML to share what we can do to help with this budget problem. At the end of the day someone is going to get taxed.

Pat Pitney:

Pension Obligation Bonds – The way we are talking about pension obligations is that right now the state covers all of the cost above the 12% for PERs rate and 22% for TERS. A pension obligation bond would say that we pay into the retirement fund 1.4B dollars and we have debt service payment for the 1.4 B dollars. Switching from a gas payment to a flat payment structured at last years level. It flattens and takes advantage of the earnings of the earnings into the system. In the amendments we

- This year we will not do the pension obligation bonds and the values of those if the interest market holds true. We pulled them off; it is an advantage to the municipalities as it looks in those.

General Obligation Bonds – Going to the general obligation bonds. If you look at Standard and Poor's downgrade it was specifically about the obligation gap. S & P does not think we will work on this. Alaska being a triple A rating is like the gold standard, but even at a AA we are still among the top state for our credit rating. Debt affordability RATING.

1.6B AGAINST OUR DEBT SERVICE 220M OUR DEBT SERVICE RATIO IS HIGH, BUT THE 1.6 IS ONLY OIL AND IT DOESNOT ACCOUNT FOR OUR INVESTMENT EARNINGS. IF YOU LOOK AT THEM ALL OUR DEBT SERVICE IS JUST FINE. WE WOULD LIKE TO SEE A GEO BOND IT ALLOWS US TO PLAN.

Secondly, we can borrow for 3.5% on a general obligation bond and our primary revenue for the state if our investment earnings. We our conservatively estimating 7%. This is a smart financial move to use the general obligation bonds. The geo bonds are only getting slightly less reception then the other proposal.

It would include transportation, and deferred maintenance and perhaps only one or two projects that have a high return on investments. Question: What might this bring in federal funds – 30% State 70% Federal for water and sewer – significant bring in of Federal. Last year we only did Federal match.

Transportation

Municipal Harbor

Deferred maintenance for State and School

Old Harbor has an airport project that is have way through

Engineering at UAF is halfway through 645%

Some ports and harbor that would fit under the ports and harbor programs.

The big piece will be the transportation match

K-13 school deferred maintenance.

We only want to put in the geo bond what we would otherwise spend in cash.

There are other municipal projects that allow us to obtain 4 to 5 match and when your putting requests forward to denote that this is a leverage / match and the degree that it is known and real.

Question: Is there any conversation about collective bargaining and the right to work? Probably not because it is in the Supreme Court realm.

Community of 96 and 12 students in the school worried about the closing of the school. Legislators talking about a minimum school size of 25 to 50. This administration understands the value of communities. We understand this would be very damaging to communities and I do not think it is widespread.

Couple of notes: A few plans getting air time McGuire plan the Governors plan and representative Hawker and the GCI and ICER concept.

Use of the earnings

Size of the dividend

How much do you reduce spending?

Source of new revenue

The major difference between the governor plans is that it takes out the variability and stabilizes the long term. The other plans allow us to have our base on oil and this goes up and down. The Governors plan makes the government budget flat only increasing with inflation. Now your highs are high and your lows are low – this is the difference between the Governors plan.

Feb 17 – Senator Lisa Murkowski

PILT and SRA

These are what drive so many considerations on funding.

What level of certainty can you expect from these federal funding

452M for PILT – this is an increase of 10M from last year

The amount we will see is close to what has been fully authorized and a little more than last year. The fact you are holding your own for PILT is a good thing.

Secure rural schools reauthorized at 9% percent. So payments for last year should be heading out soon. So, we are o.k. For this year but what happens next year. Making sure we are ready to fund secure rural schools next year.

Six-year highway bill are good news. Ferry program was increased to 80M a year which is 18.6 more for our marine highway system which is an increase of 18.2 from last year. We also had some agreements with access in the Tsongas.

We are to be smart on how we are operating, be wise with the requests that we have and really come to prioritize what is important in your communities. We have to sharpen our pencils more than we have in the past.

At 11 as the state legislatures deal with the state issues I am going to do my best so that you do not have anxiety. We have seen some successes for the State of Alaska.

Questions: New regulation on the fishing fleet. We are going to require another life saving device.

Energy Policy modernization Act.

2/3 of the Senate a collaborative process. We are hung up because of a community in Michigan by the name of Flint. Flint using a hold up to get action on their issue in Flint. Buckland, thank you for the hard work to get work getting water and sewer. Buckland had no water at all. Oscar vile has no running water and no flushing toilet except in the school we have water and sewer issues around the country. Use our network and encourage the energy bill will be good for all of America. And how is this good for us in Alaska? There will be less state dollars to go around for what we need. The issues that you have for weatherization, etc., will be more complicated. What we have in this bill is the process where the State can distribute out to areas around the State. Makes DOE, dollars available, and we have weatherization, micro grids, accessing our energy assets where they are and incorporating the good ideas. Coupled together – Kodiak is a good example of wind and battery storage that makes them 99.7 % renewable with their communities. We should try to facilitate so this whole focus on micro grids is something we are focusing on. This is why we went Bethel so they know what it means to be an islanded energy grid and how do you make this function without diesel. We opened some eyes. It may be the one major piece of legislation cross the finish line.

Younger son is getting ready to take over his dad's small business.

Chip Morris the City of Anderson: Speaking of Energy could you address the future of coal in our interior? 32% reduction on omissions by 2025 what would that mean to Alaska. The administrator, the clean power plan does not work here and we were allowed a pass when it was first announced. Supreme Court ruled there would be an injunction on the clean power bill. It cannot resurrect in this administration.

I believe coal will continue to provide a need for our energy needs, as it is a lower cost energy and in a state where our energy costs are high. The regulations focused on goal are not going to back off. Whether or not the coal industry can remain competitive is a harder and harder lift for them. I am worried that it is an approach to multiple cuts to the industry that make it more difficult for them to be competitive. Fairbanks, and Clear and Anderson. I do not want to suggest that coal will not remain vibrant in our state, but I am cognizant of national effort to shut down one fossil based industry. You loose coal and you use a cheaper energy that we have relied on.

Senator Lesil McGuire – Served 16 years in the legislature

Link to the Power Point Presentation: <http://www.akml.org/wp-content/uploads/2015/11/Sen.-Lesil-McGuire-AML-Feb-2016.pdf>

The more local your job is it is so much more personal.

Senate Bill 114

Senator Lesil McGuire

Senate State Affairs

Reducing the Deficit: Investing Alaska's Vast Cash Reserves

Drafted in April

There are groups out there that have taken an interest in the bill.

We have access to this PowerPoint – The Permanent Fund and The Dividend and I hope you go out and prostopize these if you agree with this. Supporting your State Senators and their work on this.

Slide the Permanent Fund created in 1976. The goal was to create an endowment to share with future generations. Of the subsurface.

In 1977 HJR 39 legislature put into effect. Any laws with the overlay require a 21 to 11 vote.

The only material function of the largest asset of the state has been to pay out dividends.

Is there a Problem? Slide

A 3.5 to 4 Billion Deficit

Revenue models show that if oil prices do not rebound, those savings will be done in about 2 years.

We cannot wait and hope for high oil prices.

The capital budget has gone away for two years. We are down to the constitutional reserve and it will not last.

This slide is very easy to understand. Slide 5.4 Billion

The net effect is that we are spending almost four out of every five dollars out of our savings.

The Five Stages of Grief slide

Denial

Anger

Bargaining

Depression

Acceptance

Lawmakers in the building are angry with me for introducing this, as they did not want to deal with it. Real concerns maybe someone has lost a job because of the economy. Bargaining – people coming and telling us oil will be \$80 a barrel.

What is the cost of doing nothing? – I call it status quo, stay away from emotionally charged words, Slide – I call it Status Quo rather than doing nothing.

This is the best slide for the challenges to get people to understand. What I like to show lawmakers is that if you do not support this, the choices do not get any better. The decision comes in FY 19, two and a half years from now whether or not you will pay a dividend and goes into bankruptcy. FY 22 the Dividend will go away.

7M in our constitutional budget reserve and our earning reserve account.

CBR is a $\frac{3}{4}$ vote threshold

ERA

My prediction is the CBR will used first – by FY 18 your will have to go into the ERA and it has only had one mechanism to pay dividend checks.

In my opinion it is important to retain a dividend. It has become a material part of people's income and life.

Story about dividend check.

Time to reinvent ourselves and go back to our pioneering roots.

A Path Forward –

If we do not do this now we get further and further from this goal.

SB 144 Is NOT a raid on the Permanent Fund

SB 114 is (SLIDE) A way to connect Alaskans directly to their share of the Natural Resources

A way to ensure that services you enjoy continue to be provided

Police

Firefighters
Roads
Education
Health and Human Services
The Marine Highway
Parks and Recreation
Fish and Game management

Brand new slide came from a report by Gunnar Knapp – I work with him weekly.
On the left this is what you feel at the local level

SB114 Spending Limitations – this is what I believe how the bill could be improved so they have ownership. Limit the upside. POMV percentage of market value

This is my second most important slide Oil Price X Volume – State Budget
Every year you could put the price of barrel of oil at the top of the chapter of the book, oil price X is the driver.

WE no longer have the volume
(Oil would need to be over \$108bbl to balance the budget)

The Senate voted it down – Drew Scalzi lost his election and no one ever went back to this again.

No one ever went back to this.

Something we must ask ourselves:

Three slides, are accurate the red dot is the actual price of oil and the other lines show the prediction. The red dot is very far away from the predictions. Slide oil price projections have been inaccurate.

OPEC has been the cartel that has managed oil prices higher, was changed to shell oil technology. There will be places that do not want fracking, but it will
The contraction in China.

So, you have India, sub sierra Africa, and China that will move up in the quality of life. Should we bet our future on oil prices? So far we have,

This slide shows what has happened recently. 2008 to 2009 we went up to 147 dollars a barrel. Not only is it wrong to depend on crude oil prices. Irony when oil prices are high your people suffer the most. Higher prices.
We lived off of that statutory budget reserve.

How awe are spending 5.2 Billion in FY16

Slide – Education and Early Development, and Health & Social Services.

You could cut every job in both those institutions and you will not fix things.

You cannot get there by just cutting. You have to use the Permanent Fund.

The biggest line item the government pays out each year is the PFD.

Inflation proofing 16B has been added to the corpus.

Key differences between the governors plan and mine. I will support any plan that supports the addressing the deficit.

SB128 vs. SB114 (SLIDE)

Both plans the governor and I worked together.

They create a new way of paying a dividend out of royalty.

A floor of \$1,000 currently in the bill.

The governor's plan is not

Sovereign Wealth Management model, all pulled together into a pot 3.3B paying out.

My plan is a percentage of market value, nationally recognized to live off of, to sustain the corpus.

I always do better if I look behind me, POMV wouldn't it be nice.

Skip to the final slide.

General fund and the inputs to it – Production Tax, Less Volatile Revenue – tobacco,

etc., then the CBR Constitutional budget reserve. In my plan it is there to gap fill. We

get to keep that there and use it if we need it. We need to invest this in short term,

currently it is earning zero. Royalties are quite big, oil, gas, we are going to swap it

and share it with the people. We are creating a new dividend fund out of there.

Currently 25% go to the Principal and ERA. We keep 25% growing the principal. Our

average earnings have been 5.8 and above. Mike Hawker says he would prefer 4%.

Public school trust fund remains the same.

Why 74.5% of dividend is paid out of Royalties, is to connect the people to where their money is coming from. I got this idea from the SB 121 and referendum m1 debate.

People do not know where the government's budget comes from. I could only get

40%. The net results will be better for Alaska as long as we are a resource

dependent state. How about families looking at the commodities index.

Swapping the royalties to Dividend

Take the stable larger resources that was set aside for this rainy day is to use it for the rainy day and allow a percentage to roll off..

25% of all future royalties go to make it grown.

Inflation Proofing (Slide)

Last slides, currently the SS for SB 114 legislature could put a spending cap.

Scenario 2

October has already been put aside, \$2,000

If we could put 114 into place Alaskans would receive 1,023 and the state has almost 2 Billion dollars This Cuts the Deficit in half.

Capital Budget A and Capital Budget B are layoffs and reductions in spending. People are already nervous and they are starting to fill the 80s again.

The overall effect:

Protects the state for future generations.

114 is a glide path.

Maintains downward pressure on the operating budget. Nothing in my bill that creates a legal challenge.

Questions: Jennifer would you keep your CBR intact – an appropriation from them the legislature.

You could set it

This power point is available online. And we can help you. It will also be on the AML Website.

50 out of 62 are up for re-election. If we do not make an adjustment this year we are heading into a recession and then a depression. If we do not do this year we are out of a dividend in two years.

Mary Halter – Adjustment / Restructure. This bill is he possible but not a complete solution. What is the size going to be of government?

Restructure and like Pete Kelley's thinking of how we deal with the budget is almost like a Board of Directors. Right now we have 5.2 and the legislature will try to get closer to 4.2B.

Medicaid can be restructured but you have to be thoughtful of how we do it.

Put a bar to show where the 2B would come from 114 but it gives you a glide path.

Otherwise you live off of the savings entirely, if you do this your only two years out, and then you have to pierce the 7B earnings reserve and how do you do that. This is why it has to be done today.

Ernie Hall

We are brining a plan to the Board this afternoon. A means to educate the community. A pretty simple plan but it is going to ask each and every one of you to make go back to your communities so that you can call your local elected officials to create a sustainable balanced budget. Until we get a sustainable state budget it is impossible for us to. Somebody is going to get taxed, are we going to be the villains at the local level, or do we want them to step in. We are going to pay a tax but what we are asking the legislatures to please engage us in the conversation. We cannot

compromise on the PERS and TERS we need to hold the 22%. What we are talking about is certainty in government. Whatever it is, if we know what we are dealing with. We are going to be looking at your local officials and we need to hear from locally elected officials. A lot of us need to be coming here. Make a commitment and be ready to step up. Don't sit here in this room, and let life get in your way. Our problem is the fiscal problem, call email, and stay in contact. Whatever you're talking about please keep us.

What will keeping the dividend cost?

Medicaid

Capital projects – when this does not happen we have to do this with bonding.

If we could get certainty

90 / 10 if you do not

They need to see our faces on the hill they need see our faces on the hill

Clay – Denali Hwy

Every public facility on the Kenai has plywood over the door.

School tax – means by which the Department of Education was funded.

Education is one of the biggest expenses. Why is the School Tax? During the building of the Alaska pipeline, everyone paid state income tax as well as a school tax.

\$00,000 jobs would raise 40M for a school tax.

Percent of out of State workers is 6 or 7 percent out of state. It is actually much larger, non-resident about 20% of jobs statewide, and 15 to 20% of income.

Mayor of Kybuck. The City owns all of the infrastructure, power plant, the clinic, etc.; it took us five years to get the new clinic. We are still using the old for our leases. We need to renegotiate our INH funding. WE operate our washateria at a deficit. Most of our state goes to pay our washateria expenses. We just got a biomass built and this began operating in September and we do not yet know the savings. We weatherized most of our homes, and buildings. Solar panel for the washateria and the city building. Thinking of our expenses to operate we have been doing weatherization. We own our own electric utility and it was not managed very well in the past. None of our homes have running water and we haul our own water from the washateria. We are part of the Alaska water and sewer challenge. There are six communities that were funded for the water and sewer challenge. They are going to fund one community out of the six villages that they are working with.

WE chose to do individual wells, we have 53 households, we are spread-out with we have ridges and in between is where the water flows. We have individual wells and maybe individual septic tanks.

Commissioner Randy Hofback

Link to presentation: <http://www.akml.org/wp-content/uploads/2015/11/Comm.-Randy-Hoffbeck-AML-Feb-2016.pdf>

The Governors fiscal plan.

The governor's plan is written in pencil not pen but he will not accept doing nothing.

We must have a plan.
Three components
Fiscal Challenge
Redefining the Problem
New Sustainable Alaska Plan

Fiscal Challenge 3.8-billion budget shortfall – due to sustainable oil prices.
We were already looking at deficits at 110-barrel oil.
3.6B is a big problem.
How do we get a sustained budget before we run out?
We have 50B in permanent fund, and in years where we had access it went into the DVR. And finally we just chased oil prices up and down. The budget lags about a year. Bad way to plan. When we had a lot of revenues we spent a lot. We want a long-term stable plan.

Conversations with Alaskans – Chamber of Commerce, Rotary’s, etc. (slide)

Cab driver – that guy is an idiot. People still have not realized that we have a problem.

They did not realize we were starting to spend down our savings.

Message Received (slide)

Take action now, not later: Government must be cut further – Protect essential services

Use of Permanent Fund earnings is acceptable if: Protect the Permanent Fund Corpus, Preserve a Dividend Program

New Revenues are acceptable if:

They are not supporting a “bloated” government

The burden is shared equitably

Redefining the Problem

The Enemy of Fiscal Stability is not:

The Government

The Oil Industry / your Elected Officials

The Enemy of Fiscal Stability is:

Lack of a plan for what to do now that oil tax revenues have declined

Redefining the Solution (Slide 9)

Take the volatility and create a future that is level and in doing so we can make long term investment decision.

Let us not despair but act. Let us not seek the Republican answer or the Democratic answer but the right answer. Let us not seek to fix blame for the past – let us accept our own responsibility for the future

John F Kennedy 1958

New Sustainable Alaska Plan

Big Problems Require Big Solutions
Big Solutions Require Difficult Decisions
Difficult Decisions become More Difficult the Longer we wait
We can't be Timid. We need to Act Now.

Manage Wealth Slide 13

Barrels,
All of the volatility stays in the fund and we get 3.3B to draw

Continued Cuts

600 fewer state employees – took advantage of retirements and those finding new works.

Agency Operating Budgets

400M cut in FY16

139M cut in FY17

Education, UA, AVTEC reduced by \$25M (1.5%)

Health Life Safety, and Justice reduced \$64M

Formula Programs Impacted

Medicaid

Education

Oil and Gas Tax Credits cut by \$400 M

Capital Program

Closing the Budget Gap (Slide)

Slide 16 – 6% of your federal tax liability, less than 1% of income for the average FAMILY.

FAMILY OF 4 TWOP PEOPLE GETTING \$50K WOULD BE \$47 DOLLARS.

TAXES OUT OF STATE AS WELL AS S – CORPS THIS WOULD ALLOW US TO PICK UP THE S-COPRATIONS

SLIDE 18 WE ARE BUY FAR THE LOWEST TAXED STATE I THE CONTRY. = HOW ARE WECOMPARED TO OTHER STAES AT LOCAL TAXES.

HAVE WE COMPARED THESE NUMBERS TO THE COST OF LIVING IN ALAKSA? WE DO HAVE A HIGHER COST OF LIVIGN BUT IS THIS AN ISSUE FOR THE GOVERNMENT TO RESOLVE?

WE HAVE NOT ADJUSTED THE MORTOR FUEL TAX, WE ARE PROPOSING DOUBLEING IT FROM 8 TO 16, BUT WE STILL HAVE THE HIGHEST COST OF GAS IN THE NATION.

SLIDE – THE NEW SUSTAINABLE ALASKA PLAN.

IT IS NOT THAT BAD. We hope to pull all of these pieces together in one year. People have the right to know the whole plan.

Mayor of Sitka: Before you we heard Senator McGuire on SB 114 what is the sound bit between the two?

At its core there is not a huge difference,
She levees all of the oil and gas flowing into the general flow so rather than putting it into the general fund, so we still get volatility. How do you close the last billion dollars?

Four times then it could be appropriated back into the fund.

My question about the state income tax debt. A capital projects lending program.

Where WOULD E THE PLAN IF THE STEADY DRRAW OUT OF THE EARNINGS RESERVE WAS NOT FLOWING? Four-year review.

Mayor Rob from Bethel – So on the graph the dividends would be more volatile? Yes the volatility would be in the PFD but we would have a stable government.

Willie Dunn: Started off with 600 fewer. We had office closures and layoffs. In the budgets coming what are the reductions coming? What are your projections for State employees – Pat would know but I do not know.

Bryce Edgcombe

Chair of the House Bush Caucus and on the Finance Committee

This is a session like I have never experienced before, as it appears there is so much facing us.

Analogy of the five stages of grief but added – the Legislative itself may get it, but there may be voters who want government cut before they reach into their back pocket.

House passed resolutions a week ago standing everything down to focus on the budget process. The fact is we really need to pass an endowment fund; it will be a watershed moment. Governor just held press governance a year ago, the Gas Line more of a bearish outlook as opposed to a bullish outcome. I do not think we will get to a gas line. This week at House Finance we will hear the 3rd of the proposals. In an hour will be Representative Hawkers bill. In order to make this work it will take a package, and we may need to go into the constitution reserve. Moderate Democrat from Bush Alaska.

Quote that I came up with that caught my eye: “It is better to do some thing imperfectly than to do something flawlessly”.

Dennis Watson , Mayor of the City of Craig: What do we have to do to protect our bond rating. The last thing that I want to do is cut the dividend.

Stu Graham – City Council City of Wasilla –

Mayor Branson – date for the House on the budget Senate 15 March
House? We stood everything down to focus only on the budget. An endowment
measure may be trailing but will it include the governors . . .

I do not think this should go to the voters as if we send this to the voters we will get
a predictable response back. Sending it out to the voters is not a good idea. We have
to use our largest asset, if we do that – sending it to the voters it would be no.
House we have been looking at the three proposals. There are parts of all three that
I like. I think the Governors plan is too complicated, and the other ones not get us
away from volatility.

Do you have a number your shooting for? – Budget question from Bethel. K-12
education, University funding, when you get down to the 14 there is not much to cut.
We will reduce it but it will be interesting to see what comes out of the Senate. 200
to 300, but if we go to 500 to 700 what will be the downstream cuts? The governors
cut are pretty deep themselves.

I do have a revenue sharing bill in the mix. Revenue sharing is important to all of our
communities.

Not doing any cost shifting – they are getting it.

Pension obligation bond, Pat at 4:00 said pension obligation bond will not be
broughtback until AML is on board.

Senator Peter Micchicci:

SB 114 – We need some solutions and we need your help. 4B gap. If we do not work
toward a model, we have some tough decisions to make. We have some obvious
things that need to happen

Caveman – State services and what makes Alaska succeed. The guy that wants to cut
the most is usually the same one that complains about snowplowing.

Leadership is not defined by . . .

Example of leadership

Please support those that will make the tough decisions.

If the price of oil goes to \$85 then it plow s back in. If those paying the tax goes back
to. At \$80 it starts doing well at about \$80. We would bring about 85B and we do not
need the smaller taxes when it gets to \$85.

With a \$B gap you cannot cut enough and you cannot tax them enough to close the
gap.

MARCH 17TH PERs summit here in Juneau would be good to have your finance chair
to attend. AML Will be getting the information out.

From: Jo Johnson
Sent: Monday, February 22, 2016 8:16 AM
To: Melissa Jacobsen
Subject: FW: Legislative update

Jo

From: yuri morgan [<mailto:yuri@gci.net>]
Sent: Saturday, February 20, 2016 8:43 PM
To: Ann Dixon; Bob Painter; Bryan Hawkins; Carey Meyer; John Li; Katie Koester; Mark Robl; Rick Abboud; Mary (Beth) E. Wythe; Bryan Zak; Catriona Reynolds; David Lewis; Donna Aderhold; Gus Van Dyke; Heath Smith; Jo Johnson
Cc: 'Linda Anderson'
Subject: Legislative update

City of Homer:

As Linda suggested during her December visit to Homer, we welcome the opportunity for real-time communication with you during this session. Please consider assigning a legislative team to join the Mayor for weekly or bi-weekly teleconferences to discuss the important decisions facing the 29th Legislature and our insights and strategies to benefit Homer.

The House and Senate are working to complete their respective operating budget proposals in early March, with a conference committee appointed by mid-March. Once negotiations begin on the budget, focus will shift to revenue proposals.

Governor Walker has been commended for his leadership in bringing forward a package of necessary evils: cuts, use of permanent fund earnings, and taxes. The session began with little acceptance of any of these by Alaskans and, consequently, a majority of legislators. However, reality is setting in and the debate and movement on the 'big three' legs of the stool are advancing. In general terms, the Legislature's direction appears to be as follows (in priority order):

- 1) FY17 Operating Budget Reductions: March 15-April 1 (Conference Committee)
 - a. Opinions vary, but the discussion appears to be coalescing around reducing the general fund budget from \$5.2 billion to \$4.5 billion in FY17 (a herculean task);
 - b. The public is weighing in heavily in favor of cutting the budget, forcing legislators into the position of cuts before using PF earnings.

- 2) Permanent Fund earnings:

- a. There appears to be a greater acceptance of the need to use Permanent Fund earnings than prior to session;
- b. The Legislature is leaning toward a Percent of Market Value [SB 114 \(POMV\)](#) approach vs. the Governor's [SB 128 \(Sovereign Wealth Fund\)](#);
- c. All plans include protecting some level of dividends to Alaskans.

3) Revenue from Taxes:

- a. The Governor proposed new taxes on the following: Income, oil & gas, alcohol & cigarette, fishing, mining, cruise industry, and motor fuel;
- b. It is no surprise that tax proposals are being met with significant opposition. To date, all tax legislation other than income taxes have received hearings. Income tax bills have been scheduled for hearing this week;
- c. Legislative committees are advancing motor fuel tax bills ([HB 249](#) and [SB 132](#)), with both House & Senate committees adopting the same language. Such action is indicative of an effort to get the bills to the House and Senate floors for a vote (as opposed to bills languishing in committee as the session clock runs out).

And here are the relevant hearings that have been scheduled in the week ahead:

H-RES Mon 2/22 13:00	HB 247	Tax; Credits; Interest; Refunds; O&G	Governor's Oil & Gas Tax Credit Reform package; reduces annual cash outlay; protects net operating loss credits for exploration activity; limits repurchases to companies who need the support; strengthens the minimum tax; honors credits earned to date through any transition period.
H-FIN Mon 2/22 13:30	HB 224	Permanent Fund: Income; Distribution; PFD	Requires a balanced budget; adopts an endowment model for the PF; directs the use of investment earnings to make up budget deficits; reduces use of income taxes; preserves PF dividends; deposits future earnings into savings.
H-FIN Mon 2/22 13:30	HB 245	Permanent Fund: Deposits; Dividend; Earnings	Gov's "Permanent Fund Protection Act"; redirects royalties to the PF; applies 50% of mineral royalties to PFD; redirects petroleum taxes to the PF earnings reserve; provides for transferring the amount remaining in the CBR to the SBR; provides for transferring \$100 million from the SBR to the Earnings Reserve; provides for an annual draw of \$100 million from the ER to UGF; limits the 2016 dividend to \$1,000.
H-FIN Mon 2/22 13:30	HB 303	Permanent Fund: Earnings, Deposits, Accounts	Relating to the Permanent Fund, PF ERA, mental health trust funds; directs deposits into the dividend fund
S-STA Tue 2/23 09:00	SB 114	Deposits into the Dividend Fund	Reduces the amount of mineral royalties deposited into the PF to the constitutionally mandated 25%; removes the dividend calculation from the PF transfer from the ERA; requires that the lesser of a 5% of the PF value or the balance of the ERA be transferred to the PF.
S-STA Tue 2/23 09:00	SB 128	Permanent Fund: Deposits; Dividend; Earnings	Gov's "Permanent Fund Protection Act"; redirects royalties to the PF; applies 50% of mineral royalties to PFD; redirects petroleum taxes to the PF earnings reserve; provides for transferring the amount remaining in the CBR to the SBR; provides for transferring \$100 million from the SBR to the Earnings Reserve; provides for an annual draw of \$100 million from the ER to UGF; limits the 2016 dividend to \$1,000.
HB 75 Wed 2/24 08:00	HB 75	Marijuana Reg; Clubs; Munis; Local option elect	Allows municipalities authority to regulate marijuana. Requires a local advisory board for any municipality that hasn't prohibited marijuana operations.

PETRO MARINE SERVICES

A Petroleum Marketing and Distribution Company

20 February 2016

Honorable Homer Mayor and City Council Members
491 E. Pioneer Avenue
Homer, Alaska 99603

Dear Mayor and Council Members:

Re: Resolutions 16-013 and Resolution 16-014

Petro Marine Services has been a business in good standing with the Homer community for over 25 years. Our marine fueling business is providing services from two leases in the Homer harbor. Although these leases comprise two properties, the assets and services provided from those investments are managed as one business.

In preparation for future upgrades and investments, the owners have requested consideration for lease renewals in advance of the expiration of our current lease terms. Resolutions 16-013 and 16-014 will be presented to you this evening. Although our business is provided as a single service, our services are provided from two fuel floats on separate leases.

Our Coal Point location, Resolution 16-014, provides services to smaller vessels. i.e. charter boats, smaller fishing boats, and customers with vessels that have smaller fuel capacities. Resolution 16-013 is the location where larger vessels can be fueled. We steer the larger vessels to the deeper water float to limit congestion at our main marina during high demand times.

From a customer service perspective, if we lost the deeper water location as part of the RFP process in Resolution 16-013, it would create substantial gridlock at our marina. In addition, the effect would result in destroying our capacity to service a specific maritime customer in the future. Larger vessels occupying our marina can take many hours to complete their fueling needs. This possibility forces a situation that would be unacceptable for the marine community, and it would jettison our ability to provide the service to these larger vessels.

We would appreciate consideration for a new lease as recommended in Resolution 16-014 to also be renewed in a similar manner for our deep-water fuel float, Resolution 16-013.



PETRO MARINE SERVICES

A Petroleum Marketing and Distribution Company

In the event we are precluded from continuing our business, as a single business, from these two leased locations, the owners will be exposed to the risk of having to demobilize from our deep-water fuel float. Furthermore, this public policy decision would degrade the value of this private property, and it would destroy future opportunity for income from past investment in the Homer community.

Our business is very capital intensive and regulated. We cannot move like a food concession truck from one location to another. In addition, we recently priced a similar fuel float for Sitka. The quote came in at \$2.5 million dollars. It is our position that lease policy that could destroy the usefulness of private assets is not good policy.

One might argue that we are self servicing with our request, believing it is in the city of Homer's interest to provide more competition for fueling services in the Homer harbor. However, we are not making our request for a negotiated lease based on that presumption. We simply object to a process that interferes with our ability to conduct a successful business. Furthermore, this reduces our future capacity for investing in the local community.

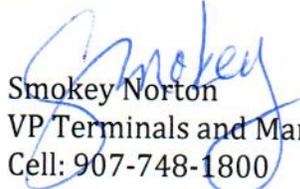
If Homer chooses to offer other property for any investor to provide similar services, we have no objections. Yet, to sacrifice Petro Marines assets and business, that our owners have invested in and earned at our current two lease locations, for this other alleged purpose, would be very poor public policy. Ultimately, it is our belief that this would damage the investment climate in the harbor area.

Please consider our request for renewed leases at both of these harbor locations.

Our Homer manager, Pete LaPlante, and myself would be available to address any questions relating to the above subjects.

It is our intent to attend the regular meeting where these lease resolutions are up for consideration.

Most Respectfully Yours,


Smokey Norton
VP Terminals and Marketing
Cell: 907-748-1800



a division of
Petro 49, Inc.



CITY OF HOMER

POLICE DEPARTMENT

4060 HEATH STREET HOMER, AK 99603-7609

EMERGENCY 911
TELEPHONE (907) 235-3150
TELECOPIER (907) 235-3151

MEMORANDUM 16-039

DATE: February, 18th 2016
TO: Katie Koester, City Manager
FROM: Mark Robl, Chief of Police
SUBJECT: New Police Station Square Footage

Some members of the Council have expressed concern about the large increase in size of the new Police Station as compared to our existing building. This is understandable - though the Public Safety Building Committee has spent significant time on the justification for increased space, Council has not. I hope this memo helps explain both the current and future space needs for the Homer Police Department.

The Committee has reduced the proposed size of the building from the initial design significantly. The first estimate put the anticipated space needs at 31,520 SF. Cost concerns sent the building committee back to work resulting in the current space needs estimate of 23,659 SF. I'll try to explain the need for the increased square footage in a segmented breakdown. Anyone looking at what appears to be the floorplan for the new building should realize it is not a floorplan. It is a projection of square footage needs and how they might be connected. One thing I'd like to note here applies to the entire building. Our existing storage space for records, tools, equipment and supplies of all types is woefully inadequate. We currently have two old connex's behind our building and a wooden shed we utilize in creative manners to meet our needs. There are square footage increases in every area of the new building to accommodate necessary storage.

Jail

Jail size in the new facility is estimated at 3768 SF. The most significant area of square footage increase in the jail is in the number of cells. It also has new spaces we do not currently have. These include a new soft interview room, secure and private attorney/inmate visitation rooms, a laundry room, temporary storage for evidence, officer/inmate interview rooms, an increased jail records storage area and a temporary holding room. The new jail is proposed to contain 8 cells versus the four we have now. Four cells are not enough, causing us to run out of space for prisoners on a regular basis. Just last week we had 23 new arrestees go through the jail resulting in several of them sleeping on cell floors and three trips by HPD personnel to Wildwood pre-trial to keep our numbers compliant. We also don't have the right configuration of cells. We are required by law to keep juveniles sound and sight separated from adults. We cannot do so in our current facility. Felons need to be separate from misdemeanants, males from females, ill

prisoners from healthy ones and so on. We often have prisoners in jail on mental health holds or detoxing. These inmates need to be in separate properly equipped cells. We are in violation of federal law every time we have to hold a juvenile. We always hold females and males in separate cells but often cannot meet mandated separation requirements.

The soft interview room will be located near the main entrance. It will provide us a friendly area where a member of the public can quickly and privately speak with a police officer or dispatcher while filing a complaint, filling out a witness statement, answering a few questions, providing a mandatory breath test and more. Most of these things are now done in the lobby with no privacy at all. This results in a rushed or hurried process which is ultimately less accurate than what we might achieve with a bit more time and privacy.

Our existing jail doesn't have nearly enough storage area for bedding, supplies or uniforms. Most of these items are stored behind the building in connex vans or ordered weekly when bi-yearly ordering would result in considerable cost savings and having adequate supplies on hand. The new jail should be designed to provide adequate storage as depicted in our current size estimates. Also new in the design for us will be a laundry room. Having a laundry room will eliminate the jail laundry contract by enabling jail officers to clean all jail linens, sheets, blankets, towels, etc.

The proposed design has rooms for an attorney to privately and safely meet with a client. The designed visitation space will double as visitation space for relatives and will eliminate some of the safety problems we have with our current facility. Prisoners will not have to be taken out of secure jail spaces for these meetings resulting in a huge and much needed increase in safety.

The new design also includes secure meeting spaces for an officer to interview a prisoner without having to take them out of the jail area.

Also new for us in the jail will be a temporary holding room. It is very common for us to bring in more than one arrestee at the same time. Being able to place one in a secure room while booking the other will offer us another vast improvement in safety and personnel flow. It will also enable one officer to safely process two prisoners while the other officer returns to a crime scene or ongoing situation of some type.

The booking room in the new facility is projected to be approximately 561 SF versus the 120 SF we now have. This additional square footage is sorely needed to allow multiple officers to safely handle a combative prisoner.

Another new feature included in the design is a sally port at an estimated 1024 SF. The sally port is essentially a two car drive through garage. It will provide a very significant and important officer safety and general public safety upgrade by providing a secure space to safely load and unload prisoners. Prisoners going back and forth to court will be safely confined in the sally port with very limited escape options. New combative arrestees coming in will also be more controllable for us in a confined space.

Property and Evidence

The evidence processing and storage areas in the new design is projected at 4879 SF. This is a very large increase over what we now have and is barely adequate to meet our projected future needs. It is the one area not significantly reduced in square footage from

the initial design estimate to our current one.

The need for adequate evidence storage room is dictated in part by the courts and department of law. We are now required to store some evidence for the life of the victim. Some has to be stored until the possibility of appeals is exhausted in the case. For major felonies, this can be 6 years or more. Some evidence even has to be retained for the life of the defendant. The evidence storage time for basic misdemeanors usually runs a minimum of two years, four and five is very common. Even though every arrest we make is done under Alaska State Statute and the state prosecutes our cases, there is no location we can send evidence to. If we make the arrest it's our case and our evidence. Every department in the state is in the same boat we are when it comes to evidence storage. We currently store evidence in a room inside our building we made by knocking down walls, eliminating an office, lobby area, break room area and reducing the size of our meeting room. We also store evidence in one of our connex's and our wood shed. These areas outside the secure building do not technically meet the requirements for secure evidence storage. They are also very problematic for us resulting in having to sometimes look in two or three places to find things. The new design with one central storage area will be a great improvement for us.

Also included in the new design are improved and increased areas for evidence processing, receiving, handling and packaging. We do not currently have any areas to safely handle evidence with blood or body fluids on them. We handle other types of hazmat materials while dealing with evidence that require ventilation and controls. We also need room to dry out drug evidence and other items. The methods we've developed and now use to handle these items violate OSHA requirements and established industry standards. They also complicate and confuse the chain of custody requirements we must meet to certify the purity of the evidence for court purposes. Our new building should be designed to address all of these deficiencies.

The new building has a projected two bay indoor area for the evidence processing of large items currently estimated at 580 SF. This will be utilized to process vehicles, snowmobiles, boats, ATV's, essentially anything that will fit inside. We currently have to store these items in an unsecure outside location and either process them outside or in a bay at public works. It is a critical need for us to be able to process this type of property in a secure, clean, controlled space at our own facility. We'll have the equipment on hand to do the job right and we won't have to work around someone else's schedules. It will also safely preserve the chain of custody for this type of evidence. We currently search and process vehicles on a bi-weekly basis or more and will keep this space busy. We had a project on the CIP list to accomplish this need for us for several years but it was never funded.

Another important thing to mention is our current lack of evidence processing areas. Latent fingerprint evidence is often very fragile in nature. We now have to package it and send it to the crime lab for analysis. Having the room to increase our processing abilities will allow us to use methods to stabilize latent prints and other types of evidence before we package them. This will improve the crime labs ability to successfully process the evidence we send them. Being able to improve our processing ability will also result in our ability to fully develop some types of evidence in-house to the point where it is usable in an on-going investigation. This can result in getting criminals off of the street and into custody faster and improve conviction rates.

There are a few other new to us features in the grey color coded portion of the new facility design I'd like to point out. They are near the police officer and staff entry area. Included is

a decontamination area, uniform/gear and boot storage and a small laundry room. The reasoning behind this area is we need a space where an officer can come in and get completely decontaminated before tracking contaminants through the rest of the building. Officers sometimes come in from bloody crime scenes with blood and body fluids on them. They can be contaminated by chemicals and fuels at accidents and fires. This area will provide them a space to change uniforms, wash down if necessary and launder soiled clothing.

There is also a small bunkroom included. This new room will enable an officer to sleep if having to work for very long periods of time. When we have a major felony crime committed against a person, we will initiate work on the case immediately. Work on some of these types of cases must continue unabated until all existing leads are followed up on. Experience has taught us if you don't catch a murderer within the first 72 hours after it's committed the odds of apprehending them start to quickly diminish. Other felonies such as a stranger sexual assault against another are similar. These types of cases must be vigorously pursued in a continuous flowing fashion without delay. The officers in charge of these investigations can't leave for those first crucial days or a successful outcome is jeopardized. The bunk room could also be utilized during an ongoing response to any major disaster or emergency situation.

Dispatch

Projected space needs for dispatch are at 2863 SF in the new building. This includes room for up to four dispatch consoles, (we currently have two), increased storage areas for supplies and records and a break room for use by all department employees. The dispatch area includes a reception area for greeting the public, a mail room area and restrooms.

The increased area for records and storage will replace some of the area contained in the connex's. The new design will enable dispatchers to be talking to someone in the lobby while still in earshot of the radios. The available room for the dispatch consoles is more than doubled over what we have now. Our existing space is very tight and cramped. Our two consoles meet current needs but there is not enough room for the future. Four consoles will enable continued dispatch activities while training new dispatchers and provide supervisor oversight and control positions. Having spare consoles will also expand our emergency response capabilities and provide spares in the event of equipment failures.

Lobby

The lobby in the new building is projected to be 1016 SF versus our existing lobby of about 400 SF. The new lobby will meet ADA space requirements and provides for an elevator to access the second floor, another ADA consideration.

Investigation and Patrol

The projected space needs of 4568 SF for investigations and patrol are shown in blue on the drawing. This is another area where our existing spaces for these functions are woefully inadequate. The new design will provide us designated and properly designed soft and hard interview rooms and a room for a polygraph. There are offices for all of the department's supervisors and senior patrol officers. There is space for an open area for most of the patrol officers to do case work in and a small briefing room for quick meetings

of on-shift personnel. There is also space provided for the copy room we don't have but need and storage of supplies and some patrol equipment.

We have reduced the projected space needs in this area of the building by approximately 1000 SF from the initial design. This is the core working area for the patrol officers, investigations and police supervisors. I have some concerns about this area becoming too small for our needs in the future. It is slightly larger than what we need now with our existing work force but it doesn't have a lot of room for expansion. The new building is being built and designed with the idea in mind it might have to be expanded in the future. This is one area where I feel the need to do so could well occur the soonest.

Training, Fitness, Meeting Space

The space needs shown on the second floor of the possible design provide for our needs in general meeting spaces, physical training and exercise and an indoor range. This area is projected to occupy approximately 6366 SF of the new building.

The training room and office total 924 SF. This room would be utilized for department meetings, meetings with other agencies and classroom type training sessions as well as some storage of training supplies and materials. Our current meeting/training space is too small for us. It is not large enough to hold the entire department work force and is very cramped for just the patrol force alone. When having monthly patrol meetings everyone can sit down but no one can move. Joint meetings of patrol and jail officers require someone to stand. Add in some training props/equipment and it is really, really undersized. The new proposed space will meet our current needs but will become small as time goes on and department growth occurs. It would be very difficult for us to perform meetings and trainings in another building. Dispatchers and officers can attend meetings and trainings at our own building while on duty. Having to travel to a different location will mean some of them won't be able to attend. It would result in having to meet or train two to four times instead of less costing more in overtime and causing scheduling problems. We discuss very confidential and protected information in meetings and some training sessions. It is safe to do so in our own secure environment but trying to do so elsewhere would be very problematic. We will conduct mission planning sessions and debriefs in this area as well. These types of meetings carry a high need for a secure space. I am totally against any plan to reduce or eliminate this critical space need.

The physical training and exercise spaces are projected at 1098 SF. Along with this space comes a subsequent need for showers and locker rooms currently estimated at 1639 SF. About 90% of our officers and many of our dispatchers utilize our current exercise room on an almost daily basis. There is a great need for officers to maintain fitness through regular exercise. An officer in good physical condition is less likely to resort to high levels of force in a situation if they can physically control it. They are less likely to be hurt or hurt someone. Stress reduction through exercise is another critical need for all public safety employees. Providing the space for our police department employees to exercise within the station is well known to increase the rate of participation. It enables employees to exercise before or after shifts that often start and end before any local exercise facilities are open. Participation is also increased because police employees are in a comfortable and secure environment. Many of our officers would simply not be able to go to our local clubs without being exposed to harassment at all levels. Another advantage to having adequate exercise equipment on site is officers recovering from on the job injuries can continue to perform their necessary physical therapy ordered exercise while working in a limited duty capacity. Our current exercise and physical training room is very small. We have a very limited

amount of workout equipment without enough room to add equipment that can specifically target areas known to be injury prone in officers such as backs and knees. Our space limitations also limit the number of employees that can workout at the same time. This causes problems when employees share the same time off together with overlapping exercise times. We try to utilize the exercise area for some physical training as well. Our goal is to conduct physical training, physical means of arrest training and defense tactic training on a regularly scheduled year round basis. We don't have the room available to do so now resulting in having to try to schedule time in the matt rooms at one of our schools. This is very difficult to arrange and schedule to match up with the availability of our personnel. The result is we're lucky to be able to do some things twice a year that we should be doing a minimum of six times a year. There is also the issue for us of doing defensive tactics training in a public area. This type of training needs to be done in a secure location. Having our tactics displayed on a Facebook recording must be avoided.

Shooting Range

The indoor shooting range is projected to have a space need of 2359 SF. This would be a small range with four to six shooting lanes, supply storage, an armory and a gun cleaning room. The proper storage for ammunition, guns and shooting related supplies along with a properly ventilated gun cleaning area is a current pressing need for us. We currently do these things in a small wooden building behind the police station with no ventilation and a small space heater in it that is inadequate much below thirty degrees.

We do our very best to maintain a very robust and active firearms training program on a year round basis. We currently have to shoot at the outdoor range owned by the local gun club located between Homer and Anchor Point. Officers should be firing each one of their weapons systems once per month on their own and are required to participate in department organized training and qualification sessions which we try to do four times per year. Inclement weather, varying shift schedules, scheduled vacations and other department training needs are all impediments to meeting our desired quarterly shooting objectives. Sometimes we'll get all of these various factors to fall in proper alignment, have weapons qualifications scheduled at the range and end up having to cancel due to driving rains and 40mph winds. Other factors working against us with utilizing the range include the changing schedules of the gun club and their needs. Additionally, the outdoor range is located in an old gravel pit. Radio coverage is poor and often totally non-existent. Cell phone coverage is the same. There is no guarantee of being able to contact the officers at the range. With more than half of the department at the range at one time, our ability during scheduled shooting events to provide rapid back-up to an officer in need is severely hampered. I firmly believe any new police station being built in Alaska should have an indoor range as part of the design and I think our unique local conditions amplify this need. We will also use the indoor range to provide us with ample matt space for defensive tactics training. Even in the projected 1000 SF exercise room, there will be very limited space for matt work. We would have enough room in the indoor range to work two to three officers through conflicts at the same time, thereby maximizing the amount of training we can do simultaneously. We could also utilize the range for other types of training, such as force on force, simulated munitions, shoot don't shoot and more. Having our own range will lower overtime costs, improve the quality and quantity of our training and ease scheduling.

I suggest that if we can't afford to build a completed indoor shooting range now, let's at least build the empty space and finish it when we can afford to do so. This is an area where it might be possible to pursue some grant funding or local fund raising projects.

From: Jo Johnson
Sent: Monday, February 22, 2016 8:16 AM
To: Melissa Jacobsen
Subject: FW: Resolution 16-016

Jo

From: Mary Griswold [<mailto:mgrt@xyz.net>]
Sent: Sunday, February 21, 2016 6:45 PM
To: Department Clerk
Subject: Resolution 16-016

(Please include in the Supplemental Packet)

Resolution 16-016 Public Safety Building

I support moving ahead with bonding for construction of a \$10M police station at the HERC site and renovation of the existing fire station per Chief Painter's memo. However, I continue to be extremely frustrated that the design for the public safety complex is severely compromised by requiring it to be built around the existing gym.

If you look at Design Sheet A-102, you will see that the police facility will be built within three feet of the gym. This is not efficient for construction. If you look at Design Sheet A-112 you will see the very awkward upstairs lobby connecting the two facilities. The fire department does not have convenient access to shared training and exercise rooms. In addition, the fire department administration and public access is one floor lower than the apparatus bays, which is not efficient for fire response or educational school tours.

The design of a 30-year \$30M public safety complex should make the best use of its site. Compromising now to preserve for a short time the use of the gym is not wise. I have suggested other layouts for the fire station that do not conflict with keeping the gym, but the surprisingly steep grade to this property does not allow much choice. I strongly suspect a better layout would be achieved if preserving the gym were not a priority.

Please ask the design team to prepare a conceptual design for the best public safety building layout before proceeding with construction of the police facility.

Please also take steps to replace in a timely manner all the recreational opportunities provided at this site.

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 City Manager/PW Director

4 **RESOLUTION 15-021(S)**

5
6 A RESOLUTION OF THE HOMER CITY COUNCIL AWARDING THE
7 CONTRACT FOR THE DEEP WATER DOCK UPLANDS IMPROVEMENT
8 2016 PROJECT TO THE FIRM OF PUFFIN ELECTRIC, INC. OF HOMER,
9 ALASKA, IN THE AMOUNT OF \$864,235.72 AND AUTHORIZING THE CITY
10 MANAGER TO EXECUTE THE APPROPRIATE DOCUMENTS.

11
12 WHEREAS, In accordance with the Procurement Policy the Invitation to Bid was advertised in
13 the Homer News on January 21 and 28, 2016, and the Peninsula Clarion on January 24, 2016, and
14 posted on the City's webpage; and

15
16 WHEREAS, Bids were due by 2:00 p.m. on Thursday, February 18, 2016, and four bids were
17 received by the City Clerk's office (see Memorandum 16-038); and

18
19 WHEREAS, Puffin Electric, Inc. of Homer, Alaska was found to be the lowest responsive bidder;
20 and

21
22 WHEREAS, The work is funded by a State Legislative grant, the purpose of which is to make
23 improvements to the Harbor operations at the Deep Water Dock, and

24
25 WHEREAS, This award is not final until written notification is received by the firm from the City
26 of Homer.

27
28 NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, awards the
29 contract for the Deep Water Dock Uplands Improvement project to the firm of Puffin Electric of
30 Homer, Alaska, in the amount of \$864,235.72 and authorizes the City Manager to execute the
31 appropriate documents.

32
33 PASSED AND ADOPTED by the Homer City Council this 22nd day of February, 2016.

34
35 CITY OF HOMER

36
37
38 _____
39 MARY E. WYTHE, MAYOR

40 ATTEST:

41
42
43 _____
44 MELISSA JACOBSEN, CMC, ACTING CITY CLERK

45
46 Fiscal Note: Account number 415-0926; \$864,235.72



MEMORANDUM 16-038

To: Katie Koester, City Manager
From: Carey Meyer, PW Director
Date: February 22, 2016
Subject: **Award of Construction Contract
Deep Water Dock Uplands Improvement**

On February 18, 2016, bids were received for the **Deep Water Dock Uplands Improvement** project. This work was advertised in the Homer News - January 21 and 28; and in the Peninsula Clarion - January 24, 2016.

This project consists of installation of 2600 LF of 9' chain link fence, 6 chain link sliding gates, 16 light poles (40'), security cameras, asphalt paving (80,000 SF), pavement marking, storm drainage, and other misc. items to improve the storage/laydown areas serving the Deep Water Dock. The project is funded through a State Legislative grant.

Four responsive bids were received from qualified firms. The bid results were evaluated and the results are as follows.

Responsive Bidder's Names	Local Bidder?	Amount
Puffin Electric, Inc.	Yes	\$ 903,235.72
Build Alaska General Contractors, LLC	Yes	\$ 1,038,574.99
Merkes Builders, LLC	No	\$ 1,061,289.80
Mass Excavation Inc.	No	\$ 1,082,473.00
	Engineer's Estimate	\$ 885,266.50

The City's 5% local bidder's preference does apply. The low bidder was local.

To allow for the project to be completed within the established budget, some minor adjustments to scope were made. These adjustments included simplifying the lighting installation by changing the electric service connection location, reducing lighting pole pile diameters, and eliminating some chip pad demolition work.

Recommendation:

City Council pass a resolution awarding the construction contract for the Deep Water Dock Uplands Improvement project in the amount of \$864,235.72 to Puffin Electric, Inc. of Homer, Alaska and authorizing the City Manager to execute all appropriate documents necessary to complete this project. (Fiscal Note - DWD Uplands Improvements 415-0926)