

MANAGERS REPORT

November 22, 2010

TO: MAYOR HORNADAY / HOMER CITY COUNCIL

FROM: WALT WREDE

UPDATES / FOLLOW-UP

1. Website Launched: You may have noticed or heard that the new City website has been launched. If you have not been there yet, please take the time to check it out. www.ci.homer.ak.us. Please keep in mind that this is still very much a work in progress. Links are still being established and documents and other information posted. But generally, everyone seems pretty excited about the capabilities of the new site. It should be a much more useful tool for the public. For example, one of the new features allows folks to sign up for e-mail alerts. And you can pick what you want. So, if for example, a resident just wants to receive copies of Port and Harbor Commission agendas, they can do so. The Library page and the Clerk's page are particularly impressive. This new site will save time for staff when it comes to disseminating public information. But it will also require a refocus and more effort spent on keeping the site current. Terry Felde is the Website Coordinator and she has done an excellent job pulling this together. She also had a great deal of help from the liaisons in each department. Please let us know if you would like a public demonstration and/or training on the new site. We could do that at an upcoming workshop.
2. Comprehensive Economic Development Strategy (CEDS): The Economic Development Commission has completed its work on the CEDS. It voted to pass the draft document on to the Council for review and approval at its regular meeting on November 9, 2010. A copy of the document was provided with your packet as an informational item so that you have some time to look it over and give it some thought. We thought it would be a good idea to put the resolution approving the CEDS off until the January 10 meeting so that the Council will be able to devote as much attention as possible to the budget. As you know, there are only two more scheduled meetings this year.
3. Business Travel: Last week I traveled to Soldotna along with Carey, Bryan, and Rick to meet with the Corps of Engineers. In the morning we discussed transfer of the Corps permit for the seawall to the property owners and a City permit application to make beneficial use of dredged spoils. In the afternoon we discussed a regional general wetlands permit for the proposed Enstar transmission, distribution, main, and service lines. A little more information about all of these topics appears below. The week of November 15 I will be travelling to Anchorage to meet with DOT/PF about several stalled projects including the Main St. traffic signal, the Spit Trail extension, the Deep Water Dock, and the TORA Agreement. These four projects will be top priorities in the coming year.

4. Fire Training Facility: Chief Painter is scheduled to travel to California on December 2 through December 4 to conduct a pre-delivery construction inspection. If everything looks OK, the facility will be shipped to Homer and we anticipate its arrival before the end of this year. After much discussion, we have decided that the best location for the facility, at least initially, is on the Spit. It was hard to find a location that was away from residential areas and close to a water source. The Spit provides both including access to a hydrant. The spot chosen is on gravel, but within the Chip Pad enclosure, at the Northwest corner, near the road and the fire hydrant. There will be some limited smoke several times a year during training exercises. We really look forward to getting this facility up and running.
5. Update: Fire Mitigation Project / Bridge Creek Watershed: This project is moving along slowly and methodically. As everyone knows, this is a sensitive area and no one wants to do anything that would endanger water quality or important habitat. The Bridge Creek Watershed Protection District Ordinance contains many requirements that must be met before an operation of this type can be undertaken. The ordinance also requires that the Homer Soil and Water Conservation Service review the plan and make recommendations on the required erosion and sedimentation plan. All of this takes time. We have received recommendations from the Soil and Water Conservation District and also consulted with the Department of Fish and Game and Cook Inlet Keeper. A field trip took place several weeks ago. On Tuesday of this week, the Spruce Bark Beetle program staff will be here to discuss where we are and to perhaps start putting together the Conditional Use Permit application. It is starting to get a little late in the season and much will depend upon the weather and how long it takes to obtain the CUP.
6. Update: Enstar Project: Enstar has completed the distribution line from the North Fork Road to the Chapman School. It is my understanding that the school and some of the businesses fronting the line are now hooked up and will be served with gas next spring. Enstar is preparing design and costs estimates for extending the distribution line down to Homer and beyond. The goal is to have the information ready for the legislature to consider in January. The Corps of Engineers is actively discussing a regional general wetlands permit for Enstar's transmission, distribution, main, and services lines. The idea is to issue one permit for the entire expected build-out of the project instead of many individual permits for each segment or subdivision. This will save a lot of time and red tape. In the next few months, Enstar and the City will map out the expected location of the Main lines in City streets. We hope to get the gas distribution task force up and running soon to help with this effort. The Kachemak City City Council has already decided that it will finance the installation of the gas mains throughout the entire City and pay for it with an increase in the mil rate. So, they are significantly ahead of Homer in that regard. The City, the State, and Enstar are still working on amendments to the grant agreement to satisfy the concerns expressed by the Council. At the time this was written, I had still not signed the construction agreement. I covered a lot of ground quickly here. Please let me know if you have questions.

7. Kachemak Drive Phase II Water and Sewer: What is next?: As you know, after new information came to light, the City rejected all bids and returned the bid bonds to all bidders for the Kachemak Drive Phase II Water and Sewer LID. At this time, we suggest going back to the engineer who produced the project cost estimate (five years old now) and reevaluating the estimate and looking for some value engineering to lower costs. If the new cost estimate is more than 15% higher than the estimate the property owners approved, or if the new scope of work is significantly changed, it is likely that we would have to go back to the property owners for approval. The goal is to re-bid the project and work toward construction beginning next summer or fall. Attached is a memorandum from the Public Works Director suggesting the way forward. Please let us know if you want to spend more time on this at some future meeting. This may become an action item for the Council at some point. We do have some time in which to consider this carefully since the Council has already extended the project timeline. It is my understanding that all secured permits are good for at least three years.
8. Energy Audit / City Buildings and Facilities: The consultants have completed their energy audits and recommendations for City buildings and facilities. A representative for the contractor will make a presentation as a visitor on the regular agenda. Attached is a memorandum from the Public Works Director along with a spreadsheet which shows the energy saving projects with the biggest payback. The work on these projects is at 65%. We are looking for tacit approval from the Council to move specific projects to 95%. At that point we would be ready to ask the Council to appropriate funds to make the improvements. Note that the estimated costs to do all of the projects exceeds what we currently have available. Discussion will be necessary about which projects to proceed with, whether we want to expend the entire RLF in one shot, and whether more money should be appropriated or applied for. Again, let us know if you want to add this topic to a future workshop.
9. Derelict Vessels: Several years ago, the Council asked lots of questions about why we had so many derelict vessels in the harbor. Since that time, Bryan and his staff, working closely with the City Attorneys, have redoubled efforts to get these vessels out of the harbor. It is difficult and tricky to do this and many harbors are struggling with the same problem. Bryan has done an excellent job and he has been able to use a number of creative approaches to making this happen. We have reported to you about several vessels that have been removed over the past two years. Some vessels were cut up and recycled and left with the rest of the scrap steel this summer. This includes one large barge and derelict vessel that were beached on City tidelands. The latest vessel to leave is the Inlet Harvester. Many of you will remember this ship. It has been inactive and tied up at JJ Float for well over a decade. It was taking up a huge amount of moorage space. Now that it is gone, the space is available for “working” boats. We are trying hard to impress upon people that the Homer Harbor is not a storage yard. It is a working harbor and we want vessels that are actively working and providing jobs and revenues to this community. Attached is a memorandum from the Port and Harbor Director summarizing efforts in the past few years.

10. Tidal Power Update: We recently learned that the Alaska Energy Authority intends to reject the City's Round IV tidal power feasibility study application. The reason given is that this pot of alternative energy money is for construction, not feasibility studies; something that we have received very mixed messages on in the past. So, that is the bad news. The good news is that AEA is suddenly very interested in exploring tidal power and they want to do a joint project directly with NOAA to look at the feasibility of tidal power in all of Cook Inlet, including Kachemak Bay. So, from my point of view, this is a win-win situation for the City. We now have reasonable assurance that tidal power opportunities will be explored. And, the City is relieved of the responsibility of being the grant recipient and the project manager; something that would have required a great deal of staff time and effort.
11. Beneficial Uses of Dredge Spoils: The City has submitted an application to the Corps of Engineers to use dredge spoils to create several new parking lots and to replenish certain beaches that have experienced erosion. We did this for several reasons. 1). An attempt to assist the Corps as it attempts to devise a 20-year dredging plan, 2) an attempt to replenish eroded beaches which has been encouraged in the past, 3) an effort to create more off street parking which has been recommended. Beneficial uses of dredged materials is encouraged in official Corps documents. The Corps held an initial scoping meeting with permitting agencies and we expect that they will request more information. Concern was expressed about proposed revetments and possible contamination of the dredged materials.
12. Seawall Update: We continue to be faced with seawall issues and are attempting to make progress. We are working with the Corps to have the permit transferred to the property owners which is where it should have rested in the first place. The Corps has responded that under its rules, it can only transfer a permit to a willing party. We have explained the unique circumstances to them and they have requested more information. I will be initiating a conversation with the property owners to determine if there is a willingness to assume responsibility for the permit. I will also make another attempt to sell the two lots the City owns as directed by the Council. In the meantime, the property owners met with Senator Begich when he was here and they want support from the City for improvements to the wall. It seems like there is room for agreement on a path that benefits everyone here and I will continue to attempt to find a solution.
13. Budget Amendments: We have made some changes to the draft budget without going through the formal budget amendment process. Regina will provide you with new budget pages that you can insert into your draft budget. These changes are simply clerical errors. They are not substantive changes. For example, they include the \$22,000 mistake that Francie discovered in the library personnel budget, another \$29,000 mistake that was discovered in the jail personnel budget, inclusion of the \$5,000 expenditure for website hosting and maintenance which Council had approved previously, and changes to the Old Intermediate School Budget (Leased Properties) that reflect changing circumstances.
14. Records Retention: Tom Klinkner, Holly Wells and I have been talking about the need to amend the City Code section on records retention as it relates to e-mails

for awhile now. This section of the code needs to be changed to reflect changes in technology and the law. Work on that ordinance is in progress and I hope to bring you something on it in January.

15. Senator Begich Follow-up: We are working to follow-up on the requests Senator Begich had when he was here. Some information we can provide right now, such as information on Homer intersection improvements, earmark money and the stalled deep water dock project, and the erosion problem at mile 150-157, Sterling Highway. Anne Marie is providing that information to the Senator. Other items he requested will be forwarded when they are complete. Those include the Enstar design and cost estimates for extending the gas transmission line to Homer and beyond and the Corps of Engineers technical report on the proposed East Boat Harbor.
16. Old Water Treatment Plant: Progress is being made regarding the demolition of the old water treatment plant building. Most of the electrical and other important and salvageable equipment has now been removed. We anticipate that a request for bids will be issued next month or in January and that demolition will take place this winter. This spring we can focus on the new fire station facility on the remaining cement pad.
17. Fire Department Recruitment: The Fire department is conducting a Firefighter I class and testing will take place in December. There are presently eight students taking the class. An EMT training class will begin in January. The Department is working hard to step up recruitment and efforts appear to be paying off.
18. Library / Budget Questions: At the last budget workshop, questions were raised regarding the impacts of reducing the book budget, reducing travel and training costs, and charging for computer use, among other things. Attached is a memorandum from the Library Director which discusses these topics.

ATTACHMENTS

1. November Employee Anniversaries
2. Memorandum from Library Director re: Budget Questions from last Workshop
3. Memorandum from Public Works Director re: Kachemak Drive Water and Sewer
4. Memorandum from Public Works Director re: Energy Audits and Recommendations for capital expenditures.
5. Memorandum from Port and harbor Director re: Derelict Vessels