

Session 10-24 a Regular Meeting of the Homer City Council was called to order on August 23, 2010 at 6:18 p.m. by Mayor James C. Hornaday at the Homer City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska, and opened with the Pledge of Allegiance.

**PRESENT:** COUNCILMEMBERS: HOGAN, HOWARD, LEWIS, ROBERTS,  
WYTHE, ZAK

STAFF: CITY MANAGER WREDE  
CITY CLERK JOHNSON  
CITY PLANNER ABOUD  
FINANCE DIRECTOR HARVILLE  
POLICE CHIEF ROBL  
PORT AND HARBOR DIRECTOR HAWKINS

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

Council conducted a Worksession from 4:01 p.m. to 4:51 p.m. to discuss Lease Policy amendments. Council met as a Committee of the Whole from 5:00 p.m. to 5:28 p.m. to discuss Regular Meeting Agenda items. The Teshio Delegation met with the Mayor and Council prior to the Regular Meeting making exchanges of goodwill.

### **AGENDA APPROVAL**

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

The agenda was amended to move Mayor's Recognition – Juanita Cox, August 29, 2010, 90<sup>th</sup> Birthday to right after agenda approval. The agenda as amended was approved by consensus of the Council.

B. **Mayor's Recognition** – Juanita Cox, August 29, 2010, 90<sup>th</sup> Birthday

Mayor Hornaday read the recognition to Juanita Cox, with her family in attendance.

### **PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA**

Lynn Whitmore, Anchor Point resident and advocate for Moose Habitat, Inc., supports Resolution 10-72. The non-profit group is exempt from borough taxes with nearly 1,000 acres of land set aside for wildlife.

### **RECONSIDERATION**

None.

## CONSENT AGENDA

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

- A. Homer City Council unapproved Regular Meeting minutes of August 9, 2010. City Clerk. Recommend adoption.
- B. **Memorandum 10-113**, from Mayor, Re: Appointment of Beth Cumming to the Parks and Recreation Advisory Commission.

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

ZAK/WYTHE – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

## VISITORS

- A. **Teshio Delegation, Sister City**

The Teshio Delegation was present prior to the Regular Meeting and exchanged goodwill greetings with the Mayor and Council.

- B. **John Torgerson**, Kenai Peninsula Economic Development District (KPEDD), Recent Borough-wide Business Survey

A PowerPoint presentation on the Kenai Peninsula Economic Development District business survey was presented by Tom Sloan, Vista volunteer. Both borough-wide and Homer businesses expect the economy will improve in the coming year. Homer businesses were the most optimistic of all cities polled within the Borough. The survey identified the barriers to growth; Homer's being access to a larger market, public transportation, and improvement of internet access speed. Increased tourism, an expanded college education system, and alternative renewable energy sources were listed as economic boosters for the community. There is less support in Homer for Pebble Mine, coal export projects, and Cook Inlet resource development.

John Torgerson reported a USDA grant for \$90,000 was administered to Taz Tally for business energy audits. The grant will accomplish 27 audits. The KPEDD has State funding to look at tidal energy. An agreement with the State for a broadband energy study was made.

Councilmember Zak commented Alaska Small Business Development worked with KPEDD to obtain funds for business owners. The KPEDD has a wonderful business incubator system with some availability in Nikiski. In Homer the oyster growers applied for a USDA grant.

John Torgerson reported the KPEDD was involved in creating the first oyster co-op, a prerequisite in the grant applications. The KPEDD applied for a USDA grant on their behalf and they received \$1M to start building. The oyster growers put a substantial amount of funding in that for their behalf. The market has greatly expanded.

C. **Enstar**, John Sims and Charlie Pierce

John Sims, Enstar Manager of Corporate Communications and Customer Services, provided an update on Enstar's progress on the natural gas pipeline. Enstar is a regulated utility, under the jurisdiction of the RCA. The contract agreement to extend service included the provision for the City to pay upfront. Realizing that has made some people nervous, Enstar is happy to waive the provision on upfront payment. The added terms were vetted by the City's attorneys and all are happy with the agreement. Enstar has ordered a mile of 8" plastic pipe and fittings and has contacted contractors to begin looking at the costs. Mr. Sims spoke with the State budget department, who in turn spoke with Representative Seaton. The State will be satisfied with a formal notification of Enstar as the approved entity for the gas line.

Asked by Councilmember Hogan how the right-of-way (ROW) access will work, Mr. Pierce answered that both phases in the project are within State DOT ROWs. Pipe will be installed in the ROW about five feet off the property. The State and Borough permit for subdivision roads that cross in Borough ROW's.

Asked by Councilmember Roberts if the project was still on time, Mr. Pierce answered weather is a concern. They are not able to install pipe in frozen ground. They anticipate a letter to proceed from the City for the 14-day project. The station will be installed later in the winter. A lot has been secured for the regulation station and a contractor will start clearing the property for development.

Councilmember Zak asked if the gas line would allow future capacity to serve Homer and Fritz Creek. Mr. Pierce replied eight years ago Enstar looked at the present and future load by driving every developed street to see the residential and commercial lots. Flow calculations were made of all of Homer's properties.

Councilmember Zak asked that Enstar's letter include language that their ability to supply Homer would have no impact on their existing customers. Mr. Sims answered because the gas line is taking part in phases he cannot speak to a project that has not yet been approved. Enstar has contracts that last until 2013. They want to serve Homer, but cannot speak for projects that may be years later. Asked if Homer may not see gas next year, Mr. Sims answered Enstar forecasts their requirements to producers on an annual basis. Anchor Point is included in the contract up to 2013; if the Governor approves a contract extension they will include Homer in the forecast.

Mayor Hornaday commented Enstar has assured us they have natural gas for Homer. It now raises a question if there is gas for Homer. Mr. Sims answered Enstar does have gas for Homer now. In 2013 Enstar's contracts expire with producers, all users within the service territory would be out of gas.

Mayor Hornaday commented we do want to help our neighbors in Anchor Point, but he can see Homer getting left out in the dark again. Mr. Pierce pointed out several years ago Enstar presented a letter to the City with several benchmarks in the North Star agreement. They had good intentions to follow through on the agreements. The performance of Enstar acquiring contracts is favorable. If the appropriation comes next year, gas will be secured. He wants to be careful we don't get ourselves into a dark syndrome.

Councilmember Hogan asked if Enstar has multiply supply contracts. Mr. Sims answered they currently operate on four different contracts, two from Marathon, one from Chevron, and one from ConocoPhillips with the current supply lasting until 2013. Enstar has 130,000 customers. The intent language was included so Enstar could not irresponsibly say they could serve an area they didn't have gas for. The North Fork unit is developing two additional wells. Enstar has first right of refusal on natural gas. There are other entities they are exploring.

Councilmember Wythe commented if additional gas resources were found closer to Homer, Enstar's first obligation is to serve existing customers. Mr. Sims concurred.

Mayor Hornaday commented it has been 40 years for gas to arrive in Homer. To allow a station in Anchor Point without service to Homer will create considerable more unhappiness. Mr. Sims responded that Homer is an isolated town and it costs to bring utilities here. Phase I will take the line to Chapman Elementary School. Phase II is a significant increase in costs and it is questionable if money will come in the future.

Mr. Pierce commented they are proceeding cautiously, and have performed by ordering pipe and facilities and purchasing land for the regulation station. In the number of years he has worked on the project, this is the most positive thing he has seen. It has tied Homer into the existing system, creating a lower cost to serve. He encouraged Council to move forward and get it built. It is an opportunity to create the starting gate for the system.

Councilmember Zak asked what would be the soonest date Homer would get gas if the State comes through with additional funding. Mr. Sims and Mr. Pierce answered the biggest component is the cost in the transition line. It would take 90 days to get the gas line to Homer from Anchor Point down the Old Sterling Highway. Enstar is currently working on cost estimates with Representative Seaton's office. There is a considerable amount of engineering time and labor.

## **ANNOUNCEMENTS/PRESENTATIONS/BOROUGH REPORT/COMMISSION REPORTS**

A. **Mayor's Proclamation** – Sea Otter Awareness Week September 26 – October 2, 2010

Mayor Hornaday read the proclamation.

B. **Mayor's Recognition** – Juanita Cox, August 29, 2010, 90<sup>th</sup> Birthday

Heard under agenda approval.

C. Borough Report

D. Commissions/Board Reports:

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

#### **PUBLIC HEARING(S)**

A. **Ordinance 10-40**, An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating a Grant from the Kenai Peninsula Borough 2008 Cruise Ship Passenger Tax Program Receipts in the Amount of \$2,897.50, and Authorizing the City Manager to Execute the Appropriate Documents. City Manager. Introduction August 9, 2010, Public Hearing and Second Reading August 23, 2010.

Mayor Hornaday opened the public hearing. In the absence of public testimony Mayor Hornaday closed the public hearing.

Mayor Hornaday called for a motion for the adoption of Ordinance 10-40 by reading of title only for second and final reading.

WYTHE/LEWIS - SO MOVED.

Asked by Councilmember Lewis if there were strings attached to the grant, City Manager Wrede responded Amendment 1 allows the grant to be spent on things that benefit the cruise ship industry.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

B. **Ordinance 10-41(A)**, An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code Regarding Appeals Procedures Found in Chapter 21.93. City

Manager/Planning. Introduction August 9, 2010, Public Hearing and Second Reading August 23, 2010.

Memorandum 10-109 from City Planner as backup.

Mayor Hornaday opened the public hearing. In the absence of public testimony Mayor Hornaday closed the public hearing.

Mayor Hornaday called for a motion for the adoption of Ordinance 10-41(A) by reading of title only for second and final reading.

ROBERTS/WYTHER - SO MOVED.

Brief discussion ensued on Line 127 as to the appeal record. The items within the record are defined in Line 128. Councilmember Howard thanked the City Attorney for making Council's job easier with the amended appeal procedures.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

#### **ORDINANCE(S)**

- A. **Ordinance 10-42**, An Ordinance of the Homer City Council Amending the Official Road Maintenance Map of the City of Homer by Adding 470 Linear Feet of Road Improvements to Quinault Avenue, or .09 Miles of Rural Road. City Manager/Public Works Director. Recommended dates: Introduction August 23, 2010, Public Hearing and Second Reading September 13, 2010.

Memorandum 10-112 from Public Works Inspector as backup.

Mayor Hornaday called for a motion for the adoption of Ordinance 10-42 for introduction and first reading by reading of title only.

LEWIS/ZAK - SO MOVED.

Councilmember Roberts asked if there must be two houses on the street for city maintenance. Clarification will be provided for the next meeting.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- B. **Ordinance 10-43**, An Ordinance of the City Council of Homer, Alaska, Authorizing the City to Grant an Easement for Residential Driveway Access Across City Property Described as Lot 34, Tulin Terrace Subdivision Upper Terrace. City Manager.

Recommended dates: Introduction August 23, 2010, Public Hearing and Second Reading September 13, 2010.

Mayor Hornaday called for a motion for the adoption of Ordinance 10-43 for introduction and first reading by reading of title only.

HOGAN/ZAK - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

### **CITY MANAGER'S REPORT**

#### **A. City Manager's Report**

1. Memorandum 10-110(A), from City Clerk, Re: Amendment to Account Number and Expenditure Description for Ordinance 10-22
2. Budget Priorities

### **UPDATES / FOLLOW-UP**

At the most recent Committee of the Whole Meeting, the Council was scheduled to discuss Council priorities for the upcoming FY 2011 Operating Budget. As you know, we never got to that topic because we spent the entire hour talking about fire mitigation in the Bridge Creek watershed. We could talk about this topic a little at this Committee of the Whole but we likely won't have much time because the Teshio delegation will be visiting with us.

So, in order to keep us on track, I thought it might be useful to devote the entire Manager's Report to this subject. If we don't discuss this at the Committee of the Whole, we can do so during the regular meeting (or both). This is an important discussion to have because it is very helpful to me to know Council budget priorities for the coming year as we begin developing the document. You will recall that last year, I incorporated most of the Council priorities into a set of guiding principles. That was very important in a year in which a tough budget decision had to be made.

I can also provide some updates on the gas line, the TORA Agreement, and the Fire Mitigation Program, among a myriad of other things if Council wishes. Enstar representatives will be there as a visitor so I think the gas line topic will be covered.

## **BUDGET PRIORITIES**

At the last meeting, Regina provided a Treasurer's Report which showed that the City's revenues and expenditures are basically tracking with the adopted budget. It is really too early to make any projections that we can be confident in regarding revenues. We will have a much better picture of sales tax revenue at the end of the third quarter. And property taxes, while a little more predictable, also do not come in until later in the year.

We have anecdotal evidence that the economy has picked up a little over last year and the City hosted a number of special events. So, it seems reasonable to expect that sales tax revenues will be up over last year. So, I think one topic that would be good to think about now is what Council would want to do with any extra revenue if it arrives. While we might be in a position to add a few things back into the budget, I would urge caution because the economy in the next few years still seems uncertain, to say the least. I would think hard about adding things that might not be sustainable if the economy slumps.

You will recall that last year was a tough one and a lot of things were cut or simply not funded. Following is a partial list of those things. We would be really interested in hear how Council would prioritize these items if extra funds were available.

- 8 vacant, full time equivalent positions
- No contribution to depreciation reserves
- No contributions to fleet reserves
- No capital equipment purchases
- No employee COLA
- Reductions in overtime, training, travel
- Reductions in contributions to NGOs

In addition to the above, Council may also want to discuss other budget topics such as tax policy, level and type of service delivery, increased efficiency, etc.

City Manager Wrede referenced Ordinance 10-41(A), line 66, appeal record. The items are listed on line 128, the sequencing is awkward.

City Manager Wrede reported Enstar is going back to the Governor to provide answers and assurances that were included in the four points outlined in the capital budget. As soon as Enstar does so, the City Manager will let the Governor know that Council would like a written letter back. The letter would say clearly the City of Homer is authorized to spend the money for the Phase I project. The project includes \$300,000 for the regulation station and the remainder of the money for the 8" pipe to go as far as they can, most likely Chapman Elementary School.

Asked by Councilmember Wythe if there was a document sent to the State as an authorization to proceed, City Manager Wrede answered affirmatively. The letter explained why the City believed the four recommendations were met that were part of the grant agreement. The letter from Karen Rehfeld, Director of the Office of Management and Budget, raises questions about what the money is to be used for. If Enstar could answer questions to the Governor, he would



like a letter to say so. The amended contract says Enstar would not submit invoices to the City of Homer until City Council has accepted and executed the grant agreement.

Councilmember Wythe stated Council was looking for clarification on the Karen Rehfeld letter received on August 13<sup>th</sup> and would not proceed until they get the letter of approval and have executed grant documents.

Councilmember Roberts and Hogan asked that Council be kept informed so they can understand the issues. City Manager Wrede agreed to send regular emails to advise the Council on Enstar developments.

Councilmember Zak commented Enstar referred to us as isolated. He would like Enstar to not forget about us since we are at the end of the line. It is their obligation to serve us since we are so close and are cooperating. We are putting ourselves out a little based on a future phase. There will be a lot of people upset if they don't come forward soon. We could provide a recommendation in the Capital Improvement Plan.

Councilmember Wythe asked about Enstar's obligation to serve existing customers. They would be hard pressed to provide anything as to Phase II without financing.

Mayor Hornaday commented if we take money from the State, give it to Enstar and then Enstar says no gas to Homer, it would be another chapter in the 40-year sequence of events. He does give Enstar credit for responding to the City's requests to amend the agreement.

City Manager Wrede answered John Simms can tell the Governor the four conditions are met for Phase I; he cannot tell the Governor those conditions are met for Phase II at this time. Councilmember Wythe reminded everyone we are acting as a conduit for our neighbors in Anchor Point. City Manager Wrede concluded if Phase II is not funded we will be out in the cold. If Phase II is funded and we get gas, we will have the same rights as others.

Councilmember Zak noted Wasilla and Palmer are the greatest growing cities; we need to tell the Governor that Homer should be prioritized for natural gas.

B. Records Inventory Report

**COMMITTEE REPORT**

A. Public Arts Committee

B. Transportation Advisory Committee

Councilmember Roberts reported the TAC evaluated the CIP list and made recommendations. The committee has an opening for another member.

C. Permanent Fund Committee

D. Lease Committee

**PENDING BUSINESS**

- A. **Resolution 10-69**, A Resolution of the City Council of Homer, Alaska, Approving a Transfer of Responsibility Agreement (TORA) Between the State of Alaska and the City of Homer Regarding Management and Enforcement of Parking, Loading Zones, Pedestrian Crossings, and Seasonal Speed Zones Within the Sterling Highway Right of Way on the Homer Spit. City Manager. (Postponed from August 9, 2010)

Motion on the floor from August 9, 2010: MOTION FOR THE ADOPTION OF RESOLUTION 10-69 BY READING OF TITLE ONLY.

City Manager Wrede asked for postponement due to questions he is trying to work out with DOT. They will write an amendment to the TORA to correct diagrams of crossings. It may involve work of the Planning Commission, Port and Harbor Advisory Commission, or the Transportation Advisory Committee. Exhibit C was not included in the packet. The state asks that we provide suggestions for crosswalks and signs.

Councilmember Hogan commented we appropriated \$15,000 long ago to a contractor to study this. He does not know what work product was ever received. Councilmember Roberts answered the funds were appropriated for a parking study, different from the DOT right-of-way.

DOT wants the City responsible for all signage on the Spit, including speed limits, parking and pedestrian crossings. DOT will have to pre-approve it; the City will pay for it. There are preliminary numbers from Public Works as to the costs. It was suggested a sign to tune your radio to Spit information be displayed.

Mayor Hornaday called for a motion to postpone to the second meeting in September.

ZAK/ROBERTS - SO MOVED.

City Manager Wrede indicated it would take a little longer if the Planning Commission, Port and Harbor Advisory Commission and Transportation Advisory Committee were involved.

Asked if the signage and crosswalks were incorporated in the Spit Comprehensive Plan, City Planner Abboud reported a final draft will be ready soon. The draft will be out for public review and an open house will be held to review the plan.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

**NEW BUSINESS**

None.

## RESOLUTIONS

- A. **Resolution 10-70**, A Resolution of the City of Homer, Alaska, Noting the Insufficiency of the Petition for Crittenden Road Improvements. City Clerk.

Mayor Hornaday called for a motion for the adoption of Resolution 10-70 by reading of title only.

LEWIS/ROBERTS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- B. **Resolution 10-71**, A Resolution of the City Council of Homer, Alaska, Supporting and Participating in the National Pharmaceutical Drug Take-Back Day on September 25, 2010. City Manager/Police Chief.

Mayor Hornaday called for a motion for the adoption of Resolution 10-71 by reading of title only.

HOWARD/WYTHER - SO MOVED.

Councilmember Howard asked what type of advertising or how the event would be relayed to the public. Police Chief Robl answered he hopes to advertise in local newspapers up until the event. He has been working with doctors, Sharon Whytal, and two local pharmacists. He is happy to see the national program come together. The police work several cases a year regarding prescription drugs. Work is needed for a permanent year round program.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- C. **Resolution 10-72**, A Resolution of the Homer City Council Exempting Kachemak Moose Habitat, Inc. from City Property Tax; Declaring that the Organization Satisfies the Criteria of Kenai Peninsula Borough Code 5.12.100, Real Property Tax - Exemptions - Community Purposes Property - Conditions on Eleven (11) Parcels, Retroactive to January 1, 2010, and Authorizing the City Manager to Execute Any and All Associated Documents. Roberts.

Mayor Hornaday called for a motion for the adoption of Resolution 10-72 by reading of title only.

ROBERTS/WYTHER - SO MOVED.

Council discussed property tax exemptions for groups defined as community purposes property.

Councilmember Roberts commented that moose were here before us, the properties do not generate any income, and it is helping the wildlife in the area.

VOTE: YES. ROBERTS, WYTHE, ZAK, HOWARD, LEWIS

VOTE: NO. HOGAN

Motion carried.

#### **COMMENTS OF THE AUDIENCE**

There were no comments of the audience.

#### **COMMENTS OF THE CITY ATTORNEY**

City Attorney Klinkner was not present.

#### **COMMENTS OF THE CITY CLERK**

City Clerk Johnson reminded everyone to vote tomorrow.

#### **COMMENTS OF THE CITY MANAGER**

City Manager Wrede had no comment.

#### **COMMENTS OF THE MAYOR**

Mayor Hornaday congratulated the Bay Reserve for a major grant they obtained through NOAA to study climate change.

#### **COMMENTS OF THE CITY COUNCIL**

Councilmembers Wythe thanked everyone for participating with the Sister City program today. It was an enjoyable luncheon at Tutka Bay, a gorgeous, sunny day. She hopes people get the chance to enjoy the time they are here and the activities that are open to the public.

Councilmember Roberts reiterated a welcome to our visitors from Teshio.

Councilmember Zak welcomed the guests from our Sister City and encouraged people to attend the function at Alice's tonight.

Councilmembers Lewis, Hogan, and Howard had no comment.

## **ADJOURNMENT**

There being no further business to come before the Council the meeting was adjourned at 7:35 p.m. by Mayor James C. Hornaday. The next Regular Meeting is scheduled for Monday, September 13, 2010 at 6:00 p.m. The next Committee of the Whole is scheduled for Monday, September 13, 2010 at 5:00 p.m. A Worksession is scheduled for Monday, September 13, 2010 at 4:00 p.m. All meetings scheduled to be held in the Homer City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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JO JOHNSON, CMC, CITY CLERK

Approved: \_\_\_\_\_