



City of Homer

www.cityofhomer-ak.gov

Administration

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Memorandum

TO: Public Safety Building Review Committee
THROUGH: Carey Meyer, Public Works Director
FROM: Katie Koester, Community and Economic Development Coordinator
DATE: January 13, 2015
SUBJECT: Possible Funding Options for Public Safety Building

I have attached information from Meredith Noble of USKH on a number of potential funding sources for the new Public Safety Building. Mr. Meyer and I had a conference call with Ms. Noble on Friday, January 9 to discuss her draft findings. We came away discouraged with the lack of grant opportunities out there that look could be a 'perfect fit' for the project. Unfortunately, some of the programs that are specifically designed to help communities build public facilities have either not been funded in the last few years or the City of Homer is not eligible due to income guidelines (Community Development Block Grant, for example).

As is the case with many projects, any grant funding for the Public Safety Building will likely have to come from a combination of different sources and the City will need to be creative and innovative in our funding strategy. I will continue looking for additional grant opportunities and research the ones Ms. Noble has identified in more detail.

Enc:
Funding Strategy: Homer Public Safety Building
Email from Ms. Noble 1-12-15

Funding Strategy: Homer Public Safety Building

USDA Rural Development: **Community Facilities Guaranteed Loan Program**- Guarantees up to 90% of loss of principal and interest on loans. This program reduces the credit risk for lenders and allows them to provide financing for essential community projects for communities that cannot obtain credit elsewhere.

- Lender maintains at least 5% of the total loan amount
- Guaranteed portion of loans can be sold on secondary market
- The lender is the applicant for the loan note guarantee.
- Repayment is no longer than the useful life of the facility with a maximum of 40 years. (Tend to be 20 years)

Will need to prepare a financial feasibility study prepared by an independent consultant to show sufficient repayment of operations and maintenance, reserves, and debt retirement.

More info: <http://www.rurdev.usda.gov/HCF-CFGuaranteedInstructions.html>

Community Facilities Grants- Provides grants (no more than \$20,000) depending on median household income and the population in the community.

US Dept. of Commerce, Community and Economic Development: **Community Development Block Grants**- The CDBG program provides grants to communities and non-profits that provide services and/or benefits for low to moderate income individuals.

- Grants not to exceed \$850,000
- U.S. Department of Housing and Urban (HUD) provides the funding which ranges from \$3-3.5M annually with a state required match of 2%.

The City of Homer is NOT eligible for this program because the community does not meet median household income requirements. MHI increased last year (perhaps as a result of annexation?). An argument could be made, however, that a new or remodeled recreation facility would principally benefit low to moderate income persons since it primarily serves underserved youth and elderly and could support educational programs such as the Boys and Girls Club.

Alaska Energy Authority: **Renewable Energy Fund Grants**- Renewable Energy Grant Funds are managed by the Alaska Energy Authority and are designed to fund renewable energy projects that can show public benefit fund and reduced dependence on fossil fuels. Average project request ranged from \$115,000-1.6M. Due Date- September, Sent to Legislature for Approval. July 1, 2015 funding becomes available.

More info: <http://www.akenergyauthority.org/REfund8.html>

U.S. Rural Infrastructure Opportunity Fund: The Rural Infrastructure Opportunity Fund is a public-private partnership between CoBank, Capitol Peak Asset Management and the U.S. Department of Agriculture. The purpose of the fund is to serve as a new source of capital for rural infrastructure projects and to support job creation in rural communities. The fund is

designed to complement existing government loan and grant programs by making debt investments in a wide range of projects including essential community facilities.

It is a new program (founded in June 2014) and therefore is still working out the details of how communities can access these funds. We will continue researching this program to determine if it is an option for Homer.

Designated Legislative Grants AS 37.05.315 Grants to Municipalities:

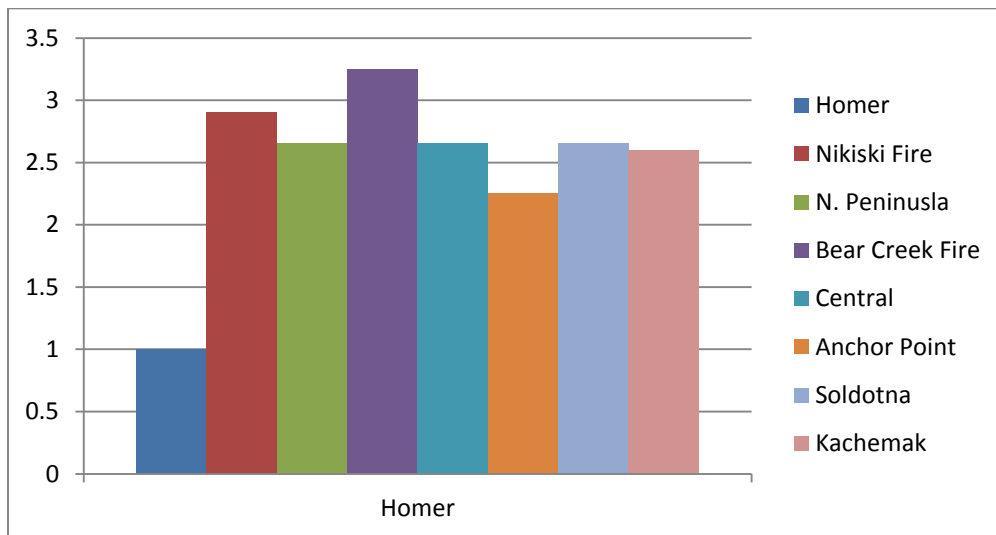
Communities seek funding from their state senators and representatives for identified capital projects. Appropriations are included in the Capital Bill by the legislature at their discretion, with final approval required by the Governor.

Grant agreements are typically written for a term of five years beginning on July 1 and terminating five years later. Preparing a grant agreement will require a scope of work, project description, schedule, and narrative.

Municipal Securities:

It is recommended that Homer consider municipal securities (bonds). This expertise is outside of our firm's experience but we can assist with the public involvement process of researching what the community is willing to pay for and how to best present project information. One consideration for repaying the bonds is to increase the mil rate for police and fire services in Homer. More information at www.msrb.org and www.emma.msrb.org.

Mil Rate Comparison



The key to moving forward a funding strategy is ensuring that the project represents what the community is willing to pay and building broad partnership support. As resources become ever thinner, it is imperative that the project provides the greatest value to the region as possible.

Katie Koester

From: Noble, Meredith <meredith.noble@stantec.com>
Sent: Monday, January 12, 2015 10:46 AM
To: Katie Koester
Cc: Doyle, Sara; Carey Meyer; Smythe, Dale
Subject: RE: funding for Public Safety Building

Hi Katie and Carey,

Per our conversation Friday, I have thought of a few more options. First- I'm curious what the fire fighter budget is for equipment annually. There is federal funding for purchasing equipment and training and if that were to alleviate that pressure on the Homer budget, perhaps that would free some funding for design.

It also seems possible to position the project as a desperately needed Emergency Operations Center to mitigate hazards and natural disasters. I know Fire Chief Painter discussed the new building serving this purpose, so I'd be interested in exploring this option more with him.

A good summary on these programs can be found at the link below:
<http://www.firewise.org/usa-recognition-program/grants-and-funding/federal-government.aspx>

Lastly- I am curious about the resource: <http://www.policegrantshelp.com/registration/>

It's free to registered police officers so if someone could be assigned to work with me, I could use their log-in to research potential police funding options.

Please call or email if you need anything. Otherwise, I'm looking forward to hearing how the presentation to Council went.

-Meredith

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

From: Katie Koester [mailto:kkoester@ci.homer.ak.us]
Sent: Wednesday, January 07, 2015 12:31 PM
To: Noble, Meredith
Cc: Doyle, Sara; Carey Meyer; Smythe, Dale
Subject: Re: funding for Public Safety Building

Hi Meredith,

Friday at 10am works great. I have it on my calendar.

Give me a call at 907-435-3101.

Good luck wedding planning!

Katie

