

H.A.W.S.P. POLICY MANUAL

(Homer Accelerated Water and Sewer Program)

Adopted December 14, 2020 by Resolution 20-078(S)

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I. **PURPOSE**

City of Homer voters established the Homer Accelerated Water and Sewer Program (HAWSP) to improve the health and welfare of the citizens of Homer by funding capital improvements to the City's water and sewer system. A key strategy for accomplishing this was to extend water and sewer mains to unserved properties, bringing the following benefits: increasing the number of users on the system, increasing property values, protecting public health and improving quality of life. The HAWSP is funded by a voter-approved dedicated sales tax, and assessments levied on benefited properties. (See HCC 9.16.010(b).)

The intention of the HAWSP is to:

- Provide for water/sewer improvements without placing a heavy financial burden on individual property owners. (Resolution 99-53.)
- Increase the number of users to the system(s), thereby increasing revenues to the Water and Sewer Enterprise Funds. (Resolution 99-53.)
- Promote construction of additional improvements to the City water and sewer systems. (See Ordinance 99-14(S)(A).)
- Protect public health. (2016 HAWSP Policy Manual.)

Note: In addition to the HAWSP Fund, the City maintains Water and Sewer Capital Asset Repair and Maintenance Allowance (CARMA) accounts. The CARMA accounts are intended to fund projects, to fund improvements, repairs, and replacements to the City's existing water and sewer systems; that is, to benefit existing customers by keeping the utility systems in a state of good repair. (See CARMA Policy Manual for more information on the CARMA accounts.)

II. **DEFINITIONS**

- A. **Capital Improvement Plan (CIP)** – A multi-year document that lays out priorities for capital projects, including descriptions of each project, rationale for why each project is needed, order of magnitude cost estimate, and other information about the project.

- B. **HART** – Homer Accelerated Roads and Trails program, a fund established by the voters of the City of Homer and funded by a voter-approved dedicated sales tax, intended to improve roads, sidewalks, and trails within the City of Homer, thereby improving property values and quality of life.
- C. **Infrastructure Replacement** – The replacement of assets, in accordance with established planning documents, such as an Asset Management Plan, a Capital Improvement Plan and an Equipment Replacement Schedule.
- D. **Unencumbered Fund Balance** – The balance within the HAWSP fund that is not allocated to pay the City portion of a project, committed to paying existing debt, or otherwise allocated.
- E. **Water and Sewer System Improvements** – Any work, such as planning, design or construction, etc., which improves the City’s water and sewer infrastructure, including, but not limited to, the extension, expansion, repair or rehabilitation of
 - 1. The City’s water supply, raw water transmission lines, water treatment facilities, water storage facilities, water distribution lines, fire-fighting devices, and related or similar appurtenances.
 - 2. The City’s sewer collection lines, sewer lift stations, RV Dump Stations, waste water treatment facilities, discharge outfall and related or similar appurtenances.
 - 3. Other facilities, which provide public access to clean water and the sanitary disposal of human wastes to protect public health.
- F. **Water and Sewer Capital Asset Repair and Maintenance Allowance (CARMA) Funds** – Separate water and sewer funds to fund improvements, repairs, and replacements to the City’s existing water and sewer systems, intended to benefit existing customers by keeping the utility systems in a state of good repair

III. **MAXIMUM SPENDING LIMITS AND SPENDING PLAN**

- A. The Public Works Department shall, on an annual basis, submit for City Council review, separate Capital Improvement Plans for the Water and Sewer Utilities, which shall identify Major Capital Projects required to (i) keep the utilities in a state of good repair or (ii) expand capacity. These Plans shall include cost projections and rank the projects in order of need, applying the following criteria:
 - 1. Expands service to currently unserved areas.
 - 2. Addresses public health, safety, or regulatory changes.
 - 3. Improves, repairs, replaces, rehabilitates, or otherwise corrects deficiencies in existing utility systems.

4. Is listed in another planning document adopted by the City Council, such as the citywide CIP, Water/Sewer Master Plan, Parks Capital Improvement Plan, etc.
5. Reduces maintenance costs.
6. Other factors deemed appropriate by the City Council.

B. As part of the process, the City Council shall:

1. Assess the health of the HAWSP Funds in accordance with the City's Financial Policies, including, but not limited to, a specified Debt to Assessment Revenue Ratio.
2. Establish, by ordinance, a Maximum Spending Limit and a Spending Plan for the HAWSP Funds for the subject year. Once adopted the Maximum Spending Limits and Spending Plans may only be changed by the City Council.

IV. ACCOUNTING MATTERS

A. Funding

1. The HAWSP Fund is built from a levy of $\frac{3}{4}$ of a percent on the retail sales tax. This tax was authorized by the voters and can only be changed by another ballot measure.
2. Interest, if any, generated from the program will remain with program funds.
3. CARMA and HAWSP funds may be used to jointly fund a project. CARMA funds should be used for portions of the project that improve, repair, or replace existing water or sewer infrastructure while HAWSP funds should be used for portions of the project that expand capacity or result in new water or sewer infrastructure.
4. When the HAWSP Fund is used to finance an assessment district, the City shall provide cash for its required percentage.
5. Projects may be funded with HAWSP Funds, bonds, grants, or a combination of these or other funding mechanism that may be identified by the City. *(Note: There is not currently a reserve requirement for bonded HAWSP debt. In the event that changes with the enactment of new law, the City may need to amend this Policy Manual.)*
6. The City may, at its discretion waive allocations of General Fund Overhead expenses for projects funded by HAWSP funds.

B. Standards & Policies

1. Administration of the HAWSP Fund shall conform to the City's Financial Policies.
2. All projects and connections to the water/sewer system must be conform to City standards.
3. Whenever and wherever practical, road improvements shall be done in conjunction with water and/or sewer projects but not before. (See HART Policy Manual.)

C. Debt

1. HAWSP funds may be used to pay off HAWSP-project debt, subject to Council approval.

2. In the event the City waives utility assessments, the HAWSP Fund must be reimbursed for the value of any assessments so waived. (See Resolution 05-50.)

V. HISTORY

A summary of legislative history of the HAWSP is attached.