



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

## Office of the City Manager

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## Memorandum

TO: Mayor Zak and Homer City Council  
FROM: Katie Koester, City Manager  
DATE: March 22, 2017  
SUBJECT: March 28 City Manager's Report

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### **Revenue Sharing/ Community Assistance**

The City received notice from the Department of Commerce, Community and Economic Development of the FY 2018 community assistance amount, \$145,735.18. This amount is subject to change depending on the actions of the Legislature this session. The State is on a June- July fiscal year, so we will not receive those funds until the end of 2017. As you recall, the City Council removed community assistance (then termed Revenue Sharing) from the City's operating budget via Ordinance 15-18(S-2). Unless directed otherwise by Council, the Community Assistance funds will go into General Fund Fund Balance when received.

### **City Clerk Retiring**

City Clerk Jo Johnson's last day with the City is May 31. After 13 years of dedicated service to the City of Homer she is retiring to enjoy exploring this great state and nation with family. Jo has set a high standard for professional conduct and integrity in the Office of the City Clerk. As a liaison between the public and Council, the City Clerk plays a key role in providing the public with information and access to government. Fortunately Clerk Johnson has encouraged professional development in her office and leaves the City in good hands with Deputy City Clerk Jacobsen. You will see Melissa at more Council meetings during the transition. In the meantime, the City will advertise for a position in the Clerk's office later this spring.

### **Telephonic Participation**

Information Technology has been working with equipment and councilmembers to make sure telephonic participation in council meetings is clear and noise interference is mitigated throughout the meeting. Staff realizes how important it is to the process and the listening public that remote participation is as clear as possible. One thing that helps is to call in to using a headset rather than putting your phone on speaker. This cancels out a lot of the background noise and helps the recording equipment equalize. Thanks for your help calling in early and testing the equipment when you travel.

### **Commercial Passenger Vessel Tax funds**

The City receives funds annually based on the number of cruise ship visitors that visit Homer both directly from the State and as a pass through from the Kenai Peninsula Borough. The amount from each in 2016 is \$27,630. In order to pass the funds through to municipalities, the Borough requests a letter every year indicating what the funds will be used for. Per state statute and federal law, the expenditure has to have a direct link to the vessel and the passenger. Funding amounts have ranged from less than \$3,000 to \$30,000 and have been used to help fund Load and Launch Ramp improvements, Ramp 3 replacement, signage and

benches. The Port and Harbor Director has recommended combining the Borough pass through funds with the state funds and letting them accumulate (the City has 3 years of state funding that has built up) to eventually replace Ramp 2 restroom (see attached project description). However, cost estimates for an in-kind replacement (building stick frame, on the existing concrete slab and with the same stall configuration) for the largest and heaviest use public restroom on the Spit range from \$300,000 to \$500,000 which would take many years to accumulate. One possibility may be to fund the project from Harbor Reserves and reimburse the Enterprise over time with CPV funds. This option, however, still vetted through the Port and Harbor Commission, Borough and State. If Council has an interest in replacing the Ramp 2 restroom with CPV funds, I will do more research on the possibility of borrowing from the enterprise and come back to Council with authorizing legislation.

### **Graphite One**

The Kenai Peninsula Economic Development District (KPEDD), in coordination with the Alaska Industrial Development and Export Authority (AIDEA), is looking into the economics of establishing the refining portion of a graphite flake mine proposed for Nome in the State of Alaska. The mining company, Graphite One, is currently forecasting construction and mine start-up for 2020-2021 and has considered locating the project's refinery in the state of Washington. They are open, however, to work with state agencies to evaluate potential sites for a refinery in Alaska, keeping this value added industry in state.

Upon request, my office provided Tim Dillion of KPEDD with information about Homer's Port and Harbor as he sought to identify potential sites on the Kenai Peninsula. Of the locations presented to AIDEA and Graphite One, Homer's Port and Harbor is one of four short-listed candidates selected for further evaluation.

Graphite flakes, once shipped to the refinery would be purified and superheated in furnaces and then shipped to markets. Flake graphite is a primary component in lithium ion batteries used in electric cars and a growing number of smaller electronic devices.

The graphite refinery would bring 150 jobs with it; however, there are hurdles to overcome to make Homer an ideal candidate, including feasibility of barge unloading and access to a refinery site, utilization of Pioneer Dock for loading ships taking product to market and competitive electrical utility costs. What may end up being more feasible is a refinery site on the Peninsula with Homer's Port and Harbor filling a supportive role. Because shipping would most likely have to be a seasonal operation due to it being in Nome, Homer would be an obvious choice for wintering over some of the fleet of vessels that would be needed to support the Northern end of the operation. These vessels will need to be maintained and have periodic haul-out inspections which of course fit in very well with our harbor expansion and barge mooring/haul-out and repair facility and the large towboats would be able to moor in the large vessel harbor.

Homer's proposed Large Boat Harbor would help make Homer a more feasible location, in that it could accommodate large commercial vessels outside the busy and crowded small boat harbor, provide adequate moorage capability, and a barge ramp for industrial uses. The proposed Barge Mooring/Haul-Out Repair Facility would also support this type of industry in that it provides the infrastructure necessary for the barge fleet to complete repairs and their required annual inspections while wintering over.

## **Employee Anniversaries**

I would like to take the time to thank the following employees for the dedication, commitment and service they have provided the City and taxpayers of Homer over the years.

<b>Matt Clarke,</b>	<b>Port</b>	<b>16</b>	<b>Years</b>
<b>Mitch Hrachiar,</b>	<b>Public Works</b>	<b>16</b>	<b>Years</b>
<b>Elton Anderson,</b>	<b>Port</b>	<b>11</b>	<b>Years</b>
<b>Renee Krause,</b>	<b>Clerks</b>	<b>10</b>	<b>Years</b>
<b>Angie Kalugin,</b>	<b>Finance</b>	<b>2</b>	<b>Years</b>
<b>Nate Hull,</b>	<b>Police</b>	<b>4</b>	<b>Years</b>
<b>Jenny Carroll</b>	<b>Admin</b>	<b>1</b>	<b>Year</b>
<b>Austin McAvoy</b>	<b>Police</b>	<b>1</b>	<b>Year</b>

Enc:

CPV Letter to Mayor Navarre

Ramp 2 Restroom Project Description

Flyer advertising Town Hall with Borough Mayor Navarre April 6



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March 21, 2017

Mayor Mike Navarre  
Kenai Peninsula Borough  
144 N. Binkley St.  
Soldotna, AK 99669  
*Delivered electronically*

SUBJECT: 2016 Cruise Passenger Tax Receipts

Dear Mayor Navarre:

I am writing to confirm that the City of Homer wishes to receive the 2014 Commercial Vessel Passenger Tax receipts from the Borough. It is our understanding that you will be sponsoring an ordinance that would make the Borough's share of these tax receipts for vessel landing in Homer available to the City. The City appreciates that and understands that the amount to be passed through for calendar year 2016 is \$27,630.

The City of Homer recognizes that these funds must be used for port and harbor improvements that directly benefit cruise ship passengers. The City agrees to comply with the provisions contained in AS 43.52.200 – 43.52.295 and former SB 256 and HB 310. It is the City's intention to consolidate 2016 funds with future pass through appropriations from the Borough, funds from the state, and City funds to replace the bathroom at the top of Ramp 2. At the center of the retail area on the Homer Spit and a launching point for many day trips, Ramp 2 is the most heavily used restroom on the spit and heavily used by cruise ship passengers when they are in port.

Thank you very much for your time and consideration. Please do not hesitate to contact me if you have any questions.

Sincerely,

Katie Koester  
City Manager

Cc: Brenda Ahlberg, KPB Community and Fiscal Projects Manager



## Ramp 2 Restroom Upgrade

### Project Description and Benefit:

Ramp 2 public restroom, built roughly 25 years ago with Land and Water Conservation grant funds, is one of the oldest restroom facilities on the Spit. It also serves one of the busiest parts of the Spit. Located near the site of the former Harbormaster Office at the top of Harbor Ramp 2, it experiences extremely high traffic: commercial and sport fishermen, charter boat operators, their clients and school and tour groups gathering for across the bay excursions. Use of the facility is expected to increase after completion of the Boathouse Pavilion and a pull-out for passenger drop off that can accommodate buses and vans.

The facility is showing signs of its age and heavy use. It worn interior finishes make cleaning the facility difficult; old bathroom fixtures, plumbing and dilapidated stalls keep Harbor maintenance personnel busy to provide a pleasant, safe and hygienic facility. Port & Harbor would like to upgrade this facility to better serve locals, school and tour bus groups and many first time visitors using the Boathouse Pavilion as a meeting place or staging area, and reduce maintenance costs.

An initial proposal would be to build a new restroom structure with new fixtures (similar to design of other recently built Spit restrooms) on the current restroom's foundation.



**APRIL 6, 2017 5:30PM - ISLANDS AND OCEANS, HOMER**

**KENAI BOROUGH MAYOR'S OFFICE  
INVITES YOU TO ATTEND**

# **TOWN HALL MEETING**



**WITH BOROUGH MAYOR MIKE NAVARRE**

**COME LISTEN, LEARN AND DISCUSS THE STATE'S FISCAL PROBLEMS,  
HOW IT AFFECTS THE KENAI BOROUGH, AND POSSIBLE SOLUTIONS.**

**★ ECONOMIC DEVELOPMENT**

**★ PERMANENT FUND**

**★ STATE FINANCES**

**★ BROAD-BASED TAXES**

