



## City of Homer

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

## Office of the City Manager

491 East Pioneer Avenue  
Homer, Alaska 99603

[citymanager@cityofhomer-ak.gov](mailto:citymanager@cityofhomer-ak.gov)

(p) 907-235-8121 x2222

(f) 907-235-3148

## Memorandum

TO: Mayor Zak and Homer City Council  
FROM: Katie Koester, City Manager  
DATE: October 4, 2017  
SUBJECT: October 9 City Manager's Report

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### Police Station Timeline

I wanted to provide a brief update to the Council on the timeline for presenting the 10% preliminary conceptual design authorized in Resolution 17-074(S)(A). The architect, Chief Robl, and Public Works Director Meyer spent a full day developing a schematic floor plan and civil site plan for the Waddell site. They will meet again on October 11<sup>th</sup> to review a draft conceptual plan. Final product (floor plan, civil site plan and \$6 million cost estimate) will be available at the next City Council meeting. At that time, Council can discuss next steps, including scheduling a facilitated work session.

### Walk Through at Fire Hall

Renovations to the Fire Hall are complete. After cost estimates for a planned second story addition came in over budget, the project was downsized to include renovations only. Improvements included converting from electricity to natural gas, installing an air handling system for vehicle exhaust, replacing concrete slab in Bay 2 and 3, paving and drainage of the back parking lot, covered storage for vehicles, repainting and staining the façade, reinforcing the emergency exit, painting the interior, remodeled bathrooms, new flooring, kitchen cabinets and appliances. The Fire Hall has a fresh new look that will extend the life of the facility and be a space the volunteers can take pride in. The Fire Chief would love to show members around. If Tuesday October 17 at 4pm works for members, I will have the City Clerk advertise it.

### City Manager Out to ICMA Next Week

Just a reminder I will be out of the office October 19-27 attending the International City Manager Association conference in San Antonio Texas. I will be available by phone and email for packet preparation and questions on the budget, so please feel free to keep them coming. The international conference is a great opportunity to broaden my horizons and learn best practices from other municipalities. It is literally thousands of City Manager's in one conference together – that is a scary thought! I hope to come back energized with great ideas to keep Homer moving forward.

### State Assessor Audit

The Office of the State Assessor released a performance audit of the Kenai Peninsula Borough's Assessor's office on September 26. The audit includes a number of recommendations to improve the model the Borough uses for assessing values. It also recommends holding off on implementing Borough-wide the new land modeling rolled out in Homer for 2017. The attached memo by KPB Mayor Chief of Staff Persily summarizes the audit and the KPB Assessor's response. Contact the City Clerk for a copy of the original

document if you would like a more in-depth review of the findings and the Borough's response (38 and 17 pages each, respectively).

**Public Comment on HCA Feasibility Study**

At the last meeting, Council directed me to prepare a public comment on the results of a study the State funded to explore the feasibility of a State Wide Health Care Authority. At this time, there are many unanswered questions regarding the cost and nature of health care plans under a consolidated system. Luckily, legislation that creates an authority will require legislation with significant public process and additional opportunities for the City to weigh in. The attached letter that acknowledges the pressing need to reduce health care expenditures while emphasizing the importance of local control.

Enc:

Letter of support for Stream Hill trail grant application (and map)

Memo to Mayor Navarre regarding state assessor audit

Flyer for Faith Forum in Homer

Employee Anniversaries

Public comment on HCA feasibility study and white paper on study



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(f) 907-235-3140

October 10, 2017

Division of Parks and Outdoor Recreation  
c/o Tom Dearlove  
PO Box 881  
Kenai, Alaska 99611

Re: Stream Hill Park Trails Grant

Mr. Dearlove,

I am writing to express the City of Homer's support for the Stream Hill Park Homeowner's Association (SHPHOA) application for a Recreational Trails Grant through the State of Alaska.

Since 2006, the SHPHOA continues to maintain and manage the 1.5 mile trail that is actively used by the community. The trail provides unique amenities such as parking for the public, gardens, benches and foot bridges, as it weaves and climbs through the forest. This grant will provide a fresh gravel top, replace culverts and a foot bridge, and clear deadfall which in turn provides mulch for the garden areas.

The City of Homer is encouraged to see the private sector taking responsibility to manage a trail that is cherished by public and we are glad support this important project.

Sincerely,

Katie Koester  
City Manager  
907-435-3102

Att: Stream Hill Park trail map



Green lines- existing trail approximately 1.5 miles to be graveled 6-foot wide X 4-inches deep

Red lines- existing culverts will be replaced by galvanized steel in various sizes

Blue lines- existing garden area that needs to have hemlock bark mulch laid down over existing weed barrier fabric

Brown line- placement area of a new foot bridge similar in style to the existing bridge at the beginning of the trailhead



## **KENAI PENINSULA BOROUGH**

144 North Binkley Street • Soldotna, Alaska 99669-7520

Toll-free within the borough: 1-800-478-4441

PHONE: (907) 262-4441 • FAX: (907) 262-1892

www.kpb.us

**MIKE NAVARRE  
BOROUGH MAYOR**

### **MEMORANDUM**

**TO:** Kelly Cooper, Assembly President  
Kenai Peninsula Borough Assembly Members

**THRU:** Mike Navarre, Mayor *MN*

**FROM:** Larry Persily, Chief of Staff *LP*

**DATE:** Sept. 27, 2017

**SUBJECT:** State audit of borough assessor's office

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The Office of State Assessor (OSA) on Sept. 26 released its performance audit of the Kenai Peninsula Borough assessor's office. The audit recommends several actions the borough could take to improve its assessments (consistency and quality), which is the purpose (and benefit) of any such outside review. Borough Assessor Tom Anderson agrees with most of the audit's recommendations, and will work with the mayor's office to present a plan for changes in department practices that would best serve the public — within the constraints of what is feasible and affordable — and will share that work plan with the assembly.

In particular, the state audit offers several recommendations to improve the borough's efforts to establish and maintain a comprehensive land-value model for considering each parcel's variables and determining its assessed value. Acknowledging the critical importance of a workable and uniform land model, Tom, in his detailed response to the state audit (the audit and Tom's responses accompany this memo), reports that he and his staff "will continue to focus resources on improving the land descriptions and the land models."

Tom acknowledges in his memo: "Development and implementation of new land models resulted in some very big changes in land value in the Homer area in 2017, both upward and downward. We understand that property owners don't expect dramatic changes in their assessed values from one year to the next, and this caused consternation within the community. It also resulted in a much higher number of appeals than we had seen in recent years. Our goal is to implement accurate and uniform land models borough-wide that can be maintained and updated annually, which will eliminate volatility from year to year."



The state conducted its last such audit of the Kenai Borough in 2008. Although the 2017 audit started out as a routine review of the borough's practices, the state assessor's office expanded the depth and time of its review after receiving multiple inquiries from Kenai Peninsula property owners dissatisfied with their 2017 assessments, particularly from property owners in Homer affected by the borough's use of a new land-value model. The state review of borough practices is not unique to the Kenai Peninsula — the state assessor conducts performance audits of all local assessing offices in Alaska. The state office explains: "A performance audit is an analysis of an organization to determine whether or not the quantity and quality of work performed meets standards. ... A primary objective of the Office of the State Assessor is to maintain equity among jurisdictions and taxpayer confidence in a fair and equitable property tax system."

The audit recommends several areas where the borough could improve its efforts toward fair and equitable assessments of all property in the borough, in accordance with Alaska Statute 29.45.110 which requires: "The assessor shall assess property at its full and true value as of January 1 of the assessment year. ... The full and true value is the estimated price that the property will bring in the open market and under the then prevailing market conditions in a sale between a willing seller and a willing buyer both conversant with the property and with prevailing general price levels."

Though "full and true value" is a short, understandable requirement, it is difficult in Alaska, which is among about a dozen states nationwide that do not require disclosure of the sales price to assessing authorities. Lacking accurate, timely information on sales, the borough assessor has to work with an assortment of other data, including the minimal number of sales transactions that are voluntarily reported to the borough each year. This limited data makes it particularly difficult to assess land values.

The state audit raises particular concerns with the borough's land-value modeling. Its summary statement explains: "It appears that land valuation models do not sufficiently explain market behavior. It is suggested that more market segments are needed to explain land value. It is also suggested that more variables are needed to explain value in each market segment. Lacking specific documented sale prices, more attention should be placed on the listed price as a substitute for sales in each market segment. ... Greater effort is indicated in quality control of the land value attributes. The need for training and experience within the assessment staff is evident."

Tom agrees with the importance of reliable land values: "We will continue to focus resources on improving the land descriptions and the land models." He further explains that "adding additional variables, especially view factors, to our land models is warranted and necessary in order to improve the accuracy and uniformity of the modeled land values. This is a big project that requires a lot of training, data collection, analysis and testing. In retrospect, given the fact that the Homer area contains so many individual parcels over such a large geographical area, perhaps it would have caused less of an adverse reaction in the community and a less burdensome workload for the Assessing Department ... if we had done the land revalue over two years instead of one."

The audit suggests the assessing department rethink its timeline to address land valuation and land modeling on a borough-wide basis, possibly scaling back or postponing the area-wide reappraisal cycle so as to devote more time to updating the land-valuation database borough-wide. Tom sees potential in that recommendation and will look further to determine if it is feasible and practical.

The assessing department further agrees with the audit that land-value ratings should be defined as objectively as possible, explaining that all field staff have been trained to collect them as consistently as possible. And where the audit recommends staff training to ensure consistency — “all members of the team must be trained to classify the same property in the same manner and with the same rating, to the highest degree of conformity possible” — Tom agrees, and commits to reviewing procedures “to identify where staff training and practice in land classification might be further improved.” He further concurs with the audit: “We will review our procedures to identify where the consistency of land amenity classifications might be further improved.”

The audit presents several examples of inconsistent land data descriptions in the Homer area, to which Tom concurs: “We agree that there are some errors and inconsistencies in our land data descriptions, especially resulting from the collection of new land influences in the Homer canvass area, and we agree that wherever these are found they present a root cause of non-uniform valuation of land.” He further pledges to “review our quality control procedures to identify areas where they can be improved.” Tom’s response also includes looking for greater efficiencies and improvements in collecting land attributes to input into the model.

Continuing its review of the borough’s land-valuation process, the audit notes: “The most acute area of concern is in land description and land valuation. Land values are not at a consistent level and have a high amount of dispersion due to what appear to be insufficiently developed land models. The methodology under development is acceptable, however, additional resources, detail and development are required to bring it to a successful conclusion. It appears that staff needs training on the specification and calibration of valuation models in order to use the existing system effectively and improve the quality of the appraisals.”

Tom concurs: “Land description and valuation is our most acute area of concern, and that land models are insufficiently developed. We will continue to focus resources on improving our land data descriptions, model specification and calibration, and additional staff training.”

The audit expresses some concern that the assessing department’s mission statement, goals and performance measures are not established in borough code. Tom will discuss those issues with the borough legal department.

The audit clearly stresses the importance of staff training: “The budgeted amount of training does not appear to be sufficient to support a one-week class of instruction for all appraisal personnel and there was no established plan for the continuing education of staff found in the departmental records.” Tom notes that it is difficult to budget for training “because we do not know which appraisal courses might be offered in Alaska in any given year,” adding, “we occasionally send staff to classes outside Alaska as needed, budget and authorization permitting.”

Tom agrees with the value of training: “Ideally, we would like to see professional designation or certification made mandatory in Alaska Statutes for all assessing appraisal staff, made possible through a regular schedule of the required appraisal classes and a reliable source of funding to pay for appraisal staff to attend those classes. We believe this would improve the function of assessing departments across the state and would result in increased public confidence in their work.”





The Alaska Governor's Office, MAPP, and  
SKP Resilience Coalition

present



## *Safe Children and Healthy Families*

*With a special appearance by First Lady Donna Walker*

**Thursday, October 12th, 2017 from 6:30pm to 9:00pm**  
*at the Homer High School Commons.*

Please invite those working with children and youth  
(Youth Directors, Sunday School Teachers, Children's Programming Directors)

\*Potluck Dessert. Please bring one of your favorites to share.







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## Memorandum

TO: MAYOR ZAK AND CITY COUNCIL  
FROM: Katie Koester  
DATE: October 9, 2017  
SUBJECT: October Employee Anniversaries

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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>Richard Klopp,</b>	<b>Public Works</b>	<b>15</b>	<b>Years</b>
<b>Claudia Haines,</b>	<b>Library</b>	<b>7</b>	<b>Years</b>
<b>Brad Somers,</b>	<b>Port</b>	<b>6</b>	<b>Years</b>
<b>Paul Raymond,</b>	<b>Public Works</b>	<b>4</b>	<b>Years</b>
<b>Kim Gilbert,</b>	<b>Finance</b>	<b>2</b>	<b>Years</b>





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October 9, 2017

Attention: Department of Administration, Commissioners Office  
550 W. 7<sup>th</sup> Avenue  
Suite 1970  
Anchorage, Alaska 99501

Re: SB 74

To Whom It May Concern,

The City of Homer appreciates the State's willingness to tackle the ever rising cost of healthcare. The recommendation that the State establish a Health Care Authority with three separate pools: one for retirees, one for school district employees, and one for governmental employees may very well be a step in the right direction. The City of Homer supports the open dialogue and the State's vision, but has specific concerns regarding the possibility of mandatory participation.

The implementation of an HCA could help the State, and individual municipalities such as Homer save money on health care costs. This is an exciting opportunity and we are thankful that the State is looking for solutions. However at this point, there are simply too many unknowns to require mandatory participation. There is another scenario addressed in which the State develops legislation establishing an HCA but does not require mandatory participation. This would be preferred.

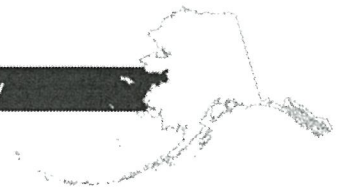
The City of Homer remains optimistic regarding the possibility of an alternative to rising health care costs - but we urge the State to allow us the choice to participate, rather than making participation mandatory through legislation.

Respectfully,

Katie Koester  
City Manager, City of Homer







# OBSERVATIONS AND RECOMMENDATIONS

## OBSERVATIONS

Alaska's geography and relatively low population density create challenges for the delivery of professional services – and unique challenges for health care services. As noted in the Phase I report, in the absence of significant competition among health care providers, the state can expect to achieve only modest savings through pooled purchasing alone. This document examines opportunities for additional savings if the state coordinated plan management activities in the delivery of health care benefits for the various entities identified in S.B. 74 (i.e. School Districts, Political Subdivisions, University of Alaska, and the health plans funded directly by the State of Alaska). We examined a range of different approaches (models) for coordinating health plan management, including models similar to those that have been implemented in other states. For each of the models, we quantified the expected savings relative to the status quo, with a focus on the long-term savings when all entities would be able to participate (i.e. after the expiration of existing collective bargaining agreements (CBAs)).

## RECOMMENDATIONS

1. We recommend that the State of Alaska establish a Health Care Authority with three separate pools: one pool for retirees and two pools for employees, with separate pools for school district employees and all other governmental employees.
2. We recommend that all entities be required to participate in the HCA when first feasible and no later than upon the expiration of the current CBA.
3. We recommend that the HCA develop multiple plan options for medical, prescription drugs, dental, and vision benefits to provide a wide range in health plan choices to meet the recruitment and retention needs of the various employers and the health plan needs of their employees. Tables 18 and 19 describe illustrations of plan options that could be offered for medical and prescription drug coverage and Tables 23 and 24 provide illustrations of dental and vision plans.
4. We recommend the HCA establish standard premium rates for the plans that reflect the expected costs of each plan option taking into account the covered population and expected health care utilization. Rates for individual employers should be determined initially taking into account the current premium rates, size of the employer, and the standard premium rates.
5. We recommend the HCA establish a tiered premium rate structure, with separate rates that vary with the size and composition of the household.
6. We recommend a Health Care Committee or Board be established to provide insight and oversight to the HCA.

