

Session 12-04 a Regular Meeting of the Homer City Council was called to order on January 23, 2012 at 6:08 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
LIBRARY DIRECTOR DIXON
PUBLIC WORKS DIRECTOR MEYER

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

Council met for a Special Meeting from 4:00 p.m. to 4:51 p.m. in Executive Session to conduct the City Manager's evaluation. Council met as a Committee of the Whole from 5:00 p.m. to 6:01 p.m. to discuss Regular Meeting Agenda items and hear information from Charlie Pierce of Enstar about the proposed natural gas line to Homer.

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 approved by consensus of the Council with the following changes: **PUBLIC HEARINGS** – Ordinance 12-01(S)(A) Sign Code Amendment, recommendations for amendments from City Attorney.

PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

Leonard Wells, city resident, asked if the City negotiated with the Borough for the parcel for the amount as outlined in Ordinance 12-05.

RECONSIDERATION

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 Special and Regular Meeting minutes of January 9, 2012. City Clerk. Recommend adoption.
- B. **Memorandum 12-013**, from Deputy City Clerk, Re: Liquor License Renewal for Finn's, Cosmic Kitchen on the Spit, Cosmic Kitchen, Save-U-More, Down East Saloon.
- C. **Memorandum 12-014**, from Mayor, Re: Reappointment of Pete Wedin to the Port and Harbor Advisory Commission.

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

LEWIS/ZAK – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VISITORS

ANNOUNCEMENTS/PRESENTATIONS/BOROUGH REPORTS

REPORT/COMMISSION

- A. Borough Report

Bill Smith, Kenai Peninsula Borough Assemblyman, reported the Assembly's last meeting was a short agenda but a long meeting. They opposed issuing a Certificate of Need for Kahtnu Ventures, LLC for an ambulatory surgery center in Kenai. Taxpayers built the Central Peninsula Hospital and South Peninsula Hospital and the surgery center would affect finances for both hospitals. The South Peninsula Hospital is now making profit and there are good hopes it will be in even better financial shape in the future.

The Borough appropriated a portion of the cruise ship tax to Homer for port improvements to help cruise ship passengers.

Assemblyman Smith indicated Borough Mayor Navarre supports the gas line to Homer and it is on their legislative list.

Asked by Councilmember Lewis if there was any progress on the Homer High School track, Assemblyman Smith answered he has been assured improvements to the track can get through the legislative process. More issues may arise if the track is linked with the football field as it will be additional funds. Mayor Navarre is fairly confident we can get the track fixed this year.

B. 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

8. PUBLIC HEARING(S)

A. **Ordinance 11-49**, An Ordinance of the Homer City Council Adopting Homer City Code Chapter 15.10, Ocean Drive Loop Special Service District, to Create a Differential Property Tax Zone to Levy Property Taxes to Fund Special Services Provided in the District. City Manager/City Attorney. (Introduction December 19, 2011 as emergency ordinance, Public Hearing and Second Reading January 23, 2012)

Ordinance 11-49(S), An Ordinance of the Homer City Council Adopting Homer City Code Chapter 15.10, Ocean Drive Loop Special Service District, to Create a Differential Property Tax Zone to Levy Property Taxes to Fund Special Services Provided in the District. City Manager/City Attorney.

Mayor Hornaday opened the public hearing.

Paul Hueper, city resident, expressed opposition based on the inequity of the tax that is based on property values. At a 30 mill rate he will be billed up to \$12,000 while his neighbor pays \$2,000, and the City zero. All property owners paid the same amount for the Seawall per lineal foot.

John Szajkowski, city resident, referenced his email that he sent to Mayor and Council, asking if there were questions he could answer. Councilmember Zak acknowledged the letter that brought up concerns that concerned him as well.

Don McNamara, city resident, expressed opposition to the inequity of the Special Service District assessments.

Donna Rae Faulkner, city resident, opposes the ordinance, citing it unfair, and asked if there were other funding mechanisms. She hopes the Army Corps of Engineers (COE) allows them to transfer the permit.

Leonard Wells, city resident, commented the City is responsible for getting into the Seawall mess. At the least property owners should be asked if they want to voluntarily go in, or allow no exemptions.

Marilyn Hueper, city resident, expressed frustration at not feeling optimistic about the process. She feels there is a bias against the Seawall residents, whereas the Seawall is a city-wide concern with property values and utilities at risk.

Mayor Hornaday closed the public hearing.

Mayor Hornaday called for a motion to substitute Ordinance 11-49(S) for Ordinance 11-49.

WYTHE/HOWARD – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Mayor Hornaday called for a motion for the adoption of Ordinance 11-49(S) by reading of title only for second and final reading.

WYTHE/ROBERTS - SO MOVED.

City Manager Wrede noted the mil rate will be decided and set with a future resolution prior to June. It would be ideal if property owners could opt out of the district with the COE. The senior exemption applies to property taxes within a Special Service District. The City has always

agreed to pay their proportionate share of the Seawall. There is nothing to prevent coming back later to amend the ordinance.

Councilmember Howard commented on the perception the mil rate was set at 30 mills. The rate has not yet been set. The 30 mill rate is merely a state statute limitation.

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

VOTE: NO. LEWIS

Motion carried.

B. **Ordinance 12-01(S)(A)**, An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code 21.60.040, Definitions; Homer City Code 21.60.060, Signs Allowed on Private Property With and Without Permits; Homer City Code 21.60.070, Permits Required; Homer City Code 21.60.080 Design, Construction, and Maintenance; Homer City Code 21.60.090, Signs in the Public Right-of-Way; Homer City Code 21.60.100, Signs Exempt From Regulation Under This Chapter; Homer City Code 21.60.110 Signs Prohibited Under This Chapter; Homer City Code 21.60.130, Temporary Signs-Private Property; Homer City Code 21.60.150, Time of Compliance-Nonconforming Signs and Signs Without Permits; and Homer City Code 21.60.170, Enforcement and Remedies; and Repealing Homer City Code 21.60.095, Electoral Signs; Homer City Code 21.60.120, General Permit Procedures; Homer City Code 21.60.140, Temporary Signs-Public Rights-of-Way; and Homer City Code 21.60.160, Violations; Regarding the Regulation of Signs. Introduction January 9, 2012, Public Hearing and Second Reading January 23, 2012.

Memorandum 12-007 from City Planner as backup.

Memorandum 12-008 from City Attorney as backup.

Mayor Hornaday opened the public hearing.

Scott Fraley, city resident, expressed opposition to the changes for sandwich board signs. They are a big benefit to the community, are not a danger, and have not caused any accidents. The Spit and town signage regulations should be separate.

Holly VanPelt, Homer resident, commented signs do more than sell a service or product; they help a business person create business to bring in income. A sign is a source of information and needs to be large enough to inform the public in a safe manner.

Adrienne Sweeney, city resident, commented the ordinance needs updates to ensure fairness. She opposes deleting temporary signs and signboards due to current economic times. To solve the enforcement problem she asked that the 14-day language be stricken. If one sign for a business is

allowed 365 days a year with reasonable maintenance and encroachment rules there would be no enforcement problem. It would solve the issue of small businesses versus non profits, real estate, and political signage. The ordinance violates the Alaska Constitution as it unfairly discriminates commercial speech based on the contents.

Nelton Palma, city resident, noted it was hard enough in the winter as a businessman to provide a service and keep people employed. Every owner that puts up a sign cares that it looks well.

Kevin Fraley, Homer resident, commented the Planning Commission is being anti-business with the ordinance. There are no specific incidences cited according to the Police Department that are reason to make changes. It is the personal choices of planning commissioners, who need to do what is best for the community at large.

Fred Kaatz, Homer resident, spent over \$900 to have a sign made and cannot use it as he expected. The sign now sits so far off the road it is hardly visible. Sign ordinances are anti-business; businesses make this community thrive.

Leonard Wells, city resident, commented the sandwich board advertisements allow people to come through town to make plans for later in the week.

Chip Duggan, city resident, noted the short time for businesses on the Spit and some of them would not be there without the signs. Realtors' signs are everywhere and they leave them up advertising they've sold. He questioned what the safety difference is.

Marilyn Hueper, city resident, believes visuals are a huge important aspect of communicating clearly. Sandwich boards and banners create an energy of something that is happening. She suggested a frame template for all businesses to create uniformity.

Paul Hueper, city resident, agrees with business owners that spoke up. Signage stimulates growth, adds excitement, and increases demand for products offered. Growth stimulates the tax base.

Mayor Hornaday closed the public hearing.

Mayor Hornaday called for a motion for the adoption of Ordinance 12-01(S)(A) by reading of title only for second and final reading.

WYTHE/ROBERTS - SO MOVED.

WYTHE/ROBERTS - MOVED TO AMEND LINE 18-19 AFTER ELECTORAL SIGNS AND MOVE THAT PRIOR TO THE "AND REPEALING" STATEMENT ON LINE 18.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

WYTHE/HOWARD- MOVED TO AMEND LINES 67 AND 68 WHICH APPEAR AS STRICKEN, TO RETAIN THE DEFINITION FOR ELECTORAL SIGNS.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

LEWIS/ZAK – MOVED TO SEND THIS BACK TO THE PLANNING COMMISSION WITH SOMETHING FOR SANDWICH BOARD SIGNS.

Councilmember Zak asked that additional recommendations be made to make the ordinance pro-business.

Councilmember Hogan would like to see it go to the EDC (Economic Development Advisory Commission).

Councilmember Roberts prefers to send it back to the Planning Commission than the EDC as they know the regulations. The Planning Commission deserves to weigh in again.

WYTHE/ROBERTS – MOVED FOR A FRIENDLY AMENDMENT TO DAVE'S (LEWIS) AMENDMENT THAT IT GO BACK TO THE PLANNING COMMISSION FOR THESE CONSIDERATIONS AND THEN GO ON TO THE EDC FOR REVIEW AND CONSIDERATION BEFORE IT COMES BACK TO THE COUNCIL.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

City Manager Wrede asked that Council be clear in what the Planning Commission is to consider.

Councilmember Hogan intended to vote no with the reluctance we will still have the existing sign ordinance that has poorly served the community. He would like the Planning Commission to look at this from a business perspective and get out of people's hair.

HOWARD/WYTHE – MOVED TO AMEND THAT THE TEMPORARY SIGN SECTION BE REINSTATED THROUGHOUT THE ENTIRE ORDINANCE AND SOME LIMITATION BE PLACED ON REAL ESTATE SIGNS, AND ELECTORAL SIGNS STAY AT 32 FT.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

LEWIS/WYTHE – MOVED TO AMEND THAT THEY COME UP WITH A POLICY FOR SANDWICH SIGNS AND HOW THEY CAN BE USED AS AN ADVERTISING TOOL.

Councilmember Roberts asked for clarification on sandwich signs, whether they could be moved to another physical location.

City Planner Abboud answered the sandwich sign could be moved within the lot of the business, under some circumstances you can have an off premise sign but not a sandwich sign. There are a lot of options. The Planning Commission knows how to make the ordinance; EDC does not. He would be glad to listen to EDC and bring their concepts to the Planning Commission. The sign code could be reverted to allow for temporary signs for businesses. Sandwich signs are not allowed in public right-of-ways.

Councilmember Howard expressed opposition to allowing signs in right-of-ways. City Planner Abboud answered the City cannot allow anything less restrictive than the State would allow in the right-of-way.

City Manager Wrede advised if the ordinance was referred to EDC they can send their comments to the Council, but asked that EDC does not try to rewrite the ordinance as that would bog things down.

Councilmember Hogan asked that if referred to EDC with their comments to the Planning Commission than it can be referred to Council.

Councilmember Wythe called for a point of order, noting the motion on the floor.

VOTE: (amendment) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

ZAK/HOWARD – MOVED THAT THEY CONSIDER PIONEER AVENUE AND THE DOWNTOWN SECTION AS TWO SEPARATE AREAS WHEN IT COMES TO SIGNS.

Councilmember Robert expressed opposition, citing all businesses in the city should be treated equally.

VOTE: YES. ZAK

VOTE: NO. HOGAN, LEWIS, ROBERTS, WYTHE, HOWARD

Motion failed.

ZAK/HOGAN – MOVED TO SEND IT BACK WITH AN EMPHASIS PLACED ON BEING PRO-BUSINESS.

Councilmember Howard asked how it could be incorporated legislatively, as different people may view pro-business from two different perspectives. It is asking for philosophical input.

Councilmember Wythe expressed hope the pro-business aspect would be taken care of by sending it to the EDC who would look at how it impacts local businesses.

VOTE: YES. HOGAN, ZAK

VOTE: NO. HOWARD, LEWIS, ROBERTS, WYTHE

Motion failed.

ZAK/HOGAN – MOVED TO SEND IT BACK WITH AN EMPHASIS BASED ON SAFETY.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

ZAK – MOVED TO SEND IT BACK WITH BALANCED PRO-BUSINESS WITH AESTHETIC FRAMEWORK.

Motion failed for lack of a second.

WYTHER/ROBERTS – MOVED TO HAVE THEM LOOK AT TABLE 3, SPECIFICALLY ITEM E UNDER THE NOTES TO TABLE 3 THAT REFERENCES A COLUMN HEADING THAT DOESN'T SEEM TO APPEAR ON TABLE 3.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VOTE: (motion to refer as amended) YES. ZAK, HOWARD, HOGAN, LEWIS, ROBERTS, WYTHER

Motion carried.

C. **Ordinance 12-02(A)**, An Ordinance of the City Council of Homer, Alaska, Amending the FY 2012 Operating Budget by Appropriating \$114,288 from the Sewer Reserve Account for the Polymer Equipment Replacement Project. City Manager/Public Works Director. Introduction January 9, 2012, Public Hearing and Second Reading January 23, 2012.

Memorandum 12-003 from Public Works Director 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 12-02(A) by reading of title only for second and final reading.

WYTHER/LEWIS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- D. **Ordinance 12-03**, An Ordinance of the City Council of Homer, Alaska, Amending the FY 2012 Operating Budget by Appropriating and Transferring \$60,000 from the General Fund Reserves to the Seawall Maintenance Reserve for the Purpose of Repairing and Maintaining the Wall. City Manager. Introduction January 9, 2012, Public Hearing and Second Reading January 23, 2012.

Mayor Hornaday opened the public hearing.

Donna Rae Faulkner, city resident, expressed opposition and hopes to have their own COE permit on their own land. The 30 mill rate is the maximum state cap, which will not cover the \$60,000 considering senior exemptions.

Paul Hueper, city resident, supports the ordinance and requested an emergency plan be put in place to make repairs before they multiply into thousands of dollars. He supports the repair work East Road Services has done on the Seawall.

Don McNamara, city resident, expressed surprise for Council's support of the Special Service District (Ordinance 11-49(S)). The Seawall has been in a state of disrepair the last 9 years and at 4 mills per lot will gain \$40,000 to pay the taxpayers back.

Marilyn Hueper, city resident, commented the Seawall was to be maintenance free for 50 years when purchased. There were blowouts before completion, with no maintenance mechanism in place. She asked for a process to address a maintenance plan to address repairs quickly and inexpensively.

Mayor Hornaday closed the public hearing.

Mayor Hornaday called for a motion for the adoption of Ordinance 12-03 by reading of title only for second and final reading.

WYTHE/LEWIS – SO MOVED.

VOTE: YES. WYTHE, HOWARD, LEWIS, ROBERTS

VOTE: NO. ZAK, HOGAN

Motion carried.

Mayor Hornaday called for a recess at 7:32 p.m. and reconvened the meeting at 7:35 p.m.

- E. **Ordinance 12-04**, An Ordinance of the City Council of Homer, Alaska, Amending the Deep Water Dock Security Gates and Video Surveillance Equipment Project Budget by Appropriating an Additional \$9,623.41 from the Port and Harbor Reserves for the Purpose of Addressing Unanticipated Conditions Encountered During Construction. City Manager/Port and Harbor Director. Introduction January 9, 2012, Public Hearing and Second Reading January 23, 2012.

Memorandum 12-004 from Port and Harbor Director 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 12-04 by reading of title only for second and final reading.

WYTHER/ROBERTS – SO MOVED.

Councilmember Hogan feels somebody else should pay for the mistake.

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

VOTE: NO. HOGAN

Motion carried.

ORDINANCE(S)

- A. **Ordinance 12-05**, An Ordinance of the City Council of Homer, Alaska, Authorizing the Purchase of Kenai Peninsula Borough Parcel No. 17714019 (Lot 2, Glacier View Subdivision No. 18), in the Amount of \$260,000 from the General Fund Balance for the Purpose of Providing Land for Future Expansion of the City Public Works Complex. City Manager. Recommended dates: Introduction January 23, 2012, Public Hearing and Second Reading February 13, 2012.

Memorandum 12-012 from City Manager as backup.

Mayor Hornaday called for a motion for the adoption of Ordinance 12-05 for introduction and first reading by reading of title only.

HOWARD/WYTHER – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

CITY MANAGER'S REPORT

A. City Manager's Report

South Peninsula Gas Line and Distribution System Update

This Manager's Report is devoted entirely to the proposed natural gas transmission line and the gas distribution system within the Homer city limits. I think this is appropriate because there is a lot happening on this front right now and it would be good for the Council to be engaged and proactive. There are very specific steps the Council can take in the next few months that can greatly assist in making this project a reality.

The Transmission Line

This past summer, the Governor vetoed capital funding which would have financed construction of an 8 inch gas transmission line from Anchor Point through Homer to Kachemak City. In his veto message, and in subsequent interviews, the Governor indicated that he wanted local consumers to participate in financing the line. In other words, he wanted to see some "skin in the game". Although, we still believe there are numerous valid arguments against this position, the City lobbyist and many key legislators believe this is something that must be addressed if we want the Governor's support.

Since the Governor's veto, Representative Seaton has been working with Enstar and the RCA on a possible tariff increase that would enable local consumers to pay for some of the cost of constructing the transmission line. It would be a local match of sorts. The current idea on the table is that local consumers would pay an additional \$1.00 per mcf above the "postage stamp" rate for gas (what everyone else in the Enstar service area pays) for 10 years. This would raise about \$2.5 Million. The extra dollar in the tariff would be extinguished after 10 years or sooner if the target of \$2.5 Million is reached. Enstar would provide the \$2.5 Million upfront and would be repaid through the tariff increase. Instead of asking the state for 10.5 Million, the request would now be in the neighborhood of \$ 8 Million.

This idea seems to be gaining traction and support. Enstar has agreed in concept. Key legislators who are in positions of power and have the ear of the Governor appear to be lining up in favor. A meeting with key legislators, the Governor, and Enstar is expected to take place in the next month/ In short, this could be a key tipping point in making this project a reality.

It would be beneficial if the City Council took a position on this idea. I think a constructive role for the City would be to disseminate information to the public and make sure local residents understand this proposal and what it would mean for them in terms of cost and payback period. My understanding is that even with this additional cost on the gas bill, the consumer would still save over 50% on heating costs at current prices. Note: I am talking here about just the cost of gas. This does not include the costs associated with getting the gas to your house or making necessary conversions. We hope to have some updated spreadsheets addressing this type of information at the meeting. We also plan to provide a list of anticipated distribution line and conversions costs.

The Distribution System

Local consumers will pay for the cost of building the distribution system within the Homer City limits under any scenario. The big question is whether the City will stimulate and quicken the pace of construction of the distribution system and make it easier for its residents to hook up by providing financing with attractive terms. I have requested projected construction costs and a build-out plan from Enstar so that the Council could fully evaluate its options. Last week we received a proposed build-out plan for the “core area” and a first shot at estimated costs. There were good reasons for starting with the core area but however, there are also good arguments for doing the entire town at once. We think that the build-out plan could be revised in certain areas and that the costs can be lowered. We will be working with Enstar and the City Planning and PW departments on that this week. We plan to have the build-out map available at the meeting. The core area contains 37 miles of road and an estimated cost of about \$6 Million.

I believe that the local economy and cost of living would benefit substantially if the City providing financing for the distribution system. There are arguments on either side of this but I think the proper timing for this discussion is now. The Borough and Kachemak City are already positioned to provide financing. City participation is important because it may have a bearing on whether this project moves ahead. I am aware that City participation is anticipated and assumed by Legislators, the Governor, and Enstar. But, it is the City’s finances, fund balances, and credit rating that we must also take into consideration. Key factors to be considered include:

- The costs/and benefits to the economy and local business and residents
- The type of financing mechanism (LID, Special Service Area), etc.
- The lending institution (Commercial Bank, AIDEA, Bonds, etc).
- The overall fiscal health of the city and its capacity to take on debt.
- Is a public vote required or desirable

Financing Mechanisms

I believe the two most logical approaches would be an LID or a Special Service Area. One uses property taxes to repay the debt, the other uses special assessments on benefitted properties, similar to what the City already does with water and sewer LIDs. There are very definite advantages and disadvantages to each which we can discuss in more detail. I am currently looking at the options and will be prepared to make a recommendation very soon. If Council decides to move ahead, key considerations will be:

1. The scope of the LID or SSD
2. Whether the LID or SSD is Council initiated or initiated by the benefitted property owners.
3. Whether a vote is needed or desirable.

Next Steps:

- A workshop, probably several or one that lasts more than an hour
- Decision on whether to provide financing. Supporting resolutions, ordinances, etc.
- Revise Utility Code
- Revise LID Code

City Manager Wrede reported there are two emergency expenditures that he will come back with ordinances. The steamer is a very important piece of equipment for Public Works and it has melted down. It is needed this time of year to steam fire hydrants to keep them operational and keep the culverts from clogging up. He has authorized Public Works to get bids and move ahead. It is about a \$30,000 piece of equipment that may need to be purchased new.

The M/V Kennicott hit a docking dolphin at the Pioneer Dock and ripped the fenders off. It is a safety issue that cannot be ignored. We have authorized the engineers to look at it and provide a cost for the repair. We will have to come up with money up front, but will be reimbursed by the State. The ferry can still dock, but must be very careful about how they do it.

At the Committee of the Whole meeting Council discussed the gas line with Charlie Pierce of Enstar. Council reviewed a written report that explained the current discussion of a \$1 per Mcf change in the tariff. It would mean that Homer residents would pay \$1 more per Mcf to help pay off capital costs of large transmission lines. The idea is gaining steam. One of the benefits to the tariff increase is in the two prior vetoes of the gas line, Governor Parnell said he wanted to see a contribution from local consumers. Information was passed out that showed the savings if you paid an extra \$1 per Mcf. The extra tariff would go away after 10 years. It would raise \$2.5M, meaning the City would have to request \$8.5M for the gas line project. Enstar would upfront the money and be paid through the tariff over a 10-year period. There was discussion about the next steps for Council if they wanted to finance the build-out within the core area of downtown

Homer. Council indicated they would like him to instruct the City Attorney to draft two ordinances. One would govern where gas lines would go in the right-of-way, how they would be constructed, inspected, and fees. The other ordinance would set up a LID (Local Improvement District) for the gas utility in the downtown core area. We will schedule workshops as soon as we can and then convey the information to the public.

Mayor Hornaday called attention to the Homer Tribune article where the Anchor River Inn has realized a 75% savings with natural gas. For Homer it will be a substantial savings, even with the extra tariff. We will still have to pay for distribution lines and hookups and pay for our own modifications to convert to gas appliances. Council feels citizens want it so are pursuing it under the capital projects for the Legislature this year. About \$525,000 was funneled through the City of Homer for the Anchor Point gas line that provided two PRV (Pressure Reduction Valve) stations to serve both Anchor Point and Homer and built 3,250 ft. gas line to reach Chapman School.

Councilmember Wythe commented when this was last discussed with Enstar they do not have ownership of gas contracts to provide services beyond 2013. She asked if we pursue the gas line will Enstar provide assurance they can supply natural gas after money is invested in the gas line. City Manager Wrede advised that Council should invite Enstar to Homer and put the question before them. Enstar has signed new contracts recently. The storage facility near Kenai is close to ready to fill. There is more talk about bullet lines and successful drilling in Cook Inlet.

Councilmember Wythe noted previously she has recused herself from discussion on the gas line and asked if she needed to continue to do so. Mayor Hornaday asked that it be referred to the City Attorney to determine if there was a conflict.

B. Games Report

CITY ATTORNEY REPORT

COMMITTEE REPORT

- A. Public Arts Committee
- B. Transportation Advisory Committee
- C. Permanent Fund Committee
- D. Lease Committee

- E. Port and Harbor Improvement Committee
- F. Employee Committee Report

PENDING BUSINESS

NEW BUSINESS

- A. **Memorandum 12-015**, From City Clerk, Re: Travel Authorization for Mayor Hornaday and Councilmember Zak's Attendance at Alaska Municipal League Winter Legislative Conference in Juneau, Alaska, February 7 - 9, 2012.

Mayor Hornaday called for a motion for the approval of the recommendations of Memorandum 12-015.

WYTHE/LEWIS – SO MOVED.

While in Juneau the Mayor will attend the Mayor's Conference and appointments are being made for meetings with Legislators, the Governor, and other administrative staff. They plan meetings with Senator Tom Wagoner, Governor Parnell, the Budget Director, the Department of Transportation, DEC, and the list will expand when they get there.

Councilmember Lewis requested they ask Fish and Game about helping with the dredging of the Fishing Hole.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

RESOLUTIONS

- A. **Resolution 12-008**, A Resolution of the City Council of Homer, Alaska, Approving a Cooperative Agreement Between the Alaska Department of Fish and Game, Division of Sport Fish, and the City of Homer, Regarding Repair, Replacement, and Rehabilitation of Infrastructure and Facilities at the Homer Load and Launch Ramp. City Manager/Port and Harbor Director.

Mayor Hornaday called for a motion for the adoption of Resolution 12-008 by reading of title only.

LEWIS/HOWARD – SO MOVED.

HOWARD/HOGAN – MOVED TO POSTPONE TO FEBRUARY 13.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

B. **Resolution 12-009**, A Resolution of the City Council Revising Certain Portions of the Homer Public Library Policy Manual. City Manager/Library Advisory Board.

Memorandum 12-016 from Library Director as backup.

Mayor Hornaday called for a motion for the adoption of Resolution 12-009 by reading of title only.

WYTHE/ROBERTS – SO MOVED.

Questions on the term “library service area”, the amount spent on books per patron, and internet service provider were answered by Library Director Dixon. The term library service area is used to cover the area that the library serves. The language is on the public library assistance grant. It is a descriptor with no legal connotation. The amount spent on books per person is determined by the populous within the service area. The selection of an internet service provider was made before Ms. Dixon’s employment, thus she is not familiar with the process.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

C. **Resolution 12-010**, A Resolution of the City Council of Homer, Alaska, Awarding the Design Contract for the Deep Water Dock Fender Replacement Project to the Firm of R&M Consultants, Inc. of Anchorage, Alaska, in the Amount of \$202,500 and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk.

Memorandum 12-017 from Public Works Director as backup.

Mayor Hornaday called for a motion for the adoption of Resolution 12-010 by reading of title only.

WYTHE/LEWIS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

D. **Resolution 12-011**, A Resolution of the City Council of Homer, Alaska, Appointing Council Member Bryan Zak as the City's Representative for the Business Leaders for Economic Development Task Force. Mayor.

Mayor Hornaday called for a motion for the adoption of Resolution 12-011 by reading of title only.

LEWIS/ROBERTS - SO MOVED.

Councilmember Zak voiced his willingness to step down as the City's representative once Katie Koester, Community and Economic Development Coordinator, is ready to assume the position.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

COMMENTS OF THE AUDIENCE

Donna Rae Faulkner, city resident, reiterated they want out of the Ocean Drive Loop Special Service District and the Army Corps of Engineers permit transferred to them. Reference to a letter from Attorney Tracey Tillion and a COE pamphlet provided to the City were referenced.

Don McNamara, city resident, asked for an explanation of the estimates for repairs to the Seawall. He asked that the Mayor check with Senator Begich to see about using the Seawall as a coastal trail.

City Manager Wrede commented the repair estimates are not available since it is not a formal bid.

COMMENTS OF THE CITY ATTORNEY

City Attorney Klinkner was not present.

COMMENTS OF THE CITY CLERK

City Clerk Johnson had no comment.

COMMENTS OF THE CITY MANAGER

City Manager Wrede had no comment.

COMMENTS OF THE MAYOR

Mayor Hornaday had no comment.

COMMENTS OF THE CITY COUNCIL

Councilmember Wythe commented on information heard about the Seawall. Council has been advised not to make a lot of public comment about it. Nobody wants to pay for anything; even City Council believes others should pay. There is only one source of government funding and that is the citizens that contribute to maintenance of the government. Whatever we want to buy, we are talking about community dollars paying for things. Council tries to keep the balance in mind, making the best fiscal responsible decisions for the entire community. The City is a business and has a certain number of dollars they can invest. Sometimes it is very hard. She felt sad Donna Rae Faulkner commented she feels like she can't trust us. It is not that Council is not trustworthy, they are doing the best with the information they have.

Councilmember Hogan commented last week we celebrated Martin Luther King's birthday. He had an email in his council inbox that was very bigoted and prejudiced. We have a long way to go to meet the dream.

Councilmember Roberts came to City Hall on Saturday and noticed many city employees working to rearrange furniture and complete the move. She was impressed they were here on the weekend so they could conduct work on Monday morning. With the IT Department's efforts they had everything up and running, seamless. She especially thanked the IT department. As to sandwich boards, there was a lot of testimony tonight by people who care strongly. About two years ago Council had a joint meeting with the Planning Commission to discuss sandwich boards. Council sent a message to the Planning Commission that sandwich boards can be somewhat unsafe. They did come back with some of Council's suggestions. She would appreciate hearing their suggestions. As to the gas line she appreciates the information coming forward. She feels that now is the time to get to work as the legislative session is just beginning. We need to indicate we are on board and be proactive, and not sit here as we did last year.

Councilmember Zak appreciates Beth's comments on the Seawall. Council must be careful as to what they say. It has been going on for a number of years. He votes against things for the societal

responsibility to the community and members along the Seawall. He wrote a response to John Szajkowski on the Seawall. It has been a number of years, with a number of councils thinking out processes. As to future repairs we may put another \$25,000 as an emergency fund to add to the \$60,000. We are waiting on a letter from the Army Corps of Engineers. We should emphasize getting that letter back. He would have voted differently tonight had we had answers to the letter from the COE, as he is not so sure the city does not have a responsibility. People came out and said how tough it is to have businesses here in the winter. It is wonderful to see and hear from them, many of them from the Chamber of Commerce. For the gas line now is the time for business owners and residential owners to write letters. Our city behind it will be a huge savings for all of us. It will improve the ability to do business. He thanked Council for sending him to Juneau with the Mayor. The networking makes a big difference and there is opportunity to learn from other communities and use it here.

Councilmembers Lewis and Howard had no comment.

ADJOURNMENT

There being no further business to come before the Council, Mayor Hornaday adjourned the meeting at 8:07 p.m. The next Regular Meeting is Monday, February 13, 2012 at 6:00 p.m. and Committee of the Whole 5:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

JO JOHNSON, CMC, CITY CLERK

Approved: _____