

MANAGERS REPORT
February 27, 2012

TO: MAYOR HORNADAY / HOMER CITY COUNCIL

FROM: WALT WREDE

UPDATES / FOLLOW-UP

1. Natural Gas: We met with Enstar representatives this week to go over design and cost estimates for the distribution system. I asked Enstar to provide cost estimates for three LID options for Council consideration. Those options are 1) the “core area” 2) the entire City limits and 3) the core area plus a loop that goes up West Hill, across Skyline, and down East Hill. At the last meeting, Council members had several questions for Enstar. Answers to those questions are attached. This agenda contains a resolution expressing support for the \$1.00 per mcf increase idea. We anticipate that ordinances amending the code to provide for gas main LIDs and for regulation of gas main utilities in the ROW will be ready for introduction at the first meeting in March. A resolution expressing the necessity to create an LID and starting the process to seek landowner approval can be expected in April.
2. Customer Charge / Multi-family Dwellings: The new customer charge for residential units in multi-family dwellings which was approved by the Council last year is about to go into effect. Some of you have been contacted by apartment building owners who have expressed disapproval. It might be a good time to remind ourselves why the Council enacted this change. Customer charges for residential units within multi-family dwellings are very common. The staff have been recommending this for a number of years and Council approved it in June as part of setting the overall fee schedule for the next two years. Recall that the Council changed the commodity fee from commercial to residential and added the customer fee for each unit. Customer charges cover the fixed costs associated with maintaining the infrastructure. In December, the Council dropped the requirement that each unit have a separate meter and went with an administrative charge instead in part, to save money for contractors and dwelling owners. The Council made the change to customer charges for the following reasons:
 - Fairness: it was seen as unfair that single family homes paid a customer charge but apartments did not. Everyone benefits from the distribution system, fire hydrants etc. being maintained properly. This spreads the cost more equitably.
 - Increase Customer Base: One of the goals of the Council has been to increase the customer base to balance the budget and keep the Water and Sewer Fund in the black. This added approximately 400 customers and significant additional revenue.
 - Stable Fees: The Council did not wish to raise the basic fees for water and sewer for the next two years. The Council was able to keep fees at the current level with no increases by reducing its contribution to

depreciation reserves to a minimal amount and spreading costs more equitably among the residential customer base.

3. Health Insurance Broker: During the budget discussions at the end of last year, the Council approved an employee contribution toward the cost of providing health insurance. During this discussion, the Mayor and several Council members expressed an interest in having a workshop with the city insurance broker, Jeff Paxton. That workshop has been scheduled for 4 Pm on March 19th. I would be interested in hearing what topics the Council may wish to discuss and learn more about. Some topics may have to be in executive session depending upon how deep you want to get into the details of things like spending on certain types of coverage (HIPPA and privacy regulations). For now, I have indicated to Jeff that we would like him to discuss broad topics that could be discussed in open setting such as trends in health care costs, city spending on insurance, projected costs in the future, ways to control costs and the role of the broker, and the impacts on Homer that the new Health Care law will have, including the tax implications.
4. Term Contracts: Carey has issued a request for proposals for engineering services for term contracts. The two are for engineers to provide civil (roads, trails, drainage, etc) and water and sewer engineering services. Another RFP is on the way for marine engineering. Term contracts have worked very well for us in the past. They allow us to move quickly and be more efficient because we do not have to issue an RFP every time a new project comes up. This will help us move ahead quickly on some of the capital projects we have and in some cases, provide the project management assistance we need.
5. Airport Doors: In the 2011 Operating Budget, the Council approved \$25,000 to replace the glass sliding doors at the airport terminal. The building maintenance staff has been researching different types of sliding glass doors and companies that would provide and install them. The staff has been spending many hours repairing and nursing these doors along and recently they have become inoperable on occasions. Sometimes the doors are stuck in the open position; something we clearly do not want in the winter. (See attached memo from PW Superintendent.) It was necessary to take action immediately. The Council has already approved the money but we did not have time to bring you a resolution approving the contract. Lakeshore Glass of Homer was the lowest responsible bidder at \$21,850. Work is proceeding.
6. HB 312: This is a bill that we are watching closely which could have big impacts for Homer residents if natural gas arrives in the community. Katie testified in favor at a hearing last week and Linda Anderson is working on it as well. Council has not formally expressed an opinion on this one so we want to bring it to your attention and make sure you knew that we are working on it. HB 312 would provide low interest loans to businesses and residents who wish to make the conversion to natural gas.
7. Building Art: This agenda contains a memorandum with recommendations from the Public Arts Committee regarding how public art should be displayed in the expanded and renovated City Hall. There are other locations within the building that are calling out for art and the Arts Committee has expressed a willingness to help secure it. That raises a number of issues about the donation of art and the

display of art by local residents in public buildings that probably should be discussed. It would be good to have policies in place before we leap into this. We have already addressed this issue to some degree at the library.

8. Community Recreation Program: New schedules for sports activities at the High School and Middle school have been established that put a severe squeeze on Community Recreation Programs. Some of the most popular programs (most participants and most revenue) will be seriously impacted and may even have to be cancelled. The future of the program is uncertain and the current contract with the School District expires at the end of June. This has renewed interest in moving some if not all of the Community Rec. Programs to the HERC Building. It would be good if Council could have a discussion about this sometime soon.

ATTACHMENTS

1. Enstar responses to Council Questions
2. Memorandum from PW Superintendent re: Airport Terminal Sliding Glass Doors