

MANAGERS REPORT
March 12, 2012

TO: MAYOR HORNADAY / HOMER CITY COUNCIL

FROM: WALT WREDE

UPDATES / FOLLOW-UP

1. Natural Gas: We are following through with the action plan discussed by the Council at the workshop last month. The Council has now passed a resolution in support of the \$1.00 per MCF tariff. At this meeting, two ordinances are up for introduction. One governs utilities, including gas mains, constructed within the ROWs. The other amends the Local Improvement District chapter of the code to allow for gas utility LIDs. We are discussing alternative methods for financing the distribution system build-out including one that we will do some work on in Juneau this week. I am preparing a progress report of the work Homer is doing in preparation for gas to distribute to the Governor and the Legislature. The next big step is for Council to initiate the LID process. I anticipate bringing you the first resolution starting the process in April. Enstar is in the process of providing me with cost estimates for doing distribution work in the entire town. They are also looking into whether the tariff could be amended to allow lots that front on the main transmission line to be part of an assessment district. The answer has big implications for how much each lot would pay. I covered a lot here quickly. Please don't hesitate to ask questions.
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 since there appears to be some confusion and misinformation out there. Customer charges for residential units within multi-family dwellings are very common. The staff has been recommending this for a number of years and Council approved it this summer 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 a number of reasons including:
 - 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.

NOTE: Since the last meeting, Council member Hogan has sponsored a resolution that would rescind the resolution which formally establishes the customer service charge for units in multi-family dwellings. The resolution retains the commodity charge at residential rates as opposed to restoring them to commercial rates as they were before. This will result in an estimated \$175,000 budget deficit. Also, you have been provided with a legal opinion which states that the resolution Mr. Hogan wants to rescind was adopted legally. The opinion takes no position as to whether public notice could have been improved as a matter of policy.

3. Lake Street / Refined Scope of Work: You may recall that a rebuild of Lake Street is included in the STIP. Rick Abboud has been working with DOT/PF and encouraging them to construct separated sidewalks and/or a bike trail on either side of the road. He and Carey have also suggested that a bike lane on the West side of the road would also be beneficial as an alternative. Last week we had a teleconference with DOT/Pf about Lake Street. DOT/PF stated that because of drainage, drainage infrastructure maintenance, ROW issues, and other concerns, they felt that a separated sidewalk or bike path on the West side would be problematic. They suggested a bike lane instead and asked if that was acceptable to the City. Under that scenario, Lake Street would have a sidewalk on one side and a bike lane on the other. Not ideal, but a big improvement over what we have now. We told them that would likely be acceptable but before a plan like that gets finalized, I wanted to see if Council has any objections or comments.
4. E-Mail Training: Last year the Council had a discussion with City Attorney Holly Wells about the Council's use of e-mail to conduct official, council related business. There was discussion about what is subject to disclosure as a public record and what is not. There was discussion about the possible problems with doing official business on your personnel computer, especially if that computer is not tied into the City server. I have spoken to Holly about this recently and she is ready to talk to Council about this when you are ready. There was talk about a possible training session, technological solutions, and possible code or operating manual amendments. So, Council has a lot on its plate right now but this seems like something we should address sooner rather than later. Let me know what you think and Jo and I will set something up.
5. Community Economic Development Strategy (CEDS): The Council has adopted a Community and Economic Development Strategy. We would like to begin implementing some of the objectives in the plan and are looking for a good place to start. One of Katie's responsibilities is to work with the EDC on recommendations to the Council about how to prioritize and implement the objectives in the plan. A strategic plan for implementing the CEDS is on the EDC

work plan. Before the Commission dives into this, it would be useful to get some feedback from the Council about what its priorities are with respect to economic development. That might help the Commission to focus its time and energy in a direction that that Council would find most helpful. If Council is interested in this approach, let me know and we'll discuss it further.

6. Juneau Trip: At the request / recommendation of the City Lobbyist, I will be travelling to Juneau Wednesday March 14th to Friday, March 16th. Linda thinks it would be a good idea to have a presence while the Senate is still working on the Capital Budget. There are two meetings scheduled in the Governor's office and meetings with key legislators. The focus will be updates on progress with the gasline and the gas distribution system, financing for the distribution system, harbor project priorities, the Deep Water Dock, and other top CIP priorities, especially the Nick Dudiak Fishing Lagoon and the Skyline Fire Station.
7. KPB Ordinance 2012-06: Mayor Hornaday inquired about the impacts this ordinance might have on Homer residents and businesses. Attached is an analysis and some background information prepared by City Planner Rick Abboud. Please let us know if you wish to discuss this further or in more detail.
8. 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.
9. Denali Commission Grant: The City has been waiting for months to get the "official" word that the Denali Commission grant for engineering and design of several priority (revenue bond) harbor projects has been awarded. We received that word over the past week. We expect to receive a grant agreement soon and will be bringing you an ordinance accepting the grant and appropriating the money.
10. 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.
11. Building Art: The Public Arts Committee is implementing the memorandum that was adopted at the last meeting. The Committee has inventoried all of the public art in the City collection and is putting it on display in the various public areas at City Hall. The work is not yet complete but I think the public will be pleased when it sees it. Sometime this spring we plan to have an open house and that will be an opportunity for Homer residents to see the new expansion and renovation of the building. It will also be a good time to see the public art on display. It might be worth doing something in conjunction with First Friday.

12. 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; particularly in the spring. 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.
13. Capital Projects: We are making a concerted effort to move some of the City's capital projects forward. If everything goes according to plan, we should be designing and permitting the extension of the Spit Trail this spring and summer in anticipation of construction next spring at the latest. Some work has already begun on the cruise ship improvements (the \$6 Million Legislative Grant). Progress is being made on the Beluga Slough Trail and on Karen Hornaday Park Improvements. The Deep Water Dock expansion feasibility studies should commence this summer.

ATTACHMENTS

1. Memorandum and Background Information re: KPB Ordinance 2012-06.