

**MANAGERS REPORT**  
**August 13, 2012**

**TO:** MAYOR HORNADAY / HOMER CITY COUNCIL

**FROM:** WALT WREDE

UPDATES / FOLLOW-UP

1. Mid Year Budget Amendments: This agenda contains three mid-year budget amendment ordinances. Three ordinances were used because the proposed transfers involve depreciation accounts for multiple budget years, 2012 operating expenses, and new capital projects. It seemed cleaner to do it that way rather than try to accomplish all of that in one ordinance. These ordinances attempt to do two things: 1) appropriate excess revenues from FY 2011 and 2) appropriate funds to cover unanticipated operating expenses. The City took in revenues that exceeded budget projections for 2011. Over 400,000 of that was sales taxes due to the rising costs of things like fuel. Revenue Sharing turned out to be more than was budgeted and the City also saw an increase in the jail contract. PERS relief had to be shown as revenue which skews the numbers somewhat. The administration is proposing to appropriate most of the excess revenues into depreciation accounts to compensate for the fact that no funds were transferred into these accounts in either 2010 or 2011. Funds are also appropriated to repay the Revolving Energy Fund. The ordinances also propose appropriating money and amending the current FY 2012 Operating Budget to address unanticipated increases in fuel, electricity, and overtime costs. Most of the major cost increases have explanations in the margin however, we will be happy to explain any line item at the meeting.
2. Land Negotiations: The Council recently adopted Resolution 12-54 (A) which authorized the City Manager to negotiate a purchase agreement for Lot 75 Bunnells Subdivision. Contact has been made with the property owner and a commercial appraisal has been ordered.
3. Intersection of Lake and Pioneer: Based upon the conversation Council had at the last meeting during the Manager's Report, we have gotten back to ADOT/PF and informed them that the City of Homer has no objection to planning for a round-about at the intersection of Lake St. and Pioneer. Intersection improvements would become part of the larger Lake St. Rehabilitation project. You will recall that DOT/PF wanted to know the City's opinion before it started the planning, environmental assessment, and permitting process. ADOT/PF will hold community meetings to solicit public comments after the preliminary design is complete.
4. Intersection Main and Sterling: Based upon the conversation Council had at the last meeting regarding this intersection, it was agreed that I should bring back a resolution which says that the City is willing to assume responsibility for construction of intersection improvements. The main reason for the resolution

was to get the issue on the table for additional discussion and action. A resolution to that effect is included in the packet. Also included is additional information requested by Council which will assist it in deciding how to proceed with respect to the resolution.

5. High School Track: At the last meeting, there seemed to be a consensus that I should bring back an ordinance that appropriates money to complete the HS track renovation project, including all of the additive alternatives. Again, the primary reason for bringing this ordinance forward was to get the issue on the table for additional discussion and possible action.
6. Harbor Projects: Things are moving ahead with the proposed harbor improvements (the bond projects). Katie has completed and submitted the grant application for Municipal Harbor Grant Funds. Carey has the engineers lined up and ready to begin the engineering and design phase so that the projects are “shovel ready.” This agenda contains an ordinance accepting and appropriating a grant of over \$400,000 from the Denali Commission. You will recall that this grant was specifically for engineering and design of the Ramp 3, harbor float replacement, and System 5 upgrades. The local match is included in the mid-year budget amendment. The Spit Trail MOU is ready to be signed and design work could begin this fall. Work is moving ahead on the Cruise Ship head tax grant project.
7. Natural Gas: I have formed an internal natural gas planning group to focus on the proposed gas distribution special assessment district. This is a very complex project and it will require cooperation and coordination between a number of City departments. Our goal is to meet on a regular basis and make sure we are coordinating well and maximizing efficiency and productivity. We have had two meetings so far. We are focused now on the development plan. Work products that you will hear about soon will include a development plan, budget, and project schedule. We had a meeting last week with officials from Enstar including the Director of Operations, the Project Engineer, and the Project Manager. The project Manager is moving to Homer for the duration and is looking for housing. The primary focus of the meeting was on design, communication, and permitting for gas lines in City streets. Enstar has begun work and let contracts for environmental studies, ROW location, permitting, and design. Please let me know if you have questions about any of this.
8. Capital Projects: Engineering and design is underway on portions of the Cruise Ship Grant project and the Council has awarded a contract for construction of new fenders at the Deep Water Dock. The approved street repaving project will take place this summer. The MOU is about complete with DOT/PF and we expect to start the design phase of the Spit Trail extension this summer. Contracts have been awarded for the Beluga Slough Trail improvements. Permits are now lined up for moving the entrance to Mariner Park and construction might occur this summer or fall. The Kachemak Drive Water and Sewer Project is essentially complete. A surveyor is working on the Nick Dudiak Fishing Lagoon to determine how much material needs to be removed. We expect to bid that work out this fall and the lagoon should be ready for new fish from ADF&G next summer. I am sure there are other projects I forgot to mention in my haste to

complete this report. Please don't hesitate to ask questions about these or any other capital projects. Carey will provide a full and more detailed report on capital projects at a future meeting.

9. FY 2013 Operating Budget: Yes, it is that time again. Regina has completed her initial work on the draft budget and the Department Heads are currently reviewing it and proposing amendments. This Committee of the Whole contains an agenda item entitled "Council Budget Priorities." This always causes confusion because there is nothing yet for the Council to really comment on. This was placed on the budget approval schedule several years ago because a few Council members were not happy that the Council did not get to provide any input until the Manager's Draft Budget was completed and submitted to Council. So, this is an opportunity for Council to weigh in early and let me know what your budget priorities are so that I have that information and can take it into consideration. There is also a public hearing scheduled. Again, this is an opportunity for the public to get their comments in early about priorities before the draft budget is prepared.

## **ATTACHMENTS**

1. Letter from National Parks Conservation Association
2. Letter from Kachemak Heritage Land Trust re: Conservation Easement
3. Letter from Kate Mitchell re: Homer Marine Trades
4. Washington Post Article: Karen Hornaday Park Playground