

Session 12-35 a Regular Meeting of the Homer City Council was called to order on December 10, 2012 at 6:00 p.m. by Mayor Mary E. Wythe 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: BURGESS, DOLMA, LEWIS, ROBERTS, ZAK
(telephonic)

ABSENT: HOWARD (excused)

STAFF: CITY MANAGER WREDE
CITY CLERK JOHNSON
CITY ATTORNEY WELLS
COMMUNITY & ECONOMIC DEVELOPMENT
COORDINATOR KOESTER
FINANCE DIRECTOR MAURAS
IT MANAGER POLOS
LIBRARY DIRECTOR DIXON
PERSONNEL DIRECTOR PETERSEN
POLICE CHIEF ROBL
PORT & HARBOR DIRECTOR HAWKINS
PUBLIC WORKS DIRECTOR MEYER

Councilmember Howard has requested excusal.

Mayor Wythe ruled Councilmember Howard's absence as excused. There was no objection from the Council.

Councilmember Zak has requested telephonic participation.

BURGESS/LEWIS - MOVED TO ALLOW COUNCILMEMBER ZAK TO PARTICIPATE TELEPHONICALLY.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Council met for a Special Meeting from 4:00 p.m. to 4:38 p.m. in Executive Session to hear City Attorney Update on Court Cases: Auction Block vs. City of Homer, Griswold vs. City of Homer,

and Neal vs. City of Homer. From 5:00 p.m. to 5:46 p.m. Council met as a Committee of the Whole to discuss Regular Meeting Agenda items.

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

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 following changes were made to the agenda:

ANNOUNCEMENTS/PRESENTATIONS/BOROUGH REPORT/COMMISSION REPORTS - Library Advisory Board, Report from Chair Eileen Faulkner; **PUBLIC HEARINGS** - **Ordinance 12-47(A)**, An Ordinance of the City Council of Homer, Alaska, Appropriating Funds for the Calendar Year 2013 for the General Fund, the Water-Sewer Fund, the Port/Harbor Fund, Debt Funds, and Capital Reserve Funds (Conditional Expenditures). City Manager. Memorandum 12-189 from Public Works Director, Re: Project Manager Position Hiring Recommendations; **Ordinance 12-60**, An Ordinance of the City Council of Homer, Alaska, Repealing and Reenacting HCC Chapter 17.04 Regarding Special Assessment Districts. City Manager. Written public comments; Article from The Christian Science Monitor Weekly: Senior discounts: popular, but under fire; **CITY MANAGER'S REPORT - Beluga Slough Trail** – post construction photos; and **Homer City Hall** – newly painted sign photo.

Mayor Wythe called for a motion for approval of the agenda as amended.

LEWIS/BURGESS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

Larry Slone, city resident, commenting on Resolution 12-096(S) would like to see a list of priorities established each year for the lobbyist to focus on and a statement from Council on their effectiveness. On Ordinance 12-60 the tentative proposal to use HUD requirements is too high; a deferral should be made for everyone who is truly low income and in need.

Kevin Hogan, city resident, spoke on Ordinance 12-59. He likes the idea of extra seats for the public to participate in the hazardous training. He would like to see a MOU between the Harbor and Fire Department to improve ISO ratings for the Spit.

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 Regular Meeting minutes of November 26, 2012. City Clerk. Recommend adoption.
- B. **Memorandum 12-179**, from Deputy City Clerk, Re: Application for Liquor License Renewals for Beluga Lake Lodge and Best Western Bidarka Inn.
- C. **Memorandum 12-180**, from Mayor, Re: Appointment of Joshua Ross to the Economic Development Advisory Commission.

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

LEWIS/ROBERTS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VISITORS

ANNOUNCEMENTS/PRESENTATIONS/BOROUGH REPORTS

REPORT/COMMISSION

- A. Borough Report
- B. Commissions/Board Reports:

1. Library Advisory Board
2. Homer Advisory Planning Commission

Larry Slone, Planning Commissioner, reported at the last meeting the commission heard the transfer plat with the trash recycling plant. The Borough had requested an exception on the 28 ft. light pole restriction. Raising the height of the poles up to 43 ft. would achieve uniform light illumination for safety measures. The commission approved the split of Beluga Lake lots. Five other lots requested being combined and that was approved.

3. Economic Development Advisory Commission

Lindianne Sarno, Chair of Economic Development Advisory Commission, reported the commission is looking at three projects to incubate small businesses. Those include a permanent farmer's market building, a business incubator at the HERC building in conjunction with Parks and Recreation and Community Schools for intergenerational dances, and the Wooden Boat Society and Kachemak Bay water trail building on the Spit.

4. Parks and Recreation Advisory Commission
 5. Port and Harbor Advisory Commission
- C. Homer High School Students and Mayor Wythe Letters, re: Intersections
- D. Reports from Mayor Wythe and Councilmembers Burgess, Dolma, and Zak on Alaska Municipal League Conference

PUBLIC HEARING(S)

- A. **Ordinance 12-53**, An Ordinance of the Homer City Council, Amending HCC 9.16.010(A) and HCC 9.16.040, and Repealing and Reenacting HCC 9.16.100 Reinstating on a Year-Round Basis the City of Homer Sales Tax Imposed on Sales of Non Prepared Foods. Zak. Introduction November 26, 2012, Public Hearing and Second Reading December 10, 2012.

Ordinance 12-53(S), An Ordinance of the Homer City Council, Amending HCC 9.16.010(A) and HCC 9.16.040, and Repealing and Reenacting HCC 9.16.100 Reinstating on a Year-Round Basis the City of Homer Sales Tax Imposed on Sales of Non Prepared Foods. Zak.

Mayor Wythe opened the public hearing.

Charles Crampton, Nikolaevsk resident, opposes sales tax on food including local grown food sold at the Farmers Market.

Connie Akers, Homer resident, opposes reinstating the sales tax. We are already taxed to death and some things could be sliced from the budget.

Keren Kelley, Homer Senior Citizens, asked for a waiver process for senior citizens on the taxation.

Barb Brodowski, city resident, noted the projected salary expense increase of 2.1% in the budget and fringe benefit expense increase. There is an additional 7.5% in personnel costs over 2012; the sales tax is covering an increase in fringe benefits for City of Homer employees.

Nova Stubbs, Homer resident, opposes the food sales tax as it affects working and middle class families more than anyone. Tobacco and alcohol should be taxed.

Phil Gordon, city resident, thanked Council for the library budget. He is a member of the Library Advisory Board and next month he will present to Council a longstanding problem with the library.

Ernie Suoja, city resident, opposes the food sales tax. Sixty percent of the voters said they did not want tax on food.

Merlin Cordes, city resident, questioned the extensive medical coverage needed for government employees. We should not have to pay for employees' insurance and our own with a sales tax on food.

Ken Castner, city resident, commented it was misguided to announce what Council was going to do with the money. There are many things in the budget that need to be readdressed.

Ray Kranich, city resident, commented Council should remember the people voted not to have the tax. The City Manager has given Council a balanced budget and if the City gets extra revenue it will grow dependent on it.

John Chappell, city resident, asked what part of no does Mr. Zak not understand.

Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion to substitute Ordinance 12-53(S) for Ordinance 12-53.

LEWIS/BURGESS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Mayor Wythe called for a motion for the adoption of Ordinance 12-53(S) by reading of title only for second and final reading.

ZAK/ROBERTS – SO MOVED.

Councilmember Lewis commented that no Alaskan loves any tax whatsoever. We are the only city in the Kenai Peninsula Borough that voted to get rid of the sales tax exemption on non prepared foods. Of sales tax collected, 1.5% of sales tax is allocated to HART and HAWSP. When the vote on the sales tax came we had a 29% voter turnout with the majority voting in favor of getting rid of the sales tax. He will not be supporting the ordinance. Everyone seems to jump on the city workers, but everyone has made choices. None of this was hidden when you wanted to make the choices.

Councilmember Burgess commented we are kicking the can down the road because we are not funding depreciation. The vast majority of citizens have asked for police, fire, port, and community schools. Without a sales tax increase we are not funding depreciation. He opposes the 2% COLA and believes we need to address healthcare for city employees. Other tools are property taxes that disproportionately affect people. Council has a tough decision. It is a matter of supporting core services.

Councilmember Roberts echoed the comments of Councilmembers Lewis and Burgess. She supports the ordinance as the City provides community schools and library services to people that live outside city limits.

Councilmember Zak commented we continue to fund city services and if we don't find a way to do it we will have to look at other means. We are here to serve the people and there are a lot of things we have not funded although we are fiscally conservative. In the long term we will see greater benefits to help the economy overall.

Councilmember Lewis asked how expenses for the Community Recreation Program have grown and the City's expense to house the Boys and Girls Club since losing the college rent.

Finance Director Mauras answered the annual rent was \$66,000 for the HERC building from the college. Expenses for operating the HERC building were:

- 2009 \$105,000
- 2010 \$111,000
- 2011 \$106,000
- 2012 \$113,000
- 2013 \$133,000

Income received from Community Recreation was \$28,000 to \$30,000 in each one of those years.

Costs of housing the Boys and Girls Club are difficult to come up with. Last year half of the city administration was in the building until March. We have charts that show both buildings and Mitch is tracking fuel and electric. If the Boys and Girls Club is left in the HERC building we may need to adjust the budget mid year.

Councilmember Dolma asked for the total Fire Department budget and total loss by fire over the last few years. He asked for the costs for the Police Department versus what we gain. We don't have to improve the roads and remove the snow. The core services cost millions of dollars. He is against food taxes, but realizes it is important to give people outside the city a chance to share in city services. It gives people the opportunity to pay for library and services they use.

Mayor Wythe remarked she is not in favor of reinstating the sales tax since it was voted on by the people in Homer. Council has no ability to establish the sales tax. A sales tax of 4.5% was established by the citizens to pay for services. We have to have qualified employees to run the water and wastewater treatment plants. We want the police to report immediately and know they are qualified. We want the Fire Department to be qualified. These are not free and inexpensive services. Health insurance is an incredible value. Employees have taken salary cuts to pay for benefits. They have given something back year after year, including zero COLAs. The cost of living in America goes up every day due to services.

Mayor Wythe commented forty years ago we lived in a society where neighbors took care of people. Now we want the government to take care of responsibilities and it is not free. We continue to have nonprofit people asking for money. There has to be a connection what I want the government to provide for me and what I'm willing to dole out. She doesn't find it a hardship to say we can't contribute to fund things. If all the tax money will pay for the core services, we have to be okay with it. City Council reduced property tax in exchange for an increased sales tax. It is important to weigh and measure and recognize running the government is not free. The only source of revenue the City has is from taxes.

VOTE: YES. ROBERTS, ZAK, BURGESS

VOTE: NO. DOLMA, LEWIS

Motion failed.

B. **Ordinance 12-54**, An Ordinance of the Homer City Council, Amending HCC 9.16.040 and HCC 9.16.100 to Make Certain Categories of Nonprepared Foods Subject to the City of Homer Sales Tax on a Year-Round Basis. Lewis. Introduction November 26, 2012, Public Hearing and Second Reading December 10, 2012.

Ordinance 12-54(S), An Ordinance of the Homer City Council, Amending HCC 9.16.040 and HCC 9.16.100 to Make Certain Categories of Nonprepared Foods Subject to the City of Homer Sales Tax on a Year-Round Basis. Lewis.

Mayor Wythe opened the public hearing.

Ray Kranich, city resident, voiced his opposition to the ordinance for the same reasons as stated in Ordinance 12-53(S).

Ernie Suoja, city resident, expressed opposition as it is forcing people to cook when they don't have the capability to do so.

Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion to substitute Ordinance 12-54(S) for Ordinance 12-54.

LEWIS/BURGESS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Mayor Wythe called for a motion for the adoption of Ordinance 12-54(S) by reading of title only for second and final reading.

LEWIS/BURGESS – SO MOVED.

LEWIS/ROBERTS – MOVED TO AMEND TO ELIMINATE LINES 66 THROUGH 68: FROZEN FOODS THAT ARE READY TO EAT UPON HEATING IN A CONVENTIONAL

OR MICROWAVE OVEN, INCLUDING ENTREES, DINNERS, PIZZA AND BURRITOS, BUT EXCLUDING FROZEN FRUITS AND VEGETABLES.

Councilmember Lewis defended it was non prepared foods. It is not his intention to set any regulations about healthy life styles.

City Attorney Wells advised Council has the ability to amend an ordinance on the floor going to the substance without changing the intent. She worries about this level of a change when the heart of the ordinance is exemption based on these categories. People will be paying attention to these categories and responding based on them. It is ambiguous as it would be on the line. She cautioned Council whether they make the amendment on the floor tonight or come back for a second reading.

Councilmember Lewis would rather have the ordinance come back in January if the amendment will be that big of a change. It may need to change the date of enactment.

City Manager Wrede agreed it would likely change the enactment date, although he would have to check with the Borough. The Borough needs 45 days to issue public notice about the change in the tax code and come to Homer twice to talk with businesses.

Councilmember Roberts noted it was difficult to determine what kind of food people need to eat for convenience food because they can't cook. She could support the amendment, but is not clear on the ordinance.

VOTE: (amendment) YES. LEWIS, ROBERTS, DOLMA, ZAK

VOTE: NO. BURGESS

Motion carried.

LEWIS/DOLMA – MOVED TO POSTPONE ORDINANCE 12-54(S) FOR FURTHER CONSIDERATION AND AN ADDITIONAL PUBLIC HEARING AND SECOND READING ON JANUARY 14.

Councilmembers Roberts and Burgess expressed opposition to the postponement.

VOTE: (postponement) YES. LEWIS, DOLMA

VOTE: NO. BURGESS, ROBERTS, ZAK

Motion failed.

Councilmember Burgess commented we are kicking the can again. There is not a lot of fluff in the budget. We are not funding depreciation accounts. We say we want services but don't want to pay for them. We should not do a COLA for staff and should address health insurance costs, and has little support from the Council. We are creating a situation where we are going to have costs without revenues. If we don't balance ourselves we are going to find ourselves in a situation many unhappy Lower 48 cities are in.

Councilmember Lewis commented in passing this ordinance we will not be implementing all the other budget amendments from the last meeting. We have no idea how much money this will generate. We will have to take a wait and see of how much money it generates. It does not include money for the Senior Center, Chamber of Commerce, a COLA, City Council salaries, or funding depreciation accounts.

Mayor Wythe noted the water and sewer enterprise fund receives a substantial amount of money through the sales tax which is used to pay the debt for the construction of the water and sewer plant. There is a portion of the sales tax not getting paid which is creating a financial situation in the water and sewer too.

VOTE: (main motion as amended) YES. BURGESS, LEWIS, DOLMA

VOTE: NO. ROBERTS, ZAK

Motion failed.

Mayor Wythe called for a recess at 7:23 p.m. and reconvened the meeting at 7:33 p.m.

C. **Ordinance 12-47(A)**, An Ordinance of the City Council of Homer, Alaska, Appropriating Funds for the Calendar Year 2013 for the General Fund, the Water-Sewer Fund, the Port/Harbor Fund, Debt Funds, and Capital Reserve Funds (Conditional Expenditures). City Manager. Introduction October 22, 2012, Public Hearings November 26 and December 10, 2012, Second Reading December 10, 2012.

Resolution 12-088, A Resolution of the City Council of Homer, Alaska, Maintaining the City of Homer Fee Schedule at the Current Rates. City Clerk. Recommended to follow Budget Ordinance 12-47 schedule.

Resolution 12-089, A Resolution of the City Council of Homer, Alaska, Maintaining the Port of Homer Terminal Tariff No. 600. City Clerk. Recommended to follow Budget Ordinance 12-47 schedule.

Mayor Wythe opened the public hearing.

Ken Castner, city resident, referenced the budget pertaining to the water and sewer overhead costs.

Larry Slone, city resident, commented on the high water and sewer costs, especially administrative costs. The Water and Sewer Rate Task Force worked well in coming up with a model rate that he considers fair and appropriate.

Nick Poolos, Homer resident and IT Manager, commented on overhead costs for water and sewer.

Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Ordinance 12-47(A) by reading of title only for second and final reading.

LEWIS/ROBERTS - SO MOVED.

ROBERTS/BURGESS - MOVED TO AMEND THE BUDGET TO ADD THE REQUEST ON PAGE 350 TO ADD AN IT PERSON TO THE CITY DEPARTMENT FOR \$75,823.

City Manager Wrede clarified it would take the part time position to make it full time and \$36,506 was needed.

ROBERTS/BURGESS - MOVED TO AMEND THE AMENDMENT TO \$36,506.

Telephonic communication with Councilmember Zak was lost at 7:45 p.m.

The funding will come from excess sales tax as the revenues exceeded expenditures. It is not contingent on Ordinances 12-43(S) and 12-44(S).

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

Motion carried.

ROBERTS/LEWIS - MOVED TO AMEND THE BUDGET TO ADD THE PROJECT MANAGER POSITION IN THE AMOUNT OF \$90,000 AND AUTHORIZE THE TRANSFER OF GENERAL FUND RESERVE FUND BALANCE MONIES IN THE AMOUNT OF \$72,000 TO COVER THE COSTS.

City Manager Wrede explained this is a project manager position at Public Works. Council has authorized the creation of the position twice, but we haven't been able to fund it. Of the \$90,000 that is needed, \$72,000 will be charged to project funds. They are grants that we already have. It is \$18,000 that will be needed from the general fund. For auditing reasons we need to show the full \$90,000 in the budget.

ROBERTS/LEWIS – MOVED TO AMEND THE AMENDMENT TO AN AMOUNT OF \$90,000.

Telephonic communication with Councilmember Zak was reestablished at 7:52 p.m.

VOTE: (amendment) YES. ZAK, BURGESS, LEWIS, ROBERTS, DOLMA

Motion carried.

Councilmember Zak's proposed amendments are no longer included in the budget with the failure of Ordinance 12-53(S).

BURGESS/ZAK - MOVED TO AMEND TO REVISE THE LINE ITEM OF FUNDING FOR THE CHAMBER'S MARKETING TO CHANGE TO \$40,000 AND FUND FROM GENERAL FUND RESERVES.

Councilmember Burgess disclosed he owns a portion of a business that has financial interaction with the Chamber. An increase in Chamber funding would not result in a gain for his business. In the past the Mayor has ruled there is no conflict of interest.

Mayor Wythe acknowledged Councilmember Burgess' disclosure and added that Councilmember Zak does not have a conflict of interest either.

Mayor Wythe announced we are giving money to the Chamber of Commerce so they can advertise and promote the City of Homer.

Councilmember Burgess added the Chamber consistently exceeds what the City of Homer contributes to them. The Chamber is the only marketing and advertising branch of the City. Every other city on the Kenai Peninsula has a bed tax and other taxes dedicated to marketing their city. Our contribution is a small investment that will be returned in the years to come.

Councilmember Lewis questioned the amendment without the sales tax passing. We are spending reserves to compete in the market with other communities.

VOTE: YES. DOLMA, ZAK, BURGESS, ROBERTS

VOTE: NO. LEWIS

Motion carried.

VOTE: (Ordinance 12-47(A) as amended) YES. ROBERTS, DOLMA, ZAK, BURGESS, LEWIS

Motion carried.

Motion on the floor from October 22: MOTION FOR THE ADOPTION OF RESOLUTION 12-088 AND 12-089.

ROBERTS/BURGESS – MOVED TO ADOPT RESOLUTIONS 12-088 AND 12-089.

Councilmember Lewis believes in the future as costs for all departments go up, all fees should be raised 10%. We need to start looking at a fee study for the port and harbor.

VOTE: YES. LEWIS, ROBERTS, DOLMA, ZAK, BURGESS

Motion carried.

D. **Ordinance 12-55**, An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating an Alaska Highway Safety Program Grant for DUI Enforcement and Authorizing the City Manager to Execute the Appropriate Documents. City Manager/Police Chief. Introduction November 26, 2012, Public Hearing and Second Reading December 10, 2012.

Memorandum 12-172 from Police Chief as backup.

Mayor Wythe opened the public hearing. In the absence of public testimony, Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Ordinance 12-55 by reading of title only for second and final reading.

LEWIS/ROBERTS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- E. **Ordinance 12-56(A)**, An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating an Online With Libraries (OWL) Grant in an Amount up to \$7,280.00 for a Temporary Part-Time IT Aide for the Public Library and Authorizing the City Manager to Execute the Appropriate Documents. City Manager/Library Director. Introduction November 26, 2012, Public Hearing and Second Reading December 10, 2012.

Memorandum 12-173 from Library Director as backup.

Mayor Wythe opened the public hearing. In the absence of public testimony, Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Ordinance 12-56(A) by reading of title only for second and final reading.

LEWIS/ROBERTS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- F. **Ordinance 12-57**, An Ordinance of the City Council of Homer, Alaska, Amending the FY 2012 Capital Budget by Appropriating an Additional \$101,250 from the General Fund Balance for Completion of the Nick Dudiak Fishing Lagoon Dredging Project. City Manager/Public Works Director/Port and Harbor Director. Introduction November 26, 2012, Public Hearing and Second Reading December 10, 2012.

Ordinance 12-57(S), An Ordinance of the City Council of Homer, Alaska, Amending the FY 2012 Capital Budget by Appropriating an Additional ~~\$101,250~~ **\$69,768** from the General Fund Balance for Completion of the Nick Dudiak Fishing Lagoon Dredging Project. City Manager/Public Works Director/Port and Harbor Director.

Memorandum 12-169 from City Manager as backup.

Memorandums 12-156 and 12-147 from Public Works Director as backup.

Mayor Wythe opened the public hearing.

Larry Slone, city resident, commented he was advised that the Corps of Engineers had decided gravel should not be removed from the Spit since the Spit is losing substance because of erosion.

Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion to substitute Ordinance 12-57(S) for Ordinance 12-57.

LEWIS/ROBERTS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Mayor Wythe called for a motion for the adoption of Ordinance 12-57(S) by reading of title only for second and final reading.

LEWIS/ROBERTS - SO MOVED.

Councilmember Lewis noted the gravel dredged must be left on the Spit unless there was no use for it on the Spit. He asked about the sales of dredge spoils.

City Manager Wrede did not recall the Corps having a provision about removing dredge materials from the Spit. The City Council had an ordinance at one time that prevented dredge materials from leaving the Spit. It was unclear if it meant dredge materials or mining on the beaches. In earlier years people were proposing to take fair amounts. Council changed the ordinance to create a progression of allowing materials to be taken off the Spit.

Port and Harbor Director Hawkins reported there were two proposals for the dredge materials. The entire amount of materials removed from the lagoon has been sold. In a few weeks we will see the materials removed, one will go to a business owner on the Spit and another to a business owner out East End Road. Proceeds will be significantly more than the \$100,000 taken out of the Nick Dudiak reserve fund. When we have final numbers we will ask for Council guidance on replacing the funds.

Mayor Wythe advised the reimbursement was already established to be returned to the Nick Dudiak reserve fund. She commented she had never heard the Corps version of removing dredge materials from the Spit. Port and Harbor Director Hawkins answered the Corps has been working internally to address permitting that was denied. The Corps does not believe removal of dredge

materials is detrimental or hurting the Spit. The beach re-nourishment program was shut down. The Corps civil side said it was beneficial to their program and they are working to get that permitting in place.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

ORDINANCE(S)

- A. **Ordinance 12-58**, An Ordinance of the City Council of Homer, Alaska, Approving the Disbursement of the Net Earnings of 5% of the Permanent Fund, an Amount of \$3,554.79, to Local Non-Profit Organizations for the Benefit of the Community. City Clerk/Permanent Fund Committee. Recommended dates: Introduction December 10, 2012, Public Hearing and Second Reading January 14, 2013.

Mayor Wythe called for a motion for the adoption of Ordinance 12-58 for introduction and first reading by reading of title only.

ROBERTS/LEWIS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- B. **Ordinance 12-59**, An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating a Reimbursable Grant in the Amount of \$8,000 from the State of Alaska Department of Environmental Conservation for Hazardous Materials Training and Authorizing the City Manager to Execute the Appropriate Documents. City Manager/Deputy Harbormaster. Recommended dates: Introduction December 10, 2012, Public Hearing and Second Reading January 14, 2013.

Memorandum 12-181 from Deputy Harbormaster as backup.

Mayor Wythe called for a motion for the adoption of Ordinance 12-59 for introduction and first reading by reading of title only.

LEWIS/ROBERTS – SO MOVED.

Councilmember Lewis questioned the training dates of January 8 and 9 in relation to the second reading on the ordinance of January 14. There are five extra seats for the training and he

encouraged individuals that work on Fish Dock Road with anomia in their buildings to attend.

City Attorney Wells advised we should check with the grant application process to make sure we are not violating any type of grant specification by letting private individuals to attend the training.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- C. **Ordinance 12-60**, An Ordinance of the City Council of Homer, Alaska, Repealing and Reenacting HCC Chapter 17.04 Regarding Special Assessment Districts. City Manager. Recommended dates: Introduction December 10, 2012, Public Hearing and Second Reading January 14, 2013.

Mayor Wythe called for a motion for the adoption of Ordinance 12-60 for introduction and first reading by reading of title only.

LEWIS/ROBERTS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

CITY MANAGER'S REPORT

A. City Manager's Report

1. Senior Gas Assessment Deferral Ordinance: At the last meeting the Council discussed the issue of whether senior deferrals should be available for the proposed natural gas special assessment district. I indicated that I would bring an ordinance forward to get the issue on the table and hopefully, get it resolved one way or the other before the end of the objection period. The ordinance in your packet provides that there will be no deferrals for SADs that are created to finance infrastructure that is not owned by the City. Council Member Burgess stated that he could support a senior deferral if interest accrued. There was discussion about whether a separate ordinance would be needed. Upon review, it is clear that the Code already provides for interest to accrue on deferred assessments. The Code also requires that applicants for a deferral provide the City with some security such as lien, deed of trust, and/or promissory note. Therefore, the City is reasonably assured of getting repaid eventually. A new ordinance is not required. If the Council wishes to permit deferrals, it might want to discuss the difference in income requirements for deferrals between the City and the Borough. The City uses HUD low income

requirements. The Borough apparently uses the poverty level. There is a big difference here and a big difference in the number of applicants that might qualify for the deferral.

2. Eliminating Lot Lines / Combining Lots: The City has received several complaints recently from property owners who contend that they have not been given enough time to eliminate lot lines and combine lots so that they can avoid multiple assessments on the proposed Natural Gas SAD. The Code provides that lots lines must be eliminated before the public hearing scheduled in January. Getting plats approved can take a minimum of several months, even if the plat is a relatively simple one. According to the Planning Department, there are approximately six plats that are likely to be approved before the hearing date. There are others that won't make the deadline for a variety of reasons. At this point, pushing the hearing date back or amending the ordinance would be problematic and might create other undesirable outcomes. We can discuss this issue in more detail at the meeting if Council wishes. The staff natural gas planning group recommends no change for a variety of reasons including the fact that the SAD was initiated back in July and delays in the schedule could jeopardize construction this year. No matter where the cutoff is establish, some property owners will be upset and permitting too much of this drives the cost per lot up for everybody else.
3. Nick Dudiak Fishing Lagoon Dredging: The dredging work is complete at the Fishing Lagoon. It turns out that the quantity to be removed was about 30,000 cubic yards rather than the 32,000 cubic yards we estimated for the emergency ordinance. As a result, the cost was about \$31,000 less than the ordinance authorized. Therefore, this agenda contains a substitute for the permanent budget ordinance that contains the correct numbers.
4. Lobbyist Contract: At the last meeting, the Council postponed a resolution approving a new contract for the lobbyist and asked me to work with her to make some amendments. Linda has agreed that a one year contract is fine with her. She saw no need to include suggested language about an option for a second year. We also added more specific language about costs associated with her trips to Homer to consult with Council and staff. A substitute resolution and amended draft contract is included in the packet for your consideration.
5. Proposed Capital Budget Amendment: Attached to the budget you will see a proposed budget amendment from me that I hope the Council will adopt. You may recall from my budget message that one of my top priorities if additional funds could be identified was to upgrade the part time IT position to a full-time IT position. The original position description and justification contained in your draft budget is attached. This upgrade is vitally important and will have a big impact for all City departments. It will cost \$35,000 to make this a full time position and I believe it is money that will pay big dividends in terms of efficiency, productivity, and customer service. Regina reports that there is a surplus of approximately \$50,000 in the draft budget (revenues exceed expenditures) that can be used for this purpose. I ask for your support of this amendment.
6. Budget Amendments: At the last meeting, the Council adopted several budget amendments. Regina has incorporated those amendments into the draft budget and provided Council with the relevant pages of the budget. The Mayor also requested a spreadsheet showing the impacts to the budget if the proposed amendments and the proposed food tax ordinance brought forward by Council Member Zak were to be adopted. That information is attached.

7. Financing for Gas Service Lines: At the last meeting, Council Member Dolma mentioned the possibility of the City also providing financing for construction of service lines from the street to the structure. Since that time, Council members have been approached by at least one member of the public about that possibility. As you will note on the attached trip report, discussions with the Borough about a construction loan are currently underway. If the Council is at all interested in discussing this idea, now would be a good time to do so.

City Manager Wrede referenced Mayor, Council, and Clerks trip report from the AML and AAMC conferences. If Council decides to proceed with the natural gas special assessment district financing through the Borough that may be the best means. The Borough is willing to delay the first principle payment. In January Council will be discussing a loan agreement.

The letter from Fish and Game on the Nick Dudiak Fishing Lagoon dredging and pictures of Beluga Slough Trail, Airport sign, and City Hall sign were highlighted.

- B. Games Report
 1. K-Bay Marines Detachment 838 Marine Corp. League

CITY ATTORNEY REPORT

City Attorney Wells had no information to report.

COMMITTEE REPORT

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

Mayor Wythe expressed appreciation to the committee for the first disbursement of the funds.

- D. Lease Committee
- E. Port and Harbor Improvement Committee
- F. Employee Committee Report
- G. Water and Sewer Rate Task Force

Councilmember Burgess reported the task force is working hard to bring something to Council early in the coming year. They will hold a public comment period soon. The task force is proposing a model much more commodity based. The meter cost is lower, but the cost per gallon will increase. While typical house costs will come down significantly, businesses may increase.

PENDING BUSINESS

A. **Resolution 12-096**, A Resolution of the City Council of Homer, Alaska, Approving a New Two Year Contract in the Amount of \$40,000 Per Year with Anderson Group, LLC for Legislative Consulting and Lobbying Services. City Manager. (Postponed from November 26, 2012.)

Resolution 12-096(S), A Resolution of the City Council of Homer, Alaska, Approving a New One Year Contract in the Amount of \$40,000 Per Year with Anderson Group, LLC for Legislative Consulting and Lobbying Services. City Manager.

Motion on the floor from November 26: MOTION TO ADOPT RESOLUTION 12-096, AMENDING LINE 7 TO CHANGE TWO TO ONE YEAR CONTRACT, LINE 21 TO MAKE ONE YEAR AND CHANGE DATE IN LINE 22 TO 2013 AND ADD THE PHRASE WITH THE OPTION TO RENEW FOR ONE YEAR, AND CHANGE LINE 32 AND 9 TO ONE, WITH THE OPTION TO REVIEW AT THE CURRENT RATE.

VOTE: (main motion as amended) NO. BURGESS, LEWIS, ROBERTS, DOLMA

Councilmember Zak lost telephonic communication at 8:28 p.m.

Motion failed.

Mayor Wythe called for a motion for the adoption of Resolution 12-096(S) by reading of title only.

LEWIS/BURGESS - SO MOVED.

City Manager Wrede reported Linda Anderson is agreeable to a one year contract. She will work hard to win the Council's trust.

Council discussed the need to have a Worksession in January to set specific goals to continue on with the contract. Council may chose to go out for bid.

Councilmember Dolma believes it is hard to justify the expenditure as we haven't seen a lot of results from the money invested so far.

City Manager Wrede reported the lobbyist has been with us for two years. On the capital side it has been a real help to have a lobbyist. We received a \$6M grant from the cruise ship tax and it

was helpful on the gas line. There are other legislative projects she was helpful on. We need to be clear what we expect from the lobbyist and judge at the end of the year.

Councilmembers Lewis, Roberts, and Burgess offered their support for the lobbyist. The lobbyist is at the Capitol with all the villages and towns knocking on the doors with the connections to see someone. In the long run it is money well spent. We have to cast the net to maintain the quality of life here. However, the lobbyists' conversation between us was not as much as would have expected.

Councilmember Dolma deferred to the wisdom of the Council.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

NEW BUSINESS

- A. **Memorandum 12-182** from City Clerk, Re: Vacate Portions of Sprucewood Drive a 60-Foot Right-of-Way Located Northeast of Tract A, Block 2, and Any Associated Utility Easements With These Portions of Sprucewood Drive, Dedicated and Granted by Mountain Park Subdivision (Plat HM 78-10); Within Section 14, Township 6 South, Range 14 West, Seward Meridian, City of Homer and Within the Kenai Peninsula Borough, Alaska; KPB File 2012-175; Note: The adjacent existing roadway is to be dedicated with the recording of this plat; Location: City of Homer.

Mayor Wythe called for a motion for the approval of the recommendations of Memorandum 12-182 to vacate portions of Sprucewood Drive right-of-way and utility easements.

LEWIS/ROBERTS – SO MOVED.

Councilmember Dolma disclosed a potential conflict of interest due to serving as a planning commissioner when the subject matter was voted on.

City Attorney Wells advised there was no conflict because it was not a substantial financial conflict of interest. The value of Councilmember Dolma's vote outweighs a potential conflict.

Mayor Wythe ruled Councilmember Dolma did not have a substantial conflict. There was no objection from the Council.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

RESOLUTIONS

- A. **Resolution 12-102**, A Resolution of the City Council of Homer, Alaska, Establishing the 2013 Regular Meeting Schedule for the City Council, Economic Development Advisory Commission, Library Advisory Board, Parks and Recreation Advisory Commission, Advisory Planning Commission, Port and Harbor Advisory Commission, Lease Committee, Permanent Fund Committee, Public Arts Committee and Transportation Advisory Committee. City Clerk.

Memorandum 12-183 from Permanent Fund Committee as backup.

Memorandum 12-184 from Economic Development Advisory Commission as backup.

Memorandum 12-185 from Library Advisory Board as backup.

Memorandum 12-186 from Planning Commission as backup.

Memorandum 12-187 from Transportation Advisory Committee as backup.

Memorandum 12-188 from Port and Harbor Advisory Commission as backup.

ROBERTS/BURGESS - MOVED TO ADOPT RESOLUTION 12-102.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- B. **Resolution 12-103**, A Resolution of the City Council of Homer, Alaska, Authorizing the City Manager to Enter Into a New Short Term Lease with the Homer Boys and Club and to Extend the Club's Occupancy of the Lower Level of the Homer Education and Recreation Complex (HERC) Building for One Additional Year Beginning on January 1, 2013 and Ending December 31, 2013. City Manager.

Mayor Wythe called for a motion for the adoption of Resolution 12-103 by reading of title only.

LEWIS/BURGESS – SO MOVED.

ROBERTS/LEWIS - MOVED TO AMEND LINE 56 TO ADD THE FOLLOWING CLAUSE:
NOW BE IT FURTHER RESOLVED THAT THE APPROVAL OF THIS CONTRACT WILL BE CONTINGENT UPON THE APPROVAL BY THE FIRE MARSHAL FOR THE CONTINUED USE OF THE BUILDING BY THE BOYS AND GIRLS CLUB.

Councilmember Burgess urged the City Manager to see if there is equitable ground with the Boys and Girls Club to insure the City has limited liability of being the landlord of HERC.

Mayor Wythe commented we have received the engineering review of the HERC building. The report provided a list of deficient items for the current use of the building. This places the City in the position of no longer being able to offer the building to the Boys and Girls Club without assurance of the Fire Marshal. Council is making the lease contingent upon the Fire Marshal's authorization. Costs of completing renovations for the HERC building will most likely be the same cost as a new building. The engineering review recommends construction of a new building. To bring the HERC up to ADA code it will cost \$2M or \$10M to bring the building up to compliance. For the immediate time we need assurance that the liability to the community is kept at a minimum. The report is available at City Hall.

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

Motion carried.

VOTE: (main motion as amended) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

COMMENTS OF THE AUDIENCE

Larry Slone, city resident, commented on the budget expressed so eloquently by the Mayor. If people want the programs and services they have to be prepared to pay for them.

COMMENTS OF THE CITY ATTORNEY

City Attorney Wells had no comment.

COMMENTS OF THE CITY CLERK

City Clerk Johnson thanked Council for a thorough meeting and wished everyone Happy Holidays.

COMMENTS OF THE CITY MANAGER

City Manager Wrede wished everyone Happy Holidays. He thanked Mayor and Council for their hard work on budget and their helpful comments on city employees.

COMMENTS OF THE MAYOR

Mayor Wythe asked Council to review the CIP list and be ready to provide clear instructions for the lobbyist. In the list of projects hanging out there it would help to prioritize projects. Then they can focus their attention more narrowly and work gets done more efficiently. She wished everyone a Merry Christmas and Happy New Year and issued a reminder about the perils of drinking and driving.

COMMENTS OF THE CITY COUNCIL

Councilmember Burgess wished everyone Happy Holidays and advised to drive safely. He advised on the rules regarding a two way stop intersection. If you are at a two-way stop and want to go straight and someone else wants to turn left, it goes precedence of right-of-way. The person turning right, then straight, then left has the right-of-way, regardless of who arrives at the two way stop first. This is an important fact and safety issue. He is disappointed even though we are in a decent fiscal spot we put off a tough call this evening. Although sales tax would not have been the best income stream, we need to balance the budget. We need to think about managing the City's future revenues and prospects. There is declining tourism and declining fisheries. We don't want to saddle our children and grandchildren. Council needs to make the tough calls and we don't want to kick that can down the road.

Councilmember Dolma commented on infrastructure improvements as previously stated by the City Manager. For folks that don't want improvements, come down and tell us what you don't want. Without an income funding stream Council needs to know what you don't want. As to his earlier comments on what the Fire and Police Department costs are, those are rhetorical questions. He is not advocating shutting down either department and is aware of the City's responsibilities to provide those services. They could be funded at a lower level. These are things the citizens need to think about.

Councilmember Roberts appreciated the debate about the food sales tax. People presented a lot of interesting view points. The fiscal situation of the City is at risk when we don't consider the sales tax seriously. She wished everyone a great holiday season.

Councilmember Lewis wished all a Happy Hanukkah, Merry Christmas, Happy New Years and Kwanzaa. This weekend if you are bored you may want to go to Ohlson Mountain or Lookout Mountain. There will be a big high school ski meet going on there. They may be looking for volunteers.

ADJOURNMENT

There being no further business to come before the Council, Mayor Wythe adjourned the meeting at 8:52 p.m. The next Regular Meeting is Monday, January 14, 2013 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: _____