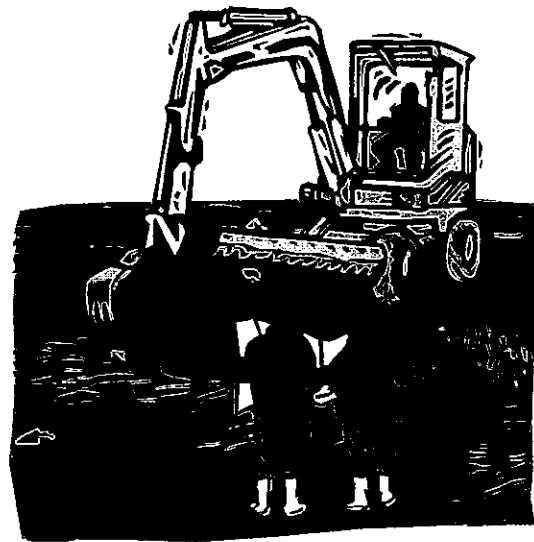


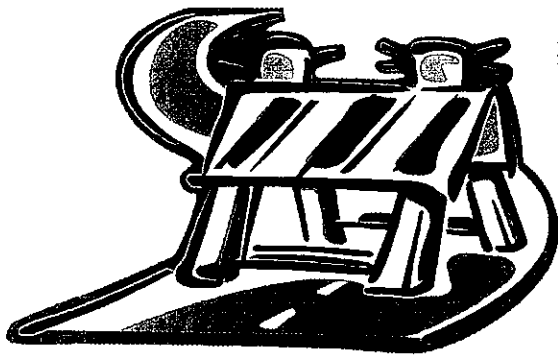
City Council
April 8, 2013
Monday



Worksession 4:00 P.M.

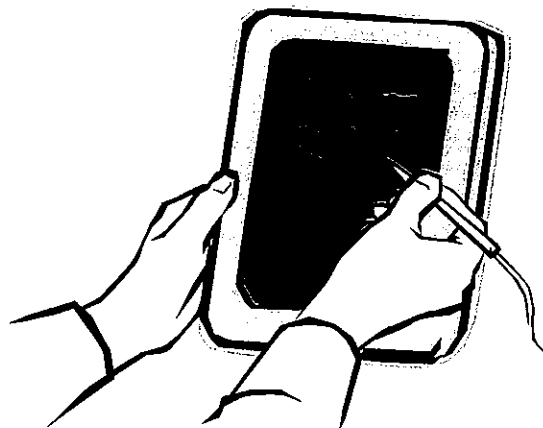
Committee of the Whole 5:00 P.M.

Regular Meeting 6:00 P.M.



Cowles Council Chambers
City Hall
491 E. Pioneer Avenue
Homer, Alaska

Produced and
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APRIL 2013

Monday 8th	CITY COUNCIL Worksession 4:00 p.m. Committee of the Whole 5:00 p.m. Regular Meeting 6:00 p.m.
Tuesday 9th	ECONOMIC DEVELOPMENT ADVISORY COMMISSION Regular Meeting 6:00 p.m.
Thursday 11th	PERMANENT FUND COMMITTEE Special Meeting 5:15 p.m.
Monday 15th	CITY COUNCIL Worksession – 5:15 p.m.
Thursday 18th	PARKS AND RECREATION ADVISORY COMMISSION Regular Meeting 5:30 p.m.
Monday 22nd	CITY COUNCIL Worksession 4:00 p.m. Committee of the Whole 5:00 p.m. and Regular Meeting 6:00 p.m.

Regular Meeting Schedule

City Council 2nd and 4th Mondays 6 p.m.
Library Advisory Board 1st Tuesday 6 p.m.
Economic Development Advisory Commission 2nd Tuesday 6 p.m.
Parks and Recreation Advisory Commission 3rd Thursday of the months of January through November 5:30 p.m.
Planning Commission 1st and 3rd Wednesday 6 p.m.
Port and Harbor Advisory Commission 4th Wednesday 5 p.m. October through April and 6:00 p.m. May through September
Transportation Advisory Committee Quarterly 3rd Tuesday 5:30 p.m.
Public Arts Committee Quarterly 2nd Thursday 5:00 p.m.
Lease Committee Quarterly 2nd Thursday 3 p.m.
Permanent Fund Committee Quarterly 2nd Thursday 5:15 p.m.

MAYOR AND CITY COUNCILMEMBERS AND TERMS

BETH WYTHER, MAYOR – 14
FRANCIE ROBERTS, COUNCILMEMBER – 15
BARBARA HOWARD, COUNCILMEMBER – 14
DAVID LEWIS, COUNCILMEMBER – 14
BRYAN ZAK, COUNCILMEMBER – 13
BEAUREGARD BURGESS, COUNCILMEMBER – 15
JAMES DOLMA, COUNCILMEMBER – 15

City Manager, Walt Wrede
City Attorney, Thomas Klinkner

<http://cityofhomer-ak.gov/cityclerk> for home page access, Clerk's email address is: clerk@ci.homer.ak.us Clerk's office phone number: direct line 235-3130, other number 435-3106.

COWLES COUNCIL CHAMBERS
491 E. PIONEER AVENUE
HOMER, ALASKA
www.cityofhomer-ak.gov



WORKSESSION
4:00 P.M. MONDAY
APRIL 8, 2013

MAYOR BETH WYTHE
COUNCIL MEMBER FRANCIE ROBERTS
COUNCIL MEMBER BARBARA HOWARD
COUNCIL MEMBER DAVID LEWIS
COUNCIL MEMBER BRYAN ZAK
COUNCIL MEMBER BEAUREGARD BURGESS
COUNCIL MEMBER JAMES DOLMA
CITY ATTORNEY THOMAS KLINKNER
CITY MANAGER WALT WREDE
CITY CLERK JO JOHNSON

WORKSESSION AGENDA

- 1. CALL TO ORDER, 4:00 P.M.**
- 2. AGENDA APPROVAL** (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual, pg. 5)
- 3. Waddell Way/Heath Street Intersection** Page 181
- 4. Water and Sewer Rate Task Force Draft Rate Model** Page 7
- 4. COMMENTS OF THE AUDIENCE**
- 5. ADJOURNMENT NO LATER THAN 4:50 P.M.**
Next Regular Meeting is Monday, April 22, 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.

Office of the City Clerk

Jo Johnson, CMC, City Clerk

Melissa Jacobsen, CMC, Deputy City Clerk II
Renee Krause, CMC, Deputy City Clerk I



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Fax: (907) 235-3143
Email: clerk@ci.homer.ak.us

MEMORANDUM

TO: MAYOR WYTHE & HOMER CITY COUNCIL
FROM: WATER & SEWER RATE TASK FORCE
THRU: RENEE KRAUSE, CMC, DEPUTY CITY CLERK I
DATE: APRIL 5, 2013
RE: PROPOSED WATER & SEWER RATES AND ADDITIONAL RECOMMENDATIONS

Attached is the Water & Sewer Rate Task Force's ("the Task Force") recommendation regarding the rate-setting model for the City of Homer Water & Sewer services. The Task Force was established in accordance with the provisions of Resolution 12-027(A), consisting of five City of Homer residents (Ken Castner, Bob Howard, Sharon Minsch, Lloyd Moore and Terry Yager) and two City Council members (Barbara Howard and Beth Wythe), appointed by Mayor James Hornaday through Memorandum 12-056. Subsequent to the original appointments, community member Terry Yager submitted his resignation from the Task Force and the seat remained unfilled for the duration of the review process. Also, following the October elections, Beth Wythe was authorized to continue on the Task Force through Resolution 12-094 following her election as Mayor. Barbara Howard resigned from the Task Force in November and was replaced by Council Member Beau Burgess through Memorandum 12-161(A). Copies of all Resolutions and Memoranda are included in the appendix of this report as supporting documentation.

Following the establishment of the Task Force the initial meeting was held May 9, 2012. At this meeting the Task Force established the framework for a meeting schedule for meeting the first and third Tuesday of each month; the first Tuesday being a work session and the third Tuesday being a regular meeting. Work sessions and meetings were scheduled in the conference room with the exception of public hearings which were held in the Council Chambers.. The schedule was adjusted from time-to-time to accommodate holidays and scheduling conflicts for members of the Task Force.

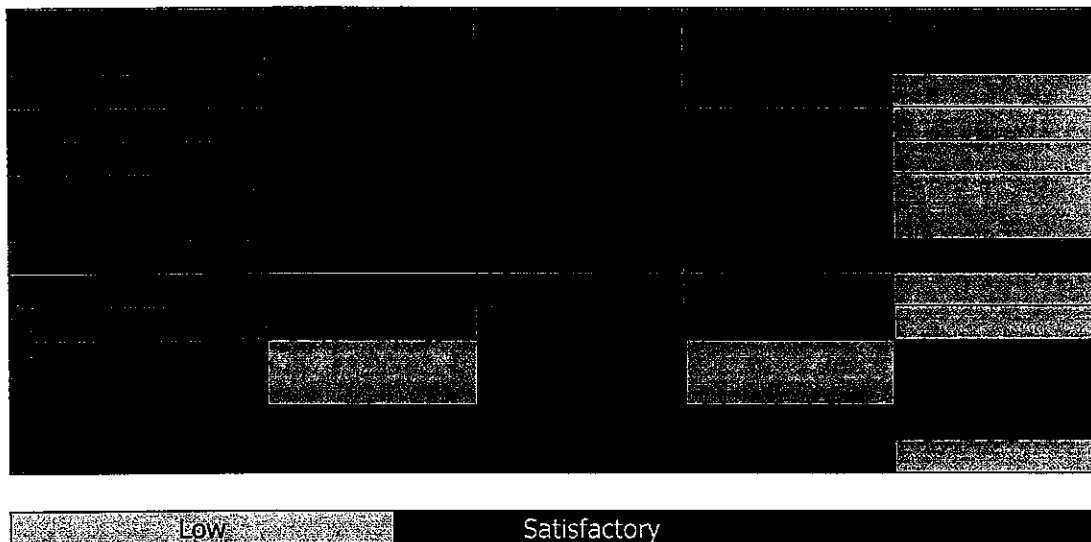
The initial meetings of the Task Force were primarily focused on determining the types and sources of information that would be required to allow the Task Force to more fully understand rate making concepts and the nature of the City of Homer's current rate design. This process included:

- Reviewing the 1991 Water and Wastewater Utilities Rate Study conducted by KPMG Peat Marwick.
- Reviewing the 1997 Utility Rate Study prepared by Montgomery Watson. Task Force Members Castner and Moore were participants in that rate study as well and were able to provide

valuable insight into the resulting rate model which was successfully used by the City until recent history.

- Reviewing budget documents from several prior years, as well as more current information included in the proposed 2013 budget.
- Reviewing the areas served by the Water & Sewer Enterprise and discussions related to potential users that have a disproportionate impact on the existing infrastructure. These include the requirements of the system specific to providing fire hydrant services, commercial building sprinkler services, and the expense of delivering water to, and returning sewage from the Spit.
 - The requirements for certified staff and the staffing plan for the water and sewer treatment plants were reviewed, as was the allocation of other staff services to the Water & Sewer Enterprise.
 - The loss of large volumes of treated water as a result of dead-ended lines were a major concern and were considered regularly throughout the process as this appeared to be a substantial expense to the system as a whole.
 - Rates from other nearby communities were reviewed and the reasons for the difference in operating costs, as well as anticipated impacts of new regulations on these systems as compared to the Homer system, were discussed.
 - User data was reviewed to develop a sense of the “average” user, and again to develop a better understanding of the disproportionate users.
 - Staff provided an overview of both the water system from treatment to return, and the sewer system from return to treatment.
 - Fire protection expenses were also discussed periodically as a substantial contributor to the expense of the system that was not adequately or properly allocated.

Following the collection and review of this information the Task Force considered a variety of ratemaking formulas giving consideration to fairness and consumer satisfaction. The following rate evaluation illustration was provided in the American Water Works Association manual M54, Developing Rates for Small Systems (2004, p. 38).



Upon considering the various rate design options, the Task Force determined that focusing its energy on designing a commodity based, uniform rate structure that considered expenses that were not directly related to the delivery of service to all consumers, such as system size due to fire hydrants, delivering water to the Spit, water used to flush dead-end lines, and water leakage in the harbor. The Task Force also considered extraordinary expenses on the sewer system including the impact of high biochemical oxygen demand (BOD) waste which increases the cost of waste processing and the requirement in some areas for lift-stations to deliver waste to the treatment plant.

The recommendations of this report are based on this information and result in a balanced budget for the Water & Sewer Enterprise Fund. The recommendations also provide a new rate model that will ensure the collection of the required funding into the future. Distributing the expense for the system more equitably based on a cost-causer, cost-payer is the foundation of the proposed rate model.

The recommendations of the Task Force include:

- Replacing the current rate model with the proposed commodity based model found on page A1-A4.
- Continue to periodically review the allocation of administrative and other overhead expenses to ensure they properly reflect the actual expenses being charged to water & sewer.
- Clearly delineate water and sewer rates, by location, in future budget documents (i.e., revenue from City facilities and related expense lines in Port & Harbor, Water & Sewer, and other administrative budgets.)
- Confirm that ALL City of Homer facilities receiving water and sewer services are being properly metered and billed.
- Consider alternatives for refreshing the water in deadened lines that does not result in the waste of large volumes of treated water.
- Renew the contract with Kachemak City and ensure that the rates adequately reflect the cost of this area on the system as a whole, including any added administrative expenses.
- Consider methods for rate-setting that will not allow political influences to result in the under collection of rates in the future.

While this review may not have fully exhausted the rate design possibilities available to a rates consulting firm, it is the belief of the Task Force that the information and recommendations found in this report have met the fundamental review requirements that the Task Force was requested to consider in the development of their recommendations.

Respectfully submitted,

HOMER WATER & SEWER TASK FORCE

Chair:	Beth Wythe
Vice Chair:	Beauregard Burgess
Current Members:	Ken Castner, Robert Howard, Sharon Minch, and Lloyd Moore

Water and Sewer Rate Review Proposed Water & Sewer Rate Model and Recommendations

Report of the Water & Sewer Rate Task Force

4/8/2013

Contributing Task Force Members Beauregard Burgess, Ken Castner, Barbara Howard, Terry Yager, Bob Howard, Sharon Minsch, Lloyd Moore, Beth Wythe

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DRAFT SEWER RATES.....PAGE A-2

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INTRODUCTION:

The Water & Sewer Rate Task Force (the Task Force) was established in accordance with the provisions of Resolution 12-027(A), consisting of five City of Homer residents (Ken Castner, Bob Howard, Sharon Minsch, Lloyd Moore and Terry Yager) and two City Council members (Barbara Howard and Beth Wythe), appointed by Mayor James Hornaday through Memorandum 12-056. Subsequent to the original appointments, community member Terry Yager submitted his resignation from the Task Force and the seat remained unfilled for the duration of the review process. Also, following the October elections, Beth Wythe was authorized to continue on the Task Force through Resolution 12-094 following her election as Mayor. Barbara Howard resigned from the Task Force in November and was replaced by Council Member Beau Burgess through Memorandum 12-161(A). Copies of all Resolutions, Memoranda and information provided by Staff are included in the Appendices to this report; all reference materials accessed or reviewed have been cited as supporting documentation.

The City Council approved the creation of a Task Force after numerous public comments and complaints about the 2012 increase in Water & Sewer Rates and fees.

From the beginning, the Task Force resolved to reach decisions that were not colored by sentiment or popularity. The Task Force began its work of developing a recommendation for the City Council by considering who the benefactors were of the water and sewer systems. In addition to the residential and business customers there are large commercial users such as South Peninsula Hospital and the Port & Harbor. There are also incidental benefits that the system was designed to provide including providing both fire hydrants and sufficient water for buildings that house sprinkler fire suppression equipment. While the City Council will make the final decision regarding any rate changes, the Task Force has included recommendations for allocating the additional expenses related to these specifically identifiable cost centers in an equitable manner.

CURRENT RATE STRUCTURE:

Currently water and sewer rates differentiate between various water usage and sewage returns based on whether they are delivered to or derived from residential customers, or small or large commercial customers. The Task Force believes that a gallon of water or a gallon of waste should be of an equal base cost to all users, and when a class or location of users is found to be more costly, a surcharge should be added.

Public Works states that the size of the City's water system is primarily designed to handle the delivery volume required for the fire protection needs of the City. The current City contribution to the annual water budget does not fully reflect the attributed costs that should be recovered through "hydrant rents".

FAIR AND EQUITABLE RATES:

The Task Force believes the basic service charge for water and sewer customers should accurately reflect the cost of customer billing, banking and accounting expenses. Other system maintenance and treatment expenses should be billed in accordance with the customers' actual usage. There is an inherent fairness in charging all customers hooked into the system(s) the same rate for an indistinct commodity. A gallon of water is the same no matter what its use. A uniform rate lends itself to easy rate adjustments using calculations that are simple and transparent.

The Task Force identified costs associated with the water and sewer system that are derived from the population in general (fire protection, City owned buildings, public rest rooms, fish cleaning stations and support of other community facilities that use water in their day-to-day activities). These costs should be borne by the City as general fund expenses using the same tariff basis as any other user.

Fairness also requires that users that require services beyond the normal, or create additional costs, be charged for those expectations and/or costs. Two examples of the former would be those buildings with un-metered fire protection service lines and multi-unit complexes using a single meter. Two examples of the latter would be the additional cost of treating "hot" (high BOD) sewage, and the costs of maintaining and powering the sewer lift stations. In order to address these non-standard users a small surcharge has been recommended.

SYSTEM REQUIREMENTS:

The water and sewer system in Homer has some unique characteristics that increase the cost of operations and maintenance. The first is the location of our water source and another is the elevation of many users relative to the sewer treatment plant.

Having water come from the top of the hill may at first appear to be a great asset since many water systems are challenged with pumping water to higher elevation customers. However, reducing the pressure in the delivery system as a result of the gravity fed nature of Homer's system presents its own costly challenges. The construction and maintenance of the pressure reducing valves that are required to safely deliver water into the system and then into the residences and businesses receiving services is a substantial contributor to the cost of Homer's water system over other similarly sized systems across the state.

In addition to these challenges, having a surface source of water increases the volume of treatment required to make the water potable. As a result, Homer has been required to maintain a state-of-the-art water treatment facility for years and has recently built a new treatment facility with the capacity to meet current and anticipated water quality standards for years to come.

The water delivery system has also been sized to provide adequate pressure and flows for a variety of special services including fire sprinkler systems and hydrants. Hydrants benefit all City property owners whether they are connected to the delivery system or not. Therefore the Task Force believes that a portion of the additional system costs related to system size should be shared by property owners independently from the rates charged to water and sewer customers.

There are many service locations on the sewer system that pass through elevations that will not allow for gravity to deliver sewage all the way to the sewer treatment plant. In order to provide service to these areas lift stations are required to pump sewage to a higher elevation in the system so it can continue to the treatment plant by gravity delivery. Just as the pressure reducing valves required on the water system create an additional maintenance expense, these lift stations create an additional maintenance expense for the sewer system. Unlike the pressure reducing stations that benefit all customers, the lift stations only provide benefit to those that are in areas where they are required. For this reason, the Task Force has included a nominal monthly fee to the billing for customers that live in areas served by lift stations.

DISPROPORTIONATE IMPACTS:

In addition to the above expenses specific to Homer's water delivery and sewer collection systems, other costs of operating the systems which the Task Force determined to be identifiable to specific users included:

High BOD waste; and water required for flushing dead-end lines

A nominal fee is recommended for the purposes of identifying the existence of high BOD waste contributors and to marginally off-set additional expenses related to treatment.

The water loss related to dead-end lines is considered a cost of the system in general and no fee was recommended in association with this impact.

Another potentially disproportionate impact that was identified but not quantifiable was the presence of facilities that have water delivered, but return sewage through the sewer without being billed.

OPTIONS FOR DISTRIBUTING COSTS TO CAUSERS:

The proposed rate model provides a spreadsheet for the calculation of water rates independent of the spreadsheet for calculating sewer rates, although the proposed structure continues the practice of billing sewage based on water usage. The singular exemption to this was in reducing the volume of projected sewage from the Spit due to the large volume of water used at the Port that is not returned as sewage.

When reviewing the proposed water model you will observe first that the model begins with the required revenue in mind. The required revenue is then reduced by a variety of alternative revenue sources including:

- Service fees (finance fees/number of customers)
- Hydrant Rents (10% of required revenues)
- Sprinkler Differential (\$5/month/identified user)
- Surplus (Bulk) Water sales (estimated sales X \$0.004)
- Dwelling Fees (\$5/month/business or residence)

This identifies the amount of revenues that need to be collected through the commodity (usage) rates. In the projection provided, consideration is also given for the potential reduction in water use that may result from the commodity based fee schedule (conservation).

Using this model, rate reductions are as easy as updating the "Total Water Revenue Requirements", the "Metered Sales Projections"; the "Number of Meters"; and the "Finance Department O/H" cells. Updating these cells will generate the "Water Rate" which is the commodity fee, and the "Metered Service Fee" which is rounded up to the next highest dollar amount and becomes the monthly base rate for water services.

The use and maintenance of the proposed sewer rates is very similar. Beginning with the projected annual revenue assumption reduced by:

Lift Station Charge (lift station maintenance costs/users);
High BOD fees (\$10/month/identified user);
Multi-residential facility & Kachemak City fees (\$5/month/identified facility);
Kachemak City Fees (less pumping);
Dumping Station Fees; and
Water Only Meters (no septic returned).

Resulting in the total revenue required through rates. Rates are allocated based on historic usage allocated to those meters that are in sewer return areas that require a lift station and those that are not to generate two rates; Non-lift zone customers – sewer rate/gal, and Lift Station Zones – Sewer Rate/gal.

Again, with the adjustment of the key cells, new rate projections become simple.

CRITERIA FOR EVALUATING THE SOLUTIONS:

Because the primary complaint regarding the current rate structure has consistently been the perception of unfairly allocating costs, the Task Force was assigned the responsibility of reviewing the current rate model and recommending new rates for the 2013 rates review process. Through reviewing not only the current rate model, but also the components of the water and sewer system and identifying not only the billed users, but also others that benefit from the system, the Task Force believes that the proposed commodity based, uniform rate structure provides the most fair distribution of the expenses for operations and maintenance of the water and sewer system.

In addition to the current rate model that is "class" based, with a large base rate, the Task Force considered rate structures designed to encourage conservation (increasing rates when usage increased); structures that encouraged usage (reduced rates as usage increased); and rates that were fully commodity based (a flat fee per gallon, regardless of base expenses and extraordinary expenses). Ultimately, it was determined that the proposed rate model would best meet the test of "fairness".

By distributing the administrative costs of billing between all customers and then charging the same rate per delivered gallon of water, water users can take control of their bill and no customer is subsidizing the use of another customer. By separating expenses related to making water available for non-standard uses such as fire protection and bulk water sales the model removes subsidies. Customers are merely being charged for the service they are receiving.

Similarly, on the sewer side subsidies are being removed by allocating extraordinary expenses related to lift stations and high BOD waste to the users that benefit from them, and multi-family dwellings are contributing proportionally to the cost of maintaining a larger system to accommodate sewage generated by more than one customer using the same metering system.

OTHER CONSIDERATIONS:

In developing the proposed rate structure, the Task Force accepted the costs that had been promulgated by the City Administration and approved by the City Council.

Eighty percent of the combined budgets are costs necessary for the treatment and delivery of water for the City and its customers, together with the cost of collection and treatment of the produced effluent. The remainder is the allocated cost of administrative service. The decision as to the size and appropriateness of that allocation, and the decision to use City employees to provide those services, rests with the City Council.

The Task Force does not believe that the proposed rate model will resolve all of the complaints regarding fairness in the allocation of the expenses for maintenance and operation of the water and sewer program, but we do feel that the concerns identified and those brought before us through public comment have been appropriately addressed through this model. Additionally, the model provides an ease of administration and future rate setting that if properly applied will help the City continue to adequately fund the program for years to come.

CONCLUSIONS:

In conclusion the Task Force is pleased to provide the City Council with the following recommendations with the anticipation of improved rate stability in the water and sewer program.

- Replacing the current rate model with the proposed commodity based model found on page A-1 - A-4.
- Continue to periodically review the allocation of administrative and other overhead expenses to ensure they properly reflect the actual expenses being charged to Water & Sewer.
- Clearly delineate water and sewer rates, by location, in future budget documents (i.e., revenue from City facilities and related expense lines in Port & Harbor, Water & Sewer, and other administrative budgets.)
- Confirm that ALL City of Homer facilities receiving water and sewer services are being properly metered and billed.
- Consider alternatives for refreshing the water in deadened lines that does not result in the waste of large volumes of treated water.
- Renew the contract with Kachemak City and ensure that the rates adequately reflect the cost of this area on the system as a whole, including any added administrative expenses.
- Conduct rate-setting in a manner that will not allow political influences to result in the under collection of rates in the future.
- Establish a periodic meter inspection program to ensure that all meters are properly installed and reading.
- Consider hiring a qualified consulting firm to review the rate structure and/or establish a Water & Sewer Board that is advisory to the Council.

	City of Homer	DRAFT WATER AND SEWER RATE MODEL			
	FINAL DRAFT		UPDATED FEBRUARY 5, 2013 BY TASK FORCE		
	Water Rates				
	Revenue Assumptions (dollars):				Source:
1	Total Water Revenue Requirements (2014)=		1,890,265		Annual Budget
2	Deduct Portion Collected through Service Fee=		310,077		Annual Budget
2	Hydrant Rents (10% of E6) =		189,027		Annual Budget
4	Sprinkler Differential (20 buildings - \$5/mo)=		1,200		Building Customer
6	Surplus Water Sales (Bulk) surcharge only =		92,290		Bulk Sales
8	Adjusted Revenue Requirements =		1,297,672		Calculated
9	Usage Assumptions (gallons):				
10	Metered Sales Projection (gallons) =		125,000,000		Prior Year
11	6.5% Commodity Reduction due to Conservation =		8,125,000		Number to be tested
12	Adjusted Sales Projection (gallons) =		116,875,000		Calculated
	Informational:				
13	Spit Water Sales =		17,921,000		Prior Year
14	Surplus (Bulk) Water Sales =		23,072,500		Prior Year
15	Number of Meters =		1,472		Prior Year
16	City Hall Finance Department O/H=		775,192		Annual Budget
17	Public Facilities Water Usage (value)=		134,904		Annual Budget
	All Customers	Water Rate	Metered Service Fee		
		0.0111	17.55		Rounded up to \$18
	Bulk Water =	.015/gallon			
	** Changes to Rates following Public Hearing				

City of Homer Water and Sewer Rate Study Draft Rate Model						
Updated February 19, 2013 by Task Force						
Sewer Rates					FINAL DRAFT	
Revenue Assumptions (dollars):					Source:	
1	2014 Total Revenue Requirements=			1,680,279	Annual Budget	
**2	Sewer Differential (.86*84% of Lift Stations) =			156,447	All Lift Station Users	
**3	High BOD Generator Sewage Differential (\$10/mo) =			5,760	New Fee	
4	Customer Fee from KC/Tennants (\$5/mo) =			53,160	Reduced Fee	
7	Kachemak City Fees (less pumping) =			81,270	Prior Year	
8	Dumping Station Fees			10,500	Prior Year	
9	Summer Metered Gallons (Septic Reduction) =			(400.00)	From Accounting	
10	Adjusted Revenue Requirements=			1,373,542		
Usage Assumptions (gallons):						
11	Discharge Sales Projection (gross metered) =			125,000,000	Water Sales	
**12	6.5% Commodity Reduction due to Conservation =			(8,125,000)		
13	Metered Spit w/o entering Treatment Line=			(9,150,000)		
14	Adjusted Discharge Sales Projection =			107,725,000		
Informational:						
15	Spit Sewer Discharge (gallons)=			7,225,000	Prior Year	
16	Lift Station Costs=			181,915	Annual Budget	
17	Single Connection Multi-Tenant Units=			886	Prior Year	
18	Public Facilities Contribution =			46,918	Annual Budget	
**19	High BOD Generator Sewage (gallons) =			48	From Page 2	
20	Dumping Station Fees =			10,500	Annual Budget	
NON-Lift Zone Customers - Sewer Rate /gal						
21	0.013					
Lift Station Zones - Sewer Rate /gal						
22	0.023					
23						

Type of User		\$18/mo Service Fee	1.11¢ gal Water Fee	1.5¢ gal Bulk Water	1.3¢ gal Sewer Fee	2.3¢ gal Sewer Fee	\$5/mo Customer Fee	\$10/month BOD Fee	\$5/mo Fire Demand
BASE FEES:									
Bulk Water Purchaser				✓					
Residential/ Commercial *		✓	✓		✓				
Residential/Commercial - Lift Zones		✓	✓			✓			
Residential/Com - Kachemak City							✓		
ADDITIONAL FEES:									
Commercial/Institutional Kitchens								✓	
Multi-unit Customer Fee**							✓		
Car Washes								✓	
Hotels/Motels								✓	
Processing Facilities								✓	
Campground/RV Parks								✓	
Laundromat								✓	
Service Stations								✓	
Buildings w/ Sprinkler Systems									✓
* Includes:									
B & B's									
Businesses									
Churches w/o DEC Kitchens									
Cocktail Lounges									
Groceries w/o DEC Kitchens									
Private Club w/o DEC Kitchens									
Public Authority w/o DEC Kitchens									
** Includes:									
Apartment/Housing Complexes									
Malls & Other Multi-unit Commercial									
Trailer Parks on Shared Meter(s)									

APPENDICES

Appendix A – Creation of the Task Force

- Resolution 12-027(A), Establishing a Water & Sewer Rate Task Force
- Resolution 12-094, Amending Resolution 12-027(A), The Composition of the Water and Sewer Rate Task Force to Allow Mayor Wythe to Continue to Serve
- Memorandum 12-161, Appointing of Councilmember Burgess to the Water & Sewer Rate Task Force

Appendix B – City of Homer Water & Sewer Rates

- Resolution 11-094(S), Maintaining the City of Homer Fee Schedule at the Current Rates and Amending Customer Classifications in the Water & Sewer Rate Schedules
- Ordinance 11-43, Amending HCC 14.08.037, Water Meters Regarding Number of Meters Per Lot
- Resolution 11-062(A) Maintaining the City of Homer Fee Schedule Under Water and Sewer Fees.

Appendix C - Budgets

- 2012 Operating Budget Water & Sewer
- City of Homer 2012 Operating Budget Fund 200 – Water & Sewer Special Revenue Fund
- Fund 400 - Water Fund Administration, Fund 400 Water & Fund 500 Sewer Fund Revenues
- City of Homer Year End 2011 Utility Special Revenue Fund 2011 Balance Sheet
- Year to Date figures Water & Sewer June 2012
- Year to Date figures Water & Sewer August 2012

Appendix D – Classifications & Sample Invoices

- Classifications & Average Monthly Usage for 2011
- Actual Random Sample Invoices depicting various gallonage used for comparison

Appendix E – Fire Protection, Flushing, Water Treatment Plant, Depreciation, Meter Sizes, Maps

- How Fire Protection Affects the Water System – Public Works
- Flushing Fire Hydrants & Water Mains- Public Works
- Water Treatment Plant Flows in Millions of Gallons – Public Works
- Depreciation Reserves Requirements and 2012 Depreciation Reserves – Water & Sewer – Finance Dept
- Maps Indicating Lift Station Locations and Areas Served – Public Works
- Number of Gallons of Water delivered to the Spit Annually – Public Works
- Staff Response to Questions regarding Staff time to produce Invoice – Finance Dept.
- Staff response to Questions regarding How Budget Numbers are calculated – Finance Dept.
- Staff Response to Number of Meeting Sizes - Meter Sizes & Number of Each Size – Public Works
- Staff Response to Question regarding Gallonage Used in the Harbor – Public Works

Appendix F – Spit Surcharges

- Resolution 04-94(S)(A), Amending Homer Fee Schedule Regarding Water Rates
- Resolution 04-95, Amending Homer Fee Schedule Regarding Sewer Rates
- Excerpt from City Council Minutes, 2004, regarding Resolution 04-94(S) & Resolution 04-95
- Resolution 05-121(A), Amending the City of Homer Fee Schedule Regarding Water Rates
- Resolution 05-122, Amending the City of Homer Fee Schedule Regarding Sewer Rates
- Staff Response Analysis on Proposed Spit Surcharge – Public Works

Appendix G – Public Written Comments

REFERENCES AND RESOURCES

Rate Setting for Small Water Systems, Texas Cooperative Extension Service, Texas A & M University System
Excerpt from Basic Guide to Water Rates, www.lwua.gov.ph/water_rates_08/rates_two.html
Chart Table 2-1 Annual Funds Required – Unknown Source
Anchorage Water & Sewer Rates 2012 www.awwu.biz/website/Customer_Service/water_tariff13-2.htm
Intergovernmental Agreement for Kachemak /Homer Wastewater System Between Kachemak City and City of Homer, dated August 10, 1988
KPMG Peat Marwick, Water and Wastewater Utilities Rate Study, February 11, 1991
Montgomery Watson, Utility Rate Study, August 11, 1997
City of Homer 2000 Rate Model Matrix – Water & Sewer 2008 Rates Analysis Water & Sewer Enterprise Fund
City of Kenai Water & Sewer Rate Study Prepared by Kurt Playstead, CH2M HILL, February 7, 2011
M54: Developing Rates for Small Systems, The American Water Works Association, Copyright 2004
City of Soldotna Water & Sewer Rate Study Prepared by HDR Engineering (No date)

APPENDIX A

Creation of the Task Force

**CITY OF HOMER
HOMER, ALASKA**

Mayor

RESOLUTION 12-027(A)

A RESOLUTION OF THE CITY COUNCIL OF HOMER,
ALASKA, ESTABLISHING A WATER AND SEWER RATE
TASK FORCE.

WHEREAS, Setting fair water and sewer rates has long been a contentious issue for the
City Council; and

WHEREAS, Establishing a task force to review the existing rates and the rate structure
for 2013 is desired; and

WHEREAS, The task force should review the current rates and proposed rates for 2013
and provide Council with a written report and recommendations; and

WHEREAS, The task force shall be compromised of five members of the community
who are residents of the City and two City Councilmembers; and

WHEREAS, The appointmentS of the task force will be by appointment of the Mayor
with approval of the City Council and have an open advertisement time that closes on April 3rd
with the appointments to take place at the April 9th meeting.

NOW, THEREFORE, BE IT RESOLVED that the Homer City Council hereby
establishes the Water and Sewer Rate Task Force and authorizes the City Clerk to begin
advertising for applicants interested in serving.

BE IT FURTHER RESOLVED that the Task Force shall be comprised of five
community members who are residents of the City and two City Councilmembers.

BE IT FURTHER RESOLVED that the Task Force will be supported by appropriate staff
determined by the City Manager.

BE IT FURTHER RESOLVED that the Task Force will present to the City Council their
findings and recommendations no later than June 25, 2013.

PASSED AND ADOPTED by the Homer City Council this 27th day of March, 2012.


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RESOLUTION 12-027(A)
CITY OF HOMER

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CITY OF HOMER


JAMES C. HORNADAY, MAYOR


JO JOHNSON, CMC, CITY CLERK

Fiscal Note: Unknown at this time. Possible staff overtime and consultant or legal fees.

CITY OF HOMER
HOMER, ALASKA

City Manager

RESOLUTION 12-094

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, AMENDING RESOLUTION 12-027(A), THE COMPOSITION OF THE WATER AND SEWER RATE TASK FORCE, TO ALLOW MAYOR WYTHE TO CONTINUE TO SERVE AS A TASK FORCE MEMBER UNTIL THE COMPLETION OF THEIR FINDINGS AND RECOMMENDATIONS TO THE CITY COUNCIL.

WHEREAS, A task force to review the existing water and sewer rates and rate structure was formed March 27, 2012 via Resolution 12-27(A); and

WHEREAS, The task force was comprised of five members of the community who are residents of the City and two City Councilmembers; and

WHEREAS, Former Councilmember Beth Wythe was appointed to the task force on April 9, 2012 via Memorandum 12-056 and has served continuously until she was elected Mayor of the City of Homer on October 2, 2012; and

WHEREAS, The task force is well established; and

WHEREAS, It would be in the best interest of the City to allow Mayor Wythe to continue to serve on the task force.

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby amends Resolution 12-027(A), the composition of the Water and Sewer Rate Task Force to allow Mayor Beth Wythe to continue to serve on the task force until the completion of their findings and recommendations to the City Council.

PASSED AND ADOPTED by the City Council of Homer, Alaska, this 22nd day of October, 2012.

CITY OF HOMER


MARY E. WYTHE, MAYOR


JO JOHNSON, CMC, CITY CLERK

Fiscal Note: N/A



Office of the Mayor
Mary E. Wythe
Homer City Hall
491 E. Pioneer Avenue
Homer, Alaska 99603-7624

Phone 907-235-8121 x2229
Fax 907-235-3143

MEMORANDUM 12-161

TO: HOMER CITY COUNCIL

FROM: MARY E. WYTHE, MAYOR

DATE: OCTOBER 17, 2012

SUBJECT: APPOINTMENT OF COUNCILMEMBER BRYAN ZAK TO THE ECONOMIC DEVELOPMENT ADVISORY COMMISSION AND PORT AND HARBOR IMPROVEMENT COMMITTEE, AND APPOINTMENT OF COUNCILMEMBER BURGESS TO THE WATER AND SEWER RATE TASK FORCE.

Councilmember Bryan Zak is appointed to the Economic Development Advisory Commission as consulting member to fill the seat vacated by Mayor Wythe. His appointment will expire with office.

Councilmember Bryan Zak is appointed to the Port and Harbor Improvement Committee to fill the seat vacated by Mayor Wythe. His appointment will expire with office or upon completion of the work tasked to the committee.

Councilmember Beauregard Burgess is appointed to the Water and Sewer Rate Task Force to fill the seat vacated by Councilmember Howard. His appointment will expire with office or upon completion of the work before the task force.

RECOMMENDATION:

Confirm the appointments of Councilmember Bryan Zak to the Economic Development Advisory Commission and the Port and Harbor Improvement Committee, and Councilmember Beauregard Burgess to the Water and Sewer Rate Task Force.

Fiscal Note: N/A

APPENDIX B

City of Homer Water & Sewer Rates

CITY OF HOMER
HOMER, ALASKA

City Clerk

RESOLUTION 11-094(S)

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, MAINTAINING THE CITY OF HOMER FEE SCHEDULE AT THE CURRENT RATES, AND AMENDING CUSTOMER CLASSIFICATIONS IN THE WATER AND SEWER RATE SCHEDULES.

WHEREAS, Fees are reviewed annually during the budget cycle; and

WHEREAS, Ordinance 11-43 amends HCC 14.08.037 regarding the number of water meters per lot; and

WHEREAS, It was determined that there were no rate adjustments to the City of Homer Fee Schedule needed at this time.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Homer, Alaska, that the City of Homer Fee Schedule is amended as follows:

SEWER FEES:

Sewer Connection and Extension Permit Fee

Single Family/Duplex \$255

Multi-Family/Commercial/Industrial \$330

Sewer Rate Schedule.

All sewer utility services shall be billed according to the following schedule. This schedule is for monthly sewer services and is in addition to any charges for connecting or disconnecting the service, installation of the service or any assessment of the improvements.

Customer Classification*	Monthly Customer Charge	Charge per Gallon	Usage Charge per 1,000 Gallons of Water
Single Family Residential	\$20	\$0.00997	\$ 9.97
Multi-Family Residential	\$20 (per unit)	\$0.00997	\$ 9.97
Commercial	\$20	\$0.01264	\$12.64

*-Customer classification definitions for determining water rates:

Single Family Residential - A unit providing housing for one household; with less than 25% of the building area used for business or commercial purposes.

Multi-Family Residential - A building or lot occupied by more than one household; contained within one building or several building within one complex. Examples of multi-family units include duplexes, four-plexes and up, apartments, condominiums, co-

housing projects, and multiple structures on one lot (where units are normally rented or occupied for longer than one month at a time). Examples of units not considered as multi-family include hotels, motels, B&B's seasonal rooms/cabins (where units are routinely rented or occupied for less than one month at a time.)

Commercial - Any user not defined as Residential.

Sewer System Residential or Residential Equivalent Dischargers Who Are Not Water System Users:

Sewer system dischargers who are not water system users shall be charged at the rate of \$54.90. Variable rate \$34.90 based on 3,500 gallons per month plus monthly customer charge \$20. The City reserves the right to adjust this rate based on the characteristics of the service for non-residential or non-residential equivalent users. Customers who receive septic service shall be charged an additional \$6.00* per month.

Sewer System Dischargers Who Are Members of Kachemak City LID:

Kachemak City Local Improvement District (LID) members have contributed to the initial cost of the sewer treatment plant and the collection system. Kachemak City LID dischargers connected within the LID and the City of Homer shall bill Kachemak City in one lump sum at the rate of \$50.90. Variable rate \$34.90 based on 3,500 gallons per month plus monthly customer charge of \$20 plus septage cost \$6.00* per month for each residential or residential equivalent discharger. Kachemak City shall be responsible for payment to the City of Homer.

Domestic sewer service customers who use large quantities of City water in addition to their domestic use shall be allowed, with the Public Works Director's approval, to install an additional water meter on the domestic water use line for the purpose of metering and charging for domestic sewer system use. Sewer system use will be billed monthly.

The City will allow, upon approval by Public Works and a permit from the Public Works Department, a second water usage meter - called a seasonal sewer meter - for each customer that desires to measure the flow of City water that is not discharged to the sewer system during the summer growing season, June 15 through September 15. Rates noted above do not apply.

Seasonal Sewer Meter Fee is \$211.97.

WATER FEES:

Water Connection Fee

Single Family/Duplex \$300

Multi-Family/Commercial/Industrial \$375

Water Rate Schedule.

All water utility services shall be billed according to the following schedule. This schedule is for monthly water service and is in addition to any charges for connecting or disconnecting the service, installation of the service or any assessment of the improvements.

Customer Classification*	Monthly Customer Charge	Charge per Gallon	Usage Charge per 1,000 Gallons of Water
Single Family Residential	\$25	\$0.00442	\$ 4.42
Multi-Family Residential	\$25 (per unit)	\$0.00442	\$ 4.42
Commercial	\$25	\$0.01140	\$11.40
Bulk	\$25	\$0.01269	\$12.69

*-Customer classification definitions for determining water rates:

Single Family Residential - A unit providing housing for one household; with less than 25% of the building area used for business or commercial purposes.

Multi-Family Residential - A building or lot occupied by more than one household; contained within one building or several building within one complex. Examples of multi-family units include duplexes, four-plexes and up, apartments, condominiums, co-housing projects, and multiple structures on one lot (where units are normally rented or occupied for longer than one month at a time). Examples of units not considered as multi-family include hotels, motels, B&B's seasonal rooms/cabins (where units are routinely rented or occupied for less than one month at a time.)

Commercial - Any user not defined as Residential.

PASSED AND ADOPTED by the City Council of Homer, Alaska, this 12th day of December, 2011.

CITY OF HOMER

James C. Hornaday
JAMES C. HORNADAY, MAYOR

[Signature]
JO JOHNSON, CMC, CITY CLERK

Fiscal Note: Revenue amounts not defined in CY2012 budget.

CITY OF HOMER
HOMER, ALASKA

City Manager/Public Works

ORDINANCE 11-43

AN ORDINANCE OF THE CITY COUNCIL OF HOMER,
ALASKA, AMENDING HOMER CITY CODE 14.08.037,
WATER METERS; REGARDING THE NUMBER OF WATER
METERS REQUIRED PER LOT.

THE CITY OF HOMER ORDAINS:

Section 1. Homer City Code 14.08.037, Water meters, is amended to read as follows:

14.08.037 Water meters. a. All water shall be metered. The one time meter lease fee shall be the actual cost of the water meter installed plus fifteen percent as determined by the Public Works Director.

b. Only one meter shall be issued to each lot, except that multiple meters may be issued for lots on the Spit.

Section 2. This Ordinance is of a permanent and general character and shall be included in the City Code.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 28th day of November, 2011.

CITY OF HOMER


MARY E. WYTHE, MAYOR PRO TEMPORE


JON JOHNSON, CMG, CITY CLERK

YES: *6*

NO: *0*

ABSTAIN: *0*

ABSENT: *0*

First Reading: 10/24/11

Public Hearing: 11/28/11

Second Reading: 11/28/11

Effective Date: 11/29/11

Reviewed and approved as to form:


Walt E. Wrede, City Manager

Date: 12/5/11


Thomas F. Klinkner, City Attorney

Date: 12-9-11

CITY OF HOMER
HOMER, ALASKA

City Clerk

RESOLUTION 11-062(A)

A RESOLUTION OF THE CITY COUNCIL MAINTAINING
THE CITY OF HOMER FEE SCHEDULE UNDER WATER
AND SEWER FEES.

WHEREAS, Water and sewer utility services shall be reviewed biennially on odd calendar years and amended, as necessary, to take effect as of July 1, 2011 with the first billing cycle to take effect following July 1; and

WHEREAS, From April to June, 2011 Council reviewed and discussed the water and sewer rates, and determined that there was no adjustment needed at this time.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Homer, Alaska, that the City of Homer Fee Schedule, Water and Sewer Fees is maintained as follows:

WATER AND SEWER FEES:

A 15% admin. fee for replacement parts for water/sewer services, functions, pressure reducing valves, sewer saddles, any Public Works Department stock item for resale to public.

(Contact Planning Department - at City Hall, 235-3106. Planning issues the permits.)

Establishing service includes a one time disconnect - \$30

Service calls, inspections, repairs not to exceed one hour - \$25 per employee plus equipment and materials.

Service calls, inspections and repairs during normal operating hours in excess of one hour labor: actual labor costs by City plus equipment and materials.

Service calls, inspections and repairs after normal operating hours or on weekends/holidays: \$50 minimum plus equipment and materials or actual cost incurred by City, whichever is greater.

SEWER FEES:

Sewer Connection and Extension Permit Fee

Single Family/Duplex \$255

Multi-Family/Commercial/Industrial \$330

Sewer Rate Schedule.

All sewer utility services shall be billed according to the following schedule. This schedule is for monthly sewer services and is in addition to any charges for connecting or disconnecting

the service, installation of the service or any assessment of the improvements.

	Monthly Customer Charge	Charge per Gallon	Usage Charge per 1,000 Gallons of Water
Residential	\$20	\$0.00997	\$ 9.97
Commercial	\$20	\$0.01264	\$12.64

Sewer System Residential or Residential Equivalent Dischargers Who Are Not Water System Users:

Sewer system dischargers who are not water system users shall be charged at the rate of \$54.90. Variable rate \$34.90 based on 3,500 gallons per month plus monthly customer charge \$20. The City reserves the right to adjust this rate based on the characteristics of the service for non-residential or non-residential equivalent users. Customers who receive septic service shall be charged an additional \$6.00* per month.

Sewer System Dischargers Who Are Members of Kachemak City LID:

Kachemak City Local Improvement District (LID) members have contributed to the initial cost of the sewer treatment plant and the collection system. Kachemak City LID dischargers connected within the LID and the City of Homer shall bill Kachemak City in one lump sum at the rate of \$60.90. Variable rate \$34.90 based on 3,500 gallons per month plus monthly customer charge of \$20 plus septage cost \$6.00* per month for each residential or residential equivalent discharger. Kachemak City shall be responsible for payment to the City of Homer.

Domestic sewer service customers who use large quantities of City water in addition to their domestic use shall be allowed, with the Public Works Director's approval, to install an additional water meter on the domestic water use line for the purpose of metering and charging for domestic sewer system use. Sewer system use will be billed monthly.

The City will allow, upon approval by Public Works and a permit from the Public Works Department, a second water usage meter - called a seasonal sewer meter - for each customer that desires to measure the flow of City water that is not discharged to the sewer system during the summer growing season, June 15 through September 15. Rates noted above do not apply.

Seasonal Sewer Meter Fee is \$211.97.

WATER FEES:

Water Connection Fee

Single Family/Duplex \$300

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Water Rate Schedule.

All water utility services shall be billed according to the following schedule. This schedule is for monthly water service and is in addition to any charges for connecting or disconnecting the service, installation of the service or any assessment of the improvements.

	Monthly Customer Charge	Charge per Gallon	Usage Charge per 1,000 Gallons of Water
Residential	\$25	\$0.00442	\$ 4.42
Commercial	\$25	\$0.01140	\$11.40
Bulk	\$25	\$0.01269	\$12.69

Meter Size Deposits.

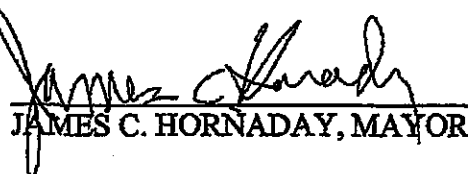
<u>Size (inches)</u>	<u>Residential Users</u>	<u>Nonresidential Users</u>
5/8	\$75.00	\$220.00
3/4	\$80.00	\$230.00
1	\$90.00	\$250.00
1-1/2	\$115.00	\$310.00
2	\$150.00	\$370.00
3	\$220.00	\$525.00
4	\$310.00	\$730.00
6	\$520.00	\$1,225.00

\$750 meter deposit shall apply to metered fire hydrant connections. The deposit will be returned when the meter is returned undamaged. This deposit may be waived upon the recommendation of the Public Works Superintendent.


If a bulk water customer purchases a meter from the City for measuring the quantity of water purchased, it shall be exempt from the monthly meter service charge. It is the responsibility of the bulk water customer to maintain that meter so the City can accurately determine the amount of water being purchased. In the event the meter fails, it is the bulk water customer's responsibility, at its expense, to repair it or purchase a replacement meter from the City. The City may at any time test the meter for accuracy.

PASSED AND ADOPTED by the City Council of Homer, Alaska, this 27th day of June, 2011.

CITY OF HOMER


JAMES C. HORNADAY, MAYOR

ATTEST:


JO JOHNSON, CMC, CITY CLERK

Fiscal Note: Revenue amounts not defined in CY2011 budget.

APPENDIX C

Budgets

**City of Homer
2012 Operating Budget**

FUND: 200 WATER AND SEWER SPECIAL REVENUE FUND

IND BUDGET:	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted Budget	FY2013 Projection	FY2014 Projection
Revenue						
Water Revenue	\$ 1,551,497	\$ 1,685,020	\$ 1,742,491	\$ 1,717,101	\$ 1,751,443	\$ 1,786,471
Sewer Revenue	1,478,825	1,483,423	1,507,452	1,572,089	1,603,531	1,635,602
Total Operating Revenue:	\$ 3,030,321	\$ 3,168,443	\$ 3,249,942	\$ 3,289,190	\$ 3,090,928	\$ 3,314,941
Operating Expenses before Depreciation :						
Personnel	\$ 1,846,907	\$ 1,714,978	\$ 1,689,797	\$ 1,660,472	\$ 1,693,681	\$ 1,727,555
Operations & Maintenance	1,091,714	874,559	1,078,562	916,106	934,428	953,117
Debt Service	3,038	(222)	523	-	-	-
Other Charges (Administrative Costs)	467,316	476,861	479,981	536,518	547,248	558,193
Total Operating Expenses	\$ 3,408,975	\$ 3,066,176	\$ 3,248,863	\$ 3,113,096	\$ 3,175,358	\$ 3,238,865
Operating Income before Depreciation:	(378,653)	102,266	1,079	176,094	(84,430)	76,076
Depreciation Expense	2,225,964	-	-	-	-	-
Earnings from Operations	\$ (2,604,617)	\$ 102,266	\$ 1,079	\$ 176,094	\$ (84,430)	\$ 76,076
Total Non - Operating Revenue	132,265	210,709	134,461	61,000	137,150	137,150
Earnings before contributions & transfers	\$ (2,472,352)	\$ 312,976	\$ 135,540	\$ 237,094	\$ 52,720	\$ 213,226
Capital Contributions (4999)	1,251,292	-	-	-	-	-
Reserves	100,000	500,000	500,000	200,000	200,000	200,000
Leave Cash Out Bank	37,439	30,849	36,623	35,792	37,582	39,461
Change in Net Assets	(1,358,499)	(217,873)	(401,083)	1,301	(184,863)	(26,235)
Beginning Net Assets	12,671,166	15,196,339	3,613,804	3,212,721	3,214,023	3,029,160
Fixed asset adj for contributed Assets	3,883,672	-	-	-	-	-
Adjust to Special Revenue Fund	-	(11,091,161)	-	-	-	-
Ending Net Assets	15,196,339	3,613,804	3,212,721	3,214,023	3,029,160	3,002,925

During the 2011 Budget process, Council approved Resolution 10-91 and Memorandum 10-131, changing the Water/Sewer Enterprise Fund to operate as a "Special Revenue Fund".

**City of Homer
2012 Operating Budget**

Fund 200

400 Water & 500 Sewer Fund Revenues

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual		Difference Between 2011 Amended & 2012 Adopted Budget	
Water Revenue						
Operating Revenue:						
4616 Metered Sales Residential	\$ 455,712	\$ 460,681	\$ 443,853	\$ 713,541		
4617 Metered Sales Commercial	1,035,770	1,154,757	1,230,033	932,560		
4618 Metered Sales Industrial	23,503	31,318	33,594	32,000		
4661 Connection Fees	15,600	14,813	15,516	15,000		
4662 Services & Meters	20,912	23,452	19,495	24,000		
Total Operating Revenue	1,551,497	1,685,020	1,742,491	1,717,101	(25,390)	-1.46%
Non- Operating Revenue						
4801 Interest on Investments	23,846	4,566	4,668	5,000		
4802 Penalty & Interest (Utilities)	9,069	8,812	8,772	6,000		
4527 PERS Revenue	93,758	49,838	108,649	50,000		
4902 Other Revenue	5,592	147,493	12,371	-		
Total Non-Operating Revenue	132,265	210,709	134,461	61,000	(73,461)	-54.63%
Total Water Revenue	\$ 1,683,762	\$ 1,895,729	\$ 1,876,952	\$ 1,778,101	(98,851)	-5.27%
Sewer Revenue						
Operating Revenue						
4616 Metered Sales	589,008	634,165	600,522	953,785		
4617 Meter Sales Commercial	846,763	818,798	882,664	582,305		
4618 Meter sales Industrial	26,030	17,925	16,036	20,000		
4619 Inspection Fees	-	-	-	-		
4662 Services & Meters	13,770	9,609	5,220	13,000		
4701 RV Dump Station	3,253	2,924	3,010	3,000		
Total Operating Revenue	1,478,825	1,483,423	1,507,452	1,572,089	64,638	4.29%
Total Sewer Revenue	\$ 1,478,825	\$ 1,483,423	\$ 1,507,452	\$ 1,572,089	64,638	4.29%
Operating Transfers						
Total Operating Revenue	\$ 3,030,321	\$ 3,168,443	\$ 3,249,942	\$ 3,289,190		
Total Non-Operating Revenue	\$ 132,265	\$ 210,709	\$ 134,461	\$ 61,000		
Total Water & Sewer Revenues	\$ 3,162,586	\$ 3,379,152	\$ 3,384,403	\$ 3,350,190	(34,213)	-1.01%

**City of Homer
2012 Operating Budget**

EXPENDITURE SUMMARY BY LINE ITEM

	FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted Budget	Difference Between 2011 Amended & 2012 Adopted Budget	
<u>Salaries and Benefits</u>						
5101 Permanent Employees	528,422	509,706	504,172	516,318	12,146	2.41%
5102 Fringe Benefits	413,459	383,986	378,848	344,372	(34,476)	-9.10%
5103 Part Time Employees	8,299	2,532	590	4,720	4,130	700.33%
5104 P/T Fringe Benefits	857	741	159	637	-	0.00%
5105 Overtime	36,760	32,633	39,736	26,000	(13,736)	-34.57%
5107 Part Time Overtime	30	2	-	-	-	0.00%
<u>Total Salaries and Benefits</u>	987,827	929,599	923,505	892,047	\$ (31,935)	-3.46%
<u>Maintenance and Operations</u>						
5201 Office Supplies	242	1,274	2,010	1,200	(810)	-40.31%
5202 Operating Supplies	95,369	50,785	57,190	45,700	(11,490)	-20.09%
5203 Fuel/Lube	25,746	34,490	49,307	36,000	(13,307)	-26.99%
5204 Chemicals	44,398	43,714	122,401	32,000	(90,401)	-73.86%
5207 Vehicle/Boat Maintenance	-	414	327	1,200	873	266.70%
5208 Equipment Maintenance	35,014	15,203	16,994	42,500	25,506	150.09%
5209 Building & Grounds Maintenance	101,675	12,088	2,628	12,500	9,872	375.71%
5210 Professional & Spec Services	23,422	28,683	18,587	33,600	15,013	80.77%
5211 Accounting/Auditing	6,715	7,392	8,414	9,496	1,082	12.86%
5213 Survey/Appraisal	-	950	-	1,200	1,200	0.00%
5214 Rents & Leases	-	394	-	2,000	2,000	0.00%
5215 Communications	4,119	3,887	4,020	4,200	180	4.48%
5216 Postage/Freight	1,684	83	441	1,500	1,059	239.79%
5217 Electricity	143,794	122,864	188,969	127,000	(61,969)	-32.79%
5220 Refuse/Disposal	270	170	-	-	-	0.00%
5221 Property Insurance	11,108	12,243	13,088	13,444	356	2.72%
5222 Auto Insurance	14,086	11,808	11,033	11,439	406	3.68%
5223 Liability Insurance	21,695	19,274	14,996	17,777	2,781	18.55%
5226 Testing/Analysis	14,444	19,009	17,024	16,000	(1,024)	-6.02%
5227 Advertising	-	249	210	700	490	233.02%
5231 Tools/Equipment	6,985	9,980	5,570	9,700	4,130	74.14%
5233 Computer Related Items	-	-	-	-	-	0.00%
5234 Recording/Permit Fees	235	150	249	1,000	751	301.61%
5235 Memberships/Dues	724	343	553	1,000	447	80.83%
5236 Transportation	-	386	2,006	-	(2,006)	-100.00%
5237 Subsistence	-	301	910	-	(910)	-100.00%
5252 Credit Card Expense	23,043	24,712	25,699	15,000	(10,699)	-41.63%
5261 Construction	-	6,072	59,463	-	(59,463)	-100.00%
5602 Safety Equipment	2,426	1,508	1,863	2,000	137	7.35%
5603 Employee Training	5,123	7,331	170	8,400	8,230	4843.50%
5606 Bad Debt Expense	12,164	3,635	3,163	-	(3,163)	-100.00%
Total Maintenance & Operations	594,480	439,390	627,285	446,556	(180,729)	-28.81%
<u>Capital Outlay, Transfers and Reserves</u>						
5990 Transfers To Reserves	50,000	250,000	250,000	100,000	(150,000)	-60.00%
Leave Cash Out Bank Transfer	15,901	12,785	16,211	15,699	(512)	-3.16%
Total Capital Outlay, Transfers & Res	65,901	262,785	266,211	115,699	(150,512)	-56.54%
5607 Debt Payment	-	(909)	-	-	-	0.00%
5608 Interest Expense	1,673	1,354	523	-	(523)	-100.00%
Total Debt Service	1,673	445	523	-	(523)	-100.00%
5241 G/F Admin Services	183,822	195,392	200,968	226,432	25,464	12.67%
Total Other Charges	183,822	195,392	200,968	226,432	25,464	12.67%
TOTAL	\$ 1,833,703	\$ 1,827,611	\$ 2,018,492	\$ 1,680,735	(337,757)	-16.73%

**City of Homer
2012 Operating Budget**

NARRATIVE

WATER FUND - ADMINISTRATION

Provide professional, technical, supervisory and administrative resources necessary to support the operation and maintenance of the City's water system. This includes the water source, treatment plant, storage tanks, pressure reducing stations, booster pumps, transmission and distribution pipelines.

Maintain the system to provide for reliable fire suppression, commercial, industrial, bulk water usage, and complete all testing required to ensure the drinking water for City residents meet or exceed all state and federal requirements.

Expenditures reflect costs for producing the EPA mandated water quality report annually.

*** NOTE:**

THE 2012 ADOPTED BUDGET WAS PASSED WITHOUT REGARD TO THE \$12,863.66 LOAN REPAYMENTS TO THE ENERGY FUND AND DEPRECIATION RESERVES OVER THE NEXT 13.4 YEARS. ACCORDING TO AN ANALYSIS THAT WAS COMPLETED, THE LOANS WERE TO BE REPAYED BY SAVINGS ACHIEVED THROUGH REDUCED ENERGY EXPENSES. AT THE TIME BUDGET WAS BEFORE COUNCIL, THE EXACT AMOUNT FOR EACH PROJECT HAD YET TO BE DETERMINED. THIS WILL NEED TO BE APPROVED BY COUNCIL AND THE 2012 BUDGET WILL NEED TO BE AMENDED ACCORDINGLY.

Loan Amounts: Energy Fund	\$ 6,284	\$ 468.96 Annually
Depreciation Reserves	<u>\$166,089</u>	<u>\$12,394.70</u> Annually
Totals	<u>\$172,373</u>	<u>\$12,863.66</u> Annually

**City of Homer
2012 Operating Budget**

**FUND 200
400 - WATER FUND ADMINISTRATION**

		FY 2009	FY 2010	FY 2011	FY 2012	Difference Between	
		Actual	Actual	Actual	Adopted Budget	2011 Amended & 2012 Adopted Budget	
<u>Salaries and Benefits</u>							
5101	Regular Employees	\$ 128,604	\$ 117,390	\$ 123,520	\$ 128,650	5,131	4.15%
5102	Fringe Benefits	193,287	99,554	70,075	75,017	4,942	7.05%
5102	PERS Revenue Offset	-	-	54,325	25,000	(29,325)	-53.98%
5103	P/T Employees	1,457	288	590	-	(590)	-100.00%
5104	Fringe Benefits P/T	-	36	159	-	(159)	-100.00%
5105	Overtime	-	1,141	404	1,000	596	147.57%
5107	P/T Overtime	-	2	-	-	-	0.00%
Total Salaries and Benefits		263,347	218,411	249,073	229,667	\$ (19,405)	-7.79%
<u>Maintenance and Operations</u>							
5201	Office Supplies	242	1,274	2,010	1,200	(810)	-40.31%
5202	Operating Supplies	787	716	556	900	344	61.80%
5203	Food/Staples	1,511	-	-	-	-	0.00%
5208	Equipment Maintenance	-	292	50	1,000	950	1900.40%
5210	Professional & Special Services	7,668	7,581	9,290	13,500	4,210	45.31%
5211	Accounting/Audit	6,715	7,392	8,414	9,496	1,082	12.86%
5215	Communications	4,119	3,887	4,020	4,200	180	4.48%
5216	Postage/Freight	1,684	83	441	1,500	1,059	239.79%
5221	Property Insurance	11,108	12,243	13,088	13,444	356	2.72%
5222	Auto Insurance	14,086	11,808	11,033	11,439	406	3.68%
5223	Liability Insurance	21,695	19,274	14,996	17,777	2,781	18.55%
5227	Advertising	-	249	210	700	490	233.02%
5231	Tools/Equipment	803	1,706	375	1,200	825	219.62%
5233	Computers and Related Items	-	-	-	-	-	0.00%
5234	Recording/Permit Fees	235	150	249	1,000	751	301.61%
5235	Memberships/Dues	724	343	553	1,000	447	80.83%
5236	Transportation	-	386	2,006	-	(2,006)	-100.00%
5237	Subsistence	-	301	910	-	(910)	-100.00%
5252	Credit Card Service Fees	23,043	24,712	25,699	15,000	(10,699)	100.00%
5261	Construction	-	6,072	59,463	-	(59,463)	-100.00%
5602	Safety Equipment	427	612	721	750	29	4.00%
5603	Employee Training	3,346	6,885	419	7,200	6,781	1619.03%
5606	Bad Debt Expense	12,164	3,635	3,163	-	(3,163)	-100.00%
Total Maintenance and Operations		110,356	109,599	157,667	101,306	(56,360)	-35.75%
<u>Capital Outlay, Transfers and Reserves</u>							
5106	Leave Cash Out Bank	15,901	12,785	16,211	15,699	(512)	-3.16%
5990	Transfers to Reserves	50,000	250,000	250,000	100,000	(150,000)	-60.00%
Total Capital Outlay, Transfers & Reserves		65,901	262,785	266,211	115,699	(150,512)	-56.54%
<u>Debt Payment</u>							
5607	Debt Payment	-	(909)	-	-	* Note	0.00%
5608	Debt Payment Interest	1,673	1,354	523	-	(523)	-100.00%
Total Debt Payment		1,673	445	523	-	(523)	-100.00%
5241	G/F Administrative Services	183,822	195,392	200,968	226,432	25,464	12.67%
Total		\$ 625,099	\$ 786,633	\$ 874,442	\$ 673,105	\$(201,336)	-23.02%
Staffing History		2.15	1.85	1.85	1.95		

LINE - ITEM EXPLANATIONS:

Transfer to Reserves: Although there was a decrease in the budgeted transfer to reserves, any balance of revenues over expenditures is to be transferred to the depreciation reserve account at 2012 Year End.

Account Number Explanations: See "Appendix" Tab
Capital Outlay: See "Projects" Tab

Dept	Reserve	2012		Budgeted Expenditure	2012 Ending Balance
		Beginning Balance	Transfer In		
378	Depreciation Reserve	2,355,356	100,000	2,750	2,452,606
	Leave Bank	-	15,699	15,699	

**City of Homer
2012 Operating Budget**

NARRATIVE

WATER FUND - WATER TREATMENT PLANT OPERATIONS

Provide for the operation and maintenance of the water treatment plant. The plant is rated at 2 million gallons per day, utilizing mostly automated controls.

Treatment requires the use of chemicals including chlorine, alum caustic soda, soda ash and a corrosion inhibitor. Fluctuating water source quality demands the constant attention of plant operators.

FUND 200

401 - WATER TREATMENT PLANT

		FY 2009	FY 2010	FY 2011	FY 2012	Difference	
		Actual	Actual	Actual	Adopted	Between 2011	
					Budget	Amended & 2012	
<u>Salaries and Benefits</u>							
5101	Regular Employees	\$ 93,026	\$ 93,697	\$ 91,542	\$ 97,400	5,858	6.40%
5102	Fringe Benefits	72,628	76,025	67,282	63,933	(3,349)	-4.98%
5103	P/T Employees	5,987	1,588	-	4,130	4,130	0.00%
5104	Fringe Benefits P/T	753	625	-	558	558	0.00%
5105	Overtime	21,234	16,217	24,475	11,500	(12,975)	-53.01%
5107	P/T Overtime	27	-	-	-	-	0.00%
<u>Total Salaries and Benefits</u>		193,655	188,151	183,299	177,521	\$ (5,778)	-3.15%
<u>Maintenance and Operations</u>							
5202	Operating Supplies	14,455	6,722	8,092	6,000	(2,092)	-25.85%
5203	Fuel/Lube	24,234	34,490	49,307	35,000	(14,307)	-29.02%
5204	Chemicals	44,398	43,714	122,401	32,000	(90,401)	-73.86%
5207	Vehicle/Boat Maintenance	-	414	327	1,200	873	266.70%
5208	Equipment Maintenance	15,124	10,123	14,261	21,000	6,739	47.26%
5209	Building & Grounds Maintenance	4,756	10,104	2,628	4,000	1,372	52.23%
5210	Professional & Special Services	1,036	2,815	1,655	3,800	2,145	129.58%
5214	Rents & Leases Expense	-	-	-	2,000	2,000	0.00%
5217	Electricity	46,085	40,510	66,508	40,000	(26,508)	-39.86%
5226	Testing/Analysis	504	-	81	-	(81)	-100.00%
5602	Safety Equipment	888	160	217	500	283	130.10%
5603	Employee Training	-	-	(484)	-	484	-100.00%
<u>Total Maintenance and Operations</u>		151,481	149,052	264,992	145,500	(119,492)	-45.09%
Total		\$ 345,135	\$ 337,202	\$ 448,291	\$ 323,021	(125,271)	-27.94%
Staffing History		2.00	1.94	1.94	1.94		

LINE - ITEM EXPLANATIONS:

5204 - Increased cost of chemical purchases
5217 - Projected increase in electric costs

Account Number Explanations: See "Appendix" Tab

City of Homer
2012 Operating Budget

NARRATIVE

WATER FUND - WATER TREATMENT PLANT TESTING

All water testing is completed by certified personnel per ADEC and EPA requirements. This testing assures water system users that the water meets the state and federal drinking water standards. Testing equipment maintenance, special services calibration of testing equipment and testing/analysis costs in support of the water system are reflected here.

FUND 200

402 - WATER TREATMENT PLANT TESTING

					Difference	
		FY 2009	FY 2010	FY 2011	FY 2012	
		Actual	Actual	Actual	Adopted	Between 2011
					Budget	Amended & 2012
						Adopted Budget
<u>Salaries and Benefits</u>						
5101	Regular Employees	\$ 20,585	\$ 14,425	\$ 12,868	\$ 16,600	3,732 29.01%
5102	Fringe Benefits	12,656	10,483	9,264	10,590	1,326 14.31%
5105	Overtime	267	117	245	500	255 104.05%
<u>Total Salaries and Benefits</u>		33,509	25,025	22,377	27,690	5,313 23.74%
<u>Maintenance and Operations</u>						
5202	Operating Supplies	5,564	2,044	4,966	4,600	(366) -7.38%
5208	Equipment Maintenance	4,255	2,275	2,519	4,000	1,481 58.81%
5210	Professional & Special Services	-	2,004	607	2,200	1,593 262.70%
5220	Refuse/Disposal	270	170	-	-	- 0.00%
5226	Testing/Analysis	13,940	19,009	16,944	16,000	(944) -5.57%
<u>Total Maintenance and Operations</u>		24,029	25,502	25,035	26,800	1,765 7.05%
Total		\$ 57,538	\$ 50,527	\$ 47,412	\$ 54,490	7,078 14.93%
Staffing History		0.30	0.30	0.30	0.32	

LINE - ITEM EXPLANATIONS:

Account Number Explanations: See "Appendix" Tab
Capital Outlay: See "Projects" Tab

**City of Homer
2012 Operating Budget**

NARRATIVE

WATER FUND - PUMP STATIONS

Provide for operation and maintenance of the two pumping stations on the water system, the raw water pump station at the Bridge Creek Reservoir and the Spit fire pump station. Fuel for the raw water pump back-up generator and the diesel fired fire pump as well as associated supplies are reflected here.

FUND 200

403 - WATER PUMP STATION

		FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted Budget	Difference Between 2011 Amended & 2012 Adopted	
<u>Salaries and Benefits</u>							
5101	Regular Employees	\$ 19,136	\$ 23,143	\$ 24,054	\$ 19,558	(4,496)	-18.69%
5102	Fringe Benefits	14,261	15,495	14,537	11,647	(2,890)	-19.88%
5103	P/T Employees	855	635	-	590	590	0.00%
5104	Fringe Benefits P/T	104	80	-	80	80	0.00%
5105	Overtime	633	146	269	400	131	48.56%
5107	P/T Overtime	4	-	-	-	-	0.00%
<u>Total Salaries and Benefits</u>		34,993	39,498	38,860	32,275	(6,585)	-16.95%
<u>Maintenance and Operations</u>							
5202	Operating Supplies	-	14	-	2,200	2,200	0.00%
5203	Fuel/Lube	-	-	-	1,000	1,000	0.00%
5208	Equipment Maintenance	10,234	12	85	7,000	6,915	8155.69%
5209	Building & Grounds Maintenance	95,661	1,943	-	5,000	5,000	0.00%
5217	Electricity	53,931	41,484	50,899	45,000	(5,899)	-11.59%
5231	Tools/Equipment	-	395	11	1,000	989	8957.97%
<u>Total Maintenance and Operations</u>		159,826	43,848	50,995	61,200	10,205	20.01%
Total		\$ 194,819	\$ 83,346	\$ 89,855	\$ 93,475	3,620	4.03%
Staffing History		0.40	0.42	0.42	0.40		

LINE - ITEM EXPLANATIONS:

Account Number Explanations: See "Appendix" Tab

City of Homer
2012 Operating Budget

NARRATIVE

WATER FUND - DISTRIBUTION SYSTEM

Operates and maintains the water distribution system. The activities include annual hydrant flushing, bi-annual topography of the City requires the water distribution system wide flushing of all water mains, thawing be separated into six pressure zones. This account reflects the repair of mains and services, exercising 476 cost of maintaining 14 pressure-reducing stations, air release valves, testing of cross-connection control devices valves, over 36 miles of distribution mains, over 1,100 water and monitoring of flows and pressures. All water services and 263 fire hydrants. Distribution maintenance personnel are certified.

FUND 200

404 - WATER DISTRIBUTION SYSTEMS

		FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted Budget	Difference Between 2011 Amended & 2012 Adopted	
<u>Salaries and Benefits</u>							
5101	Regular Employees	\$ 134,468	\$ 129,723	\$ 129,140	\$ 125,121	(4,018)	-3.11%
5102	Fringe Benefits	91,141	92,280	84,007	77,358	(6,649)	-7.91%
5103	P/T Employees		21	-	-	-	0.00%
5105	Overtime	13,042	14,219	13,549	10,000	(3,549)	-26.19%
<u>Total Salaries and Benefits</u>		238,652	236,243	226,696	212,479	(14,217)	-6.27%
<u>Maintenance and Operations</u>							
5202	Operating Supplies	17,377	8,666	15,486	9,000	(6,486)	-41.88%
5208	Equipment Maintenance	1,731	2,501	-	6,500	6,500	0.00%
5209	Building & Grounds Maintenance	1,222	41	-	1,500	1,500	0.00%
5210	Professional & Special Services	10,278	10,168	4,435	7,500	3,065	69.11%
5214	Rents & Leases Expense	-	394	-	-	-	0.00%
5217	Electricity	43,778	40,871	71,562	42,000	(29,562)	-41.31%
5231	Tools/Equipment	4,789	6,500	4,196	6,000	1,804	43.00%
<u>Total Maintenance and Operatio</u>		79,176	69,140	95,679	72,500	(23,179)	-24.23%
Total		\$ 317,827	\$ 305,382	\$ 322,375	\$ 284,979	(37,395)	-11.60%
Staffing History		2.25	2.30	2.30	2.30		

LINE - ITEM EXPLANATIONS:

5210 - Increase for annual pavement patching associated with repairs in paved streets.

Account Number Explanations: See "Appendix" Tab

City of Homer
2012 Operating Budget

NARRATIVE

WATER FUND - WATER RESERVOIR

Provide adequate funding to operate and maintain the Bridge Creek Reservoir. This includes the reservoir proper, the dam, the inlet and outlet facilities and telemetry components. Special services include safety inspections, diver contracts, watershed and land surveys and permit fees. DNR requires that we keep the bush and vegetation cleared away from the reservoir.

FUND 200

405 - WATER RESERVOIR

		FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted Budget	Difference Between 2011 Amended & 2012 Adopted	
<u>Salaries and Benefits</u>							
5101	Regular Employees	\$ 29,916	\$ 26,158	\$ 20,472	\$ 27,347	6,875	33.58%
5102	Fringe Benefits	19,255	18,262	14,797	17,589	2,792	18.87%
5105	Overtime	438	213	216	500	284	131.73%
<u>Total Salaries and Benefits</u>		49,610	44,633	35,485	45,437	9,951	28.04%
<u>Maintenance and Operations</u>							
5202	Operating Supplies	1,430	352	49	1,000	951	1939.98%
5208	Equipment Maintenance	3,669	-	80	3,000	2,920	3652.35%
5209	Building & Grounds Maintenance	37	-	-	2,000	2,000	0.00%
5210	Professional & Special Services	-	6,115	850	5,600	4,750	558.82%
5213	Survey/Appraisal	-	950	-	1,200	1,200	0.00%
<u>Total Maintenance and Operations</u>		5,135	7,417	979	12,800	11,821	1207.50%
Total		\$ 54,745	\$ 52,050	\$ 36,464	\$ 58,237	21,772	59.71%
Staffing History		0.50	0.50	0.50	0.50		

LINE - ITEM EXPLANATIONS:

Account Number Explanations: See "Appendix" Tab

City of Homer
2012 Operating Budget

NARRATIVE

WATER FUND - WATER METERS/CROSS CONNECTION INSPECTION

Operates and maintains water meters on the distribution system – includes bulk water sales, connects/disconnects, delinquent notices, shut-off notices, relay installation, customer service support and seasonal meter sales. Coordinate testing of commercial/industrial cross connections control device.

FUND 200

406 - WATER METERS

		FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted Budget	Difference Between 2011 Amended & 2012 Adopted	
<u>Salaries and Benefits</u>							
5101	Regular Employees	\$ 50,094	\$ 52,491	\$ 54,455	\$ 54,021	(435)	-0.80%
5102	Fringe Benefits	34,699	36,785	34,120	35,304	1,184	3.47%
5105	Overtime	27	179	367	2,000	1,633	444.53%
<u>Total Salaries and Benefits</u>		84,820	89,455	88,943	91,325	2,382	2.68%
<u>Maintenance and Operations</u>							
5202	Operating Supplies	42,031	30,091	18,981	15,000	(3,981)	-20.97%
5231	Tools/Equipment	1,393	1,379	988	1,500	512	51.84%
5602	Safety Equipment	1,111	737	925	750	(175)	-18.88%
5603	Employee Training	1,777	446	235	1,200	965	409.60%
<u>Total Maintenance and Operations</u>		46,311	32,653	21,129	18,450	(2,679)	-12.68%
<u>Total</u>		<u>\$ 131,131</u>	<u>\$ 122,108</u>	<u>\$ 110,072</u>	<u>\$ 109,775</u>	<u>(296)</u>	<u>-0.27%</u>
Staffing History		0.95	1.00	1.00	1.00		

LINE - ITEM EXPLANATIONS:

5202 - Increase due to additional meters req'd to comply with new water meter ordinance.
5231 - Increase for additional specialty tools for meters install/maintenance

Account Number Explanations: See "Appendix" Tab

City of Homer
2012 Operating Budget

NARRATIVE

WATER FUND - WATER HYDRANTS

Operate and maintain fire hydrants on the water distribution system at an acceptable level. Costs associated with the installation of hydrants under the hydrant replacement program are reflected in this account.

FUND 200

407 - WATER HYDRANTS

		FY 2009 Actual	FY 2010 Actual	FY 2011 Actual	FY 2012 Adopted Budget	Difference Between 2011 Amended & 2012 Adopted Budget	
<u>Salaries and Benefits</u>							
5101	Regular Employees	\$ 52,592	\$ 52,680	\$ 48,121	\$ 47,620	(501)	-1.04%
5102	Fringe Benefits	35,531	35,102	30,441	27,934	(2,507)	-8.24%
5105	Overtime	1,119	401	210	100	(110)	-52.39%
<u>Total Salaries and Benefits</u>		89,242	88,184	78,772	75,653	(3,118)	-3.96%
<u>Maintenance and Operations</u>							
5202	Operating Supplies	13,726	2,180	9,060	7,000	(2,060)	-22.73%
5210	Professional & Special Services	4,440	-	1,750	1,000	(750)	-42.86%
<u>Total Maintenance and Operations</u>		18,166	2,180	10,810	8,000	(2,810)	-25.99%
Total		\$ 107,408	\$ 90,364	\$ 89,581	\$ 83,653	(5,928)	-6.62%
Staffing History		0.95	0.90	0.90	0.90		

LINE - ITEM EXPLANATIONS:

Account Number Explanations: See "Appendix" Tab

CITY OF HOMER, ALASKA
Utility Special Revenue Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Year Ended December 31, 2011

	Utility Operations	HAWSP Debt Service	Utility Capital Projects	Utility Reserves	Total Utility Fund
Revenues:					
Sales tax	\$ -	1,179,108	-	-	1,179,108
Intergovernmental:					
Capital grants	-	-	803,598	-	803,598
State of Alaska PERS relief	108,649	-	-	-	108,649
Total intergovernmental	108,649	-	803,598	-	912,247
Charges for services:					
Water charges and connection fees	1,751,263	-	-	-	1,751,263
Sewer charges and connection fees	1,507,452	-	-	-	1,507,452
Total charges for services	3,258,715	-	-	-	3,258,715
Water and sewer special assessments	-	278,722	-	-	278,722
Investment income	4,666	-	-	-	4,666
Other	12,371	-	-	-	12,371
Total revenues	3,384,401	1,457,830	803,598	-	5,645,829
Expenditures:					
Water:					
Pumping system	89,855	-	-	-	89,855
Treatment plant and operations testing	495,703	-	-	-	495,703
Distribution system and reservoir	358,839	-	-	-	358,839
Water meters	110,071	-	-	-	110,071
Water hydrants	89,581	-	-	-	89,581
Administration	623,918	126,177	-	-	750,095
Total water	1,767,967	126,177	-	-	1,894,144
Sewer:					
Pumping system	751,539	-	-	-	751,539
Collection system	148,226	-	-	-	148,226
Administration	617,229	133,646	-	-	750,875
Total sewer	1,516,994	133,646	-	-	1,650,640
Debt service:					
Principal	-	977,814	-	-	977,814
Interest	523	168,909	-	-	169,432
Total debt service	523	1,146,723	-	-	1,147,246
Capital outlay	-	-	3,016,157	238,972	3,255,129
Total expenditures	3,285,484	1,406,546	3,016,157	238,972	7,947,159
Excess of revenues over (under) expenditures	98,917	51,284	(2,212,559)	(238,972)	(2,301,330)
Other financing sources (uses):					
Issuance of long-term debt	-	2,162,442	-	-	2,162,442
Eliminating transfers	(500,000)	(1,451,149)	1,451,149	500,000	-
Transfers out	-	-	-	(172,932)	(172,932)
Net other financing sources (uses)	(500,000)	711,293	1,451,149	327,068	1,989,510
Change in fund balances	(401,083)	762,577	(761,410)	88,096	(311,820)
Beginning fund balances (deficits)	3,613,804	(3,961,860)	(244,202)	4,249,543	3,657,285
Ending fund balances (deficits)	\$ 3,212,721	(3,199,283)	(1,005,612)	4,337,639	3,345,465

CITY OF HOMER, ALASKA

Utility Special Revenue Fund
Combining Balance Sheet
December 31, 2011

<u>Assets</u>	<u>Utility Operations</u>	<u>HAWSP Debt Service</u>	<u>Utility Capital Projects</u>	<u>Utility Reserves</u>	<u>Eliminating Entries</u>	<u>Total Utility Fund</u>
Cash and investments	\$ 2,774,480	(7,342,899)	(1,038,268)	4,338,958	1,267,729	-
Receivables:						
Accounts	312,710	-	-	-	-	312,710
Sales taxes	-	188,414	-	-	-	188,414
Assessments	-	2,623,106	-	-	-	2,623,106
State and federal grants and loans	-	3,955,202	41,775	-	-	3,996,977
Total receivables	<u>312,710</u>	<u>6,766,722</u>	<u>41,775</u>	<u>-</u>	<u>-</u>	<u>7,121,207</u>
Inventory	270,190	-	-	-	-	270,190
Prepaid items	<u>35,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,182</u>
Total assets	\$ <u>3,392,562</u>	<u>(576,177)</u>	<u>(996,493)</u>	<u>4,338,958</u>	<u>1,267,729</u>	<u>7,426,579</u>
<u>Liabilities and Fund Balance</u>						
Liabilities:						
Accounts payable	91,706	-	9,119	1,319	-	102,144
Accrued payroll and related liabilities	51,237	-	-	-	-	51,237
Customer deposits	36,898	-	-	-	-	36,898
Deferred assessments	-	2,623,106	-	-	-	2,623,106
Due to other funds	-	-	-	-	1,267,729	1,267,729
Total liabilities	<u>179,841</u>	<u>2,623,106</u>	<u>9,119</u>	<u>1,319</u>	<u>1,267,729</u>	<u>4,081,114</u>
Fund balances (deficits):						
Nonspendable - inventory and prepaid items	305,372	-	-	-	-	305,372
Assigned - water and sewer	<u>2,907,349</u>	<u>(3,199,283)</u>	<u>(1,005,612)</u>	<u>4,337,639</u>	<u>-</u>	<u>3,040,093</u>
Total fund balances (deficits)	<u>3,212,721</u>	<u>(3,199,283)</u>	<u>(1,005,612)</u>	<u>4,337,639</u>	<u>-</u>	<u>3,345,465</u>
Total liabilities and fund balances	\$ <u>3,392,562</u>	<u>(576,177)</u>	<u>(996,493)</u>	<u>4,338,958</u>	<u>1,267,729</u>	<u>7,426,579</u>

CITY OF HOMER
REVENUES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING JUNE 30, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCES	BUDGET	UNEARNED
<u>WATER SYSTEMS ADMINISTRATION</u>					
200-400-4527 PERS REVENUE	.00	.00	.00	50,000.00	50,000.00
200-400-4616 METER SALES RES	321,466.33	321,466.33	.00	713,541.00	392,074.67
200-400-4617 METER SALES COM	480,322.19	480,322.19	.00	932,560.00	452,237.81
200-400-4618 METER SALE IND	8,270.44	8,270.44	.00	32,000.00	23,729.56
200-400-4661 CONNECTION FEES	8,330.63	8,330.63	.00	15,000.00	6,669.37
200-400-4662 SERVICE & METERS	2,676.87	2,676.87	.00	24,000.00	21,123.13
200-400-4801 INTEREST INCOME	.00	.00	.00	5,000.00	5,000.00
200-400-4802 PENALTY/INT	4,301.55	4,301.55	.00	6,000.00	1,698.45
TOTAL WATER SYSTEMS ADMINISTR	825,568.01	825,568.01	.00	1,778,101.00	952,532.99
<u>SEWER SYSTEMS ADMINISTRATION</u>					
200-500-4616 METER SALES RES	417,819.63	417,819.63	.00	953,785.00	535,965.37
200-500-4617 METER SALES COM	309,090.62	309,090.62	.00	582,305.00	273,214.38
200-500-4618 METER SALE IND	4,216.38	4,216.38	.00	20,000.00	15,783.62
200-500-4662 SERVICE&METER	3,545.21	3,545.21	.00	13,000.00	9,454.79
200-500-4701 RV DUMP STATION	198.87	198.87	.00	3,000.00	2,801.13
TOTAL SEWER SYSTEMS ADMINISTR	734,870.71	734,870.71	.00	1,572,090.00	837,219.29
TOTAL FUND REVENUE	1,560,438.72	1,560,438.72	.00	3,350,191.00	1,789,752.28

CITY OF HOMER
EXPENDITURES & ENCUMBRANCES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING JUNE 30, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCE	BUDGET	UNEXPENDE	PCNT
WATER SYSTEMS ADMINISTRATION						
200-400-5101 REG EMPLOYEES	62,344.45	62,344.45	.00	128,650.00	66,305.55	48.5
200-400-5102 FRINGE BENEFITS	35,047.75	35,047.75	.00	100,017.00	64,969.25	35.0
200-400-5103 PART TIME EMPL	2,134.45	2,134.45	.00	.00	2,134.45	.0
200-400-5104 FRINGE BEN P/T	436.95	436.95	.00	.00	436.95	.0
200-400-5105 OVERTIME	123.83	123.83	.00	1,000.00	876.17	12.4
200-400-5106 LEAVE CASH OUT	15,755.18	15,755.18	.00	15,699.00	56.18	100.4
200-400-5107 PART TIME OVERTIME	2.10	2.10	.00	.00	2.10	.0
200-400-5201 OFFICE SUPPLIES	736.46	736.46	.00	1,200.00	463.54	61.4
200-400-5202 OPR SUPPLIES	379.26	379.26	.00	900.00	520.74	42.1
200-400-5203 FUEL/LUBE	181.82	181.82	.00	.00	181.82	.0
200-400-5208 EQUIPMENT MAINTENANCE	.00	.00	.00	1,000.00	1,000.00	.0
200-400-5210 PROF & SPEC SVC	1,982.67	1,982.67	.00	13,500.00	11,517.33	14.5
200-400-5211 AUDIT SERVICES	8,826.74	8,826.74	.00	9,496.00	669.26	93.0
200-400-5215 COMMUNICATIONS	2,014.59	2,014.59	.00	4,200.00	2,185.41	48.0
200-400-5216 POSTAGE/FREIGHT	.00	.00	.00	1,500.00	1,500.00	.0
200-400-5221 PROPERTY INS	.00	.00	.00	13,444.00	13,444.00	.0
200-400-5222 AUTO INSURANCE	.00	.00	.00	11,439.00	11,439.00	.0
200-400-5223 LIABILITY INS	.00	.00	.00	17,777.00	17,777.00	.0
200-400-5227 ADVERTISING	129.48	129.48	.00	700.00	570.52	18.5
200-400-5231 TOOLS/EQUIP	541.18	541.18	.00	1,200.00	658.82	45.1
200-400-5234 RECORD/PERMITS	150.00	150.00	.00	1,000.00	850.00	15.0
200-400-5235 MEMBERSHIP/DUES	368.25	368.25	.00	1,000.00	631.75	36.8
200-400-5236 TRANSPORTATION	1,273.45	1,273.45	.00	.00	1,273.45	.0
200-400-5241 G/F ADMIN FEES	226,432.00	226,432.00	.00	226,432.00	.00	100.0
200-400-5252 CREDIT CARD SERVICE FEES	2,801.01	2,801.01	.00	15,000.00	12,198.99	18.7
200-400-5602 SAFETY EQUIP	419.24	419.24	.00	750.00	330.76	55.9
200-400-5603 EMPLOYEE TRAIN	761.50	761.50	.00	7,200.00	6,438.50	10.6
200-400-5606 BAD DEBT EXP	31,019.48	31,019.48	.00	.00	31,019.48	.0
200-400-5608 INTEREST EXPENSE	216.38	216.38	.00	.00	216.38	.0
200-400-5990 TRANSFERS TO	100,000.00	100,000.00	.00	100,000.00	.00	100.0
TOTAL WATER SYSTEMS ADMINISTRATION	494,058.20	494,058.20	.00	673,104.00	179,045.80	73.4

CITY OF HOMER
EXPENDITURES & ENCUMBRANCES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING JUNE 30, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCE	BUDGET	UNEXPENDE	PCNT
<u>TREATMENT PLANT</u>						
200-401-5101 REG EMPLOYEES	49,034.01	49,034.01	.00	97,400.00	48,365.99	50.3
200-401-5102 FRINGE BENEFITS	35,123.06	35,123.06	.00	63,933.00	28,809.94	54.9
200-401-5103 PART TIME EMPLOYEES	.00	.00	.00	4,130.00	4,130.00	.0
200-401-5104 P/T FRINGE BENEFITS	.00	.00	.00	558.00	558.00	.0
200-401-5105 OVERTIME	14,319.49	14,319.49	.00	11,500.00	2,819.49	124.5
200-401-5202 OPR SUPPLIES	936.60	936.60	.00	6,000.00	5,063.40	15.6
200-401-5203 FUEL/LUBE	25,751.98	25,751.98	.00	35,000.00	9,248.02	73.6
200-401-5204 CHEMICALS	37,266.64	37,266.64	.00	32,000.00	5,266.64	116.5
200-401-5207 VEHICLE/BOAT MAINTENANCE	654.36	654.36	.00	1,200.00	545.64	54.5
200-401-5208 EQUIPMENT MAINT	9,582.84	9,582.84	.00	21,000.00	11,417.16	45.6
200-401-5209 BLDG/GRDS MAINT	406.28	406.28	.00	4,000.00	3,593.72	10.2
200-401-5210 PROF & SPEC SVC	132.00	132.00	.00	3,800.00	3,668.00	3.5
200-401-5214 RENTS AND LEASES	.00	.00	.00	2,000.00	2,000.00	.0
200-401-5217 ELECTRICITY	25,806.50	25,806.50	.00	40,000.00	14,193.50	64.5
200-401-5602 SAFETY EQUIP	77.94	77.94	.00	500.00	422.06	15.6
TOTAL TREATMENT PLANT	199,091.70	199,091.70	.00	323,021.00	123,929.30	61.6
<u>TESTING</u>						
200-402-5101 REG EMPLOYEES	10,341.43	10,341.43	.00	16,600.00	6,258.57	62.3
200-402-5102 FRINGE BENEFITS	5,856.14	5,856.14	.00	10,590.00	4,733.86	55.3
200-402-5105 OVERTIME	178.58	178.56	.00	500.00	321.44	35.7
200-402-5202 OPR SUPPLIES	1,303.00	1,303.00	.00	4,600.00	3,297.00	28.3
200-402-5208 EQUIPMENT MAINT	1,775.00	1,775.00	.00	4,000.00	2,225.00	44.4
200-402-5210 PROF & SPEC SVC	215.66	215.66	.00	2,200.00	1,984.34	9.8
200-402-5226 TESTING/ANALYS	6,047.40	6,047.40	.00	16,000.00	9,952.60	37.8
TOTAL TESTING	25,717.19	25,717.19	.00	54,490.00	28,772.81	47.2
<u>PUMP STATIONS</u>						
200-403-5101 REG EMPLOYEES	9,197.03	9,197.03	.00	19,558.00	10,360.97	47.0
200-403-5102 FRINGE BENEFITS	6,324.37	6,324.37	.00	11,647.00	5,322.63	54.3
200-403-5103 PART TIME EMPLOYEES	.00	.00	.00	590.00	590.00	.0
200-403-5104 P/T FRINGE BENEFITS	.00	.00	.00	80.00	80.00	.0
200-403-5105 OVERTIME	176.21	176.21	.00	400.00	223.79	44.1
200-403-5202 OPR SUPPLIES	2.31	2.31	.00	2,200.00	2,197.69	.1
200-403-5203 FUEL/LUBE	.00	.00	.00	1,000.00	1,000.00	.0
200-403-5208 EQUIPMENT MAINT	.00	.00	.00	7,000.00	7,000.00	.0
200-403-5209 BLDG/GRDS MAINT	.00	.00	.00	5,000.00	5,000.00	.0
200-403-5217 ELECTRICITY	26,465.66	26,465.66	.00	45,000.00	18,534.34	58.8
200-403-5231 TOOLS/EQUIP	.00	.00	.00	1,000.00	1,000.00	.0
TOTAL PUMP STATIONS	42,165.58	42,165.58	.00	93,475.00	51,309.42	45.1

CITY OF HOMER
EXPENDITURES & ENCUMBRANCES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING JUNE 30, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCE	BUDGET	UNEXPENDE	PONT
<u>DISTRIBUTION SYSTEMS</u>						
200-404-5101 REG EMPLOYEES	61,400.25	61,400.25	.00	125,121.00	63,720.75	49.1
200-404-5102 FRINGE BENEFITS	40,665.71	40,665.71	.00	77,358.00	36,692.29	52.6
200-404-5103 PART TIME EMPLOYEES	2,755.20	2,755.20	.00	.00	2,755.20-	.0
200-404-5104 P/T FRINGE BENEFITS	337.13	337.13	.00	.00	337.13-	.0
200-404-5105 OVERTIME	5,704.24	5,704.24	.00	10,000.00	4,295.76	57.0
200-404-5107 PART TIME OVERTIME	12.60	12.60	.00	.00	12.60-	.0
200-404-5202 OPR SUPPLIES	5,804.32	5,804.32	.00	9,000.00	3,195.68	64.5
200-404-5208 EQUIPMENT MAINT	.00	.00	.00	6,500.00	6,500.00	.0
200-404-5209 BLDG/GRDS MAINT	184.94	184.94	.00	1,500.00	1,315.06	12.3
200-404-5210 PROF & SPEC SVC	261.25	261.25	.00	7,500.00	7,218.75	3.8
200-404-5217 ELECTRICITY	74,527.62	74,527.62	.00	42,000.00	32,527.62-	177.5
200-404-5231 TOOLS/EQUIP	533.12	533.12	.00	6,000.00	5,466.88	8.9
TOTAL DISTRIBUTION SYSTEMS	192,206.38	192,206.38	.00	284,979.00	92,772.62	67.5
<u>WATER RESERVOIR</u>						
200-405-5101 REG EMPLOYEES	15,285.99	15,285.99	.00	27,347.00	12,061.01	55.9
200-405-5102 FRINGE BENEFITS	9,200.92	9,200.92	.00	17,589.00	8,388.08	52.3
200-405-5103 PART TIME EMPL	459.20	459.20	.00	.00	459.20-	.0
200-405-5104 FRINGE BEN P/T	52.03	52.03	.00	.00	52.03-	.0
200-405-5105 OVERTIME	463.36	463.36	.00	500.00	36.64	92.7
200-405-5107 PART TIME OVERTIME	2.10	2.10	.00	.00	2.10-	.0
200-405-5202 OPR SUPPLIES	37.54	37.54	.00	1,000.00	962.46	3.8
200-405-5208 EQUIPMENT MAINT	171.87	171.87	.00	3,000.00	2,828.13	5.7
200-405-5209 BLDG/GRDS MAINT	.00	.00	.00	2,000.00	2,000.00	.0
200-405-5210 PROF & SPEC SVC	.00	.00	.00	5,600.00	5,600.00	.0
200-405-5213 SURVEY/APPRaisal	.00	.00	.00	1,200.00	1,200.00	.0
TOTAL WATER RESERVOIR	25,673.01	25,673.01	.00	58,236.00	32,562.99	44.1
<u>WATER METERS</u>						
200-406-5101 REG EMPLOYEES	25,252.03	25,252.03	.00	54,021.00	28,768.97	46.7
200-406-5102 FRINGE BENEFITS	16,300.17	16,300.17	.00	35,304.00	19,003.83	46.2
200-406-5103 PART TIME EMPLOYEES	459.20	459.20	.00	.00	459.20-	.0
200-406-5104 P/T FRINGE BENEFITS	52.03	52.03	.00	.00	52.03-	.0
200-406-5105 OVERTIME	27.45	27.45	.00	2,000.00	1,972.55	1.4
200-406-5107 PART TIME OVERTIME	2.10	2.10	.00	.00	2.10-	.0
200-406-5202 OPR SUPPLIES	2,646.52	2,646.52	.00	15,000.00	12,353.48	17.6
200-406-5231 TOOLS/EQUIP	244.67	244.67	.00	1,500.00	1,255.33	16.3
200-406-5602 SAFETY EQUIP	507.28	507.28	.00	750.00	242.72	67.6
200-406-5803 EMPLOYEE TRAINING	.00	.00	.00	1,200.00	1,200.00	.0
TOTAL WATER METERS	45,491.45	45,491.45	.00	109,775.00	64,283.55	41.4

CITY OF HOMER
EXPENDITURES & ENCUMBRANCES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING JUNE 30, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCE	BUDGET	UNEXPENDE	PCNT
<u>WATER HYDRANTS</u>						
200-407-5101 REG EMPLOYEES	23,798.93	23,798.93	.00	47,620.00	23,821.07	50.0
200-407-5102 FRINGE BENEFITS	15,355.62	15,355.62	.00	27,934.00	12,578.38	55.0
200-407-5103 PART TIME EMPLOYEES	918.40	918.40	.00	.00	918.40-	.0
200-407-5104 P/T FRINGE BENEFITS	104.09	104.09	.00	.00	104.09-	.0
200-407-5105 OVERTIME	479.65	479.65	.00	100.00	379.65-	479.7
200-407-5107 PART TIME OVERTIME	4.20	4.20	.00	.00	4.20-	.0
200-407-5202 OPR SUPPLIES	4,876.98	4,876.98	.00	7,000.00	2,123.02	69.7
200-407-5210 PROFESSIONAL & SPECIAL SERVICE	.00	.00	.00	1,000.00	1,000.00	.0
TOTAL WATER HYDRANTS	45,537.87	45,537.67	.00	83,654.00	36,116.13	54.4
<u>SEWER SYSTEMS ADMINISTRATION</u>						
200-500-5101 REG EMPLOYEES	82,023.65	62,023.65	.00	128,650.00	66,626.35	48.2
200-500-5102 FRINGE BENEFITS	34,158.98	34,158.98	.00	100,017.00	65,658.02	34.2
200-500-5103 PART TIME EMPL	2,134.45	2,134.45	.00	.00	2,134.45-	.0
200-500-5104 FRINGE BEN P/T	438.97	438.97	.00	.00	438.97-	.0
200-500-5105 OVERTIME	123.80	123.80	.00	1,000.00	676.20	12.4
200-500-5106 LEAVE CASH OUT	20,149.16	20,149.16	.00	20,093.00	56.16-	100.3
200-500-5107 PART TIME OVERTIME	2.10	2.10	.00	.00	2.10-	.0
200-500-5201 OFFICE SUPPLIES	14.49	14.49	.00	.00	14.49-	.0
200-500-5202 OPR SUPPLIES	282.59	282.59	.00	800.00	517.41	35.3
200-500-5210 PROF & SPEC SVC	670.65	670.65	.00	10,000.00	9,329.35	6.7
200-500-5211 AUDIT SERVICES	8,826.74	8,826.74	.00	9,495.00	668.26	93.0
200-500-5215 COMMUNICATIONS	.00	.00	.00	4,500.00	4,500.00	.0
200-500-5216 POSTAGE/FREIGHT	.00	.00	.00	2,500.00	2,500.00	.0
200-500-5221 PROPERTY INS	.00	.00	.00	7,719.00	7,719.00	.0
200-500-5222 AUTO INSURANCE	.00	.00	.00	11,439.00	11,439.00	.0
200-500-5223 LIABILITY INS	.00	.00	.00	17,447.00	17,447.00	.0
200-500-5227 ADVERTISING	61.00	61.00	.00	500.00	419.00	16.2
200-500-5231 TOOLS/EQUIP	231.91	231.91	.00	1,500.00	1,268.09	15.5
200-500-5234 PERMITS	1,680.00	1,680.00	.00	.00	1,680.00-	.0
200-500-5235 MEMBERSHIP/DUES	700.00	700.00	.00	1,500.00	600.00	46.7
200-500-5236 TRANSPORTATION	429.84	429.84	.00	.00	429.84-	.0
200-500-5241 G/F ADMIN FEES	310,086.00	310,086.00	.00	310,086.00	.00	100.0
200-500-5252 CREDIT CARD SERVICE FEES	2,802.37	2,802.37	.00	15,000.00	12,197.63	18.7
200-500-5601 CLOTHING/UNIFORM	400.14	400.14	.00	250.00	150.14-	160.1
200-500-5602 SAFETY EQUIP	1,798.91	1,798.91	.00	1,500.00	298.91-	119.9
200-500-5603 EMPLOYEE TRAIN	2,169.60	2,169.60	.00	4,000.00	1,830.40	54.2
200-500-5990 TRANSFERS TO	100,000.00	100,000.00	.00	100,000.00	.00	100.0
TOTAL SEWER SYSTEMS ADMINSTR	549,203.35	549,203.35	.00	747,996.00	198,792.65	73.4

CITY OF HOMER
EXPENDITURES & ENCUMBRANCES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING JUNE 30, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCE	BUDGET	UNEXPENDE	PONT
SEWER PLANT OPERATIONS						
200-501-5101 REG EMPLOYEES	57,328.79	57,328.79	.00	128,776.00	71,449.21	44.5
200-501-5102 FRINGE BENEFITS	40,611.46	40,611.46	.00	85,126.00	44,514.54	47.7
200-501-5103 PART TIME EMPL	459.20	459.20	.00	7,080.00	6,620.80	6.5
200-501-5104 FRINGE BEN P/T	594.25	594.25	.00	956.00	361.75	62.2
200-501-5105 OVERTIME	6,906.11	6,906.11	.00	10,600.00	3,693.89	65.2
200-501-5107 P/T OVERTIME	2.10	2.10	.00	.00	2.10-	.0
200-501-5202 OPR SUPPLIES	2,805.53	2,805.53	.00	7,500.00	4,694.47	37.4
200-501-5203 FUEL/LUBE	24,079.20	24,079.20	.00	45,000.00	20,920.80	53.5
200-501-5204 CHEMICALS	15,730.00	15,730.00	.00	25,000.00	9,270.00	62.9
200-501-5208 EQUIPMENT MAINT	6,664.73	6,664.73	10,985.40	21,000.00	3,348.87	84.1
200-501-5209 BLDG/GRDS MAINT	33.85	33.85	.00	1,500.00	1,466.15	2.3
200-501-5210 PROF & SPEC SVC	477.00	477.00	.00	3,000.00	2,523.00	15.9
200-501-5214 RENTS & LEASES	.00	.00	.00	1,500.00	1,500.00	.0
200-501-5216 FREIGHT	75.00	75.00	.00	.00	75.00-	.0
200-501-5217 ELECTRICITY	27,110.43	27,110.43	.00	173,200.00	146,089.57	15.7
200-501-5218 WATER	9,148.68	9,148.68	.00	15,000.00	5,851.32	61.0
200-501-5219 SEWER	356.38	356.38	.00	900.00	543.62	39.8
TOTAL SEWER PLANT OPERATIONS	192,380.71	192,380.71	10,985.40	526,136.00	322,771.89	38.7
SEWER SYSTEM TESTING						
200-502-5101 REG EMPLOYEES	20,495.00	20,495.00	.00	34,432.00	13,937.00	59.5
200-502-5102 FRINGE BENEFITS	11,623.02	11,623.02	.00	21,501.00	9,877.98	54.1
200-502-5105 OVERTIME	311.60	311.60	.00	200.00	111.60-	155.8
200-502-5202 OPR SUPPLIES	4,099.32	4,099.32	.00	3,000.00	1,099.32-	136.6
200-502-5210 PROFESSIONAL & SPECIAL SERVICE	150.00	150.00	.00	600.00	450.00	25.0
200-502-5226 TESTING/ANALYS	648.00	648.00	.00	4,000.00	3,352.00	16.2
TOTAL SEWER SYSTEM TESTING	37,326.94	37,326.94	.00	63,733.00	26,406.08	58.8
SEWER LIFT STATIONS						
200-503-5101 REG EMPLOYEES	39,708.76	39,708.76	.00	78,317.00	38,608.24	50.7
200-503-5102 FRINGE BENEFITS	25,768.47	25,768.47	.00	47,768.00	22,000.53	53.9
200-503-5103 PART TIME EMPLOYEES	2,296.00	2,296.00	.00	.00	2,296.00-	.0
200-503-5104 P/T FRINGE BENEFITS	260.30	260.30	.00	.00	260.30-	.0
200-503-5105 OVERTIME	3,067.01	3,067.01	.00	1,700.00	1,367.01-	180.4
200-503-5107 PART TIME OVERTIME	10.50	10.50	.00	.00	10.50-	.0
200-503-5202 OPR SUPPLIES	3,806.12	3,806.12	.00	10,500.00	6,693.88	36.3
200-503-5208 EQUIPMENT MAINT	53.67	53.67	.00	7,000.00	6,946.33	.8
200-503-5209 BLDG/GRDS MAINT	.00	.00	.00	2,000.00	2,000.00	.0
200-503-5217 ELECTRICITY	6,896.45	6,896.45	.00	16,500.00	9,603.55	41.8
200-503-5231 TOOLS/EQUIP	.00	.00	.00	1,500.00	1,500.00	.0
TOTAL SEWER LIFT STATIONS	81,867.28	81,867.28	.00	165,286.00	83,416.72	49.5

CITY OF HOMER
EXPENDITURES & ENCUMBRANCES WITH COMPARISON TO BUDGET
FOR THE 6 MONTHS ENDING JUNE 30, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCE	BUDGET	UNEXPENDE	PCNT
<u>COLLECTION SYSTEM</u>						
200-504-5101 REG EMPLOYEES	37,659.16	37,659.16	.00	76,641.00	38,981.84	49.1
200-504-5102 FRINGE BENEFITS	24,148.81	24,148.81	.00	44,659.00	20,510.19	54.1
200-504-5105 OVERTIME	881.58	881.58	.00	1,000.00	118.42	88.2
200-504-5202 OPR SUPPLIES	1,121.96	1,121.98	62.76	5,000.00	3,815.28	23.7
200-504-5206 EQUIPMENT MAINT	.00	.00	.00	1,200.00	1,200.00	.0
200-504-5210 PROF & SPEC SVC	6,453.75	6,453.75	.00	35,000.00	28,546.25	18.4
200-504-5231 TOOLS/EQUIP	.00	.00	.00	1,500.00	1,500.00	.0
TOTAL COLLECTION SYSTEM	70,285.26	70,265.26	62.76	165,000.00	94,671.98	42.6
TOTAL FUND EXPENDITURES	2,000,984.92	2,000,984.92	11,048.16	3,348,887.00	1,336,853.92	60.1
NET REVENUE OVER EXPENDITURES	440,546.20-	440,546.20-	(11,048.16)	1,304.00	452,898.36	(34631

CITY OF HOMER
REVENUES WITH COMPARISON TO BUDGET
FOR THE 8 MONTHS ENDING AUGUST 31, 2012

WATER / SEWER SPECIAL REVENUE

	MTD ACTUAL	YTD ACTUAL	ENCUMBRANCES	BUDGET	UNEARNED	PCNT
WATER SYSTEMS ADMINISTRATION						
200-400-4616 METER SALES RES	441,478.73	441,478.73	.00	713,541.00	272,062.27	61.9
200-400-4617 METER SALES COM	704,082.17	704,082.17	.00	932,560.00	228,477.83	75.5
200-400-4618 METER SALE IND	17,721.54	17,721.54	.00	32,000.00	14,278.46	55.4
200-400-4661 CONNECTION FEES	12,155.63	12,155.63	.00	15,000.00	2,844.37	81.0
200-400-4662 SERVICE & METERS	12,914.36	12,914.36	.00	24,000.00	11,085.64	53.8
TOTAL WATER SYSTEMS ADMINISTR	1,188,352.43	1,188,352.43	.00	1,717,101.00	528,748.57	69.2
SEWER SYSTEMS ADMINISTRATION						
200-500-4616 METER SALES RES	575,606.56	575,606.56	.00	953,785.00	378,178.44	60.4
200-500-4617 METER SALES COM	454,816.23	454,816.23	.00	582,305.00	127,488.77	78.1
200-500-4618 METER SALE IND	10,020.14	10,020.14	.00	20,000.00	9,979.86	50.1
200-500-4662 SERVICE&METER	10,510.42	10,510.42	.00	13,000.00	2,489.58	80.9
200-500-4701 RV DUMP STATION	2,292.54	2,292.54	.00	3,000.00	707.46	76.4
TOTAL SEWER SYSTEMS ADMINISTR	1,053,245.89	1,053,245.89	.00	1,572,090.00	518,844.11	67.0
TOTAL FUND REVENUE	2,241,598.32	2,241,598.32	.00	3,289,191.00	1,047,592.68	68.2
NET REVENUE OVER EXPENDITURES	2,241,598.32	2,241,598.32	.00	3,289,191.00	1,047,592.88	68.2

APPENDIX D

Classifications and Sample Invoices

CLASSIFICATION	NO. OF CUSTOM ERS	2011 Mo Avg Gallage	% of Water Used
Commerical/Other Users:			
Bed and Breakfast	19	1,265,042	1.04%
Campground/Trailer Park	5	922,900	0.76%
Comm - Apartments/Condo	11	1,662,650	1.37%
Comm - Business	180	9,939,920	8.18%
Comm - Church	15	708,300	0.58%
Comm - Cocktail Lounge	4	575,218	0.47%
Comm - Grocery	2	2,965,500	2.44%
Comm - Hospital	3	2,284,100	1.88%
Comm - Hotel/Motel	11	2,302,417	1.89%
Comm - Laundromat	3	1,678,600	1.38%
Comm - Mini Malls	4	575,100	0.47%
Comm - Private Club	3	266,700	0.22%
Comm - Restaurant	19	3,219,450	2.65%
Comm - Service Station	4	525,733	0.43%
Comm and Residence	14	576,414	0.47%
Flow Meter 6 Spit"	1	-	0.00%
Pub Authority - City Govt	5	1,798,800	1.48%
Pub Authority - Fire Hall	1	143,000	0.12%
Pub Authority - Library	1	87,600	0.07%
Pub Authority - Museum	2	309,100	0.25%
Pub Authority - Other Govt	6	290,900	0.24%
Pub Authority - Parks	5	120,800	0.10%
Pub Authority - Police	2	267,200	0.22%
Pub Authority - Public Works	3	1,765,000	1.45%
Pub Authority - School	10	3,773,600	3.11%
Spit - Boat Harbor	2	2,221,000	1.83%
Spit - Business	16	1,955,900	1.61%
Spit - Camp Ground	1	415,400	0.34%
Spit - Cannery	5	2,822,500	2.32%
Spit - City Govt	11	5,661,631	4.66%
Spit - Cocktail Lounge	1	101,100	0.08%
Spit - Other Govt	4	525,200	0.43%
Spit - Restaurant	5	3,421,800	2.82%
Commerical/Other Monthly Average T	378	55,148,575	45.39%
Res - Multi Family = 639 Units	121	11,675,563	9.61%
Res - Single Family	970	31,603,954	26.01%
Water Resale	3	23,072,500	18.99%
Grand	1,472	121,500,592	100.00%

CITY OF HOMER 2011 AVG WATER USAGE BY CLASIFICATION

Users (Water)	Avg Monthly Gallons per User
Bottom - 10% of users use	323 gallons a month
20%	1,033
30%	1,636
40%	2,127
50%	2,593
60%	3,133
70%	3,709
80%	4,627
90%	6,649
Top - 10% of users use	42,470 gallons a month

16/2012 to 05/14/2012 06/13/12 3.1610.01

Water Service/Customer Charge	25.00
57 1,098 41 W	18.12
Sewer Service/Customer Charge	20.00
Sewer Charges	40.88
Tax	7.80
Penalty	

06/13/2012 3.1610.01 111.80




rior Year Usage: 47

ue Date: 06/15/2012 111.80

Residential 4100 gall

04/16/2012 to 05/11/2012 06/13/12 3.0980.01

	PREVIOUS BALANCE		06/13/2012 3.0980.01
	Water Service/Customer Charge	25.00	
341	653 12 W	5.30	
	Sewer Service/Customer Charge	20.00	
	Sewer Charges	11.96	
	Tax	4.67	
	Penalty		




Prior Year Usage: 19

Due Date: 06/15/2012 6e.93

Residential 1200 gall

04/12/2012 to 05/10/2012 06/13/12 1.0050.01

PREVIOUS BALANCE		06/13/2012	1.0050.01	18,635.25
Water Service/Customer Charge				25.00
242,848	245,134	2,286	W	2,606.04
Sewer Service/Customer Charge				20.00
Sewer Charges				2,889.50
Tax				37.50
Penalty				180.02



Prior Year Usage: 2,503

4700 HOMES 5577

Due Date: 06/15/2012

18,635.25

Commercial

228,600 gall

4/12/2012 to 05/10/2012 06/13/12 4.2020.03

PREVIOUS BALANCE	-9.98	06/13/2012 4.2020.03	1,080.78
Water Service/Customer Charge	25.00		
7,045 37,461 416 W	474.24		
Sewer Service/Customer Charge	20.00		
Sewer Charges	525.82		
Tax	37.50		
Penalty	8.20		



Prior Year Usage: 433

Due Date: 06/15/2012 1,080.78

Commercial
41,600 gall

04/12/2012 to 05/14/2012 06/13/12 16.5000.01

	PREVIOUS BALANCE	-225.30	06/13/2012 16.5000.01
	Water Service/Customer Charge	25.00	
5,337	5,412 75 W	85.50	
	Sewer Service/Customer Charge	20.00	
	Sewer Charges	94.80	



Print Year Usage: 78

Due Date: 06/15/2012

Commercial
7,500 gallons

4/12/2012 to 05/10/2012 06/13/12 3.9465.01

		06/13/2012 3.9465.01	82.64
Water Service/Customer Charge	25.00		
860 1,873 13 W	14.82		
Sewer Service/Customer Charge	20.00		
Sewer Charges	16.43		
Tax	5.72		
Penalty	.67		

Prior Year Usage: 18

Due Date: 06/15/2012 82.64

Commercial

1,300 gall

04/12/2012 to 05/14/2012 06/13/12 3.2120.01

Water Service/Customer Charge	200.00
27,653 27,906 253 W	111.83
Sewer Service/Customer Charge	160.00
Sewer Charges	252.24
Penalty	

06/13/2012 3.2120.01 724.07



Prior Year Usage: 292

Due Date: 06/15/2012

724.07

Multi-plex

8 units

25,300 gals

04/18/2012 to 05/10/2012 06/13/12 1.2470.02

				06/13/2012	1.2470.02	216.28
Water Service/Customer Charge						75.00
1,742	1,788	46	W			20.33
Sewer Service/Customer Charge						60.00
Sewer Charges						45.86
Tax						15.09
Penalty						



Prior Year Usage: 68

Due Date: 06/15/2012 216.28

Multi-plex
3 units
4,600 gallons

09/20/2012 to 10/09/2012 11/07/12 3.2310.02

Water Service/Customer Charge 25.00
3,513 23,705 192 W 218.88
Sewer Service/Customer Charge 20.00
Sewer Charges 242.69
Tax 37.50
Penalty

11/07/2012 3.2310.02 544.07

11.40

3231002 12.64

Prior Year Usage: 285

Due Date: 11/15/2012 544.07

in Town Restaurant

Ser ch.

w

S

18.00

230.04

345.60

593.64

44.52

638.16

09/20/2012 to 10/09/2012 11/07/12 3.0670.03

Water Service/Customer Charge	100.00
5,196 5,230 34 W	15.03
Sewer Service/Customer Charge	80.00
Sewer Charges	33.90
Tax	17.17
Penalty	

11/07/2012 3.0670.03 246.10

3067003

Prior Year Usage: 54

Due Date: 11/15/2012 246.10

4-plex

SC
multi:

1
18.00
20.00
40.80
77.60

126.40
9.48

135.88

09/19/2012 to 10/10/2012 11/07/12 3.1055.01

Water Service/Customer Charge 25.00
1,353 1,374 21 W 9.28
Sewer Service/Customer Charge 20.00
Sewer Charges 20.94
Tax 5.64
Penalty

11/07/2012 3.1055.01

80.86

3105501

Prior Year Usage: 24

Due Date: 11/15/2012

80.86

single family Residential

SC 18.00
W 25.20
S 29.40

72.60
5 45

78.05

09/19/2012 to 10/09/2012 11/07/12 3.9465.01

				11/07/2012 3.9465.01	76.80
Water Service/Customer Charge					
1,941	1,952	11	W		
Sewer Service/Customer Charge					
Sewer Charges					
Tax					
Penalty					

3946501

Prior Year Usage: 13

Due Date: 11/15/2012 76.80

IN TOWN BUSINESS.

SC	18.00
W	13.20
S	15.40
	<hr/>
	46.60
	3.50
	<hr/>
	50.10

09/19/2012 to 10/09/2012 11/07/12 3.2270.02

Water Service/Customer Charge	25.00
34,917 35,252 335 W	381.90
Sewer Service/Customer Charge	20.00
Sewer Charges	423.44
Tax	37.50
Penalty	

11/07/2012 3.2270.02 887.84

3227002

Prior Year Usage: 438

Due Date: 11/15/2012 887.84

INTOWN HOTEL/MOTEL

C

4

11/07/2012 1.0550.01

25.00

883.50

20.00

979.60

--573.86

1055001

C

* Credit balance due to a prior period lease

06/13/2012 to 07/11/2012 11/07/12 1.0550.01

				PREVIOUS BALANCE	--1,334.24
				Water Service/Customer Charge	25.00
26,021	26,796	775	W		883.50
				Sewer Service/Customer Charge	20.00
				Sewer Charges	979.60
13,795	14,249	454	S		--573.86
				Penalty	

11/07/2012 1.0550.01

1055001

Prior Year Usage: 984
3800 HOMER SPIT RD L
Due Date: 08/15/2012

HOMER CITY FISHHOLE RESTROOM
3800 HOMER SPIT RD
FISHING HOLE RR - PUBLIC WORKS
HOMER AK 99603-9999

* Credit balance due
to a prior period lease

APPENDIX E

Fire Protection, Flushing, Water Treatment Plant, Depreciation, Meter Sizes & Maps

How does Fire Protection affect the Water System?

The entire community receives significant benefit from fire protection. The cost of constructing a water system would be greatly reduced if it only needed to supply domestic demand. Piping could be 2", 3", or 4"; rather than 8", 10", and 12". Water storage tank sizes could generally be reduced by 50 to 70%.

The cost of operating/maintaining the system (the fire protection portion) is harder to determine. Smaller water storage tanks and water mains still need to be maintained. Larger mains required more flushing, larger tanks require more cleaning effort. Fire hydrants require maintenance.

Providing a water system with the potential to fight fires has little impact on the cost of constructing or maintaining a sewer system.

Spit Water O&M Costs

If there are additional costs to provide water on the Spit (relative to other areas of the City), it would be associated with in need for a five mile long dead end water main and the need for additional water tank that serves a few customers. The City's water system is comprised of approximately 50 miles of water main; 10% of which serves only those few customers on the Spit. Because it is a dead end main; the water main on the Spit requires higher maintenance than other mains in the system (much of the water used to bleed "stale" water off the system is required because of the long detention time associated with a five mile long dead end water main). The tank on the Spit is also more expensive to maintain (additional water bleeding is needed (or energy costs to pump water back to town). Without a more detailed analysis, it could be expected that the cost of providing water to Spit customers is 15 to 25% more expensive than other City customers. A detailed analysis could be performed that would quantify the additional costs.

IT SEEMS AT FIRST GLANCE TO BE SUCH A WASTE!

Periodically, you will see Public Works personnel releasing water from fire hydrants. Homer residents often ask why the City flushes water from fire hydrants. It seems at first glance to be such a waste. The answer is that regular hydrant flushing is a vital part of routine water system maintenance for these important reasons:

- **Improves water quality:** Flushing removes minerals such as iron and magnesium that have collected in the water mains.
- **Hydrant maintenance:** A fire hydrant is a mechanical device. Operation of a hydrant lubricates internal mechanisms and gaskets.
- **Hydrant inspection:** Any deficiencies are noted and repaired as necessary to insure that each hydrant will perform when needed in an emergency.



In Homer there is another important reason for flushing water mains. The City is required to maintain trace residual chlorine in the water to assure that it is protected from contamination by pathogens once it leaves the treatment plant. Over time, chlorine breaks down; water without chlorine residual can no longer be considered microbiologically clean. The water distribution system in Homer consists of approximately 50 miles of water main with only 1400 customers. Because of the low number of customers per mile of water main, water can be stored within the system longer than the chlorine residual lasts. By flushing or bleeding water out of the system; especially off "dead-end lines" (like the 5 mile long Homer Spit dead-end water line); safe, pathogen-free drinking water is maintained through the distribution system.

If that isn't enough to justify flushing water off hydrants, chlorine in contact with organics in the treated water produces "disinfection byproducts". The longer the contact time, the more byproducts are produced. Some studies have shown that these byproducts, at high enough levels can pose health risks. By flushing or bleeding water off the distribution system (especially long dead-end lines), the levels of these byproducts can be kept below levels considered unsafe. It is important to provide protection from pathogens (maintaining a chlorine residual), while simultaneously minimizing health risks from disinfection byproducts (by minimizing detention times).

WTP Flows in MG

Month	2005	2006	2007	2008	2009	2010	2011	2012
1	16.022	14.484	16.340	14.687	15.451	15.272	15.420	12.599
2	13.514	14.081	13.573	14.990	14.492	13.960	15.078	11.283
3	16.155	15.826	15.739	16.319	16.653	15.763	16.482	10.686
4	14.862	14.521	17.929	16.239	17.786	15.736	16.130	13.729
5	17.817	20.220	23.394	18.368	20.290	19.154	22.630	
6	22.306	22.362	23.598	21.368	21.879	20.803	19.441	
7	24.870	27.572	23.654	25.034	25.034	22.333	22.304	
8	20.388	23.698	21.392	23.252	20.632	19.958	18.561	
9	16.021	20.661	15.743	17.768	16.836	20.704	15.580	
10	15.288	18.341	14.768	16.670	16.534	15.944	14.224	
11	14.037	15.670	13.430	14.684	13.970	13.739	13.217	
12	14.323	15.528	13.607	16.139	14.129	14.370	12.128	
Total	205.603	222.964	213.167	215.518	213.686	207.736	201.195	48.297



City of Homer

Finance

491 East Pioneer Avenue
Homer, Alaska 99603-7645

Telephone (907) 235-8121
Fax (907) 235-3140
E-mail Finance@ci.homer.ak.us
Web Site www.ci.homer.ak.us

Date: July 19, 2012
To: Water/Sewer Task Force
From: Regina Mauras *Regina*
Subject: Depreciation Reserve Questions

Resolution 06-100 requires that an amount equal to 40% of the net fixed assets be maintained in depreciation reserve accounts.

Fixed assets for year ended 2011 for Water / Sewer are as follows:

Net Fixed Assets: \$36,198,441

40% = \$14,479,376

Depreciation Reserve Balances:	Water:	\$2,462,606
	Sewer:	<u>\$2,142,514</u>
	Total	\$4,605,120

Shortage in depreciation reserve accounts: \$9,874,256.

In order to make the reserves whole over the next ten years, \$987,426, needs to be put in the reserves annually. Assuming \$200,000 is already allocated annually, then there is a \$787,426 shortage. If this is computed by gallons, the increase would be .006481 a gallon.



Where the Land and the Sea Begins

**CITY OF HOMER
2012 OPERATING BUDGET**

NARRATIVE

WATER & SEWER DEPRECIATION RESERVES

This Fund is used to put resources aside for the replacement and repair of fixed assets. Two separate accounts are maintained for depreciation reserves for the Utility Fund, one for Water Infrastructure (378), and one for Sewer Infrastructure (379).

FUND: 256 DEPRECIATION RESERVES

		2009	2010	2011	2012
378 - Water Depreciation Reserves		Actual	Actual	Budget	Budget
	Beginning Balance	2,171,674	2,104,794	2,129,479	2,365,356
4992	Annual Transfer	170,083	250,000	250,000	100,000
4801	Interest Income	29,271	4,035		
5990	Energy Fund		(88,975)		
5xxx	Expenditures	(266,234)	(140,375)	(14,123)	
	Subtotal	2,104,794	2,129,479	2,365,356	2,465,356
	Encumbered				(2,750)
	Ending Balance	2,104,794	2,129,479	2,365,356	2,462,606

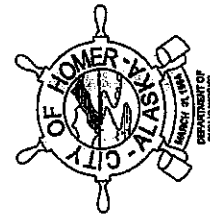
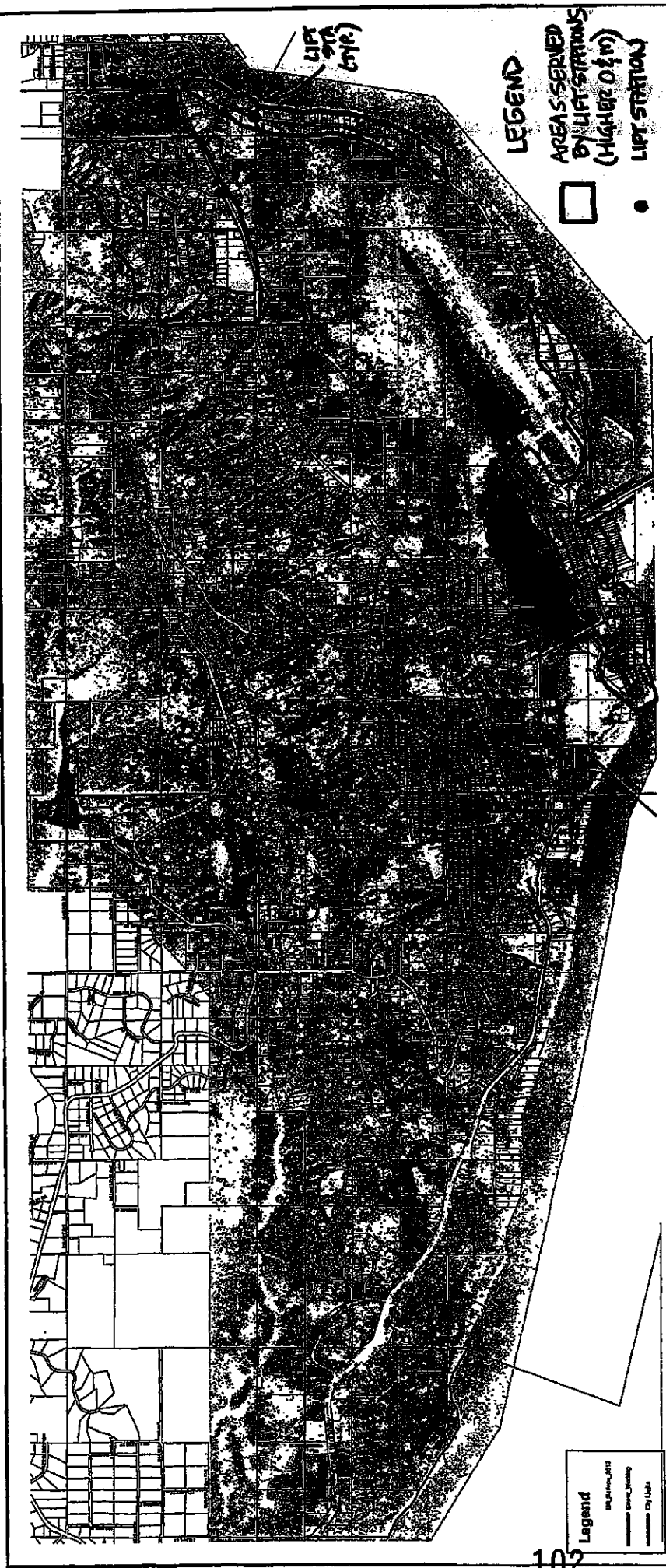
		2009	2010	2011	2012
379 - Sewer Depreciation Reserves		Actual	Actual	Budget	Budget
	Beginning Balance	1,786,716	1,836,716	1,997,741	2,134,831
4992	Earnings before transfers	50,000	250,000	250,000	100,000
	Transfer fm Proj 932, 934 - ORD 08-38	-			
5xxx	Expenditures	-		(27,910)	
5990	Trsf to Energy Fund	-	(88,975)		
	Subtotal	1,836,716	1,997,741	2,219,831	2,234,831
	Encumbered	-		(85,000)	(92,317)
	Ending Balance	1,836,716	1,997,741	2,134,831	2,142,514

This data is provided for information only, details can be found in the "Projects" tab of the budget.

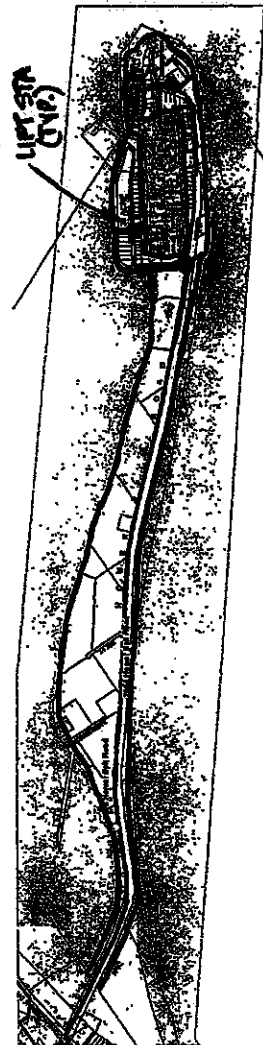
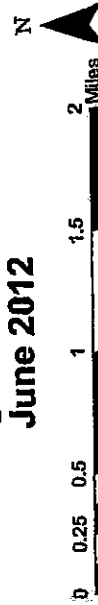
*** NOTE:**

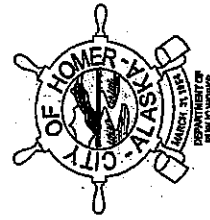
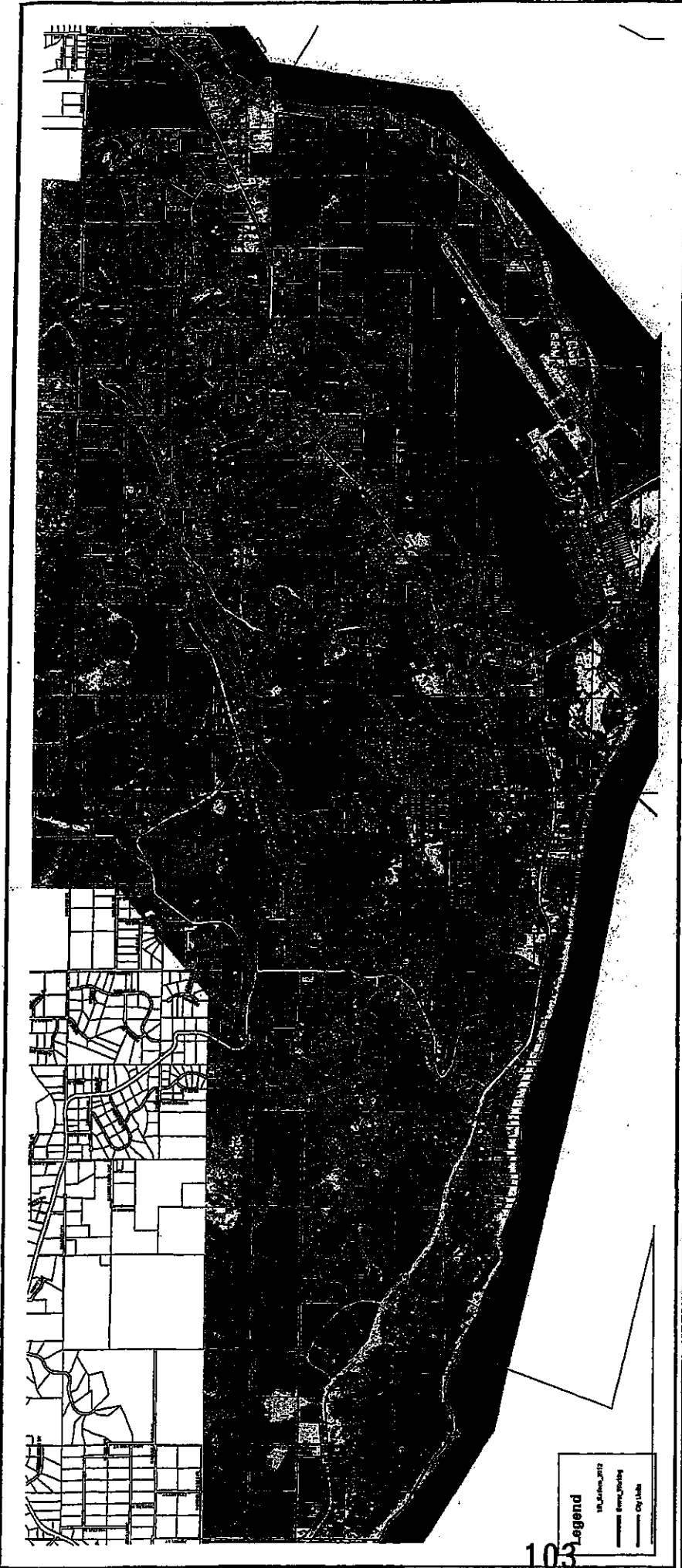
THE 2012 ADOPTED BUDGET WAS PASSED WITHOUT REGARD TO THE LOAN REPAYMENTS TO THE ENERGY FUND AND DEPRECIATION RESERVES. ACCORDING TO AN ANALYSIS THAT WAS COMPLETED, THE LOANS WERE TO BE repaid BY SAVINGS ACHIEVED THROUGH REDUCED ENERGY EXPENSES. AT THE TIME BUDGET WAS BEFORE COUNCIL, THE EXACT AMOUNT FOR EACH PROJECT HAD YET TO BE DETERMINED. THIS WILL NEED TO BE APPROVED BY COUNCIL AND THE 2012 BUDGET WILL NEED TO BE AMENDED ACCORDINGLY.

Loan Repayment to Depreciation Reserves Amounts:	Payback Period	Annual Payment	Total Repayment
Sewer Treatment Plant Lagoon Solar Aerat	8.7 years	787	6,843
Raw Water Pump	13.4 years	12,395	166,089
Total		13,181	172,932

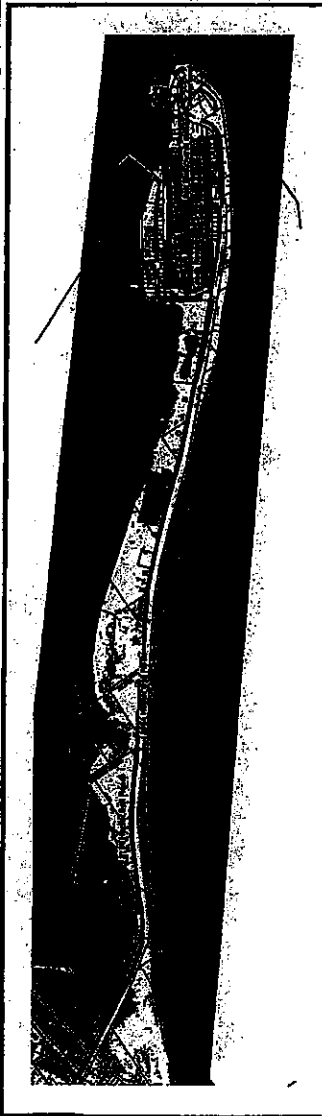
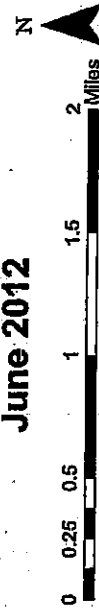


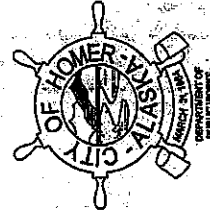
**City of Homer
 Department of Public Works
 Sewage Collection Map
 June 2012**



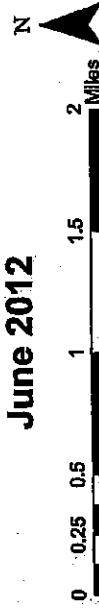


**City of Homer
Department of Public Works
Sewage Collection Map
June 2012**





**City of Homer
Department of Public Works
Water Distribution Map
June 2012**



Renee Krause

From: Carey Meyer
Sent: Tuesday, October 09, 2012 4:08 PM
To: Renee Krause

17,921,000 gallons of water is delivered to Spit customers (annually). This is customer metered flow.

Looking at the type of user (Harbor, fish processing where little water returns in the sewer system vs. residential, restaurant, commercial where almost all water returns)

Approximately 9,150,000 gallons (53%) of this does not enter the sewer system.
8,771,000 gallons (47%) does enter the sewer system.

Looking at sewer lift station pump run times, we estimate approximately 7,225,000 gallons (42%) of water leaves the Spit as wastewater.

Carey S. Meyer, P.E., MPA
City of Homer
Public Works Director
3575 Heath Street
Homer, AK 99603
e-mail: cmeyer@ci.homer.ak.us
Phone: (907) 235-3170
Fax: (907) 235-3145
Cell: (907) 399-7232

Renee Krause

From: Regina Mauras
Sent: Monday, October 08, 2012 3:46 PM
To: Renee Krause
Subject: RE: Items of Information that was Requested at the Sept 19th WSTF meeting

Hi Renee...

It is nearly impossible to determine how much time is spent from meter reading to invoicing to payment receipt. There are too many variables, including collections, whether a person pays on line or in person, new hook up or disconnects are more timely, and seasonal folks. Additionally, having an exact amount of hours per employee that is involved in this process, including overtime, sick and holiday pay, benefits for each would be time consuming and not necessarily accurate.

I would love to help our task force on this, but level of detail would take more time than we have available. What we do have, is the allocation schedule in each year's budget. For finance, time is allocated on measurable factors, such as how many water/sewer bills were generated, ambulance bills, and Port and Harbor bills. Public Works allocate time through the budgeting process also based on actual data.

Regina

From: Renee Krause
Sent: Thursday, October 04, 2012 11:52 AM
To: Laurië Moore; Regina Mauras; Carey Meyer
Subject: Items of Information that was Requested at the Sept 19th WSTF meeting
Importance: High

I was just wondering if you were able to get together the information requested by the Water & Sewer Task Force on the following if not no problem the regular meeting is scheduled for 10/23/12

Finance - Actual time/cost involved to process the invoice/billing - no rates or personnel names would be needed. They also wanted to know how much time/cost is involved in reading the meters to report the information to be invoiced.

Public Works - Approx. gallonage that is used out at the spit, flushing, bleeding lines, etc.

I understand your schedules so please remember do not kill the messenger. If you are unable to provide this information for the worksession I will just provide a memo that you are working on it and the information will be available for the regular meeting.

I am putting the packet together now if you will have something before the end of the day let me know if not send me an email response please.

Thanks☺

Renee Krause, CMC
Deputy City Clerk I
City of Homer
491 E. Pioneer Avenue
Homer, Alaska 99603

Ph. 907-235-8121 ext. 2224

Fax 907-235-3143

rkrause@ci.homer.ak.us

"Successful is the person who has lived well, laughed often and loved much, who has gained the respect of children, who leaves the world better than they found it, who has never lacked appreciation for the earth's beauty, who never fails to look for the best in others or give the best of themselves."

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Renee Krause

From: Regina Mauras
Sent: Friday, October 12, 2012 1:32 PM
To: Renee Krause
Cc: Laurie Moore
Subject: RE: WSTF Request

What was provided to the council, and is on line, is the 2011 Audited Numbers, 2012 Adopted Budget, and 2013 Proposed Budget.

The revenues for 2013 are 2011 actual data and adding 2% for inflation.

In the City Manager's letter he did address the Water / Sewer Rates. Laurie provided YTD 2012 Revenues to W/S Task force not this past Meeting but the one before.

regina

From: Renee Krause
Sent: Thursday, October 11, 2012 4:57 PM
To: Laurie Moore
Cc: Regina Mauras
Subject: WSTF Request
Importance: High

Do you recall the request from Sharon at the September 19th meeting for the mid-year budget review or status update on the water & sewer. This was information provided to council?

Renee Krause, CMC
Deputy City Clerk I
City of Homer
491 E. Pioneer Avenue
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Renee Krause

From: Carey Meyer
Sent: Tuesday, November 13, 2012 11:53 AM
To: Renee Krause
Cc: Regina Mauras
Subject: RE: First request from WSTF

Previously, I responded to a variation of this question (see below) as follows:

"Public Works does not have a data base that can tell us exactly how many customers are served by a 6" fire service. Any building with a sprinkler system that received a State Fire Marshall approval will most likely have a 6"–8" service line. Based on the fact that most large commercial/institutional structures are required to have a sprinkler system, it is reasonable to assume that there are maybe 25-35 customers with fire services. If this issue became a part of a rate system, PW could research our records and determine who exactly has one of these larger service lines."

Since there are no City plumbing building inspections required and water rates are not presently based on whether or not a customer has a fire service (sprinkler system), it would take some time to identify exactly how many customers have a fire service. A meter on a fire service will not necessarily be the same size as the pipe.

Based on our records, the system has the following numbers of various meter sizes:

<u>Meter Size</u>	<u>No of Meters</u>
5/8	1348
1"	28
1.5"	31
2"	15
3"	6
4"	2

From: Renee Krause
Sent: Monday, November 05, 2012 11:37 AM
To: Carey Meyer
Subject: First request from WSTF

Can I get the actual number of six inch meters, it was estimated at around thirty but they need the actual number.

Renee Krause, CMC
Deputy City Clerk I
City of Homer
491 E. Pioneer Avenue
Homer, Alaska 99603
Ph. 907-235-8121 ext. 2224
Fax. 907- 235-3143
rkrause@ci.homer.ak.us

Renee Krause

From: Carey Meyer
Sent: Tuesday, November 13, 2012 12:26 PM
To: Renee Krause
Subject: RE: WSTF Information

Spit restroom water usage (annual 2011 in gallons):

Ramp 3	407,200
Ramp 4	146,400
Load/Launch	120,600
Ramp 6	168300
Fishing Lagoon	291,200

From: Renee Krause
Sent: Monday, October 22, 2012 01:46 PM
To: Carey Meyer
Subject: WSTF Information

Ken Castner was wondering if you were able to find out the information on the restrooms on the spit if they were metered and I guess he needed amounts?

Renee Krause, CMC
Deputy City Clerk I
City of Homer
491 E. Pioneer Avenue
Homer, Alaska 99603
Ph. 907-235-8121 ext. 2224
Fax. 907- 235-3143
rkrause@ci.homer.ak.us

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APPENDIX F

Spit Surcharges

HOMER, ALASKA

Finance

RESOLUTION 04-94(S)(A)

**AN RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HOMER,
ALASKA AMENDING THE CITY OF HOMER FEE SCHEDULE
REGARDING THE WATER RATES.**

WHEREAS, these rates correspond with the CY 05 Budget Ordinance and shall be effective January 1, 2005.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Homer, Alaska hereby amends the Homer Fee Schedule regarding the water rates as follows:

Water Rate Schedule.

All water utility services shall be billed according to the following schedule. This schedule is for monthly water services and is in addition to any charges for connecting or disconnecting the service, installation of the service or any assessment of the improvements.

Commodity rate per thousand gallons of water ~~\$4.55~~ **\$5.25**

Monthly Customer Charge ~~\$4.75~~ **\$4.12**

General Monthly Service Charge and Spit Service Charge by meter size.

Meter size	General Service Charge	Spit Service Charge
5/8	\$20.08	\$20.51
<u>5/8</u>	<u>\$19.73</u>	<u>\$19.73</u>
3/4	\$30.11	\$30.77
<u>3/4</u>	<u>\$29.59</u>	<u>\$29.59</u>
1	\$50.19	\$51.28
<u>1</u>	<u>\$49.32</u>	<u>\$49.32</u>
1 1/2	\$100.38	\$102.56
<u>1 1/2</u>	<u>\$98.65</u>	<u>\$98.65</u>
2	\$160.60	\$164.10
<u>2</u>	<u>\$157.84</u>	<u>\$157.84</u>
3	\$351.32	\$358.98
<u>3</u>	<u>\$345.26</u>	<u>\$345.26</u>

RESOLUTION 04-74(S)(A)

City of Homer

4	\$646.16	\$646.16
<u>4</u>	<u>\$621.48</u>	<u>\$621.48</u>
6	\$1,435.91	\$1,435.91
<u>6</u>	<u>\$1,381.06</u>	<u>\$1,381.06</u>

When a customer uses more the 20,000 gallons per month the following services charges are:

Meter Size	Excess Use Exceeds	General Surcharge	Spit Surcharge
5/8"	20,000 gal	\$30.77	\$30.77
<u>5/8"</u>	<u>20,000 gal</u>	<u>\$29.59</u>	<u>\$29.59</u>
5/8"	70,000 gal	\$51.28	\$51.28
<u>5/8"</u>	<u>70,000 gal</u>	<u>\$49.32</u>	<u>\$49.32</u>
3/4"	70,000 gal	\$51.28	\$51.28
<u>3/4"</u>	<u>70,000 gal</u>	<u>\$49.32</u>	<u>\$49.32</u>

Bulk water sales. A commodity charge of ~~\$4.55~~ \$5.25 per 1,000 gallons of water shall apply to bulk water sales provided by tanker truck or fire hydrant plus an additional surcharge of ~~\$3.47~~ \$5.65 per 1,000 gallons of water in order to offset debt service and capital replacement and customer service costs. An additional surcharge of \$3.50 per 1,000 gallons of water will be added to water picked up at the public works yard in order to offset capital replacement costs of the delivery system at the yard.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this 13th day of December, 2004.

CITY OF HOMER

ATTEST:

JAMES HORNADAY, MAYOR

MARY L. CALHOUN, CMC, CITY CLERK

Fiscal Note: changes addressed in budget

CITY OF HOMER
HOMER, ALASKA

City Manager
Finance

RESOLUTION 04-95

AN RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
HOMER, ALASKA AMENDING THE CITY OF HOMER FEE
SCHEDULE REGARDING THE SEWER RATES.

WHEREAS, these rates correspond with the CY 05 Budget Ordinance and shall be effective
January 1, 2005.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Homer, Alaska
hereby amends the Homer Fee Schedule regarding the sewer rates as follows:

Sewer Rate Schedule.

All sewer utility services shall be billed according to the following schedule. This schedule is for monthly
sewer services and is in addition to any charges for connecting or disconnecting the service, installation
of the service or any assessment of the improvements.

Commodity rate per thousand gallons of water ~~\$8.27~~ \$8.12

Monthly Customer Charge ~~3.82~~ \$3.83

General Monthly Service Charge and Spit Service Charge by meter size.

Meter size	General Service Charge	Spit Service Charge
5/8	\$16.93	\$16.93
<u>5/8</u>	<u>\$16.74</u>	<u>\$16.74</u>
3/4	\$25.40	\$25.40
<u>3/4</u>	<u>\$25.11</u>	<u>\$25.11</u>
1	\$42.33	\$42.33
<u>1</u>	<u>\$41.85</u>	<u>\$41.85</u>
1 1/2	\$84.66	\$84.66
<u>1 1/2</u>	<u>\$83.70</u>	<u>\$83.70</u>
2	\$135.45	\$135.45
<u>2</u>	<u>\$133.91</u>	<u>\$133.91</u>

3	\$296.30	\$296.30
<u>3</u>	<u>\$292.94</u>	<u>\$292.94</u>
4	\$533.34	\$533.34
<u>4</u>	<u>\$527.28</u>	<u>\$527.28</u>
6	\$1,185.20	\$1,185.20
<u>6</u>	<u>\$1,171.74</u>	<u>\$1,171.74</u>

Sewer System Residential or Residential Equivalent Dischargers Who are not Water System Users. Sewer system dischargers who are not water system users shall be charged at the rate of ~~\$49.69~~ \$48.98 (variable rate (~~\$28.94~~ \$28.41) based on 3,500 gallons per month plus general service charge (~~\$16.93~~ \$16.74) plus monthly customer charge (~~\$3.82~~ \$3.83) per month.) The City reserves the right to adjust this rate based on the characteristics of the service for non-residential or non-residential equivalent users. Customers who receive septage service shall be charged an additional ~~\$4.34~~ \$4.34 per month.

Sewer System Dischargers Who are Members of Kachemak City LID. Kachemak City Local Improvement District (LID) members have contributed to the initial cost of the sewer treatment plant and the collection system. Kachemak City LID dischargers connected within the LID and the City of Homer shall bill Kachemak City in one lump sum at the rate of ~~\$50.21~~ \$49.49 (variable rate (~~\$28.94~~ \$28.41) based on 3,500 gallons per month plus general service charge ~~\$16.93~~ \$16.74 plus septage cost (~~\$4.34~~ \$4.34) per month for each residential or residential equivalent discharger. Kachemak City shall be responsible for payment to the City of Homer.

Seasonal Sewer Meter fee is \$121.10.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this 13th day of December, 2004.

CITY OF HOMER

ATTEST:

JAMES HORNADAY, MAYOR

MARY L. CALHOUN, CMC, CITY CLERK

Fiscal Note: changes addressed in budget

Councilmember Yourkowski advised that he had pulled this to give him time to review the Planning Commission's vote, which was unanimous. He noted the Planning Commission is very reluctant to vacate easements without just cause and that he had pulled it for clarification on his part.

Councilmember Stark made the following statements about vacating portions of the alley ways and this alley way vacation: Alleys are not good for thorough fares or designed to be thoroughfares. Alleys are designed to provide access to the back of lots and all of the rest of the land in the back of the alley will still have access to the back of their lot, they just won't have through fare. The rest of the alley will still function as an alley.

VOTE: YES: NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

RESOLUTIONS

A. Resolution 04-94(S), Of the City Council of the City of Homer, Alaska Amending the City of Homer Fee Schedule regarding Water Rates. City Manager. Finance. Fiscal Note: Changes addressed in budget.

YOURKOWSKI/STARK - MOVED FOR THE ADOPTION OF RESOLUTION 04-94(S) BY READING OF TITLE.

YOURKOWSKI/STARK - MOVED TO AMEND THE WATER RATES TO CHANGE THE BULK WATER RATE TO \$0.0109 PER GALLON.

Councilmember Yourkowski had distributed some information to support his amendment and stated that there needs to be justification for the bulk water fees and that the City had wanted to make this rate the same as a residential customer on the pipe pays and this amendment will reflect that.

VOTE:(primary amendment 1.) YES: WYTHE, YOURKOWSKI, STARK, NOVAK, McLAY.

Motion carried.

Discussion had ceased and the Mayor called for a roll call vote.

Councilmember Yourkowski called a point of order, recognized by the Chair, asking for clarification from the Finance Department regarding impact to the water rate schedule.

Finance Director Baugh responded that if the bulk water rate is changed then the in town rate needs to be increased or all the numbers in the resolution will be wrong and that, without the change to the other figures, there would be a great, big deficit in the water fund next year. The in town rates need to increase to offset this amendment. The amendment eliminates the customer service charge which is billing and some meter charges. Even with the increase that is needed the in town rates will still be reduced from last year.

Discussion continued on the amendment and effects thereof.

STARK/WYTHE - MOVED TO RECONSIDER THE AMENDMENT.

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

Motion carried.

Discussion continued on the amendment.

YOURKOWSKI/NOVAK - MOVED TO TABLE.

A motion to lay on the table may not be deliberated.

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

Motion carried.

B. Resolution 04-95, Of the City Council of the City of Homer, Alaska Amending the City of Homer Fee Schedule regarding Sewer Rates. City Manager. Finance. Fiscal Note: Changes addressed in budget

WYTHE/YOURKOWSKI - MOVED FOR THE ADOPTION OF RESOLUTION 04-95 BY READING OF TITLE.

There was no discussion.

VOTE: YES: STARK, NOVAK, McLAY, WYTHE, YOURKOWSKI

Motion carried.

New rates as adopted and effective January 1, 2005:

Commodity rate per thousand gallons of water \$8.12 Monthly Customer Charge \$3.83

General Monthly Service Charge and Spit Service Charge by meter size.

5/8 inc \$16.74; 3/4 inch \$25.11; 1 inch \$41.85; 1 1/2 inch \$83.70; 2 inch \$133.91; 3 inch \$292.94;

4 inch \$527.28; and 6 inch \$1,171.74.

Sewer System Residential or Residential Equivalent Dischargers Who are not Water System Users. Sewer system dischargers who are not water system users shall be charged at the rate of \$48.98 (variable rate (\$28.41) based on 3,500 gallons per month plus general service charge (\$16.74) plus monthly customer charge (\$3.83 per month.) The City reserves the right to adjust this rate based on the characteristics of the service for non-residential or non-residential equivalent users. Customers who receive septage service shall be charged an additional \$4.34 per month.

Sewer System Dischargers Who are Members of Kachemak City LID. Kachemak City Local Improvement District (LID) members have contributed to the initial cost of the sewer treatment plant and the collection system. Kachemak City LID dischargers connected within the LID and the City of Homer shall bill Kachemak

3 \$345.26 \$345.26

4 \$646.16 \$646.16

4 \$621.48 \$621.48

6 \$1,435.91 \$1,435.91

6 \$1,381.06 \$1,381.06

When a customer uses more the 20,000 gallons per month the following services charges are:

Meter Size Excess Use Exceeds General Surcharge Spit Surcharge

5/8" 20,000 gal \$30.77 \$30.77

5/8" 20,000 gal \$29.59 \$29.59

5/8" 70,000 gal \$51.28 \$51.28

5/8" 70,000 gal \$49.32 \$49.32

3/4" 70,000 gal \$51.28 \$51.28

3/4" 70,000 gal \$49.32 \$49.32

Bulk water sales. A commodity charge of \$4.55 \$5.25, 1,000 gallons of water shall apply to bulk water sales provided by tanker truck or fire hydrant plus an additional surcharge of \$3.47 \$5.65 per 1,000 gallons of water in order to offset debt service and capital replacement and customer service costs. An additional surcharge of \$3.50 per 1,000 gallons of water will be added to water picked up at the public works yard in order to offset capital replacement costs of the delivery system at the yard.

Discussion ensued.

YOURKOWSKI/McLAY - MOVED TO AMEND TO REFLECT THE NEW RATES. (Primary amendment 2 or Secondary amendment to Primary amendment1)

Discussed pro and cons.

VOTE: (Primary amendment 2 or Secondary amendment to Primary amendment1) ⁽³⁾

YES: WYTHER, YOURKOWSKI, NOVAK, McLAY.

NO: STARK.

Motion carried.

VOTE: (main motion as amended) YES: YOURKOWSKI, NOVAK, McLAY, WYTHER.

NO: STARK.

Motion carried.

RESOLUTION 04-94(S) -

WYTHE/YOURKOWSKI - SO MOVE TO TAKE RESOLUTION 04-94(S) OFF THE TABLE.

VOTE: (TAKE FROM THE TABLE) YES: NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Finance Director Baugh reported the following changes to go with the amendment:

Water Rate Schedule with amendment:

All water utility services shall be billed according to the following schedule. This schedule is for monthly water services and is in addition to any charges for connecting or disconnecting the service, installation of the service or any assessment of the improvements.

Commodity rate per thousand gallons of water \$4.55 \$5.25

Monthly Customer Charge \$4.75 \$4.12

General Monthly Service Charge and Spit Service Charge by meter size.

Meter size General Spit

Service Charge Service Charge

5/8 \$20.08 \$20.51

5/8 \$19.73 \$19.73

3/4 \$30.11 \$30.77

3/4 \$29.59 \$29.59

1 \$50.19 \$51.28

1 \$49.32 \$49.32

1 1/2 \$100.38 \$102.56

1 1/2 \$98.65 \$98.65

2 \$160.60 \$164.10

2 \$157.84 \$157.84

3 \$351.32 \$358.98

CITY OF HOMER
HOMER, ALASKA

City Manager
Finance

RESOLUTION 05-121(A)

AN RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
HOMER, ALASKA AMENDING THE CITY OF HOMER FEE
SCHEDULE REGARDING THE WATER RATES.

WHEREAS, these rates correspond with the CY 06 Budget Ordinance and shall be effective January 1, 2006.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Homer, Alaska hereby amends the Homer Fee Schedule regarding the water rates as follows:

Water Rate Schedule.

All water utility services shall be billed according to the following schedule. This schedule is for monthly water services and is in addition to any charges for connecting or disconnecting the service, installation of the service or any assessment of the improvements.

Commodity rate per thousand gallons of water ~~\$5.25~~ \$5.01

Monthly Customer Charge ~~\$4.12~~ \$4.21

General Monthly Service Charge (Spit Service Charge are equal to the General service charges)
by meter size.

Meter size	General Service Charge	Spit
5/8	\$19.73	\$19.73
<u>5/8</u>	<u>\$16.54 \$17.65</u>	
3/4	\$29.59	\$29.59
<u>3/4</u>	<u>\$24.80 \$26.48</u>	
1	\$49.32	\$49.32
<u>1</u>	<u>\$41.34 \$44.13</u>	
1 1/2	\$98.65	\$98.65
<u>1 1/2</u>	<u>\$82.68 \$88.25</u>	
2	\$157.84	\$157.84
<u>2</u>	<u>\$132.82 \$141.20</u>	

Page Two
Resolution 05-121(A)
City of Homer

3	\$345.26	\$345.26
3	<u>\$289.37</u>	<u>\$308.79</u>
4	\$621.48	\$621.48
4	<u>\$520.87</u>	<u>\$555.83</u>
6	\$1,381.06	\$1,381.06
6	<u>\$1,157.49</u>	<u>\$1,238.17</u>

When a customer uses more the 20,000 gallons per month the following services charges are:

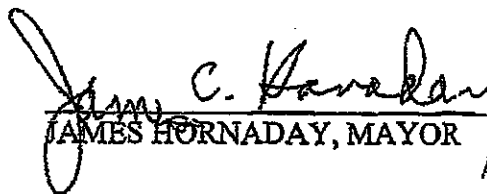
Meter Size	Excess Use Exceeds	<u>General/Spit Surcharge</u>	Spit Surcharge
5/8" 20,000 gal		\$29.59	\$29.59
5/8" 20,000 gal		<u>\$24.80</u>	<u>\$26.48</u>
5/8" 70,000 gal		\$49.32	\$49.32
5/8" 70,000 gal		<u>\$41.34</u>	<u>\$44.13</u>
3/4" 70,000 gal		\$49.32	\$49.32
3/4" 70,000 gal		<u>\$41.34</u>	<u>\$44.13</u>

Bulk water sales. A commodity charge of ~~\$5.25~~ \$5.01 per 1,000 gallons of water shall apply to bulk water sales provided by tanker truck or fire hydrant plus an additional surcharge of ~~\$5.65~~ \$12.06 \$6.08 per 1,000 gallons of water in order to offset debt service and capital replacement and customer service costs. An additional surcharge of \$3.50 per 1,000 gallons of water will be added to water picked up at the public works yard in order to offset capital replacement costs of the delivery system at the yard.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF HOMER,
ALASKA, this 12th day of December, 2005.

CITY OF HOMER

ATTEST:


JAMES HORNADAY, MAYOR


MARY L. CALHOUN, CMC, CITY CLERK

Fiscal Note: changes addressed in budget

CITY OF HOMER
HOMER, ALASKA

CITY MANAGER
Finance

RESOLUTION 05-122

AN RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA AMENDING THE CITY OF HOMER FEE SCHEDULE REGARDING THE SEWER RATES.

WHEREAS, these rates correspond with the CY 06 Budget Ordinance and shall be effective January 1, 2006.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Homer, Alaska hereby amends the Homer Fee Schedule regarding the sewer rates as follows:

Sewer Rate Schedule.

All sewer utility services shall be billed according to the following schedule. This schedule is for monthly sewer services and is in addition to any charges for connecting or disconnecting the service, installation of the service or any assessment of the improvements.

Commodity rate per thousand gallons of water \$8.77

Monthly Customer Charge \$3.83

General Monthly Service Charge (Spit Service Charge are equal to the General service charges) by meter size.

Meter size	General Service Charge	Spit— Service Charge
5/8	\$16.74	\$16.74
<u>5/8</u>	<u>\$16.30</u>	
3/4	\$25.11	\$25.11
<u>3/4</u>	<u>\$24.46</u>	
1	\$41.85	\$41.85
<u>1</u>	<u>\$40.76</u>	
1 1/2	\$83.70	\$83.70
<u>1 1/2</u>	<u>\$81.52</u>	
2	\$133.91	\$133.91
<u>2</u>	<u>\$130.43</u>	

Page Two
Resolution 05-122
City of Homer

3	\$292.94	\$292.94
<u>3</u>	<u>\$285.32</u>	

Page Two
Resolution 05-122
City of Homer

3	\$292.94	\$292.94
<u>3</u>	<u>\$285.32</u>	
4	\$527.28	\$527.28
<u>4</u>	<u>\$513.58</u>	
6	\$1,171.74	\$1,171.74
<u>6</u>	<u>\$1,141.29</u>	

Sewer System Residential or Residential Equivalent Dischargers Who are not Water System Users. Sewer system dischargers who are not water system users shall be charged at the rate of ~~\$48.98~~ \$50.83. Variable rate ~~\$28.41~~ \$30.69 based on 3,500 gallons per month plus general service charge ~~\$16.74~~ \$16.30 plus monthly customer charge ~~\$3.83~~ \$3.83 per month. The City reserves the right to adjust this rate based on the characteristics of the service for non-residential or non-residential equivalent users. Customers who receive septage service shall be charged an additional ~~\$4.34~~ \$3.89 per month.

Sewer System Dischargers Who are Members of Kachemak City LID. Kachemak City Local Improvement District (LID) members have contributed to the initial cost of the sewer treatment plant and the collection system. Kachemak City LID dischargers connected within the LID and the City of Homer shall bill Kachemak City in one lump sum at the rate of ~~\$49.49~~ \$50.89. Variable rate ~~\$28.41~~ \$30.69 based on 3,500 gallons per month plus general service charge ~~\$16.74~~ \$16.30 plus septage cost ~~\$4.34~~ \$3.89 per month for each residential or residential equivalent discharger. Kachemak City shall be responsible for payment to the City of Homer.

Seasonal Sewer Meter fee is \$121.10 *> should be 211.97. not changed in advertisement cited @ old level. Mh.*

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this 2th day of December, 2005.

CITY OF HOMER

James C. Hornaday
JAMES HORNADAY, MAYOR

ATTEST:

Maryl Calhoun
MARYL. CALHOUN, CMC, CITY CLERK

Fiscal Note: changes addressed in budget

Renee Krause

From: Carey Meyer
Sent: Tuesday, November 13, 2012 12:07 PM
To: Renee Krause
Cc: Regina Mauras; Walt Wrede
Subject: one analysis of what a Spit surcharge might be

Here is my analysis of what a Spit surcharge might be.

Spit Sewer Surcharge Determination

Assumptions:

The Spit is served by 3 sewer lift stations

The City maintains 7 sewer lift stations

Therefore, 42% of the cost to operate sewer lift stations benefits only Spit customers

The Spit is served by a 3.3 miles of sewer main (not benefitting others)

The City maintains 48.6 miles of sewer main

Therefore, 7% of the cost to operate the collection system benefits only Spit customers

2012 Sewer Budget Overall		% benefitting Spit only	\$ benefitting Spit only
Sewer Plant Operations	\$ 526,138	0%	0
Sewer Testing	\$ 63,733	0%	0
Sewer Pumps/Lift Stations	\$ 165,285	42%	\$ 69,420
Sewer Collection System	\$ 165,001	7%	\$ 11,550
Total Sewer Budget \$ 920,157			\$ 80,970

Total cost to maintain sewer system = \$ 920,157

Cost to operate system (benefitting Spit only) = \$ 80,970

Percent of operating budget benefitting Spit only = 8.8%

	Gallons	Connections
Total City Annual Water Used (2012)=	201,200,000	1500 (approx)
Spit Water Usage (2012) =	17,900,000	52

Need to generate an additional \$80,970 from Spit sewer customers

Existing commercial sewer rate is \$12.64 per 1000 gallons

\$80,970 divided by 17,900,000

al \$ 4.52 per 1000 gallons

Requires a 36% increase in Spit sewer rate

APPENDIX G

Written Public Comments Received

Renee Krause

From: Larry Slone <larryslone543@gmail.com>
Sent: Thursday, July 19, 2012 1:33 PM
To: Renee Krause
Subject: water/sewer task force meeting July 24

Thur July 19, 2012

To: Water/Sewer Rate Task Force Members
From: Larry Slone

Subject: User Group Classification

Once again I encourage Task Force members to consider developing a model splitting all users into two major groups based upon the "demand" they place upon the infrastructure. Those using water-service-lines of, say, 2" or less would constitute one group composed of approximately 90% of users, and the remaining 10% constituting the other group, those with special-demand needs.

The "90 %'ers ", or "two inchers", place an approximately equal individual user-demand upon the system. It's immediately apparent who qualifies as a member of this group.

The second group, the "special-needs" users, can be examined more closely and, as needed or desired, shifted into the "2-incher" group. For potential members of this group I am listing the following users:

1. Snowbirds
2. Dead-enders - those on long dead-end lines
3. The Spit
4. Anyone else on a larger line than 2'
5. Fire Protection

Rates

For the 90 %'ers I think it appropriate that they have a separate rate from that of the 10 %'ers who might require a special rate or surcharge for each type user. Ultimately, I suspect that - with the exception of more Fire Protection costs shifted into the public-revenue sector, and those few users on larger than 2" water lines - everyone else will be in the same rate category.

Meanwhile, I will continue on work on refining the share-of-infrastructure cost to be allotted to each group.

To: Water and Sewer Task Force
Fr: Mike Dye, CEO Land's End
Re: Proposed rate Model
Date: December 5, 2012

City Task Force:

With reference to your worksheets and proposed rate modeling, I have the following questions.

- 1) Page 5 references Finance Department overhead of \$775,192. What does this number represent? Is it just overhead associated with the City Finance department?
 - A) What percentage of all City overhead is allocated to water? Sewer?
 - B) The \$775,192 figure represents 60% of total adjusted revenue requirement. Is this accurate?
- 2) It appears that lift stations are costly to maintain. It also appears the spit lift stations are singled out for "Differential" cost adjustment.
 - A) Are lift station costs itemized by the Finance department for the Homer Spit?
 - B) Are all lift stations similarly itemized? I would like to request .
 - C) What is the precise breakdown of costs associated with the Homer Spit lift station of \$181,915?
 - D) Is Kachemak City on a lift station, and are those costs tracked separately.
- 3) Both the water and sewer models project a 13% drop in usage due to "conservation". This increases the effective rate per gallon. What evidence is there to support that this assumption is reasonable?
- 4) This model proposes to reduce fees to Kachemak City residents. What is the financial basis for these reductions?
 - A) Kachemak city has 127 users (more than Homer Spit) and accounts for a total of \$134,430 in revenue annually. Is this accurate?

- B) Kachemak City residents pay about \$60.90 / mo. (which includes a \$6 pumping fee) for unlimited waste. Is this accurate?
- 5) Surplus Bulk water sales show 23,072,500 gallons. If the proposed rate is \$1.6 / gal, why is revenue assumption (line 6) only \$98,750?
- 6) This new rate model introduces a "High BOD" charge. Is the intent behind this surcharge to apportion costs?
- A) What constitutes "High BOD"?
- B) How is BOD measured, or are all treated the same?

To: Homer Water/Sewer Rate Task Force members; City Manager; City Mayor; City Council.

From: Larry Slone

Subject: Proposed Water/Sewer Rate Model

Approximations of current (resolution 11-094(S)) monthly costs to city water-and-sewer users versus using the model (model) being proposed by the TaskForce for public presentation on Jan 22, 2013. Taxes NOT included.

Commercial or Public Building (Not Spit) using 100,000 gals per month

Now: \$2,450 \$24.04/1,000 gal combined water/sewer plus \$45 service fee

Model: \$2,620/+7% more \$26/1,000 gal combined water/sewer plus \$18 service fee

If this building is **high BOD** add \$183. **New total:** \$2,800 BOD=\$1.83/1,000

Bulk using 1,000,000 gals (water only) per month

Now: \$12,725 \$12.69/1,000 for water only plus \$25 service fee

Model: \$16,020/+ 26% more \$16/1,000 plus \$18 service fee

Multiplex - 4 plex using 10,000 gal (2,500 each unit) monthly

Now: \$324 \$14.39/1,000 plus \$45 service fee EACH unit

Model: \$298/-10% less \$26/1,000 combined water/sewer plus \$18 meter
(first unit) plus \$5 each remaining ⁴/₄ units

Residential 3,000 gal/month

Now: \$88 \$14.39/1,000 plus \$45

Model: \$96/+9% more \$26/1,000 plus \$18

Residential 1,000 gals/month

Now: \$59

\$14.39/1,000 plus \$45

Model: \$44/-25% less

\$26/1,000 plus \$18

Spit , Commercial 10,000 gals/month

water only: **Now:** \$139

\$11.40/1,000 gal/month plus \$25 service fee

water only: **Model:** \$138

\$12/1,000 plus \$18 service fee

water AND sewer: **Now:** \$285

\$24/1,000 plus \$45 service fee

water AND sewer: **Model:** \$408/+44% more

\$39/1,000 plus \$18 service fee

If BOD applies add \$1.83/1,000 gals

To: Water and Sewer Task Force
 Fr: Jon Faulkner, Land's End *JFA*
 Re: Water and Sewer Task Force, Proposed Rate Model
 Date: January 24, 2013

City Task Force:

The rate model proposed by the Task Force, as outlined during public hearing on 1/22/13, can only be characterized as arbitrary and unsupported. Any attempt to address the core problem—the cost of allocated overhead—appears to be “off-limits”. Thus, a heavy and unjustified burden will continue to fall on businesses and high volume users, eroding job creation and the health of our local economy.

Point #1: City Policy is Inconsistent

Several years ago, this task force decided the way to increase revenue was to increase the commodity rate and eliminate differential rates for Homer Spit. The goals then were to simplify the rate structure, create a level playing field and encourage conservation. The council was told “You cannot conserve your way out of a revenue problem” and low and behold usage and city revenues went down. Land's End spent thousands on low gallon toilets, shower heads and sink valves. Our consumption went down and our bills went up. Now we're being targeted to pay for a new revenue gap through a model that adds complexity, creates an uneven playing field and does nothing to reward conservation over the long term.

One member stated that heavy users have a greater chance of reward from conservation efforts, because they have higher volumes. It seems conservation will never be rewarded; there is a fixed or growing amount of revenue needed and no amount of reduced consumption will lower that revenue demand. Your proposed 13% “surcharge” for expected revenue declines from conservation is proof enough that conservation (lower usage) is simply offset with increased commodity rates. The problem is that we can't reduce expenses when demand drops.

Point #2: Homer's water and sewer rates are uncompetitive and beyond all reasonable compare!

One's definition of what is “fair” should begin with whether the actual costs to be apportioned are fair—otherwise no amount of “equity” in the distribution model will be fair.

Here in Homer, Land's End pays 4x more than the exact same property and usage would pay in Kenai—and more than triple what it would pay in Palmer, Kodiak or Sitka. This translates to roughly five lost jobs.

Attached Exhibit A makes an apples-to-apples comparisons between Homer and other Alaskan communities. These places were selected randomly, and the backup is attached on how our summer and winter average bills compare to what they would be in exactly the same circumstances elsewhere.

This information shows the reality faced by local businesses. TF members stated that “other communities are not fully compliant and are on the verge of increasing their rates.” This is speculation, not the leadership we need.

Point #2 Administrative overhead is applied in an arbitrary and capricious manner.

The task force presented slides purporting to explain why our system is so expensive. The slides failed to list the most expensive component of our system—one that is out of proportion with reality and with other communities our size: Administrative overhead.

When asked how overhead is determined, the answer from the task force was: “The finance director develops the percentage and it’s then inserted as part of the budget process.”

What this means is that one person adjusts the number to make the budget balance, depending on how much money needs to be wrung from the enterprise fund. No council member has the information to challenge this number and so they never do, and the process is individual and arbitrary. Does Homer impose disproportionately higher overhead costs to water / sewer administration (indirect, non-depreciation costs) than other communities and if so, what is the justification for it?

The answer is “yes” and that justification does not exist in the public record. The city does not track administrative time spent on each revenue center, and the allocation of administrative overhead applied to the Water/Sewer Fund is never brought to the council and voted on as a number to be justified—a percentage based on reasonably supported facts. The public demands to know how Homer’s overhead allocation compares to other communities. We need transparency so the true costs and sustainability of our current system can be analyzed. That’s what this TF should be doing.

Point #3 Excess revenue is being collected from high volume users in an arbitrary manner.

A 13% drop in commodity usage should translate to lower overall system costs, but not in Homer. Furthermore, this 13% drop in expected usage is arbitrary—an admitted WAG resulting in a “cushion” of excess revenue. This might be justified if collected from everyone equally. But your model raises the commodity rate to absorb 100% of this “slush fund”, so large volume users once again pay disproportionately more. This “surcharge” has nothing to do with the costs of delivering water. As a common “reserve”, it should be collected from everyone equally, and refunded accordingly.

Point #4: Methodology for proposed cost recovery is inconsistently applied

The task force creates a “spit differential”, which is a surcharge purportedly to recover the added costs of lift stations serving the spit. The stated goal of doing this is to apportion costs fairly, but in reality it singles out a very small minority of users and perpetuates a myth that serving the spit is somehow “subsidized” by everyone else on the system. This is demonstrably false.

First, the TF has provided no factual basis for its preposterous assumption that fully 43% of all waste flowing through the city’s lift stations is from spit users (.86*50% of lift stations). There has been no effort by this task force to assess everyone who uses a lift station, nor any effort to “drill down” and identify the direct costs of individual lift stations. This is shocking, given the impact on Land’s End—a 100% increase in our already astronomically high sewer rates. How anyone can construe this is “fair” is beyond comprehension.

The most expensive lift station is Beluga Lake at roughly \$25,000 in direct cost in 2012. This lift station services 10 times the volume of the spit and yet it doesn’t occur to this task force that maybe non-spit users of this lift station should participate in the “differential”. Why is this? Why is this TF ignoring the obvious—that Kachemak City and Kachemak Drive and many other locales generate costs from lift stations too. Why do you conveniently exempt them from your “differential”?

The TF’s efforts to identify cost centers and apportion them fairly needs to be more principled vs. “political”. From a modeling cost standpoint, there is no difference between electricity that runs a lift station and a revenue clerk. They both generate costs to the system that have to be paid. Thus, if this task force really cares about “fairness” and accurate cost allocation, they would insist on more precise tracking of how much time the finance department spends on bill processing, and proportionately how much more costly it is to service a residential customer than a commercial one.

One fundamental problem Homer has is not enough large volume users on the system and our policies discourage the very users we need. We hear from some people the solution is “infilling” and “more users” and yet our current cost structure discourages this. The only thing that will correct this is to reduce costs.

The term “socialize” is used to describe the practice of spreading certain costs evenly among all beneficiaries of the service. The city has been trying to win support for the gas line by “socializing” all development costs in the form of equal assessments. This “we’re all in the same boat” is the city’s model for this economic development initiative, yet this TF is pursuing an entirely different policy when it comes to a similar utility. Large users often make extensions of utilities to remote locations economic, where other smaller users can then afford to connect—like the Homer Spit for example. Talk of “socializing” costs is divisive and rarely leads to an accurate assessment of what is “fair”. For example, what is “fair” changed completely after the Icicle Seafood plant burned down and suddenly that loss of revenue had to be absorbed by others on the system.

Point #5: The Homer Spit entirely pays its way.

Analysis of the draft rate model indicates that spit users are projected to discharge 7,225,000 gallons per year; the total for the entire City of Homer system is projected at \$125,000,000. The "Spit" users represent 7.2% of the total usage, or 6.2% of the Adjusted Discharge gallons (\$99,600,000) after adjusting for conservation, and the adjustment line labeled "metered spit without entering treatment line."

The total sewer revenue requirement for 2014 is budgeted at \$1,680,279 less \$53,160 from KC Tenant customer fees and \$81,270 for Kachemak City equals \$1,546,249. 6.2% of \$1,546,249 equals \$95,867. If "Spit" users are not singled-out unnecessarily, and charged the same rate of 1.4 cents per gallon like city residential users, then fees would total \$101,150—exceeding the \$95,867 required.

If 50% of the "Spit" sewer discharge is High BOD (1.83 cents) discharge and 50% is not (1.4 cents) then the average "Spit" gallon price would approximate 1.61 cents which would yield \$116,322 which far exceeds the \$95,867 required. This scenario assumes that the City does not increase the "Spit" rate to 2.7 cents per gallon and maintains a level playing field for "Spit" and "non-Spit" users.

There is no need for singling out the "Spit" users. If the task force is truly matching revenue with cost causers then the Spit users already pay their fair share.

Point #6: Homer Residents are very likely subsidizing Kachemak City

Much more public disclosure is needed on this point. However, per your proposed model, Kachemak City has 127 users (3x Homer Spit), has no lift station charges, and accounts for only \$81,270 in revenue annually for all waste services (water is bulk)—so about \$53 per month, per person. By contrast, the lift station charges ALONE you are proposing for the Homer Spit exceed \$81,000. In constrast, the lift station serving Kachemak City is equally large and expensive to operate as the spit, and no "differential" is proposed. The proposed customer fee of \$5 is equally disproportionate to the added overhead of K.C.

Point #7 The introduction of a new "High BOD" surcharge is unsupported, sudden and ill-conceived.

There is no public information on what constitutes "high BOD", nor is there any documentation that costs are higher to process this waste with Homer's Deep Shaft technology. If they are higher, there is no documentation as to how much higher. Thus the rates associated with "High BOD" have no connection to actual costs. Businesses have been given zero opportunity to plan for this and perhaps eliminate the high BOD altogether.

Land's End has both a restaurant and hotel, but the vast majority of wastewater developed is from the hotel. Applying a high BOD rate to the entire waste stream is clearly unfair.

High BOD is associated with restaurants. I doubt seriously any TF member has ever owned a restaurant or knows what the margins of profit are that are typically obtained. This charge will hit the small businesses who can least afford it. Most are owner-operated and the proprietors are already working long hours for not much more than minimum wage.

Point #8 Your model does not include revenue sources within the city's budget.

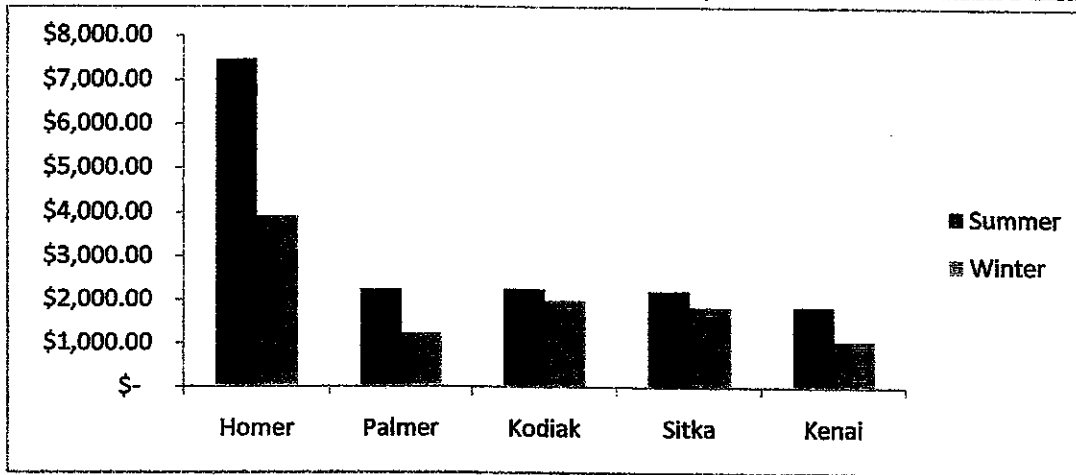
Your rate model overestimates revenue requirements by failing to account for non-operating revenue such as interest, penalties and PERS contributions , in spite of the fact that these revenues are in the City budget. There is no explanation in the record for this.

Point: #9 There appears to be discrepancies between your model and the city budget.

Your Draft rate model uses \$3,570,544 in total revenue, vs. 3,350,190 in the current city budget. There is no explanation for this revenue in excess of the budget .

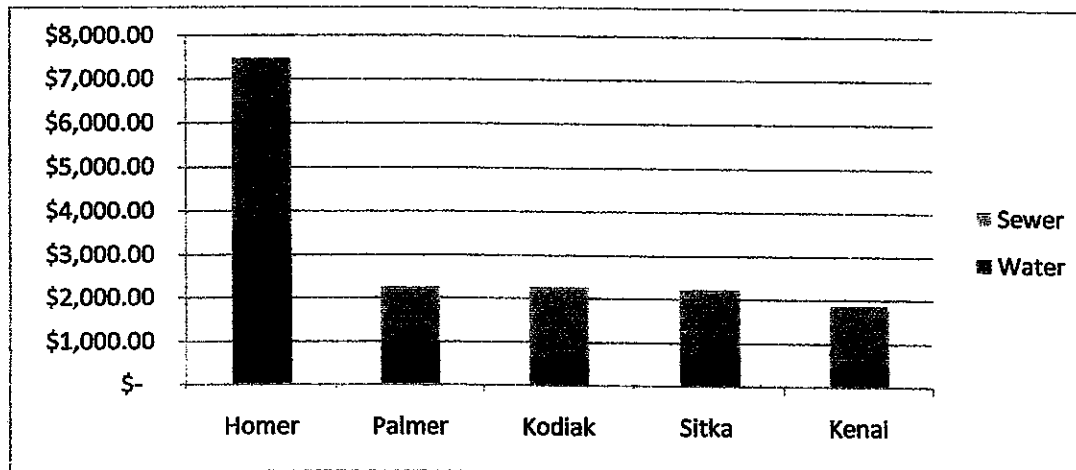
Water and Sewer Rate: A Comparative Study

Summer vs. winter combined water and sewer costs, based on actual Land's End Resort volumes



	Summer Months	Winter Months
Homer	\$7,476.49	\$3,916.23
Palmer	\$2,239.91	\$1,219.52
Kodiak	\$2,254.62	\$1,985.08
Sitka	\$2,212.53	\$1,837.84
Kenai	\$1,854.04	\$1,064.69

Water vs. Sewer Costs based on actual Land's End Resort volumes



*(Summer Rates)

	Water	Sewer
Homer	\$3,549.08	\$3,927.40
Palmer	\$975.56	\$1,264.34
Kodiak	\$621.30	\$1,633.32
Sitka	\$740.10	\$1,472.43
Kenai	\$464.38	\$1,389.66

Land's End & Chartroom

- Avg. Summer (May, June, July) Water Consumption = 309,130 gallons
- Avg. Winter (Nov., Dec, Jan.) Water Consumption = 161,033 gallons
- 84 Rooms (Excluding Lodges)
- Water Meter is 2in.
- 48 seats in Bar, 146 in Restaurant, 194 Total
- Chartroom ~2000 sq. ft.

City water and Sewer Rate Structures:

Homer:

- Water: \$25.00 (Flat Monthly Charge) + \$11.40 per 1000 gallons.
- Sewer: \$20.00 (Flat Monthly Charge) + \$12.64 per 1000 gallons.

Palmer:

- Water: \$110.00 (Flat Monthly Charge for 2in. Meter) + \$2.80 per 1000 gallons.
- Sewer: \$4.09 per 1000 gallons

Kodiak:

- Water: \$58.68 (Meter Fee) + \$1.82 per 1000 gallons.
- Sewer: Hotel: 1 unit = \$31.41, 1 hotel room = 0.5 unit, $(84 * 0.5) * \$31.41 = \$1,319.22$
Restaurant: 1 unit = \$31.41, 200 sq. ft. = 1 unit, $(2000/200) * \$31.41 = \314.10

Sitka:

- Water: \$1.69 per 1000 gallons (50,000 allowance for 2 in. meter), \$2.53 per 1000 gallons after 50,000.
- Sewer: Hotel: 1 unit = \$42.19, 1 hotel room = 0.3 unit, $(84 * 0.3) * \$42.19 = \$1,063.19$
Restaurant: 1 unit = \$42.19, 1 seat = 0.05 unit, $(194 * 0.05) * \$42.19 = \409.24

Kenai:

- Water: \$53.24 (Meter fee for 2in. meter) + \$1.33 per 1000 gallons.
- Sewer: \$153.14 (Meter fee for 2in. meter) + \$4.00 per 1000 gallons

Analysis: According to this comparison Land's End/Homer pays on average ~3 times more in Water & Sewer costs than these other like-sized Alaskan communities.

Key Equations

Summer Water and Sewer Costs:

$$\text{Homer} = 25 + 20 + (((309130/1000) * 11.4) + ((309130/1000) * 12.64))$$

$$\text{Palmer} = 110 + (((309130/1000) * 2.8) + ((309130/1000) * 4.09))$$

$$\text{Kodiak} = 58.68 + ((309130/1000) * 1.82) + 1319.22 + 314.1$$

$$\text{Sitka} = (50 * 1.69) + (((309130 - 50000)/1000) * 2.53) + 1063.19 + 409.24$$

$$\text{Kenai} = 53.24 + (((309130/1000) * 1.33) + (((309130/1000) * 4))) + 153.14$$

Winter Water and Sewer Costs:

$$\text{Homer} = 25 + 20 + (((161033/1000) * 11.4) + ((161033/1000) * 12.64))$$

$$\text{Palmer} = 110 + (((161033/1000) * 2.8) + ((161033/1000) * 4.09))$$

$$\text{Kodiak} = 58.68 + ((161033/1000) * 1.82) + 1319.22 + 314.1$$

$$\text{Sitka} = (50 * 1.69) + (((161033 - 50000)/1000) * 2.53) + 1063.19 + 409.24$$

$$\text{Kenai} = 53.24 + (((161033/1000) * 1.33) + (((161033/1000) * 4))) + 153.14$$

Matthew Brown
FCA, LEAC
1/16/2013

City of Homer
Water and Sewer Utilities

Customer History
Report Dates: 01/01/2012 - 12/31/2012

Page: 1
Jan 16, 2013 10:42AM

Report Criteria:

Customer: Customer Number [REDACTED]

1.0050.10 LANDS END ACQ CORP 4788 HOMER SPIT RD- WEST

Account Summary:

Period	WChg Tax	WCons PNLTY	SServ	SUsg	Billings	Billing Adjustments	Payments	Other	Balance
12/31/2011									
01/31/2012	25.00	88.42	20.00	88.98	180.82	-	588.13 -	-	1,217.81
	12.83	5.88							828.80
02/29/2012	25.00	158.18	20.00	173.17	408.88	-	-	-	1,238.28
	28.08	7.25							
03/31/2012	25.00	147.06	20.00	183.08	381.75	-	410.08 -	-	1,209.94
	28.83	-							
04/30/2012	25.00	175.58	20.00	194.88	458.95	-	227.58 -	-	1,438.30
	31.14	10.58							
05/31/2012	25.00	110.58	20.00	122.81	311.84	-	600.80 -	-	1,150.34
	20.88	12.58							
06/30/2012	25.00	643.78	20.00	802.83	1,228.21	-	381.75 -	-	1,897.80
	37.50	-							
07/31/2012	25.00	858.48	20.00	1,080.50	2,088.48	-	1,987.80 -	-	2,088.48
	37.50	-							
08/31/2012	25.00	1,174.20	20.00	1,301.82	2,558.82	-	2,088.48 -	-	2,558.82
	37.50	-							
09/30/2012	25.00	605.34	20.00	871.18	1,381.41	-	2,558.82 -	-	1,381.41
	37.50	22.38							
10/31/2012	25.00	155.04	20.00	171.80	411.83	-	-	-	1,783.34
	27.88	12.09							
11/30/2012	25.00	180.74	20.00	178.22	412.78	-	1,381.41 -	-	824.89
	28.80	-							
12/31/2012	25.00	98.84	20.00	108.70	277.94	-	-	-	1,102.53
	18.88	7.22							
Totals:	300.00	4,342.40	240.00	4,815.84	10,122.17	-	10,237.45 -	-	
	346.22	77.71							

Metered Services:

WCons Current Rate: 211 WA Usage - Commercial

↓ Add Two pps Ex 53 = 5,300 gals

Period Date	Read Date	Meter ID	Begin Read	End Read	Usage	Multiplier	Amount	Status
02/28/2012	03/18/2012	70355231	26,816	26,955	137	1.0000	156.18	
03/31/2012	03/15/2012	70355231	26,955	27,064	128	1.0000	147.88	
04/30/2012	04/12/2012	70355231	27,064	27,238	154	1.0000	175.58	
05/31/2012	05/14/2012	70355231	27,238	27,381	143	1.0000	165.18	
06/30/2012	06/18/2012	70355231	27,381	27,511	130	1.0000	150.18	
07/31/2012	07/10/2012	70355231	27,511	27,641	130	1.0000	150.18	
08/31/2012	08/14/2012	70355231	27,641	27,771	130	1.0000	150.18	
09/30/2012	09/18/2012	70355231	27,771	27,901	130	1.0000	150.18	
10/31/2012	10/10/2012	70355231	27,901	28,031	130	1.0000	150.18	
11/30/2012	11/10/2012	70355231	28,031	28,161	130	1.0000	150.18	
12/31/2012	12/10/2012	70355231	28,161	28,291	130	1.0000	150.18	

839.00 gals

LE

HOMETR

City of Homer
Water and Sewer UtilitiesCustomer History
Report Dates: 01/01/2012 - 12/31/2012Page: 1
Jan 16, 2013 10:44AM

Report Criteria:

Customer: Customer Number [REDACTED]

1.0081.01 LANDS END ACQ CORP 4788 HOMER SPIT RD- EAST

Account Summary:

Period	WChg Tax	WCons PNLTY	SServ	SUag	Bilings	Billing Adjustments	Payments	Other	Balance
12/31/2011									
01/31/2012	25.00	1,481.48	20.00	1,820.45	3,248.50		8,188.88 -		15,597.80
	37.50	82.07							12,828.74
02/29/2012	25.00	2,018.94	20.00	2,238.54	4,450.48				17,078.20
	37.50	110.48							18,388.82
03/31/2012	25.00	3,188.92	20.00	3,511.39	6,780.81		5,447.09 -		20,574.15
	37.50								18,635.25
04/30/2012	25.00	2,785.82	20.00	3,087.85	6,118.38		3,832.15 -		19,818.02
	37.50	180.81							18,635.25
05/31/2012	25.00	2,808.04	20.00	2,889.60	5,758.08		7,888.88 -		19,818.02
	37.50	180.82							18,635.25
06/30/2012	25.00	3,727.80	20.00	4,133.28	7,943.58		8,780.81 -		19,818.02
	37.50								18,635.25
07/31/2012	25.00	2,827.70	20.00	2,913.52	5,823.72		10,818.02 -		19,818.02
	37.50								18,635.25
08/31/2012	25.00	2,822.84	20.00	3,128.85	6,034.80		5,823.72 -		19,818.02
	37.50								18,635.25
09/30/2012	25.00	1,478.30	20.00	1,838.88	3,248.48		6,034.80 -		19,818.02
	37.50	52.80							18,635.25
10/31/2012	25.00	1,488.04	20.00	1,825.50	3,202.48				18,635.25
	37.50	28.42							18,635.25
11/30/2012	25.00	2,780.48	20.00	3,082.80	5,945.88		3,248.48 -		18,635.25
	37.50								18,635.25
12/31/2012	25.00	848.20	20.00	1,048.12	2,157.87				18,635.25
	37.50	80.05							18,635.25
Totals:	300.00	27,885.54	240.00	30,918.88	60,488.98		84,780.88 -		18,635.25
	450.00	884.75							18,635.25

Metered Services:

WCons Current Rate: 211 WA Usage - Commercial

Period Date	Read Date	Meter ID	Begin Read	End Read	Usage	Multiplier	Amount	Status
02/29/2012	02/15/2012	70315380	235,856	237,827	1,771	1.0000	2,018.94	
03/31/2012	03/16/2012	70315380	237,827	240,405	2,778	1.0000	3,188.92	
04/30/2012	04/12/2012	70315380	240,405	242,848	2,443	1.0000	2,785.82	
05/31/2012	05/15/2012	70315380						
06/30/2012	06/15/2012	70315380						
07/31/2012	07/15/2012	70315380						
08/31/2012	08/15/2012	70315380	0	0	2,478	1.0000	2,822.84	ESTIMATED
09/30/2012	09/20/2012	70315380	0	258,281	8,078	1.0000	1,478.30	
10/31/2012	10/10/2012	70315380	258,281	260,547	1,266	1.0000	1,488.04	

230,500 gals

Published on *City of Homer Alaska Official Website* (<http://www.cityofhomer-ak.gov>)

[Home](#) > Printer-friendly

The Water and Sewer Rate Model was modified by City Council as part of a water/sewer study it conducted during the first half of 2009. The rate model was modified for several reasons. First, the Council wanted to address the ability to cover at least a portion of the depreciation expense incurred by the Water/Sewer Enterprise Fund. Depreciation funds pay for repair and replacement of equipment and infrastructure.

Second, Council wanted to simplify the model that the City currently uses. The new model is less complicated as it offers:

- The same monthly customer charge for all users;
- Rate increases are spread over a two year period;
- The bill is now based on how much the user consumes;
- The use per gallon is varied only by customer classification.

This model was adopted to be used for a two year period to take effect with the first full month of service after July 1, 2009.

This model breaks down the rate structure into three user groups for water (residential, commercial, and bulk users). ~~Each group will pay a flat monthly customer charge of \$25.~~
~~The charge per gallon is .00442 per gallon or \$4.42 per 1,000 gallons for residential users.~~
~~The charge per gallon is .00997 per gallon or \$9.97 per 1,000 gallons for commercial users.~~
~~And the charge per gallon for bulk water haulers is .01269 per gallon or \$12.69 per 1,000 gallons.~~
 The amount each user group pays per gallon reflects the percentage of all water consumed in that user group.

For sewer charges the model breaks down the rate structure into two user groups residential and commercial. ~~Each group will pay a flat monthly customer charge of \$25.~~
~~The charge per gallon is .00997 per gallon, or \$9.97 per 1,000 gallons for residential users.~~
~~The charge per gallon is .01269 per gallon or \$12.69 per 1,000 gallons for commercial users.~~

Source URL (retrieved on 2013-01-16 13:28): <http://www.cityofhomer-ak.gov/finance/water-and-sewer-rate-history>

Matthew Brown

From: Gina Davis <gdavis@palmerak.org>
Sent: Tuesday, January 15, 2013 4:51 PM
To: lefca@alaska.net
Subject: [REDACTED] Water & Sewer Rates
Attachments: Utilities 2013.pdf

Hi Matthew-

Tom Cohenour the City of Palmer Public Works Director forwarded your email to me.

Attached is the 2013 fee schedule for the City of Palmer utilities: [REDACTED] The big difference is the monthly meter charge for the size of the meter and commercial buildings will have larger meters.

We are currently undergoing a rate study here at the City of Palmer. If you need anything else, please let me know.

Gina Davis
Controller
Department of Finance, City of Palmer
231 W. Evergreen Ave., Palmer, AK 99645-6952
Ph: 907/761-1314 Fx: 907/745-0930

Utilities:	
Deposit – water and sewer (new active customers)	\$ 100
Utility late fees (percentage of balanced owed)	10 %
Service call fee	\$ 25
Connection/Disconnect fee for residential customers	\$ 25
Door tag fee for non-payment of prior months utility bill	\$ 15
Sewer/water utility connection abandonment	\$ 500
Miscellaneous Repair Work – varies, contact the Department of Public Works for exact costs	

Monthly Water Rates:	
0 to 5,000 gallons (plus meter charge plus sales tax)	\$ 14
Over 5,000 gallons (plus meter charge and \$0.28 per 100 gallons plus sales tax)	\$ 14
Monthly Wastewater Rates:	
0 to 5,000 gallons (plus sales tax)	\$ 20.45
Over 5,000 galls (plus \$0.409 per 100 gallons plus sales tax)	\$ 20.45
Monthly meter charges:	
5/8" meter (plus sales tax)	\$ 10.75
3/4" meter (plus sales tax)	\$ 15.55
1" meter (plus sales tax)	\$ 27.45
1 1/2" meter (plus sales tax)	\$ 62.05
2" meter (plus sales tax)	\$ 110
3" meter (plus sales tax)	\$ 247
4" meter (plus sales tax)	\$ 440
6" meter (plus sales tax)	\$ 990
8" meter (plus sales tax)	\$ 1,760
Hydrant Meter Connection (3" Bulk) (per month plus \$.01 per gallon) (plus sales tax)	\$ 261

Kodiak

Section 14 Utilities (con't.)		Inside City Limits	Outside City Limits
14.4.1.6	Bed & Breakfast/Boarding House		
14.4.1.6.1	one unit per facility/residence	62.81	75.29
14.4.1.6.2	plus, ½ unit per guest room	31.41	37.64
14.4.1.7	Churches, one unit	62.81	75.29
14.4.1.8	Construction, ½ the regular rate for the intended use of the building		
14.4.1.9	Day Care Facilities		
14.4.1.9.1	one unit per business/dwelling unit	62.81	75.29
14.4.1.9.2	plus, ¼ unit for each 5 persons or fraction thereof	15.70	18.83
14.4.1.10	Dining Facility/Café, one unit per 200 square feet of	62.81	75.29
14.4.1.11	Doctors Offices, Medical Clinics, Dental Offices, one unit per 6 employees or fraction thereof	62.81	75.29
14.4.1.12	Dry Cleaners, one unit per 6 employees or fraction thereof	62.81	75.29
14.4.1.13	Gas Station/Auto Repair Shop, two units per business	125.61	150.58
14.4.1.14	Hospital/Major Care Center, one unit per bed	62.81	75.29
14.4.1.15	Motel	62.81	75.29
14.4.1.15.1	14.4.1.15.1 Motel	62.81	75.29
14.4.1.15.2	¾ unit per guest room with cooking facilities	47.10	56.47
14.4.1.16	Industrial, one unit per 6 employees or fraction thereof (includes seafood processors)	62.81	75.29
14.4.1.17	Laundries/Bath Houses, ¼ unit per washing machine/ shower stall	47.10	56.47
14.4.1.18	Meats or Produce/Grocery Stores, one unit per 6 employees or fraction thereof	62.81	75.29
14.4.1.19	Museums, one unit per dwelling	62.81	75.29
14.4.1.20	Office/Retail, one unit per 6 employees or fraction thereof	62.81	75.29
14.4.1.21	Powerhouses, one unit per 6 employees or fraction thereof	62.81	75.29
14.4.1.22	Residential, one unit per dwelling unit	62.81	75.29
14.4.1.23	(No additional charge for home-based office/retail use.) Rest Home, Long-Term Care, one unit per 2 beds or fraction thereof	62.81	75.29
14.4.1.24	Schools, one unit per 20 persons in daily attendance, including staff	62.81	75.29
14.4.1.25	Senior Citizens, ½ unit (primary residence)	31.41	37.64
14.4.1.26	Vacant rate for Sanitary Sewer, per month	one half the regular rate for the intended use of the building	195.05
14.4.1.26.1	Vacant rate noncompliance fee	195.05	195.05
14.4.1.27	Warehouse, one unit per 6 employees or fraction thereof	62.81	75.29
14.4.2	Dump fee		
	<i>All dumping is to be in accordance with a license which must be obtained from the City of Kodiak prior to dumping waste into the City sewer system.</i>		
14.4.2.1	Disposal of domestic sewage sludge of not more than seven percent dry solids (7% DS) per gallon	0.32	0.32
14.4.2.2	Disposal fee per gallon of septic tank and portable toilet wastewater	0.23	0.23

Section 14 Utilities (con't.)

		Inside City Limits	Outside City Limits
14.5	Water Utility		
	<i>Note: The water fee for a use not specified will be established by the Public Works Department, based on a specified use which characteristics are the most similar to those of the unspecified use.</i>		
	<i>Water service lines shall be equal to or larger than the meter. Metered rates are available only for the listed sizes and indicated services, and utilize the applicable flat rate plus the metered rate.</i>		
	Metered water usage		
	Flat rate, per month		
14.5.1			
14.5.1.1			
14.5.1.1.2			
14.5.1.1.3	3-inch meter.....	102.42	122.96
14.5.1.1.4	4-inch meter.....	170.54	204.76
14.5.1.1.5	6-inch meter.....	341.23	409.53
14.5.1.1.6	8-inch meter.....	546.17	655.35
14.5.1.7			
14.5.1.7.1			
14.5.1.7.2	Industrial.....	1.39	1.65
14.5.1.7.3	Wholesale.....	1.47	1.69
14.5.2	Unmetered water usage, per month		
14.5.2.1	Apartments, per dwelling unit.....	39.51	47.49
14.5.2.2	Auditorium/Theater, per facility.....	43.84	52.60
14.5.2.3	Bakery, per business.....	43.84	52.60
14.5.2.4	Bars, per business.....	159.10	190.81
14.5.2.5	Beauty Shops/Barbershops/Animal Grooming		
14.5.2.5.1	per business/dwelling unit.....	43.84	52.60
14.5.2.5.2	plus, per operator chair/tub.....	21.93	26.30
14.5.2.6	Bed & Breakfast/Boarding House		
14.5.2.6.1	per dwelling unit.....	43.84	52.60
14.5.2.6.2	plus, per each guest room.....	21.93	26.30
14.5.2.7	Churches, per facility.....	43.84	52.60
14.5.2.8	Construction, ½ the regular rate for the intended use of the building		
14.5.2.9	Day Care Facilities		
14.5.2.9.1	per business/dwelling unit.....	43.84	52.60
14.5.2.9.2	plus, for each 5 persons or fraction thereof.....	10.96	13.15
14.5.2.10	Dining Facility/Cafe.....	159.10	190.81
14.5.2.11	Doctors Office, Medical Clinics, Dental Offices		
14.5.2.11.1	per business.....	43.84	52.60
14.5.2.11.2	plus, per exam room or dentist's chair.....	21.93	26.30
14.5.2.12	Dry Cleaners.....	159.10	190.81
14.5.2.13	Gas Stations/Auto Repair Shops.....	159.10	190.81
14.5.2.14	Hospital/Major Care Center, per bed, or applicable metered rate.....	43.84	52.60
14.5.2.15	Hotels/Motels		
14.5.2.15.1	per guest room without cooking facilities.....	21.93	26.30
14.5.2.15.2	per guest room with cooking facilities.....	32.93	39.43
14.5.2.16	Laundries and Bath Houses.....	274.17	329.02
14.5.2.17	Meats or Produce/Grocery Stores.....	159.10	190.81
14.5.2.18	Museums.....	43.84	52.60
14.5.2.19	Office/Retail, per business.....	43.84	52.60
14.5.2.20	Powerhouses.....	274.17	329.02

SITKA

UNIT DESCRIPTION		UNIT
Theater	10 seats	0.2
Car wash (no minimum)	stall	2.0

Notes:

⁽¹⁾ Including apartments and trailers, per each. (Apartments shall be assessed as if on a separate meter.)

⁽²⁾ Base rate.

⁽³⁾ Business in homes shall be assessed for the additional appropriate commercial rate.

⁽⁴⁾ Hotel, motel, B&B may count rooms only. Dormitory or boardinghouse must count beds. (Vacation rates do not apply.)

⁽⁵⁾ Approximate enrollment—may be reviewed annually.

B. Metered Water Service.

Meter Size	Allowance(GAL)	Minimum Charge
Up to 1"	15,000	\$38.52
2"	50,000	\$77.04
3"	100,000	\$126.71
4"	250,000	\$253.42
6" and above	500,000	\$506.84

~~_____~~ The over allowance charged at minimum charge plus thirty-nine cents per one thousand gallons will apply to major fish processing plants (Seafood Producers Cooperative, Sitka Sound Seafoods, Inc., aka North Pacific Seafoods, and Stikine Holdings, LLC, aka Silver Bay Seafoods).

C. Curb Stop/Service Valve Operation Fee. Except for the initial turn-on that occurs when property is first connected to the municipal water system, each customer or applicant for service shall pay a fee of fifty dollars for turning on or turning off the water service to the property. The fee shall be paid for each turn-on and turn-off whether at the customer's or applicant's request or due to nonpayment for water services. The water service to

SITKA

15.04.320 Rates and fees. Revised 12/12

(Sewer)

A.

UNIT DESCRIPTION		UNIT
Residential/Dwelling Unit ⁽¹⁾		1.0 ⁽²⁾
Commercial (General, Miscellaneous) ⁽³⁾		1.0
Clubs and lodges without bar or restaurant		
Garages, service stations		
Offices including medical (10 or less employees)		
Shops and stores without food processing		
Commercial Specifics ⁽³⁾ (1 Minimum) Plus	Per Each	
Barber, beauty shop (one station = 1.0)	station	0.6
Barber, beauty shop (one station = 1.0)	station	0.6
Bowling alley	lane	1.0
Church	10 seats	0.1
Office/office space	over 10 employees	0.2
Hospital	bed	0.8
Meat market		3.0
Supermarket, grocery store with food process		8.0
Rest home	bed	0.2
Dormitory, boardinghouse⁽⁴⁾	bed or room	0.3
Dormitory, boardinghouse ⁽⁴⁾	bed or room	0.3
Bed and breakfast ⁽⁴⁾	bed or room	0.15
Commercial laundry	wet machine	8.0
Launderette	wet machine	1.0

The City has approximately 184 metered customers. This includes both residential and commercial customers. In FY 2009/10, the metered customers used approximately 5.3 million gallons of water per month. The current volume charge for metered customers is \$1.33 per 1,000 gallons of water used.

EXHIBIT 4

Current Water Rates by Customer Class, FY 2009/10
City of Kenai Water and Sewer Rate Study

Metered Customers		Accounts	\$/month
5/8" or 3/4"		0	\$0.00
1"		88	\$13.98
1 1/2"		40	\$35.27
		40	\$52.24
3"		15	\$79.86
4"		1	\$119.79
Volume Charge (\$/1,000 gallons)			\$1.33

Unmetered Customers					
Residential		Accounts	\$/month		
One or Two Family residence, per unit		1,502	\$13.78		
Single or double unit apartment, per unit		62	\$13.78		
Commercial		Accounts	Units	\$/Account	\$/Unit
Bowling Alleys		1	0	\$38.60	\$0.00
Churches		4	277	\$0.00	\$0.15
Dentist		1	5	\$0.00	\$8.32
Doctor		1	8	\$0.00	\$8.32
Garage/Service Station		3	0	\$16.64	\$0.00
Hanger-no wash		6	0	\$16.64	\$0.00
Hanger-with wash		1	0	\$19.29	\$0.00
Hotel		1	5	\$0.00	\$8.65
Laundry		1	1	\$0.00	\$15.65
Office		14	0	\$18.63	\$0.00
Recreation/per restroom		2	4	\$0.00	\$9.32
Residential		2	0	\$13.98	\$0.00
Restaurant		5	310	\$0.00	\$1.20
Restaurant/Bar		1	28	\$0.00	\$1.20
School		2	64	\$0.00	\$0.58
Shops		73	0	\$9.66	\$0.00
Sleeping Rooms		1	5	\$0.00	\$3.67
Theater		1	100	\$0.00	\$0.07

Sewer Revenues

Sewer sales revenues based on existing rates are projected to be approximately \$1.3 million in FY2009/10. The rate schedule for FY 2009/10 is presented in Exhibit 5. The monthly rate for unmetered residential customers in FY 2009/10 is \$40.35.

Given the absence of meters, the City's current residential rate structure reflects a reasonable approach to achieve an equitable residential sewer rate structure. This report recommends no material change to the residential rate classifications or structure.

Many nonresidential customers are also unmetered. For customers with meters, Kenai charges both a demand rate based on meter size and a usage charge based on metered water consumption.

The City has approximately 176 metered customers. This includes both residential and commercial customers. In FY 2009/10, the metered customers used approximately 5.3 million gallons of water per month. The current volume charge for metered customers is \$4.00 per 1,000 gallons of water used.

EXHIBIT 5
Current Sewer Rates by Customer Class, FY 2009/10
City of Kenai Water and Sewer Rate Study

Metered Customers		
	Accounts	\$/month
5/8" or 3/4"	0	\$0.00
1"	86	\$40.74
1 1/2"	38	\$102.56
3"	13	\$231.81
4"	2	\$348.42
Volume Charge (1,000 gallons)		

Unmetered Customers		
Residential	Accounts	\$/month
One or Two Family residence, per unit	1,483	\$40.35
Single or double unit apartment, per unit	61	\$40.35

Unmetered Commercial-Demand Charge		
	Accounts	\$/month
5/8" or 3/4"	0	\$0.00
1"	34	\$40.74
1 1/2"	5	\$102.56
2"	1	\$153.14
3"	0	\$231.81
4"	0	\$348.42

1 unit = 200 sq ft Patron space

Unmetered Commercial-Use Charge				
	Accounts	Units	\$/Account	\$/Unit
Bowling Alleys	1		\$113.10	\$0.00
Churches	4	277	\$0.00	\$0.43
Dentist	1	5	\$0.00	\$24.24
Doctor	1	8	\$0.00	\$24.24
Garage/Service Station	3		\$49.17	\$0.00
Hanger-no wash	6		\$48.82	\$0.00
Hanger-with wash	1		\$56.20	\$0.00
Hotel	1	5	\$0.00	\$24.94
Laundry	1	1	\$0.00	\$45.31
Office	14		\$53.39	\$0.00
Recreation/per restroom	2	4	\$0.00	\$27.04
Residential	2		\$40.35	\$0.00
Restaurant	5	310	\$0.00	\$3.59

Patron = customer, paying guest, etc.

It should be noted that changes to the timing of particular projects listed in the CIP and/or the ability of the City to obtain alternative sources of funding could impact the rate increases estimated in this analysis. Alternative rate increase strategies could be explored to smooth increases over the entire planning period, or achieve other objectives.

Rate Comparison

Exhibit 9 presents water and sewer rate comparison for Kenai and other communities in Alaska. Information for other communities is for adopted rates as of 2010 and was obtained from each city's website. For this comparison, it was assumed the average monthly water consumption was 7,500 gallons per month. Currently, Kenai has the lowest monthly water rate at \$13.78 per month. Only Soldotna and Palmer have a lower combined water and sewer rate than Kenai.

EXHIBIT 9
Water and Sewer Rate Comparison
for Kenai Water and Sewer Rate Study

Community	Monthly Water Bill	Monthly Sewer Bill	Combined Monthly Bill	% Difference from Kenai
Kenai	\$13.78	\$40.35	\$54.13	NA
Kodiak	\$37.58	\$54.55	\$92.13	70%
Anchorage	\$40.04	\$29.26	\$69.30	28%
Juneau	\$23.06	\$56.01	\$79.07	46%
Cordova	\$29.58	\$38.95	\$68.53	27%
Soldotna	\$19.58	\$28.50	\$48.05	-11%
Palmer	\$19.88	\$27.75	\$47.63	-12%
Seward	\$49.19	\$77.20	\$126.38	133%
Homer	\$56.50	\$92.75	\$149.25	176%

Notes:

- 1) All rates as of 2010. Rates verified via internet search.
- 2) For metered accounts, assumed average monthly water consumption of 1,000 cubic feet (7,500 gallons)

It should be noted that direct bill comparisons between communities are difficult because of differing system requirements (i.e. filtered system vs. unfiltered), policy decisions, tax structures, and usage levels for the various utilities. Seasonality and pricing structures also drive different usage levels. Finally, future rate increases of other communities are not known at this time, which makes comparisons of future water and sewer rates difficult.

**COWLES COUNCIL CHAMBERS
491 E. PIONEER AVENUE
HOMER, ALASKA
www.cityofhomer-ak.gov**



**COMMITTEE OF THE WHOLE
5:00 P.M. MONDAY
APRIL 8, 2013**

MAYOR BETH WYTHE
COUNCIL MEMBER FRANCIE ROBERTS
COUNCIL MEMBER BARBARA HOWARD
COUNCIL MEMBER DAVID LEWIS
COUNCIL MEMBER BRYAN ZAK
COUNCIL MEMBER BEAUREGARD BURGESS
COUNCIL MEMBER JAMES DOLMA
CITY ATTORNEY THOMAS KLINKNER
CITY MANAGER WALT WREDE
CITY CLERK JO JOHNSON

COMMITTEE OF THE WHOLE AGENDA

- 1. CALL TO ORDER, 5:00 P.M.**
- 2. AGENDA APPROVAL** (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual, pg. 5)
- 3. CONSENT AGENDA**
- 4. REGULAR MEETING AGENDA**
- 5. COMMENTS OF THE AUDIENCE**
- 6. ADJOURNMENT NO LATER THAN 5:50 P.M.**
Next Regular Meeting is Monday, April 22, 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.

CALL TO ORDER
PLEDGE OF ALLEGIANCE
AGENDA APPROVAL

COWLES COUNCIL CHAMBERS
491 E. PIONEER AVENUE
HOMER, ALASKA
www.cityofhomer-ak.gov



REGULAR MEETING
6:00 P.M. MONDAY
APRIL 8, 2013

MAYOR BETH WYTHE
COUNCIL MEMBER FRANCIE ROBERTS
COUNCIL MEMBER BARBARA HOWARD
COUNCIL MEMBER DAVID LEWIS
COUNCIL MEMBER BRYAN ZAK
COUNCIL MEMBER BEAUREGARD BURGESS
COUNCIL MEMBER JAMES DOLMA
CITY ATTORNEY THOMAS KLINKNER
CITY MANAGER WALT WREDE
CITY CLERK JO JOHNSON

REGULAR MEETING AGENDA

Worksession 4:00 p.m. and Committee of the Whole 5:00 p.m. in Homer City Hall Cowles Council Chambers.

1. CALL TO ORDER, PLEDGE OF ALLEGIANCE

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

2. AGENDA APPROVAL

(Addition of items to or removing items from the agenda will be by unanimous consent of the Council. HCC 1.24.040.)

3. PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

4. RECONSIDERATION

5. 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 March 26, 2013. City Clerk. Recommend adoption. Page 163
- B. **Ordinance 13-10**, An Ordinance of the City Council of Homer, Alaska, Amending the 2013 Operating Budget by Appropriating up to \$45,000 from the Water Reserve Fund for

the Demolition of the Redwood Tank at the Water Treatment Plant. Recommended dates: Introduction April 8, 2013, Public Hearing and Second Reading April 22, 2013.

Page 171

Memorandum 13-047 from Public Works Director as backup.

Page 175

- C. **Resolution 13-032**, A Resolution of the Homer City Council Approving the City of Homer 2013 Land Allocation Plan. Mayor/City Council. Recommend Adoption.

Page 177

Memorandum 13-048 from Planning Technician as backup.

Page 179

- D. **Resolution 13-033**, A Resolution of the City Council of Homer, Alaska, Approving a 2005 Transportation Plan Central Business District East/West Corridor Alternative using Hazel Avenue as the Connection to Heath Street, and the Waddell Way Portion Of The Road Corridor be Connected to Heath Street at Bonanza Avenue. City Manager/Public Works Director. Recommend adoption.

Page 181

Memorandum 13-049 from Public Works Director as backup.

Page 183

- E. **Resolution 13-034**, A Resolution of the City Council of Homer, Alaska, Approving a Ten Year Lease with Two 2.5 Year Options for William Sullivan, DBA Kachemak Bay Seafoods on Lot 88-3, Homer Spit Subdivision No. 2. City Manager. Recommend adoption.

Page 189

- F. **Resolution 13-035**, A Resolution of the Homer City Council Amending the City Council Operating Manual to include the Tablet Usage Policy. City Clerk/IT Manager

Page 219

- G. **Resolution 13-036**, A Resolution of the City Council of Homer, Alaska, Awarding the Contract for the Library Vestibule Improvements to the Firm of _____ of _____, _____, in the Amount of \$_____ and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk/Public Works Director.

Page 225

6. **VISITORS**

7. **ANNOUNCEMENTS/PRESENTATIONS/BOROUGH REPORT/COMMISSION REPORTS**

- A. **Mayor's Recognition** – Earth Day 2013

Page 227

- B. **Borough Report**

C. 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 13-08**, An Ordinance of the City Council of Homer, Alaska, Amending the 2013 Operating Budget by Appropriating Up to \$110,000 From the Sewer Reserve Fund for the Repair of Flood Damage at the Wastewater Treatment Plant and Implementing Mitigation Measures. City Manager/Public Works Director. Recommended dates: Introduction March 26, 2013, Public Hearing and Second Reading April 8, 2013.

Page 231

Memorandum 13-039 from Public Works Director as backup.

Page 235

- B. **Ordinance 13-09**, An Ordinance of the City Council of Homer, Alaska, Appropriating Funds and Establishing a Project Budget for Administration and Direct Services Provided in Support of the Homer Natural Gas Distribution System Special Assessment District. City Manager. Recommended dates: Introduction March 26, 2013, Public Hearing and Second Reading April 8, 2013.

Page 237

9. ORDINANCE(S)

10. CITY MANAGER'S REPORT

- A. City Manager's Report

- B. Employee Anniversaries

Page 261

- C. National Registry of Emergency Medical Technicians Certificate of Recognition of Fire Chief Painter

Page 263

- D. Alaska Corps of Coastal Observers pamphlet

Page 265

11. CITY ATTORNEY REPORT

12. 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
- G. Water and Sewer Rate Task Force

13. PENDING BUSINESS

14. NEW BUSINESS

15. RESOLUTIONS

16. COMMENTS OF THE AUDIENCE

17. COMMENTS OF THE CITY ATTORNEY

18. COMMENTS OF THE CITY CLERK

19. COMMENTS OF THE CITY MANAGER

20. COMMENTS OF THE MAYOR

21. COMMENTS OF THE CITY COUNCIL

22. ADJOURNMENT

Next Regular Meeting is Monday, April 22, 2013 at 6:00 p.m., Committee of the Whole 5:00 p.m., and Worksession 4:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

RECONSIDERATION

CONSENT AGENDA

Session 13-08, a Regular Meeting of the Homer City Council was called to order on March 26, 2013 at 6:00 p.m. by Mayor Mary E. Wythe at 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, HOWARD, LEWIS, ROBERTS
	ABSENT:	ZAK (Excused)
	STAFF:	CITY MANAGER WREDE DEPUTY CITY CLERK JACOBSEN COMMUNITY & ECONOMIC DEVELOPMENT COORDINATOR KOESTER IT MANAGER POOLOS PORT AND HARBOR DIRECTOR HAWKINS PUBLIC WORKS DIRECTOR MEYER

Councilmember Zak's absence was excused.

Council met for a Worksession at 4:00 p.m. to discuss the Land Allocation Plan. They met as Committee of the Whole at 5:00 p.m. to for presentations about the City's Wellness Plan and proposed City of Homer Logo and City of Homer Logo Usage and Standard's Guidelines, and Consent Agenda and 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 agenda was approved by consensus of the council with the following change:

PRESENTATIONS- Lobbyist's Report written materials as backup.

PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

There was no public comment.

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 March 11, 2013. City Clerk. Recommend adoption.
- B. **Memorandum 13-038**, from Mayor Wythe, Re: Reappointment of Caroline Venuti to the Transportation Advisory Committee.
- C. **Ordinance 13-08**, An Ordinance of the City Council of Homer, Alaska, Amending the 2013 Operating Budget by Appropriating Up to \$110,000 From the Sewer Reserve Fund for the Repair of Flood Damage at the Wastewater Treatment Plant and Implementing Mitigation Measures. City Manager/Public Works Director. Recommended dates: Introduction March 26, 2013, Public Hearing and Second Reading April 8, 2013.

Memorandum 13-039 from Public Works Director as backup.

- D. **Ordinance 13-09**, An Ordinance of the City Council of Homer, Alaska, Appropriating Funds and Establishing a Project Budget for Administration and Direct Services Provided in Support of the Homer Natural Gas Distribution System Special Assessment District. City Manager. Recommended dates: Introduction March 26, 2013, Public Hearing and Second Reading April 8, 2013.
- E. **Resolution 13-028**, A Resolution of the City Council of Homer, Alaska, Adopting the City of Homer Logo and the City of Homer Logo and Graphic Usage Standards. City Manager. Recommend adoption.

Memorandum 13-046 from Graphic Standards Team as backup.

- F. **Resolution 13-029**, A Resolution of the City Council of Homer, Alaska, Approving a Ten Year Lease with No Options for Fortune Sea, LLC on Lot 19, Homer Spit Subdivision No. 5. City Manager. Recommend adoption.
- G. **Resolution 13-030**, A Resolution of the City Council of Homer, Alaska, Awarding the Contract for the Light Vehicle Purchase for the Port and Harbor, Fire Department, and Police Department to the Firm of Kendall Ford Wasilla of Wasilla, Alaska, in the Amount of \$91,281.00 and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk. Recommend adoption.

Memorandum 13-045 from Port and Harbor Director as backup.

- H. **Resolution 13-031**, A Resolution of the City Council of Homer, Alaska, Inviting the Governor to Have the Governor's Family Picnic in Homer. Mayor. Recommend adoption.

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

BURGESS/LEWIS SO MOVED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

VISITORS

None

ANNOUNCEMENTS/PRESENTATIONS/BOROUGH REPORT/COMMISSION REPORTS

- A. **Anderson Group**, Lobbyist Report, via Skype, 10 minutes

Linda Anderson and Yuri Morgan updated the council on legislative activity in Juneau, primarily the status of the state operating budget.

- B. Borough Report

- C. Commissions/Board Reports:

1. Library Advisory Board
2. Homer Advisory Planning Commission
3. Economic Development Advisory Commission
4. Parks and Recreation Advisory Commission

Deb Lowney, Parks and Recreation Advisory Commissioner, commented on the Parks and Recreation Advisory Commission activities, including tree clearing at Hornaday Park to clear out

near fences and help with drainage, consideration of the Diamond Creek Management Plan which they encourage the council to approve, Mariner Park improvements now that the driveway has been relocated, supporting a recreation facility, and a new pavilion and day use area improvements at Hornaday Park. They were approved for a \$7,500 Land/Water Conservation Grant it does require matching funds, but it is exciting to know they were approved and came in number one on the list. They encourage council to move forward with matching funds for improvements at the camp ground and the always huge issue of drainage. The commission is working on the program for adopting parks and adopting trails, in April Church on the Rock is going to adopt a portion of the improvements at Hornaday Park, she hopes it will continue past this spring, and again, Rotary is going to take on Ben Walters park. She shared the commission's concern about the importance of having the spit camp ground opened the summer and dealing with the issue of the dredge spoils in the area. With the gas line coming in the commission encouraged the use of the cleared areas for trails. Lastly Ms. Lowney emphasized the importance of recreation in our community; this past month there has been major events each weekend including ski races, wrestling, the fishing derby, and sea to ski happening this weekend. Hotels are being filled and stores and restaurants are being blanketed with visitors coming in. The revenue these events bring into the community is amazing and appreciated by all. Let's keep putting services and support into recreation so we can provide it adequately. After hearing about the City's wellness program, let's talk about a community wellness program and that comes from giving parks and trails a real face lift and maintaining to promote wellness to our community.

5. Port and Harbor Advisory Commission

D. Mayor Wythe's Report – Juneau Trip of February 26-28, 2013

Mayor Wythe commented that she and City Manager Wrede will be going back to Juneau in April for their second trip. This first trip was pretty busy and they were able to identify funds that we knew were there and one for \$5 million in the STIP which is an authorization to allocate fund for Lake Street reconstruction, if the funds come through from the federal government.

PUBLIC HEARING(S)

- A. **Ordinance 13-07**, An Ordinance of the City Council of Homer, Alaska, Amending the 2013 Operating Budget by Appropriating up to \$42,450 from the Sewer, Water and Fleet Reserve Fund for the Purchase of a Steamer Truck. City Manager/Public Works Director. Recommended dates: Introduction March 11, 2013, Public Hearing and Second Reading March 26, 2013.

Memorandum 13-037 from Public Works Superintendent as backup.

There were no public comments.

Mayor Wythe called for the adoption of Ordinance 13-07 by reading of title only for second and final reading.

LEWIS/BURGESS SO MOVED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

ORDINANCE(S)

CITY MANAGER'S REPORT

A. City Manager's Report

City Manager Wrede reminded the council and listeners about the Tsunami Warning Test tomorrow at 945 a.m.

Mr. Wrede noted that the Borough Assembly approved the loan agreement for the Natural Gas Special Assessment District and the City has signed a construction contract with Enstar. He invited Public Works Director Meyer to come forward and give feedback about the process from the Public Works perspective.

Public Works Director Meyer explained that it is Public Works' responsibility to coordinate the placement of utilities within street rights of way. Public Works has been concerned about minimizing cost and impact to community as the project has been coming together so they have been spending a lot of time with Enstar during their bidding process to encourage them to communicate what will be expected of the potential contractors, resulting in the mutual recognition that much coordination will be needed for this large project that is moving along quickly. Public Works plans to work closely with Enstar and the other utilities to have locates completed ahead of the contractors as they progress through the subdivisions. The goal is to have resolved problems before the contractors begin work in the neighborhoods. Regarding communication with property owners, Public Works Director Meyer said he envisions that the city's website will have a link to Enstar's project site so people will be able to keep track of Enstar's progress.

Councilmember Burgess asked what will be the best way for public members to communicate their concerns during the tree removal process. Public Works Director Meyer explained that the work is being done in the rights of way, and they will be cleared. Enstar will be working to

minimize impacts to vegetation close and root systems close to the right of way. Members of the public are welcome to call or email Public Works with concerns about their trees.

There was discussion regarding construction timelines and construction may begin as early as May 15.

City Manager Wrede said he had a meeting with the bond bank regarding their sale schedule, and he plans to have the city's application ready for the board's meeting on May 2. The bond sale will be mid-June and close at the end of June. This will tie in nicely with the Municipal Harbors Grant funds and improvements on system 5 could start this fall.

City Manager Wrede also commented briefly regarding the Deep Water Dock TORA, and Harbormaster Hawkins gave an update on the drill rig, explaining that the weather has held them up but they have the green light from the Coast Guard and three tugs standing by in the harbor.

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
- G. Water and Sewer Rate Task Force

Mayor Wythe commented that the task force held its final public hearing and elected to move forward with their draft plan. She noted that this is only a recommendation to council it is not set in stone. She hopes to present at the next worksession.

PENDING BUSINESS

NEW BUSINESS

RESOLUTIONS

COMMENTS OF THE AUDIENCE

Cathy Ulmer, city resident, said she appreciates the city's wellness plan and reminded everyone that tomorrow is the 49th anniversary of the 1964 earthquake.

Public Works Director Meyer announced that there will be an open house regarding the spit trail improvements tomorrow at 4 pm with maps and information. There will be a formal presentation at the Port and Harbor Commission meeting at 5:00.

COMMENTS OF THE CITY ATTORNEY

COMMENTS OF THE CITY CLERK

Deputy City Clerk Jacobsen commented about the openings on the City's advisory bodies.

COMMENTS OF THE CITY MANAGER

City Manager Wrede said it is great to see Barbara back.

COMMENTS OF THE MAYOR

Mayor Wythe said she is happy to see Barbara here and looking well.

COMMENTS OF THE CITY COUNCIL

Councilmember Howard thanked her husband and daughter for encouraging her not to send in her resignation in back in January but to wait another month. She was glad to be here and appreciated the council's patience while she was away. She also congratulated the South Peninsula Hospital for being awarded as one of the top 100 critical access hospitals in the United States for the second year in a row. There are 1300 designated hospitals, 13 in Alaska, and two received recognition, our own hospital and also Ketchikan. She congratulated the Board of Directors, the CEO, and more importantly the magnificent staff and doctors that support our hospital. Imagine where we would be if we didn't have this fine of medical care.

Councilmember Lewis welcomed Barbara back. He and Beau have to be careful because she will keep them in line.

Councilmember Burgess said he is happy to have Barbara back. He encouraged the public to take time to look at where the gas lines are going to go, to interface with the city, and to keep an

eye on what is happening with the gas line. Get ahead of the process, inform yourself, and reach out. It's about to get interesting here.

Commissioner Dolma welcomed Barbara back. This is going to be a busy summer, not only with the gas line, but with parks, trails, and the docks.

Mayor Pro Tempore Roberts said she is really happy to have Barbara back, she really missed her a lot and it is good to see her back at the table. She noted a correction to City Manager Wrede's comment, that he was correct that Enstar didn't take her money last week when she signed up for service, but they did take it this week.

ADJOURNMENT

There being no further business to come before the Council the meeting is adjourned at 7:05 p.m. The next Regular Meeting is Monday, April 8, 2013 at 6:00 pm and Committee of the whole at 5:00 pm. All meeting scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved: _____

ORDINANCE REFERENCE SHEET
2013 ORDINANCE
ORDINANCE 13-10

An Ordinance of the City Council of Homer, Alaska, Amending the 2013 Operating Budget by Appropriating up to \$45,000 from the Water Reserve Fund for the Demolition of the Redwood Tank at the Water Treatment Plant.

Sponsor: City Manager/Public Works Director

1. City Council Regular Meeting April 8, 2013 Introduction
 - a. Memorandum 13-047 from Public Works Director as backup

**CITY OF HOMER
HOMER, ALASKA**

City Manager/Public
Works Director

ORDINANCE 13-10

AN ORDINANCE OF THE CITY COUNCIL OF HOMER,
ALASKA, AMENDING THE 2013 OPERATING BUDGET BY
APPROPRIATING UP TO \$45,000 FROM THE WATER
RESERVE FUND FOR THE DEMOLITION OF THE
REDWOOD TANK AT THE WATER TREATMENT PLANT.

WHEREAS, The 500,000 gallon redwood tank was the first tank built on the water
distribution system in 1975 and is almost 40 years old; and

WHEREAS, Since that time additional tanks have been constructed totaling an additional
1,250,000 gallons; and

WHEREAS, The redwood tank is becoming more difficult to maintain, and because of the
nature of wood construction, it is suspected to be a source of potential water quality concerns;
and

WHEREAS, An EPA grant is being utilized to develop bid documents for the demolition
of the tank and the demolition project is expected to be ready for bidding early this summer.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The FY 2013 Operating Budget is hereby amended by appropriating not more
than \$45,000 from the Water Reserve fund for the demolition of the water treatment plant.

Expenditure:

Account No.	Description	Amount
256-378 (Water Reserve Fund)	WTP Redwood Tank Demolition	\$45,000

Section 2. This is a budget amendment ordinance, is not permanent in nature, and shall
not be codified.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this _____ day of
_____, 2013.

CITY OF HOMER

MARY E. WYTHE, MAYOR

ATTEST:

JO JOHNSON, CMC, CITY CLERK

YES:

NO:

ABSTAIN:

ABSENT:

First Reading:

Public Hearing:

Second Reading:

Effective Date:

Reviewed and approved as to form:

Walt E. Wrede, City Manager

Date: _____

Thomas F. Klinkner, City Attorney

Date: _____



**CITY OF HOMER
PUBLIC WORKS**

3575 HEATH STREET HOMER, AK 99603

TELEPHONE (907)235-3170
FACSIMILE (907)235-3145

MEMORANDUM 13-047

TO: Walt Wrede, City Manager

FROM: Carey Meyer, Public Works Director

DATE: April 3, 2013

RE: **Water Treatment Plant Redwood Tank Removal
Demolition Funding Authorization**

The redwood tank at the water treatment plant was built in 1974. It was built at the same time the old water treatment plant was built. The redwood tank is leaking, requires substantial maintenance, and may be creating water quality concerns due to the woods potential for harboring organic sediments.

Additional storage tanks have been built at the water treatment plant site (a 250,000 gallon tank and a 1.0 million gallon tank). The loss of the storage capacity provided by the redwood tank will not adversely impact the City's ability to deliver water to its customers. Elimination of this tank will reduce the potential for the creation of disinfection byproducts by decreasing storage volume and chlorine contact time before water is delivered to the distribution system.

The City Council approved the acceptance of an EPA grant, a portion of which is being used to prepare demolition bid documents. The grant is for design efforts only. The demolition project is expected to be ready for bidding early this summer.

Recommendations: The City Council pass an ordinance amending the 2013 operating budget authorizing the funding of demolition of the redwood tank demolition using Water Reserve Fund monies.

**CITY OF HOMER
HOMER, ALASKA**

City Manager/City Council

RESOLUTION 13-032

**A RESOLUTION OF THE HOMER CITY COUNCIL
APPROVING THE CITY OF HOMER 2013 LAND
ALLOCATION PLAN.**

WHEREAS, The Property Management Policy and Procedures Manual sets policy for municipal land management; and

WHEREAS, Chapter 3 of the Property Management Policy and Procedures Manual establishes the Land Allocation Plan will be developed annually; and

WHEREAS, The City Council, with members of the Port and Harbor, Planning, and Parks and Recreation Advisory Commissions present, discussed the Land Allocation Plan during a Joint Work session on March 26, 2013; and

WHEREAS, The recommendations via Memorandums 13-040, 13-041, 13-042, 13-043, and 13-044 from Planning, Planning Commission, Parks and Recreation Commission, Port and Harbor Commission, Library Advisory Board and Economic Development Commission were considered.

NOW, THEREFORE, BE IT RESOLVED by the City Council that the City of Homer 2013 Land Allocation is hereby approved with the following changes:

1. Designate Lot 20, Homer Spit No 5, as Port Use for a future harbor travel lift.
2. Designate Homer Spit Subdivision No 6 Velma's Addition Lot 45-B as End of the Road Park.

PASSED AND ADOPTED by the Homer City Council this 8th day of April, 2013.

CITY OF HOMER

MARY E. WYTHER, MAYOR

ATTEST

JO JOHNSON, CMC, CITY CLERK



City of Homer Planning & Zoning

491 East Pioneer Avenue
Homer, Alaska 99603-7645

Telephone (907) 235-3106
Fax (907) 235-3118
E-mail Planning@ci.homer.ak.us
Web Site www.ci.homer.ak.us

MEMORANDUM 13-048

To: Mayor Wythe and Homer City Council
From: Julie Engebretsen, Planning Technician
Date: April 2, 2013
RE: Resolution 13-xx 2013 Land Allocation Plan

On March, 26, the City Council held a joint work session with all the City Commissions and Library Advisory Board to discuss the 2013 Land Allocation Plan. The outcome of the work session was direction for a resolution on a few lots, discussion about the property at the entrance of Land's End Resort, and discussion and direction for staff on other parcels. A resolution has been prepared for the adoption of the 2013 Land Allocation Plan.

Actions in Resolution:

1. Remove Lot 20, Homer Spit No. 5 from lands available for lease. Designate for port use, for future travel lift.
2. Designate Homer Spit Subdivision No 6 Velma's Addition Lot 45-B as End of the Road Park.

Council also adopted on Resolution 13-029, approving a ten year lease for Lot 19 on the Spit. After CC has adopted the resolution, staff will update the Plan with the changes.

Additional Considerations: Land's End Resort submitted a letter asking for the Council to consider selling Lot 47, Homer Spit Subdivision Amended (C-13). There was no consensus at the work session. If Council wants to dispose of this land, an amendment to the resolution is needed.

Direction to Staff:

1. Short term lease area on Spit (near Ramp 5 and Freight Dock Road). Council requests the Port and Harbor and Parks and Recreation Commissions review this area after the Spit Trail is constructed. Currently, the Port & Harbor Commission would like this area to remain for short term leases, and the Parks and Recreation would like it to be a rest area. The Commissions are requested to review the area after the Spit Trail is constructed and report back with a recommendation to Council in October or November.
2. Research Spit land acquisitions. The Parks and Recreation Commission recommended a designation of public recreation and park for some spit lands. Council requested staff look in to how the land was acquired and any conservation easements or use restrictions.
3. Initiate process to change Adams Drive to Jack Gist Lane (street name change).

**CITY OF HOMER
HOMER, ALASKA**

City Manager/Public Works

RESOLUTION 13-033

A RESOLUTION OF THE CITY COUNCIL OF HOMER,
ALASKA, APPROVING A 2005 TRANSPORTATION PLAN
CENTRAL BUSINESS DISTRICT EAST/WEST CORRIDOR
ALTERNATIVE USING HAZEL AVENUE AS THE
CONNECTION TO HEATH STREET, AND THE WADDELL
WAY PORTION OF THE ROAD CORRIDOR BE
CONNECTED TO HEATH STREET AT BONANZA AVENUE.

WHEREAS, The Transportation Advisory Committee and the City Council has shown
support for proceeding with the Waddell Way Road Improvements between Lake Street and
Heath Street; and

WHEREAS, The Transportation Advisory Committee recommended at their April 19th
meeting, that the new east/west central business district road corridor recommended in the 2005
Transportation Plan follow Alternate B, using Hazel, not Grubstake, and that the Waddell Way
portion of the corridor connect to Heath Street at Bonanza Avenue; and

WHEREAS, The City cannot effectively proceed with the right-of-way acquisition and
design, and property owners in the area cannot effectively proceed with development until the
Waddell Way road corridor alignment has been established.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of Homer, Alaska,
approves a 2005 Transportation Plan Central Business District East/West Corridor alternative
using Hazel Avenue as the connection to Heath Street, and the Waddell Way Portion of the road
corridor be connected to Heath Street at Bonanza Avenue.

PASSED AND ADOPTED by the Homer City Council this 8th day of April, 2013.

CITY OF HOMER

ATTEST:

MARY E. WYTHER, MAYOR

JO JOHNSON, CMC, CITY CLERK

Fiscal Note: N/A



CITY OF HOMER

PUBLIC WORKS

3575 HEATH STREET HOMER, AK 99603

TELEPHONE (907)235-3170

FACSIMILE (907)235-3145

MEMORANDUM 13-049

TO: Walt Wrede, City Manager

FROM: Carey Meyer, Public Works Director

DATE: April 3, 2013

RE: **Waddell Way Connection to Heath Street
Transportation Master Plan Alternative Recommendations**

The Transportation Advisory Committee (TAC) met on February 19. On the agenda was the issue of Waddell Way and how the proposed road connection between Lake Street and Heath Street should occur.

One of the major issues raised by the Transportation Master Plan (2005) was the need for a new east/west road corridor that would provide for the movement of vehicular and pedestrian traffic across the Central Business District. This new corridor would provide an alternative to the Sterling Highway and Pioneer Avenue arterial streets. Attached are the two alternative routes presented in the Plan - (Alternative A – using Grubstake Avenue and Alternative B – using Hazel Avenue).

The TAC, after extensive discussion, unanimously recommended that Alternative B be utilized. The implication of routing traffic thru the residential neighborhood along Grubstake was the main reason why Alternative A was not recommended. Acceptance of this recommendation by the City Council would establish the new corridor west of Heath Street.

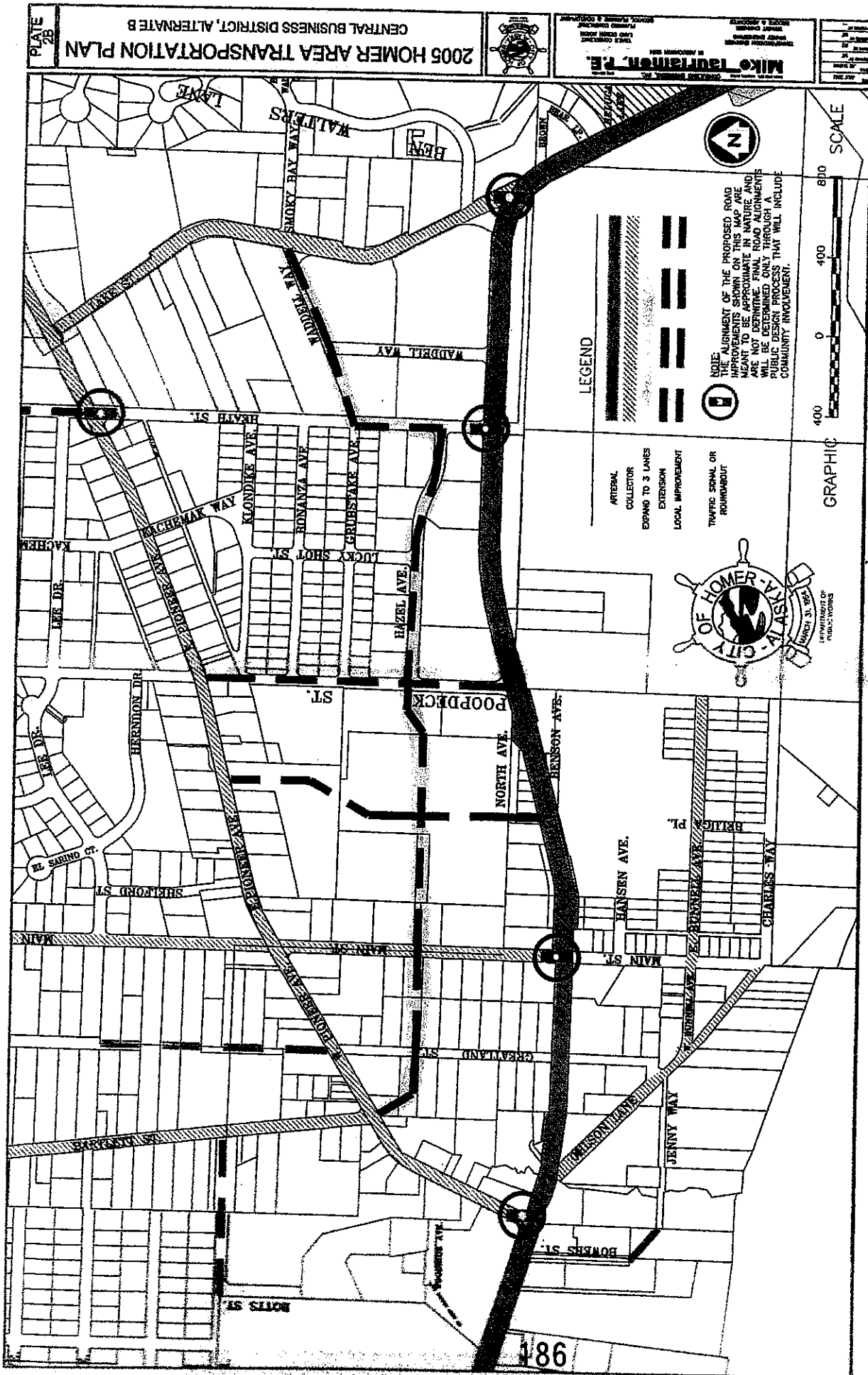
The Committee then discussed the advantages and disadvantages of several options regarding how the new corridor should be aligned east of Heath Street (in particular how Waddell Way should be connected to Heath Street). The attached map shows the alternatives considered).

The TAC voted to approve the Waddell Way connection at Bonanza Avenue.

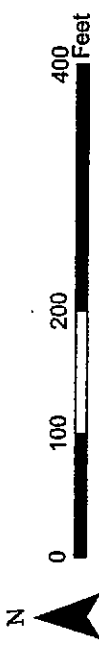
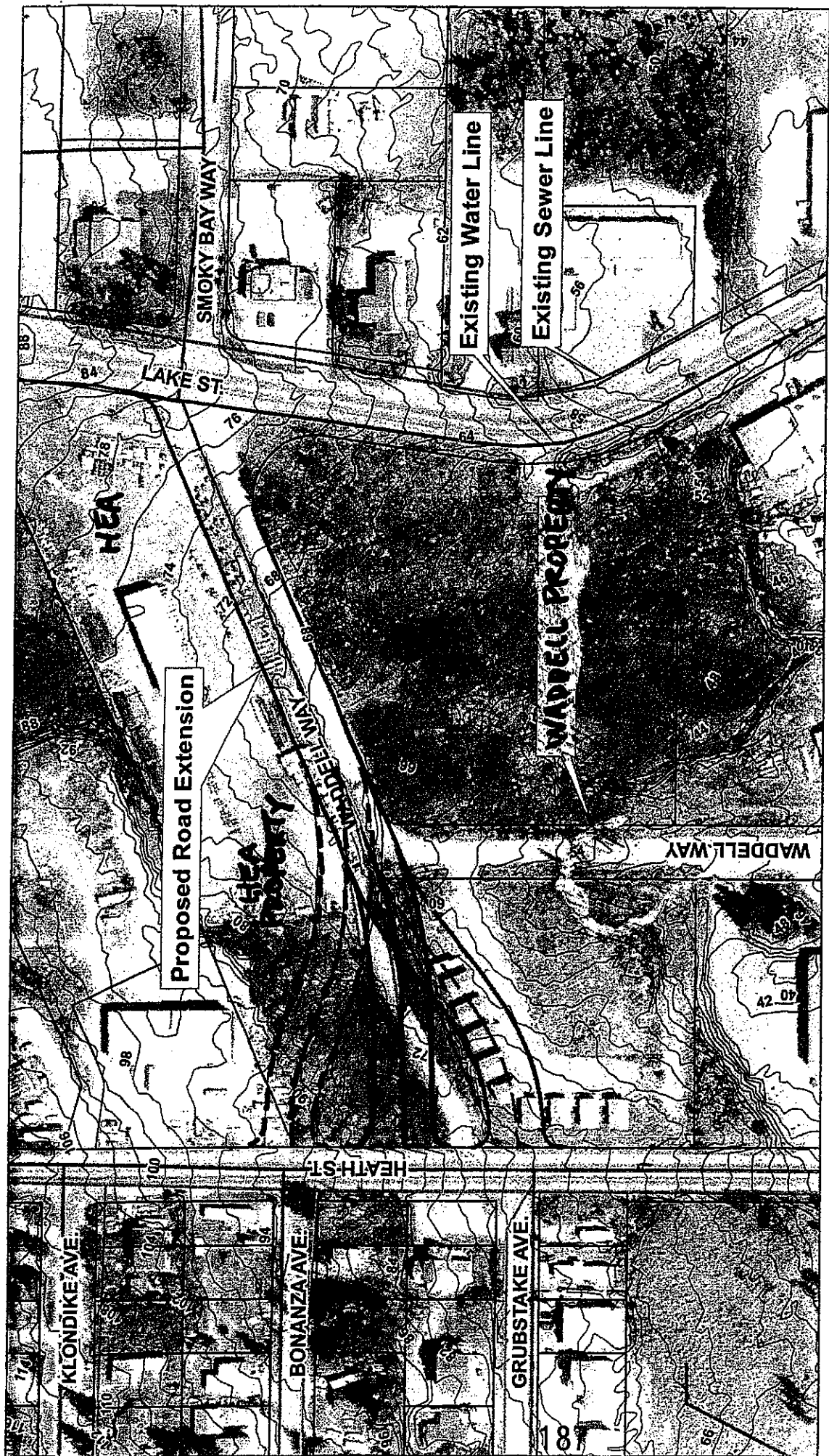
The City discussed this alignment with Homer Electric Association (since property would need to be acquired from them) in an attempt to prepare for Council action regarding acceptance of the TAC recommendations. No response was received from HEA.

Recommendations: The City Council approve by resolution Alternative B as the new east/west central business district road corridor (using Hazel Avenue as the connection to Heath Street) and approves the Waddell Way portion of the road corridor be connected to Heath Street at Bonanza Avenue.





CENTRAL BUSINESS DISTRICT **ALTERNATE B**



Proposed Waddell Way Street Improvements Options

**CITY OF HOMER
HOMER, ALASKA**

City Manager

RESOLUTION 13-034

A RESOLUTION OF THE CITY COUNCIL OF HOMER,
ALASKA, APPROVING A TEN YEAR LEASE WITH TWO 2.5
YEAR OPTIONS FOR WILLIAM SULLIVAN, DBA
KACHEMAK BAY SEAFOODS, ON LOT 88-3, HOMER SPIT
SUBDIVISION NO. 2.

WHEREAS, The City of Homer issued a request for proposals pursuant to the adoption
of the 2011 Land Allocation Plan; and

WHEREAS, A proposal was submitted by William Sullivan to lease Lot 88-3, Homer
Spit Subdivision No. 2 and the proposed use was a wholesale and retail fish processing facility;
and

WHEREAS, The Lease Committee reviewed the proposal at a Special Meeting on March
28, 2012 and passed a recommendation that the City Council adopt a resolution authorizing the
City Manager to enter into lease negotiations with Mr. Sullivan; and

WHEREAS, The Homer City Council authorized by Resolution 12-033, the City
Manager to enter into lease negotiations on April 23, 2012 with Mr. Sullivan.

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby finds that it is in
the public interest to approve a lease for William Sullivan, dba Kachemak Bay Seafoods, on Lot
88-3, Homer Spit Subdivision No. 2; a copy of which is attached and incorporated herein.

PASSED AND ADOPTED by the Homer City Council this 8th day of April, 2013.

CITY OF HOMER

MARY E. WYTHER, MAYOR

ATTEST:

JO JOHNSON, CMC, CITY CLERK

Fiscal note: Annual lease revenues \$6,350.00

GROUND LEASE AND SECURITY AGREEMENT

BETWEEN

CITY OF HOMER, ALASKA

AND

WILLIAM SULLIVAN dba KACHEMAK BAY SEAFOODS

Dated April 15, 2012

GROUND LEASE AND SECURITY AGREEMENT

GROUND LEASE AND SECURITY AGREEMENT ("Lease") dated as of April 15, 2012, between the CITY OF HOMER, an Alaska municipal corporation ("Landlord"), whose address is 491 East Pioneer Avenue, Homer, Alaska 99603, and WILLIAM SULLIVAN dba KACHEMAK BAY SEAFOODS, an Alaska Sole Proprietorship ("Tenant"), whose address is PO Box 4004, Homer, AK, 99603.

RECITALS

WHEREAS, Landlord owns certain properties having a strategic location near the waterfront and marine-related public infrastructure; and

WHEREAS, it is the policy of Landlord to retain ownership of these properties, and to make them available for leasing, in order to encourage growth in targeted economic sectors, to insure that Landlord receives the maximum benefit from a large investment in public infrastructure, and to provide land for businesses that require close proximity to the waterfront or infrastructure to operate efficiently and profitably; and

WHEREAS, Landlord has accepted Tenant's proposal to lease and develop the property leased herein, because Tenant's proposed use of the property should further Landlord's goals for the development of Landlord's properties, and Tenant's proposal to lease and develop the property is a material inducement to Landlord leasing the property to Tenant; and

WHEREAS, Tenant has made its own determination that its proposed development of the property will be economically feasible, and that the term for which it is leasing the property will be sufficient to amortize Tenant's investment in developing the leased property under Tenant's proposal.

NOW, THEREFORE, in consideration of the matters recited above, and the mutual covenants herein, the parties agree as follows:

ARTICLE 1. DEFINITIONS AND ATTACHMENTS

1.01 Definitions. As used herein, the term:

(a) "Annual Rent Adjustment" and "Annual Rent Adjustment Date" are defined in Section 4.02(b).

(b) "Base Rent" is defined in Section 4.01.

(c) "Complete" and "Completion" mean, with regard to an improvement, that construction of the improvement is finished and the improvement is fully operational and ready for occupancy or use for its intended purpose, including without limitation the issuance of any applicable certificate of occupancy and other applicable permits, licenses, certificates or inspection reports necessary to the improvement's legally authorized use.

(d) "Council" means the City Council of the City of Homer, Alaska.

(e) "Default Rate" means an annual rate of interest equal to the lesser of (i) the maximum rate of interest for which Tenant may lawfully contract in Alaska, or (ii) ten and one-half percent (10.5%).

(f) "Environmental Laws" means all local, state, and federal laws, ordinances, regulations, and orders related to environmental protection; or the use, storage, generation, production, treatment, emission, discharge, remediation, removal, disposal, or transport of any Hazardous Substance.

(g) "Excusable Delay" means delay due to strikes, acts of God, inability to obtain labor or materials, orders of any governmental authority having jurisdiction, removal of Hazardous Materials discovered at any time after the commencement of the Term, enemy action, civil commotion, fire, unusual inclement weather, unavoidable casualty or similar causes beyond the reasonable control of Tenant.

(h) "Extended Term" is defined in Section 3.02.

(i) "Five Year Rent Adjustment Date" is defined in Section 4.02(a).

(j) "Hazardous Substance" means any substance or material defined or designated as hazardous or toxic waste; hazardous or toxic material; hazardous, toxic, or radioactive substance; or other similar term by any federal, state, or local statute, regulation, or ordinance or common law presently in effect or that may be promulgated in the future as such statutes, regulations, and ordinances may be amended from time to time.

(k) "Landlord" means the City of Homer, Alaska.

(l) "Lease Policy" means the City of Homer Property Management Policy and Procedures, as adopted and amended from time to time by Council resolution.

(m) "Leasehold Mortgage" is defined in Section 13.01.

(n) "Property" is defined in Section 2.01.

(o) "Qualified Mortgage" is defined in Section 13.03.

(p) "Required Improvements" is defined in Section 6.02.

(q) "Tenant" means William Sullivan.

(r) "Term" is defined in Section 3.01.

1.02 Attachments. The following documents are attached hereto, and such documents, as well as all drawings and documents prepared pursuant thereto, shall be deemed to be a part hereof:

Exhibit "A" Legal Description of Property

Exhibit "B" Tenant's Lease Proposal

Exhibit "C" Site Plan/ Required Improvements

Exhibit "D" Certificates of Insurance

Exhibit "E" Permission to Obtain Insurance Policies

ARTICLE 2. THE PROPERTY

2.01 Lease of Property. Subject to the terms and conditions of this Lease, Landlord leases to Tenant and Tenant leases from Landlord the following described property ("Property"):

Lot 88-3, Homer Spit No. 2 Subdivision Amended, according to Plat No. 91-3, Homer Recording District, State of Alaska, as depicted on **Exhibit A**, consisting of approximately 7750 square feet, also known as Kenai Peninsula Borough Tax Parcel No. 18103443;

subject, however, to reservations, restrictions, easements and encumbrances of record, and to encroachments that may be revealed by an inspection of the Property.

2.02 Quiet Enjoyment. Landlord covenants that Tenant, upon paying the rent and other charges and performing its other obligations under this Lease shall have quiet enjoyment of the Property during the Term without hindrance or interference by Landlord or by any person claiming an interest in the Property through Landlord.

2.03 Property Accepted "As Is." Tenant has inspected the Property, has made its own determination as to the suitability of the Property for Tenant's intended use, and accepts the Property "AS IS." Landlord, its agents and employees make no warranties, expressed or implied, concerning the condition of the Property, including without limitation the habitability or fitness of the Property for any particular purpose, including those uses authorized by this Lease, or subsurface and soil conditions, including the presence of any Hazardous Substance.

2.04 No Subsurface Rights. This Lease confers no mineral rights or rights with regard to the subsurface of the Property below the level necessary for the uses of the Property permitted in this Lease.

ARTICLE 3. TERM

3.01 Lease Term. The term of this Lease is 10 years, commencing on April 15, 2012, and ending on April 15, 2022 ("Term").

3.02. Options to Extend Lease Term.

(a) Tenant has the option to extend the Term for two (2) additional, consecutive two and a half (2.5) year periods (each an "Extended Term"), provided that:

(1) Tenant gives Landlord written notice of its exercise of the option not more than one year and not less than 120 days before the last day of the Term or current Extended Term, as the case may be;

(2) At the time Tenant exercises the option, and at all times thereafter until the Extended Term commences, Tenant is not materially in default of any term or condition of this Lease and has not made an assignment or subletting of this Lease or any interest in the Property except as permitted under this

Lease; and

3) Tenant may exercise no more than one option to extend the Term during the Term or any Extended Term.

(b) Tenant's failure to exercise an option to extend the Term in strict compliance with all the requirements in Section 3.02(a) renders that option and all options as to subsequent Extended Terms null and void.

3.03 Lease Renewal.

(a) Tenant represents and warrants that it has determined that the duration of the Term, plus any available Extended Terms, will be sufficient for Tenant to amortize any investment that it makes in connection with this Lease, including without limitation any investment in leasehold improvements. Tenant acknowledges that it has no right of any kind to continue using or occupying the Property after the expiration or earlier termination of the Term or the final Extended Term, including without limitation any option to renew this Lease, or any option to extend the Term other than as provided in Section 3.02.

(b) Not less than 12 months before the expiration of the Term or the final Extended Term, Tenant may apply to Landlord for a renewal of this Lease in the manner that a person then would apply for a new lease of the Property. In response to a timely application, the Council will determine whether to renew this Lease, and the term of any renewal, in its sole discretion. The Council is under no obligation to renew this Lease, or to renew this Lease for the term that Tenant requests. If the Council does not grant a timely application to renew this Lease, Tenant shall prepare to surrender possession of the Property as required by Section 3.04, and dispose of improvements on the Property as required by Section 6.08.

3.04 Surrender of Possession. Upon the expiration or earlier termination of the Term or the final Extended Term, Tenant shall promptly and peaceably surrender the Property, clean, free of debris, and in as good order and condition as at the commencement of the Term, ordinary wear and tear excepted, and shall remove from the Property all personal property that was not present on the Property at the commencement of the Term. If Tenant fails to surrender the Property in the required condition, Landlord may restore the Property to such condition and Tenant shall pay the cost thereof, plus interest at the Default Rate, on demand. Section 6.08 governs the disposition of improvements on the Property at the expiration or earlier termination of the Term or final Extended Term.

3.05 Holding Over. Tenant's continuing in possession of the Property after the expiration or earlier termination of the Term or final Extended Term will not renew or extend this Lease. In the absence of any agreement renewing or extending this Lease, Tenant's continued possession of the Property after the end of the Term will be a tenancy from month to month, terminable upon 30 days written notice by either party at any time, at a monthly rental equal to 150% of the monthly Base Rent in effect at the end of the Term, subject to all other terms of this Lease. For good cause, Landlord may waive all or part of the increase in Base Rent during the holdover period.

ARTICLE 4. RENT, TAXES, ASSESSMENTS AND UTILITIES

4.01 Base Rent. Tenant shall pay to Landlord an initial annual rent of \$6350.00 ("Base Rent"). Base Rent is payable monthly in advance in installments of \$529.17, plus tax, on the 1st day of each month, at the office of the City of Homer, 491 East Pioneer Avenue, Homer, Alaska 99603-7645, or at such other place as Landlord may designate in writing. All Base Rent shall be

paid without prior demand or notice and without deduction or offset. Base Rent that is not paid on or before the due date will bear interest at the Default Rate. Base Rent is subject to adjustment as provided in Section 4.02.

4.02 Rent Adjustments.

(a) **Five-Year Appraised Rent Adjustments.** Commencing January 1, 2017, and in every fifth year thereafter, Landlord will obtain an appraisal by a qualified real estate appraiser of the fair rental value of the Property as if privately owned in fee simple, excluding the value of improvements (other than utilities) made by tenants. The appraisal may be performed as part of an appraisal of other properties of Landlord that are comparable in location and value. The Base Rent will be adjusted effective the anniversary date of the lease in the year of each appraisal (each such date is a "Five Year Rent Adjustment Date") to an amount equal to the greater of (i) the area of the Property in square feet, multiplied by the fair rental value per square foot determined by the appraisal, and (ii) the adjusted Base Rent in effect immediately before the Five Year Rent Adjustment Date. The rent adjusted on a Five Year Rent Adjustment Date thereafter shall be the Base Rent.

(b) **Annual Rent Adjustments.** In addition to the rent adjustments under Section 4.02(a), the Base Rent also shall be adjusted annually (the "Annual Rent Adjustment") effective January 1st, and on each January 1st thereafter, excluding each Five Year Rent Adjustment Date (each such date being an "Annual Rent Adjustment Date"), by the increase or decrease, if any, for the previous year in the cost of living as stated in the Consumer Price Index, All Urban Consumers, Anchorage, Alaska Area, All Items 2000 – present = 100 ("CPI-U"), as published by the United States Department of Labor, Bureau of Labor Statistics most recently before the Annual Rent Adjustment Date. If the CPI-U is revised or ceases to be published, Landlord instead shall use such revised or other index, with whatever adjustment in its application is necessary, to most nearly approximate in Landlord's judgment the CPI-U for the relevant period.

4.03 Taxes, Assessments and Other Governmental Charges. Tenant shall pay prior to delinquency all taxes, installments of assessments that are payable in installments and other governmental charges lawfully levied or assessed upon or with respect to the Property, improvements on the Property and personal property that is situated on the Property; provided that Tenant may contest in good faith any such tax, assessment or other governmental charge without subjecting the Property to lien or forfeiture. If an assessment on the Property that is not payable in installments becomes due during the Term or an Extended Term, Tenant shall be obligated to pay the fraction of the assessment that is determined by dividing the number of years remaining in the Term or Extended Term by 10. If this Lease subsequently is extended or renewed, the part of the assessment that Tenant shall pay shall be determined by adding the extended or renewal term to the number of years remaining in the Term when the assessment became due. If the Term commences or expires during a tax year, the taxes or assessments payable for that year will be prorated between Landlord and Tenant. Tenant shall exhibit to Landlord, on demand, receipts evidencing payment of all such taxes, assessments and other governmental charges.

4.04 Utility Charges. Tenant shall pay all charges for utility and other services provided to or used on the Property, including without limitation gas, heating oil, electric, water, sewer, heat, snow removal and refuse removal. Tenant shall be solely responsible for the cost of utility connections.

4.05 Tenant to Pay for City Services. Tenant shall pay for all services provided by the City of Homer that are related to the use or operation of the Property, improvements thereon and Tenant's activities thereon. Without limiting the generality of the preceding sentence, Tenant shall pay for wharfage, crane use, ice, and other Port and Harbor services at the rates established by the City of Homer from time to time.

Tenant shall provide the City of Homer with the information necessary to determine wharfage, crane use, ice and other Port and Harbor service charges, keep written records of such information for not less than two years after such charges are due, and, upon request, make such records available to the City of Homer for inspection and audit.

4.06 Additional Rent and Landlord's Right to Cure Tenant's Default. All costs or expenses that Tenant is required to pay under this Lease at Landlord's election will be treated as additional rent, and Landlord may exercise all rights and remedies provided in this Lease in the event of nonpayment. If Tenant defaults in making any payment required of Tenant or defaults in performing any term, covenant or condition of this Lease that involves the expenditure of money by Tenant, Landlord may, but is not obligated to, make such payment or expenditure on behalf of Tenant, and any and all sums so expended by Landlord, with interest thereon at the Default Rate from the date of expenditure until repaid, will be additional rent and shall be repaid by Tenant to Landlord on demand, provided, however, that such payment or expenditure by Landlord will not waive Tenant's default, or affect any of Landlord's remedies for such default.

4.07 Security Deposit. Based upon the track record of the Lessee, the security deposit is waived.

ARTICLE 5. SECURITY INTEREST

To secure the performance of Tenant's obligations under this Lease, including without limitation the obligations to pay rent and other sums to be paid by Tenant, Tenant grants to Landlord a security interest in the following collateral: ("Collateral"): (1) all security deposits or other monies owing from Landlord to Tenant (as collateral in the possession of the secured party); (2) all insurance proceeds from any policy insuring the Property or improvements thereon against environmental contamination or pollution; (3) all compensation payable to Tenant as a result of eminent domain proceedings or a transfer in lieu thereof; and (4) all rents from Tenant's subletting of all or a part of the Property. Said lien and security interest will be in addition to Landlord's liens provided by law.

This Lease constitutes a security agreement under the Uniform Commercial Code as enacted in Alaska ("UCC"), and Landlord will have all rights and remedies of a secured party under the UCC regarding the Collateral. Tenant shall execute, such financing statements and other instruments as Landlord may now or hereafter reasonably request to evidence the security interest. granted by Tenant.

ARTICLE 6. USE AND IMPROVEMENT OF PROPERTY

6.01 Use of Property.

(a) Tenant's undertaking to use and improve the Property as described in Tenant's proposal to Landlord is a material inducement to Landlord leasing the Property to Tenant. Tenant shall improve and use the Property in the manner described in Tenant's proposal. Tenant's proposed use of the Property is a wholesale and retail fish processing facility, as described in **Exhibit B**. Tenant shall not use or improve the Property for any purpose other than as described in Tenant's proposal without Landlord's written consent, which consent Landlord may withhold in its sole discretion.

6.02 Required Improvements. Tenant shall, at Tenant's sole expense, construct, and at all times during the Term and any Renewal Term keep and maintain as the minimum development on the Property the following improvements ("Required Improvements"):

Lease is contingent upon Mr. Sullivan coming into compliance with all zoning and land use regulations and obtaining the necessary permits, including but not limited to Conditional Use Permit (CUP) conditions and Fire Marshal approval.

The Required Improvements also are depicted in the site plan in **Exhibit C**. Tenant shall commence construction of the Required Improvements within one year after the date of commencement of the Term, prosecute the construction of the Required Improvements with diligence, and Complete construction within one additional year.

6.03 Construction Prerequisites. Tenant may not commence any construction on the Property, including without limitation construction of the Required Improvements, without first satisfying the following conditions:

(a) Not less than 30 days before commencing construction, Tenant shall submit to Landlord preliminary plans and specifications, and an application for a City of Homer zoning permit, for the construction, showing the layout of proposed buildings and other improvements, ingress and egress, dimensions and locations of utilities, drainage plans, and any other information required for the zoning permit or other required permits. The preliminary plans and specifications are subject to Landlord's approval, which will not be unreasonably withheld. Landlord shall communicate approval or disapproval in the manner provided for notices, accompanying any disapproval with a statement of the grounds therefore. Tenant shall be responsible for complying with all laws governing the construction, notwithstanding Landlord's approval of preliminary plans and specifications under this paragraph.

(b) Not less than five days before commencing construction, Tenant shall deliver to Landlord one complete set of final working plans and specifications as approved by the governmental agencies whose approval is required for Tenant to commence construction. The final working plans and specifications shall conform substantially to the preliminary plans and specifications previously approved by Landlord, subject to changes made to comply with suggestions, requests or requirements of a governmental agency or official in connection with the application for permit or approval.

(c) Not less than five days before commencing construction, Tenant shall give Landlord written notice of its intent to commence construction, and furnish to Landlord the following:

(1) Proof that all applicable federal, state and local permits required for the construction have been obtained.

(2) For construction, alteration or restoration of Required Improvements, a current certificate of insurance with the coverages specified in Section 9.04(c).

6.04 Extensions of Time for Completion of Required Improvements. Landlord shall grant an extension of the time to Complete the Required Improvements for a period of time equal to the duration of an Excusable Delay, upon Tenant's written request describing the nature of the Excusable Delay, provided Tenant has commenced construction in a timely manner and is proceeding diligently to Complete construction.

6.05 Additional and Replacement Improvements.

(a) Construction of improvements that are not consistent with terms of this Lease is prohibited unless the improvements are authorized by an amendment to this Lease approved by the Council.

(b) Subject to Section 6.05(a), upon satisfying the conditions in section 6.03, Tenant at any time may, but is not obligated to, construct new improvements on the Property and demolish, remove, replace, alter, relocate, reconstruct or add to existing improvements; provided that Tenant is not then in default under this Lease and provided further that Tenant continuously maintains on the Property the Required Improvements, or their equivalent of equal or greater value. Once any work is begun, Tenant shall with reasonable diligence prosecute to Completion all construction of improvements, additions, alterations, or other work. All salvage resulting from such work will belong to Tenant, who is responsible for its removal and lawful disposal.

6.06 As-Built Survey. Within 30 days after Completion of construction of any improvements on the Property involving construction, alteration, addition, removal or demolition of the foundation, structure, utility services, ingress and egress, or any major changes of all or any part of any structure or improvement on the Property, Tenant shall provide Landlord with three copies of an as-built survey of the Property prepared by a registered professional surveyor, showing the location of all improvements on the Property, including underground utilities, pipelines and pre-existing improvements. Tenant shall accompany the as-built survey with a description of all changes from the approved plans or specifications made during the course of the work.

6.07 Ownership of Improvements. Any and all buildings, fixtures and improvements of any nature whatsoever constructed or maintained on the Property by Tenant will be and remain the property of Tenant at all times during the Term and any Extended Terms and may be removed or replaced by Tenant, subject, however, to (i) Tenant's obligations concerning the Required Improvements in Section 6.02; and (ii) the designation of improvements in **Exhibit C** for transfer to Landlord and retention on the Property at the expiration of the Term or Extended Term as provided in Section 6.08(a).

6.08 Disposition of Improvements at End of Term.

(a) At the expiration of the Term or Extended Term Tenant shall leave in place on the Property all improvements designated in **Exhibit C** for transfer to Landlord and retention on the Property at the expiration of the Term or Extended Term. Tenant shall leave such improvements intact with all components, including without limitation doors, windows, and plumbing, electrical and mechanical fixtures and systems, in good condition and ready for use or occupancy. Tenant shall execute, acknowledge and deliver to Landlord a proper instrument in writing, releasing and quitclaiming to Landlord all of Tenant's interest in such improvements. Except for improvements that Tenant is required to leave on the Property, Tenant shall remove any improvements constructed by Tenant or other occupants of the Property under this Lease before the expiration of the Term or Extended Term.

(b) Tenant shall notify Landlord before commencing the removal of an improvement as required under Section 6.08(a), and coordinate the removal work with Landlord. Once Tenant commences the removal work, Tenant shall prosecute the removal with reasonable diligence to Completion and shall repair all damages to the Property caused by such removal no later than the expiration of the Term or Extended Term. All salvage resulting from such work will belong to Tenant, who is responsible for its removal and lawful disposal.

(c) If Tenant fails to remove any improvements from the Property that Tenant is required to remove under Section 6.08(a), Tenant shall pay Landlord the costs that it incurs in removing and disposing of the improvements and repairing damages to the Property caused by such removal.

(d) If Landlord terminates this Lease because of a default by Tenant, all improvements on the Property become the property of Landlord, which may use or dispose of them in its sole discretion. If

Landlord elects to remove any improvements, Tenant shall pay Landlord the costs that it incurs in removing and disposing of the improvements and repairing damages to the Property caused by such removal.

ARTICLE 7. CARE AND USE OF THE PROPERTY

7.01 Maintenance of the Property. Tenant at its own cost and expense shall keep the Property and all buildings and improvements that at any time may be situated thereon in a clean, safe and orderly condition, and in good repair at all times during the Term.

7.02 Repair of Improvements.

(a) Except as provided in Section 7.02(b), in the event any buildings or improvements situated on the Property by Tenant are damaged or destroyed by fire, earthquake, tsunami, or other casualty, Tenant shall at Tenant's expense restore the same to good and tenantable condition or shall remove the same as soon as is reasonably possible, but in no event may the period of restoration exceed 18 months nor may the period of removal exceed 45 days.

(b) Unless Tenant is excused from the obligation under this paragraph, if the Required Improvements or any part thereof are damaged or destroyed by fire, earthquake, tsunami, or other casualty, rendering the Required Improvements totally or partially inaccessible or unusable, Tenant shall at Tenant's expense restore the Required Improvements to substantially the same condition as they were in immediately before such damage. Tenant shall not be required to restore the Required Improvements under the following circumstances:

(1) If the cost of repairing or restoring the Required Improvements, net of any available insurance proceeds not reduced by applicable deductibles and coinsurance, exceeds 10% of the replacement cost of the Required Improvements, Tenant may terminate this Lease by giving notice to Landlord of Tenant's election to terminate within 15 days after determining the restoration cost and replacement cost, and this Lease shall terminate as of the date of such notice.

(2) If the repair or restoration of the Required Improvements would be contrary to law, either party may terminate this Lease immediately by giving notice to the other party.

(3) If any damage or casualty to the Required Improvements occurs within three years before the end of the Term or any Renewal Term, Tenant may, in lieu of restoring or replacing the Required Improvements, terminate this Lease by giving written notice of termination to Landlord within 120 days after such damage or casualty.

Nothing in this paragraph relieves Tenant of the obligation to surrender the Property upon the expiration or earlier termination of the Term in the condition required by Section 3.03.

(c) Under no circumstance shall Landlord be under any obligation to use or advance any of its own funds to restore any Required Improvements.

7.03 Nuisances Prohibited. Tenant at all times shall keep the Property in a clean, orderly and sanitary condition and free of insects, rodents, vermin and other pests; junk, abandoned or discarded property, including without limitation vehicles, equipment, machinery or fixtures; and litter, rubbish or trash. Tenant shall not use the Property in any manner that will constitute waste or a nuisance. Landlord, at Tenant's expense and without any liability to Tenant, may remove or abate any such junk, abandoned or

discarded property, litter, rubbish or trash, or nuisance on the Property after 15 days written notice to Tenant, or after four hours notice to Tenant in writing, by telephone, facsimile or in person if Landlord makes a written finding that such removal or abatement is required to prevent imminent harm to public health, safety or welfare. Tenant shall pay Landlord all the costs of such removal, plus interest at the Default Rate, as additional rent under this Lease. This section does not limit or waive any other remedy available to the City of Homer to abate any nuisance or for the violation of the Homer City Code.

7.04 Compliance with Laws. Tenant's improvement and use of the Property shall comply with all governmental statutes, ordinances, rules and regulations, including without limitation the City of Homer Zoning Code and all applicable building codes, now or hereafter in effect.

7.05 Liens. Except as provided in Article 13, Tenant may not permit any lien, including without limitation a mechanic's or materialman's lien, to be recorded against the Property. If any such lien is recorded against the Property, Tenant shall cause the same to be removed; provided that Tenant may in good faith and at Tenant's own expense contest the validity of any such lien without subjecting the Property to foreclosure, and in the case of a mechanic's or materialman's lien, if Tenant has furnished the bond required in A.S. 34.35.072 (or any comparable statute hereafter enacted providing for a bond freeing the Property from the effect of such a lien claim). Tenant shall indemnify and save Landlord harmless from all liability for damages occasioned by any such lien, together with all costs and expenses (including attorneys' fees) incurred by Landlord in negotiating, settling, defending, or otherwise protecting against such lien and shall, in the event of a judgment of foreclosure of the lien, cause the same to be discharged and removed prior to any attempt at execution of such judgment.

7.06 Radio Interference. Upon Landlord's request, Tenant shall discontinue the use on the Property of any source of electromagnetic radiation that interferes with any government operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

7.07 Signs. Tenant may erect signs on the Property that comply with state and local sign laws and ordinances. City Planning Department approval is required prior to the erection of any sign on the Property.

7.08 Garbage Disposal. Tenant shall keep any garbage, trash, rubbish or other refuse in industry standard containers until removed, and cause all garbage, trash, rubbish or other refuse on the Property to be collected and transported to a Kenai Peninsula Borough solid waste facility or transfer station at least once a week. Tenant may not place garbage, trash, rubbish or other refuse from the Property in Landlord's Homer Spit garbage disposal facilities.

7.09 Access Rights of Landlord. Landlord's agents and employees shall have the right, but not the obligation, to enter the Property at all reasonable times to inspect the use and condition of the Property; to serve, post or keep posted any notices required or allowed under the provisions of this Lease, including notices of non-responsibility for liens; and to do any act or thing necessary for the safety or preservation of the Property.

7.10 Fish Dock Use Permit. Before using the City of Homer Fish Dock, Tenant shall obtain a City of Homer Fish Dock Use Permit. Tenant shall continue to have a current Fish Dock Use Permit in force until the earlier to occur of (i) the expiration or earlier termination of the Term and any Extended Term, and (ii) the date Tenant ceases to use the Fish Dock.

7.11 Terminal Use Permit. Before using City of Homer Docks other than the Fish Dock, Tenant shall obtain a City of Homer Terminal Use Permit. Tenant shall continue to have a current Terminal Use Permit in force until the earlier to occur of (i) the expiration or earlier termination of the Term and any

Extended Term, and (ii) the date Tenant ceases to use City of Homer Docks other than the Fish Dock.

8.01 Consent Required for Assignment or Sublease. Tenant shall not assign or sublease its interest in this Lease or in the Property without first obtaining the written consent of the Council, which will not be withheld unreasonably. Any assignment or sublease without the consent of the Council will be voidable and, at Landlord's election, will constitute a default. Tenant shall request consent of the Council in writing at least 30 days prior to the effective date of the proposed assignment or sublease, accompanied by a copy of the proposed assignment or sublease. Tenant shall be assessed additional rent, equal to 10% of the current Base Rent for the subleased area, but not upon a sublease of space within a building or other structure on the Property. No consent to any assignment or sublease waives Tenant's obligation to obtain Landlord's consent to any subsequent assignment or sublease. An assignment of this Lease shall require the assignee to assume the Tenant's obligations hereunder, and shall not release Tenant from liability hereunder unless Landlord specifically so provides in writing.

8.02. Events that Constitute an Assignment. If Tenant is a partnership or limited liability company, a withdrawal or change, voluntary, involuntary or by operation of law, of one or more partners or members owning 25% or more of the entity, or the dissolution of the entity, will be deemed an assignment subject to Section 8.01. If Tenant is a corporation, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of 25% of the value of the assets of Tenant, will be deemed an assignment subject to Section 8.01; provided that if Tenant is a corporation the stock of which is traded through an exchange or over the counter, a sale or other transfer of a controlling percentage of the capital stock of Tenant will not constitute an assignment subject to Section 8.01. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 25% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding and entitled to vote for the election of directors.

8.03. Costs of Landlord's Consent to be Borne by Tenant. As a condition to Landlord's consent to any assignment or sublease under section 8.01, Tenant shall pay Landlord's reasonable costs, including without limitation attorney's fees and the expenses of due diligence inquiries, incurred in connection with any request by Tenant for Landlord's consent to the assignment or sublease.

ARTICLE 9. LIABILITY, INDEMNITY AND INSURANCE

9.01 Limitation of Landlord Liability. Landlord, its officers and employees shall not be liable to Tenant for any damage to the Property or the buildings and improvements thereon, or for death or injury of any person or damage to any property, from any cause; however, this provision shall not affect the liability of Landlord, its officers and employees on any claim to the extent the claim arises from their negligence or willful misconduct.

9.02 Indemnity Generally. Tenant shall indemnify, defend, and hold harmless Landlord, its officers and employees from all claims arising from death or injury of any person or damage to any property occurring in or about the Property; however, this provision shall not apply to any claim to the extent the claim arises from the sole negligence or willful misconduct of Landlord, its officers and employees.

9.03 Indemnity for Emergency Service Costs. Without limiting the generality of Section 9.02, in the event of a major fire or other emergency, Tenant shall reimburse Landlord for the cost of providing fire fighting and other emergency service to Tenant, the Property or at any other location where the fire or emergency requiring response arises from or is related to the use of the Property or Tenant's operations.

For purposes of this section, a major fire or other emergency is one that requires more than five hours of effort by the City of Homer Fire Department.

9.04 Insurance Requirements.

- (a) Without limiting Tenant's obligations to indemnify under this Lease, Tenant at its own expense shall maintain in force such policies of insurance with a carrier or carriers reasonably satisfactory to Landlord and authorized to conduct business in the state of Alaska, as Landlord may reasonably determine are required to protect Landlord from liability arising from Tenant's activities under this Lease. Landlord's insurance requirements shall specify the minimum acceptable coverage and limits, and if Tenant's policy contains broader coverage or higher limits, Landlord shall be entitled to such coverage to the extent of such higher limits.

- (b) Tenant shall maintain in force at all times during the Term the following policies of insurance:

(1) Comprehensive general liability insurance with limits of liability not less than a combined single limit for bodily injury and property damage of \$1,000,000 each occurrence and \$2,000,000 aggregate. This insurance also shall be endorsed to provide contractual liability insuring Tenant's obligations to indemnify under this Lease.

(2) Comprehensive automobile liability covering all owned, hired and non-owned vehicles with coverage limits not less than \$1,000,000 occurrence combined single limit for bodily injury and property damage.

(3) Workers' compensation insurance as required by AS 23.30.045. This coverage shall include employer's liability protection not less than \$1,000,000 per person, \$1,000,000 per occurrence. Where applicable, coverage for all federal acts (i.e. U.S. Longshoremen and Harbor Worker's Compensation and Jones Acts) shall also be included. The workers' compensation insurance shall contain a waiver of subrogation clause in favor of Landlord.

(4) Based on the authorized uses of the Property stated in Section 6.01, environmental insurance is not required. However, if Tenant uses the Property, with or without authorization from the Landlord, for purposes other than those stated in paragraph Section 6.01, if Landlord so elects, and within 10 days after Landlord gives notice of such election, Tenant shall procure and at all times thereafter maintain, at its expense, environmental remediation and environmental impairment liability, including sudden and accidental coverage, gradual pollution coverage, and clean-up cost coverage associated with any activity by Tenant or others on, from, or related to the Property, with coverage limits not less than \$1,000,000 for any one accident or occurrence. Coverage shall extend to loss arising as a result of the work or services or products furnished, used or handled in connection with Tenant's operations contemplated under this Lease.

(5) Property insurance covering the Required Improvements described in Section 6.02 in an amount not less than full replacement cost of the Required Improvements. The policy shall include boiler and machinery coverage.

- (c) During construction of the Required Improvements and during any subsequent alteration or restoration of the Required Improvements at a cost in excess of \$250,000 per job, Tenant shall maintain

builder's risk insurance in an amount equal to the completed value of the project.

(d) Tenant shall furnish Landlord with certificates evidencing the required insurance not later than the date as of which this Lease requires the insurance to be in effect. The certificates of insurance shall be attached hereto as **Exhibit D**. The certificates and the insurance policies required by this Section shall contain a provision that coverages afforded under the policies will not be cancelled or allowed to expire, and limits of liability will not be reduced, without at least 30 days' prior written notice to Landlord. Landlord shall be named as an additional insured under all policies of liability insurance required of Tenant. Landlord's acceptance of a deficient certificate of insurance does not waive any insurance requirement in this Lease. Tenant also shall grant Landlord permission to obtain copies of insurance policies from all insurers providing required coverage to Tenant by executing and delivering to Landlord such authorizations substantially in the form of **Exhibit E** as Landlord may request.

ARTICLE 10. ENVIRONMENTAL MATTERS

10.01 Use of Hazardous Substances. Tenant shall not cause or permit the Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose of, transfer, produce or process any Hazardous Substance, except as is necessary or useful to Tenant's authorized uses of the Property stated in Section 6.01, and only in compliance with all applicable Environmental Laws. Any Hazardous Substance permitted on the Property as provided in this section, and all containers therefor, shall be handled, used, kept, stored and disposed of in a manner that complies with all applicable Environmental Laws, and handled only by properly trained personnel.

10.02 Prevention of Releases. Tenant shall not cause or permit, as a result of any intentional or unintentional act or omission on the part of Tenant or any of its agents, employees, contractors, tenants, subtenants, invitees or other users or occupants of the Property, a release of any Hazardous Substance onto the Property or onto any other property.

10.03 Compliance with Environmental Laws. Tenant at all times and in all respects shall comply, and will use its best efforts to cause all tenants, subtenants and other users and occupants of the Property to comply, with all Environmental Laws, including without limitation the duty to undertake the following specific actions: (i) Tenant shall, at its own expense, procure, maintain in effect and comply with all conditions of, any and all permits, licenses and other governmental and regulatory approvals required by all Environmental Laws, including without limitation permits required for discharge of (appropriately treated) Hazardous Substances into the ambient air or any sanitary sewers serving the Property; and (ii) except as discharged into the ambient air or a sanitary sewer in strict compliance with all applicable Environmental Laws, all Hazardous Substances from or on the Property to be treated and/or disposed of by Tenant will be removed and transported solely by duly licensed transporters to a duly licensed treatment and/or disposal facility for final treatment and/or disposal (except when applicable Environmental Laws permit on-site treatment or disposal in a sanitary landfill).

10.04 Notice. Tenant shall promptly give Landlord (i) written notice and a copy of any notice or correspondence it receives from any federal, state or other government agency regarding Hazardous Substances on the Property or Hazardous Substances which affect or will affect the Property; (ii) written notice of any knowledge or information Tenant obtains regarding Hazardous Substances or losses incurred or expected to be incurred by Tenant or any government agency to study, assess, contain or remove any Hazardous Substances on or near the Property, and (iii) written notice of any knowledge or information Tenant obtains regarding the release or discovery of Hazardous Substances on the Property.

10.05 Remedial Action. If the presence, release, threat of release, placement on or in the Property, or the generation, transportation, storage, treatment or disposal at the Property of any Hazardous Substance (i) gives rise to liability (including but not limited to a response action, remedial action or removal action) under any Environmental Law, (ii) causes a significant public health effect, or (iii) pollutes or threatens to pollute the environment, Tenant shall, at its sole expense, promptly take any and all remedial and removal action necessary to clean up the Property and mitigate exposure to liability arising from the Hazardous Substance, whether or not required by law.

10.06 Indemnification. Subject to Section 10.09, Tenant shall indemnify, defend, and hold harmless Landlord, its officers and employees from and against any and all claims, disbursements, demands, damages (including but not limited to consequential, indirect or punitive damages), losses, liens, liabilities, penalties, fines, lawsuits and other proceedings and costs and expenses (including experts', consultants' and attorneys' fees and expenses, and including without limitation remedial, removal, response, abatement, cleanup, legal, investigative and monitoring costs), imposed against Landlord, arising directly or indirectly from or out of, or in any way connected with (i) the failure of Tenant to comply with its obligations under this Article; (ii) any activities on the Property during Tenant's past, present or future possession or control of the Property which directly or indirectly resulted in the Property being contaminated with Hazardous Substances; (iii) the discovery of Hazardous Substances on the Property whose presence was caused during the possession or control of the Property by Tenant; (iv) the clean-up of Hazardous Substances on the Property; and (v) any injury or harm of any type to any person or damage to any property arising out of or relating to Hazardous Substances on the Property or from the Property on any other property. The liabilities, losses, claims, damages, and expenses for which Landlord is indemnified under this section shall be reimbursable to Landlord as and when the obligation of Landlord to make payments with respect thereto are incurred, without any requirement of waiting for the ultimate outcome of any litigation, claim or other proceeding, and Tenant shall pay such liability, losses, claims, damages and expenses to Landlord as so incurred within 10 days after notice from Landlord itemizing in reasonable detail the amounts incurred (provided that no itemization of costs and expenses of counsel to Landlord is required where, in the determination of Landlord, such itemization could be deemed a waiver of attorney-client privilege).

10.07 Survival of Obligations. The obligations of Tenant in this Article, including without limitation the indemnity provided for in Section 10.06, are separate and distinct obligations from Tenant's obligations otherwise provided for herein and shall continue in effect after the expiration of the Term and any Renewal Term.

10.08 Claims against Third Parties. Nothing in this Article shall prejudice or impair the rights or claims of Tenant against any person other than Landlord with respect to the presence of Hazardous Substances as set forth above.

10.09 Extent of Tenant's Obligations. Tenant's obligations under this Article apply only to acts, omissions or conditions that (i) occur in whole or in part during the Term or any Extended Term or during any time of Tenant's possession or occupancy of the Property prior to or after the Term of this Lease; or (ii) are proximately caused in whole or in part by the occupancy of, use of, operations on, or actions on or arising out of the Property by Tenant or its employees, agents, customers, invitees or contractors.

10.10 Inspection at Expiration of Term. Within 90 days before the expiration of the Term or final Extended Term, Tenant shall at its own expense obtain a Phase I environmental inspection of the Property, and conduct any further inspection, including without limitation test holes, that is indicated by the results of the Phase I inspection. Tenant, at its own expense, shall remediate any contamination of the Property that is revealed by the inspections and that is Tenant's responsibility under this Article.

ARTICLE 11. CONDEMNATION

11.01 Article Determines Parties' Rights and Obligations. If any entity having the power of eminent domain exercises that power to condemn the Property, or any part thereof or interest therein, or acquires the Property, or any part thereof or interest therein by a sale or transfer in lieu of condemnation, the interests of Landlord and Tenant in the award or consideration for such transfer and the effect of the taking or transfer upon this Lease will be as provided in this Article.

11.02 Total Taking. If all of the Property is taken or so transferred, this Lease and all of Tenant's interest thereunder will terminate on the date title to the Property vests in the condemning authority.

11.03. Partial Taking. If the taking or transfer of part of the Property causes the remainder of the Property to be not effectively and practicably usable in the opinion of the Tenant for the purpose of operation thereon of Tenant's business, this Lease and all of Tenant's interest thereunder will terminate on the date title to the Property vests in the condemning authority. If the taking or transfer of part of the Property leaves the remainder of the Property effectively and practicably usable in the opinion of Tenant for the operation of Tenant's business, this Lease and all of Tenant's interest thereunder will terminate as to the portion of the Property so taken or transferred on the date title to the Property vests in the condemning authority, but will continue in full force and effect as to the portion of the Property not so taken or transferred, and the Base Rent will abate in the proportion that the portion of the Property taken bears to all of the Property.

11.04 Compensation. Landlord and Tenant each may make a claim against the condemning or taking authority for the amount of just compensation due to it. Tenant shall make no claim against Landlord for damages for termination of the leasehold or interference with Tenant's business, even if Landlord is the condemning or taking authority. Neither Tenant nor Landlord will have any rights in or to any award made to the other by the condemning authority; provided, that if a single award to Landlord includes specific damages for loss of Tenant's leasehold interest separately awarded in the eminent domain proceeding and not as a part of the damages recoverable by Landlord, Landlord will transmit such separately awarded damages to Tenant.

ARTICLE 12. DEFAULT

12.01. Events of Default. Each of the following shall constitute an event of default under this Lease:

(a) The failure of Tenant to pay rent or any other sum of money due under this Lease within 10 days after the due date.

(b) The failure of Tenant to perform or observe any covenant or condition of this Lease, other than a default in the payment of money described in Section 12.01(a), which is not cured within 30 days after notice thereof from Landlord to Tenant, unless the default is of a kind that cannot be cured within such 30-day period, in which case no event of default shall be declared so long as Tenant shall commence the curing of the default within such 30 day period and thereafter shall diligently and continuously prosecute the curing of same.

(c) The use of the Property or buildings and improvements thereon for purposes other than those permitted herein, to which Landlord has not given its written consent.

(d) The commencement of a case under any chapter of the federal Bankruptcy Code by or against Tenant, or the filing of a voluntary or involuntary petition proposing the adjudication of Tenant as bankrupt or insolvent, or the reorganization of Tenant, or an arrangement by Tenant with its creditors, unless the petition is filed or case commenced by a party other than Tenant and is withdrawn or dismissed within ninety (90) days after the date of its filing.

(e) The admission in writing by Tenant of its inability to pay its debts when due; the appointment of a receiver or trustee for the business or property of Tenant, unless such appointment shall be vacated within 10 days after its entry; Tenant making an assignment for the benefit of creditors; or the voluntary or involuntary dissolution of Tenant.

12.02 Landlord's Remedies. Upon the occurrence of an event default, Landlord has all of the following remedies, all in addition to any other remedies that Landlord may have at law or in equity:

(a) Terminate this lease by written notice to Tenant, upon which Tenant shall surrender possession and vacate the Property immediately, and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter into and upon the Property in such event with or without process of law and to repossess Landlord of the Property and to expel or remove Tenant and any others who may be occupying or within the Property and to remove any and all property therefrom, using such force as may be necessary, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing Landlord's right to rent or any other right given to Landlord hereunder or by operation of law.

(b) By written notice declare Tenant's right to possession of the Property terminated without terminating this Lease, upon which Landlord will have all the rights to repossess the Property and remove Tenant and Tenant's property that are described Section 12.02(a).

(c) Subject to Section 12.01(e), relet the Property in whole or in part for any period equal to or greater or less than the remainder of the Term or Extended Term, as applicable, for any sum that Landlord may deem reasonable.

(d) Collect any and all rents due or to become due from subtenants or other occupants of the Property.

(e) Landlord may recover from Tenant, with or without terminating this Lease, actual attorney's fees and other expenses incurred by Landlord by reason of Tenant's default and elect to recover damages described under either (1) or (2):

(1) from time to time, an amount equal to the sum of all Base Rent and other sums that have become due and remain unpaid, less the rent, if any, collected by Landlord on reletting the Property reduced by the amount of all expenses incurred by Landlord in connection with reletting the Property; or

(2) immediately upon Tenant's default, an amount equal to the difference between the Base Rent and the fair rental value of the Property for the remainder of the Term or Renewal Term, discounted to the date of such default at a rate per annum equal to the rate at which Landlord could borrow funds for the same period as of the date of such default.

(f) Reentry or reletting of the Property, or any part thereof, shall not terminate this Lease, unless

accompanied by Landlord's written notice of termination to Tenant.

12.03 Assignment of Rents. Tenant immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any subletting of all or a part of the Property, and Landlord, as assignee and attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease, except that Tenant has the right to collect such rent until the occurrence of an event of default by Tenant.

13. LEASEHOLD MORTGAGES

13.01. Mortgage of Leasehold Interest. Tenant shall have the right at any time, and from time to time, to subject the leasehold estate and any or all of Tenant's improvements situated on the Property to one or more deeds of trust, mortgages, and other collateral security instruments as security for a loan or loans or other obligation of Tenant (each a "Leasehold Mortgage"), subject to the remainder of this Article 13.

13.02 Subordinate to Lease. The Leasehold Mortgage and all rights acquired under it shall be subject and subordinate to all the terms of this Lease, and to all rights and interests of Landlord except as otherwise provided in this Lease.

13.03 Notice to Landlord. Tenant shall give Landlord notice before executing each Leasehold Mortgage, and shall accompany the notice with a true copy of the note and the Leasehold Mortgage as proposed for execution. Upon Landlord's written consent to the Leasehold Mortgage and upon execution of the Leasehold Mortgage by all parties, the mortgagee shall become a Qualified Mortgagee as that term is used in this Lease. Tenant also shall deliver to Landlord a true and correct copy of any notice from a Qualified Mortgagee of default or acceleration of the maturity of the note secured by a Leasehold Mortgage promptly following Tenant's receipt thereof.

13.04 Modification or Termination. No action by Tenant or Landlord to cancel, surrender, or materially modify the economic terms of this Lease or the provisions of Article 11 will be binding upon a Qualified Mortgagee without its prior written consent.

13.05 Notice to Qualified Mortgagee.

(a) If Landlord gives any notice hereunder to Tenant, including without limitation a notice of an event of default, Landlord shall give a copy of the notice to each Qualified Mortgagee at the address previously designated by it.

(b) If a Qualified Mortgagee changes its address or assigns the Leasehold Mortgage, the Qualified Mortgagee or assignee may change the address to which such copies of notices hereunder shall be sent by written notice to Landlord. Landlord will not be bound to recognize any assignment of a Qualified Mortgage unless and until Landlord has been given written notice thereof, a copy of the executed assignment, and the name and address of the assignee. Thereafter, the assignee will be deemed to be the Qualified Mortgagee hereunder with respect to the assigned Leasehold Mortgage.

(c) If a Leasehold Mortgage is held by more than one person, Landlord shall not be required to give notices to the Qualified Mortgagee of the Leasehold Mortgage unless and until all of the holders of the Leasehold Mortgage give Landlord an original executed counterpart of a written designation of one of their number to receive notices hereunder. Notice given to the one so designated is effective as notice to all them.

13.06 Performance of Tenant Obligations.

(a) A Qualified Mortgagee may perform any obligation of Tenant and remedy any default by Tenant under this Lease within the time periods specified in the Lease, and Landlord shall accept such performance with the same force and effect as if furnished by Tenant; provided, however, that the Qualified Mortgagee will not thereby be subrogated to the rights of Landlord.

(b) Tenant may delegate irrevocably to a Qualified Mortgagee the non-exclusive authority to exercise any or all of Tenant's rights hereunder, but no such delegation will be binding upon Landlord unless and until either Tenant or the Qualified Mortgagee gives Landlord a true copy of a written instrument effecting such delegation.

(c) If Tenant defaults in the payment of any monetary obligation hereunder, Landlord shall not terminate this Lease unless and until Landlord provides written notice of such default to each Qualified Mortgagee and no Qualified Mortgagee cures such default within 10 days after the expiration of any grace or cure periods granted Tenant herein. If Tenant defaults in the performance of any non-monetary obligation hereunder, Landlord shall not terminate this Lease unless and until Landlord provides written notice of such default to each Qualified Mortgagee and no Qualified Mortgagee cures such default within 30 days after the expiration of any grace or cure periods granted Tenant herein.

13.07 Possession by Qualified Mortgagee. A Qualified Mortgagee may take possession of the Property and vest in the interest of Tenant in this Lease upon the performance of the following conditions:

(a) The payment to Landlord of any and all sums due to Landlord under this Lease, including without limitation accrued unpaid rent.

(b) The sending of a written notice to Landlord and Tenant of the Qualified Mortgagee's intent to take possession of the Property and assume the Lease.

(c) The curing of all defaults not remediable by the payment of money within an additional 30 days after the date upon which such default was required to be cured by Tenant under the terms of this Lease.

13.08 No Liability of Mortgagee Without Possession. A Qualified Mortgagee shall have no liability or obligation under this Lease unless and until it sends to Landlord the written notice described in paragraph 13.07(b). Nothing in this Lease or in the taking of possession of the Property and assumption of the Lease by a Qualified Mortgagee or a subsequent assignee shall relieve Tenant of any duty or liability to Landlord under this Lease.

13.09 New Lease. If a Qualified Mortgagee acquires Tenant's leasehold as a result of a judicial or non-judicial foreclosure under a Leasehold Mortgage, or by means of a deed in lieu of foreclosure, the Qualified Mortgagee thereafter may assign or transfer Tenant's leasehold to an assignee upon obtaining Landlord's written consent thereto, which consent will not be unreasonably withheld or delayed, and subject to all of the other provisions of Article 8. Upon such acquisition by a Qualified Mortgagee, or its assignee of Tenant's leasehold, Landlord will execute and deliver a new ground lease of the Property to the Qualified Mortgagee or its assignee not later than 120 days after such party's acquisition of Tenant's leasehold. The new ground lease will be identical in form and content to this Lease, except with respect to the parties thereto, the term thereof (which will be co-extensive with the remaining Term hereof), and the elimination of any requirements that Tenant fulfilled prior thereto, and the new ground lease will have priority equal to the priority of this Lease. Upon execution and delivery of the new ground lease, Landlord will cooperate

with the new tenant, at the sole expense of said new tenant, in taking such action as may be necessary to cancel and discharge this Lease and to remove Tenant from the Property.

ARTICLE 14. GENERAL PROVISIONS

14.01 Authority. Tenant represents and warrants that it has complete and unconditional authority to enter into this Lease; this Lease has been duly authorized by Tenant's governing body; this Lease is a binding and enforceable agreement of and against Tenant; and the person executing the Lease on Tenant's behalf is duly and properly authorized to do so.

14.02 Estoppel Certificates. Either party shall at any time and from time to time upon not less than 30 days prior written request by the other party, execute, acknowledge and deliver to such party, or to its designee, a statement in writing certifying that this Lease is in full force and effect and has not been amended (or, if there has been any amendment thereof, that the same is in full force and effect as amended and stating the amendment or amendments); that there are no defaults existing, (or, if there is any claimed default, stating the nature and extent thereof); and stating the dates to which the Base Rent and other charges have been paid in advance. The requesting party shall pay the cost of preparing an estoppel certificate, including the cost of conducting due diligence investigation and attorney's fees.

14.03 Delivery of Notices -Method and Time. All notices, demands or requests from one party to another shall be delivered in person or be sent by (i) mail, certified or registered, postage prepaid, (ii) reputable overnight air courier service, or (iii) electronic mail or facsimile transmission (accompanied by reasonable evidence of receipt of the transmission and with a confirmation copy mailed by first class mail no later than the day after transmission) to the address for the recipient in Section 14.04 and will be deemed to have been given at the time of delivery or, if mailed, three (3) days after the date of mailing.

14.04 Addresses for Notices. All notices, demands and requests from Tenant to Landlord shall be given to Landlord at the following address:

City Manager
City of Homer
491 East Pioneer Avenue
Homer, Alaska 99603
Facsimile: (907) 235-3148
Email: citymanager@cityofhomer-ak.gov

All notices, demands or requests from Landlord to Tenant shall be given to Tenant at the following address:

William Sullivan
dba Kachemak Bay Seafoods
PO Box 4004
Homer, AK 99603
Email: freshhalibut@gmail.com

Each party may, from time to time, designate a different address or different agent for service of process by notice given in conformity with Section 14.03.

14.05 Time of Essence. Time is of the essence of each provision of this Lease.

14.06 Computation of Time. The time in which any act provided by this Lease is to be done is computed by excluding the first day and including the last, unless the last day is a Saturday, Sunday or a holiday, and then it is also excluded. The term "holiday" will mean all holidays as defined by the statutes of Alaska.

14.07 Interpretation. Each party hereto has been afforded the opportunity to consult with counsel of its choice before entering into this Lease. The language in this Lease shall in all cases be simply construed according to its fair meaning and not for or against either party as the drafter thereof.

14.08 Captions. The captions or headings in this lease are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Lease.

14.09 Independent Contractor Status. Landlord and Tenant are independent contractors under this Lease, and nothing herein shall be construed to create a partnership, joint venture, or agency relationship between Landlord and Tenant. Neither party shall have any authority to enter into agreements of any kind on behalf of the other and shall have no power or authority to bind or obligate the other in any manner to any third party.

14.10 Parties Interested Herein. Nothing in this Lease, express or implied, is intended or shall be construed to give to any person other than Landlord, Tenant and any Qualified Mortgagee any right, remedy or claim, legal or equitable, under or by reason of this Lease. The covenants, stipulations and agreements contained in this Lease are and shall be for the sole and exclusive benefit of Landlord, Tenant and any Qualified Mortgagee, and their permitted successors and assigns.

14.11 Multi-Party Tenant. If Tenant is comprised of more than one natural person or legal entity, the obligations under this Lease imposed upon Tenant are joint and several obligations of all such persons and entities. All notices, payments, and agreements given or made by, with, or to any one of such persons or entities will be deemed to have been given or made by, with, or to all of them, unless expressly agreed otherwise by Landlord in writing.

14.12 Broker's Commissions. Each of the parties represents and warrants that there are no claims for brokerage commissions or finders' fees in connection with the execution of this Lease, and agrees to indemnify the other against, and hold it harmless from, all liability arising from any such claim including, without limitation, the cost of counsel fees in connection therewith.

14.13 Successors and Assigns. This Lease shall be binding upon the successors and assigns of Landlord and Tenant, and shall inure to the benefit of the permitted successors and assigns of Landlord and Tenant.

14.14 Waiver. No waiver by a party of any right hereunder may be implied from the party's conduct or failure to act, and neither party may waive any right hereunder except by a writing signed by the party's authorized representative. The lapse of time without giving notice or taking other action does not waive any breach of a provision of this Lease. No waiver of a right on one occasion applies to any different facts or circumstances or to any future events, even if involving similar facts and circumstances. No waiver of any right hereunder constitutes a waiver of any other right hereunder.

14.15 Attorney's Fees

(a) If Landlord is involuntarily made a party defendant to any litigation concerning this Lease or the Property by reason of any act or omission of Tenant, or if Landlord is made a party to any litigation brought by or against Tenant without any fault on the part of Landlord, then Tenant shall pay the amounts reasonably incurred and expended by Landlord, including the reasonable fees of Landlord's agents and attorneys and all expenses incurred in defense of such litigation.

(b) In the event of litigation between Landlord and Tenant concerning enforcement of any right or obligation under this Lease, the non-prevailing party shall reimburse the prevailing party for the attorney's fees reasonably incurred and expended by the prevailing party in the litigation.

14.16 Severability. If any provision of this Lease shall for any reason be held to be invalid, illegal, unenforceable, or in conflict with any law of a federal, state, or local government having jurisdiction over this Lease, such provision shall be construed so as to make it enforceable to the greatest extent permitted, such provision shall remain in effect to the greatest extent permitted and the remaining provisions of this Lease shall remain in full force and effect.

14.17 Entire Agreement, Amendment. This Lease constitutes the entire and integrated agreement between Landlord and Tenant concerning the subject matter hereof, and supersedes all prior negotiations, representations or agreements, either written or oral. No affirmation, representation or warranty relating to the subject matter hereof by any employee, agent or other representative of Landlord shall bind Landlord or be enforceable by Tenant unless specifically set forth in this Lease. This Lease may be amended only by written instrument executed and acknowledged by both Landlord and Tenant.

14.18 Governing Law and Venue. This Lease will be governed by, construed and enforced in accordance with, the laws of the State of Alaska. Any action or suit arising between the parties in relation to or in connection with this Lease, or for the breach thereof, shall be brought in the trial courts of the State of Alaska for the Third Judicial District at Homer.

14.19 Execution in Counterparts. This Lease may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same document.

14.20 Prior Lease. Landlord and Tenant are parties to a prior lease affecting the Property dated April 15, 1992 and Renewed for two (2) consecutive five (5) year periods. This Lease replaces and supersedes the Prior Lease effective as of April 15, 2012, and on and after that date the Prior Lease shall have no force or effect, except that it shall remain in effect as to events, rights, obligations, or remedies arising or accruing under the Prior Lease prior to that date.

Tenant:

**WILLIAM SULLIVAN dba
KACHEMAK BAY SEAFOODS**

By: William Sullivan

ACKNOWLEDGMENTS

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me on _____, 2013,
by Walt Wrede, City Manager of the City of Homer, an Alaska municipal corporation, on behalf of the City
of Homer.

Notary Public in and for Alaska

My Commission Expires: _____

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me on _____, 2013,
by William Sullivan

Notary Public in and for Alaska

My Commission Expires: _____

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

(Section 2.01)

Lot 88-3, Homer Spit No. 2 Subdivision Amended, according to Plat No. 91-3, Homer Recording District, State of Alaska, consisting of approximately 7750 square feet, also known as Kenai Peninsula Borough Tax Parcel No. 18103443;

EXHIBIT B
TENANT'S LEASE PROPOSAL
(Section 6.01)

EXHIBIT C

SITE PLANS/REQUIRED IMPROVEMENTS

(Section 6.02)

Conditional Use Permit 12-01 was approved on September 19, 2012 subject to the following conditions: (see attached)

Condition 1: Within 12 months of the signed Decisions and Findings, the building setbacks issues to be resolved and Fire Marshal Approval obtained.

Condition 2: The rear of the lease property, adjacent to the harbor and future spit trail shall be delineated with a fence, driftwood or some type of visual marker to show the lease boundary.

Condition 3: Boardwalk construction to be complete within two years.

Condition 4: The caretaker's unit to be used solely by an employee, the owner, the applicant and/or leaseholder of the property who are an integral part of the on-site fish processing operation.

Condition 5: The boardwalk may extend up to ten feet into Parking and Access Area for the purpose of a boardwalk, stairs and/or handicap ramp down to grade.

Fire Marshal Approval and all Conditional Use Permit Condition 1 & Condition 2 must be met by September 19, 2013.

Failure to resolve the building setback issues and obtain final Fire Marshal approval by September 19, 2013 will be deemed Non-Performance and grounds for immediate termination of the Lease.

Boardwalk construction must be complete by September 19, 2014. Failure to complete the boardwalk within this timeframe will violate the Conditions of the CUP, and be deemed Non-Performance and grounds for immediate termination of the Lease.

EXHIBIT D
CERTIFICATES OF INSURANCE
(Section 9.04(d))

EXHIBIT E

PERMISSION TO OBTAIN INSURANCE POLICIES

(Section 9.04(d))

The City of Homer is hereby granted permission to request and obtain copies of WILLIAM SULLIVAN dba KACHEMAK BAY SEAFOODS ("Tenant") insurance policies from Tenant's broker and/or insurer, _____. Tenant requests the broker/insurer to provide the City of Homer with information about and copies of all of Tenant's insurance policies providing the type of coverage required by the Lease between Tenant and the City of Homer.

It is understood that the Tenant may revoke this permission at any time by written notice to City of Homer and to Tenant's broker and/or insurer; however, such revocation will constitute a default of Tenant's lease from the City of Homer.

**WILLIAM SULLIVAN
KACHEMAK BAY SEAFOODS**

Date: _____

**CITY OF HOMER
HOMER, ALASKA**

City Clerk/Information
Technology Manager

RESOLUTION 13-035

**A RESOLUTION OF THE HOMER CITY COUNCIL
AMENDING THE CITY COUNCIL OPERATING MANUAL
TO INCLUDE THE TABLET USAGE POLICY.**

WHEREAS, The City of Homer recognizes the benefit of using technology to enhance the business of the City; and

WHEREAS, The City Council recognizes the cost and significant use of resources involved with the production of packets and written materials and approved the purchase of tablet computers for the Mayor and City Council members; and

WHEREAS, The City of Homer has developed a Tablet Usage Policy outlining procedures for safety and security of the City's investment; and

WHEREAS, The Tablet Usage Policy will be included as part of the City Council Operating Manual.

NOW, THEREFORE, BE IT RESOLVED that the Homer City Council amends the City Council Operating Manual to include the Tablet Usage Policy; and

BE IT FURTHER RESOLVED that the Homer City Council authorizes the City Clerk to incorporate the Tablet Usage Policy into the City Council Operating Manual.

PASSED AND ADOPTED by the Homer City Council this _____ day of _____, 2013

MARY E. WYTHER, MAYOR

ATTEST:

JO JOHNSON, CMC, CITY CLERK

Fiscal Note: N/A

Homer City Council

Tablet Usage Policy

1. Purpose

- a. The City of Homer recognizes that the use of digital communications has become necessary to conduct official business. This policy strives to ensure that the Mayor and Council Members are able to be issued a device which will enable them to utilize digital communications in a manner consistent with their role as an elected official and applicable law.

2. Ownership

- a. One tablet computer and accessory package (tablet) will be issued to the Mayor and each member of Council. Tablets issued under this policy will remain the property of the City of Homer. The Mayor and members of Council will have no ownership, interest or right to title of the tablet.
- b. Each recipient issued a tablet is responsible for the security and care of that tablet, regardless of where the tablet is used.
- c. All tablets will be covered by a hardware warranty and supplemental support plan through the manufacturer or a third party. The exact details of the coverage and remaining term will be outlined on the equipment receipt form.
- d. Upon vacating elected or appointed seat, each tablet recipient will ensure that their tablet is returned to the City Clerk, who will ensure that the tablet reimaged and will reissue the unit to the next holder of that seat.

3. License Agreements

- a. The City of Homer is the sole licensee of the software included with the tablet. Any copying, modification, merging or distribution of the software by the recipient, including written documentation, is prohibited. The recipient is responsible for complying with any and all hardware, software and service provider licensing agreements, terms of use, and applicable state and federal copyright and other intellectual property protections. Violation of any such licenses, terms or laws shall constitute a violation of this policy.

4. Liability

- a. Recipients are responsible for all material sent by and/or stored on the tablet issued to them. Recipients accept responsibility for keeping their tablet free from all inappropriate or dangerous files.
- b. The City of Homer is not liable for any inappropriate material sent by and/or stored on tablets issued under this policy.

5. Email Usage

- a. The recipient of a device under this policy agrees to conduct all email communications through their assigned City email account. All emails sent through the City's email system are archived and retained by the City in a manner consistent with the City's Record Retention Policy.
- b. Syncing personal email accounts to the issued device, other than the recipient's assigned City email account, is prohibited.

6. Acceptable Use

- a. The City of Homer only authorizes use of its tablets in a manner that supports the recipient's role as an elected official of the City.
- b. Personal use of the tablet is not permissible. The tablet is not to be used for personal profit or non-profit purposes such as advertising, rentals, selling or buying things, soliciting for charity, or other such uses that are not directly in support of the recipient's role as an elected official of the City of Homer.
- c. Use of the tablet for any political use including but not limited to campaigning is expressly forbidden.

7. Privacy

- a. All communications made via devices covered under this policy are subject to disclosure under the Open Records Act or for litigation purposes unless a privilege or exception exists that justifies withholding the records.

8. Installation of applications

- a. The installation of applications is limited to applications that are consistent with the terms listed in this policy and are available through the tablet's application store.
- b. Applications will only be licensed and installed by the Information Technology Manager and his staff
- c. Modification of the tablet's operating system to allow installation of applications not approved by the manufacturer and/or not available through the "application store" is prohibited.

9. Care of the Device

- a. Recipients are responsible for the general care of the device issued under this policy. The tablet must remain free of any writing, drawing, stickers, or labels that are not property of the City. Only a clean microfiber cloth, like what is used to clean eyewear, should be used when cleaning the screen.

10. Loss and Damage

- a. Loss of or damage to a City of Homer tablet and/or accessory must be reported immediately to City Clerk.

- b. Recipients of tablets under this policy are personally responsible for the security and safety of their assigned tablets and will be held fully liable if stolen, lost, destroyed or not returned. Recipients will be required to reimburse the City for the full replacement cost of the tablet and/or accessories if they are stolen, lost, destroyed or not returned. The replacement cost will be the same as the original purchase price of the tablet and/or accessories.
- c. Recipients must not modify, upgrade, or attempt to repair tablets and/or accessories issued under this policy without the express permission of the City of Homer Information Technology Manager. All repairs must be made through the provided protection plan. Repairs not covered by the supplied protection plan which are determined to be caused by negligence, shall be covered by the recipient.

Homer City Council
Off-site Equipment Receipt

I _____ agree and understand that I have received the below listed equipment in good working order.

I acknowledge having received, read and understood the Homer City Council Tablet Use Policy.

I agree that this equipment will be used solely for the conduct of City business, and in accordance with any and all Homer City Council policies, and applicable laws.

I will return the equipment in good working order, with allowance for normal wear and tear.

I understand that I must provide an inventory of all City of Homer provided equipment used off-site annually, and sign another equipment receipt for same.

Manufacturer	Model	Serial Number	Remarks

Signed: _____
(Equipment Recipient)

Date: _____

Signed: _____
(Information Technology Manager)

Date: _____

CITY OF HOMER
HOMER, ALASKA

City Manager/Public Works

RESOLUTION 13-036

A RESOLUTION OF THE CITY COUNCIL OF HOMER,
ALASKA, AWARDED THE CONTRACT FOR THE HOMER
LIBRARY VESTIBULE IMPROVEMENT PROJECT IN THE
AMOUNT OF \$_____ TO THE FIRM OF
_____ OF HOMER, ALASKA AND AUTHORIZING
THE CITY MANAGER TO EXECUTE THE APPROPRIATE
DOCUMENTS.

WHEREAS, The Library Advisory Board recommended improvements be made to the
vestibule at the Homer Public Library to reduce noise and energy consumption; and

WHEREAS, Funds remain from the construction of the library; and

WHEREAS, The Public Works Department prepared design drawings and requested
quotes from five area contractors; and

WHEREAS, Public Works received three quotes as outlined in the attached
memorandum; and

WHEREAS, The lowest, responsive bidder was _____, of Homer, Alaska in
the amount of \$_____; and

WHEREAS, This award is not final until written notification is received by
_____ from the City of Homer, Public Works Department.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of Homer, Alaska,
approves the award of the Homer Library Vestibule Improvement project to _____, of
Homer, Alaska, in the amount of \$_____; and authorizes the City Manager to execute the
appropriate documents to complete the improvement.

PASSED AND ADOPTED by the Homer City Council this 8th day of April, 2013.

CITY OF HOMER

ATTEST:

MARY E. WYTHE, MAYOR

JO JOHNSON, CMC, CITY CLERK

Fiscal Note: \$_____, Acct. No. 151-721

VISITORS

**ANNOUNCEMENTS
PRESENTATIONS
BOROUGH REPORT
COMMISSION REPORTS**

**CITY OF HOMER
HOMER, ALASKA**

MAYOR' S RECOGNITION

Earth Day

April 22, 2013

WHEREAS, The global community now faces extraordinary challenges, such as global health issues, food and water shortage, and economic struggles; and

WHEREAS, All people, regardless of race, gender, income, or geography are entitled to a healthy, sustainable environment with economic growth; and

WHEREAS, It is understood that the citizens of the global community must step forward and take action to create a green economy to combat the aforementioned global challenges; and

WHEREAS, A green economy can be achieved on an individual level through education efforts, public policy, and consumer activism campaigns; and

WHEREAS, It is necessary to broaden and diversify this global movement to achieve maximum success.

NOW, THERFORE, I, Mary E. Wythe, Mayor of the City of Homer, do hereby recognize April 22, 2013 as:

Earth Day

And encourage the local residents, businesses, and institutions to use Earth Day to celebrate the Earth and commit to building a sustainable and green economy.

CITY OF HOMER

MARY E. WYTHER, MAYOR

ATTEST:

JO JOHNSON, CMC, CITY CLERK

PUBLIC HEARING(S)

**CITY OF HOMER
PUBLIC HEARING NOTICE
CITY COUNCIL MEETING**

Ordinance 13-08 and 13-09

A **public hearing** is scheduled for **Monday, April 8, 2013** during a Regular City Council Meeting. The meeting begins at 6:00 p.m. in the Homer City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

Ordinance 13-08 internet address:
<http://www.cityofhomer-ak.gov/ordinances>

Ordinance 13-08, An Ordinance of the City Council of Homer, Alaska, Amending the 2013 Operating Budget by Appropriating Up to \$110,000 From the Sewer Reserve Fund for the Repair of Flood Damage at the Wastewater Treatment Plant and Implementing Mitigation Measures. City Manager/Public Works Director.

Ordinance 13-09 internet address:
<http://www.cityofhomer-ak.gov/ordinances>

Ordinance 13-09, An Ordinance of the City Council of Homer, Alaska, Appropriating Funds and Establishing a Project Budget for Administration and Direct Services Provided in Support of the Homer Natural Gas Distribution System Special Assessment District. City Manager.



All interested persons are welcomed to attend and give testimony. Written testimony received by the Clerk's Office prior to the meeting will be provided to Council.

**** Copies of proposed Ordinances, in entirety, are available for review at Homer City Clerk's Office. Copies of the proposed Ordinances are available for review at City Hall, the Homer Public Library, the City of Homer Kiosks at City Clerk's Office, Captain's Coffee, Harbormaster's Office, and Redden Marine Supply of Homer and the City's homepage - <http://clerk.ci.homer.ak.us>. Contact the Clerk's Office at City Hall if you have any questions. 235-3130, Email: clerk@ci.homer.ak.us or fax 235-3143.**

Melissa Jacobsen, CMC, Deputy City Clerk

Publish: Homer News: April 4, 2013

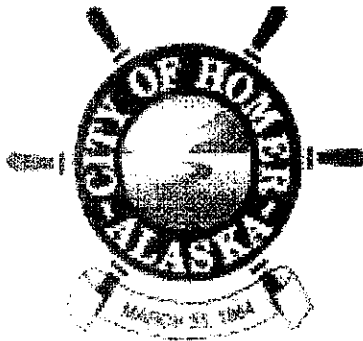
CLERK'S AFFIDAVIT OF POSTING

I, Renee Krause, Deputy City Clerk I for the City of Homer, Alaska, do hereby certify that a copy of the Public Hearing Notice for Ordinance 13-08, Amending the 2013 Operating Budget by Appropriating Up to \$110,000 From the Sewer Reserve Fund for the Repair of Flood Damage at the Wastewater Treatment Plant and Implementing Mitigation Measures and Ordinance 13-09, Appropriating Funds and Establishing a Project Budget for Administration and Direct Services Provided in Support of the Homer Natural Gas Distribution System Special Assessment District at the City of Homer kiosks located at City Clerk's Office, Captain's Coffee Roasting Co., Harbormaster's Office and Redden Marine on March 29, 2013 and that the Acting City Clerk posted same on City of Homer Homepage on March 29, 2013.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal of said City of Homer this 29th day of March, 2013.

Renee Krause

Renee Krause, Deputy City Clerk I



ORDINANCE REFERENCE SHEET
2013 ORDINANCE
ORDINANCE 13-08

An Ordinance of the City Council of Homer, Alaska, Amending the 2013 Operating Budget by Appropriating Up to \$110,000 From the Sewer Reserve Fund for the Repair of Flood Damage at the Wastewater Treatment Plant and Implementing Mitigation Measures.

Sponsor: City Manager/Public Works Director

1. City Council Regular Meeting March 26, 2013 Introduction
 - a. Memorandum 13-039 from Public Works Director as backup
2. City Council Regular Meeting April 8, 2013 Public Hearing and Second Reading

CITY OF HOMER
HOMER, ALASKA

City Manager/
Public Works Director

ORDINANCE 13-08

AN ORDINANCE OF THE CITY COUNCIL OF HOMER,
ALASKA, AMENDING THE 2013 OPERATING BUDGET BY
APPROPRIATING UP TO \$110,000 FROM THE SEWER
RESERVE FUND FOR THE REPAIR OF FLOOD DAMAGE AT
THE WASTEWATER TREATMENT PLANT AND
IMPLEMENTING MITIGATION MEASURES.

WHEREAS, The wastewater treatment plant was damaged by an unprecedented flooding
event on January 13, 2013 (see Memorandum 13-039); and

WHEREAS, The cost to repair the damage is expected to exceed \$100,000; and

WHEREAS, The City's insurance policy is expected to cover damage to the plant up to the
deductible of \$100,000; and

WHEREAS, Public Works has identified improvements that will eliminate the potential
for this type of event from happening again; the cost is expected to be no more than \$10,000 (see
Memorandum 13-039).

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The FY 2013 Operating Budget is hereby amended by appropriating not more
than \$100,000 from the Sewer Reserve fund for the repair of flood damage at the wastewater
treatment plant (WWTP) that occurred on January 13, 2013.

Section 2. The FY 2013 Operating Budget is hereby amended by appropriating not more
than \$10,000 from the Sewer Reserve fund for installation of improvements to eliminate future
flood events similar that which occurred on January 13, 2013.

Expenditure:

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
256-379 (Sewer Reserve Fund)	WWTP Flood Damage Repair	\$100,000
256-379 (Sewer Reserve Fund)	WWTP Flood Mitigation	\$ 10,000

Section 3. This is a budget amendment ordinance, is not permanent in nature, and shall
not be codified.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this _____ day of
_____, 2013.

CITY OF HOMER

MARY E. WYTHER, MAYOR

ATTEST:

JO JOHNSON, CMC, CITY CLERK

YES:

NO:

ABSTAIN:

ABSENT:

First Reading:

Public Hearing:

Second Reading:

Effective Date:

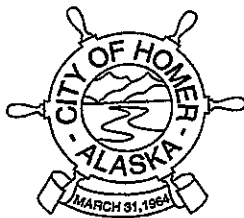
Reviewed and approved as to form:

Walt E. Wrede, City Manager

Date: _____

Thomas F. Klinkner, City Attorney

Date: _____



CITY OF HOMER

PUBLIC WORKS

3575 HEATH STREET HOMER, AK 99603

TELEPHONE (907)235-3170

FACSIMILE (907)235-3145

MEMORANDUM 13-039

TO: Walt Wrede, City Manager

FROM: Carey Meyer, Public Works Director

DATE: March 18, 2013

RE: **Wastewater Treatment Plant Flood Damage – January 2013
Request for Funding**

The City's wastewater treatment plant was damaged on January 13, 2013 due to unprecedented flooding at the plant. The lower level of the plant was flooded with 3-4 feet of water; damaging an air compressor, parts and supplies; post treatment UV disinfection equipment; SCADA cards; and pumps, motors, and other supplies and tools.

The Finance Department has made a claim to our insurance carrier (AML) based on data provided by the treatment plant operating personnel. The claim includes the cost of replacing all damaged equipment and supplies; and the labor cost associated with returning the plant to its pre-flood operational status. Public Works is providing AML with all necessary information needed to finalize our claim; all indications are that the cost of repairs will be covered by our insurance policy. The policy in effect at the time of the incident has a deductible of \$100,000.

Currently, Public Works estimates that the cost to repair the damage (including replacement of damaged items and labor associated with flood response, clean-up, and repair) totals between \$130 – \$150,000. Public Works has every reason to believe that our insurance will cover all costs in excess of \$100,000.

The flooding was a result of the "surcharging" of the lift station wet well and the sewer lines coming into the treatment plant. This condition forced water up into the floor drains serving the lower level of the plant. Public Works has determined how to keep this from happening again. A valve will be placed on the floor drain piping between the plant and the wet well (in a new manhole). This installation (expected to be completed this Spring by City personnel) is estimated to cost up to \$10,000.

Recommendations: The City Council pass an ordinance authorizing the use of Sewer Reserve account funds to complete repairs to the wastewater treatment plant in the amount of \$100,000; and an additional \$10,000 to complete improvements that will keep similar flooding from occurring again.

ORDINANCE REFERENCE SHEET
2013 ORDINANCE
ORDINANCE 13-09

An Ordinance of the City Council of Homer, Alaska, Appropriating Funds and Establishing a Project Budget for Administration and Direct Services Provided in Support of the Homer Natural Gas Distribution System Special Assessment District.

Sponsor: City Manager

1. City Council Regular Meeting March 26, 2013 Introduction
 - a. Ordinance 13-02
 - b. Ordinance 13-03(S)(2)
 - c. Resolution 13-017(S)
2. City Council Regular Meeting March 26, 2013 Public Hearing and Second Reading

City Manager

AN ORDINANCE OF THE CITY COUNCIL OF HOMER,
ALASKA, APPROPRIATING FUNDS AND ESTABLISHING A
PROJECT BUDGET FOR ADMINISTRATION AND DIRECT
SERVICES PROVIDED IN SUPPORT OF THE HOMER
NATURAL GAS DISTRIBUTION SYSTEM SPECIAL
ASSESSMENT DISTRICT.

41 Revenue:

42 <u>Account No.</u>	<u>Description</u>	<u>Amount</u>
43 175-375	Bond Proceeds / HSAD	\$539,368

44

45 Expenditure:

46 <u>Account No.</u>	<u>Description</u>	<u>Amount</u>
47 175-375	Admin / Direct Services /HSAD	\$539,368

48

49 Section 2. The Council hereby established the following project budget for administration
50 and direct services in support of the Special Assessment District:

51

52 Personnel / Labor	\$416,000
53 Equipment	21,350
54 Vehicles Expenses	16,500
55 Mailing	10,000
56 Copying	2,500
57 Advertising	2,500
58 Recording Fees	2,500
59 Contingency	<u>68,018</u>
60 TOTAL	\$539,368

61

62 Section 3. This ordinance is a budget amendment only, is not of a permanent nature, and
63 shall not be codified.

64

65 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this _____ day of
66 _____, 2013.

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68 CITY OF HOMER

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72 MARY E. WYTHER, MAYOR

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74 ATTEST:

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78 JO JOHNSON, CMC, CITY CLERK

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YES:
NO:
ABSTAIN:
ABSENT:

First Reading:
Public Hearing:
Second Reading:
Effective Date:

Reviewed and approved as to form:

Walt E. Wrede, City Manager
Date: _____

Thomas F. Klinkner, City Attorney
Date: _____

**CITY OF HOMER
HOMER, ALASKA**

City Manager

ORDINANCE 13-02

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA CREATING THE CITY OF HOMER NATURAL GAS DISTRIBUTION SPECIAL ASSESSMENT DISTRICT, APPROVING THE IMPROVEMENT PLAN FOR THE DISTRICT, AND AUTHORIZING THE CITY MANAGER TO PROCEED WITH THE IMPROVEMENT.

WHEREAS, On July 23, 2012 the Council adopted Resolution 12-069 initiating a special assessment district for a natural gas distribution system in the City; and

WHEREAS, On September 24, 2012, the Council adopted Resolution 12-081 accepting and approving the improvement plan submitted by the City Manager for the proposed natural gas distribution system special assessment district; and

WHEREAS, Notice of a public hearing on the improvement plan has been published at least twice in a newspaper of general circulation in the City, and mailed via certified mail to every record owner of real property in the proposed district not less than 60 days before the hearing; and

WHEREAS, The Council conducted public hearings on the improvement plan on January 14, and January 28, 2013; and

WHEREAS, Owners of real property that would bear 50 percent or more of the assessed cost of the improvement did not file timely written objections to the improvement plan with the City Clerk.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The natural gas distribution system in the City that is proposed in the improvement plan will improve the public health, safety and welfare, and is necessary and of benefit to the properties to be assessed.

Section 2. Owners of real property that would bear 50 percent or more of the assessed cost of the improvement did not file timely written objections to the improvement plan with the City Clerk

Section 3. There is hereby created the City of Homer Natural Gas Distribution Special Assessment District ("District"). The improvement that is to be constructed in the District shall be as described in the improvement plan and illustrated in Exhibit B to this ordinance. The properties that are to be assessed for the improvement are described in Exhibit A to this ordinance.

ATTEST:

JO JOHNSON, CMC, CITY CLERK

YES: 6

NO: 8

ABSTAIN: 8

ABSENT: 8

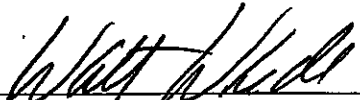
First Reading: 1/28/13

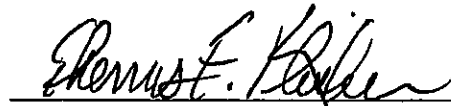
Public Hearing: 2/11/13

Second Reading: 2/11/13

Effective Date: 2/12/13

Reviewed and approved as to form:


Walt E. Wrede, City Manager


Thomas F. Klinkner, City Attorney

Date: 2/14/13

Date: 2-28-13

**CITY OF HOMER
HOMER, ALASKA**

City Manager

ORDINANCE 13-03(S)(2)

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA, AUTHORIZING THE CITY TO ISSUE A NATURAL GAS DISTRIBUTION SPECIAL ASSESSMENT BOND IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$12,700,000 TO FINANCE THE DESIGN AND CONSTRUCTION OF NATURAL GAS DISTRIBUTION IMPROVEMENTS IN THE CITY, FIXING CERTAIN DETAILS OF SUCH BOND AND AUTHORIZING ITS SALE; AND REPEALING HCC CHAPTER 17.08.

WHEREAS, On February 11, 2013, the Council adopted Ordinance 13-02 creating the City of Homer Natural Gas Distribution Special Assessment District ("District"), and authorizing the City Manager to proceed with the design and construction of a natural gas distribution system in the District (the "Improvement"), and negotiate for the sale of special assessment bonds or other financing for the construction of the Improvement for Council approval; and

WHEREAS, Interim financing for the Improvement is required in anticipation of the levying of special assessments against the real property in the District, and after the levying of the assessments, long-term financing for the Improvement will be required; and

WHEREAS, AS 29.46.130 and AS 29.46.140 authorize the City of Homer "City" respectively to issue notes to obtain interim financing for improvements in a special assessment district, and to issue bonds to obtain long-term financing for improvements in a special assessment district, in each case payable out of special assessments for the improvement, without voter approval; and

WHEREAS, The City Manager has negotiated a Loan Agreement between the Kenai Peninsula Borough ("Lender") and the City, the form of which is now before this meeting, which provides for the Lender to purchase a bond to finance the Improvement on the terms and conditions set forth therein and in this Ordinance, and it is in the best interest of the City that the City sell the bond to the Lender under such terms and conditions; and

WHEREAS, Homer City Code Chapter 17.08, regarding special assessment bonds, contains terms that are obsolete and conflict with the terms of the financing authorized by this ordinance, and should be repealed.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1 – Definitions. In addition to the terms that are defined in the recitals above, the following terms shall have the following meanings in this Ordinance:

47 "Bond Register" means the registration books maintained by the Registrar as Bond
48 registrar, which include the names and addresses of the owners or nominees of the owners of the
49 Bond.

50
51 "Bond" means the "Natural Gas Distribution Special Assessment Bond, 2013" of the
52 City, the issuance and sale of which are authorized herein.

53
54 "City" means the City of Homer, a municipal corporation of the State of Alaska,
55 organized as a first class city under Title 29 of the Alaska Statutes.

56
57 "Council" means the Council of the City of Homer, as the general legislative authority of
58 the City, as the same shall be duly and regularly constituted from time to time.

59
60 "District" means the Homer Natural Gas Distribution System Special Assessment District
61 created by Ordinance 13-02.

62
63 "ENSTAR" means ENSTAR Natural Gas Company, a division of Semco Energy, Inc., a
64 Michigan corporation.

65
66 "Guaranty Fund" means the fund of that name created by Section 15.

67
68 "Improvement" means the natural gas distribution system to be constructed in the
69 District.

70
71 "Lender" means the Kenai Peninsula Borough, a municipal corporation of the State of
72 Alaska, organized as a second class borough under Title 29 of the Alaska Statutes.

73
74 "Loan Agreement" means the Loan Agreement between the City and the Lender
75 concerning the Bond.

76
77 "Ordinance" means this Ordinance 13-03(S) of the City.

78
79 "Registered Owner" means the person named as the registered owner of a Bond in the
80 Bond Register. The Lender is the initial Registered Owner.

81
82 "Registrar" means the City Treasurer, or any successor that the City may appoint by
83 resolution.

84
85 "Reserve Fund" means the fund of that name created by Section 14.

86
87 "Sinking Fund" means the fund of that name created by Section 13.

89 "Special Assessments" means all special assessments to be levied against real property in
90 the District to pay the costs of the Improvement.
91

92 Section 2 – Authorization of Bond and Purpose of Issuance. For the purpose of providing
93 the funds necessary to pay the costs of designing and constructing the Improvement, to pay
94 interest on the Bond during the construction of the Improvement, the funding of the reserves
95 required herein, and to pay all costs incidental thereto and to the issuance of the Bond, the City
96 shall issue the Bond in a principal amount equal to the aggregate amount of the advances that the
97 Registered Owner makes to the City for such purposes, but not to exceed \$12,700,000.
98

99 Section 3 – Obligation of Bond. The Bond is a special obligation of the City and is
100 payable solely from assessments to be levied against the real property in the District for the
101 Improvement, and funds pledged for the payment of the Bond under this Ordinance. Said
102 assessments shall constitute a sinking fund for the payment of principal of and interest on the
103 Bond. Neither the faith and credit nor the taxing power of the City is pledged for the payment of
104 the Bond.
105

106 Section 4 – Description of Bond. The Bond shall be designated "City of Homer Natural
107 Gas Distribution Special Assessment Bond, 2013," shall be issued in fully registered form, and
108 shall be numbered in the manner and with such additional designation as the Registrar deems
109 necessary for purposes of identification, and may have endorsed thereon such legends or text as
110 may be necessary or appropriate to conform to the rules and regulations of any governmental
111 authority or any usage or requirement of law with respect thereto. The Bond shall be dated as of
112 its delivery date.
113

114 The Bond shall bear interest from its date at a rate of Four Percent (4.0%) per annum, and
115 shall be payable in two payments of interest only on the 1st days of April 2014 and 2015, and ten
116 equal annual installments of principal and interest, commencing on the 1st day of April 2016 and
117 continuing on April 1 of each year thereafter, until April 1, 2025, when the remaining principal
118 balance of the Bond, plus accrued interest, shall be due and payable. Interest will be computed
119 on the basis of a 360-day year consisting of twelve 30-day months.
120

121 Section 5 – Optional Redemption. The Bond shall be subject to optional redemption in
122 whole or in part at any time, at a redemption price equal to the principal amount of the Bond to
123 be redeemed plus accrued interest to the date of redemption.
124

125 Section 6 – Notice of Redemption. Notice of any intended redemption of the Bond shall
126 be given not less than 10 nor more than 45 days prior to the date fixed for redemption by first
127 class mail to the Registered Owner of the Bond at its address as it appears on the Bond Register
128 on the day the notice is mailed. The requirements of this section shall be deemed to be complied
129 with when notice is mailed as herein provided, whether or not it is actually received by the
130 Registered Owner. All official notices of redemption shall be dated and shall state the
131 redemption date and the redemption price.

Section 7 – Form of Bond. The Bond shall be in substantially the following form, with such variations, omissions and insertions as may be required or permitted by this Ordinance:

UNITED STATES OF AMERICA
STATE OF ALASKA
CITY OF HOMER

No. _____ \$ _____

NATURAL GAS DISTRIBUTION SPECIAL ASSESSMENT BOND, 2013

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Homer (the "City"), a municipal corporation of the State of Alaska, acknowledges itself indebted and for value received promises to pay (but only out of the sources mentioned herein) to the Registered Owner identified above, or its registered assigns, a principal amount equal to the aggregate amount of the advances that the Registered Owner makes to the City to pay the costs of designing and constructing the Improvement, to pay interest on the Bond during the construction of the Improvement, the funding of the reserves required herein, and to pay all costs incidental thereto and to the issuance of the Bond, but not to exceed Twelve Million Seven Hundred Thousand Dollars (\$12,700,000), together with accrued interest on the outstanding principal amount of this Bond at a rate of Four Percent (4.0%) per annum. This Bond is payable in two payments of interest only on the 1st days of April 2014 and 2015, and ten equal annual installments of principal and interest, commencing on the 1st day of April 2016 and continuing on April 1 of each year thereafter, until April 1, 2025, when the remaining principal balance of the Bond, plus accrued interest, shall be due and payable. Both principal of and interest on this Bond shall be payable in any lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest on this Bond shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Installments of principal and interest on this Bond shall be paid at the office of the Registered Owner in Soldotna, Alaska, or at the option of the Registered Owner at the office of the Treasurer of the City in Homer, Alaska

This Bond is subject to prepayment by or on behalf of the City, in whole or in part, at any time without penalty, upon notice as provided in the Ordinance referred to below (the "Ordinance").

This Bond is issued pursuant to Chapter 46, Title 29 of the Alaska Statutes and Ordinance 13-03(S) of the City duly and regularly adopted February 25, 2013, for the purpose of providing funds to pay the costs of designing and constructing a natural gas distribution system (the "Improvement") in the City of Homer Natural Gas Distribution Special Assessment District, and

is the single registered Bond entitled \$12,700,000 City of Homer Natural Gas Distribution Special Assessment Bond, 2013.

THIS BOND IS PAYABLE SOLELY FROM ASSESSMENTS TO BE LEVIED AGAINST THE REAL PROPERTY IN THE CITY OF HOMER NATURAL GAS DISTRIBUTION SPECIAL ASSESSMENT DISTRICT, AND FUNDS PLEDGED FOR THE PAYMENT OF THE BOND UNDER THE ORDINANCE, AND IS NOT A GENERAL OBLIGATION OF THE CITY, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED FOR ITS REPAYMENT.

IT IS HEREBY CERTIFIED and declared that this Bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and the ordinances of the City of Homer, and that all acts, conditions and things required to happen, to be done and to be performed precedent to and on the issuance of this Bond have happened, been done and been performed.

IN WITNESS WHEREOF, the City of Homer, Alaska, has caused this Bond to be executed by the signature of its Mayor and attested by its Clerk under the seal of the City on this 25th day of March, 2013.

February

CITY OF HOMER

Francie Roberts

FRANCIE ROBERTS, MAYOR
PRO TEMPORE

ATTEST:

J. Johnson

JOHNSON, CMC, CITY CLERK

Section 8 – Execution. The Bond shall be executed in the name of the City by the signature of the Mayor, and its corporate seal shall be impressed or otherwise reproduced thereon and attested by the signature of the City Clerk. The execution of the Bond on behalf of the City by persons who at the time of the execution are duly authorized to hold the proper offices shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of delivery of the Bond or shall not have held office on the date of the Bond.

Section 9 – Payment of Principal and Interest. The Bond shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Installments of principal and interest on the Bond shall be

payable on the due date in immediately available funds at the office of the Registered Owner in Soldotna, Alaska, or at another location specified at the option of the Registered Owner; provided that the final installment of the principal of the Bond, plus accrued interest, shall be payable upon presentation and surrender of the Bond by the Registered Owner at the office of the Registered Owner in Soldotna, Alaska.

Section 10 – Registration.

(a) Bond Register. The Bond shall be issued only in registered form as to both principal and interest. The Registrar shall keep, or cause to be kept, a Bond Register at its principal office. The Treasurer of the City is hereby appointed as Registrar and paying agent for the Bond.

(b) Registered Ownership. The City and the Registrar, each in its discretion, may deem and treat the Registered Owner of the Bond as the absolute owner thereof for all purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary. Payment of the Bond shall be made only as described in Section 9, but such registration may be transferred as herein provided. All such payments made as described in Section 9 shall satisfy and discharge the liability of the City upon the Bond to the extent of the amount or amounts so paid.

(c) Transfer or Exchange of Registered Ownership. The registered ownership of the Bond may be transferred or exchanged, but no transfer of the Bond shall be valid unless it is surrendered to the Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Bond and shall cause to be executed and delivered, without charge to the Registered Owner or transferee, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered and canceled Bond. The Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity, and interest rate. The Registrar shall not be obligated to transfer or exchange the Bond following any notice of redemption.

Section 11 – Lost Stolen, Destroyed or Mutilated Bond. Upon surrender to the Registrar of a mutilated Bond, the City shall execute and deliver a new Bond of like maturity and principal amount. Upon filing with the Registrar of evidence satisfactory to the City that a Bond has been destroyed, stolen or lost and of the ownership thereof, and upon furnishing the City with indemnity satisfactory to it, the City shall execute and deliver a new Bond of like maturity and principal amount. The person requesting the execution and delivery of a new Bond under this section shall comply with such other reasonable regulations as the City may prescribe and pay such expenses as the City may incur in connection therewith.

261 Section 12 – Application of Bond Proceeds. The proceeds of the sale of the Bond shall
262 be applied to pay the costs of designing and constructing the Improvement, including the funding
263 of the reserves required herein, and to pay all costs incidental thereto and to the issuance of the
264 Bond, including without limitation the costs of the Lender as provided in the Loan Agreement,
265 and shall be deposited in the appropriate funds or accounts of the City for such purposes.
266

267 Section 13 – Sinking Fund. A special fund of the City designated the "City of Homer
268 Natural Gas Distribution Special Assessment Bond Sinking Fund" is hereby created for the
269 purpose of paying and securing the payment of the Bond. The Sinking Fund shall be held
270 separate and apart from all other funds and accounts of the City and shall be a trust fund for the
271 Registered Owner of the Bond. Payments of principal and interest on assessments levied for the
272 Improvement in the District shall be deposited in the Sinking Fund. Amounts in the Sinking
273 Fund shall be used to pay principal and interest on the Bond, and are hereby pledged for that
274 purpose. Prepayments of assessments shall be applied to prepay the principal of the Bond, and
275 upon any such prepayment the amortization of the principal of the Bond shall be adjusted so that
276 each remaining scheduled payment of principal and interest on the Bond shall be in an equal
277 amount.
278

279 Section 14 – Reserve Fund.
280

281 (a) A special fund of the City designated the "City of Homer Natural Gas Distribution
282 Special Assessment Bond Reserve Fund" is hereby created for the purpose of paying and
283 securing the payment of the Bond, and is hereby pledged for that purpose. The Reserve Fund
284 shall be held separate and apart from all other funds and accounts of the City and shall be a trust
285 fund for the Registered Owner of the Bond. There shall be paid into the Reserve Fund:
286

287 (1) That part of the proceeds of the Bond which is designated for deposit in
288 the Reserve Fund by the Loan Agreement; and
289

290 (2) All monies received from ENSTAR as refunds of main extension
291 advances or free main allowance arising out of new customers connecting to the
292 Improvement; and
293

294 (3) Any Sinking Fund and Guaranty Fund balances remaining after the
295 discharge of the Bond.
296

297 (b) Until the Bond has been discharged, the funds in the Reserve Fund may be used
298 only to pay the difference between the amount of principal and interest due on the Bond and the
299 amount in the Sinking Fund that is available to pay that principal and interest; provided, if the
300 Finance Director determines that the amount of funds available in the Reserve Fund exceeds the
301 amount of the next annual installment of principal and interest due on the Bond, the Finance
302 Director may apply such excess to a prepayment of the Bond.
303

(c) At such time as the Finance Director determines that the sum of the amounts in the Reserve Fund, the Guaranty Fund and the Sinking Fund equals or exceeds the amount required to (i) discharge the Bond, (ii) pay all refunds of assessments required upon discharge of the Bond, and (iii) pay any other amounts that may be owing on the Bond, the Finance Director shall cause such payment to be made and the Bond to be discharged.

Section 15 – Guaranty Fund. A special fund of the City designated the "City of Homer Natural Gas Distribution Special Assessment Bond Guaranty Fund" is hereby created for the purpose of paying and securing the payment of the Bonds, and is hereby pledged for that purpose. The Guaranty Fund shall be held separate and apart from all other funds and accounts of the City and shall be a trust fund for the Registered Owner of the Bonds. The Council annually shall appropriate to the Guaranty Fund a sum the Council determines to be adequate, with all other available funds, to cover a deficiency in the funds available to pay principal and interest on the Bonds if the reason for the deficiency is nonpayment of assessments when due. Money received from actions taken against property for nonpayment of assessments levied in the District shall be credited to the Guaranty Fund. Amounts in the Guaranty Fund shall be used to pay principal and interest on the Bonds when other funds are not available for that purpose.

Section 16 – Amendatory and Supplemental Ordinances.

(a) The Council from time to time and at any time may adopt an Ordinance or Ordinances supplemental hereto, which Ordinance or Ordinances thereafter shall become a part of this Ordinance, for any one or more of the following purposes:

(1) To add to the covenants and agreements of the City in this Ordinance, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the City.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this Ordinance or in regard to matters or questions arising under this Ordinance as the Council may deem necessary or desirable and not inconsistent with this Ordinance and which shall not adversely affect the interests of the Registered Owner of the Bond.

Any such supplemental Ordinance may be adopted without the consent of the Registered Owner of the Bond, notwithstanding any of the provisions of subsection (b) of this section.

(b) With the consent of the Registered Owners of not less than 60 percent in aggregate principal amount of the Bond at the time outstanding, the Council may adopt an Ordinance or Ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Ordinance or of any supplemental Ordinance; provided, however, that no such supplemental Ordinance shall:

(1) Extend the due date of any principal installment payable under the Bond, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owners of all of the Bond so affected; or

(2) Reduce the aforesaid percentage of Registered Owners of the Bond required to approve any such supplemental Ordinance without the consent of the Registered Owners of all of the Bond then outstanding.

(3) Remove the pledge and lien of this Ordinance on assessments to be levied against the real property in the District, and funds pledged for the payment of the Bond under this Ordinance.

It shall not be necessary for the consent of the Registered Owner of the Bond under this subsection (b) to approve the particular form of any proposed supplemental Ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

(c) Upon the adoption of any supplemental Ordinance pursuant to the provisions of this section, this Ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Ordinance of the City and the Registered Owner of the Bond shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendment, and all the terms and conditions of any such supplemental Ordinance shall be deemed to be part of the terms and conditions of this Ordinance for any and all purposes.

(d) Any Bond executed and delivered after the adoption of any supplemental Ordinance pursuant to this section may bear a notation as to any matter provided for in the supplemental Ordinance, and if the supplemental Ordinance shall so provide, a new Bond so modified as to conform, in the opinion of the Council, to any modification of this Ordinance contained in any such supplemental Ordinance may be prepared by the City and delivered without cost to the Registered Owner of the Bond then outstanding, upon surrender for cancellation of such Bond in an equal aggregate principal amount.

Section 17 – Sale of Bond; Loan Agreement. The Bond shall be sold at negotiated sale to the Lender as provided in the Loan Agreement. The City Manager is hereby authorized to execute the Loan Agreement, in substantially the form presented at this meeting, but with such changes, modifications, additions and deletions therein as he shall deem necessary, desirable or appropriate, the execution thereof to constitute conclusive evidence of approval of any and all changes, modifications, additions or deletions therein from the form and content of said document now before this meeting, and from and after the execution and delivery of said document, the City Manager hereby is authorized, empowered and directed to do all acts and things and to execute all documents as may be necessary to carry out and comply with the

provisions of the Loan Agreement as executed. Upon the execution of the Loan Agreement, the City shall execute and deliver the Bond to the Borough in the form authorized herein.

Section 18 – Authority of Officers. The City Manager, the acting City Manager, the Clerk and the acting Clerk are, and each of them hereby is, authorized and directed to do and perform all things and determine all matters not determined by this Ordinance, to the end that the City may carry out its obligations under the Bond and this Ordinance.

Section 19 – Miscellaneous. No recourse shall be had for the payment of the principal of or the interest on the Bond or for any claim based thereon or on this Ordinance against any member of the Council or officer of the City or any person executing the Bond.

Section 20 – Ordinance a Contract with Registered Owner. In consideration of the purchase and acceptance of the Bond by those who shall own the same from time to time, the provisions of this Ordinance shall constitute a contract with the Registered Owners of each Bond, and the obligations of the City under this Ordinance shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein set forth to be performed on behalf of the City shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bond.

Section 21 – Severability. If any one or more of the provisions of this Ordinance shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this Ordinance and shall in no way affect the validity of the other provisions of this Ordinance or of the Bond.

Section 22 – Repeal of HCC 17.08. HCC Chapter 17.08 is repealed.

Section 23 – Codification. Section 22 of this Ordinance is of a permanent and general character and shall be included in the City Code. The remainder of this Ordinance is not permanent in nature, and shall not be codified.


ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 25th day of February 2013.

CITY OF HOMER


FRANCIE ROBERTS, MAYOR
PRO TEMPORE



ATTEST:


JO JOHNSON, CMC, CITY CLERK

YES: 6

NO: 0

ABSTAIN: 0

ABSENT: 0

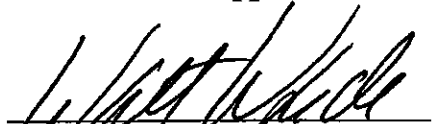
First Reading: 1/28/13


Public Hearing: 2/11/13 @ 2/25/13

Second Reading: 2/25/13

Effective Date: 2/26/13

Reviewed and approved as to form:


Walt E. Wrede, City Manager


Thomas F. Klinkner, City Attorney

Date: 2/26/13

Date: 3-1-13

**CITY OF HOMER
HOMER, ALASKA**

City Manager

RESOLUTION 13-017(S)

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, APPROVING A CONTRIBUTION IN AID OF CONSTRUCTION AGREEMENT (CIAC) BETWEEN THE CITY OF HOMER AND ENSTAR NATURAL GAS COMPANY FOR CONSTRUCTION OF IMPROVEMENTS WITHIN THE HOMER NATURAL GAS DISTRIBUTION SYSTEM SPECIAL ASSESSMENT DISTRICT, IN AN AMOUNT NOT TO EXCEED \$12,160,632.

WHEREAS, On July 23, 2012 the City Council adopted Resolution 12-069 initiating a special assessment district for a natural gas distribution system within the City; and

WHEREAS, On September 24, 2012, the Council adopted Resolution 12-081 accepting and approving the improvement plan submitted by the City Manager for the proposed natural gas distribution system special assessment district; and

WHEREAS, On February 11, 2013, the Homer City Council adopted Ordinance 13-02 which created the City of Homer Natural Gas Distribution System Special Assessment District and authorized the City Manager to proceed with the improvement; and

WHEREAS, Enstar Natural Gas Company is the only natural gas distribution public utility that is authorized by the Regulatory Commission of Alaska to provide natural gas service within the City of Homer, and it is appropriate for the City to contract with Enstar Natural Gas Company for construction of a natural gas distribution system in the City on a sole source basis under HCC 3.16.060(i); and

WHEREAS, The City and Enstar Natural Gas Company have negotiated a Contribution in Aid of Construction Agreement (CIAC) for construction of the natural gas distribution system described in the adopted Improvement Plan, for a not to exceed amount of \$12,160,632.

NOW, THEREFORE, BE IT RESOLVED that the form and content of the CIAC between the City and Enstar Natural Gas Company, a division of SEMCO Energy, Inc., a copy of which is attached and incorporated herein, hereby are in all respects authorized, approved and confirmed, and the City Manager hereby is authorized, empowered and directed to execute and deliver the CIAC to Enstar Natural Gas Company on behalf of the City, in substantially the form


41 and content now before this meeting but with such changes, modifications, additions and
42 deletions therein as he shall deem necessary, desirable or appropriate, the execution thereof to
43 constitute conclusive evidence of approval of any and all changes, modifications, additions or
44 deletions therein from the form and content of said document now before this meeting, and from
45 and after the execution and delivery of said document, the City Manager hereby is authorized,
46 empowered and directed to do all acts and things and to execute all documents as may be
47 necessary to carry out and comply with the provisions of the CIAC as executed.

48
49 PASSED AND ADOPTED by the Homer City Council this 11th day of March, 2013.
50

51 CITY OF HOMER

52
53
54 
55 FRANCIE ROBERTS, MAYOR
56 PRO TEMPORE
57

58 ATTEST:

59
60 
61 JO JOHNSON, CMC, CITY CLERK
62
63

64
65 Fiscal Note: \$12,160,632 to be financed.

ORDINANCE(S)

CITY MANAGER'S REPORT



City of Homer

Memorandum

To: Mayor Wythe and Homer City Council

From: Walt Wrede, City Manager

Date: April 2, 2013

Re: April Employee Anniversaries

I would like to take the time to thank the following employees for the dedication, commitment and service they have provided the City and taxpayers of Homer over the years.

Jerry Lawver,	Public Works	22	Years
Chris Dabney,	Port & Harbor	14	Years
Joe Young,	Public Works	6	Years
Rick Pitta,	Police	4	Years
Rachel Tussey,	Port & Harbor	3	Years
Andrea Petersen,	Administration	2	Years
Travis Brown,	Planning	1	Year
Erica Hollis,	Police	1	Year
Jake Ruebelmann,	Police	1	Year

National Registry of Emergency Medical Technicians

Hereby Recognizes

Robert L. Painter

For

Thirty Years of National EMS Certification

The above named individual has served the community by providing care to fellow citizens in their moment of need. The Board of Directors, and the entire EMS community, appreciates and commends this extraordinary contribution.

In Testimony whereof, the seal of the National Registry of Emergency Medical Technicians and signatures are affixed hereto.

On the First Day of January, 2013.



Tommy Lopez
CHAIRMAN OF THE BOARD

William E. Brum
EXECUTIVE DIRECTOR

Deeco V. Miranda
EXECUTIVE DIRECTOR EMERITUS

[illegible]

2



resources.

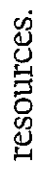


weekly shoreline observations:

- Wind speed
Wind direction
Wave height
Wave direction
Average wave period
Beach width
Beach slope
Beach material
Longshore current speed
Air and water temperature

Interested?

- www.akcoastalcorps.org.



resources.



Contact Us for more information call 907.261.8200

Name: _____

Business/Organization: _____

Mailing Address: _____ AK _____

Phone Number: _____

Email: _____

Mail to: Alaska Sealife Center
Attn: Howard Ferren
301 Railway Ave
Seward, AK 99664

Or email:
Howard - howard@alaskasealife.org
Orson Smith - osmith@uaa.alaska.edu



Current Strategic Development Opportunity

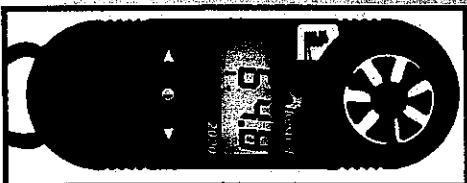
The Alaska Corps of Coastal

Observers will meet on February 27th

(www.akccco.org)

An AKCCCO Advisory Board will be selected in February 2015 and will convene in April. The Board will advance AKCCCO

structure, offer sustainability options, and select one test site and observer to improve program delivery. The Board is responsible for selecting high priority communities for recruiting, training and equipping Coastal Corps observers.



Alaska Sealife Center
Windows to the Sea



UAA School of Engineering
University of Alaska Anchorage

Alaska Corps of Coastal Observers



A citizen science monitoring

program of the Alaska Sealife

Center and the University of Alaska

Anchorage developed through

support of the Kenai Peninsula

Borough and the Coastal Impact

Assistance Program

CITY ATTORNEY REPORT

COMMITTEE REPORT(S)

PENDING BUSINESS

NEW BUSINESS

RESOLUTION(S)

COMMENTS OF THE AUDIENCE
COMMENTS OF THE CITY ATTORNEY
COMMENTS OF THE CITY CLERK
COMMENTS OF THE CITY MANAGER
COMMENTS OF THE MAYOR
COMMENTS OF THE CITY COUNCIL
ADJOURNMENT

