

MANAGER'S REPORT
May 28, 2013

TO: MAYOR WYTHE / HOMER CITY COUNCIL

FROM: WALT WREDE

UPDATES / FOLLOW-UP

1. **Pier One Lot:** At the last meeting there was a workshop to discuss a revised and updated concept plan for the large tract the Pier One Theatre is located on. One of the lingering issues was whether to make a small, 10,000 square foot section of that parcel available for lease. There was general agreement that this agenda should contain a resolution that would get the issue on the table for further discussion and possible action. I drafted a resolution for Council consideration however, when reviewing my notes, I found that I was not clear about Council intent on two specific issues. The first issue was whether Council intended for this offering to be exclusively for non-profits. I wrote the resolution as though that was Council's intent, however, Rick and Jo recalled it differently. It was their interpretation that Council wanted to leave it open for business and for profit proposals also. Second, there was some uncertainty about the 30% discount for non-profits that was discussed. I took it to mean that non-profits would have to pay rent that was within 30% of market value. Rick and Councilmember Lewis took it to mean that non-profits got a 30% discount or a credit when comparing proposals. So, these are issues that the Council will want to address when the resolution is on the table.
2. **Health Insurance Broker:** The City health insurance broker will be in Homer the week of June 24 to meet with some of his other Homer clients, including the South Peninsula Hospital. We would like him to meet with the Council sometime soon to discuss a variety of issues including implementation of the national health care law, plan costs and utilization, cost projections moving forward, and ideas for containing costs. He could come to the Council meeting on June 24 however, we thought there might be too much to talk about in a one hour work session. But we could make it work. He would also be available on one of the other days during the week, especially Tuesday or Wednesday. This might be attractive because we could focus on one issue and not be limited to an hour. We would like to know Council's thoughts on that.
3. **Capital Budget:** By the time you read this, you will probably be aware that the Governor signed the Capital Budget on the 21st. He did not veto any Homer projects. So, this means that we can start this year on the harbor projects and the Skyline Fire station. The sale of **Homer's harbor bonds** also occurred this week. Closing on the bond sale is next month in Seattle.
4. **Northern Economics Contract:** This week I signed a contract with Northern Economics so that they can begin work on the port and harbor rate study and the analysis of the economic impacts of having the endeavor Drill Rig moored at the Deep Water Dock. We will keep you up to date on how that project is going.

5. New Bathrooms: This week I also signed a construction contract with Steiner's Construction to build the new restrooms that were included in the \$6 Million Cruise ship head tax grant. You will recall that two of those restrooms are located on Pioneer Ave., something that tourists and business owners have been asking for years. This, along with the new RV parking lot designations will hopefully be a real assist to the downtown businesses.
6. DWD Fenders: The new Deep Water Dock fenders are now installed. This was a big project and a substantial improvement to the dock. Jay Brandt was the contractor. This project accounted for about \$ 2 Million of the \$6 Million cruise ship grant. It is fortunate that the new fenders were in place in time for the first cruise ship landing this year. These fenders will provide much better protection for both the dock and the vessels mooring there and will really improve conditions in bad weather.
7. Spit Trail and Harbor Trail: Portions of these projects are all out to bid separately. For example, PW has bid paving, boardwalk replacement, restrooms construction, and shoreline protection separately for obvious reasons. Some of this work will happen this summer. Boardwalk replacement will likely occur after Memorial day to minimize disruption during the busy summer season. Carey can provide more detail on these projects if Council wishes.
8. Strategic Planning: Several meetings ago I provided a memorandum about strategic planning which included some suggested action items. Step one was mostly a staff endeavor and included a list and status of all projects underway and pending, a draft mission statement, and a report on all City plans, including goals achieved, goals outstanding, and recommendations on priorities. The departments are getting ready to do this. The Mayor's vision was that strategic planning should happen concurrently with CIP development. At the last meeting when Council discussed the new, accelerated CIP schedule, this was mentioned and I think the general sentiment was that we should do this next year and that timing was an issue this year (not enough of it). This could use a little more discussion.
9. HERC Building: Since the Boys and Girls Club is ceasing operations temporarily at the end of the school year, this building will be basically vacant and placed on warm status until we get additional information and come up with a course of action. The building is being used on occasion by the new City employees responsible for permitting, locating, and inspecting the placement of the gas lines. In the meantime, I often receive inquiries about renting the building. The most recent was from DOT/PF and Quality Asphalt Paving, the contractor that got the Sterling Highway repaving contract. They wanted about 1,500 square feet of office space and lots of parking. This one was attractive because it was short term (4 months), they were willing to pay market rates, and it would help a fellow government agency manage a big project that benefits Homer. But I have consistently told everyone no due to Fire Marshall issues, budget limitations, and the fact that the Council has not authorized any new leases there. Please let me know if you disagree with this decision.
10. New Finance Director Arrives: The first day of work for the new Finance Director, Zhiyong (John) Li will be May 28, the day of the Council meeting. He will be here just in time to get immersed in the water and sewer rate discussion.

Lucky John. I warned him about this in the interest of full disclosure! Hope you will help me welcome John to Homer.

11. The Economy: We are starting to see some indirect and anecdotal information that would suggest that there might be an uptick in the economy. Hotels, B&Bs, charter operators, and tour guides have indicated that reservations are generally up. Also, in addition to all of the construction we have been talking about, there might be an improvement in the housing market. Rick reports that he approved zoning permits for four new homes in one day alone last week. Hopefully, these indicators signal a trend.
12. Alaska Business Monthly Article: This magazine is about to publish an article on Homer and natural gas. There is great interest in this around the state and within the business community. The reporter interviewed me and she also spoke with various folks at Enstar and local businesses.

ATTACHMENTS