

Session 13-16, a Regular Meeting of the Homer City Council was called to order on August 12, 2013 at 6:00 p.m. by Mayor Mary E. Wythe at the Homer City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska, and opened with the Pledge of Allegiance.

PRESENT: COUNCILMEMBERS: BURGESS, DOLMA, HOWARD, LEWIS,
ROBERTS, ZAK

STAFF: CITY MANAGER WREDE
CITY CLERK JOHNSON
CITY ATTORNEY WELLS
FINANCE DIRECTOR LI
IT MANAGER POOLOS
LIBRARY DIRECTOR DIXON
PORT AND HARBOR DIRECTOR HAWKINS
PUBLIC WORKS DIRECTOR MEYER

Council met for a Worksession from 4:00 p.m. to 4:30 p.m. to discuss 2014-2019 Capital Improvement Plan & FY 2015 Legislative Requests. From 5:02 p.m. to 5:52 p.m. Council met as a Committee of the Whole to discuss Consent Agenda items, Budget Priorities for 2014, 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 following changes were made to the agenda:

ANNOUNCEMENTS/PRESENTATIONS - Letter from Senator Micciche to National Oceanic and Atmospheric Administration Fisheries Service, Re: Halibut Catch Sharing Plan. **PUBLIC HEARINGS** - **Resolution 13-048(S-2)(A-2)**, A Resolution of Homer City Council Amending the City of Homer Fee Schedule Under Water and Sewer Fees. City Clerk. Comments/Questions from City Attorney Klinkner; Written public comments. **RESOLUTIONS** - **Resolution 13-085(S)**, A Resolution of the Homer City Council Awarding the Contract for the Redwood Water Storage Tank Demolition Project to the Firm of Herndon Construction LLC of Homer, Alaska, in the Amount of \$89,897.40 and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk/Public Works Director. Memorandum 13-118 from Public Works

Director as backup. **Resolution 13-086(S)** A Resolution of the Homer City Council Awarding the Contract for the Karen Hornaday Park Picnic Shelter Project to the Firm of Polar North Construction of Soldotna, Alaska, in the Amount of \$78,532 and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk/Public Works Director. Memorandum 13-119 from Public Works Director as backup.

Mayor Wythe called for a motion to approve the agenda as amended.

LEWIS/ROBERTS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

There were no public comments.

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 July 22, 2013. City Clerk. Recommend adoption.
- B. **Memorandum 13-110**, from Mayor, Re: Appointment of Matthew Steffy to the Parks and Recreation Advisory Commission; Bob Hartley, David Lewis, Barbara Howard, Bryan Hawkins, and Lisa Ellington to the Port and Harbor Building Task Force.
- C. **Memorandum 13-112**, from City Clerk, Re: November City Council Meeting Schedule.
- D. **Memorandum 13-113**, from City Clerk, Re: Correction of Account No. on Ordinance 13-20(S).

- E. **Ordinance 13-32**, An Ordinance of the City Council of Homer, Alaska, Amending HCC 21.41.030, Definitions, HCC 21.41.040, Basis for Establishing Flood Hazard Areas, HCC 21.41.200, Standards–All Flood Hazard Areas, and HCC 21.41.220, Standards–Where Base Flood Elevation Data is Provided, to Adopt the Flood Insurance Rate Maps Dated November 6, 2013, and Code Revisions Recommended by FEMA. Planning. Recommended dates: Introduction August 12, 2013, Public Hearing and Second Reading August 26, 2013.

Memorandum 13-111 from City Planner as backup.

- F. **Ordinance 13-33**, An Ordinance of the City Council of Homer, Alaska, Amending the FY 2013 Operating Budget to Provide for Necessary Mid-Year Adjustments by Appropriating and Transferring Funds From the General Fund, Water and Sewer, and Port and Harbor Reserve Funds to the Health Insurance Fund, and the Library, Fire Department, Information Technology, and Port and Harbor Budgets. City Manager/Finance Director. Recommended dates: Introduction August 12, 2013, Public Hearing and Second Reading August 26, 2013.

Memorandum 13-116 from Personnel Director as backup.

Moved to Ordinances.

- G. **Ordinance 13-34**, An Ordinance of the City Council of Homer, Alaska, Authorizing the Purchase of Kenai Peninsula Borough Parcel No. 17702033 (Lot 18, Block 1, Barnett's South Slope Subdivision, Township 6S, Range 13W, Section 17, Seward Meridian), in the Amount of \$70,000 from the Water Reserve Fund for the Purpose of Providing a Site for a New Water Tank for the City Water Utility. City Manager/Public Works Director. Recommended dates: Introduction August 12, 2013, Public Hearing and Second Reading August 26, 2013.

Memorandum 13-117 from Public Works Director as backup.

Moved to Ordinances.

Item F - Ordinance 13-33 and Item G – Ordinance 13-34 were removed from the Consent Agenda and placed under Ordinances.

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

LEWIS/ROBERTS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VISITORS

ANNOUNCEMENTS/PRESENTATIONS/BOROUGH REPORT/COMMISSION REPORTS

A. **Mayor's Recognition** – Homer Kachemak Bay Rotary Club - Ben Walters Park

Mayor Wythe read the recognition and presented a plaque to Milli Martin.

B. Borough Report

Bill Smith, Kenai Peninsula Borough Assemblyman, reported there are three initiatives on the borough ballot this year. They include raising the property tax exemption from \$20,000 to \$50,000, a \$23M bond issue for the schools, and assembly term limits.

Currently the Borough offers a \$300,000 plus \$20,000 exemption for seniors; the City of Homer offers a \$150,000 plus \$20,000 exemption for seniors. This year the Legislature increased the allowable exemption from \$20,000 to \$50,000.

A \$23M bond issue for the schools that includes artificial turf for the Homer High School football field will be on the ballot. The measure is pre-approved by the State under the 70/30 state bond program. We will bond for \$23M and pay \$7M; the State picks up 70%. The Borough is responsible for maintaining all the schools. It is better to provide maintenance now than to wait for emergencies.

The last ballot initiative is about term limits. The Borough currently has a two term limit. Some municipalities feel they should be able to choose their own assembly members.

The Assembly is also working with administration on a vote by mail ordinance that will take effect next year. It is a complicated process, and the Borough Clerk is working with city clerks for a unified approach. It should produce more voters; voters will still be able to vote on the last day. It is anticipated more people will take advantage of a mail vote and it will save the Borough money.

C. Commissions/Board Reports:

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

Dave Brann, Parks and Recreation Advisory Commissioner, thanked Council for the nice recognition to the Rotary Club. He thanked Planning, Public Works, the City Manager, and sponsors of the new bike awareness signs that have been installed on Kachemak Drive. The commission's last meeting was cancelled due to lack of members. They now have a new commission member with tonight's appointment of Matthew Steffy. At their meeting on Thursday they will decide whether to reschedule Parks Day. They would like to emphasize the Adopt-a-Park program, recognize the Rotary's work on Ben Walters Park, and recruit commissioners. Commissioner Brann thanked Angie for growing the flowers for Ben Walters Park. There was a work party at Bayview Park and Karen Hornaday Park; both parks are looking good. The Highland Games and Concert on the Lawn were both held at Karen Hornaday Park. He is excited to see the new bathroom facilities around town. At the next meeting the commission will decide on a bylaw amendment to end their meetings by 8:00 p.m. in recognition of staff. By special request the meetings will still be allowed to extend to a time specific.

5. Port and Harbor Advisory Commission

D. Letter from Senator Micciche to National Oceanic and Atmospheric Administration Fisheries Service, Re: Halibut Catch Sharing Plan.

PUBLIC HEARING(S)

- A. **Resolution 13-048(S-2)(A-2)**, A Resolution of Homer City Council Amending the City of Homer Fee Schedule Under Water and Sewer Fees. City Clerk.

Memorandum 13-073 from Water and Sewer Rate Task Force as backup.

Mayor Wythe opened the public hearing.

Ken Castner, city resident, was a member of the Water and Sewer Rate Task Force. Not much of the ad is true. The commercial rate stayed in the new rate model, the residential rate went up, and the \$45 head tax was reduced to a service fee. There is no increase in water rates. The amount the general fund has charged the enterprise fund for administration is very high and unwarranted. One third of the water we treat goes back into Kachemak Bay unused. To save costs we need to come up with a way to reduce that usage. The City Attorney has taken a right hand turn on the \$5 unit charge. The task force attempted to eliminate the \$5 with no differentiation between the residential and commercial user. The City Attorney has brought it back to be disproportional.

Kevin Walker, Kachemak City resident, uses 1,500 gallons water per month and has never objected to the fees. He objects to the 49% increase in sewer fees. He asked to reduce the usage to what it is. The average water user in Kachemak City uses 2,278 gallons. The model does not recognize that fact and is not a cost causer, cost payer model. The \$5 service fee should be one \$5 fee for Kachemak City since the city pays the bill for the 132 Kachemak City users in a lump sum. It will be hard to build user base with Kachemak City if the costs are unreasonable.

Mike Dye asked Council to turn down the resolution. Homer Voice for Business has a proposal. It is a compromise. He agrees with the two previous speakers. This is not business friendly in the costs versus what other communities are paying. He suggested creating a permanent commission to look at budgets, lost water, and water not being billed. Both sides should be a commodity system. The commission would go about reducing the total costs to users. They are suggesting \$150,000 of Endeavour funds be used to reduce costs. He has heard they are hauling waste into the airport facility so revenue should be coming into the water and sewer funds. Everyone wanted natural gas but the way government went about it leaves a bad taste for everyone.

Councilmember Lewis asked Mr. Dye about the ad. The ad says the average Soldotna water bill is \$48. Mr. Dye noted they took the information from CM2 Hill. Councilmember Lewis said the ad only mentions water with the \$45 fee, without sewer being mentioned. They are not mentioning that in the next five years Soldotna is raising water rates 2.5% per year and sewer rates 6% per year. Our water needs greater treatment than Soldotna which has a big difference in cost.

Councilmember Burgess commented he has heard repeatedly the water and sewer rates are not business friendly. Mr. Dye commented insulting people with dissenting views on natural gas was not business friendly.

Mayor Wythe stopped the conversation, stating it is specific to water and sewer rates.

Councilmember Burgess stepped down from his seat to testify.

Beauregard Burgess, city resident, commented the new rate model saves the majority of people 58% and the majority of businesses 79%. It is implementing a model to help us address the larger issue – infill. He struggles to see how it is a rate structure that is not business friendly or community friendly. People have read ads in the newspaper that are holy false. Seven of the eight people he was contacted by will receive a significant reduction in their water and sewer bill. It will definitely cost more for the high volume user group, but it is not negative for the system as a whole. He encouraged people to do the research.

Paul Hueper, city resident, commented Council is losing sight of the big picture. Water rates are three times higher than Soldotna. It is not a fair comparison. We need to find a way to reduce the water costs, possibly shoot to two times higher rates. A new standing commission is needed, made up of people that have insight into accounting. He doesn't care how good the water is or the source of water.

Kevin Hogan, former city resident, supports Homer Voice for Business proposal to establish a commission to address the enterprise fund's operation. It is long overdue; he doesn't want to hear the argument it is a cost we cannot afford. As an industrial user paying \$13 per thousand gallons, competitors in Kodiak are paying 90¢ per thousand gallons. Setting rates on a biennial basis has only served the City Council to not hear disgruntled people.

Adrienne Sweeney, Homer resident, urged Council to vote down the proposal and look at the compromise Homer Voice for Business brought forward. There are ways to reduce costs that

may have been missed. Forming a commission would be ideal. Homer residents and business owners have tightened their belts; the City needs to too. She asked why water lines are constantly running at two fish cleaning stations on the Spit even though they aren't being used. Why is Ocean Drive flushed with 75,000 gallons of unmetered water weekly? Why is there a broken water line constantly running at Coast Guard housing? Why does the city staging station next to Glacier Drive have a water line that constantly leaks? Why is the city letting the State of Alaska water truck fill up at non-metered stations and not even pay for water? Why does the Sewer Treatment Plant flow of water increase 20% when it rains? Why are there so many leaks at the manholes? Why doesn't the City repair and eliminate excessive wastes to get the price down? Why did the City assess her family almost \$3M in assessments for water and sewer between 1983 and 2003 and 30 years later have no water and sewer there?

Justin Arnold, city resident, commented he pays more for water and sewer for his triplex built in 1984 than he does for heat in the middle of winter. Current rates are \$45 per unit, per person, that get passed on to the renters. There is one water line running in. The new proposed rates are not going to be much better, although not worse. He agrees with Homer Voice for Business that we need a rate committee to work on it and figure out why it is costing so much.

Josh Garvey, Homer resident, commented 43% of the users are going to see a large increase. Council has been elected to represent the people of the city, not the City Manager. Council are public servants and need to start doing the job the people elected them to. For the past year we have been telling you there are major problems that need to be looked into. Why are we spending hundred of thousands of dollars for a city hall that was never approved by the voters, \$22,000 on art work for public restrooms, a quarter million dollars for a new excavator to dig a half mile ditch and then leave it sitting idle, remodeling city hall and expanding the City Manager's office? It seems like Council would start investigating the rampant waste and out of control water and sewer rates, but they have not. People have had to dig into it themselves; people are coming forward in droves with their own story of government waste and mismanagement. One citizen said she had been trying for years to get the City to fix her water lines to keep them from freezing each year. The City's solution was to create a bleed in the lines resulting in over 200,000 lost gallons per month; the City only collects \$30 per month. How many broken or unsecured water meters do we have? How much water is used due to leakage? Why are you not holding the city government accountable to eliminate the grossly excessive waste when the water and sewer rates are the highest in the state?

Council's lack of oversight has been embarrassing; Council is fighting against the very people that represent them.

Corbin Arno, city resident, seconded Josh Garvey's remarks. Council should cut costs; it is already expensive to live in this town.

Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion to substitute Resolution 13-048(S-2)(A-2) for prior resolutions.

HOWARD/DOLMA – SO MOVED.

ROBERTS - MOVED TO AMEND TO ADD THE RECOMMENDATIONS ON THE ATTORNEY'S MEMO DATED AUGUST 8, 2013, ITEMS ONE THROUGH SIX TO THE RESOLUTION.

(Motion died for lack of a second and upon hearing from the City Attorney.)

City Attorney Wells commented she thinks the intent of the resolution is to say multi-unit and not multi-family unit. The definition under multi-unit needs to be changed because it currently just encompasses multi-family unit.

Mayor Wythe called for a recess at 6:52 p.m. and reconvened the meeting at 6:55 p.m.

ROBERTS/BURGESS - MOVED TO AMEND LINE 182 ON MULTI-UNITS BY DELETING "(SEE TABLE III)" AND ON LINE 183 AFTER ONE HOUSEHOLD ADD "OR COMMERCIAL ENTITY".

There was no discussion.

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

Motion carried.

ROBERTS/HOWARD - MOVED TO AMEND LINES 11 AND 12 TO DELETE THE WORD "NECESSARY", LINE 51 TO DELETE THE WORD "INDUSTRIAL", LINE 137 TO DELETE THE WORD "INDUSTRIAL", AND LINE 139 CHANGE "SEWER" TO "WATER."

These are changes suggested by the City Attorney to clarify the resolution.

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

Motion carried.

LEWIS/ZAK - MOVED TO AMEND LINE 10 TO DELETE “BIENNIALLY” AND REPLACE WITH “ANNUALLY” AND DELETE “ON ODD CALENDAR YEARS” .

Councilmember Lewis commented on the contentious water and sewer rates, having no complaints to reviewing rates once per year.

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

Motion carried.

City Manager Wrede noted we may have to follow up with a code amendment to remove the biennial review.

HOWARD/LEWIS – MOVED TO AMEND LINES 160 TO 161 TO ELIMINATE THE \$5 MULTI-UNIT FEE FOR WATER.

Councilmember Burgess noted if we make the change to eliminate the \$5 fee on multi-units on the commodity based model, it will increase the costs somewhere else. The \$19 monthly service fee everyone pays will have to increase.

Finance Director Li was asked to recalculate the monthly service fee to spread the \$5 multi-unit fee.

City Attorney Wells advised we will need to make a code change to amend biennial review to annual review.

Mayor Wythe called for a recess at 7:03 p.m. and reconvened the meeting at 7:19 p.m.

HOWARD/LEWIS – MOVED TO AMEND THE AMENDMENT TO MAKE AN EDITORIAL CORRECTION STRIKING LINES 160 TO 161 FROM THE CHART FOR THE WATER RATE ONLY.

The adjustment was never included in the rate so does not make a modification to the rate as stated in the resolution.

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

Motion carried.

Councilmember Zak referenced the suggested changes to the rate schedules from the Homer Voice for Business group.

ZAK - MOVED TO AMEND TO CREATE A WATER AND SEWER COMMISSION COMPRISED OF MEMBERS OF THE COMMUNITY.

Councilmember Howard called for a point of order on the subject of discussion.

City Attorney Wells advised the current resolution establishes rates. It is best to keep the subjects separate. Establishing a commission will need to be done by separate ordinance.

Motion died per City Attorney's advice.

ZAK - MOVED TO AMEND TO MAKE WATER AND SEWER BOTH A COMMODITY RATE SYSTEM AS OPPOSED TO THE SPLIT METHODOLOGIES THAT THE TASK FORCE RECOMMENDED: WATER WILL BE AT \$15.59 PER THOUSAND GALLONS AND SEWER AT \$12.04 PER THOUSAND GALLONS.

Motion died for lack of a second.

ZAK – MOVED TO REDUCE THE MONTHLY SERVICE FEE TO \$19 AND ELIMINATE THE MULTI-FAMILY FEE INTRODUCED A COUPLE OF YEARS AGO.

Motion died as it is redundant; the fees are already as stated.

ZAK/BURGESS – MOVED TO REDUCE THE CONSERVATION CLAUSE FROM 6.5% TO 3%.

Councilmember Burgess commented the conservation rate is just an accounting function. Reducing the amount anticipated that people will conserve is less conservative budgeting. If people conserve more than 3% we have set the rate too low and will have to pass the costs onto something else. In going to a new rate model he encouraged us not to be stingy in

anticipating the costs. If we overcharge the conservation amount we can later reduce that amount and pass the savings on to the users.

Councilmember Roberts called for a point of order. Although the task force did discuss conservation rates there is nothing in the resolution referring to the conservation rate.

Mayor Wythe commented the rate schedule was established by using the conservation amount.

Finance Director Li confirmed he did use the task force model on the conservation side.

Councilmember Zak commented this is the root cause of the proposed water and sewer rates. It is anticipated 58% of the business owners will save and 79% of the residential owners will save. It still leaves 42% business owners and 31% residential owners who will be paying more. The 6.5% conservation rate is passing the big cost to the few people who will be paying the larger rate. The rate model is reducing a few people's rates across the board, but it is passing on a huge cost to the business owners and cost causers. Reducing the conservation amount to 3% will leave a little left in the budget if the rates go up for water.

Councilmember Burgess commented in this rate model one gallon of water costs the same for everyone; one gallon of sewage costs the same for everyone. Manipulating the budget to save a little now and have a large budget shortfall later is a risky concept. Operating the water and sewer system costs x amount of dollars. There are lots of good points to reducing the costs of operation of the system. We need to pay attention to them. We need to recover the costs and have it pay for itself. We represent the fiscal and financial interests of the citizens of Homer and are opening them up to a potential vulnerability with a whole new rate structure.

Councilmember Zak commented the 3.5% is a burden on the big users. We haven't addressed the citizens' concerns of where water is being lost. We have a broken system and have not addressed the key components of the system. The task force worked hard on the rate structure, but it is burdening people with lift stations and additional fees. Reducing the conservation amount would be a good faith effort to show we have listened to the members of the community.

Councilmember Roberts commented the conservation clause affects everyone the same.

Mayor Wythe clarified the conservation clause affects the cost of a gallon, whether it be a low or high volume user. Because high volume users use more, they will pay more.

Councilmember Zak commented we are losing water and can't tell where it is going. It is unfair to pass the burden of the inherent flaws onto the users of large amounts of water.

Councilmember Burgess acknowledged the good points brought up, although they are red herring when considering the conservation rate. The conservation rate is an anticipation in the reduction in use due to the implementation of a new model that encourages people to conserve water and sewer. If we don't budget accordingly and set a rate that does not bring in enough money to operate the system, that is bad. If we budget conservatively and have an excess, in the future we can pass the savings on to the user. There is the short term satisfaction or the best long term interest of the citizens. The task force reviewed everything and this is what they recommended.

Councilmember Zak commented we have to bend to go to 3% instead of 6.5% on the conservation rate. For just one year cut it from 6.5% to 3% to save those that use the most.

Councilmember Burgess commented the conservation amount was originally proposed as 13.5%, a best guess by Mr. Castner and variability in the consumption. Reducing it to 6.5% was seen by the task force as still not being conservative enough.

Councilmember Lewis asked Councilmember if we reduced the conservation amount from 6.5% to 3% and find out it is wrong, where would he recommend making up those rates?

Councilmember Zak suggested lowering the conservation amount to 3% and at the same time start making fixes to the system. With a cost analysis we can figure out what the most expensive systems are, whether it is the 70,000 gallons going into the bay. If we get to the end of the year and the 3% is not enough we can go back up 3.5%. We work together rather than placing that burden on business owners who can put the money back into their businesses. It is in good faith that the Council is willing to listen and we can work with them a little bit. We will come up with the deficit with increased sales taxes and growth.

VOTE: (amendment) YES. ZAK

VOTE: NO. LEWIS, ROBERTS, DOLMA, HOWARD, BURGESS

Motion failed.

ZAK/BURGESS - MOVED TO AMEND TO UTILIZE \$150,000 OF THE \$700,000+ OF THE ENDEAVOUR RIG REVENUES IN A WAY THAT EVERYONE IN THE COMMUNITY BENEFITS, BY ALLOCATING THIS PORTION OF THE REVENUE TO REDUCE THE 2014 WATER/SEWER BUDGET REQUIREMENTS, WHICH WILL REDUCE EVERYONE'S PRICE PER GALLON FOR THE YEAR.

Councilmember Burgess commented the monies received from the Endeavour are for the community as a whole. There are 1,600 members that use water and sewer. Do you want money that would go to pay for essential services for you go to subsidize water and sewer users? The Endeavour has nothing to do with water and sewer; it has to do with the solvent public facility we maintain. Why use those funds to subsidize a smaller group of people when the funds could go to benefit a whole?

Mayor Wythe commented the \$700,000 received from the Endeavour was from them being tied up to the dock. It is a revenue producing property for the Port and Harbor enterprise fund that operates as an independent business in the City's holdings. You do not commingle those funds. You do not steal money from Port and Harbor to pay for water and sewer. When the Endeavour was here they were paying for water and sewer services. There is a lot of misrepresentation. The Endeavour did pay their way while here.

City Attorney Wells advised there is a legal element both under city code and state law and funding granting provisions. Homer City Code specifically earmarks those funds generated from the harbor to the harbor. Code amendments would be needed and using the funds would have possible grant and bonding implications.

Councilmember Lewis commented whether you have water and sewer, everyone in this town and surrounding area benefits indirectly from water and sewer.

Councilmember Burgess commented we do all benefit from fire service and quite a few things. The rate model accounts for that and removes those costs away from the water and sewer users to the people in the community that benefit as a whole. It is musical chairs. It costs x amount of dollars to run the system. The model allocates the costs to the users. Now we need to reasonably expand the system to bring costs down. The system was designed to serve the entire town. Rate setting is a red herring. We need to create a system to solve rates and not politicize every year. We have to be bold and think of what will be happening in the future. Let's do what we did with natural gas.

VOTE: (amendment) YES. ZAK

VOTE: NO. BURGESS, LEWIS, ROBERTS, DOLMA, HOWARD

Motion failed.

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

VOTE: NO. ZAK

Motion carried.

ROBERTS/HOWARD – MOVED TO IMMEDIATELY RECONSIDER RESOLUTION 13-048(S-2)(A-3).

VOTE: (reconsideration) YES. HOWARD, BURGESS, LEWIS, ROBERTS, DOLMA

VOTE: NO. ZAK

Motion carried.

ROBERTS/HOWARD - MOVED TO AMEND LINE 11 OF THE RESOLUTION TO INSERT AS OF “JANUARY 1, 2014” AND TO ELIMINATE THE WORDS “WITH THE FIRST BILLING CYCLE TO TAKE EFFECT BLANK” .

There was no discussion.

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

Motion carried.

Mayor Wythe called for a motion for approval of the further amended resolution.

LEWIS/ROBERTS – SO MOVED.

There was no additional discussion.

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

VOTE: NO. ZAK

Motion carried.

- B. **Resolution 13-078(S)(A)**, A Resolution of the City Council of Homer, Alaska, Directing the City Manager to Propose Projects that Utilize the Funds in Excess of \$3 Million Dollars in the HART Fund and Funds in Excess of \$3 Million Dollars in the HAWSP Fund for Consideration of the Homer City Council. Burgess/Roberts. Postponed from July 22, 2013 for a Public Hearing.

Mayor Wythe opened the public hearing.

Kevin Hogan, former city resident, expressed concern in changing the terms since that should be done by the voters. We don't need an accelerated spending fund; if you have more funds stop collecting tax.

Ken Castner, city resident, commented the big successes are things derived within the community from grass roots. He would not want to see a Christmas tree list of public projects, but rather public outreach.

Lindianne Sarno, Economic Development Advisory Commission, commented that trails should be considered separately. If there is money accumulating it is because the community is asking for funds and projects are being delayed.

Mayor Wythe closed the public hearing.

Motion on the floor from July 22: MOTION FOR THE ADOPTION OF RESOLUTION 13-078(S)(A) BY READING OF TITLE ONLY.

Councilmember Burgess commented the City collects sales tax and a percentage goes into the HART and HAWSP accounts. The funds sit in an account and are available for trails, roads, and water and sewer projects. \$2.8M is the most used in a year and there is currently \$6M in the HART fund. We are not using the funds to improve the quality of life for citizens. The resolution will have the City Manager come to Council once a year with proposals for good uses of the funds to benefit the community.

Mayor Wythe commented road improvements utilize the HART fund. They deplete a lot of money as the City pays the majority of bringing roads up to grade.

Councilmember Roberts commented the Transportation Advisory Committee has discussed this a lot and the funds are way under-utilized. The funds are not benefiting the community. We need to start moving ahead so people can put roads up to the major roadways.

Councilmember Dolma said at anytime we can consider projects. People would not want to be paying into the system for forty years and not get anything back. We are hearing people object for the opposite reasons than usual. We are not going to keep the money in a can; we will have the City Manager come through with projects as well as residents.

City Manager Wrede commented we will not cook up some projects; we will follow the adopted Transportation Plan. There are a lot of projects that have been there for a long time. It is hard to get money for state and federal roads. We will focus on the Transportation Plan and see if we can use HART funds to leverage other money.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

C. **2014 Budget Priorities**

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

- D. **Ordinance 13-25**, An Ordinance of the Homer City Council, Amending HCC 3.10.130, Governance of Homer Permanent Fund Assets, HCC 3.12.020, Contributions, HCC 3.12.030 Allocation to Sub-Funds, HCC 3.12.060 Expenditures of Income and HCC 3.12.080, Expenditure of Principal; Enacting HCC 3.12.015, Definitions; and Repealing HCC 3.12.070, Loans from Income Sub-Fund; Regarding the Homer Permanent Fund. City Clerk/Permanent Fund Committee. Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

Memorandum 13-098 from Permanent Fund Committee as backup.

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

Mayor Wythe called for a motion for the adoption of Ordinance 13-25 by reading of title only for second and final reading.

HOWARD/ LEWIS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- E. **Ordinance 13-26**, An Ordinance of the Homer City Council, Appropriating \$67,310.08 from the Homer Permanent Fund to the Homer Foundation City of Homer Endowment Fund. City Clerk/Permanent Fund Committee. Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

Memorandum 13-098 from Permanent Fund Committee as backup.

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

Mayor Wythe called for a motion for the adoption of Ordinance 13-26 by reading of title only for second and final reading.

LEWIS/HOWARD – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- F. **Ordinance 13-27**, An Ordinance of the City Council of Homer, Alaska, Making Technical Corrections to Title 21 of the Homer City Code for its Republication by Code Publishing, Inc. Planning. Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

Memorandum 13-106 from City Attorney as backup.

Memorandum 13-107 from City Planner as backup.

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

Mayor Wythe called for a motion for the adoption of Ordinance 13-27 by reading of title only for second and final reading.

LEWIS/HOWARD – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- G. **Ordinance 13-28(A)**, An Ordinance of the City of Homer, Amending Homer City Code Chapter 11.12, Street and House Numbering, to Establish Standards and Procedures for the Naming and Renaming of Streets. Burgess. Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

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

Mayor Wythe called for a motion for the adoption of Ordinance 13-28(A) by reading of title only for second and final reading.

BURGESS/HOWARD – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- H. **Ordinance 13-29**, An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating a State of Alaska Public Library Assistance Grant for FY 2014 in the Amount of \$6,600, with a Local Match of \$7,000 for Books and Library Materials, and Authorizing the City Manager to Execute the Appropriate Documents. City Manager/Library Director. Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

Memorandum 13-099 from Library Director as backup.

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

Mayor Wythe called for a motion for the adoption of Ordinance 13-29 by reading of title only for second and final reading.

LEWIS/HOWARD – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- I. **Ordinance 13-30**, An Ordinance of the Homer City Council, Amending HCC 14.04.040, Sewer Rate Schedule, and HCC 14.08.080, Schedule of Rates--Rules and Regulations; to Provide that Sewer and Water Rate Schedule Changes Shall Take Effect as of the Date Set Forth by Resolution. City Manager. Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

Memorandum 13-102 from City Clerk as backup.

Mayor Wythe opened the public hearing.

Ken Castner, city resident, thanked Council for their thoughtful discussion. He reminded everyone the most affected party is the City's general fund. The shifting of costs from the commodity users will be to the general fund. It will be a challenge next fall to fill the holes in the budget.

Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Ordinance 13-30 by reading of title only for second and final reading.

LEWIS/HOWARD - SO MOVED.

LEWIS/HOWARD - MOVED TO AMEND LINE 27 TO INSERT "ANNUALLY" AND TAKE OUT BIENNIALY AND SCRATCH OUT "ON ODD CALENDAR YEARS."

ROBERTS/LEWIS - MOVED TO AMEND THE MOTION TO ADD LINE 28 TO DELETE "FIRST BIENNIAL REVIEW TO BE IN 2011" AND REPLACE WITH "ANNUAL REVIEW."

There was no discussion.

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

Motion carried.

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

Motion carried.

City Attorney Wells advised more amendments are needed: In the title Line 11 add “and that rate review shall occur annually”.

LEWIS/HOWARD – MOVED TO AMEND PER HOLLY WELLS RECOMMENDATION.

There was no discussion.

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

Motion carried.

HOWARD/LEWIS – MOVED TO AMEND LINE 19 TO REPLACE BIENNIALY WITH ANNUALLY AND DELETE “COMMENCING IN 2011 AND IN EACH ODD CALENDAR YEAR THEREAFTER.”

There was no discussion.

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

Motion carried.

Councilmember Howard likes going back to the annual review since the poor memories around town do not remember we have not raised rates for three years. We don’t gain any value by reviewing rates every two years.

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

VOTE: NO. ZAK

Motion carried.

- J. **Ordinance 13-31**, An Ordinance of the City Council of Homer, Alaska, Amending the 2013 Operating Budget By Appropriating an Additional \$69,000 from the Water Reserve Fund for the Demolition of the Redwood Tank at the Water Treatment Plant. City Manager/Public Works Director. Introduction July 22, 2013, Public Hearing and Second Reading August 12, 2013.

Memorandum 13-101 from Public Works Director as backup.

Mayor Wythe opened the public hearing.

Lindianne Sarno, city resident, commented the Wooden Boat Society was looking at the redwood to use for a community structure.

Mayor Wythe closed the public hearing.

Councilmember Burgess suggested the Wooden Boat Society approach the City Manager or the winning bidder.

ROBERTS/HOWARD - MOVED TO ADOPT ORDINANCE 13-31.

Public Works Director Meyer estimated the contract is \$30,000 less because the contractor assumes ownership of the materials.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

ORDINANCE(S)

- A. **Ordinance 13-33**, An Ordinance of the City Council of Homer, Alaska, Amending the FY 2013 Operating Budget to Provide for Necessary Mid-Year Adjustments by Appropriating and Transferring Funds From the General Fund, Water and Sewer, and Port and Harbor Reserve Funds to the Health Insurance Fund, and the Library, Fire Department, Information Technology, and Port and Harbor Budgets. City Manager/Finance Director. Recommended dates: Introduction August 12, 2013, Public Hearing and Second Reading August 26, 2013.

Memorandum 13-116 from Personnel Director as backup.

ROBERTS/LEWIS - MOVED TO INTRODUCE ORDINANCE 13-33.

Councilmember Burgess asked for an explanation on where the \$800,000 of city funds will be going.

City Manager Wrede reported this is a mid year budget adjustment. The primary issue is the health care plan. Council has received several reports on it. Water and sewer had some serious cost overruns, with more projected this year. This takes care of the deficit in 2012 and

addresses the deficit as projected for 2013. We hope to get back on solid ground and deal with the reserve fund in the 2014 budget. The funds from Port and Harbor and water and sewer are strictly for employees of the enterprise funds. Those funds pay for personnel costs.

Councilmember Zak commented we are spending future years' money from the reserves to pay for costs incurred on health care costs. Water and sewer money is spent for healthcare costs. We have a lot of costs and the City is incurring big costs. We haven't come up with a better plan.

Councilmember Burgess commented paying employees and health care costs are part of the operating costs of a utility. It has nothing to do with investing in the infrastructure. The main issue is addressing city health care costs.

Mayor Wythe commented events such as this are why we reserve the amount we do. One factor changes and we need \$800,000. If we had not built the reserves, the funds would not be there.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Mayor Wythe called for a recess at 8:27 p.m. and reconvened the meeting at 8:31 p.m.

- B. **Ordinance 13-34**, An Ordinance of the City Council of Homer, Alaska, Authorizing the Purchase of Kenai Peninsula Borough Parcel No. 17702033 (Lot 18, Block 1, Barnett's South Slope Subdivision, Township 6S, Range 13W, Section 17, Seward Meridian), in the Amount of \$70,000 from the Water Reserve Fund for the Purpose of Providing a Site for a New Water Tank for the City Water Utility. City Manager/Public Works Director. Recommended dates: Introduction August 12, 2013, Public Hearing and Second Reading August 26, 2013.

Memorandum 13-117 from Public Works Director as backup.

Councilmember Burgess declared a potential conflict of interest due his residence being located adjacent to the subject property.

Mayor Wythe ruled Councilmember Burgess was excused due to a conflict of interest. There was no objection from the Council.

Councilmember Burgess excused himself from his seat.

ROBERTS/ZAK - MOVED TO INTRODUCE ORDINANCE 13-34.

City Manager Wrede suggested an amendment or postponement. The exact parcel is influx. The map shows two parcels; both are still in play. Although it would be beneficial to keep the process moving, the exact parcel may not be known before the next meeting.

Councilmember Lewis noticed any change would be substantial and would need to come back for another public hearing.

VOTE: NO. LEWIS, ROBERTS, DOLMA, ZAK, HOWARD

Motion failed.

Councilmember Burgess returned to his seat.

CITY MANAGER'S REPORT

- A. City Manager's Report
 - 1. August Employee Anniversaries
 - 2. Current City Capital Projects
 - 3. DOT/PF Capital Projects

Capital Projects

On August 12, the Council will have a 4 PM work session on the City's CIP List. This work session will provide a foundation and good starting point for the larger CIP planning exercise that will occur on Saturday, August 17. As part of the preparation for these discussions, I thought it would be a good idea to devote this report to capital projects. Attached is a copy of the City Capital Project Update which you received at the last meeting. We did not have time to discuss it in any detail and I expect that you might have questions. I also attached project descriptions of DOT/PF projects for this year and next for your information. These handouts were available at the DOT/PF Open House which occurred on the 5th. Hopefully all of this will contribute to the broader discussion about future CIP priorities.

As you know, the DOT/PF Commissioner was here as part of the Governor's picnic. We took him on a tour of City infrastructure. The Commissioner needs to get his draft budget for next year to the Governor by the end of this month. Apparently, the Governor has moved his budget schedule up a bit. Therefore, in order to have a chance to have any projects in the Commissioner's draft budget, we must get our "asks" in almost immediately. We will do so by letter and we will emphasize Main Street upgrades, intersection improvements and including the Deep Water Dock in the bill if there is any talk about a statewide port and harbor bond sale. We can discuss all of this in more detail at the meeting.

City Manager Wrede noted his report was dedicated to capital projects. He has received a lot of favorable reviews about the Governor's picnic in Homer. He thanked everyone involved in the planning process, including the committee, Katie Koester, the women at City Hall, Terri Robl, Jenny Martin, Public Works, the many volunteers, and the corporate sponsors. In hearing feedback from the commissioners and the Governor they said it was the best picnic they have had.

A couple weeks ago there was a sad incident on the Poopdeck Trail. The City is having discussions with adjoining property owners in the general area. Although referred to as the problem on the Poopdeck Trail, it is really the entire Town Center. There is a lot going on that shouldn't be. Public Works will be doing some thinning and clearing of alders and underbrush on the Poopdeck Trail and the trail that goes to the library. No big trees will be cut. A meeting is planned with the land trust to plan for a broader community wide effort. We are taking a serious look at making all trails in Homer safer.

Finance Director Li presented Council with a financial report. City Manager Wrede asked that Council review it and see if it is the format they were looking for and if it provides sufficient information.

Councilmember Roberts would like to see the financial report on a regular basis and likes the fact that it refers to the last three years.

Councilmember Burgess recognized new Finance Director Li who has jumped right in on a lot of projects and taken the bull by the horns. He likes that he is straight and to the point.

Mayor Wythe recognized the eight employees' anniversaries, celebrating a combined 91 years of service to the city.

B. Bid Report

CITY ATTORNEY REPORT

1. July 2013 Report

Asked if there was any information about the Kennedy cases, City Attorney Wells answered we are moving forward in working with Mr. Kennedy. Legal action is still pending.

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

PENDING BUSINESS

NEW BUSINESS

RESOLUTIONS

- A. **Resolution 13-085**, A Resolution of the Homer City Council Awarding the Contract for the Redwood Water Storage Tank Demolition Project to the Lowest Responsible Bidder in the Amount of the Low Bid and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk/Public Works Director.

Resolution 13-085(S), A Resolution of the Homer City Council Awarding the Contract for the Redwood Water Storage Tank Demolition Project to the Firm of Herndon Construction LLC of Homer, Alaska, in the Amount of \$89,897.40 and Authorizing the

City Manager to Execute the Appropriate Documents. City Clerk/Public Works Director.

Memorandum 13-118 from Public Works Director as backup.

Mayor Wythe called for a motion for the adoption of Resolution 13-085 by reading of title only.

LEWIS/ROBERTS – SO MOVED.

Mayor Wythe called for a motion to substitute Resolution 13-085(S) for resolution 13-085.

LEWIS/ROBERTS – SO MOVED.

The local bidder's preference determined the low bid.

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

Motion carried.

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

VOTE: NO. BURGESS, ZAK

Motion carried.

- B. **Resolution 13-086**, A Resolution of the Homer City Council Awarding the Contract for the Karen Hornaday Park Picnic Shelter Project to the Lowest Responsible Bidder in the Amount of the Low Bid and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk/Public Works Director.

Resolution 13-086(S) A Resolution of the Homer City Council Awarding the Contract for the Karen Hornaday Park Picnic Shelter Project to the Firm of Polar North Construction of Soldotna, Alaska, in the Amount of \$78,532 and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk/Public Works Director.

Memorandum 13-119 from Public Works Director as backup.

ROBERTS/HOWARD - MOVED TO ADOPT RESOLUTION 13-086.

Mayor Wythe called for a motion to substitute Resolution 13-086(S) for resolution 13-086.

ROBERTS/HOWARD - SO MOVED.

There was no discussion.

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

Motion carried.

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

Motion carried.

COMMENTS OF THE AUDIENCE

Adrienne Sweeney, Driftwood Inn owner, grew up here as a fisherman's daughter. They had no running water or electricity. It amazes her that the City can access these kinds of fees on families and still not have the funds to hook up new customers. There are still people without water and sewer. She urged Council to fix the leaks, stop the running water, and figure out ways to hook up customers at a more affordable rate.

Lindiannc Sarno, city resident, commented Kachemak Bay is our watershed. When you don't have running water you know the value; you don't waste it. She composts to increase the fertility of soil and reduce fire danger. There could be a lot more done in the water shed to reduce fuel loads in the forest. Volunteer groups could harvest forestry products and reduce the fire dangers.

Brian Ormond, Homer resident, has lived without water for the last two years. With the natural gas line coming in and the idea of hooking more people up to water and sewer, Homer will need to expand and grow. It affects residents outside the city too and Council should think about getting more voices involved.

Mike Dye, Homer resident, thanked Bryan for listening and trying to support them. The article in the paper wasn't something he wrote, but he fully supports it. Homer Voice for Business is a group that is tired of not being listened to. He is not here for Lands End. A council member

is insulting people; there are threats for speaking at the table. He participated in the water and sewer rate process for seven months.

Ken Castner, city resident, was part of the task force. They took every comment that came in seriously. Motions were reactive to Mr. Dye and Mr. Faulkner's comments. The 13% conservation rate was cut in half to 6.5%. Bigger users will have a disproportional share, but to cut in half again does not acknowledge the first cut. The task force made other accommodations along the way and an honest effort to take everyone's view into consideration. They had to come up with something fair and easily transparent.

COMMENTS OF THE CITY ATTORNEY

City Attorney Wells had no comment.

COMMENTS OF THE CITY CLERK

City Clerk Johnson reminded the audience of the candidacy filing period that remains open through Thursday, August 15 at 5:00 p.m. for two city council seats.

COMMENTS OF THE CITY MANAGER

City Manager Wrede hopes someone does apply for the council seats. He referenced Adrienne Sweeney's comments about the \$3M in assessments. It sounds like a lot and he doesn't know the situation. He clarified water and sewer assessments are not used for day to day operation costs; they are used for an expansion of the system. There must have been big water and sewer lines that went through their property.

COMMENTS OF THE MAYOR

Mayor Wythe added the assessment is not issued or collected until after construction has been completed. You don't collect the funds in advance and then not build the project. She thanked the Councilmembers, committee members, and the members of the public that sat on the Water and Sewer Rate Task Force. Water and sewer rates are always contentious. They were put on an alternate year review to spread out some of the tension. There is always a winner and always a loser. The new rate schedule makes the philosophical change to a commodity base. The new rates will go into effect January 2014. Mid year in 2014 the rates will be looked at again and a mid-year adjustment may be made. There are two positions

open on the council this year. She would like to see some members of the Homer Voice for Business apply. Her tenure on the council has been a rewarding period of time for her. To be a business owner and say, "I cannot sit on the council because it may impact my business," is a wrong position to take. Choosing not to sit on the council or the Economic Development Advisory Commission is already impacting your business. She encouraged those in the business group to consider committing to a 3-year term. They will see from the other side of the table what it is like to make these decisions. She can guarantee Council makes 30% to 50% of the people unhappy for every decision they make. Along with that guarantee Council receives a monthly stipend of \$46 after taxes.

COMMENTS OF THE CITY COUNCIL

Councilmember Lewis said if he offended any of those about his comments on the water rate ad he is sorry. If we are going to talk water and sewer lets have all the words there, not just one and make it look like something else. Maybe it was not intended, but that is the way it was taken by a lot of people.

Councilmember Burgess is encouraged the business community is here to participate and would like to see the business community apply for an open council seat. We need community discussion with rational and thoughtful discussion of the issues to make informed decisions. Deliberate misinformation and deception on the part of one or two parties for the sake of advancing their own agenda is not constructive to the community process. When you misrepresent things people get frustrated and it hinders Council's ability to make positive decisions and have debates about the facts. If any business person wants to come and propose how businesses can self regulate to get rid of the omnibus sign code or expand the water and sewer system in an equitable way he would love to stand behind it. There are a lot of receptive ears on the Council. Approach us with what you want; let's focus on being pro business. It is interesting on the water and sewer debate that Kachemak City called frustrated that their rates will go up. The Council represents the citizens of Homer. If in a situation where they have to make a decision between passing the costs on to the people that vote for them and costs onto the people that are customers, Council has to weigh and balance the concerns. He appreciates everyone coming out tonight and looks forward to working with one or two of them.

Councilmember Dolma is glad to see everyone that came out tonight and wishes he had seen them three to four months ago. We came to resolution on the water and sewer rates. There are differing opinions on every issue; there are winners and losers. We have a lot more to do.

We were just working on one small issue, how to divide up expenses. For everyone that wants to volunteer there is a place for you here in the city.

Councilmember Zak thanked all the people that worked on the Water and Sewer Rate Task Force. Their hearts were in the right place when they came up with the model. He is glad discussion went on longer to hear people's opinions. We know there are problems with the system and we need to lower rates to make it more affordable. There were good comments from the citizens that spoke tonight. It is the City of Homer and the citizens working together for the local economy that makes some wins. We are optimistic about the future. We had the Governor and his staff here this summer. We want to maintain a good quality of life, good rapport with the city employees, city council, and business owners.

Councilmember Roberts is glad we concluded the water and sewer issue and that we took the extra time to review the rates. She appreciates the testimony. There are lots of things to think about and to fix. She appreciates what the Rotary Club did at Ben Walters Park and thanked the group that was responsible.

Councilmember Howard had no comment.

Mayor Wythe introduced Corbin Arno, candidate for City Council. She announced the Saturday meeting Council has scheduled to talk about improving the way we do our Capital Improvement Plan. Jo will extend an invitation to the candidates.

ADJOURNMENT

There being no further business to come before the Council, Mayor Wythe adjourned the meeting at 9:08 p.m. The next Regular Meeting is Monday, August 26, 2013 at 6:00 p.m. and Committee of the Whole 5:00 p.m. A Worksession is scheduled for Saturday, August 17, 2013 from 9:00 a.m. to 5:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

JO JOHNSON, MMC, CITY CLERK

Approved: _____