



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

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Memorandum

TO: Mayor Zak and Homer City Council
FROM: Katie Koester, City Manager
DATE: March 7, 2018
SUBJECT: **City Manager's Report**

Pittman-Robertson Funding

In the last City Manager's Report I mentioned an opportunity for trail/wildlife viewing grants that Representative Seaton brought up during our time in Juneau. Since then, staff has been working with his office on how we would go about advocating for City of Homer projects. However, because the State does not have staff to administer Pittman-Robertson or Dingell-Johnson grants, even if the City proposes to fund the entire required local match, the Federal dollars cannot be attained. Therefore, **Representative Seaton's office has requested from the City a letter advocating for restoring funding** to administer these programs (attached). The State stands to lose \$4 million in Federal grant dollars without this capacity. The City of Homer Load and Launch Ramp was replaced using Dingell-Johnson funds; I don't know of Pittman-Robertson funding we have used in the recent past, but if the program is restored we would work on positing City of Homer projects for funding as the opportunity became available.

Visit with Candidates Galvin and Dunleavy

When the City receives a request to visit with candidates for higher office, we jump at the opportunity to educate about Homer and our needs. If scheduling allows, the Mayor and/or the Mayor Pro-tem generally meet with City staff. Recently we have been visited by Congressional Candidate Alyse Galvin and Gubernatorial Candidate Mike Dunleavy. With both candidates the conversation centered on our major capital priorities, the Police Station and the Large Vessel Harbor. The Large Vessel Harbor in particular has so many nexuses to Federal infrastructure priorities and economic development it provides a platform for lots of great conversation.

How to Stay Abreast of the Legislature?

Last year in February the City Council established a standing Legislative Worksession every Tuesday to track issues and provide timely input to the Legislature. The standing worksession was an opportunity for individual members to report on issues they were following and discuss the merits of following up with a formal action on the Council agenda so the City could weigh in on an issue. Following the trip to Juneau in February, the question came up as to whether or not the Council should re-establish such a worksession. As you know, the issue that continues to dominate legislative discourse is the fiscal crisis the state finds itself in. Consensus seemed to be that establishing a regular draw on the Permanent Fund Earnings Reserve through a Percent of Market Value (POMV) formula may pass this year, but that a broad based tax (income, sales, payroll, etc) was unlikely to pass in an election year. This of course

could change and the Legislature can be wildly unpredictable. In lieu of a regularly scheduled worksession, one option could be to commit to continuing to track legislative issues individually and through the Alaska Municipal League and hold a special worksession if it appears something is popping up that needs to be discussed for development of a resolution, letter, position statement, etc. I would like to get your feedback on this at the meeting.

Rotary Dinner

As a fundraiser, the Kachemak Bay Rotary Club is hosting small dinner parties to promote informal relationship building among our community leaders and raise funds for scholarships. Last Saturday Mayor Zak and I had the opportunity to dine with Councilmember Aderhold and her spouse Wayne and PARCAC Commissioner Harrald and her partner George at the home of distinguished Rotarians **Vivian Finley and Clyde Boyer**. **These events help promote Rotary's mission of peace through one to one interactions** – and they are lots of fun. Please let me know if you would be interested in participating and I will share your name with the club for the next round.

Enc:

Letter to House Finance advocating for ADF&G staff to administer Pittman Robertson Grant funds

Letter to Federal Delegation advocating for City of Homer major infrastructure projects

Letter of Support for Homer Senior Citizens, Inc. re: Adult Day Services

Council member Aderhold Winter AML Meeting and Legislative Report



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March 27, 2018

Alaska State Legislature House Finance Committee,

Alaska's vast land and water resources, and diverse habitats support healthy and abundant fish and wildlife. Our wildlife has a significant positive impact on Alaska residents and communities, and on our economy.

Two Federal programs provide valuable funding to States to assist with projects that restore, conserve and manage wildlife and their habitat, as well as enhance safe public access to these resources. However, due to budget cuts, Alaska will be losing out on these funds for lack of Alaska Division of Fish and Game staff to administer the funds.

We are writing in support of adding funding to the State budget to restore ADF&G staffing to a level at which the division can administer Pittman-Robertson and Dingell-Johnson federal grants. Without it, the State is poised to forfeit millions of dollars in federal funding for habitat protection and public access programs.

Responsible use and development of our lands and waters is important to Alaska's economy and culture in terms of quality of life, money spent in the state and job creation. Over the last thirty years, Dingell-Johnson funds have completed more than 160 capital improvement projects to provide new and improved access to waters throughout the state. Homer's harbor users recently benefitted from the program. Dingell-Johnson funds helped upgrade the load and launch ramp.

Likewise, Pittman-Robertson Wildlife Restoration Program funds have helped rehabilitate and enhance wildlife habitat and populations, and provided public access for hunting and other wildlife-oriented recreation. The City of Homer has Pittman-Robertson eligible trail and wayside projects and a dedicated fund for the required match which would provide public access for wildlife-oriented recreation.

Adjusting funding levels for ADF&G will allow the State to leverage these important Federal dollars which can be put to work for the benefit of Alaska and its communities.

Sincerely,

Mayor Bryan Zak

On behalf of the Homer City Council



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Dear Senator Last Name,

I am writing to make you aware of the City of Homer's Capital Improvement Plan and FY2019 Legislative Request. The CIP was compiled and approved through an extensive public process. The projects selected as Federal priorities are critical for Homer's public safety and economic well-being and contribute to federal goals for infrastructure funding. Thank you for taking a moment to familiarize yourself with Homer's request.

A new police station tops the priority list for the fourth year in a row and after many years on the City's Capital Improvement Plan. Built over thirty years ago, Homer's police station suffers a series of design inadequacies and operational deficiencies that put our public safety officers, victims and the integrity of our justice system at great risk.

The Police Station project aligns with Federal infrastructure priorities in that it addresses an immediate life/safety concern not readily addressable by other means, is nearly shovel ready and is backed by significant local investment. To date, the City has invested \$575,000 in planning, design and public involvement and has secured a building site and an additional \$2,500,000 in local funds. The City is seeking \$5,000,000 in federal funds to help complete construction.

Homer's other two Federal priority projects support Alaska's marine industrial transportation network, an economic driver regionally and nationally and strategic to America's energy security. The Large Vessel Harbor will accommodate current and future demand for large vessel moorage, and relieve moorage pressure in Homer's small boat harbor where large vessels are currently rafted three abreast. It also replaces critical moorage infrastructure that has long served as home port to US Coast Guard cutters, but will not be able to accommodate the new class of Sentinel fast-response cutters being deployed. We are requesting \$10,258,000 to complete design and permitting.

The Barge Mooring/Haul-Out Repair Facility expands Alaska's capacity to meet current demands in the shipping, commercial fishing and resource development industries, particularly the barge fleet, which is essential to developing regional and national economic opportunities such as the Cook Inlet Oil & Gas industry, the Alaskan LNG pipeline and the opening of the Arctic. Homer is strategically positioned to provide this essential infrastructure: it is home to the only ice-free deep water port serving Cook Inlet and the northern Gulf Coast and is home to a nationally recognized, comprehensive marine trades industry.



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These Federal Priority projects contribute to several federal goals of the infrastructure funding program in that they promote American energy security, help improve the balance of international trade and promote American jobs and economic growth. The shovel-ready Barge Mooring/Haul-Out Repair Facility earned top ranking among Kenai Peninsula projects that were submitted to the Alaska Office of the Economic Development Administration for inclusion in a potential federal infrastructure funding package. Our request is \$4,768,500 to complete construction.

You will find more information about the top three capital improvement priorities for the City of Homer in the enclosed document. Please don't hesitate to contact me with questions.

Sincerely,

Mayor Zak on Behalf of Homer City Council

Enc: City of Homer Capital Improvement Plan FY2019 Federal Request

Cc: Regional Staff, Kenai Regional Director



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March 13, 2018

Grant Administrator
State of Alaska Health and Human Services
PO Box 110650
Juneau, AK 9811-0650

Grant Administration,

I am writing to express the City of Homer's support for the Homer Senior Citizen's grant for the Adult Day Service Program and the meal delivery program.

Homer Senior Citizens, Inc. provides services that are vital to the health of our community including meals, adult day services, independent housing, transportation, and assisted living. The program enables participants to remain in a home, or community based setting reducing long-term care costs. In particular, the Adult Day services assists seniors by providing safe and engaging social activities so that their family/caregivers can remain working during the day.

In closing, the City of Homer encourages your support of a vital program to our community, Adult Day Services and the meal delivery program offered by the Homer Senior center.

Sincerely,

Katie Koester
City Manager
907-435-3102

3 March 2018

Alaska Municipal League Winter Meeting and Legislative Fly-In, Juneau, 20-24 February 2018

Trip Report

Councilmember Donna Aderhold

I had the privilege to travel to Juneau to meet with Homer's state legislators and state and federal agencies, and attend the Alaska Municipal League's winter meeting. These trips are valuable on many fronts, and I appreciate the chance to attend. Important aspects of these trips that are not reflected in my meeting notes below include the opportunity to visit and work informally with the City Manager and fellow elected officials, the opportunity to get "the lay of the land" in Juneau and learn how the state legislature operates, and the opportunity to talk to and learn from other municipalities that are facing similar and different issues from ours in Homer.

Alaska Department of Transportation and Public Facilities

Councilmember Erickson, City Manager Koester, and I met with Deputy Commissioner Amanda Holland and Central Region managers, engineers, and hydrologists (on the phone) to discuss issues around Sterling Highway drainage at the Baycrest Subdivision. Councilmember Erickson provided an overview of the problem and proposed solutions based on a packet of information the city had provided to the agency. The group discussed the issue: groundwater flows, steep slopes, unstable soils, natural drainage and culverts under the highway, etc. Several action items arose from the meeting:

- DOT&PF will provide DCCED grant information to the City of Homer
- DOT&PF will provide engineering and hydrology expertise to holistically evaluate the problem (Paul Jahnke and Newton Bingham); however, any engineering designs would need to be stamped by on non-DOT&PF engineer
- DOT&PF will evaluate the conceptual idea of how to move drainage from the beehive (page 27 of packet)

Senator Gary Stevens

Mayor Zak, Councilmember Erickson, City Manager Koester, and I met with Senator Gary Stevens. City Manager Koester presented Senator Stevens with Homer's top 5 capital projects and we discussed the police station and the large vessel harbor, for which the city has reinitiated a feasibility study with the U.S. Army Corps of Engineers. We also discussed the large vessel haulout project that scored well for funding at the federal level. Senator Stevens noted that he had just attended the Boat Show in Seattle and noted the impressive

contingent from Homer promoting Homer marine trades. He noted that although NOAA had declared a fisheries disaster for Alaska, the Trump administration had not yet funded the disaster program.

Senator Stevens raised the issue of state budget, revenues, and the backlog of important capital projects and maintenance of state facilities. He is hoping the legislature can come to agreement on using percent of market value from the permanent fund earnings reserve to fund the state budget, which would solve about 2/3 of the shortfall. He recently met with state troopers who are asking the legislature to change their retirement earnings from a defined contribution to a defined benefit. He noted that the governor did not include municipal revenue sharing in his proposed budget to the legislature, but it's needed and he believes the senate will add it. The Republican caucus wants to cut more from the state budget, but Senator Stevens does not think more cuts are good. He added that it is unlikely that there will be any funds for municipal capital projects, but that we should be prepared just in case. He is working on the senate side on a bill for early funding of education so school districts and teachers know sooner what their budgets will be.

Senator Stevens stated that his district is supportive of an income tax but that other districts are not, and there are not 11 senators who are willing to vote for an income tax, but it's getting closer. In his opinion, it's not a disaster yet, but the legislature will need to do something next year.

Wrapping up, we discussed Homer's resolution requesting the legislature reevaluate municipal recall statute. We discussed the need for the process to be clear and well defined for clerks, city attorneys, elected officials, and the public. He is supportive of considering a bill. Senator Stevens stated that he will visit Homer as soon as the legislative session is over.

Representative Paul Seaton

Representative Seaton raised the issue of Pittman-Robertson (P-R) funds from the Federal government. P-R funds come from excise taxes on hunting goods and are dispersed to the states. They are to be used for wildlife-related projects, including wildlife viewing, and require a 25% non-federal match. State budget cuts mean that Alaska has not had the match to receive P-R funds. Last year the state returned \$1.6 million and this year it may be \$4 million. He suggested that Homer propose potential projects related to wildlife viewing for the federal funding. At this time, neither Alaska Departments of Fish and Game nor Natural Resources have the capacity to administer the funds and he will be adding funds to the budget for one position in each agency to administer the funds. He would appreciate our support for these positions. Representative Seaton will send information on the P-R program to City Manager Koester, and city manager Koester will review Homer's capital

improvement plan for projects that may qualify for the funds and that could have match through the city's HART fund.

We discussed fish taxes and Representative Seaton noted that manipulation of fish on the dock is processing, so even removing cheeks from halibut would be considered processing so that Homer could receive more fish taxes.

Similar to the discussion with Senator Stevens, we discussed Homer's top CIP priorities: police station replacement (possible federal infrastructure funding? May be worth discussing with Murkowski staff), large vessel harbor, and large vessel haulout facility.

Representative Seaton discussed his early funding education bill which will be presented to the Senate on Friday. The group discussed the importance of marine trades in Homer and the pairing of Kate Mitchell and Reba Temple to present marine trades to high school students—a great way to introduce students to trade jobs they may not have known about.

Representative Seaton noted that the budget and revenue are looking pretty good on the house side. He noted that Governor Walker had appointed Mayor Zak to the Workforce Investment Commission.

Wrapping up, we discussed Homer's resolution requesting the legislature revise municipal recall statute. He noted that his office has been working on it and that proposed language for the bill was under review by the legal department. After their review, the bill will be introduced and sent to the House State Affairs Committee. It may not pass this year, but will get good scrutiny from legislators and can be introduced next year in the next session.

Alaska Municipal League Meeting

City Manager Koester, Mayor Zak, Councilmember Erickson, and I attended the Alaska Municipal meeting. Following are brief summaries of presentations made during the 1.5-day meeting.

Mike Navarre, DCCED Commissioner

Good news in oil and gas: modest increase in production, federal lands on the North Slope (NPR-A and ANWR), state LNG project. But, from an investor's perspective there are hurdles in the state: over-reliance on oil and gas, deficits, spent savings, competition with other oil and gas basins in the lower 48 (e.g., Bakken, Eagle Ford, and Permian Basin which are all larger than Alaska basins). Oil and gas production in Alaska will never return to what it was in the 1980s. The economy has not dipped as much as it could have in the last few years because the economy has diversified. Alaska has diversified its economy but has not diversified its revenues.

Leslie Ridle, Department of Administration

PERS/TRS presentation. PERS began in the 1960s. Tiers I, II, and III of PERS were defined benefit plans. Tier IV, the current tier, is a defined contribution plan. TRS began pre-statehood.

Governor Walker

Governor Walker's cabinet includes many individuals who came from local Alaska municipalities, so he understands what municipalities face in the current economic times.

He is interested in school safety in Alaska and is looking for ideas.

Fiscal situation—the legislature has a decision making crisis and he is hoping the legislature will turn wishbones into backbones. We cannot wish more oil in the pipe and we cannot wish a higher oil prices into being. POMV is in the works in both houses and he is optimistic that it will pass. He left community assistance out of his budget to the legislature, hoping the legislature will include it in the supplemental budget to the full amount.

Infrastructure—community infrastructure requests were sent to the Trump administration. The president's plan came out backwards with the federal government contributing only 20% of funding and relying on state and local governments to pick up 80% of costs.

Economy—The Alaska gasline is unique in that we own the resource and can build our own infrastructure. Compared to the 1980s we have diversified our economy, but we have not diversified our revenues. The state has \$1.8 billion in deferred maintenance—we need to keep up with opportunities, work can be done by local firms, work can be done with the economy is low to give it a boost.

Public safety—Alaskans do not feel safe. Last year's budget cuts were too deep. This year adding officers, VPSOs, etc. back into the budget.

Alaska Education Challenge—plan developed by Education Commissioner, Board of Education, parents, etc.

Alaska gasline—told stories of being in China and being at the signing of the agreement between the US and China. China has its eye on Alaska as a trade partner.

A-Star program—DNR working on year-round roads on the North Slope, working on getting an exemption to the roadless rule in the Tongass National Forest.

Alaska has been eating off a menu with no prices. Now we have the prices. We need to decide what we want as a state and how we are going to pay for it.

Alaska Oil and Gas Association

5,000 oil and gas workers in Alaska; spent \$6.4 billion with 1,000 Alaska vendors; multiplier effect. Revenues from oil and gas fund state government and the permanent fund dividend. Approx. 540,000 barrels/day production now; unpaid tax credits from state; production increased in the last 2 years and expected to continue; new production requires new investment.

Presentation really about how oil and gas is the 800-lb gorilla and why the state should do whatever the industry asks, because without oil and gas, the state is broke.

Robert Venables, Southeast Conference—Alaska Marine Highway System Strategic Plan

Revenue analysis—42% non-resident travel; service from Bellingham, WA essential for revenue; \$50 million operating revenue generated, but will always rely on public funds

Operational analysis—complex system; aging fleet; dedicated personnel and vital service

Corporate structure and benefits—analyzed converting AMHS into a public corporation (similar to Alaska Railroad); maintains existing benefits; addresses existing limitations

Public and stakeholder engagement

Doing now—moving to action plan; legislative process; actions to do now; stabilize funding; fleet and terminal standardization; labor relations in how; continue market and revenue analysis

www.amhsreform.com

Ray Gillespie and Diane Blumer, AML Legislative Update

\$2.5 billion deficit—will need to spend permanent fund earnings (POMV); \$2.7 billion available, but dividend checks need to come from this amount; cannot balance budget with POMV alone; potential revenue sources: statewide income tax, education head tax, motor fuel tax, statewide sales tax, payroll tax

Community assistance (revenue sharing)—funding source is currently power cost equalization fund earnings which is not sustainable or predictable

FY19 PERS/TRS—governor's proposed budget short funds PERS and TRS by \$61 million; increase to 22% contribution is likely to be proposed

Future revenue sharing—community dividend from earnings reserve?

Bills on the move—PERS/TRS 22% contribution HB83/SB212; change from defined contribution to defined benefit HB306; small pesky bills: APOC bill would charge \$50 fee to run for municipal office; Quality design bill mandates proposal reviews based on qualifications not price; Timber receipts gone from federal government to communities in national forests (Chugach and Tongass); Statewide building code; Shopping bag tax at state level; Health Care Authority does not identify costs; HB176 ground transport for EMS fees through Medicaid, potentially a good thing; HB123 medical care price transparency

Alaska Gasline Update

Building coalition of gasline project support. Would AML support the coalition? A statement is available for review.

Congressman Don Young—Dean of the House

Transportation bill this year—get project requests in early; hoping for bipartisan support; we have to pay for it; \$21 trillion in debt and need to develop resources to pay for transportation; highway transportation fund is not indexed but needs to be, behind the curve.

Deregulating agencies—12 years from concept to initial road construction because of too much regulation and lawsuits.

Taxes are used money not new money—hostile to businesses.

Hydropower all across the state instead of burning fossil fuels—need Su Hydro.

Proud of Zinke and Pruitt; EPA is the villain.

Bipartisan work needed.

National League of Cities

Federal legislative priorities—budget and appropriations, telecommunications, disaster mitigation recovery, infrastructure

Infrastructure biggest issue—“rebuild with us” Congress work with cities to rebuild and reimagine America’s infrastructure

Bipartisan, centrist, practical, pragmatic, state league partners and municipalities; smart cities, broadband, resiliency, public safety, workforce development and training

Cities need to tell their stories

Representatives Charisse Millett, Gary Knopp, and Dan Ortiz

Updates on budget and revenue; all say the state legislature is working better this year than last year and expressed some level of optimism

AML President's Update

Kathie Wasserman is retiring at the end of May, a search is ongoing for her replacement.

Laurie Wolf, Foraker Group—Alaska Nonprofits Report

Nonprofit sustainability model

4th economic sustainability report

Nonprofits play a critical role in the state's economy—1 nonprofit for every 135 Alaskans; support quality of life; partners to industry and municipalities

Nonprofit organizations as an “industry” are the 2nd largest non-governmental employer in the state behind oil and gas

22% of Alaskans who itemize contribute financially to nonprofits; Alaskans volunteer more than US as a whole on average—4th overall among states; people who give time are more likely to give money

Report available for download from Foraker Group at www.forakergroup.org

Senator Lisa Murkowski

Work together on difficult issues

Six continuing resolutions is not the way to pass a budget

Omnibus bill coming out in late March

Congress appropriates—weigh in with delegation on municipal priorities; tell Congress what infrastructure projects are for state; focus on rural Alaska is important

Crime, public safety, and drugs

FEMA—resilient infrastructure in continuing resolution that just passed

University of Alaska resiliency analysis

U.S. Coast Guard

City Manager Koester, Mayor Zak, Councilmember Erickson, and I met with the U.S. Coast Guard to discuss our plan to build a large vessel harbor and receive an update from them on the status of their plans on where to station new fast response cutters (FRCs at ports along the Gulf of Alaska). Other potential ports include Ketchikan (a new FRC is already stationed there), Kodiak, and Seward.

There have been no decisions on port selection by the commandant and there are many levels of input. The FRCs have twice the displacement of the existing 110s (such as the Naushon stationed in Homer). They also have a much larger landside footprint than the existing cutters. Because of this they plan to cluster vessels for greater efficiency of shoreside support. There will be six FRCs based in Alaska covering an operating area from Ketchikan to King Cove. They are looking at 2 to 4 home ports. Vessels would be delivered approximately 2022 to 2023.

The three primary operations criteria **include** offshore fishery enforcement (85% of time offshore), search and rescue, and ports and waterways coastal security (escort of large vessels). The final decision on port locations is weeks to months away. The Coast Guard is currently working with the Congressional Delegation on harbor decisions. Some of the issues they grapple with include housing (each FRC has 24 people onboard and 20 people shoreside; 64 people needed for 2 FRCs) and availability of existing infrastructure (not having existing infrastructure increases risk).

City Manager Koester provided an update of the status of the City of Homer's progress toward a large vessel harbor. The group discussed Homer's great working relationship with the Coast Guard and interest in keeping them in Homer. We also discussed the Coast Guard Auxiliary based in Homer: it is one of the best flotillas but membership is declining as the fleet ages.

The Coast Guard also mentioned its interest in finding a better mooring for the buoy tender Hickory. The current mooring is one of the most challenging in the state.