City of Homer
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MANAGER'S REPORT
March 24, 2014

TO: MAYOR WYTHE / HOMER CITY COUNCIL

FROM: WALT WREDE

UPDATES / FOLLOW-UP

NOTE: Some of these items appeared in the last report. I have updated them and brought them back in case the Council wanted to discuss.

1. Parks and Recreation Needs Assessment: The Parks and Recreation Commission will hold a special meeting on Thursday, March 20 to discuss the Needs Assessment. The Commission has been briefed on this project before but this meeting is significant because it will be the first public meeting and hearing focused mainly on the needs assessment. The focus will be on the mission statement and the goals for the research project. This is the first big chance for the pubic to weigh in. On March 24, the PARC Committee will meet to finalize the draft RFP in anticipation of it going out at the end of the month.
2. Citizens Academy: We are now moving into session 5 on Thursday the 20th. The focus of this session will be the Police and Fire Departments. Presentations will start at City Hall and then tours will be given for the two facilities. Last week's session at Public Works seemed to be well received. The participants seemed particularly interested in the Sewer Treatment Plant, and we spent a lot of time there.
3. Kachemak Bay Research Reserve Funding Threatened: Work continues in the attempt to get state funding restored, at least for the next year so that a new State partner can be identified. An effort to restore the money to the Senate Operating Budget ppeared to be successful at the time this was written. Senator Micciche, Senator Stevens and Representative Seaton are working hard to get the funding restored. The City is providing staff and lobbying support where appropriate. Some of the information provided is attached.
4. Intergovernmental Agreement with Kachemak City. Attached is a letter from Kachemak City regarding sewer rates for your information. At the time this report was written, I had not yet responded. My intent is to send a letter confirming that we have accepted partial payment, a statement of the balance owed, and the amount of interest that will be applied to the unpaid balance.
5. Bay Welding / Overhead Power Lines / Kachemak Drive and East End Road Area. Attached is a letter from Bay Welding Services which is signed and endorsed by 13

businesses which are located and do business in the general area of the Northern Enterprises Boat Yard. Overhead power lines in the area are restricting business operations and potential growth, expansion, and diversification. The businesses cannot afford to pay the entire cost of putting the lines underground themselves. HEA has policies and tariffs it needs to follow and it cannot simply absorb this cost and pass it on to ratepayers. Bay Welding is looking for some sort of compromise solution and because this could have significant economic development implications, is asking the City for assistance. Please let me know how and if you would like the City to proceed.

6. HERC Building: At the last meeting we discussed the land allocation plan. During that discussion, one of the things that came up was whether we could put out an RFP to lease the HERC Building. I could not remember, and my notes were not clear, whether this was just a general discussion, or whether the Council as a body wanted us to do that. I think the discussion was during the workshop and I do remember some talk about bringing a resolution authorizing an RFP to this meeting or attaching words to that effect to the land allocation plan approval resolution which is before you. If Council wishes to do this, I hope we can have some discussion first. It seems like we are moving on too many tracks all at once when it comes to the HERC building. I would suggest that we wait at least until the Public Safety Building site selection process is complete before we RFP again. A long term lease where the lessee makes significant improvements to the building is inconsistent with using the site for a public safety building. Short term leases for uses that pass Fire Marshall muster could work if that is what the Council had in mind.
7. Employee Health Insurance: You will recall that we discussed bringing the employee health insurance issue back to you at around mid-year. The idea was to address the issue before we started budget preparation in the fall. Right now, we are targeting the first meeting in August or a special meeting / workshop on an off-Monday (preferable). This would be a workshop forum. Jeff Paxton, our broker would be present for a presentation. The idea would be to present the data we have for the first 8 months of the new plan to look at impacts on costs and employee utilization. We would also present you with the bids we have received from private sector insurance companies. The goal would be for Council to be able to make an informed decision going forward re: staying self insured vs. the private sector. Starting the process this early will help with budget preparation, will give us time to make all of the necessary transfers, and give employees adequate notice.
8. PERS: As you know, the Governor has proposed transferring $3 billion into the PERS account to reduce the unfunded liability, reduce future payments, and improve the state's credit rating. The Council has passed a resolution in support of this. The Legislature is currently discussing this proposal. One proposal that is being discussed is raising the municipal contribution from 22% to 24% in exchange for transferring the $ 3 Billion. This idea is being opposed by AML and the Muni's. If this proposal were to be implemented, it would cost the City an additional $114,000 per year. Not good.
9. Kachemak Drive: Enstar is having difficulty obtaining the easements it needs to construct the proposed gasline along Kachemak Drive. Some property owners say they will only grant easements if the line is bored in front of their property (expensive). Some are just flat refusing to grant an easement. At last report, they had about 75% of the easements they needed but the remainder parcels are difficult. If this issue is not resolved in a timely manner, it could mean that some or all of Kachemak Drive might not receive gas as part of this assessment district. Kachemak Drive is part of Phase II and it will be one of the

most expensive sections in the City. Putting this line in now as part of the assessment district is a real bargain and it will be tough to explain to the property owners who want it that they might not get it because a handful of their neighbors are not inclined to be cooperative. The project is due to wrap up in late August. Pushing the Kachemak Drive work off to year 3 is not a viable option for a variety of reasons including cost, contractual obligations, and loan agreements with the Borough.

10. Washington DC Trip: The City of Homer prevailed in the Auction Block v. City of Homer case as was previously reported. Auction Block has decided to appeal that decision. A hearing for oral argument has been scheduled before the Federal Maritime Commission on April 3, in Washington DC. City Attorney Holly Wells has requested that I be present for the hearing. While there, I will also take the opportunity to visit with the Congressional Delegation to discuss capital projects and federal issues of concern to the Homer City Council. I will take some personal leave while on the East Coast, in part to attend a memorial service, and will be back in the office on April 16. I will miss the April 14 Council meeting.

ATTACHMENTS

1. Letter from Kachemak City RE: Sewer Rates
2. KBBR information provided to Legislature
3. Letter From Bay Welding
4. Cook Inlet Oil and Gas Lease Sale
5. Kenai Peninsula Tourism Marketing Council Bed Tax Proposal
6. Finance Department Info

CITY OF KACHEMAK, ALASKA
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(907) 235-8854 phone (907) 235-8854 fax

March 14, 2014

Mr. Walt Wrede, City Manager
City of Homer
491 E Pioneer Avenue
Homer, AK 99603

Dear Walt:

In light of the postponement of dealing with our concerns over the new sewer rates, Kachemak City has decided to return to the rate that existed in 2013. In other words, we will be paying Homer the base rate of $51.40, plus $7.75 for those sewers which will be pumped, beginning with this March 15, 2014 payment that was billed on February 27, 2014. I will not go over the lengthy issues that have brought us to this point, but we will continue to pay the old rate until later this summer when the Homer Council reviews the current rate structure and rationalizes Kachemak's share of costs.

In the future, should Homer and Kachemak agree on an equitable arrangement, Kachemak City will consider retroactively adjusting our payments to reflect the renegotiated rate structure. Until then we eagerly await an invitation to negotiate.

Sincerely,

Philemon D. Morris
by Heyoka Schaepke

Philemon D. Morris
Mayor

Enclosure check # 10261 $7,658.50
126 sewers @ $59.15=$7,452.90
4 sewers @ $51.40=$ 205.60

KACHEMAK BAY RESEARCH RESERVE

A UNIT OF THE NATIONAL ESTUARINE RESEARCH RESERVE SYSTEM

"...Are we going to wash away or are we going to have new acres of shoreline?" Was the question posed to the Kachemak Bay Research Reserve in 2009. Understanding coastal uplift and sea-level rise is important for city and borough planning, harbor management, and monitoring changes in coastal habitat. During 2010-2013, we developed estimates of relative sea-level change for Kachemak Bay.

Assessing Coastal Uplift and Habitat Changes in a Glacially Influenced Estuary

Predicted Annual Sea-level Change for Kachemak Bay (2013-2033)

Average coastal uplift rate is **0.34 inches/year**

Average global sea level rise is estimate at **0.13 inches/year**

Coastal uplift is outpacing global sea-level rise by 0.21 inches/year

Kachemak Bay, Alaska

Influences on Sea-Level Rise

1. Changes in predicted global sea-level rise
2. Local storm surges
3. Earthquakes and other tectonic shifts

Causes of Coastal Uplift

1. after-effects from the 1964 earthquake,
2. the steady buildup of strain for the next big earthquake,
3. release of weight on the earth from melting of ice contained in local glaciers and ice fields.

Collaborative Learning: We used a Collaborative Learning process to involve coastal decision-makers in defining the problems, the research approach, and the final products of the study.

Study Methods: We used high-precision Global Positioning Units to measure vertical land-level changes. These data were used to update models developed by UAF of vertical motion of the land. We established four salt marsh sentinel sites to monitor long-term changes in the biology and future sea-level changes in Kachemak Bay.

Outreach and Education: We trained citizen scientists to monitor salt marsh vegetation, birds, mammals, and insects at our sentinel sites. We developed public Discovery Labs on coastal processes, relative sea-level rise and salt marsh ecology.

This work was conducted collaboratively by the Geophysical Institute, University of Alaska Fairbanks (UAF), the Kachemak Bay Research Reserve, and the coastal decision-makers with the City of Homer, Seldovia Village Tribes, the Kenai Peninsula Borough, the State of Alaska, and the community.

Kachemak Bay Research Reserve is managed by
AK Dept of Fish & Game in cooperation with National Oceanic Atmospheric Administration
95 Sterling Highway, Suite 2, Homer, Alaska 99603
Phone: 907-235-4799; Fax: 907-235-4794; Website: www.kbayrr.org

MESSAGING FRAMEWORK:

ASSESSING COASTAL UPLIFT AND HABITAT CHANGES IN A GLACIALLY INFLUENCED ESTUARY SYSTEM

Prepared by: Kachemak Bay Research Reserve and the
University of Alaska Fairbanks Geophysical Institute with input
from the Homer community

For more information contact: Angela Doroff, Kachemak Bay Research Reserve,
Research Coordinator (907) 226- 4654 angela.doroff@alaska.gov

SUMMARIZED MESSAGES

One-line study description	Investigating the Influences of Sea & Land-Level Changes on Coastal Habitats for Better-Informed Decision-Making
Summarized key messages	Understanding the physical processes of coastal uplift and sea-level change using up-to-date scientific information is important for local communities to plan for the future in an uncertain landscape.
	This study was a collaborative effort with intended users of the science; their perspectives informed the development of the problem, the implementation of the research, and ultimately, the practical application of study results to local coastal uplift and sea-level rise.
	The Kachemak Bay Research Reserve collaborated with the UAF Geophysical Institute to update projections of land-level change using high precision GPS instruments located at key sites within Kachemak Bay, and to evaluate sea-level rise through the year 2020.
	This study refined measurements of the movement and uplift of land following the 1964 earthquake and rapid ice-mass loss from ice fields in Kachemak Bay. Land uplift averaged approximately 8.6 mm/year (+/- 0.5mm) or 0.34in/year. This rate, in most cases, currently outpaces that of global sea-level rise, which is averaged at 3.2 mm/year (.13 inch/year).
	Measured coastal uplift is fairly consistent across sites in Kachemak Bay, with the exception of the Homer Spit. The Spit is uplifting significantly less (at 5.6 mm/year or 0.22in/year) than other areas of similar substrate around Homer. However, acceleration of sea-level rise, increased sedimentation, storm surges, and unanticipated natural disasters could increase vulnerability of the Spit and its infrastructure.
	Within a salt marsh, vegetation is structured relative to different plant species tolerance to salt water. Plants that can withstand salt exposure dominate the shoreline, whereas less tolerant plants are located on higher ground. As sea level rises, plants extend their range in response to the changing saltwater exposure. Vegetation that was mapped during this study will continue to be monitored as an indicator of the relative shifts in sea and land levels over time.
	Communities surrounding Kachemak Bay depend on nearshore fisheries for food and safe harbor infrastructure for transportation. Through active engagement in this collaborative study, local decision-makers are uniquely poised to understand the implications that coastal uplift and sea-level rise have for infrastructure construction and protection, planning, zoning, local food resources, and public safety.

Core message #3	Land uplift in Kachemak Bay averaged approximately 8.6 mm/year (+/- 0.5mm) or 0.34in/year. This rate, in most cases, currently outpaces that of global sea-level rise, which is averaged at 3.2 mm/year (.13 inch/year). By the year 2020, the landscape surrounding Kachemak Bay is expected to rise by approximately 172.0 mm (6.6 in).
Proof points	• Existing models of vertical and horizontal land-level changes in the Kachemak Bay area were updated with data from this study. • In the analysis of vertical land movements, longer time series data (≥10years) suggest a fairly uniform uplift rate around Kachemak Bay independent of the surface substrate type. • Regional sea surface changes were estimated from the recent rate of global sea-level rise (published in the latest Intergovernmental Panel on Climate Change report, and corrected for the change in the sea surface shape caused by the local area ice loss.
Core message #4	Measured coastal uplift is fairly consistent across sites in Kachemak Bay, with the exception of the Homer Spit. The Spit is uplifting more slowly relative (at a rate of 5.6 mm/year or .22 inch/year) to the surrounding area and is currently outpacing global sea- level rise. However, unanticipated changes in the environment could increase the vulnerability of the Spit and its infrastructure. Instances such as sea-level rise acceleration, increased sedimentation, storm surges, and other unexpected natural disasters could jeopardize the current sustainability of the Spit.
Proof points	• The rate of uplift for the Homer Spit and other areas around Kachemak Bay were determined from vertical land movements measured by high-precision GPS from 2011-2013. • The Homer Spit is uplifting significantly less than other areas with similar substrate around Homer. • This is important because the Homer Spit will have a different trajectory relative to global sea level rise than the surrounding landscape, which could make it more vulnerable to inundation from storm events or sea level rise in the future.
Core message #5	Kachemak Bay is home to six communities that are dependent on boats for transportation, supplies, and economic livelihood through commercial fishing. In many of these communities there are no roads and the only access is by boat. Large boats can access only the deeper channels in the Bay, whereas other areas are only accessible by small craft at high tide. Rising land due to isostatic rebound will result in areas becoming increasingly unnavigable due to shallow water. Further, increased sedimentation and infilling by silt released from the many glaciers surrounding Kachemak Bay may further reduce navigation.
Proof points	• Navigation changes attributable to uplift are projected to be most

	plant species when examining data for longer term directional change in the future. • Key features to track will be upper limit of salt-tolerant vegetation communities, and high-marsh to low-marsh transitions.
Core message #8	The effect of sea-level rise and land-level change to shorelines may vary according to morphology, composition, and dominant processes of the coast. Within Kachemak Bay the impact of elevated storm surges are known to erode mobile substrates along coastal bluffs. Liberated sediment may ultimately be transited to downdrift shorelines, including the periphery of the Spit and harbor. The extent to which coastal uplift and sea-level rise drive sediment transport are currently unknown given the complexity of coastal processes.
Proof points	• This study provides background information on sea and land-level change that can inform future studies. • Further investigation is warranted to better understand sedimentation processes in Kachemak Bay and ultimately protect the integrity of the Spit and harbor infrastructure.
Core message #9	As new land emerges faster than the sea level is currently rising in Kachemak Bay so too does emerge the question of land ownership for tidally-bounded properties. Within Kachemak Bay there are three Critical Habitat Areas set aside to protect their natural features and habitat value for fish and wildlife. Land within the Critical Habitat Areas (CHA) is protected and managed by the State up to the mean high-tide line in some areas. As land rises beyond tidal inundation, the boundaries of these CHAs shrink and the emerging land may become available for private land ownership. With land rise of one-third inch per year, the ownership of hundreds of feet of land could be in question by the next century.
Proof points	• The Critical Habitat Areas within Kachemak Bay include the Kachemak Bay, Fox River Flats, and Homer Airport CHAs, and were established as early as 1972 protect and preserve habitat areas especially crucial to the perpetuation of fish and wildlife, and to restrict all other uses not compatible with that primary purpose. • In general, tide and submerged lands in Kachemak Bay are state owned. The City of Homer, Seldovia, U.S. Coast Guard, and the federal government have title to some tidelands within the Bay. Also, aviation corridors and land management transfers exist for airports and the University of Alaska. There are two private inholdings in the Fox River Flats and eleven privately owned tidelands parcels around the Bay. • In areas where the rising of land is seen, it will be necessary to define the exact limits and ownerships of properties. This issue is currently being addressed in areas of Southeast Alaska where rapid rates of coastal uplift is occurring.

KACHEMAK BAY RESEARCH RESERVE

Salt Marsh Habitats: Citizen Science Monitoring 2011-12

In 2010, the Kachemak Bay Research Reserve was awarded a grant from the University of New Hampshire to study the relative sea-level rise in our Reserve. An element of the study included the development of a monitoring program for four salt marsh sites. In the vegetation community structure, salt marsh plants range from freshwater to salt-tolerant plants, providing a sensitive indicator of sea-level rise. When paired with models of land-level change, mapped vegetation communities provide valuable information on relative shifts in sea-level rise and land-level change over time.

Through this study, we also obtained baseline biological diversity information for each marsh, including insects, infaunal invertebrates, fish, birds, and mammals in the marshes. During 2011 and 2012, we enlisted 30 people to participate in citizen science trainings to help collect the data.

Common Name	Beluga Slough	China Poot	Fox River	Sadie Cove
Black Bear		☼		☼
Brown Bear			☼	
Cow			☼	
Coyote		☼		☼
Dog	☼			
Harbor Seal		☼		
Mink	☼			☼
Moose	☼		☼	
Muskrat	☼		☼	
Northern Red-backed Vole	☼			
River Otter		☼		☼
Sea Otter	☼			
Red Squirrel				☼
Wolf			☼	

TABLE 1: MAMMAL SPECIES OR SIGN IDENTIFIED IN THE UPPER AND LOWER MARSHES DURING AUGUST 2011 AND 2012

Common Name	Beluga Slough	China Poot	Fox River	Sadie Cove
American Pipit		☼		
Bald Eagle	☼	☼	☼	☼
Belted Kingfisher	☼			
Common Loon		☼		
dabbling ducks	☼			
Dowitcher sp.	☼			
Fox Sparrow				☼
Glaucous Gull	☼			
Glaucous-winged Gull	☼	☼	☼	☼
Greater Yellowlegs	☼		☼	
Green-winged Teal	☼			
Pine Grosbeak				☼
Least Sandpiper	☼	☼	☼	
Mallard	☼			
Merlin	☼			☼
Mew Gull	☼			☼
Northern Harrier			☼	
Northern Pintail		☼		
Northwestern Crow	☼			☼
Orange-crowned Warbler			☼	
Peregrine Falcon	☼	☼		
Ring-necked Pheasant	☼			
Common Raven		☼	☼	
Sandhill Crane	☼		☼	
Sandpiper sp.	☼			
Savannah Sparrow	☼	☼		☼
Sharp-shinned Hawk				☼
Northern Shoveler	☼			
Spotted Sandpiper		☼		
Steller's Jay	☼			
Swainson's Thrush				☼
Wandering Tattler	☼			
White-fronted Goose			☼	
White-winged Crossbill				☼
Wilson's Snipe	☼			

TABLE 2: AVIAN SPECIES OR SIGN IDENTIFIED IN THE UPPER AND LOWER MARSHES DURING AUGUST 2011 AND 2012

KACHEMAK BAY RESEARCH RESERVE

Salt Marsh Habitats: Citizen Science Monitoring 2011-12

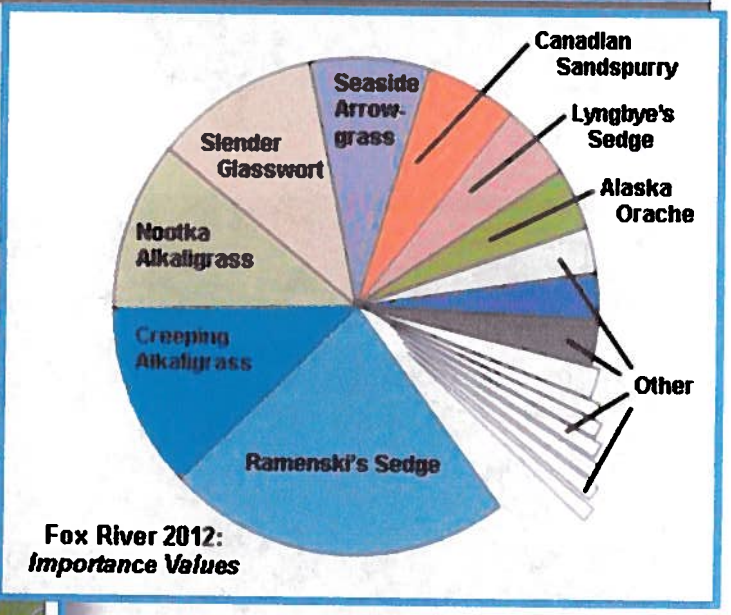


FIGURE 1: FOX RIVER SALT MARSH VEGETATION IMPORTANCE VALUES ARE CALCULATED FROM THE FREQUENCY AND PERCENT COVER FOR EACH SPECIES

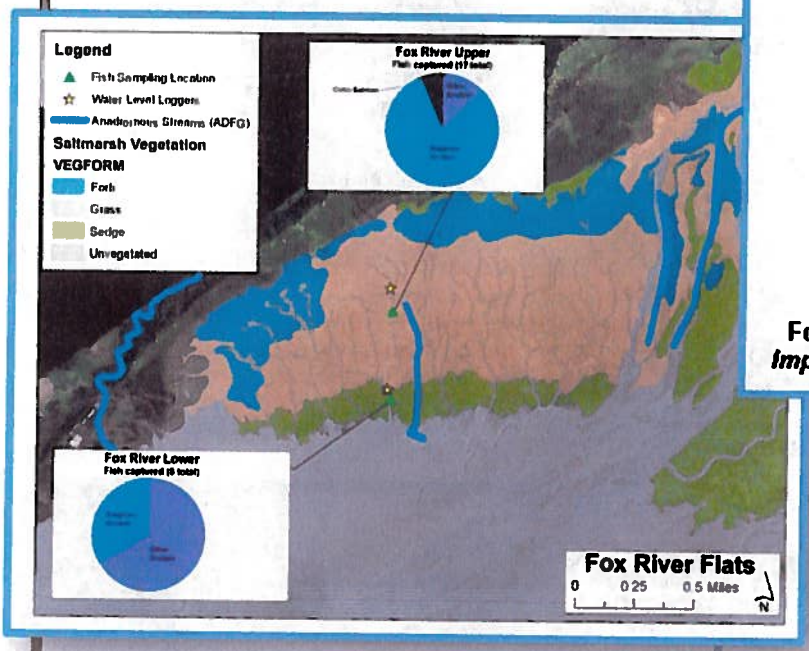


FIGURE 2: FOX RIVER EMERGENT VEGETATION COVER MAPAND KNOWN FISH SPECIES

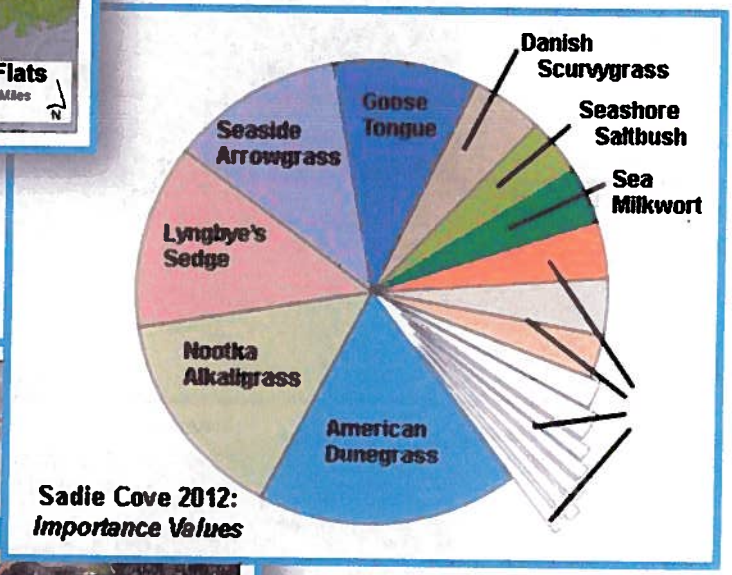
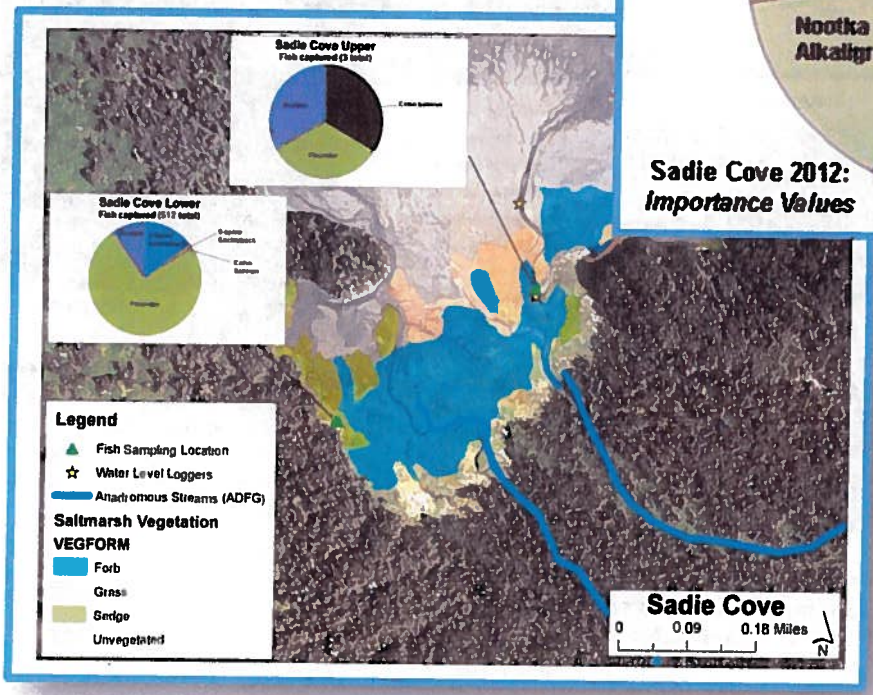


FIGURE3: SADIE COVE SALT MARSH VEGETATION IMPORTANCE VALUES ARE CALCULATED FROM THE FREQUENCY AND PERCENT COVER FOR EACH SPECIES

FIGURE 4: SADIE COVE EMERGENT VEGETATION COVER MAPAND KNOWN FISH SPECIES



KACHEMAK BAY RESEARCH RESERVE

Salt Marsh Habitats: Citizen Science Monitoring 2011-12

TABLE 3: FREQUENCY OF OCCURANCE OF EMERGENT SALT MARSH VEGETATION IN BELUGA SLOUGH, CHINA POOT, SADIE COVE, AND FOX RIVER FLATES, KACHEMAK BAY, ALASKA DURING AUGUST 2011-2012

Common Name	Beluga Slough	China Poot	Fox River	Sadie Cove
Pineapple weed	1			
Oysterleaf	1			
Tall Jacob's-ladder	1			
Dwarf fireweed	1			
Circumpolar reedgrass	1			
Fourleaf mare's-tail	1			
Fowl bluegrass	1			
Bluejoint	2			
Western touch-me-not	2			
Common yarrow	3			
Beach pea	5	1		
Common dandelion	5	1		
Seaside ragwort	4	1		
Purple marshlocks	1	2		
Water horsetail	2	1		
Seaside sandplant	3			3
Scottish licorice-root	3	6		4
Gmelin's saltbush	60	14		17
Marsh willowherb	1	3	1	
Pacific silverweed	5	9	18	11
Nootka alkaligrass	59	91	53	76
Pursh seepweed	41	48	1	6
Ramenski's sedge	22	1	52	5
Red fescue	2	18	2	2
Seaside arrowgrass	41	16	44	32
Canadian sandspurry	51	55	41	28
Alaska orache	1	70	32	2
American dunegrass	11	12	2	35
Creeping alkaligrass	69	1	50	4
Goose tongue	22	72	20	35
Largeflower speargrass	2	4	1	1
Lyngbye's sedge	26	9	18	25
Saltmarsh starwort	17		11	26

Common Name	Beluga Slough	China Poot	Fox River	Sadie Cove
Annual bluegrass	6		11	
Bushy knotweed	1		4	
Slender grasswort	15		62	
Spike bentgrass	1		3	
Rough bentgrass	2		1	
Alkali buttercup			14	
Alsike clover			8	
Toad rush			6	
Marsh grass of Parnassus			2	
Chickweed, starwort			1	
Fragrant bedstraw			1	
Marsh felwort			1	
Yellow rattle		4	2	
Boreal starwort		1	2	
Field horsetail		1	2	
Marsh arrowgrass		1	5	
Canadian burnet		2		
Meadow barley		3		
Northern bedstraw		1		
Pacific hemlock parsley		1		
Tufted hairgrass		9		
Spotted water hemlock		2		
Sweetgrass		1		
Hornemann's willowherb		1		
Largeleaf avens		1		
Lutz spruce		1		
Mackenzie's water Hemlock		1		
Arctic dock		5		
Arctic starflower		5		
Arctic daisy		4		1
Scurvygrass		2		42
Sea milkwort		5		20
Seashore saltbush		15		31
Dwarf alkaligrass		20		9
Threepetal bedstraw		10		1
Seaside alkaligrass				1

Kachemak Bay Research Reserve Talking Points from City of Homer

1) **What is Kachemak Bay Research Reserve?**
The Reserve is a federal-state collaborative partnership between the National Oceanic and Atmospheric Administration (NOAA) and the State of Alaska Department of Fish and Game (ADF&G) Division of Sport Fish. The Reserve performs research and education to ensure a healthy ecosystem in Kachemak Bay. This research is used by government and private businesses in the decisions they make (see white paper on coastal uplift and habitat change). They also partner with other organizations to perform Research on Salmon habitat in cook inlet and bring hundreds of central region student to the area for field trips.
2) **Importance of the Facility.** Islands and Ocean visitors Center is a huge tourist attraction in Homer with exhibits, lab and presentation space that draws thousands of visitors a year. Islands and Ocean houses the Reserve and Federal Fish and Wildlife. The building depends on a state partner for rent and to share space. Closing the Reserve threats the existence of Islands and Ocean and would be devastating to Homer's economy.
3) **FY 2014 Budget for the Reserve**

Type	Amt	Source	Note
Federal	$820,000	NOAA operations, science collaborative, NPS and FWS	The science collaborative grant is going away in FY15. This is a 3 yr $ 1m grant that has partially funded 9 positions. This in itself will be a big hit and potentially require layoffs
State	$785,000	GF, DJ, SWG, DEC, CIAP, AKSSF	Much of this shows up as state money but is federal money passed through the state with a state match. For ex, State wildlife grant is federal money but shows up as state.
Special Projects	$155,000	EVOS, PSWRCAC, Modular Rental	
Total	1,760,000		Will be less for FY15 w/o science collaborative grant

4) **Can they get the $175,000 to match the NOAA $590,000 from other grants?** NO. To fully match all the NOAA money on the table they would actually need $244,000 – however they are able to count almost $75,000 in in-kind contributions. The NOAA money goes for basic operations and salaries. This is the money they need to be able to pursue other grants because they can show they have staff, have office space, etc. Furthermore, the grant scene is drying up. In the past they have always had grants in the pipeline to help with funding (grants applied for whose funding status is unsure). Right now they have no grants 'in the pipeline.' This will create further funding constraints even with the GF. Already 3 positions have become vacant and not been filled: assistant manager, research staff and they are currently without a director and holding off the search until they have a secure sense of future of the Reserve (the Reserve currently employs 9).

BAY WELDING
SERVICES | BAY WELD BOATS

Po Box 534 Homer, AK 99603
P-907-235-5103 F-907-235-8603

To: Walt Wrede - Homer City Manager,
Homer City Council
City of Homer - Economic Development Commission

Re: Support for utility line burial along East End Road/Kachemak Drive intersection

Mr. Wrede,

Attached to this letter is a page of signatures supporting burial of existing overhead utility lines along the marine services corridor between Bay Welding and Northern Enterprises. The signatures support our request to the city for direct lobbying involvement on behalf of this project.

The central issue behind this request is the current impossibility of transporting boats with significant height in structure or rigging underneath the existing lines. Because of rapidly growing interest in the construction of new seine vessels and long delayed repairs of other large seiners, there is increased need for the ability to move boats along this route. Although this request has originated from Bay Welding, the idea for line burial is not new and now it has support from all interested businesses along the way.

Bay Welding has been in contact with HEA, ACS, and GCI regarding feasibility for burial and these entities appear to have interest in the project. It is our hope that with significant city input regarding the potential benefit to the general economy, these companies will recognize the cost of this project should not have to be borne entirely by a few businesses. In that light we ask that the city communicates that sentiment to the utility companies and asks for their financial participation in a meaningful way. We also ask that you encourage those companies to begin the engineering and planning for the project at the earliest possible time.

With our thanks,

Eric Engebretsen
Bay Welding

BAY WELDING
SERVICES | BAY WELD BOATS

Po Box 534 Homer, AK 99603
P-907-235-5103 F-907-235-8603

February 25, 2014

To: Marine Trades Business Owners
Re: Overhead transmission lines

Bay Welding is seeking community support for relocating overhead power and communications lines in the general area of the East End Road and Kachemak Drive intersection to promote development of marine construction and repair businesses. From our initial conversations with HEA, ACS, and GCI, it appears possible to place these utilities underground without great complication.

Bay Welding has a direct interest in this burial because it would allow larger commercial fishing vessels to be moved into our yard for repairs without dismantling their rigging at substantial cost and time for the boat owner. In addition we are on schedule to build a large purse seine vessel that cannot be brought from our shop to Northern Enterprises for launching without dismantling overhead transmission lines enroute. Over the long term as the marine service industry grows it will become far more cost effective to bury these lines than to dismantle them each time the need arises.

This letter, along with your signature of support, will be given to the City of Homer. We will also ask that the council and city manager actively lobby the utility companies to implement this relocation request on behalf of our common community interest in promoting maritime business along this commercial corridor.

With our thanks,

Eric Engebretsen
General Manager
Bay Welding
235-5103

BAY WELDING
SERVICES | BAY WELD BOATS

Po Box 534 Homer, AK 99603
P-907-235-5103 F-907-235-8603

We the undersigned do support Bay Welding in their efforts to have utility lines relocated as per the request in the letter submitted with these signatures.

Business Name	Address	Signature
Alaskan Coastal Freight	3245 East End RD	
Electric Outlet Inc.	3585 East End Rd #4	
Case Interiors	3585 east end rd #6	Patrick Q. Case
Kachemak Gear Shed	3625 " " "	Ken Dunn
Alexander Ball, Independent contractor	3725 " " "	Alex Ball
TIRE TOWN LLC	3725 EAST END RD	Owner
Liberty Electric	5309 Kachemak Dr	
Beachy Construction	5243 Kachemak Drive	
Flowserve Corp	5243 Kachemak Drive	
Northern Enterprises Boat Yard	5140 Kachemak Dr.	Carol Grace
Moore Properties	5140 Kachemak Dr	Carol Grace
Custom Welding	5140 Kachemak Dr.	Aaron A Kahrs
Martushev Boats	5140 Kachemak Dr	

THE STATE of ALASKA
GOVERNOR SEAN PARNELL

Department of Natural Resources

Division of Oil & Gas
Anchorage Office

550 West 7th Avenue, Suite 1100
Anchorage, Alaska 99501-3563
Main: 907.269.8800
Fax: 907.269.8939

March 7, 2014

NOTICE OF SALE
ALASKA PENINSULA AREAWIDE 2014 AND
COOK INLET AREAWIDE 2014W
COMPETITIVE OIL AND GAS LEASE SALES

The Alaska Department of Natural Resources (DNR), Division of Oil and Gas (DO&G), is giving notice pursuant to AS 38.05.945(a)(4) that it is offering state lands for competitive oil and gas leasing in the Alaska Peninsula Areawide 2014 (AP 2014) Competitive Oil and Gas Lease Sale and the Cook Inlet Areawide 2014W (CI 2014W) Competitive Oil and Gas Lease Sale. This notice is available on the State of Alaska Online Public Notice System at http://aws.state.ak.us/OnlinePublicNotices/.

Bid submission – Monday, May 5, 2014 from 9:00 a.m. to 4:00 p.m. at Suite 800 of the Atwood Building, 550 West 7th Avenue, Anchorage, Alaska or by mail.

Bid opening – Wednesday, May 7, 2014 from 9:00 a.m. until all bids are read at the Dena'ina Civic and Convention Center, 600 West 7th Avenue, Anchorage, Alaska.

Areawide Lease Sale Locations
The Alaska Peninsula Areawide lease sale area is divided into 1,047 tracts ranging in size from 1,280 to 5,760 acres. The sale area consists of state-owned uplands and tide and submerged lands located on the north side of the Alaska Peninsula, stretching from the Nushagak Peninsula to just north of Cold Bay.

The Cook Inlet Areawide lease sale area is divided into 815 tracts ranging in size from 100 to 5,760 acres. The sale area consists of state-owned uplands and tide and submerged lands located in the Matanuska and Susitna valleys, the Municipality of Anchorage, the western and southern Kenai Peninsula from Point Possession to Anchor Point, the western shore of Cook Inlet from the Beluga River to Harriet Point, and within Cook Inlet.

Sale Documents
Complete details regarding the AP 2014 and CI 2014W lease sales, including Notice of Sale, Sale Announcement and Instructions to Bidders, Attachment A with estimated tract acreage figures and deferred tracts, lease forms, mitigation measures, Bid Form for DNR Areawide Oil & Gas Lease Sale, and tract map, are on the DO&G website at http://dog.dnr.alaska.gov/Leasing/PreviousSales.htm.

These documents are also available in the following locations:

Alaska Peninsula: Bristol Bay Middle/High School, King Cove School, Cold Bay School, Sand Point School, False Pass School, Nelson Lagoon School, Akutan School, Z.J. Loussac Public Library in Anchorage; Bristol Bay Borough offices, Lake and Peninsula Borough offices, and Aleutians East Borough offices.

Cook Inlet: Public libraries in Palmer, Wasilla, Kenai, Ninilchik, Homer, Soldotna, Anchor Point and Seldovia; the Matanuska-Susitna Planning Department offices in Palmer; the Kenai Peninsula Borough Planning Department offices in Soldotna; the Anchorage Municipal Clerk's office; and the Z.J. Loussac Public Library in Anchorage.

If unable to access this information, call the Leasing Section at (907) 269-8800 or email dog.leasing@alaska.gov.

TOURISM, IT'S EVERYONE'S BUSINESS

CHALLENGES WITH THE KENAI'S CURRENT TOURISM MARKETING STRATEGY

We are the best Alaska has to offer, and yet we aren't competing on a level playing field with our competition!

Tourism in Alaska is big business, and communities are aggressively competing for visitor dollars. If the Kenai is going to remain competitive, we have got to stay in the game.

Anchorage - 7 million dollars
Juneau - 1 million
Fairbanks - 2.9 million
Mat-Su Borough - $850,000
KPTMC - $300,000 from KPB

When the Kenai Peninsula is not marketing competively with other areas, we do not exist in the minds of potential Alaskan visitors.

We do not have our hand out for a gift!

TOURISM GETS VERY LITTLE RESPECT ON THE KENAI. It is extimated that tourism brings in more than 30% of our sales tax, yet asking for our marketing dollars to keep that money flowing into our communities is viewed as an ask as for a hand out rather than an investment.

We should be working together! Incorporated communities that benefit from sales tax dollars are in the same boat as the Borough as a whole.

WE ALL SPEND A HUGE AMOUNT OF TIME SECURING A SMALL AMOUNT OF MONEY FOR PROMOTING WHEN WE COULD BE MARKETING AND MAKING A REAL DIFFERENCE IN THE NUMBER OF PEOPLE WHO ARE VISITING OUR COMMUNITIES!

WE ARE ASKING THAT YOU ARE PART OF THE CONVERSATION... IS A BED TAX WORTH EXPLORING?

KPTMC put forward a broad base 1% tourism assessment plan that would collect from all segments of the industry. This plan was not supported by the KPB administration. Bed taxes are common and accepted by the traveling public and the administration would support formulating a plan. **If the tourism industry on The Kenai bands together to create it's own stream of marketing dollars WE CAN CONTROL OUR OWN DESTINY AND GROW!**

ARGUMENTS AGAINST A BED TAX:

CON: Some argue that higher prices will lead to a decline of tourism.

PRO: The marketing that we will be able to put in place will GROW our visitor base, not shrink it. Bed taxes are in place throughout the nation and Alaska. We are the only region in Alaska that does not have one.

CON: Bed taxes, as with other taxes, have the habit of continuously increasing regardless of economic conditions.

PRO: If The Kenai's tourism industry formulates this plan and brings it forward to our Borough and Cities, we can control the amount of tax levied and the way it is spent, rather than having it forced on us and used for general government in the future.

CON: A bed tax could affect our residents, such as traveling sports teams.

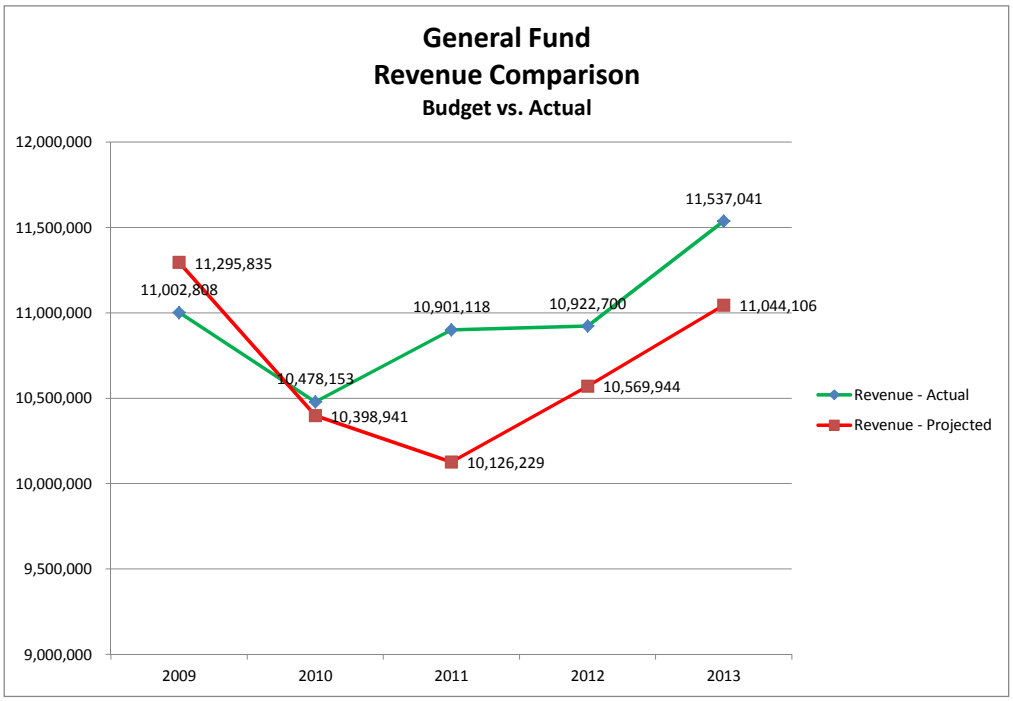
PRO: We can control the way a bed tax would be structured and look at options such as making it seasonal.

TOURIST PAY. BUSINESS BENEFITS. THE KENAI WINS.

General Fund

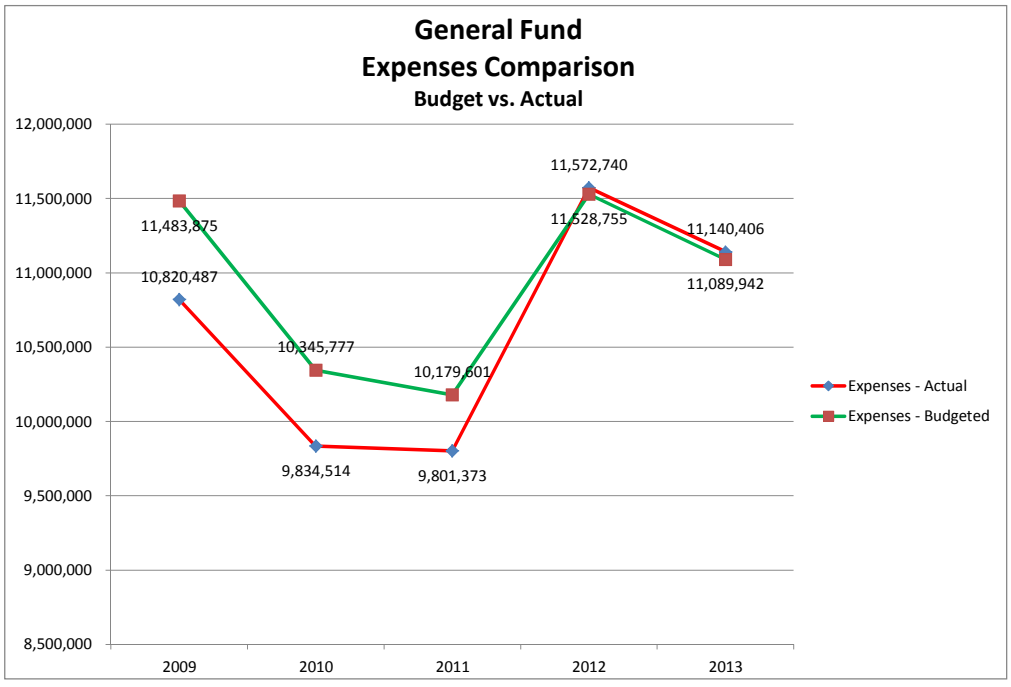
Revenues

FY	Actual	Budget	Difference
2009	11,002,808	11,295,835	(293,027)
2010	10,478,153	10,398,941	79,212
2011	10,901,118	10,126,229	774,889
2012	10,922,700	10,569,944	352,756
2013	11,537,041	11,044,106	492,935



Expenses

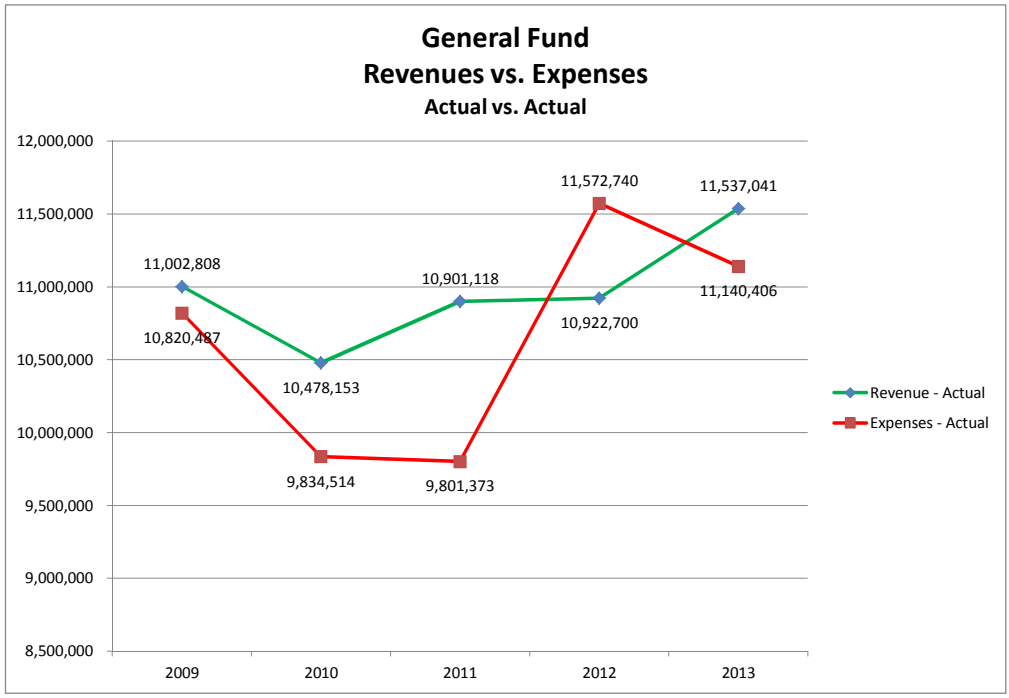
FY	Actual	Budget	Difference
2009	10,820,487	11,483,875	663,388
2010	9,834,514	10,345,777	511,263
2011	9,801,373	10,179,601	378,228
2012	11,572,740	11,528,755	(43,985)
2013	11,140,406	11,089,942	(50,464)



General Fund

Revenues vs. Expenses

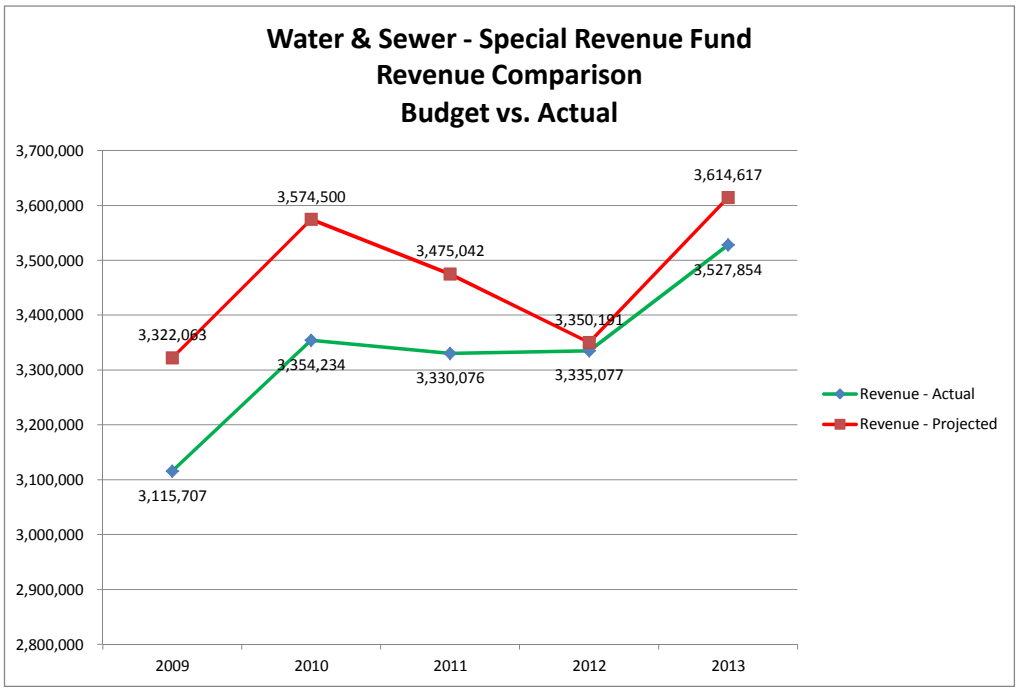
FY	Revenue - Actual	Expenses - Actual	Difference
2009	11,002,808	10,820,487	182,322
2010	10,478,153	9,834,514	643,640
2011	10,901,118	9,801,373	1,099,745
2012	10,922,700	11,572,740	**(650,039)**
2013	11,537,041	11,140,406	396,635



Water and Sewer
Special Revenue Fund

Revenues

FY	Actual	Budget	Difference
2009	3,115,707	3,322,063	(206,356)
2010	3,354,234	3,574,500	(220,266)
2011	3,330,076	3,475,042	(144,966)
2012	3,335,077	3,350,191	(15,114)
2013	3,527,854	3,614,617	(86,763)

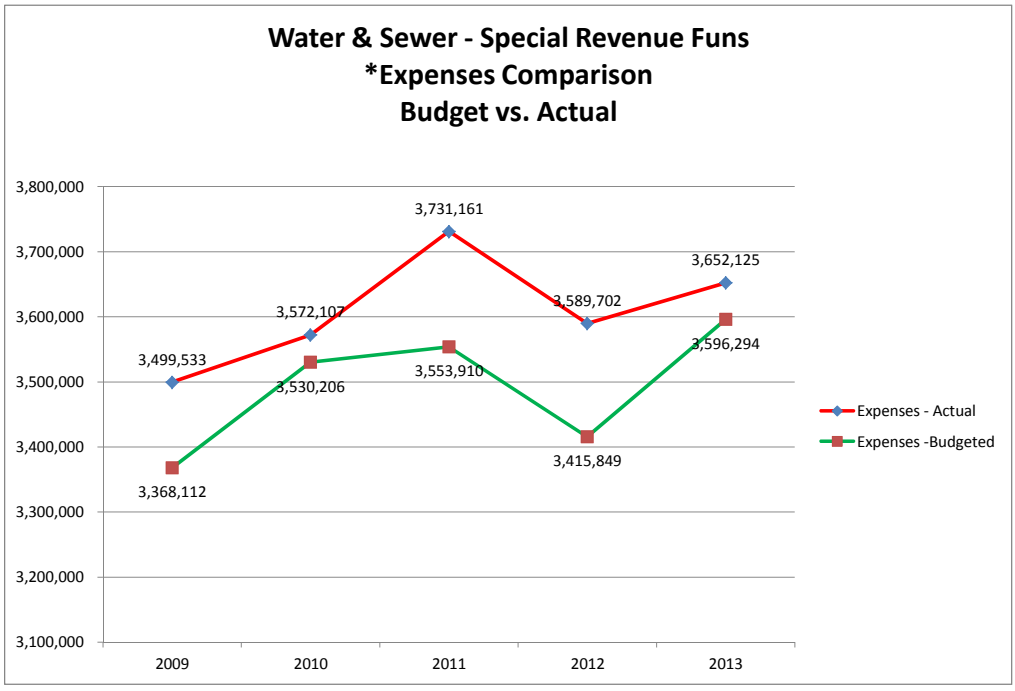


Expenses

FY	Actual	Budget	Difference
2009	3,499,533	3,368,112	(131,421)
2010	3,572,107	3,530,206	(41,901)
2011	3,731,161	3,553,910	(177,251)
2012	3,589,702	3,415,849	(173,852)
2013	3,652,125	3,596,294	(55,831)

Excluding Depreciation

2009

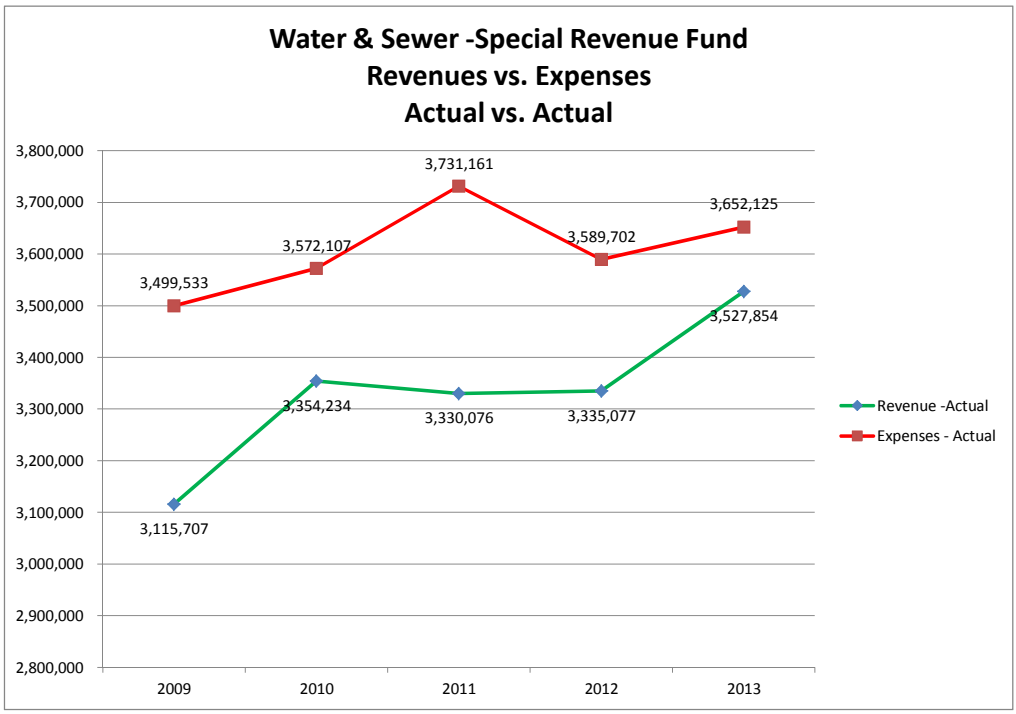


Water and Sewer
Special Revenue Fund

Revenue vs. *Expenses

FY	Revenue - Actual	Expenses - Actual	Difference
2009	3,115,707	3,499,533	(383,826)
2010	3,354,234	3,572,107	(217,873)
2011	3,330,076	3,731,161	(401,085)
2012	3,335,077	3,589,702	(254,625)
2013	3,527,854	3,652,125	(124,271)

Excluding Depreciation
2009

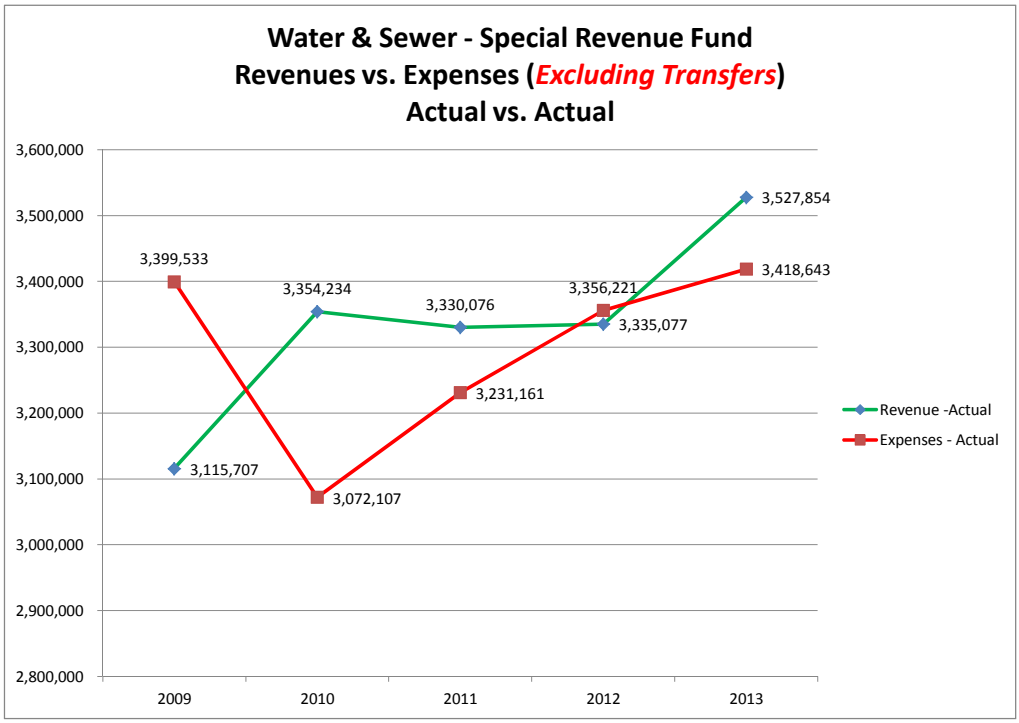


Revenue vs. **Expenses

FY	Revenue - Actual	Expenses - Actual	Difference
2009	3,115,707	3,399,533	(283,826)
2010	3,354,234	3,072,107	282,127
2011	3,330,076	3,231,161	98,915
2012	3,335,077	3,356,221	(21,144)
2013	3,527,854	3,418,643	109,211

Excluding Depreciation
2009

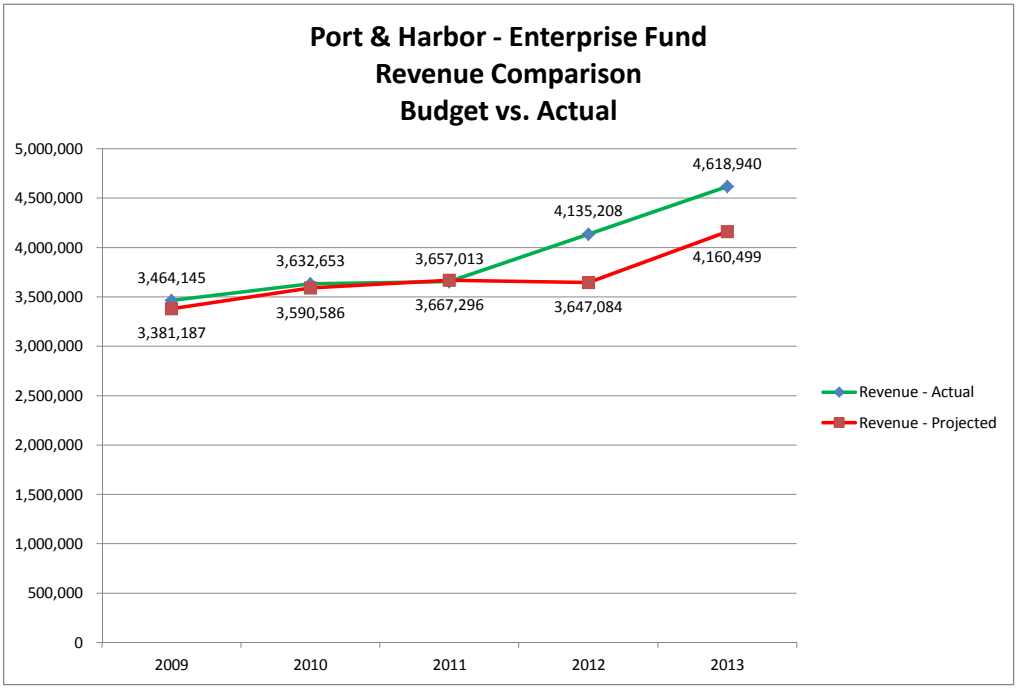
****Excluding Transfers***



Port Harbor
Enterprise Fund

Revenues

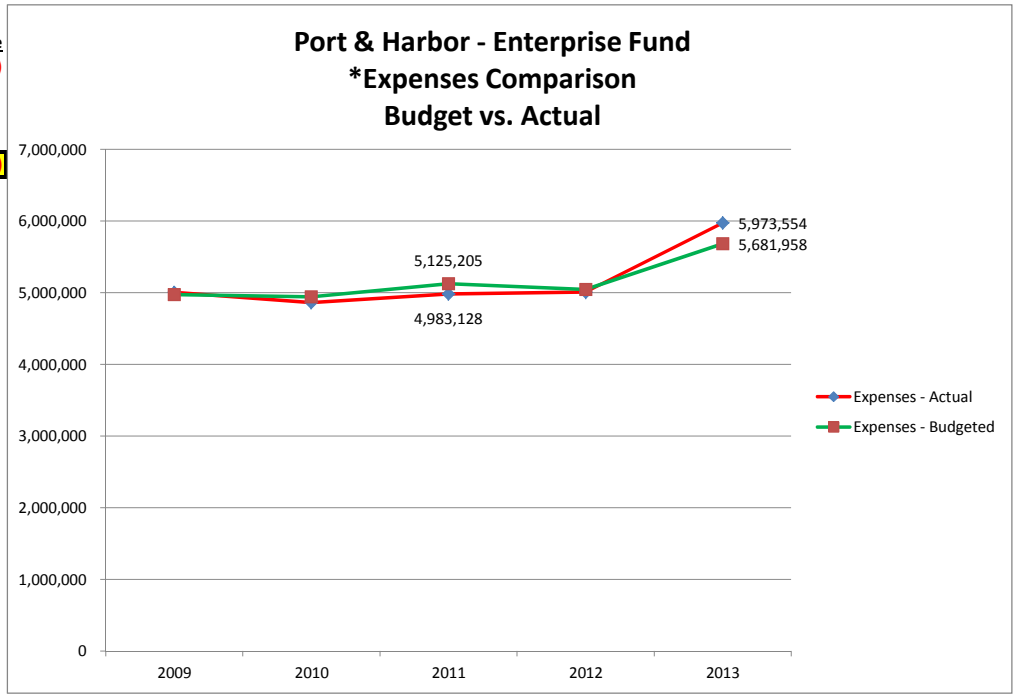
FY	Actual	Budget	Difference
2009	3,464,145	3,381,187	82,958
2010	3,632,653	3,590,586	42,067
2011	3,657,013	3,667,296	(10,283)
2012	4,135,208	3,647,084	488,124
2013	4,618,940	4,160,499	458,441



Expenses

FY	Actual	Budget	Difference
2009	5,003,235	4,973,088	(30,147)
2010	4,863,454	4,944,016	80,562
2011	4,983,128	5,125,205	142,078
2012	5,007,224	5,044,351	37,127
2013	5,973,554	5,681,958	(291,596)

Including Depreciation

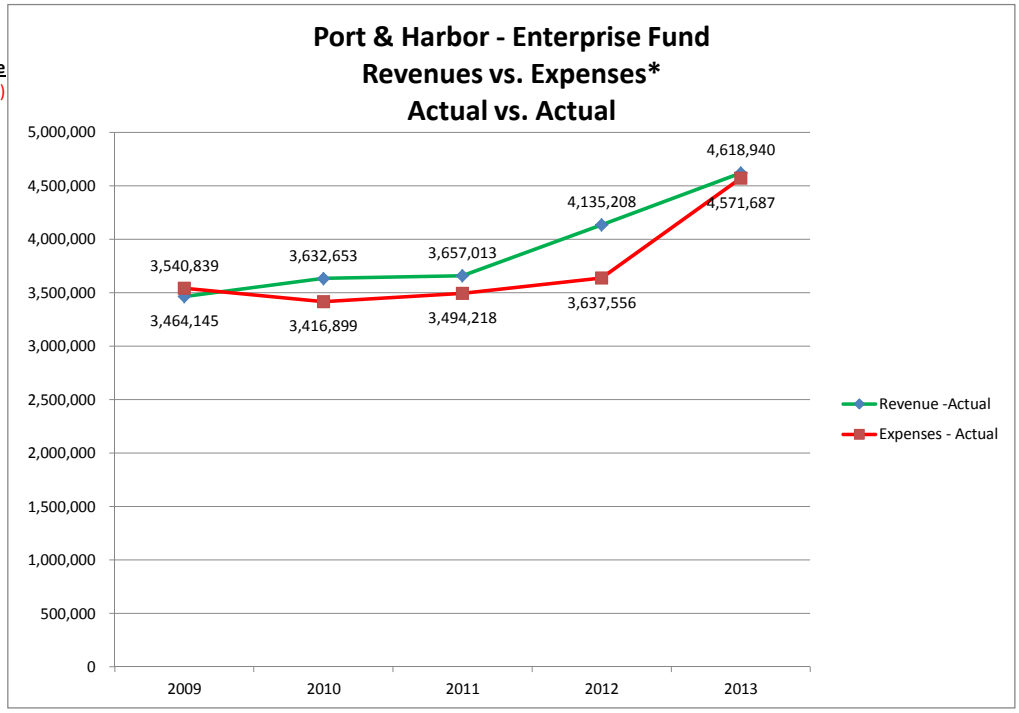


Port Harbor
Enterprise Fund

Revenue vs. Expenses

FY	Revenue - Actual	Expenses - Actual	Difference
2009	3,464,145	3,540,839	(76,694)
2010	3,632,653	3,416,899	215,754
2011	3,657,013	3,494,218	162,794
2012	4,135,208	3,637,556	497,652
2013	4,618,940	4,571,687	47,253

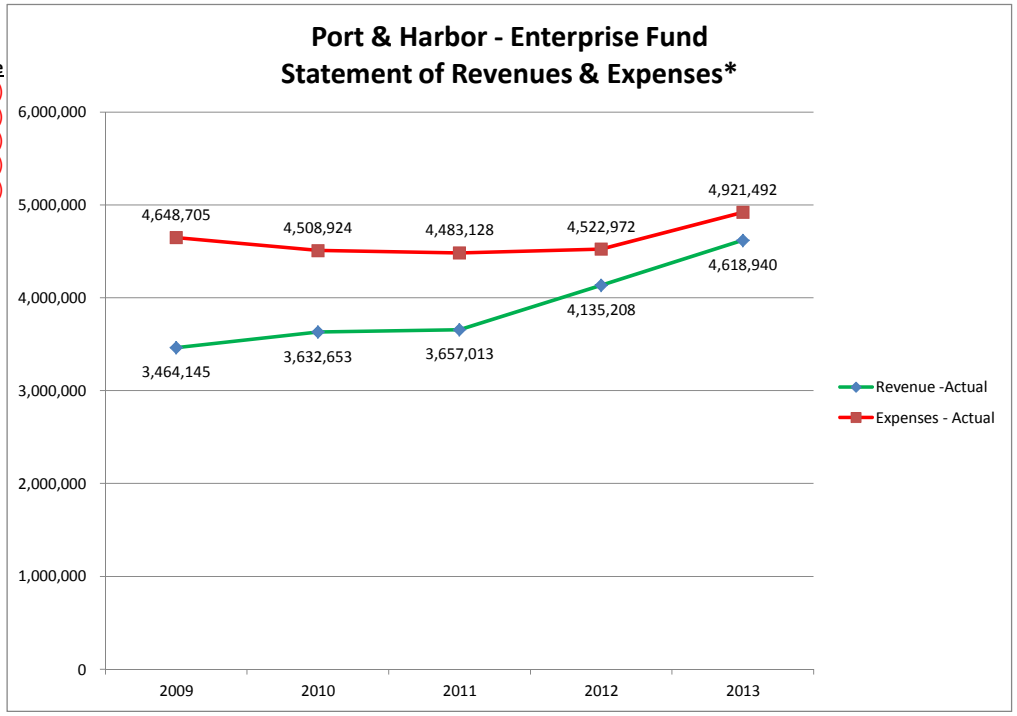
Excluding Depreciation



Revenue vs. Expenses

FY	Revenue - Actual	Expenses - Actual	Difference
2009	3,464,145	4,648,705	(1,184,560)
2010	3,632,653	4,508,924	(876,271)
2011	3,657,013	4,483,128	(826,115)
2012	4,135,208	4,522,972	(387,763)
2013	4,618,940	4,921,492	(302,552)

*** GAAP**
Including Depreciations
Excluding Transfers



Electricity Costs (5 Year Comparison)

Account Code	Fund	Dept. Code	Dept./Div. Title	Account	Description	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013
100-0114-5217	100	0114	Leased Property	5217	Electricity	27,215	19,865	20,561	17,381	15,364
100-0140-5217	100	0140	City Hall	5217	Electricity	35,191	23,050	30,327	18,225	17,364
100-0145-5217	100	0145	Library	5217	Electricity	29,441	22,711	32,258	28,227	29,760
100-0149-5217	100	0149	Airport Facilities	5217	Electricity	47,954	35,791	35,359	31,177	30,445
100-0150-5217	100	0150	Fire Administration	5217	Electricity	21,718	15,407	18,891	19,218	18,325
100-0160-5217	100	0160	Police Administration	5217	Electricity	20,936	14,643	18,604	19,154	18,300
100-0164-5217	100	0164	Jail	5217	Electricity	12,131	8,567	9,255	9,341	8,907
100-0165-5217	100	0165	Animal Control	5217	Electricity	5,598	4,524	5,457	5,517	5,775
100-0171-5217	100	0171	General Maintenance	5217	Electricity	25,510	18,069	22,255	23,585	23,279
100-0173-5217	100	0173	Paved Roads	5217	Electricity	15,111	14,310	15,273	18,628	19,350
100-0175-5217	100	0175	Parks - Cemetery	5217	Electricity	8,968	7,921	8,591	7,949	9,655
100 Total						**249,771**	**184,858**	**216,832**	**198,403**	**196,524**
200-0401-5217	200	0401	Treatment Plant	5217	Electricity	46,085	40,510	66,508	45,026	60,769
200-0403-5217	200	0403	Pump Stations	5217	Electricity	53,931	41,484	50,899	50,172	54,807
200-0404-5217	200	0404	Distribution Systems	5217	Electricity	43,778	40,871	71,562	45,043	40,457
200-0501-5217	200	0501	Sewer Plant Operations	5217	Electricity	179,201	139,825	149,301	154,282	167,270
200-0503-5217	200	0503	Sewer Lift Stations	5217	Electricity	31,319	48,704	13,687	13,551	16,200
200-0601-5217	200	0601	Harbor	5217	Electricity	0	0	0	0	0
200 Total						**354,314**	**311,393**	**351,958**	**308,074**	**339,503**
400-0503-5217	400	0503	Port & Harbor Enterprise Fund	5217	Electricity	0	0	0	0	0
400-0600-5217	400	0600	Port - Harbor Administration	5217	Electricity	0	0	0	0	0
400-0601-5217	400	0601	Harbor	5217	Electricity	252,011	208,512	255,759	256,110	278,647
400-0602-5217	400	0602	Pioneer Dock	5217	Electricity	1,506	1,563	3,708	3,662	3,739
400-0603-5217	400	0603	Fish Dock	5217	Electricity	162,121	132,013	144,771	142,089	147,274
400-0604-5217	400	0604	Deep Water Dock	5217	Electricity	3,554	2,335	7,561	7,882	7,269
400-0606-5217	400	0606	Fish Grinder	5217	Electricity	0	0	0	0	0
400-0610-5217	400	0610	Port - Harbor Admin Maintenanc	5217	Electricity	0	0	0	0	0
400-0611-5217	400	0611	Harbor Maintenance	5217	Electricity	10,917	8,279	7,102	7,264	6,965
400-0612-5217	400	0612	Main Dock Maintenance	5217	Electricity	0	0	0	0	0
400-0614-5217	400	0614	Dwd Maintenance	5217	Electricity	0	0	0	0	0
400 Total						**430,109**	**352,701**	**418,901**	**417,007**	**443,894**
Grand Total						**1,034,194**	**848,952**	**987,691**	**923,484**	**979,922**