

City Council
June 15, 2015
Monday



Special Meeting 4:00 P.M.
Committee of the Whole 5:00 P.M.
Special Meeting 6:00 P.M.



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

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- Monday 15th:** **CITY COUNCIL**
Special Meeting 4:00 p.m., Committee of the Whole 5:00 p.m.,
and Special Meeting 6:00 p.m.
- Wednesday 17th:** **PLANNING COMMISSION**
Worksession 5:30 p.m. and Regular Meeting 6:30 p.m.
- Thursday 18th:** **PARKS AND RECREATION ADVISORY COMMISSION**
Regular Meeting 5:30 p.m.
- Wednesday 24th:** **PORT AND HARBOR ADVISORY COMMISSION**
Regular Meeting 6:00 p.m.
- Thursday 25th:** **CANNABIS ADVISORY COMMISSION**
Regular Meeting 5:00 p.m.
- Monday 29th:** **CITY COUNCIL**
Worksession 4:00 p.m., Committee of the Whole 5:00 p.m.,
and Special Meeting 6:00 p.m.

Regular Meeting Schedule
City Council 2nd and 4th Mondays 6 p.m.
Library Advisory Board 1st Tuesday with the exception of January,
April, August and November 5:00 p.m.
Economic Development Advisory Commission 2nd Tuesday 6 p.m.
Parks and Recreation Advisory Commission 3rd Thursday with the exception of July,
December and January 5:30 p.m.
Planning Commission 1st and 3rd Wednesday 6:30 p.m.
Port and Harbor Advisory Commission 4th Wednesday 5 p.m. (May-August 6:00 p.m.)
Public Arts Committee Quarterly 2nd Thursday 5:00 p.m. Upstairs in the Conference Room
Permanent Fund Committee Quarterly 2nd Thursday 5:15 p.m.

MAYOR AND CITY COUNCILMEMBERS AND TERMS
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FRANCIE ROBERTS, COUNCILMEMBER – 15
BRYAN ZAK, COUNCILMEMBER - 16
DAVID LEWIS, COUNCILMEMBER – 17
BEAUREGARD BURGESS, COUNCILMEMBER – 15
GUS VAN DYKE, COUNCILMEMBER – 16
CATRIONA REYNOLDS, COUNCILMEMBER – 17

City Manager, Katie Koester
City Attorney, Thomas F. Klinkner

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

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



SPECIAL MEETING
4:00 P.M. MONDAY
JUNE 15, 2015
COWLES COUNCIL CHAMBERS

MAYOR BETH WYTHE
COUNCIL MEMBER FRANCIE ROBERTS
COUNCIL MEMBER DAVID LEWIS
COUNCIL MEMBER BRYAN ZAK
COUNCIL MEMBER BEAUREGARD BURGESS
COUNCIL MEMBER GUS VAN DYKE
COUNCIL MEMBER CATRIONA REYNOLDS
CITY ATTORNEY THOMAS KLINKNER
CITY MANAGER KATIE KOESTER
CITY CLERK JO JOHNSON

SPECIAL MEETING AGENDA

1. CALL TO ORDER, 4:00 P.M.

Councilmembers Van Dyke and Zak have requested excusal.

2. AGENDA APPROVAL (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual, pg. 5)

3. Memorandum 15-080, from City Clerk, Re: Request for Executive Session Pursuant to AS 44.62.310(A-C)(1) Matters, the Immediate Knowledge of Which Would Clearly Have an Adverse Effect Upon the Finances of the Government Unit and Matters Pertaining to Personnel (City Finances/Budget Shortfalls for 2015/2016). **Page 7**

4. COMMENTS OF THE AUDIENCE

5. ADJOURNMENT NO LATER THAN 4:50 P.M.

Next Special Meeting is Monday, June 29, 2015 at 6:00 p.m., Committee of the Whole 5:00 p.m., and Worksession 4:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue
Homer, Alaska 99603

clerk@cityofhomer-ak.gov

(p) 907-235-3130

(f) 907-235-3143

Memorandum 15-080

TO: MAYOR WYTHE AND CITY COUNCIL

FROM: JO JOHNSON, MMC, CITY CLERK

DATE: JUNE 9, 2015

SUBJECT: REQUEST FOR EXECUTIVE SESSION PURSUANT TO AS 44.62.310 (A-C)(1)(4) MATTERS, THE IMMEDIATE KNOWLEDGE OF WHICH WOULD CLEARLY HAVE AN ADVERSE EFFECT UPON THE FINANCES OF THE GOVERNMENT UNIT AND MATTERS PERTAINING TO PERSONNEL (CITY FINANCES/BUDGET SHORTFALLS FOR 2015/2016).

Pursuant to Council's Operating Manual – "Any Councilmember, the Mayor or City Manager may place consideration of an executive session on the agenda..."

Mayor Wythe has requested an Executive Session regarding "CITY FINANCES/BUDGET SHORTFALLS FOR 2015/2016" for the Special Meeting of June 15, 2015. This has been publicly and internally noticed since that time.

City Attorney Klinkner will not be present.

RECOMMENDATION:

Approve the request for Executive Session and conduct immediately in the Conference Room.

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



COMMITTEE OF THE WHOLE
5:00 P.M. MONDAY
JUNE 15, 2015
COWLES COUNCIL CHAMBERS

MAYOR BETH WYTHE
COUNCIL MEMBER FRANCIE ROBERTS
COUNCIL MEMBER DAVID LEWIS
COUNCIL MEMBER BRYAN ZAK
COUNCIL MEMBER BEAUREGARD BURGESS
COUNCIL MEMBER GUS VAN DYKE
COUNCIL MEMBER CATRIONA REYNOLDS
CITY ATTORNEY THOMAS KLINKNER
CITY MANAGER KATIE KOESTER
CITY CLERK JO JOHNSON

COMMITTEE OF THE WHOLE AGENDA

1. CALL TO ORDER, 5:00 P.M.

Councilmembers Van Dyke and Zak have requested excusal.

2. AGENDA APPROVAL (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual, pg. 6)

3. MICHELLE DREW, BDO, AUDITOR'S REPORT

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4. Resolution 15-048, A Resolution of the City Council of Homer, Alaska, Noting the Sufficiency of the Petition for the Lillian Walli Fairview Avenue Road Reconstruction and Paving and Sewer Improvements Special Assessment District and Setting the Public Hearing Date for September 14, 2015. City Clerk/Public Works Director.

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Memorandum 15-086 from Public Works Director as backup.

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5. CONSENT AGENDA

6. REGULAR MEETING AGENDA

7. COMMENTS OF THE AUDIENCE

8. ADJOURNMENT NO LATER THAN 5:50 P.M.

Next Special Meeting is Monday, June 29, 2015 at 6:00 p.m., Committee of the Whole 5:00 p.m., and Worksession 4:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

City of Homer, Alaska

Comprehensive Annual Financial Report

Year Ended December 31, 2014

Mary E. Wythe
Mayor

Mary K. Koester
City Manager

Prepared by the Finance Department

Zhiyong (John) Li
Finance Director

City of Homer, Alaska

Comprehensive Annual Financial Report

Year Ended December 31, 2014

City of Homer, Alaska
Comprehensive Annual Financial Report

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City of Homer, Alaska
Comprehensive Annual Financial Report

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City of Homer, Alaska
Comprehensive Annual Financial Report

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City of Homer, Alaska
Comprehensive Annual Financial Report

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City of Homer

Homer, Alaska

June 10, 2015

To the Honorable Mayor Mary E. Wythe
Members of the City Council,
The Citizens of the City of Homer:

The Finance Department is pleased to submit the Comprehensive Annual Financial Report of the City of Homer, for the fiscal year ended December 31, 2014. The purpose of the report is to provide the council, management, staff, the public, and other interested parties with detailed information reflecting the City's financial condition.

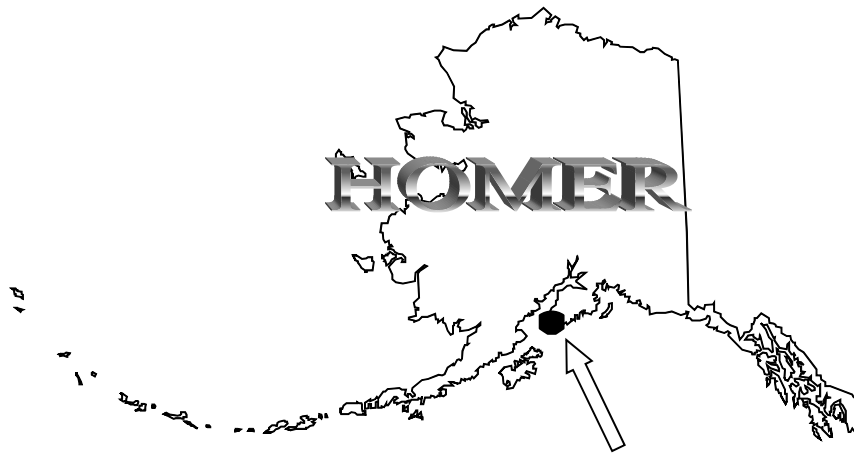
THE REPORT

This report satisfies Title 29 of the Alaska Statutes requiring annual audits of all municipalities. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data is accurate in all material respects and is presented in a manner that fairly sets forth the financial position and results of the City. We also believe all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included. To provide a reasonable basis for making these representations, management of the City of Homer has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Homer's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Homer's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City is required to undergo an annual single audit in conformity with the provisions of the Federal and State Single Audit Act. Information related to the single audits, including the auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in this report.

THE REPORTING ENTITY AND ITS SERVICES

The City of Homer is a first class General Law City incorporated in 1964 under Title 29 of the Alaska State Statute. City Code establishes a December 31 year-end.



Under the City's Code of Ordinances, the Council is comprised of a mayor and six council members who enact local legislation, determine policies, and adopt the City's budget. The mayor is elected for a two-year term and council members are elected for three-year terms with two council members being elected each year. The City Manager is appointed by the City Council and is responsible to them for the proper administration of the affairs of the City.

The City provides a full range of municipal services for the citizens of Homer and surrounding areas including planning and zoning, port and harbor, public works, airport terminal, water and wastewater services, library, parks and recreation, police protection, jail facilities, fire and emergency medical services and general administrative services. In addition to general governmental activities, the City provides financial support to certain community service organizations that promote education, health, recreation and economic stability for the citizens of the community.

The annual budget of the City of Homer serves as the foundation for the City's financial planning and control. The budget is prepared by the City Manager and adopted by the City Council in accordance with policies and procedures established by the City's ordinances.¹ Formal budgetary integration is employed as a management control device during the year for the General Fund. Capital projects are budgeted on a project length basis. The objective of these budgetary controls is to insure compliance with legal provisions embodied in the annual appropriated budget approved by the Homer City Council. The legal level of control (that is, the level at which expenditures cannot legally exceed the appropriation) is at the fund level. The City Council may pass subsequent supplemental appropriations. Activities of the General Fund and Enterprise Funds are included in the annual appropriating budget. Appropriations lapse at the end of the year. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. The appropriated budget is prepared and presented by fund, department (e.g. police) or function (e.g. debt service), and major cost category (e.g. personal services).

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 54 as part of the required supplementary information for the governmental funds.

¹ Financial policies can be located beginning on page 17 of the City of Homer Annual 2014 Budget.

Capital Projects

A significant portion of economic activity and growth in Homer is directly related to capital investment in infrastructure. Much of this growth is currently fueled by public sector spending. The private sector economy shows signs of recovery and growth, particularly in the marine trades, tourism, and residential construction.

Major capital projects that are planned, or in progress in 2014 and 2015 include the following:

City of Homer Special Assessment District (SAD) Projects

A very significant portion of the City of Homer's financing for capital project activity involves carrying out the City's commitment to provide basic water, sewer, and road services to community residents through the Homer Accelerated Water and Sewer Program (HAWSP) and the Homer Accelerated Roads and Trails Program (HART). Funding for projects under these programs is generated through a combination of dedicated sales taxes and assessments that are levied through Special Assessment Districts (SAD).

In 2012 the Homer City Council approved a natural gas distribution system (SAD). In 2014, the City completed the project, which was financed through the \$12,359,388 loan from Kenai Peninsula Borough. The revenue from the bond sale was used to finance construction of gas mains in approximately 73 miles of road within the City limits. The loan will be paid through a special assessment district with assessments paid by benefited property owners. Construction of Phase I, the downtown core was completed in 2013. The Homer Spit portion of Phase II was completed in May of 2014, and the remainder of Phase II was completed by August 2014.

OTHER CITY CAPITAL PROJECTS

- **Deep Water Dock:** The City and the Alaska Department of Transportation and Public Facilities recently entered into a Transfer of Responsibility Agreement (TORA) under which the City will take full responsibility for the project. Under this agreement, a \$2 million dollar federal earmark approved in 2005 will be combined with a \$1 million Legislative Grant to conduct a feasibility study on expanding and strengthening the Deep Water Dock. Feasibility work commenced in late 2014 and will continue through 2015.
- **Skyline Drive Fire Station:** At the City's request, the Legislature re-appropriated a \$2 million grant intended for improvements at the Main Street and Sterling Highway intersection to construct the long awaited satellite fire station on Skyline Drive. The new building was complete fall of 2014.
- **Harbormaster's Office:** The legislative re-appropriation described above also provided most of the funding (\$1.5 million) needed for a new harbormaster's office. The necessary \$500,000 match came from the Port Reserve Account. The City General Fund was tapped for the remaining funds in the form of a \$300,000 loan. Ground was broken on the new Harbormaster's Office summer of 2014 with a grand opening June 2015. The old office will be torn down in 2015 and the centrally located space will be used as a parking lot, for the time being.
- **Spit Trail:** The City has received approximately \$2.1 Million in Legislative and Scenic Byways grants to complete the Spit Trail to End of the Road Park. In addition to the paved trail, improvements include timber overlooks, benches, and signage. The improvements were well used during the 2014 visitor season and finishing touches were complete by fall of 2014.

- **Load and Launch Ramp:** The City and the Alaska Department of Fish and Game entered into a Memorandum of Understanding regarding the reconstruction and rehabilitation of the Load and Launch Ramp in the harbor. The state is expected to bring about \$3 million to the table in construction funds and is paying for all of the engineering and design work. The City will contribute \$800,000 in local match for construction. Engineering and design was completed in 2013. Construction will commence in September of 2015.
- **Harbor Revenue Bond Projects:** The City Council identified several priority harbor improvement projects that total approximately \$8.9 million. Engineering and design funds were secured through a Denali Commission grant and a local match of harbor reserve funds. \$4.2 Million of the construction cost was approved in the 2014 State Capital Budget and the City raised another \$4.2 million through the sale of revenue bonds through the Alaska Municipal Bond Bank. Most of the improvements, including float replacements, electrical upgrades and replacing Ramp 3, were accomplished in 2014 with the project wrapping up summer of 2015.
- **Cruise Ship Passenger Amenities:** In 2011 the City received a Legislative Grant in the amount of \$6 million for improvements that directly benefit cruise ship passengers. Improvements include a pathway around the harbor, a passenger staging area, restrooms at various locations on the spit and downtown, and improvements to the Deep Water Dock that will make docking and movement of passengers easier and more comfortable. Engineering and Design commenced in 2012. Construction began in 2013 and finishing touches, including the installation of a 13 foot high fishing hook sculpture, were complete in 2015.
- **Karen Hornaday Park Improvements:** The City received a Land and Water Conservation Fund grant in the amount of \$75,000. Combined with a local match of \$75,000 trails were constructed around the park, improvements were made to the campground and the old picnic shelter was relocated.
- **Residents of Old Town** successfully applied for grant funding to improve the safety and sense of community in their neighborhood. This funding, combined with \$84,000 in HART funds, implemented traffic calming measures such as crosswalks, a trail along Charles way, paving Bishops Beach, and signage.
- The FY 2015 State Capital Budget contained funding for a new sheet pile dock within the confines of the small boat harbor. Engineering and design work began in early 2015.
- The FY 2015 State Capital Budget contained funding for road improvements at Waddell Way. This is Phase I of the larger East-West corridor project contained on the City Transportation Plan and CIP List. Land Acquisition, engineering, and design are expected in 2015.
- **Natural Gas Conversions:** The City provided funds to convert six City buildings and facilities to natural gas in 2013. The remaining city buildings where conversion to natural gas is cost effective were converted in 2014 including a number of restrooms.

Kenai Peninsula Borough Projects

- The most significant recent Borough project in the Homer area is the closure of the landfill and construction of a transfer site for storing Homer waste awaiting transport to

Soldotna. This \$10 Million dollar project was complete in 2014. Construction began in 2011.

- The 2014 State Capital Budget contained partial funding to install artificial turf at the Homer High School football field and to improve various Borough roads. The turf was put to good use in 2014.
- The boilers at Homer Middle, Paul Banks and West Homer Elementary schools were converted from oil to natural gas in 2014 resulting in significant fuel cost savings for the Homer area schools.
- Kachemak Emergency Service Area is building a 4 bay fire station on Diamond Ridge in phases. The final and second phase was substantially complete in 2014.

State of Alaska Projects

The summer of 2014 was full of road construction delays as the Department of Transportation and Public Facilities made improvements to area roads both big and small.

- East End Road from milepost 3.5 to 5.5 underwent a major rehabilitation in 2014 including widening the road, drainage improvements and a separated bike path. Construction will be complete by fall 2015.
- Phase II of the Homer Sterling Highway repaving project was complete in 2014. The project resurfaced from the Sterling Highway intersection with Pioneer Avenue to the end of the Homer Spit. A portion of the improvements were installing rip rap along Spit Road where serious erosion has occurred.
- The State has made repair and upgrade of Lake Street a priority STIP project and preliminary planning and scoping has begun. A 2015 STIP Amendment added upgrades to Pioneer Ave. Though both of these projects are slated for construction in the near future, current State budget conditions threaten to impact their immediate construction.

Major Private Sector Projects

- The City experienced some private capital investment in 2014 including the construction of an O'Rileys auto parts store, remodel of a hotel and some modest commercial construction. There is evidence that the real estate market is rebounding with access to natural gas on almost all City lots. Overall the slow and steady trend in development that Homer is accustomed to held true for 2014.

FACTORS AFFECTING FINANCIAL CONDITION

Economy

Homer's economy is relatively diverse for a community of its size. Major seasonal components of the economy include commercial fishing, sport fishing, recreation, and the visitor industry. The primary employers include South Peninsula Hospital, Homer Electric Association, the Federal, State, Borough, and City governments, the marine trades, the service industry, a thriving non-profit sector, arts and music, independent entrepreneurs, and small, locally owned businesses. Homer has been the number one commercial halibut port in the state in terms of pounds landed for years. The community has many economic assets including the largest single basin boat harbor in the state, an open access year around ice free port, an excellent airport,

natural gas, and access to the national highway system. Major attractions include the Pratt Museum, the Islands and Ocean Center, numerous art galleries, and unlimited recreational opportunities.

A boom in oil and gas exploration in Cook Inlet has increased traffic at the Port and Small Boat Harbor and jobs in the marine trades. Large prospects for the future that could positively impact the local economy include Alaska LNG, a natural gas export line with a terminus and liquid gasification plant in Nikiski, continued interest in Cook Inlet, and development in the Arctic.

The low price of oil that has driven the State of Alaska to implement budget cuts and dip into savings accounts to balance the budget has and will continue to affect Homer. State budget cuts to the Community Jails Program and Revenue Sharing have had an immediate impact on the City's 2015 budget. The restricted state spending will have a long term effect on Homer's budget as the economy begins to contract with less state spending on wages, contracts, and construction. A very minimal FY16 State capital budget will affect construction projects across the state.

The City of Homer has been able to avoid significant cuts in programs and services so far due to conservative budgeting and fiscal management practices. However, with the added pressure of cuts from the State, this may no longer be possible. Additional revenues will be needed in order to provide the high quality services residents expect and to keep up with maintenance, repair, and replacement obligations. It is important for the City to encourage the creation of more year-round job opportunities so that young people can remain and working families can afford to live here.

Long-Term Financial Planning

Users of this document as well as others interested in the programs and services offered by the City of Homer are encouraged to read the City's 2014 Annual Budget. The document details the City's long-term goals and financial policies, describes program accomplishments and initiatives, and outlines the City's capital improvement program. The document can be obtained from the City of Homer's Finance Department by calling (907) 235-8121. The Annual Budget can also be accessed through the City's web site at www.ci.homer.ak.us and selecting the Finance Department.

FINANCIAL INFORMATION

Single Audit

As a recipient of federal and state assistance, the City is responsible for providing an independent audit to ensure compliance with applicable laws and regulations related to these programs. The reporting entity that is included in our Comprehensive Annual Financial Report is determined by the criteria set forth in the Codification of Governmental Accounting and Financial Reporting Standard, Section 2100. The criteria deal with the City's responsibility over a governmental organization and the scope of public service. Based on these criteria, the various funds (being all the funds of the City) shown in the Table of Contents are included in this report and there are no component units for which the City has responsibility.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The City's financial records for governmental fund types are maintained on a modified accrual basis. Revenues and other financial resource increments are recognized when they become susceptible to accrual. Expenditures are recognized when the fund liability is incurred except for inventories of materials and supplies, prepaid insurance, and similar items that may be

considered expenditures when consumed. The City's Proprietary Funds are accounted for on the accrual basis. The accrual basis means that financial records are affected when the revenues are earned and expenses are incurred.

Cash Management

All idle funds are invested according to the investment guidelines established by the City Council. Under this policy the City may use any of the following instruments:

1. U.S. Treasury securities - 3 years
2. Other obligations by the U. S. Government, its agencies, and instrumentalities - 3 years.
3. Repurchase agreements of acceptable securities listed in subsections 1 and 2 of this section, which meet a margin requirement of 102%; provided, however, the maturity limitations specified in those subsections do not apply if the securities in the repurchase agreement are marked to market daily.
4. Units of the Alaska Municipal League Investment Pool in accordance with an executed common Investment Agreement and in conformance with AS 37.23.010--37.23.900.
5. Certificates of deposit and other deposits at banks and savings and loan associations collateralized as provided in Section 3.10.070 - 3 years.
6. Uncollateralized deposits at banks and savings and loan associations, to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation - 3 years.
7. Taxable bonds or notes which are issued by any state or political subdivision thereof, and which are graded AA or higher by Moody's Investor's Service, Inc., or Standard and Poor's Corporation - 3 years.
8. Commercial paper graded A1 or higher by Moody's Investor's Service, Inc., or P1 or higher by Standard and Poor's Corporation - 270 days.
9. Bankers' acceptances offered by banks rated at least "AA" by Moody's or Standard and Poor's.
10. Money market mutual funds whose portfolios consist entirely of instruments specified in subsection 1, 2 and 3 above - with net asset value of \$1.00.

Risk Management

The City undertakes a comprehensive program of risk management including evaluation of potential risks and exposures on an ongoing basis, establishment of employee safety programs and maintenance of appropriate levels of insurance coverage. New OSHA requirements are being met by employee training programs. Employee training continues both with outside institutions and in-house programs.

Awards and Acknowledgements

Certification of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Homer for its comprehensive annual financial report for the fiscal year ended December 31, 2013.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such a report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report



continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA.

Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the City of Homer. We would like to particularly express our appreciation to Laurel Moore, Jo Earls, Jenna deLumeau, Joanne Perret, Lori Sorrows, and Juli Swisher of the Finance Department. We appreciate the contributions of the staff of BDO USA LLP and their professional manner, patience and communication skills in conducting our audit.

We would also like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,

	
<hr data-bbox="164 850 511 852"/>	<hr data-bbox="755 850 1096 852"/>
Mary K. Koester City Manager	Zhiyong Li Finance Director

City of Homer, Alaska

Principal City Officials

Mayor

Mary E. Wythe

City Council

David Lewis
Gus Van Dyke
Bryan Zak

Francie Roberts
Catriona Reynolds
Beauregard Burgess

City Administration

City Manager
City Attorney
City Clerk
Finance Director
Fire Chief
Library Director
Planning Director
Police Chief
Harbormaster
Public Works Director

Mary K. Koester
Thomas Klinkner
Jo Johnson
Zhiyong (John) Li
Bob Painter
Anne Dixon
Rick Abboud
Mark Robl
Bryan Hawkins
Carey Meyer

City of Homer, Alaska

Organizational Chart

People of Homer

Mayor & City Council

Attorney

Auditor

Council Task Forces
and Committees

Advisory Commissions

City Manager

Public Safety
Police and Fire

Public Works

Port and Harbor

Administration
and Finance

City of Homer, Alaska

GFOA Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

**Certificate of
Achievement for
Excellence in
Financial
Reporting**

Presented to

**City of Homer
Alaska**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Homer, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Homer, Alaska, as of and for the year ended December 31, 2014 and the related notes to the financial statements, which collectively comprise City of Homer's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Homer, Alaska, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 8 to the financial statements, in 2014 the City discovered an error relating to a capital grant. A prior period adjustment has been recorded to increase opening fund balance and net position to correct for this item. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the budgetary comparison schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended December 31, 2014 was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Homer's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance are required by OMB Circular A-133 and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, respectively.

The accompanying Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2014 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2014.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of City of Homer as of and for the year ended December 31, 2013 (not presented herein), and have issued our report thereon dated May 19, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended December 31, 2013 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2013.

The accompanying introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2015 on our consideration of City of Homer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Homer's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
June 10, 2015

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Management's Discussion and Analysis

City of Homer, Alaska

Management's Discussion and Analysis December 31, 2014

The City of Homer management offers readers financial statements, narrative overview, and analysis of the financial activities of the City of Homer for the fiscal year ending December 31, 2014. Readers are encouraged to read this narrative in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this *section*. *All amounts reported in this MD&A, unless otherwise indicated, are expressed in thousands of dollars.*

Financial Highlights

- The assets of the City of Homer exceeded its liabilities on December 31, 2014, by \$130,989 (Net Position). Of this amount, unrestricted net position of \$18,990 may be used to meet the City's ongoing obligations to citizens and creditors. The City's total net position increased by \$2,947.

As of December 31, 2014, the City's governmental funds reported combined ending fund balances of \$19,732, a decrease of \$1,910 from the prior year. A combination of factors contributed to the decrease. The Capital Projects (including Gas-Line and HART-Road) resulted in a \$929 decrease to the fund balance; the Utility (Water & Sewer) Special Revenue fund decreased by \$1,205; the General Fund increased by \$521; all other Non-Major Funds have a decrease of \$297.

- At the end of the current year, the fund balance for the General Fund was \$6,569. Of this amount, \$5,735 was unassigned and available for spending.
- At year-end, the City of Homer's outstanding governmental debt totaled \$26,412. Business-type debt outstanding was \$4,050.

Overview of the Financial Statements

This annual report is comprised of four segments as dictated by Generally Accepted Accounting Principles (GAAP): Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the City of Homer.

- Government-wide financial statements provide both long-term and short-term information about the City's overall condition in a summary format.
- Fund financial statements focus on individual parts of Homer's government, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements explain how general government services like public safety were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the port and harbor fund.

The financial statements also include *notes*, which elaborate on some of the information in the financial statements that provide more detailed data. These financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included other information such as the City's single audit information, and a statistical section, which, through the use of tables, presents comparative economic and financial data to give users of this report a perspective of the City's financial performance over a number of years.

City of Homer, Alaska

Management's Discussion and Analysis

Illustration A-1 Major Features of City of Homer's Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government	The activities of the City that are not proprietary, such as police, fire, public works, and water/sewer utility	Activities the City operates similar to private businesses, such as port & harbor
Required financial statements	*Statement of net position *Statement of activities	*Balance sheet *Statement of revenues, expenditures and changes in fund balance	*Statement of net position *Statement of revenues, expenses and changes in net position *Statement of cash flows
Accounting basis and measurement focus	Accrual accounting	Modified accrual accounting and current financial resources focus	Accrual accounting
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Illustration A-1 summarizes the major features of the City's financial statements. The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

City of Homer, Alaska

Management's Discussion and Analysis

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Homer's finances in a manner similar to a private-sector business. These statements can be located on pages 18-19 of this document.

- The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may indicate the improvement or deterioration of the City's financial position.
- The statement of activities presents information showing how the City's net position changed during the concluded fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements of the City are divided into two categories:

- Governmental activities - These are functions such as public safety and public works services that are principally supported by taxes and intergovernmental revenue.
- Business-type activities - These functions are intended to recover all or a significant portion of their costs through user fees and charges. The City's port & harbor system falls within this category.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Homer, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

City of Homer, Alaska

Management's Discussion and Analysis

The City of Homer maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all major funds. Individual fund data for each of the non-major funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and Utility Special Revenue Fund. Budgetary comparison statements are provided for these funds to demonstrate compliance with the budgets.

Proprietary Funds - Services for which the City charges customers a fee are generally reported in the proprietary funds. Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The City of Homer maintains two different types of proprietary funds.

- Enterprise funds - Are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses one enterprise fund to account for its port & harbor system.
- Internal service funds - Are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insured health benefit and accrued leave cash-outs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-52 of this report.

Government-wide Financial Analysis

At the close of the 2014 fiscal year, the City's net position (assets exceeding liabilities) totaled \$130,989 (see Table A-1). Of this amount \$104,385, or 80%, represents the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. Because the City of Homer uses these capital assets to provide services to the community, these assets are not available for future spending. The remaining amounts of net position are labeled as restricted or unrestricted.

The restricted balance of \$7,614 in the governmental activities is for capital projects. The total unrestricted amount totals \$18,990 and is available to meet the City's ongoing obligations to citizens and creditors.

City of Homer, Alaska

Management's Discussion and Analysis

The following schedule provides a summary of the City's net position:

**Table A-1
City of Homer's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2014	2013 Restated	2014	2013	2014	2013 Restated
Assets						
Current assets	\$ 26,975	\$ 29,304	\$ 5,504	\$ 7,373	\$ 32,479	\$ 36,677
Capital assets	84,034	82,728	49,246	42,890	133,280	125,618
Total Assets	111,009	112,032	54,750	50,263	165,759	162,295
Liabilities						
Noncurrent liabilities	27,141	26,014	4,539	4,665	31,680	30,679
Other liabilities	1,171	2,087	1,919	1,486	3,090	3,573
Total Liabilities	28,312	28,101	6,458	6,151	34,770	34,252
Net Position						
Net investment in capital assets	58,895	66,236	45,490	42,725	104,385	108,961
Restricted	7,614	7,737	-	294	7,614	8,031
Unrestricted	16,188	9,958	2,802	1,093	18,990	11,051
Total Net Position	\$ 82,697	\$ 83,931	\$ 48,292	\$ 44,112	\$ 130,989	\$ 128,043

**Table A-2
City of Homer's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2014	2013 Restated	2014	2013	2014	2013 Restated
Program Revenues						
Charges for services	\$ 5,118	\$ 7,712	\$ 4,198	\$ 4,452	\$ 9,316	\$ 12,164
Operating grants and contributions	2,231	9,835	299	135	2,530	9,970
Capital grants and contributions	1,844	2,216	4,733	3,523	6,577	5,739
General Revenues						
Property taxes	3,092	3,225	-	-	3,092	3,225
Sales taxes	7,489	7,307	-	-	7,489	7,307
Other	574	573	217	300	790	873
Total Revenues	20,348	30,868	9,447	8,410	29,795	39,278

City of Homer, Alaska

Management's Discussion and Analysis

	Governmental Activities		Business-type Activities		Total	
	2014	2013 Restated	2014	2013	2014	2013 Restated
Expenses						
General						
government	\$ 2,337	\$ 3,509	\$ -	\$ -	\$ 2,337	\$ 3,509
Public safety	4,161	4,802	-	-	4,161	4,802
Public works	2,403	2,920	-	-	2,403	2,920
Library	1,027	1,038	-	-	1,027	1,038
Airport	282	267	-	-	282	267
Parks and recreation	760	577	-	-	760	577
Community services	253	7,801	-	-	253	7,801
Water and sewer	4,848	4,607			4,848	4,607
Unallocated interest	367	441	-	-	367	441
Port and harbor	-	-	5,267	5,286	5,267	5,286
Total Expenses	16,438	25,962	5,267	5,286	21,705	31,248
Increase (decrease) in net position before transfers and special item						
	3,910	4,906	4,180	3,124	8,090	8,030
Transfers	-	128	-	(128)	-	-
Special item	(5,144)	(7,193)	-	-	(5,144)	(7,193)
Increase (Decrease) In Net Position	(1,234)	(2,159)	4,180	2,996	2,946	837
Net Position, beginning	83,931	86,090	44,112	41,116	128,043	127,206
Net Position, ending \$	\$ 82,697	\$ 83,931	\$ 48,292	\$ 44,112	\$ 130,989	\$ 128,043

As reflected in Table A-2, the City's net position increased by \$2,946. Expenses exceeded revenues in the governmental activities by \$1,234 and in the business-type activities revenues exceeded expenses by \$4,180. Key elements of the increases and decreases follow:

- Revenues in the governmental activities decreased by approximately \$10,520 in 2014 from 2013. This is mainly due to (1) \$2,948 of special assessments coming from Kachemak Drive Phase II Water & Sewer Project, (2) \$7,491 dollars of legislative grant for the South Peninsula Natural Gas pipeline.
- Expenses in the governmental activities also decreased by \$9,524 for 2014 for the reason stated above.
- Property taxes decreased by \$133.
- Capital grants and contributions decreased by \$371

City of Homer, Alaska

Management's Discussion and Analysis

- Sales Taxes reflect an increase from 2013. This breakdown shows the Sales Taxes by fund to receive them. Changes in sales tax dollars from 2014 to 2013 are as follows:

Sales Taxes	2014	2013	Increase
Fund			
General	\$ 4,994	\$ 4,873	\$ 121
HART - Road	1,123	1,096	27
HART-Trail	125	122	3
Utility(Water & Sewer - HAWSP)	1,248	1,217	31
Total	\$ 7,490	\$ 7,308	\$ 182

Financial Analysis of the Governmental Funds

Governmental funds - The focus of the City of Homer's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending following the end of the fiscal year.

As of December 31, 2014, the City's governmental funds reported combined ending fund balances of \$19,732, a decrease of \$1,910 compared to balances a year earlier. Of the ending balance, \$5,372, or 27% is unassigned and is available to the City for future spending. Most of the remaining fund balance is restricted for Roads \$7,538, Permanent Fund, \$2,032, or assigned for future capital projects and other purposes \$3,898; and non-spendable in the form of inventory, inter-fund loan and prepaid items \$892. The decrease of total fund balance during the year is attributed to:

- Utility Special Revenue Fund's fund balance reduced by \$1,205. This mainly due to debt de-obligation of \$1,580.
- Construction of gas-line on behalf of third party caused \$1,898 decrease in total governmental funds' balance.
- In the Non-major funds category, the City maintains six capital project funds (see page 59, 60) that account for the use of intergovernmental grants, dedicated sales tax, and department transfers to support the construction of capital improvements. Financial resources in these funds are intended to eventually be totally expended once the capital improvements have been completed. The Non-major funds category in which expenditures exceeded revenues for 2014, this category as a whole underwrote a \$297 decrease in total fund balance.
- In the General Fund, expenditures and transfers-out to other funds totaled \$12,438 compared to revenues and transfers-in of \$12,960. The increase of \$521 in the General Fund balance was mainly due to three reasons:(1) \$207 higher than budgeted revenue increases, excluding PERS (budgeted Special Assessments of \$60, higher than expected property tax of \$50; sales tax was \$40 more than budgeted; and remaining increases scattered among other revenue line items), (2) total general fund expenditures, excluding PERS was \$225 less than budgeted, and (3) \$90 budgeted transfers-out did not take place.
- The \$225 less than budgeted expenditures is primarily attributed to \$81 in Information System projects that did not take place, with smaller differences among all departments.

City of Homer, Alaska

Management's Discussion and Analysis

Government Funds (General and Utility Special Revenue) Budgetary Highlights

- There were no differences between the original and final budgets for the General and Utility Special Revenue funds.

Capital Asset and Debt Administration

Capital assets - As detailed in Table A-3 below, the City of Homer's investment in capital assets for its governmental and business-type activities as of December 31, 2014, totals \$133,278 (net of accumulated depreciation). This amount represents a \$7,660 increase over the previous year.

Table A-3
City of Homer's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 10,676	\$ 10,676	\$ 15,254	\$ 15,254	\$ 25,930	\$ 25,930
Buildings	49,647	49,622	13,035	13,035	62,682	62,657
Improvements other than buildings	49,269	45,043	39,553	37,696	88,822	82,739
Machinery and equipment	14,795	14,591	3,167	3,176	17,962	17,767
Infrastructure	33,961	30,771	-	-	33,961	30,771
Construction in progress	1,611	4,077	10,578	4,639	12,189	8,716
Accumulated depreciation	(75,927)	(72,052)	(32,341)	(30,910)	(108,268)	(102,962)
Total Capital Assets	\$ 84,032	\$ 82,728	\$ 49,246	\$ 42,890	\$ 133,278	\$ 125,618

Major capital asset events during the 2014 year included:

Capital projects completed:

General Fund:

- Spit Trail Extension
- End of the Road Park Improvements
- Down Town Restrooms
- Spit Trail Boardwalk Replacement Project
- Skyline Satellite Fire Station
- Karen Hornaday Park Shelter Replacement
- Karen Hornaday Park Campground/Trail Improvements
- Bishop's Beach Parking Lot Paving
- Crittenden Road Improvements

Utility Fund (Special Revenue Fund):

- Sewer Treatment Plant Headworks Intake Screen Replacement
- Wastewater Treatment Plant Headworks Improvements

City of Homer, Alaska

Management's Discussion and Analysis

Port & Harbor (Enterprise Fund):

- Ramp 3 Replacement
- DWD Trail/Cruise Ship Bus Staging Area
- Harbor Entrance Shore Protection Improvements

On-Going Projects:

General Fund:

- Waddell Way Road Improvements
- New Ramp 5 Restroom
- Homer Middle School Access Trail
- Public Works Storage Building

Utility Fund (Special Revenue Fund):

- Water System/Storage Improvements (Phase I)
- Water Treatment Plant Clarifier Skimmer Rehabilitation
- Water Treatment Plant Paving

Port & Harbor (Enterprise Fund):

- New Harbormaster's Office Building
- Small Boat Harbor Float Replacement
- Small Boat Harbor Load/Launch Ramp Replacement
- System 5 Electrical Improvement
- Deep Water Dock Expansion Feasibility Study
- Demolition of Old Harbormaster's Office Building

Additional information on the City's capital assets can be found in note 5 on pages 38-40 of this report.

**Table A-4
City of Homer's Debt**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Notes payable - library	\$ 1,280	\$ 1,325	-	-	\$ 1,280	\$ 1,325
Notes payable - utility	12,773	15,167	-	-	12,773	15,167
Special assessment bond with government commitment	12,359	8,809	-	-	12,359	8,809
General obligation bond payable	-	-	3,605	3,735	3,605	3,735
Unamortized bond premium	-	-	445	470	445	470
Total	26,412	25,301	4,050	4,205	30,462	29,506
Compensated absences	729	713	199	186	928	899
Total Long-Term Debt	\$ 27,141	\$ 26,014	\$ 4,249	\$ 4,391	\$ 31,390	\$ 30,405

City of Homer, Alaska

Management's Discussion and Analysis

Long-term debt - At the end of the 2014 year, the City of Homer had total debt outstanding of \$30,462 as detailed in Table A-4. This excludes \$928 related to the compensated absences.

The notes payables listed under Notes Payable Utility are used to add water and sewer lines and services to areas. Additionally, the new water treatment plant was built utilizing a loan. Loans are received through Alaska Department of Environmental Conservation for 20 year periods at 1.5% interest. Currently seventy-five percent of the loans are repaid by the customer through an "LID" (Land Improvement District). Twenty-five percent of the loans are paid back by the City of Homer with designated sales tax revenues.

Additional information on the City's long-term debt can be found in note 6 on pages 41-44 of this report.

Economic Factors and Next Year's Budgets and Rates

The number of vacant and unfunded positions continues to be a problem. The uncertainty about the economy and the loss of revenue associated with the sales tax exemption for unprepared foods casts doubt over future revenues. The State's uncertain fiscal situation will affect the City of Homer both in direct cuts and a contracting Alaskan economy that will be a result of reduced state spending.

The Water and Sewer Utility Fund remains vulnerable because of the basic structural flaws. The City owns a production and distribution system infrastructure that is very expensive to operate and maintain and has relatively few customers to pay for it. The City has a reliable source of funds to build things and expand the infrastructure (dedicated sales tax) but inadequate funds to maintain it all (user fees). There is intense political pressure to keep fees down even though doing so may not be in the best long term interest of the Fund. The Water/Sewer fund shows an excess of revenue over expenditures in the amount of \$1,887 before capital outlays of \$672 and debt services of \$1,000 and the de-obligation of \$1,580 loan causing a net decrease in Fund Balance of \$1,365 before transfers. The Fund's debt load is significant and will limit opportunities to finance new projects or expansion of the distribution and collection system for the next few years. This is a problem because one of the solutions to the revenue problem is to increase the number of customers.

The Port and Harbor Enterprise Fund is showing an excess in revenues over expenditures of \$804 before depreciation due to an increase in rates which were implemented due to anticipated bonded projects. Additionally, there has been an increase in activity at the docks, ramps and tidelands.

Requests for Information

This financial report is designed to provide a general overview of the City of Homer's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Finance Department
City of Homer
491 E. Pioneer Ave. Homer, Alaska 99603
Telephone: (907) 235-8121 [email: finance@ci.homer.ak.us](mailto:finance@ci.homer.ak.us)

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Basic Financial Statements

City of Homer, Alaska

Statement of Net Position

<i>December 31, 2014</i>	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 12,242,808	\$ 1,588,696	\$ 13,831,504
Receivables, net of allowance for doubtful accounts:			
Accounts	185,523	187,104	372,627
Sales and property taxes	1,216,489	-	1,216,489
State and federal grants and loans	3,550,020	3,660,958	7,210,978
Assessments	5,221,628	-	5,221,628
Other	271,583	-	271,583
Internal balances	288,921	(288,921)	-
Inventory	306,694	14,431	321,125
Prepaid items	389,155	48,251	437,406
Restricted cash and investments	3,302,991	293,697	3,596,688
Capital assets not being depreciated - land and construction in progress	12,287,464	25,832,002	38,119,466
Other capital assets, net of accumulated depreciation	71,746,210	23,414,054	95,160,264
Total Assets	\$ 111,009,486	\$ 54,750,272	\$ 165,759,758
Liabilities			
Accounts payable	\$ 738,217	\$ 1,024,248	\$ 1,762,465
Accrued payroll and related liabilities	236,953	39,368	276,321
Accrued interest payable	87,174	-	87,174
Prepaid rentals and deposits	59,856	837,534	897,390
Unearned revenue	48,947	18,000	66,947
Noncurrent liabilities:			
Due within one year:			
Accrued leave	20,000	14,398	34,398
Notes payable	915,622	-	915,622
General obligation bonds payable	-	130,000	130,000
Due in more than one year:			
Accrued leave	708,707	184,781	893,488
Notes payable	13,137,391	-	13,137,391
General obligation bonds payable including bond premium	-	3,920,054	3,920,054
Special assessment bond payable with government commitment to Kenai Peninsula Borough	12,359,388	-	12,359,388
Unearned revenue	-	289,657	289,657
Total Liabilities	28,312,255	6,458,040	34,770,295
Net Position			
Net investment in capital assets	58,894,875	45,489,699	104,384,574
Restricted for:			
Roads and trails	7,538,071	-	7,538,071
Special service district	76,421	-	76,421
Unrestricted	16,187,864	2,802,533	18,990,397
Total Net Position	82,697,231	48,292,232	130,989,463
Total Liabilities and Net Position	\$ 111,009,486	\$ 54,750,272	\$ 165,759,758

See accompanying notes to basic financial statements.

City of Homer, Alaska
Statement of Activities
Year Ended December 31, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	
Activities							
Governmental:							
General government	\$ 2,337,006	\$ 675,783	\$ 394,781	\$ 302,864	\$ (963,578)	\$ -	\$ (963,578)
Public safety	4,160,799	351,816	1,362,721	-	(2,446,262)	-	(2,446,262)
Public works	2,402,560	-	382,204	-	(2,020,356)	-	(2,020,356)
Library	1,026,662	-	75,670	1,226,416	275,424	-	275,424
Airport	282,404	126,774	-	-	(155,630)	-	(155,630)
Parks and recreation	760,178	156,574	13,302	-	(590,302)	-	(590,302)
Community services	252,833	40,280	2,533	-	(210,020)	-	(210,020)
Water	2,660,899	2,023,009	-	157,570	(480,320)	-	(480,320)
Sewer	2,187,873	1,743,301	-	157,570	(287,002)	-	(287,002)
Unallocated interest	366,493	-	-	-	(366,493)	-	(366,493)
Total Governmental Activities	16,437,707	5,117,537	2,231,211	1,844,420	(7,244,539)	-	(7,244,539)
Business-type - Port and harbor	5,266,806	4,197,852	299,245	4,732,718	-	3,963,009	3,963,009
Total	\$ 21,704,513	\$ 9,315,389	\$ 2,530,456	\$ 6,577,138	(7,244,539)	3,963,009	(3,281,530)
General Revenues							
Property taxes					\$ 3,091,791	-	3,091,791
Sales taxes					7,488,925	-	7,488,925
Grants and entitlements not restricted to a specific purpose					392,232	58,621	450,853
Investment income					144,146	28,690	172,836
Other					37,511	130,406	167,917
Total General Revenues					11,154,605	217,717	11,372,322
Special item - construction of gas pipeline on behalf of third parties					(5,143,546)	-	(5,143,546)
Change in Net Position					(1,233,480)	4,180,726	2,947,246
Net Position, beginning, as restated					83,930,711	44,111,506	128,042,217
Net Position, ending					\$ 82,697,231	\$ 48,292,232	\$ 130,989,463

See accompanying notes to basic financial statements.

City of Homer, Alaska

Governmental Funds
Balance Sheet

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Utility Special Revenue	Gas Line Capital Project	HART Roads Capital Project			
<i>December 31, 2014</i>							
Assets							
Cash and investments	\$ 386,625	\$ 1,380,183	\$ -	\$ 6,823,357	\$ 2,739,904	\$ 11,330,069	
Receivables, net of allowance:							
Accounts	-	185,523	-	-	-	185,523	
Property taxes	77,008	-	-	-	-	77,008	
Sales taxes	759,645	189,919	-	170,922	18,995	1,139,481	
Assessments	407,314	4,814,314	-	-	-	5,221,628	
State and federal grants and loans	-	-	3,550,020	-	-	3,550,020	
Other	37,262	-	-	-	234,321	271,583	
Interfund loan	300,000	-	-	-	19,420	319,420	
Due from other funds	5,240,998	-	-	-	-	5,240,998	
Inventory	52,312	254,382	-	-	-	306,694	
Prepaid items	234,289	31,712	-	-	-	266,001	
Restricted cash and investments	-	-	1,273,602	-	2,029,389	3,302,991	
Total Assets	\$ 7,495,453	\$ 6,856,033	\$ 4,823,622	\$ 6,994,279	\$ 5,042,029	\$ 31,211,416	
Liabilities							
Accounts payable	\$ 213,661	\$ 148,806	\$ 117	\$ -	\$ 220,097	\$ 582,681	
Accrued payroll and related liabilities	196,132	40,821	-	-	-	236,953	
Customer deposits	16,204	43,652	-	-	-	59,856	
Unearned revenue	5,414	-	-	-	43,533	48,947	
Due to other funds	-	-	5,104,918	-	136,080	5,240,998	
Total Liabilities	431,411	233,279	5,105,035	-	399,710	6,169,435	
Deferred Inflows							
Deferred property taxes	78,695	-	-	-	-	78,695	
Deferred assessments	416,314	4,814,887	-	-	-	5,231,201	
Total Deferred Inflows	495,009	4,814,887	-	-	-	5,309,896	
Total Liabilities and Deferred Inflows	926,420	5,048,166	5,105,035	-	399,710	11,479,331	
Fund Balances							
Nonspendable:							
Inventory	52,312	254,382	-	-	-	306,694	
Prepaid items	234,289	31,712	-	-	-	266,001	
Interfund loan	300,000	-	-	-	19,420	319,420	
Restricted - roads and trails							
Roads and trails	-	-	-	6,994,279	543,792	7,538,071	
Special service district	76,421	-	-	-	-	76,421	
Committed - Permanent fund	-	-	-	-	2,031,828	2,031,828	
Assigned:							
Library	-	-	-	-	32,593	32,593	
Public Safety	-	-	-	-	97,530	97,530	
Community schools	-	-	-	-	492	492	
Sustainability	-	-	-	-	14,780	14,780	
Water and sewer	-	1,521,773	-	-	-	1,521,773	
PERS benefits	171,314	-	-	-	14,665	185,979	
Capital and land	-	-	-	-	1,968,241	1,968,241	
Unassigned (deficit)	5,734,697	-	(281,413)	-	(81,022)	5,372,262	
Total Fund Balances	6,569,033	1,807,867	(281,413)	6,994,279	4,642,319	19,732,085	
Total Liabilities, Deferred Inflows and Fund Balances	\$ 7,495,453	\$ 6,856,033	\$ 4,823,622	\$ 6,994,279	\$ 5,042,029	\$ 31,211,416	

See accompanying notes to basic financial statements.

City of Homer, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
December 31, 2014

Total fund balances for governmental funds		\$ 19,732,085
<p>Total net position reported for governmental activities in the Statement of Net Position is different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets, net of accumulated depreciation consist of:</p>		
Land and land improvements	\$ 10,676,104	
Construction in progress	1,611,360	
Buildings	49,647,339	
Improvements other than buildings	49,269,066	
Machinery and equipment	14,795,594	
Infrastructure	33,961,628	
Accumulated depreciation	<u>(75,927,417)</u>	
Total Capital Assets		84,033,674
<p>Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.</p>		
Delinquent property taxes receivable	78,695	
Special assessments not yet due	<u>5,231,201</u>	
Total Other Long-Term Assets		5,309,896
<p>Internal service funds are used by the City to charge the cost of certain activities, such as insurance, to individual funds. A portion of the assets and liabilities of the internal service funds is included in the governmental activities in the Statement of Net Position.</p>		
		849,858
<p>Long-term liabilities, including notes payable, bonds payable, and accrued leave, are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:</p>		
Accrued interest	(87,174)	
Note payable to Kenai Peninsula Borough	(12,359,388)	
Notes payable	(14,053,013)	
Accrued leave	<u>(728,707)</u>	
Total Long-Term Liabilities		<u>(27,228,282)</u>
Total Net Position of Governmental Activities		<u>\$ 82,697,231</u>

See accompanying notes to basic financial statements.

City of Homer, Alaska

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)

Year Ended December 31, 2014	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Utility Special Revenue	Gas Line Capital Project	HART Roads Capital Project		
Revenues						
Property taxes	\$ 3,119,599	\$ -	\$ -	\$ -	\$ -	\$ 3,119,599
Sales taxes	4,993,941	1,247,502	-	1,122,738	124,744	7,488,925
Licenses and permits	27,931	-	-	-	-	27,931
Intergovernmental	2,580,068	618,004	-	-	1,230,067	4,428,139
Charges for services	2,125,051	3,623,327	-	-	-	5,748,378
Special assessments	59,740	438,088	-	-	-	497,828
Investment income	30,830	3,845	3,505	18,071	87,895	144,146
Fines and forfeitures	20,142	-	-	-	-	20,142
Donations	-	-	-	-	9,524	9,524
Other	2,368	37,511	-	-	30,200	70,079
Total Revenues	12,959,670	5,968,277	3,505	1,140,809	1,482,430	21,554,691
Expenditures						
Current:						
General government	3,507,640	-	-	93,476	105,671	3,706,787
Public safety	4,708,617	-	-	-	9,356	4,717,973
Public works	2,183,582	-	-	-	-	2,183,582
Library	847,655	-	-	-	-	847,655
Airport	221,302	-	-	-	-	221,302
Parks and recreation	409,211	-	-	-	-	409,211
Community services	237,507	-	-	-	15,326	252,833
Water	-	2,283,417	-	-	-	2,283,417
Sewer	-	1,798,228	-	-	-	1,798,228
Debt service:						
Principal	45,149	812,933	-	-	-	858,082
Interest	54,675	186,987	307,933	-	-	549,595
Debt deobligation	-	1,580,014	-	-	-	1,580,014
Capital outlay	-	671,683	-	78,845	1,711,859	2,462,387
Total Expenditures	12,215,338	7,333,262	307,933	172,321	1,842,212	21,871,066
Excess of Revenues Over (Under)						
Expenditures	744,332	(1,364,985)	(304,428)	968,488	(359,782)	(316,375)
Other Financing Sources (Uses)						
Issuance of special assessment bond						
Kenai Peninsula Borough	-	-	3,550,020	-	-	3,550,020
Transfers in	-	180,499	-	-	62,884	243,383
Transfers out	(223,083)	(20,300)	-	-	-	(243,383)
Net Other Financing Sources (Uses)	(223,083)	160,199	3,550,020	-	62,884	3,550,020
Special item - construction of gas pipeline						
on behalf of third parties	-	-	5,143,546	-	-	5,143,546
Net Change in Fund Balances	521,249	(1,204,786)	(1,897,954)	968,488	(296,898)	(1,909,901)
Fund Balances, beginning, as restated	6,047,784	3,012,653	1,616,541	6,025,791	4,939,217	21,641,986
Fund Balances (Deficit), ending	\$ 6,569,033	\$ 1,807,867	\$ (281,413)	\$ 6,994,279	\$ 4,642,319	\$ 19,732,085

See accompanying notes to basic financial statements.

City of Homer, Alaska
Reconciliation of the Change in Fund Balances of Governmental Funds
to Statement of Activities
Year Ended December 31, 2014

Net change in fund balances - total governmental funds	\$ (1,909,901)
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlays (\$5,229,738) exceeded depreciation (\$3,875,745) and loss on disposal (\$47,819).	
	1,306,170
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the decrease in other long-term assets.	
	(325,281)
Issuance of long-term debt (\$3,550,020) provides current financial resources to governmental funds, while the repayment of the principal of the long-term debt (\$2,438,739) consumes current financial resources in governmental funds. Neither of these transactions has any effect on net position.	
	(1,111,081)
Accrued interest on long-term debt is not reported in the funds until the liability matures. This is the decrease in accrued interest payable.	
	182,259
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the amount of increase in accrued leave.	
	(15,988)
Internal service funds are used by management to charge the cost of health insurance and accrued leave cash-outs to individual funds. A portion of the net income of these activities is reported with governmental activities.	
	<u>640,342</u>
Change in Net Position of Governmental Activities	<u>\$ (1,233,480)</u>

See accompanying notes to basic financial statements.

City of Homer, Alaska
Proprietary Funds
Statement of Net Position

<i>December 31, 2014</i>	Major Enterprise Fund Port of Homer	Internal Service Funds
Assets		
Current Assets		
Cash and investments	\$ 1,588,696	\$ 912,739
Accounts receivable, net of allowance for doubtful accounts	187,104	-
State and federal grants receivable	3,660,958	-
Inventory	14,431	-
Prepaid items	48,251	123,154
Total Current Assets	5,499,440	1,035,893
Noncurrent Assets		
Capital assets, net of accumulated depreciation	49,246,056	-
Restricted cash and investments	293,697	-
Total Noncurrent Assets	49,539,753	-
Total Assets	\$ 55,039,193	\$ 1,035,893
Liabilities		
Current Liabilities		
Accounts payable	\$ 1,024,248	\$ 155,536
Accrued payroll and related liabilities	39,368	-
Accrued leave	14,398	-
General obligation bonds payable	130,000	-
Prepaid rentals and deposits	837,534	-
Unearned lease revenue	18,000	-
Unearned grant revenue	55,657	-
Interfund loan	3,291	-
Total Current Liabilities	2,122,496	155,536
Noncurrent Liabilities, Net of Current Portion		
Unearned lease revenue	234,000	-
Interfund loan	316,129	-
General obligation bonds payable including bond premium	3,920,054	-
Accrued leave	184,781	-
Total Noncurrent Liabilities	4,654,964	-
Total Liabilities	6,777,460	155,536
Net Position		
Net investment in capital assets	45,489,699	-
Unrestricted	2,772,034	880,357
Total Net Position	48,261,733	880,357
Total Liabilities and Net Position	\$ 55,039,193	\$ 1,035,893
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	30,499	
Net Position of Business-Type Activities	\$ 48,292,232	

See accompanying notes to basic financial statements.

City of Homer, Alaska
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31, 2014</i>	Major Enterprise Fund Port of Homer	Internal Service Funds
Operating Revenues		
Port and harbor charges for services	\$ 4,197,852	\$ -
Interfund charges	-	1,992,762
Employee health contributions	-	217,613
Refunds and reinsurance	-	394,578
Total Operating Revenues	4,197,852	2,604,953
Operating Expenses		
Operations	2,425,244	151,406
Administration	1,484,844	93,418
Depreciation	1,489,777	-
Claims	-	1,216,168
Employee incentive fees	-	68,287
Insurance premiums	-	301,444
Total Operating Expenses	5,399,865	1,830,723
Operating income (loss)	(1,202,013)	774,230
Nonoperating Revenues (Expenses)		
Investment income	28,690	-
State PERS relief	299,245	-
Other income	129,956	-
Cruise ship tax	450	-
Fish tax	58,621	-
Miscellaneous repairs	(829)	-
Net Nonoperating Revenues (Expenses)	516,133	-
Income (loss) before capital contributions	(685,880)	774,230
Capital contributions	4,732,718	-
Change in net position	4,046,838	774,230
Net Position, beginning	44,214,895	106,127
Net Position, ending	48,261,733	\$ 880,357
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	133,888	
Change in Net Position of Business-Type Activities	\$ 4,180,726	

See accompanying notes to basic financial statements.

City of Homer, Alaska

Proprietary Funds
Statement of Cash Flows

<i>Year Ended December 31, 2014</i>	Major Enterprise Fund Port of Homer	Internal Service Funds
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 4,418,382	\$ -
Receipts from interfund services provided and employee contributions	-	2,210,375
Receipt of refunds and reinsurance payments	-	394,578
Payments to suppliers	(1,726,502)	-
Payments to employees	(1,487,223)	(219,693)
Payments for insurance, claims, and administration	-	(1,829,755)
Net cash flows from operating activities	1,204,657	555,505
Cash Flows from (for) Noncapital Financing Activities		
Decrease in due to other funds	-	(15,140)
Nonoperating grants, cruise ship tax, and fish tax received	59,071	-
Net cash flows from noncapital financing activities	59,071	(15,140)
Cash Flows for Capital and Related Financing Activities		
Principal paid on long-term debt	(130,000)	-
Interest paid on long-term debt	(158,650)	-
Capital contributions received	2,180,971	-
Acquisition of property, plant and equipment	(7,711,704)	-
Decrease in interfund loan	296,708	-
Net cash flows for capital and related financing activities	(5,522,675)	-
Cash Flows from Investing Activities		
Investment income received	28,690	-
Net Increase (Decrease) in Cash and Investments	(4,230,257)	540,365
Cash and Investments, beginning	6,112,650	372,374
Cash and Investments, ending	\$ 1,882,393	\$ 912,739

See accompanying notes to basic financial statements.

City of Homer, Alaska
Proprietary Funds
Statement of Cash Flows, continued

	Major Enterprise Fund	Internal Service Funds
<i>Year Ended December 31, 2014</i>	<i>Port of Homer</i>	
Reconciliation of Operating Income (Loss) to Net Cash		
Flows from (for) Operating Activities		
Operating Income (loss)	\$ (1,202,013)	\$ 774,230
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	1,489,777	-
Noncash expense - PERS relief	299,245	-
Decrease in allowance for doubtful accounts	(12,518)	-
Amortization of deferred lease revenue	(18,000)	-
Miscellaneous nonoperating revenues	129,127	-
(Increase) decrease in assets:		
Accounts receivable	37,337	-
Inventory	1,216	-
Prepaid items	356	(123,154)
Increase (decrease) in liabilities:		
Accounts payable	379,317	(95,571)
Accrued payroll and related liabilities	3,065	-
Unearned grant revenue	33,947	-
Accrued leave	13,164	-
Prepaid rentals and deposits	50,637	-
Net Cash Flows from Operating Activities	\$ 1,204,657	\$ 555,505
Interest capitalized	\$ 133,924	\$ -
Capital contributions receivable at year end	\$ 3,660,958	\$ 1,109,211

See accompanying notes to basic financial statements.

City of Homer, Alaska

Notes to Basic Financial Statements

December 31, 2014

1. Summary of Significant Accounting Policies

Organization and Services Provided

The City of Homer, Alaska was incorporated March 31, 1964 as a first-class city and operates under a Council-Manager form of government. The City provides the full range of municipal services as provided for by Alaska Statute. This includes police and fire protection, ambulance and emergency medical service, water and wastewater service, library, parks and recreation, public improvements, planning and zoning, port and harbor, airport facilities, and general administrative services.

Scope and Presentation

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

Reporting Entity

The City has reviewed the standards established by the Governmental Accounting Standards Board (GASB) and determined that the City has no component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Homer, Alaska

Notes to Basic Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City generally considers all revenues except reimbursement grants to be available if they are collected within 60 days after year end. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only to the extent they have matured.

Property and sales taxes, charges for services, intergovernmental revenues, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue in the current period. Most other revenue items are considered to be measurable and available only when received by the government.

The City reports the following major funds:

Major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

The *Utility Special Revenue Fund* accounts for the activities of the water and sewer facility operations including collection and treatment of sewage, and distribution and transmission of water.

The *Gas Line Capital Project Fund* accounts for all activities related to the construction of the gas line.

The *HART Roads Capital Project Fund* accounts for operating grants and capital improvement projects for streets and sidewalks.

Major proprietary fund:

The *Port of Homer Enterprise Fund* accounts for all activities related to the operation of the City's port and harbor.

The City also reports Internal Service Funds which account for the activities relating to the City's self-insured health benefit plan and accrued leave cash-outs. These funds report revenues charged to the other funds based on estimated amounts to cover actual costs of benefits.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise fund and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Homer, Alaska

Notes to Basic Financial Statements

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes (including the City's restricted sales taxes), investment income, and State entitlement revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Port of Homer Enterprise Fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenues reported in the Utility Special Revenue Fund are comprised primarily of user charges for services. However, the fund also receives significant funding from sales tax. Lesser amounts are reflected from grants and local assessments. All revenues reported in the fund are committed to the Utility service, including operations, maintenance, and debt service.

Budgets and Budgetary Accounting

The City Council is required to pass an appropriation ordinance for the General Fund and Utility Special Revenue Fund which becomes the expenditure budget for each fund for the fiscal year. The City Council may pass subsequent supplemental appropriations which are added to the expenditure budget. Expenditures may not legally exceed the fund appropriations. The City Manager may transfer amounts between departments within a fund or between cost centers within a department's budget classification. Appropriations on annual budgets lapse at year-end. The City's legally prescribed budgetary basis of accounting is consistent with generally accepted accounting principles and, accordingly, where budgetary data are presented, the budget and actual information conform to the same basis of accounting.

As shown in Exhibits D-1 and D-2, for 2014 the General Fund and the Utility Special Revenue Fund reported expenditures in excess of the amounts appropriated. For the General Fund, the excess expenditures are tied almost exclusively to the PERS on-behalf amount which has no effect on fund balance (see Pension Footnote for additional information). For the Utility Fund, the excess expenditures is tied primarily to the deobligation of loan funding (essentially, a write off of loans receivable) recognized as expenditure in the current year, along with no budget reported for capital activity. The PERS on-behalf amount is also affecting this schedule.

Encumbrance accounting is employed during the year under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as appropriate constraints of fund balance if they meet the definitions and criteria described later in these footnotes.

Cash and Investments

A central treasury is used to account for all the City's cash and investments to maximize interest income. Investment earnings are allocated to various funds based on average central treasury balances.

City of Homer, Alaska

Notes to Basic Financial Statements

For purposes of the statement of cash flows, the City has defined cash and cash equivalents as the demand deposits and all investments maintained in the central treasury, regardless of maturity period, since the various funds use the central treasury essentially as a demand deposit account.

Investments are recorded at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property Taxes

Property taxes are a lien on the assessed value of taxable property as of January 1. Pursuant to Alaska Statute, Title 29.45.240, the City establishes the mill rate levy by June 15. The City is located within the Kenai Peninsula Borough, which acts as the City's agent in the billing and collection of property taxes. Tax bills for one-half of the taxes are mailed prior to July 1 and are payable on August 15; tax bills for the second half of the taxes are mailed by October 1 and are payable on November 15. City property tax revenues in the fund financial statements are recognized in the fiscal year in which they are collectible and available (collected within sixty days after year-end) to finance expenditures of the fiscal period.

At December 31, the delinquent real and personal taxes not currently available are reflected as deferred inflows of the General Fund.

Unbilled Service Revenues

Utility revenues are based on cycle billings rendered monthly to customers. As a result of this cycle billing method, the utilities do not accrue revenues at the end of any fiscal period for services sold but not billed at such date. The Port of Homer bills annual moorage charges in advance, which are presented as unearned revenue at year-end.

Inventory

Inventory of the Enterprise Fund is carried at average cost and is charged to expense in accordance with the consumption method of accounting for inventory.

Supplies or materials acquired by governmental fund types are recorded at cost (specific identification) and are charged as expenditures as used in accordance with the consumption method of accounting for inventory. Accordingly, reported inventory for governmental fund types are equally offset by nonspendable fund balance.

City of Homer, Alaska

Notes to Basic Financial Statements

Prepaid Items

Prepaid items primarily represent costs of insurance and similar services allocated to succeeding periods and rents paid in advance of the period to which they apply. The City's policy is to charge such costs to the period benefited. Accordingly, reported prepaid items for governmental fund types are equally offset by nonspendable fund balance.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In the case of the initial capitalization of infrastructure assets, the City chose to include all such items, regardless of their acquisition date.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest capitalized in 2014 was \$133,924.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Property, plant, and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

	Years
Buildings and improvements	30-40
System infrastructure	15-40
Machinery and equipment	5
Infrastructure	20-30

Accrued Leave

The City allows employees to accumulate earned but unused personal leave benefits up to a maximum accumulation of 720 hours. All personal leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured (e.g. the employee has terminated employment).

Long-Term Debt

In the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium, discount, or deferred loss.

City of Homer, Alaska

Notes to Basic Financial Statements

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council—the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use through ordinance. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

Comparative Data

Comparative data for the prior year have been presented in some of the individual fund statements in order to provide an understanding of the changes in the financial position and operations of the City. Certain amounts in the prior year data have been reclassified to conform to the current year’s presentation.

City of Homer, Alaska

Notes to Basic Financial Statements

2. Cash and Investments

The City of Homer utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "cash and investments" or in the case of "negative cash," is included in "due to other funds."

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of December 31, 2014.

Bank deposits	\$ 1,320,732
Investments	16,107,460
	<hr/>
	\$ 17,428,192
	<hr/>
Cash and investments	\$ 13,831,504
Restricted cash and investments	3,596,688
	<hr/>
	\$ 17,428,192
	<hr/>

Restricted cash and investments primarily represent funds set aside for capital projects, including unspent bond proceeds, or mandatory bond reserve accounts.

General Investments

Investment Policy

The City's investment policy authorizes investment in the following:

1. U.S. Treasury securities;
2. Other obligations of the U.S. Government, its agencies and instrumentalities;
3. Repurchase agreements of acceptable securities listed in (1) or (2) above which meet a margin requirement of 102%;
4. Units of the Alaska Municipal League Investment Pool;
5. Certificates of deposit;
6. Uncollateralized deposits to the extent that the deposits are insured by the FDIC or FSLIC;
7. Taxable bonds or notes; graded AA or higher;
8. Commercial paper; graded A1 or higher;
9. Bankers' acceptances; rated at least AA; and
10. Money market mutual funds.

Investments in taxable bonds and notes, commercial paper, or bankers' acceptances must meet a minimum rating as determined by Moody's Investor Services or Standard and Poor's.

City of Homer, Alaska

Notes to Basic Financial Statements

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Aside from the investment policy stated above, the City has no specific policy with respect to interest rate risk.

Investment maturities at December 31, 2014 are as follows:

<i>Investment Type</i>	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	5 - 10
U.S. government agencies:				
FHLB	\$ 101,616	\$ -	\$ 101,616	\$ -
FHLM	1,983,397	-	1,983,397	-
FNMA	76,290	25,419	50,871	-
<hr/>				
Total U.S. government agencies	2,161,303	25,419	2,135,884	-
Corporate bonds	232,633	-	179,214	53,419
Foreign bonds	76,267	50,820	25,447	-
Pooled investments (AMLIP)	6,463,860	6,463,860	-	-
<hr/>				
Total Subject to Interest Rate Risk	8,934,063	\$ 6,540,099	\$ 2,340,545	\$ 53,419
Certificates of deposit	5,075,428			
Money market	639,142			
Mutual funds	1,458,827			
<hr/>				
Total Investments	\$ 16,107,460			

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy specifies the types of investments which can be purchased, in order to limit credit risk, as described above. All of the U.S. government agency investments are rated AAA by Standard and Poor's.

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is rated AAAM by Standard and Poor's for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the Pool. The law sets forth numerous requirements regarding authorized investments and reporting. At December 31, 2014, the share value of investments in the AML pool is approximately equal to fair value.

City of Homer, Alaska

Notes to Basic Financial Statements

3. Accounts Receivable, Valuation Allowances, Deferred Inflows and Unearned Revenues

The City maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful accounts. At December 31, 2014, receivables for the City's individual major funds and nonmajor and internal service funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Utility Special Revenue	Gas Line Capital Project	HART Roads Capital Project	Port of Homer Enterprise	Nonmajor and Other Funds	Totals
Receivables:							
Accounts	\$ -	\$ 260,955	\$ -	\$ -	\$ 215,238	\$ -	\$ 476,193
Sales taxes	759,645	189,919	-	170,922	-	18,995	1,139,481
Property taxes	82,243	-	-	-	-	-	82,243
State and federal grants and loans	-	-	3,550,020	-	3,660,958	-	7,210,978
Special assessments	407,314	4,814,314	-	-	-	-	5,221,628
Other	366,466	-	-	-	-	253,741	620,207
Total receivables	1,615,668	5,265,188	3,550,020	170,922	3,876,196	272,736	14,750,730
Less allowance for uncollectibles	(34,439)	(75,432)	-	-	(28,134)	-	(138,005)
Net Receivables	\$1,581,229	\$5,189,756	\$3,550,020	\$ 170,922	\$ 3,848,062	272,736	\$ 14,612,725

At December 31, 2014, the various components of *deferred inflows and unearned revenue* reported in the governmental funds were as follows:

Deferred Inflows

Delinquent property taxes receivable - General Fund	\$ 78,695
Special assessments not yet due:	
General Fund	416,314
Utility Special Revenue Fund	4,814,887
Total Deferred Inflows	\$ 5,309,896

Unearned Revenue

Grant drawdowns prior to meeting all eligibility requirements:	
General Fund	\$ 5,414
Other funds	28,970
Other unearned revenue	14,563
Total Unearned Revenue	\$ 48,947

City of Homer, Alaska

Notes to Basic Financial Statements

4. Interfund Receivables, Payables, and Transfers

A schedule of interfund balances and transfers for the year ended December 31, 2014 follows. Interfund transfers are routinely recorded throughout the year and are typically to fund capital depreciation reserves and other operating subsidies.

Due from Other Funds

Due to General Fund from:	
Gas Line Capital Project Fund	\$ 5,104,918
Nonmajor governmental funds	136,080
<hr/>	
Total Due from Other Funds	\$ 5,240,998

Transfers

From General Fund to:	
Utility Special Revenue Fund	\$ 180,499
Nonmajor governmental funds	42,584
From Utility Special Revenue Fund to	
Nonmajor governmental funds	20,300
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Total Transfers to Other Funds	\$ 243,383

Interfund Loan

In 2011 the City underwent an extensive energy audit with the goal of identifying areas for energy savings and efficiencies. Numerous minor upgrades or repairs were conducted in this effort. Most of these costs were funded by fund balances set aside in the prior year along with grant funds. The City approved and recorded an interfund loan from the Energy Revolving Loan Capital Project Fund to the Port of Homer Enterprise Fund in the amount of \$29,294 to fund a portion of the Port related upgrades. The Port will repay the loan in \$3,291 annual installments over nine years. The loan had a balance of \$19,420 as of December 31, 2014.

In 2014 the General Fund loaned \$300,000 to the Port Fund in order to complete the financing package related to the Port and Harbor Building upgrade project. The loan bears interest at 2% per year payable over five years. At December 31, 2014 the outstanding balance was \$300,000.

City of Homer, Alaska

Notes to Basic Financial Statements

5. Capital Assets

Capital asset activity for the year ended December 31, 2014 follows:

	Balance January 1, 2014	Additions and Reclas- sifications	Deletions and Reclas- sifications	Balance December 31, 2014
Governmental activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 10,676,104	\$ -	\$ -	\$ 10,676,104
Construction in progress	4,076,617	2,123,510	(4,588,767)	1,611,360
Total assets not being depreciated	14,752,721	2,123,510	(4,588,767)	12,287,464
<i>Capital assets being depreciated:</i>				
Buildings	49,621,871	25,468	-	49,647,339
Improvements other than buildings	45,042,794	4,226,272	-	49,269,066
Machinery and equipment	14,591,184	204,410	-	14,795,594
Infrastructure	30,770,602	3,238,845	(47,819)	33,961,628
Total assets being depreciated	140,026,451	7,694,995	(47,819)	147,673,627
Less accumulated depreciation for:				
Buildings	28,102,380	756,358	-	28,858,738
Improvements other than buildings	19,901,355	1,554,303	-	21,455,658
Machinery and equipment	8,934,522	723,707	-	9,658,229
Infrastructure	15,113,412	841,380	-	15,954,792
Total accumulated depreciation	72,051,669	3,875,748	-	75,927,417
Total assets being depreciated, net	67,974,782	3,819,247	(47,819)	71,746,210
Governmental Activities				
Capital Assets, Net	\$ 82,727,503	\$ 5,942,757	\$ (4,636,586)	\$ 84,033,674

City of Homer, Alaska

Notes to Basic Financial Statements

	Balance January 1, 2014	Additions and Reclass- ifications	Deletions and Reclass- ifications	Balance December 31, 2014
Business-type activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 15,254,041	\$ -	\$ -	\$ 15,254,041
Construction in progress	4,639,411	6,493,707	(555,157)	10,577,961
Total assets not being depreciated	19,893,452	6,493,707	(555,157)	25,832,002
<i>Capital assets being depreciated:</i>				
Buildings	13,034,836	-	-	13,034,836
Improvements other than buildings	37,695,709	1,857,149	-	39,552,858
Machinery and equipment	3,176,133	49,929	(58,846)	3,167,216
Total assets being depreciated	53,906,678	1,907,078	(58,846)	55,754,910
Less accumulated depreciation for:				
Buildings	8,460,697	293,349	-	8,754,046
Improvements other than buildings	19,594,478	1,120,037	-	20,714,515
Machinery and equipment	2,854,750	76,391	(58,846)	2,872,295
Total accumulated depreciation	30,909,925	1,489,777	(58,846)	32,340,856
Total capital assets being depreciated, net	22,996,753	417,301	-	23,414,054
Business-Type Activities				
Capital Assets, Net	\$ 42,890,205	\$ 6,911,008	\$ (555,157)	\$ 49,246,056

City of Homer, Alaska

Notes to Basic Financial Statements

<i>Year Ended December 31, 2014</i>	Depreciation
Governmental activities	
General government	\$ 191,662
Public safety	307,627
Public works	1,028,881
Library	233,895
Airport	72,096
Parks and recreation	398,176
Water utility	1,071,213
Sewer utility	572,198
Total Depreciation Expense - Governmental Activities	\$ 3,875,748
Total Depreciation Expense - Business-type activities	
Port and harbor	\$ 1,489,777

The Port of Homer Enterprise Fund received a building from the State of Alaska in 1993 in exchange for the use of land by the State Ferry System until the year 2031. The building houses the Port Maintenance Shop. The value of the building and related unearned revenue are as follows:

Original cost assigned to building	\$ 630,000
Revenue recognized on cumulative basis	(378,000)
	\$ 252,000
Current unearned revenue	\$ 18,000
Noncurrent unearned revenue	234,000
Total Unearned Lease Revenue	\$ 252,000

City of Homer, Alaska

Notes to Basic Financial Statements

6. Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2014:

Governmental activities	Balance January 1, 2014	Additions	Retired	Balance December 31, 2014	Due Within One Year
Notes payable:					
\$1,700,000 USDA library note payable, due in annual installments of \$99,824, including interest at 4.125% through September 2033	\$ 1,325,451	\$ -	\$ 45,149	\$ 1,280,302	\$ 47,012
\$3,462,403 2002 Sewer Utility Alaska Clean Water loan, due in annual installments of \$121,973 plus interest at 1.5% through August 18, 2025	1,463,668	-	121,973	1,341,695	121,973
\$3,389,321 2002 Water Utility Alaska Drinking Water loan, due in annual installments of \$143,078 plus interest at 1.5% through August 18, 2025	1,716,930	-	143,077	1,573,853	143,078
\$2,100,000 (maximum) 2012 Sewer Utility Alaska Clean Water loan, due in annual installments of \$79,587 plus interest at 1.5%	1,512,145	-	79,586	1,432,559	79,587
\$3,250,000 (reduced to \$1,086,870 in 2014) Sewer Utility Alaska Clean Water loan, \$1,158,446 deobligated in 2014; due in annual installments of \$54,344 plus interest at 1.5%	2,245,316	-	1,158,446	1,086,870	54,344
\$2,150,000 (maximum) 2012 Water Utility Alaska Drinking Water loan, due in annual installments of \$117,832 including interest at 1.5% through August 18, 2032	1,935,520	-	88,799	1,846,721	90,131

City of Homer, Alaska

Notes to Basic Financial Statements

Governmental activities	Balance January 1, 2014	Additions	Retired	Balance December 31, 2014	Due Within One Year
Notes payable, continued:					
\$470,000 (maximum) 2006 Water Utility Alaska Drinking Water loan, this loan was deobligated in 2014	\$ 422,412	-	\$ 422,412	-	-
\$8,000,000 (maximum) 2006 Water Utility Alaska Drinking Water loan, due in annual installments of \$364,001, plus interest at 1.5% through December 28, 2029	5,824,024	-	364,002	5,460,022	364,001
\$148,047 2003 Sewer Utility Alaska Clean Water loan, due in annual installments of \$15,496 plus interest at 1.5% through August 28, 2016	46,487	-	15,496	30,991	15,496
\$12,700,000 (maximum) special assessment bond payable to the Kenai Peninsula Borough in two payments of interest only April 1, 2014 and April 1, 2015 and ten equal principal and interest payments beginning April 1, 2016, interest at 4% through April 1, 2025	8,809,368	3,550,020	-	12,359,388	-
Accrued leave **	712,719	15,988	-	728,707	20,000
Total Governmental Activities					
Long-Term Liabilities	\$ 26,014,040	\$ 3,566,008	\$ 2,438,940	\$ 27,141,108	\$ 935,620

** Due to a computer processing error, the amount of leave earned and used during 2014 is not available so the net difference has been reported.

City of Homer, Alaska

Notes to Basic Financial Statements

Business-type Activities	Balance January 1, 2014	Additions	Retired	Balance December 31, 2014	Due Within One Year
\$3,375,000 Series 2013 Harbor General Obligation Bonds, due in annual installments of \$130,000 plus interest at 2% through June of 2033.	\$ 3,735,000	\$ -	\$ 130,000	\$ 3,605,000	\$ 130,000
Unamortized bond premium	469,780	-	24,726	445,054	-
Accrued leave **	186,015	13,164	-	199,179	14,398
Total Business-type Activities Long-Term Liabilities	\$ 4,390,795	\$ 13,164	\$ 154,726	\$ 4,249,233	\$ 144,398

** Due to a computer processing error, the amount of leave earned and used during 2014 is not available so the net difference has been reported.

Annual debt service requirements to maturity for long-term debt exclusive of the notes for the Clean Water loans and Drinking Water loans that are not yet in repayment status follow:

Governmental Activities <i>Year Ending December 31,</i>	<u>Notes Payable</u>			<u>Special Assessment Bond Payable (KPB Loan)</u>		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 915,622	\$ 342,132	\$ 1,257,754	\$ -	\$ -	-
2016	918,910	229,435	1,148,345	1,025,890	503,541	1,529,431
2017	906,808	214,366	1,121,174	1,067,687	461,744	1,529,431
2018	910,303	199,427	1,109,730	1,111,186	418,245	1,529,431
2019	913,906	184,378	1,098,284	1,156,457	372,974	1,529,431
2020-2024	4,627,618	692,128	5,319,746	6,528,609	1,118,546	7,647,155
2025-2029	3,676,053	321,220	3,997,273	1,469,559	59,872	1,529,431
2030-2033	1,183,793	62,286	1,246,079	-	-	-
	\$ 14,053,013	\$ 2,245,372	\$ 16,298,385	\$ 12,359,388	\$ 2,934,922	\$ 15,294,310

City of Homer, Alaska

Notes to Basic Financial Statements

Annual debt service requirements to maturity for the bonds follow:

Business-type Activities <i>Year Ending December 31,</i>	G. O. Bonds Payable		
	Principal	Interest	Total
2015	\$ 130,000	\$ 156,050	\$ 286,050
2016	135,000	153,400	288,400
2017	140,000	149,950	289,950
2018	140,000	145,750	285,750
2019	145,000	141,475	286,475
2020-2024	825,000	615,900	1,440,900
2025-2029	1,050,000	396,250	1,446,250
2030-2033	1,040,000	107,250	1,147,250
	\$ 3,605,000	\$ 1,866,025	\$ 5,471,025

In 2013, the City entered into a loan agreement with the Kenai Peninsula Borough to borrow up to \$12,700,000 for the design and construction of natural gas distribution improvements in the City. At December 31, 2014, the City had drawn \$12,359,388 on the loan.

Concurrent with the issuance of the loan with the Borough, the City issued a \$12,700,000 natural gas distribution special assessment bond. The bond proceeds are to be used for the design and construction of natural gas distribution improvements in the City. After completion of the project, the City will establish an assessment district. This bond will be repaid from amounts to be levied against the property owners benefited by this construction in the assessment district. Those amounts, including interest, are 100 percent pledged to pay the scheduled principal and interest payments on the special assessment bonds. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received.

Debt Covenants

The Kenai Peninsula Borough gasline loan required that a reserve account be established in the amount of \$1,270,000 from the date of the first drawdown. The city has complied with this covenant through the establishment of a dedicated investment account (reported as restricted cash and investments) in the Gas line Capital Projects Fund.

The 2013 Harbor bonds required that a reserve account be established in the amount of the largest annual debt service payment (\$290,100). The City has complied with this covenant through the establishment of a dedicated investment account (reported as restricted cash and investments) in the Port enterprise fund. In addition, these bond established a rate covenant that requires the Port to establish and charge fees sufficient to produce 120% of the annual debt service amount. The rate covenant test was met in 2014.

City of Homer, Alaska

Notes to Basic Financial Statements

7. Fund Balances

Fund balances, reported for the major funds and the nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints:

	General	Utility Special Revenue	Gas Line Capital Project	HART Roads Capital Project	Nonmajor Funds	Totals
Nonspendable:						
Inventory	\$ 52,312	\$ 254,382	-	-	-	\$ 306,694
Prepaid items	234,289	31,712	-	-	-	266,001
Interfund loans	300,000	-	-	-	19,420	319,420
Total nonspendable	586,601	286,094	-	-	19,420	892,115
Restricted:						
Roads and trails	-	-	-	6,994,279	543,792	7,538,071
Special service district	76,421	-	-	-	-	76,421
Total Restricted	76,421	-	-	6,994,279	543,792	7,614,492
Committed -						
Permanent fund	-	-	-	-	2,031,828	2,031,828
Assigned:						
Library	-	-	-	-	32,593	32,593
Public safety	-	-	-	-	97,530	97,530
Community schools	-	-	-	-	492	492
Sustainability	-	-	-	-	14,780	14,780
Water and sewer	-	1,521,773	-	-	-	1,521,773
PERS benefits	171,314	-	-	-	14,665	185,979
Capital and land	-	-	-	-	1,968,241	1,968,241
Total assigned	171,314	1,521,773	-	-	2,128,301	3,821,388
Unassigned (deficit)	5,734,697	-	(281,413)	-	(81,022)	5,372,262
Total Fund Balances	\$ 6,569,033	\$ 1,807,807	\$ (281,413)	\$ 6,994,279	\$ 4,642,319	\$ 19,732,085

At December 31, 2014, the following nonmajor funds had a fund deficit:

Non-capital Projects Special Revenue Fund	\$ (80,753)
City Facilities Capital Project Fund	(43,227)
Land Reserve Capital Project Fund	(269)

As discussed in note one, expenditures in the Utility Special Revenue Fund exceed appropriations by \$2,729,594. The General Fund expenditures exceeded appropriations by \$458,388.

City of Homer, Alaska

Notes to Basic Financial Statements

8. Restatement

In 2014, the City discovered that it had underreported capital contributions associated with a State of Alaska TORA in the amount of \$1,872,622. The correction of the error resulted in the following adjustments to the prior period balances as follows:

	As Reported	Adjustment	As Restated
Fund Balance/Net Position			
Governmental Activities	\$ 82,058,089	\$ 1,872,622	\$ 83,930,711
Governmental Funds	19,769,364	1,872,622	21,641,986
City Facilities Capital Projects Fund	(1,737,914)	1,872,622	134,708
Change in Net Position/Fund Balance			
Governmental Activities	(637,948)	1,872,622	1,234,674
Governmental Funds	(4,031,471)	1,872,622	(2,158,849)
City Facilities Capital Projects Fund	(1,934,867)	1,872,622	(62,245)

9. Accounting for Health Self-Insurance

The City provides health insurance on a self-insured basis up to \$90,000 each occurrence or \$1,707,414 in aggregate for all medical claims during the year. Coverage in excess of these amounts is insured by a private carrier up to lifetime claims of \$1,000,000 per each individual.

The City contracts with a third-party administrator for health claims servicing. The City charges each department a premium based on the employees and their selected coverage. This premium is based on actual claims paid by the City. An equal amount is recorded as revenue by the Risk Management Internal Service Fund which is then responsible for paying all claims. The City accrues a liability for claims incurred but not reported at year-end.

A schedule of the changes in the claims liability for the years ended December 31, 2014 and 2013 follows:

	Balance at Beginning of Year	Claims Expense	Claims Paid	Balance at End of Year
2014 Health Insurance	\$ 251,107	\$ 1,216,168	\$ 1,311,739	\$ 155,536
2013 Health Insurance	\$ 128,435	\$ 1,978,754	\$ 1,856,082	\$ 251,107

Effective January 1, 2015, the City terminated its self-insurance plan in favor of commercial health insurance policies.

10. Risk Management

The City is exposed to various risks of loss including (a) damage to and loss of buildings and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) workers' compensation; i.e., employee injuries, and (e) medical insurance costs of employees.

City of Homer, Alaska

Notes to Basic Financial Statements

The City is a member of the Alaska Municipal League Joint Insurance Association (JIA), a governmental insurance pool established by the Alaska Municipal League. The JIA provides the City coverage for property, including building and contents, automobiles, mobile equipment and data processing equipment; casualty, including general liability, and public officials, law enforcement professional liability, auto liability and employee benefit liability; and workers' compensation, including employer's liability. In addition, commercial insurance policies are purchased that transfer the risk of loss, except for relatively low deductibles for marina keepers legal liability, and underground tank liability. The City has no coverage for potential losses from environmental damages.

The JIA is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's deposit contribution in comparison to the aggregate deposit contributions of all members. The Association made no supplemental assessments during the year ended December 31, 2014.

The JIA provides loss control services and conducts periodic inspections to ensure safe operations. The Finance Director coordinates risk management activities with the other City Directors and City Manager. The General Fund balance is sufficient to meet potential losses related to the JIA basic core coverage and coverage deductibles. The amount of settlements for the past three years did not materially exceed the City's insurance coverage.

11. Defined Benefit Pension Plan

The City participates in the Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration to provide pension, postemployment healthcare, death, and disability benefits. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. The report is available at the following address:

Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, Alaska 99811-0203

Conversion to Cost Sharing

In April 2008, the Alaska Legislature passed legislation which converted the existing Public Employees Retirement System (PERS) from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. Under the cost-sharing arrangement, the State of Alaska Division of Retirement and Benefits no longer tracks individual employer assets and liabilities. Rather, all plan costs and past service liabilities are shared among all participating employers.

That same year, the State of Alaska passed additional legislation which statutorily capped the employer contribution, established a state funded "on-behalf" contribution, and required that employer contributions be calculated against all PERS eligible wages, including wages attributable to the defined contribution plan described later in these footnotes.

City of Homer, Alaska

Notes to Basic Financial Statements

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary (3.26% for pension and 3.49% for healthcare). Police and firefighters are required to contribute 7.5% of their annual covered salary (3.62% for pension and 3.88% for healthcare).

Employer and Other Contribution Rates

There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the required funding rate for participating employers. The contractual rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate includes all PERS participating wages, including those wages attributable to employees in the defined contribution plan.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined to calculate annual funding requirements of the Plan, without regard to the statutory rate cap.

State Contribution Rate: This is the rate actually paid by the State as an on-behalf payment.

GASB 43 Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. For State fiscal year FY15 (six months ended December 2014), the rate uses an 8.00% pension discount rate and a 4.90% healthcare discount rate. Additionally, the GASB 43 rate disregards all future Medicare Part D payments.

From 2008 through June 30, 2014, legislation provided that the State of Alaska contribute the difference between the ARM Board adopted rate and the employer effective (statutory) rate. These additional contributions are recognized by each employer as an on-behalf payment and are reflected as revenue and expense/expenditures within the financial statements.

Effective beginning July 1, 2014, the State passed additional legislation appropriating a one-time funding contribution to the Plan in the amount of \$1 billion. This \$1 billion is allocated among all participating employers and will be recorded as an on-behalf payment. This amount significantly exceeds the required on-behalf payment established as the difference between the ARM Board rate and the employer effective rate. In addition, prior to July 1, 2015, there are no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039, resulting in lower ARM Board rates. As a result of these changes, the State fiscal year 2015 on-behalf payment will be significantly higher than under previous calculations, and in State fiscal year 2016, the on-behalf amounts will be lower than under previous calculations.

City of Homer, Alaska

Notes to Basic Financial Statements

The GASB 43 rate differs significantly from the ARM Board adopted rate as a direct result of differences in the actuarial valuation methodology and assumptions.

Contribution rates for the six months ended June 30, 2014 were determined as part of the June 30, 2011 actuarial valuation. Rates for the six months ended December 31, 2014 (State FY15) were determined in the June 30, 2012 valuation.

<i>January to June 2014</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB 43 Rate
Pension	10.64%	18.38%	7.74%	27.94%
Postemployment healthcare	11.36%	17.30%	5.94%	52.55%
Total Contribution Rate	22.00%	35.68%	13.68%	80.49%

July to December 2014

Pension	12.54%	25.09%	42.41%	33.05%
Postemployment healthcare	9.46%	18.94%	-	55.07%
Total Contribution Rate	22.00%	44.03%	42.41%	88.12%

Annual Pension and Postemployment Healthcare Cost

The City is required to contribute 22% of covered payroll, subject to a wage floor. In addition, the State of Alaska has also made additional contributions to the Plan as noted above. In accordance with the provisions of GASB Statement Number 24, these additional contributions are considered on-behalf payments and are recorded as revenue and expense/expenditures in these financial statements. However, because the City is not statutorily obligated for these payments, the State's contributions, in the amounts of \$1,867,591, \$915,801, and \$812,525 for 2014, 2013, and 2012, respectively, have been excluded from pension and OPEB cost as shown below.

<i>Year Ended December 31,</i>	Annual Pension Cost	Annual OPEB Cost	Total Benefit Cost (TBC)	City Contributions	% of TBC Contributed
2014	\$ 663,150	\$ 500,271	\$ 1,163,421	\$ 1,163,421	100%
2013	606,589	571,025	1,177,614	1,177,614	100%
2012	526,358	671,272	1,197,630	1,197,630	100%

City of Homer, Alaska

Notes to Basic Financial Statements

12. Defined Contribution Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. The Plan is administered by the State of Alaska, Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan.

Employee Contribution Rates

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rates

The City is required to contribute the following amounts based on covered salary:

<i>January to June 2014</i>	Other Tier IV	Police/Fire Tier IV
Individual account	5.00%	5.00%
Retiree medical plan	0.48%	0.48%
Occupational death and disability benefits	0.20%	1.14%
Total Contribution Rate	5.68%	6.62%

July to December 2014

Individual account	5.00%	5.00%
Retiree medical plan	1.66%	1.66%
Occupational death and disability benefits	0.22%	1.06%
Total Contribution Rate	6.88%	7.72%

In addition, the employer must contribute to the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of *all employees of all employers* in the plan". As of July 1, 2014, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$1,961 per year for each full-time employee, and \$1.26 per hour for part-time employees.

The total employer contribution must equal 22% of covered payroll. After subtracting the defined contribution (DC) rates and the HRA contribution, any residual amount of the 22% will be deposited into the defined benefit (DB) plan. Known as the Defined Benefit Unfunded Liability (DBUL) payment, this amount is intended to mitigate reduced contributions in the DB plan due to the declining payroll base that resulted from the creation of the DC plan.

City of Homer, Alaska

Notes to Basic Financial Statements

Employees are immediately vested in their own contributions and vest 25% per year in employer contributions. The City and employee contributions to PERS including the HRA contribution for the year ended December 31, 2014 were \$257,622 and \$208,016, respectively.

13. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan permits all employees to defer a portion of their salary. The deferred compensation is not available for distribution to employees until termination, retirement, death or unforeseeable emergency. Internal Revenue Code provisions require that all assets and income of the plan be held in trust for the exclusive benefit of participants and their beneficiaries.

14. Contingencies

The City is involved in various claims and pending litigation as part of the normal course of its activities. In the opinion of management, the disposition of these matters is not expected to have a material adverse effect on the City's financial statements.

Grants

Amounts received or receivable from grantors are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, would become a liability of the General Fund or other applicable fund.

15. Designated Sales Tax

City of Homer sales tax is designated for the following purposes:

Water, sewer, and related debt service	0.75%
Road and trail projects	0.75%
General Fund - undesignated	3.00%
Kenai Peninsula Borough	3.00%
<hr/>	
Total Sales Tax Percentage	7.50%

Effective January 1, 2009, Ordinance 08-32(s)(A-2) exempts sales tax on non-prepared foods from September 1 through May 31 annually.

City of Homer, Alaska

Notes to Basic Financial Statements

16. Homer Natural Gasline Project

In March 2013, the City Council approved a Contribution in Aid of Construction Agreement (CIAC), Ordinance 13-03, between the City of Homer and Enstar Natural Gas Company for construction and improvements within the Homer natural gas distribution system. In connection with the project, a special assessment district was authorized. The City's share of the Homer Natural Gasline project is being financed through a \$12.7 million loan obtained from Kenai Peninsula Borough. The project was substantially complete in 2014 and the City is in the process of establishing the local assessments to the benefiting property owners. All assessment revenues will be dedicated to repayment of the loan.

17. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that that GASB Statement 68 will result in the biggest reporting change. Actual impacts have not yet been determined:

GASB 68 - Accounting and Financial Reporting for Pensions - Effective for year-end December 31, 2015 - This statement contains certain revisions to prior GASB statements on the topics of Net Pension Liability and Pension Expense.

GASB 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - Effective for year-end December 31, 2015 - This statement is a companion to GASB Statement 68 and clarifies treatment of contributions made by a contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

GASB 72 - Fair Value Disclosures - Effective for year-end December 31, 2016 - This statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

Required Supplementary Information

City of Homer, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2014</i>	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 8,019,406	\$ 8,019,406	\$ 8,115,908	\$ 96,502
Licenses and permits	33,300	33,300	27,931	(5,369)
Intergovernmental	1,786,069	1,786,069	2,580,068	793,999
Charges for services	2,104,326	2,104,326	2,125,051	20,725
Special assessments	-	-	59,740	59,740
Investment income	27,000	27,000	30,830	3,830
Fines and forfeitures	10,000	10,000	20,142	10,142
Total Revenues	11,980,101	11,980,101	12,959,670	979,569
Expenditures				
General government	3,246,418	3,246,418	3,507,640	(261,222)
Public safety	4,503,415	4,503,415	4,708,617	(205,202)
Public works	2,087,224	2,087,224	2,183,582	(96,358)
Library	848,808	848,808	847,655	1,153
Airport	212,405	212,405	221,302	(8,897)
Parks and recreation	429,929	429,929	409,211	20,718
Community services	238,930	238,930	237,507	1,423
Debt service:				
Principal	41,478	41,478	45,149	(3,671)
Interest	58,346	58,346	54,675	3,671
Total Expenditures	11,666,953	11,666,953	12,215,338	(548,385)
Excess of Revenues Over Expenditures	313,148	313,148	744,332	431,184
Other Financing Uses - transfers out	(313,080)	(313,080)	(223,083)	89,997
Net Change in Fund Balance	\$ 68	\$ 68	521,249	\$ 521,181
Fund Balance, beginning			<u>6,047,784</u>	
Fund Balance, ending			<u>\$ 6,569,033</u>	

City of Homer, Alaska
Utility Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2014</i>	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Sales taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,247,502	\$ 47,502
Intergovernmental	112,810	112,810	618,004	505,194
Charges for services	3,694,763	3,694,763	3,623,327	(71,436)
Special assessments	-	-	438,088	438,088
Investment income	-	-	3,845	3,845
Other	180,499	180,499	37,511	(142,988)
Total Revenues	5,188,072	5,188,072	5,968,277	780,205
Expenditures				
Water	1,988,660	1,988,660	2,283,417	(294,757)
Sewer	1,686,133	1,686,133	1,798,228	(112,095)
Debt service:				
Principal	859,226	859,226	812,933	46,293
Interest	194,647	194,647	186,987	7,660
Debt deobligated	-	-	1,580,014	(1,580,014)
Total debt service	1,053,873	1,053,873	2,579,934	(1,526,061)
Capital outlay	-	-	671,683	(671,683)
Total Expenditures	4,728,666	4,728,666	7,333,262	(2,604,596)
Excess of Revenues Over (Under)				
Expenditures	459,406	459,406	(1,364,985)	(1,824,391)
Other Financing Sources (Uses)				
Transfers in	-	-	180,499	180,499
Transfers out	(20,300)	(20,300)	(20,300)	-
Net Change in Fund Balance	\$ 439,106	\$ 439,106	(1,204,786)	\$ (1,643,892)
Fund Balance, beginning			3,012,653	
Fund Balance, ending			\$ 1,807,867	

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Supplementary Information

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

A Special Revenue Fund is established to finance particular activities and is created from proceeds of specific revenue sources that are restricted or committed for specific purposes.

Library Donations - This fund accounts for donations made to the library that have been earmarked for supplies.

Fire Department Donations - This fund accounts for donations made to the fire department that have been earmarked for supplies.

Animal Shelter Donations - This fund accounts for donations made to the animal shelter that have been earmarked for supplies.

Retainage Reimbursements - This fund accounts for deposits customers have provided for specific projects until their completion.

Community Schools - This fund accounts for donations to be used for community schools.

Sustainability - This fund accounts for donations for sustainable global warming.

Noncapital Projects - This fund accounts for projects and grant-related activities that are not capitalized.

Permanent Fund - This fund accounts for the payment received as a result of the Exxon Valdez oil spill settlement.

PERS Funding - This fund accounts for funds set aside for future PERS obligation.

CAPITAL PROJECT FUNDS

Capital Project Funds are established to account for the financial resources expended to acquire or construct major capital assets of a relatively permanent nature. Such financial resources include grants, contributions, bond proceeds, and operating transfers from other funds.

Capital Project Funds provide a formal mechanism to ensure that revenues dedicated to a certain project are used only for that project and enable the City administration to report to grantors of Capital Project Fund revenue that their requirements regarding the use of the revenues are fully satisfied.

HART Trails - This fund accounts for improvements to City trails. It is funded by 10% of HAWSP sales tax designated specifically for City trails.

Depreciation Reserves - This fund accounts for monies set aside each year from the General Fund to be used for the maintenance of City buildings and the purchase of General Fund equipment.

Land Reserve - This fund accounts for the accumulation of capital to purchase land.

Energy Revolving Loan - This fund accounts for forward funding of energy efficiency improvement projects with corpus to be reinstated through future repayments.

City Facilities - This fund accounts for various facility improvements.

Fleet Reserve Allocation - This fund accounts for the accumulation of capital to purchase vehicles.

City of Homer, Alaska
 Nonmajor Governmental Funds
 Combining Balance Sheet

December 31, 2014	Special Revenue Funds										Capital Project Funds						Total Nonmajor Governmental Funds	
	Library Donations	Fire Depart- ment Donations	Animal Shelter Donations	Retainage Reimburse- ments	Com- munity Schools	Sustain- ability	Non- capital Projects	Permanent Fund	PERS Funding	Total Special Revenue Funds	HART Trails	Depre- ciation Reserves	Land Reserve	Energy Revolving Loan	City Facilities	Fleet Reserve Allocation		Total Capital Project Funds
Assets																		
Cash and investments	\$ 32,593	\$ 97,195	\$ 335	\$ 13,363	\$ 492	\$ 14,780	\$ -	\$ 2,439	\$ 14,665	\$ 175,862	\$ 524,797	\$ 1,402,456	\$ -	\$ 87,626	\$ -	\$ 549,163	\$ 2,564,042	\$ 2,739,904
Receivables, net:																		
Sales taxes	-	-	-	-	-	-	-	-	-	-	18,995	-	-	-	-	18,995	18,995	
Interfund loan	-	-	-	-	-	-	-	-	-	-	-	-	19,420	-	-	19,420	19,420	
Other	-	-	-	1,266	-	-	-	2,738	-	4,004	-	-	-	230,317	-	230,317	234,321	
Restricted cash and investments	-	-	-	-	-	-	-	-	2,029,389	-	2,029,389	-	-	-	-	-	-	2,029,389
Total Assets	\$ 32,593	\$ 97,195	\$ 335	\$ 14,629	\$ 492	\$ 14,780	\$ 2,738	\$ 2,031,828	\$ 14,665	\$ 2,209,255	\$ 543,792	\$ 1,402,456	\$ -	\$ 107,046	\$ 230,317	\$ 549,163	\$ 2,832,774	\$ 5,042,029
Liabilities																		
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192,254	\$ -	\$ 220,097	\$ 220,097	
Unearned revenue	-	-	-	14,563	-	-	-	-	-	14,563	-	-	-	28,970	-	28,970	43,533	
Due to other funds	-	-	-	-	-	-	83,491	-	-	83,491	-	-	269	52,320	-	52,589	136,080	
Total Liabilities	-	-	-	14,563	-	-	83,491	-	-	98,054	-	27,843	269	273,544	-	301,656	399,710	
Fund Balances																		
Nonspendable - Interfund loan	-	-	-	-	-	-	-	-	-	-	-	-	19,420	-	-	19,420	19,420	
Restricted - roads and trails	-	-	-	-	-	-	-	-	-	-	543,792	-	-	-	-	543,792	543,792	
Committed - Permanent fund	-	-	-	-	-	-	-	2,031,828	-	2,031,828	-	-	-	-	-	-	2,031,828	
Assigned:																		
Library	32,593	-	-	-	-	-	-	-	-	32,593	-	-	-	-	-	-	32,593	
Public safety	-	97,195	335	-	-	-	-	-	-	97,530	-	-	-	-	-	-	97,530	
Community schools	-	-	-	-	492	-	-	-	-	492	-	-	-	-	-	-	492	
Sustainability	-	-	-	-	-	14,780	-	-	-	14,780	-	-	-	-	-	-	14,780	
PERS benefits	-	-	-	-	-	-	-	14,665	-	14,665	-	-	-	-	-	-	14,665	
Capital and land	-	-	-	66	-	-	-	-	-	66	-	1,374,613	87,626	(43,227)	549,163	1,968,175	1,968,241	
Unassigned (deficit)	-	-	-	-	-	-	(80,753)	-	-	(80,753)	-	(269)	-	-	-	(269)	(81,022)	
Total Fund Balances (Deficits)	32,593	97,195	335	66	492	14,780	(80,753)	2,031,828	14,665	2,111,201	543,792	1,374,613	(269)	107,046	(43,227)	549,163	2,531,118	4,642,319
Total Liabilities and Fund Balances	\$ 32,593	\$ 97,195	\$ 335	\$ 14,629	\$ 492	\$ 14,780	\$ 2,738	\$ 2,031,828	\$ 14,665	\$ 2,209,255	\$ 543,792	\$ 1,402,456	\$ -	\$ 107,046	\$ 230,317	\$ 549,163	\$ 2,832,774	\$ 5,042,029

City of Homer, Alaska
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Year Ended December 31, 2014	Special Revenue Funds									Capital Project Funds							Total Nonmajor Governmental Funds	
	Library Donations	Fire Department Donations	Animal Shelter Donations	Retainage Reimbursements	Community Schools	Sustainability	Non-capital Projects	Permanent Fund	PERS Funding	Total Special Revenue Funds	HART Trails	Depreciation Reserves	Land Reserve	Energy Revolving Loan	City Facilities	Fleet Reserve Allocation		Total Capital Project Funds
Revenues																		
Sales taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 124,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 124,744	\$ 124,744
Intergovernmental	-	-	-	-	-	-	11,286	-	-	11,286	-	-	-	1,218,781	-	-	1,218,781	1,230,067
Investment income	8	4	-	-	-	-	-	80,723	26	80,761	1,391	3,798	-	476	1,469	7,134	87,895	87,895
Donations	61	9,128	335	-	-	-	-	-	-	9,524	-	-	-	-	-	-	9,524	9,524
Other	-	-	-	-	-	-	7,146	-	-	7,146	-	6,180	-	-	-	16,874	23,054	30,200
Total Revenues	69	9,132	335	-	-	-	18,432	80,723	26	108,717	126,135	9,978	-	-	1,219,257	18,343	1,373,713	1,482,430
Expenditures																		
Current:																		
General government	-	-	-	-	-	-	-	-	-	-	10,386	29,483	-	-	53,923	11,879	105,671	105,671
Public safety	-	-	-	-	-	-	9,356	-	-	9,356	-	-	-	-	-	-	-	9,356
Public works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	400	-	-	14,926	-	15,326	-	-	-	-	-	-	-	15,326
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	2,691	-	-	2,691	13,579	295,657	-	-	1,365,150	34,782	1,709,168	1,711,859
Total Expenditures	-	-	-	-	400	-	12,047	14,926	-	27,373	23,965	325,140	-	-	1,419,073	46,661	1,814,839	1,842,212
Excess of Revenues Over (Under)																		
Expenditures	69	9,132	335	-	(400)	-	6,385	65,797	26	81,344	102,170	(315,162)	-	-	(199,816)	(28,318)	(441,126)	(359,782)
Other Financing Sources																		
Transfers in	-	-	-	-	-	-	-	-	-	-	-	10,000	-	31,003	21,881	-	62,884	62,884
Net Change in Fund Balances	69	9,132	335	-	(400)	-	6,385	65,797	26	81,344	102,170	(305,162)	-	31,003	(177,935)	(28,318)	(378,242)	(296,898)
Fund Balances (Deficits), beginning, as restated	32,524	88,063	-	66	892	14,780	(87,138)	1,966,031	14,639	2,029,857	441,622	1,679,775	(269)	76,043	134,708	577,481	2,909,360	4,939,217
Fund Balances (Deficits), ending	\$ 32,593	\$ 97,195	\$ 335	\$ 66	\$ 492	\$ 14,780	\$ (80,753)	\$ 2,031,828	\$ 14,665	\$ 2,111,201	\$ 543,792	\$ 1,374,613	\$ (269)	\$ 107,046	\$ (43,227)	\$ 549,163	\$ 2,531,118	\$ 4,642,319

General Fund

The General Fund accounts for the financial operations of the City of Homer which are not accounted for in any other fund. Principal sources of revenues are sales taxes, property taxes, charges for services, and intergovernmental revenues. Primary expenditures in the General Fund are for general government, public safety, and public works.

City of Homer, Alaska

General Fund
Balance Sheet

<i>December 31,</i>	2014	2013
Assets		
Cash and investments	\$ 386,625	\$ 3,569,630
Receivables		
Property taxes - delinquent, net of allowance for doubtful accounts of \$5,235 (\$6,866 in 2013)	77,008	112,310
Sales taxes	759,645	768,292
Assessments	407,314	348,605
Other, net of allowance for doubtful accounts of \$29,204 (\$80,996 in 2013)	37,262	102,588
Total Receivables	1,281,229	1,331,795
Due from other funds	5,240,998	1,963,406
Interfund loan receivable	300,000	-
Inventory	52,312	76,245
Prepaid items	234,289	206,415
Total Assets	\$ 7,495,453	\$ 7,147,491
Liabilities		
Accounts payable	\$ 213,661	\$ 182,458
Accrued payroll and related liabilities	196,132	248,497
Unearned revenue	5,414	194,674
Customer deposits	16,204	16,602
Total Liabilities	431,411	642,231
Deferred Inflows		
Deferred property taxes	78,695	108,871
Deferred assessments	416,314	348,605
Total Deferred Inflows	495,009	457,476
Total Liabilities and Deferred Inflows	926,420	1,099,707
Fund Balance		
Restricted - Special service district	76,421	41,245
Nonspendable	586,601	282,660
Assigned - PERS benefits	171,314	171,314
Unassigned	5,734,697	5,552,565
Total Fund Balance	6,569,033	6,047,784
Total Liabilities, Deferred Inflows and Fund Balance	\$ 7,495,453	\$ 7,147,491

City of Homer, Alaska

General Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year Ended December 31,	2014			2013
	Budget	Actual	Variance	Actual
Revenues				
Taxes:				
Property taxes	\$ 3,047,880	\$ 3,119,599	\$ 71,719	\$ 3,209,009
Sales taxes	4,953,526	4,993,941	40,415	4,872,983
Penalties and interest	18,000	2,368	(15,632)	11,850
Total taxes	8,019,406	8,115,908	96,502	8,093,842
Licenses and permits	33,300	27,931	(5,369)	35,706
Intergovernmental:				
Revenue - sharing	341,000	341,037	37	341,161
State PERS relief	480,159	1,253,205	773,046	630,058
Utility cooperative	49,000	26,845	(22,155)	49,343
Alcohol beverage tax	22,000	24,350	2,350	22,450
Public safety	840,410	859,073	18,663	782,674
Library grant	6,500	7,558	1,058	278
Public works	34,000	68,000	34,000	-
Other grants	13,000	-	(13,000)	600
Total intergovernmental	1,786,069	2,580,068	793,999	1,826,564
Charges for services:				
Administrative services	1,482,726	1,482,726	-	1,320,955
Ambulance services	175,000	203,253	28,253	194,877
Fire contracts	70,000	68,681	(1,319)	70,800
Camping fees	140,000	156,574	16,574	140,960
Rents and leases	7,000	30	(6,970)	9,000
Airport services	141,000	126,774	(14,226)	137,177
Community school fees	33,000	40,280	7,280	33,565
Miscellaneous services	55,600	46,733	(8,867)	84,175
Total charges for services	2,104,326	2,125,051	20,725	1,991,509
Special assessments	-	59,740	59,740	52,875

City of Homer, Alaska

General Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual, continued

Year Ended December 31,	2014			2013
	Budget	Actual	Variance	Actual
Revenues, continued				
Investment income (loss)	\$ 27,000	\$ 30,830	\$ 3,830	\$ (108,152)
Fines and forfeitures	10,000	20,142	10,142	10,469
Total Revenues	11,980,101	12,959,670	979,569	11,902,813
Expenditures				
General government:				
City council/mayor:				
Salaries and benefits	4,910	5,194	(284)	4,757
Supplies	2,500	1,779	721	2,001
Other services and charges	365,340	365,522	(182)	366,983
Total city council/mayor	372,750	372,495	255	373,741
City clerk:				
Salaries and benefits	349,533	377,114	(27,581)	335,383
Supplies	3,900	2,277	1,623	2,946
Other services and charges	56,884	41,154	15,730	40,292
Total city clerk	410,317	420,545	(10,228)	378,621
City manager:				
Salaries and benefits	228,905	262,099	(33,194)	231,333
Supplies	4,000	4,110	(110)	4,209
Other services and charges	30,135	21,682	8,453	16,147
Total city manager	263,040	287,891	(24,851)	251,689
Administrative services:				
Salaries and benefits	1,197,718	1,297,006	(99,288)	1,195,124
Supplies	10,750	7,802	2,948	8,515
Other services and charges	386,973	287,506	99,467	246,543
Total administrative services	1,595,441	1,592,314	3,127	1,450,182

City of Homer, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual, continued

<i>Year Ended December 31,</i>	2014			2013
	Budget	Actual	Variance	Actual
Expenditures, continued				
General government, continued:				
Planning and zoning/property management:				
Salaries and benefits	\$ 435,847	\$ 465,374	\$ (29,527)	\$ 412,429
Supplies	2,900	1,502	1,398	1,588
Other services and charges	28,102	20,759	7,343	20,611
Total planning and zoning/ property management	466,849	487,635	(20,786)	434,628
City hall complex:				
Supplies	22,300	12,330	9,970	21,163
Other services and charges	115,721	222,552	(106,831)	111,250
Total city hall complex	138,021	234,882	(96,861)	132,413
Non-departmental - salaries and benefit	-	111,878	(111,878)	141,655
Total general government	3,246,418	3,507,640	(261,222)	3,162,929
Public safety:				
Police department:				
Salaries and benefits	2,213,529	2,410,638	(197,109)	2,162,510
Supplies	43,350	43,713	(363)	32,159
Other services and charges	309,819	310,699	(880)	313,455
Total police department	2,566,698	2,765,050	(198,352)	2,508,124
Jail:				
Salaries and benefits	564,750	575,346	(10,596)	573,037
Supplies	27,500	32,443	(4,943)	37,979
Other services and charges	125,695	120,620	5,075	111,245
Total jail	717,945	728,409	(10,464)	722,261
Animal control:				
Supplies	13,700	8,379	5,321	24,631
Other services and charges	148,916	144,638	4,278	137,329
Total animal control	162,616	153,017	9,599	161,960

City of Homer, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual, continued

<i>Year Ended December 31,</i>	2014			2013
	Budget	Actual	Variance	Actual
Expenditures, continued				
Public safety, continued:				
Emergency services:				
Salaries and benefits	\$ 746,989	\$ 807,465	\$ (60,476)	\$ 687,070
Supplies	50,500	35,296	15,204	40,446
Other services and charges	258,667	219,380	39,287	184,786
Total emergency services	1,056,156	1,062,141	(5,985)	912,302
Total public safety	4,503,415	4,708,617	(205,202)	4,304,647
Public works:				
Administration:				
Salaries and benefits	358,869	436,651	(77,782)	287,591
Supplies	6,350	8,445	(2,095)	8,207
Other services and charges	80,149	92,499	(12,350)	80,380
Total administration	445,368	537,595	(92,227)	376,178
Maintenance:				
Salaries and benefits	199,234	205,974	(6,740)	209,701
Supplies	18,250	13,483	4,767	17,300
Other services and charges	105,186	97,870	7,316	89,078
Total maintenance	322,670	317,327	5,343	316,079
Streets:				
Salaries and benefits	221,126	212,067	9,059	219,708
Supplies	183,000	168,334	14,666	183,389
Other services and charges	64,300	49,994	14,306	41,075
Total streets	468,426	430,395	38,031	444,172
Motor pool:				
Salaries and benefits	165,569	169,674	(4,105)	156,181
Supplies	116,910	99,004	17,906	101,492
Other services and charges	205,500	284,541	(79,041)	204,031
Total motor pool	487,979	553,219	(65,240)	461,704

City of Homer, Alaska

General Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual, continued

Year Ended December 31,	2014			2013
	Budget	Actual	Variance	Actual
Expenditures, continued				
Public works, continued:				
Engineer/inspector:				
Salaries and benefits	\$ 311,031	\$ 298,388	\$ 12,643	\$ 296,229
Supplies	17,000	14,575	2,425	14,397
Other services and charges	34,750	32,083	2,667	30,174
Total engineer/inspector	362,781	345,046	17,735	340,800
Total public works	2,087,224	2,183,582	(96,358)	1,938,933
Library:				
Salaries and benefits	629,359	644,773	(15,414)	575,921
Supplies	30,356	26,281	4,075	40,722
Other services and charges	189,093	176,601	12,492	154,995
Total library	848,808	847,655	1,153	771,638
Airport:				
Salaries and benefits	61,457	89,164	(27,707)	74,857
Supplies	25,000	20,295	4,705	25,694
Other services and charges	125,948	111,843	14,105	94,558
Total airport	212,405	221,302	(8,897)	195,109
Parks and recreation:				
Salaries and benefits	259,149	244,158	14,991	239,333
Supplies	45,800	40,933	4,867	36,923
Other services and charges	124,980	124,120	860	89,574
Total parks and recreation	429,929	409,211	20,718	365,830
Community services:				
Community service contributions:				
Museum	66,500	69,000	(2,500)	69,054
Homer Foundation Non-Profit	19,000	19,000	-	19,000
Tidal energy project	-	8,916	(8,916)	-
Other	14,850	15,050	(200)	14,631
Total community service contributions	100,350	111,966	(11,616)	102,685

City of Homer, Alaska
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual, continued

<i>Year Ended December 31,</i>	2014			2013
	Budget	Actual	Variance	Actual
Expenditures, continued				
Community services, continued:				
Community schools:				
Salaries and benefits	\$ 105,474	\$ 102,529	\$ 2,945	\$ 100,387
Supplies	3,000	2,534	466	1,752
Other services and charges	30,106	20,478	9,628	21,977
Total community schools	138,580	125,541	13,039	124,116
Total community services	238,930	237,507	1,423	226,801
Debt service on loans:				
Principal	41,478	45,149	(3,671)	43,361
Interest	58,346	54,675	3,671	56,463
Total debt service	99,824	99,824	-	99,824
Total Expenditures	11,666,953	12,215,338	(548,385)	11,065,711
Excess of Revenues Over Expenditures	313,148	744,332	431,184	837,102
Other Financing Uses - transfers out	(313,080)	(223,083)	89,997	(877,930)
Net Change in Fund Balance	\$ 68	521,249	\$ 521,181	(40,828)
Fund Balance, beginning		6,047,784		6,088,612
Fund Balance, ending		\$ 6,569,033		\$ 6,047,784

Utility Special Revenue Fund

The Utility Special Revenue Fund accounts for the activities of the water and sewer facility operations, including collection and treatment of sewage, and distribution and transmission of water.

City of Homer, Alaska
Utility Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

<i>Year Ended December 31, 2014</i>	Budget	Actual	Variance
Revenues			
Sales taxes	\$ 1,200,000	\$ 1,247,502	\$ 47,502
Intergovernmental:			
Capital grants	-	302,864	302,864
State of Alaska PERS relief	112,810	315,140	202,330
Total intergovernmental	112,810	618,004	505,194
Charges for services:			
Water charges and connection fees	1,768,622	1,951,517	182,895
Sewer charges and connection fees	1,926,141	1,671,810	(254,331)
Total charges for services	3,694,763	3,623,327	(71,436)
Water and sewer special assessments		438,088	438,088
Investment income	-	3,845	3,845
Other	180,499	37,511	(142,988)
Total Revenues	5,188,072	5,968,277	780,205
Expenditures			
Water:			
Pumping system	101,262	63,396	37,866
Treatment plant and operations testing	568,708	560,888	7,820
Distribution system and reservoir	330,117	394,190	(64,073)
Water meters	139,995	132,675	7,320
Water hydrants	180,499	153,700	26,799
Adminstration	668,079	978,568	(310,489)
Total water	1,988,660	2,283,417	(294,757)
Sewer:			
Pumping system	839,949	889,621	(49,672)
Collection system	175,919	157,053	18,866
Administration	670,265	751,554	(81,289)
Total sewer	1,686,133	1,798,228	(112,095)
Debt service:			
Principal	859,226	812,933	46,293
Interest	194,647	186,987	7,660
Debt deobligated	-	1,580,014	(1,580,014)
Total debt service	1,053,873	2,579,934	(1,526,061)
Capital outlay	-	671,683	(671,683)
Total Expenditures	4,728,666	7,333,262	(2,604,596)
Excess of Revenues Over (Under) Expenditures	459,406	(1,364,985)	(1,824,391)
Other Financing Sources (Uses)			
Transfers in	-	180,499	180,499
Transfers out	(20,300)	(20,300)	-
Change in Fund Balance	\$ 439,106	(1,204,786)	\$ (1,643,892)
Fund Balance, beginning		3,012,653	
Fund Balance, ending		\$ 1,807,867	

City of Homer, Alaska
Utility Special Revenue Fund
Combining Balance Sheet

<i>December 31, 2014</i>	Utility Operations	HAWSP Debt Service	Utility Capital Projects	Utility Reserves	Total Utility Fund
Assets					
Cash and investments	\$ 2,692,066	\$ (4,371,033)	\$ (1,034,427)	\$ 4,093,577	\$ 1,380,183
Receivables					
Accounts	185,523	-	-	-	185,523
Sales taxes	-	189,919	-	-	189,919
Assessments	-	4,814,314	-	-	4,814,314
Total Receivables	185,523	5,004,233	-	-	5,189,756
Inventory	254,382	-	-	-	254,382
Prepaid items	31,712	-	-	-	31,712
Total Assets	\$ 3,163,683	\$ 633,200	\$ (1,034,427)	\$ 4,093,577	\$ 6,856,033
Liabilities					
Accounts payable	\$ 135,560	\$ -	\$ -	\$ 13,246	\$ 148,806
Accrued payroll and related liabilities	40,821	-	-	-	40,821
Customer deposits	43,652	-	-	-	43,652
Total Liabilities	220,033	-	-	13,246	233,279
Deferred Inflows					
Deferred assessments	-	4,814,887	-	-	4,814,887
Total Liabilities and Deferred Inflows	220,033	4,814,887	-	13,246	5,048,166
Fund Balances (Deficits)					
Nonspendable - inventory and prepaid items	286,094	-	-	-	286,094
Assigned - water and sewer	2,657,556	(4,181,687)	(1,034,427)	4,080,331	1,521,773
Total Fund Balances (Deficits)	2,943,650	(4,181,687)	(1,034,427)	4,080,331	1,807,867
Total Liabilities, Deferred Inflows and Fund Balances (Deficits)	\$ 3,163,683	\$ 633,200	\$ (1,034,427)	\$ 4,093,577	\$ 6,856,033

City of Homer, Alaska
Utility Special Revenue Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Deficits)

<i>Year Ended December 31, 2014</i>	Utility Operations	HAWSP Debt Service	Utility Capital Projects	Utility Reserves	Total Utility Fund
Revenues					
Sales taxes	\$ -	\$ 1,247,502	\$ -	\$ -	\$ 1,247,502
Intergovernmental:					
Capital grants	-	-	302,864	-	302,864
State of Alaska PERS relief	315,140	-	-	-	315,140
Total intergovernmental	315,140	-	302,864	-	618,004
Charges for services:					
Water charges and connection fees	1,951,517	-	-	-	1,951,517
Sewer charges and connection fees	1,671,810	-	-	-	1,671,810
Total charges for services	3,623,327	-	-	-	3,623,327
Water and sewer special assessments	-	438,088	-	-	438,088
Investment income	3,845	-	-	-	3,845
Other	37,511	-	-	-	37,511
Total Revenues	3,979,823	1,685,590	302,864	-	5,968,277
Expenditures					
Water:					
Pumping system	63,396	-	-	-	63,396
Treatment plant and operations testing	560,888	-	-	-	560,888
Distribution system and reservoir	394,190	-	-	-	394,190
Water meters	132,675	-	-	-	132,675
Water hydrants	153,700	-	-	-	153,700
Administration	759,332	219,236	-	-	978,568
Total water	2,064,181	219,236	-	-	2,283,417
Sewer:					
Pumping system	889,621	-	-	-	889,621
Collection system	157,053	-	-	-	157,053
Administration	751,554	-	-	-	751,554
Total sewer	1,798,228	-	-	-	1,798,228
Debt service:					
Principal	-	812,933	-	-	812,933
Interest	497	186,490	-	-	186,987
Debt deobligated	-	1,580,014	-	-	1,580,014
Total debt service	497	2,579,437	-	-	2,579,934
Capital outlay	-	2,975	553,356	115,352	671,683
Total Expenditures	3,862,906	2,801,648	553,356	115,352	7,333,262
Excess of Revenues Over (Under)					
Expenditures	116,917	(1,116,058)	(250,492)	(115,352)	(1,364,985)
Other Financing Sources (Uses)					
Eliminating transfers	(213,184)	(277,421)	277,421	213,184	-
Transfers in	180,499	-	-	-	180,499
Transfers out	(20,300)	-	-	-	(20,300)
Change in Fund Balances	63,932	(1,393,479)	26,929	97,832	(1,204,786)
Fund Balances (Deficits), beginning	2,879,718	(2,788,208)	(1,061,356)	3,982,499	3,012,653
Fund Balances (Deficits), ending	\$ 2,943,650	\$ (4,181,687)	\$ (1,034,427)	\$ 4,080,331	\$ 1,807,867

Enterprise Fund

Enterprise Funds account for operations that are financed and operated in a manner similar to private business operations. The City of Homer utilizes one Enterprise Fund.

Port of Homer - This fund accounts for the operations of the port and harbor.

City of Homer, Alaska
Port of Homer Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2014	2013
Assets		
Current Assets		
Cash and investments	\$ 1,588,696	\$ 1,779,297
Receivables:		
Accounts, net of allowance for doubtful accounts of \$28,134 (\$40,652 in 2013)	187,104	211,923
State and federal grants	3,660,958	1,109,211
Inventory	14,431	15,647
Prepaid items	48,251	48,607
Total Current Assets	5,499,440	3,164,685
Restricted Cash and Investments		
Unspent bond proceeds	-	4,039,656
Bond reserves	293,697	293,697
Total Restricted Cash and Investments	293,697	4,333,353
Property, Plant and Equipment		
Property, plant and equipment in service	55,754,910	53,906,678
Land and land improvements	15,254,041	15,254,041
Construction work in progress	10,577,961	4,639,411
Less accumulated depreciation	(32,340,856)	(30,909,925)
Net Property, Plant and Equipment	49,246,056	42,890,205
Total Assets	\$ 55,039,193	\$ 50,388,243
Liabilities		
Current Liabilities		
Accounts payable	\$ 1,024,248	\$ 644,931
Accrued payroll and related liabilities	39,368	36,303
Accrued leave	14,398	14,398
General obligation bonds payable	130,000	130,000
Prepaid berth rentals and deposits	837,534	786,897
Unearned lease revenue	18,000	18,000
Unearned grant revenue	55,657	21,710
Interfund loan	3,291	3,291
Total Current Liabilities	2,122,496	1,655,530
Noncurrent Liabilities, net of current portion:		
Unearned lease revenue	234,000	252,000
Accrued leave	184,781	171,617
Interfund loan	316,129	19,421
General obligation bonds payable including bond premium	3,920,054	4,074,780
Total Noncurrent Liabilities	4,654,964	4,517,818
Total Liabilities	6,777,460	6,173,348
Net Position		
Net investment in capital assets	45,489,699	43,018,778
Unrestricted	2,772,034	1,196,117
Total Net Position	48,261,733	44,214,895
Total Liabilities and Net Position	\$ 55,039,193	\$ 50,388,243

City of Homer, Alaska
Port of Homer Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31,</i>	2014	2013
Operating Revenues		
Harbor	\$ 2,347,880	\$ 2,235,358
Main dock	362,070	398,581
Fish dock	553,100	731,751
Deep water dock	467,584	652,166
Rents, leases and storage	459,939	425,168
Fish grinder	7,279	8,815
Total Operating Revenues	4,197,852	4,451,839
Operating Expenses		
Harbor	1,564,027	1,448,251
Main dock	86,475	74,159
Fish dock	632,669	628,882
Deep water dock	141,670	136,225
Fish grinder	403	12,226
Administration	1,484,844	1,345,200
Depreciation	1,489,777	1,386,053
Total Operating Expenses	5,399,865	5,030,996
Operating Loss	(1,202,013)	(579,157)
Nonoperating Revenues (Expenses)		
Investment income	28,690	9,799
State PERS relief	299,245	134,811
Other income	129,956	289,765
Cruise ship tax	450	-
Fish tax	58,621	-
Miscellaneous repairs	(829)	(161,394)
Bond issuance costs	-	(37,807)
Net Nonoperating Revenues (Expenses)	516,133	235,174
Loss before Capital Contributions and Transfers	(685,880)	(343,983)
Capital contributions	4,732,718	3,523,302
Transfers out	-	(128,000)
Change in Net Position	4,046,838	3,051,319
Net Position, beginning	44,214,895	41,163,576
Net Position, ending	48,261,733	\$ 44,214,895

City of Homer, Alaska
Port of Homer Enterprise Fund
Statement of Cash Flows

<i>Year Ended December 31,</i>	2014	2013
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 4,418,382	\$ 4,880,427
Payments to suppliers	(1,726,502)	(2,076,537)
Payments to employees	(1,487,223)	(1,454,879)
Net cash flows from operating activities	1,204,657	1,349,011
Cash Flows from (for) Noncapital Financing Activities		
Transfer out	-	(128,000)
Nonoperating grants, cruise ship tax, and fish tax received	59,071	117,149
Net cash flows from (for) noncapital financing activities	59,071	(10,851)
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long-term debt	(130,000)	-
Interest paid on long-term debt	(158,650)	-
Proceeds from bond issuance	-	4,166,973
Capital contributions received	2,180,971	3,076,932
Acquisition of property, plant and equipment	(7,711,704)	(4,016,361)
Increase (decrease) in interfund loan	296,708	(3,291)
Net cash flows from capital and related financing activities	(5,522,675)	3,224,253
Cash Flows from Investing Activities		
Investment income received	28,690	-
Net Increase (Decrease) in Cash and Investments	(4,230,257)	4,562,413
Cash and Investments, beginning	6,112,650	1,550,237
Cash and Investments, ending	\$ 1,882,393	\$ 6,112,650

City of Homer, Alaska
Port of Homer Enterprise Fund
Statement of Cash Flows

<i>Year Ended December 31,</i>	2014	2013
Reconciliation of Operating Loss to Net Cash		
Flows from Operating Activities		
Operating loss	\$ (1,202,013)	\$ (579,157)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	1,489,777	1,386,053
Noncash expense - PERS relief	299,245	134,811
Increase (decrease) in allowance for doubtful accounts	(12,518)	4,579
Amortization of deferred lease revenue	(18,000)	(18,000)
Miscellaneous nonoperating revenues and expense, net	129,127	138,170
(Increase) decrease in assets:		
Accounts receivable	37,337	129,043
Inventory	1,216	(935)
Prepaid items	356	(626)
Increase (decrease) in liabilities:		
Accounts payable	379,317	52,249
Accrued payroll and related liabilities	3,065	200
Unearned grant revenue	33,947	21,710
Accrued leave	13,164	30,975
Prepaid berth rentals and deposits	50,637	49,939
Net Cash Flows from Operating Activities	\$ 1,204,657	\$ 1,349,011
Interest capitalized	\$ 133,924	\$ -

Internal Service Funds

Internal Service Funds account for the financing of goods or services provided to other City departments on a cost-reimbursement basis.

Health Insurance Fund - This fund accounts for the cost of medical, dental, vision and self-insurance claims.

Leave Cash-out Fund - This fund accounts for anticipated employee leave cash outs.

City of Homer, Alaska
Internal Service Funds
Combining Statement of Net Position

<i>December 31, 2014</i>	Health Insurance	Leave Cash-out	Total
Assets			
Cash and investments	\$ 905,353	\$ 7,386	\$ 912,739
Prepaid items	123,154	-	123,154
Total Assets	\$ 1,028,507	\$ 7,386	\$ 1,035,893
Liabilities			
Current Liabilities			
Accounts payable	\$ 155,536	\$ -	\$ 155,536
Net Position			
Unrestricted	872,971	7,386	880,357
Total Liabilities and Net Position	\$ 1,028,507	\$ 7,386	\$ 1,035,893

City of Homer, Alaska

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31, 2014</i>	Health Insurance	Leave Cash-out	Total
Operating Revenues			
Interfund charges	\$ 1,818,830	\$ 173,932	\$ 1,992,762
Employee health contributions	217,613	-	217,613
Refunds and reinsurance	394,578	-	394,578
Total Operating Revenues	2,431,021	173,932	2,604,953
Operating Expenses			
Personnel	-	151,406	151,406
Claims	1,216,168	-	1,216,168
Insurance premiums	301,444	-	301,444
Administration	93,418	-	93,418
Employee incentive fees	68,287	-	68,287
Total Operating Expenses	1,679,317	151,406	1,830,723
Change in Net Position	751,704	22,526	774,230
Net Position (Deficit), beginning	121,267	(15,140)	106,127
Net Position, ending	\$ 872,971	\$ 7,386	\$ 880,357

City of Homer, Alaska
Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended December 31, 2014</i>	Health Insurance	Leave Cash-out	Total
Cash Flows from Operating Activities			
Receipts from interfund services provided and employee contributions	\$ 2,036,443	\$ 173,932	\$ 2,210,375
Receipts for refunds and reinsurance payments	394,578	-	394,578
Payments to employees	(68,287)	(151,406)	(219,693)
Payments for insurance claims and administration	(1,829,755)	-	(1,829,755)
Net cash flows from operating activities	532,979	22,526	555,505
Cash Flows for Noncapital Financing Activities			
Decrease in due to other funds	-	(15,140)	(15,140)
Net Increase in Cash and Investments	532,979	7,386	540,365
Cash and Investments, beginning	372,374	-	372,374
Cash and Investments, ending	\$ 905,353	\$ 7,386	\$ 912,739
Reconciliation of Operating Income (Loss) to Net Cash			
Flows from for Operating Activities			
Operating income	\$ 751,704	\$ 22,526	\$ 774,230
Adjustments to reconcile operating income to net cash flows from operating activities:			
Increase in prepaid items	(123,154)	-	(123,154)
Decrease in accounts payable	(95,571)	-	(95,571)
Net Cash Flows from Operating Activities	\$ 532,979	\$ 22,526	\$ 555,505

City of Homer, Alaska
Health Insurance Internal Service Fund
Statement of Net Position

<i>December 31,</i>	2014	2013
Assets		
Cash and investments	\$ 905,353	\$ 372,374
Prepaid items	123,154	-
Total Assets	\$ 1,028,507	\$ 372,374
Liabilities		
Current Liabilities		
Accounts payable	\$ 155,536	\$ 251,107
Net Position		
Unrestricted	872,971	121,267
Total Liabilities and Net Position	\$ 1,028,507	\$ 372,374

City of Homer, Alaska

Health Insurance Internal Service Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31,</i>	2014	2013
Operating Revenues		
Interfund insurance charges	\$ 1,818,830	\$ 1,866,304
Employee health contributions	217,613	144,483
Refunds and reinsurance	394,578	-
Total Operating Revenues	2,431,021	2,010,787
Operating Expenses		
Claims	1,216,168	1,978,754
Insurance premiums	301,444	394,881
Administration	93,418	89,059
Employee incentive fees	68,287	-
Total Operating Expenses	1,679,317	2,462,694
Operating Income (Loss)	751,704	(451,907)
Transfers in	-	800,000
Change in Net Position	751,704	348,093
Net Position (Deficit), beginning	121,267	(226,826)
Net Position, ending	\$ 872,971	\$ 121,267

City of Homer, Alaska
Health Insurance Internal Service Fund
Statement of Cash Flows

<i>Year Ended December 31,</i>	2014	2013
Cash Flows from (for) Operating Activities		
Receipts from interfund services provided and employee contributions	\$ 2,036,443	\$ 2,010,787
Receipt of refunds and reinsurance payments	394,578	-
Payments for insurance, claims, and administration	(1,829,755)	(2,340,022)
Payments to employees for incentive fees	(68,287)	-
Net cash flows from (for) operating activities	532,979	(329,235)
Cash Flows from Noncapital Financing Activities		
Transfers in	-	800,000
Decrease in due to other funds	-	(98,391)
Net cash flows from noncapital financing activities	-	701,609
Net Increase in Cash and Investments	532,979	372,374
Cash and Investments, beginning	372,374	-
Cash and Investments, ending	\$ 905,353	\$ 372,374
Reconciliation of Operating Income (Loss) to Net Cash		
Flows from (for) by Operating Activities		
Operating income (loss)	\$ 751,704	\$ (451,907)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Increase in prepaid items	(123,154)	-
Increase (decrease) in accounts payable	(95,571)	122,672
Net Cash Flows from (for) Operating Activities	\$ 532,979	\$ (329,235)

City of Homer, Alaska
Leave Cash-out Internal Service Fund
Statement of Net Position

<i>December 31,</i>	2014	2013
Assets		
Cash and investments	\$ 7,386	\$ -
Liabilities		
Current Liabilities - due to other funds	\$ -	\$ 15,140
Net Position		
Unrestricted (deficit)	7,386	(15,140)
Total Liabilities and Net Position	\$ 7,386	\$ -

City of Homer, Alaska
Leave Cash-out Internal Service Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31,</i>	2014	2013
Operating Revenues - interfund leave cash-out charges	\$ 173,932	\$ 231,216
Operating Expenses - salaries and benefits	151,406	250,228
Change in Net Position	22,526	(19,012)
Net Position (Deficit), beginning	(15,140)	3,872
Net Position (Deficit), ending	\$ 7,386	\$ (15,140)

City of Homer, Alaska
Leave Cash-out Internal Service Fund
Statement of Cash Flows

<i>Year Ended December 31,</i>	2014	2013
Cash Flows from (for) Operating Activities		
Receipts from interfund services provided	\$ 173,932	\$ 231,216
Payments to employees	(151,406)	(250,228)
Net cash flows from (for) operating activities	22,526	(19,012)
Cash Flows from (for) Noncapital Financing Activities		
Increase (decrease) in due to other funds	(15,140)	15,140
Net Increase (Decrease) in Cash and Investments	7,386	(3,872)
Cash and Investments, beginning	-	3,872
Cash and Investments, ending	\$ 7,386	\$ -
Reconciliation of Operating Income (Loss) to Net Cash		
Flows from (for) Operating Activities		
Operating income (loss)	\$ 22,526	\$ (19,012)

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Schedule of State Financial Assistance

City of Homer, Alaska
Schedule of State Financial Assistance
Year Ended December 31, 2014

State Grant Title	Grant Number	Total Grant Award	January 1, 2014 Receivable (Unearned)	State Share of Expenditures	State Receipts	December 31, 2014 Receivable (Unearned)
DEPARTMENT OF ADMINISTRATION						
* PERS Relief	N/A	\$ 1,867,581	\$ -	\$ 1,867,591	\$ 1,867,591	\$ -
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT						
Karen Hornaday Park Improvements	11-DC-234	250,000	81,657	-	81,657	-
Fire Department Equipment Upgrades	15-DC-060	350,000	-	53,236	-	53,236
Spit Trail Completion/Harbor Pathway	09-DC-210	150,000	133,472	-	133,472	-
* Port and Harbor Building & Skyline Fire Station	14-RR-052	2,000,000	76,492	1,918,049	967,722	1,026,819
* Cruise Ship Dock and Passenger Facility Improvements	12-DC-609	6,000,000	1,121,027	764,548	1,571,658	313,917
* Revenue sharing	N/A	341,037	-	341,037	341,037	-
Total Department of Commerce, Community, and Economic Development			1,412,648	3,076,870	3,095,546	1,393,972
DEPARTMENT OF REVENUE						
Fish Tax	N/A	54,283	-	54,283	54,283	-
Fish Business Landing Tax	N/A	4,338	-	4,338	4,338	-
Electric and Telephone Co-op Tax	N/A	26,845	-	26,845	26,845	-
Liquor Licenses	N/A	24,350	-	24,350	24,350	-
Total Department of Revenue			-	109,816	109,816	-
DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT						
Public Library Assistance	PLA-14-738-32	6,600	(6,322)	6,322	-	-
Public Library Assistance	PLA-15-738-32	6,650	-	1,236	6,650	(5,414)
Total Department of Education and Early Development			(6,322)	7,558	6,650	(5,414)
DEPARTMENT OF ENVIRONMENTAL CONSERVATION						
East End Road Sewer Main Extension	40905	41,776	41,776	-	41,776	-
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES						
* Homer Spit Pathway (Note 2)	54597	2,500,000	-	2,471,031	2,500,000	(28,969)
* Homer Spit Pathway - Donated Roads	54597	3,160,000	-	3,160,000	3,160,000	-
Click it or Ticket Enforcement Mobilization	N/A	1,588	-	1,588	1,588	-
* Homer Harbor Improvements	14-HG-001	2,855,018	189,850	2,433,726	175,500	2,448,076
Total Department of Transportation			189,850	8,066,345	5,837,088	2,419,107
Total State Financial Assistance			\$ 1,637,952	\$ 13,128,180	\$ 10,958,467	\$ 3,807,665

* Major Program

City of Homer, Alaska

Notes to the Schedule of State Financial Assistance Year Ended December 31, 2014

1. Basis of Presentation

The accompanying Schedule of State Financial Assistance include the grant activity of City of Homer and are presented on the modified accrual basis of accounting. The information in the schedules is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

2. Homer Spit Pathway

In 2014, the City discovered that it had failed to report expenditures associated with this program on the Schedule of State Financial Assistance. The 2014 Schedule of State Financial Assistance is reporting \$2,471,030 in expenditures. Of this amount, \$1,872,622 was actually incurred in 2013. This amount has been included in the 2014 expenditure population for major program testing.

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City of Homer, Alaska

Statistical Section (Unaudited)

This part of the City of Homer's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and required supplementary information. This information has not been audited by the independent auditor.

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Financial Trends

These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.

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City of Homer, Alaska
Statistical Section, continued
(Unaudited)

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Source:

Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year.

City of Homer, Alaska
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

<i>Fiscal Year</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities										
Net investment in										
capital assets	\$ 58,894,875	\$ 66,235,552	\$ 63,752,627	\$ 63,616,675	\$ 62,427,809	\$ 43,615,673	\$ 43,848,027	\$ 43,879,310	\$ 42,266,274	\$ 39,633,946
Restricted	7,614,492	7,737,510	6,691,992	7,284,209	5,610,035	3,350,187	4,334,477	3,350,187	3,601,605	3,768,592
Unrestricted	16,187,864	8,085,027	15,644,941	15,774,292	16,833,035	10,482,882	8,149,368	6,014,887	4,932,592	3,919,540
Total Governmental										
Activities Net Position	\$ 82,697,231	\$ 82,058,089	\$ 86,089,560	\$ 86,675,176	\$ 84,870,879	\$ 57,448,742	\$ 56,331,872	\$ 53,244,384	\$ 50,800,471	\$ 47,322,078
Business-type Activities										
Net investment in										
capital assets	\$ 45,489,699	\$ 42,725,081	\$ 40,259,897	\$ 40,597,366	\$ 41,762,236	\$ 63,567,468	\$ 65,571,218	\$ 62,275,608	\$ 63,457,140	\$ 65,800,613
Restricted	-	293,697	-	-	-	4,347,509	7,677,436	7,736,778	3,583,803	2,870,245
Unrestricted	2,802,533	1,092,728	856,101	112,282	(186,693)	1,448,400	(1,289,199)	(806,158)	3,406,230	1,486,971
Total Business-type										
Activities Net Position	\$ 48,292,232	\$ 44,111,506	\$ 41,115,998	\$ 40,709,648	\$ 41,575,543	\$ 69,363,377	\$ 71,959,455	\$ 69,206,228	\$ 70,447,173	\$ 70,157,829
Primary government										
Net investment in										
capital assets	\$ 104,384,574	\$ 108,960,633	\$ 104,012,524	\$ 104,214,041	\$ 104,190,045	\$ 107,183,141	\$ 109,419,245	\$ 106,154,918	\$ 105,723,414	\$ 105,434,559
Restricted	7,614,492	8,031,207	6,691,992	7,284,209	5,610,035	7,697,696	12,011,913	11,086,965	7,185,408	6,638,837
Unrestricted	18,990,397	9,177,755	16,501,042	15,886,574	16,646,342	11,931,282	6,860,169	5,208,729	8,338,822	5,406,511
Total Primary Government										
Net Position	\$ 130,989,463	\$ 126,169,595	\$ 127,205,558	\$ 127,384,824	\$ 126,446,422	\$ 126,812,119	\$ 128,291,327	\$ 122,450,612	\$ 121,247,644	\$ 117,479,907

Notes:

In 2010, the City converted its Water and Sewer Utility from an Enterprise Fund to a Special Revenue Fund. Prior years presentation has not been reclassified or restated to reflect this change.

In 2012 the City implemented GASB 63. Net assets have been retitled.

City of Homer, Alaska

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental Activities:										
General government	\$ 2,337,006	\$ 3,509,077	\$ 3,889,598	\$ 3,907,607	\$ 3,722,993	\$ 2,066,529	\$ 1,761,505	\$ 1,621,298	\$ 1,453,282	\$ 1,800,060
Public safety	4,160,799	4,801,462	4,757,442	4,451,784	4,168,529	4,409,769	4,546,766	3,989,765	3,912,322	3,322,075
Public works	2,402,560	2,920,106	2,680,878	2,612,530	2,676,839	2,955,896	2,637,639	2,422,038	2,405,097	1,066,319
Library	1,026,662	1,037,518	987,638	943,075	931,139	932,552	890,800	805,570	370,404	293,831
Airport	282,404	267,179	283,619	281,351	207,701	239,214	233,176	200,331	152,414	149,341
Parks & recreation	760,178	576,656	512,081	387,924	468,782	427,271	494,083	410,556	391,303	356,721
Community services	252,833	7,800,998	899,357	586,195	263,224	266,144	321,970	235,831	211,894	582,677
Water	2,660,899	2,682,608	2,724,923	2,607,880	2,231,144	-	-	-	-	-
Sewer	2,187,873	1,924,466	1,872,736	1,655,405	2,339,709	-	-	-	-	-
Unallocated interest	366,493	440,827	250,842	225,572	225,553	63,870	141,014	113,536	64,676	70,829
Total Governmental Activities Expenses	16,437,707	25,960,897	18,859,114	17,659,323	17,235,613	11,361,245	11,026,953	9,798,925	8,961,392	7,641,853
Business-type Activities:										
Port & Harbor	5,266,806	5,286,008	4,876,870	4,649,705	4,501,480	4,794,367	4,529,886	4,406,311	4,075,045	3,885,187
Water & Sewer	-	-	-	-	-	6,145,835	5,820,558	5,318,033	4,737,887	4,615,144
Total Business-type Activities Expenses	5,266,806	5,286,008	4,876,870	4,649,705	4,501,480	10,940,202	10,350,444	9,724,344	8,812,932	8,500,331
Total Activities Expenses	\$ 21,704,513	\$ 31,246,905	\$ 23,735,984	\$ 22,309,028	\$ 21,737,093	\$ 22,301,447	\$ 21,377,397	\$ 19,523,269	\$ 17,774,324	\$ 16,142,184
Program Revenues										
Governmental Activities:										
Charges for services										
General Government	\$ 675,783	\$ 662,367	\$ 515,737	\$ 511,997	\$ 211,625	\$ 185,215	\$ 116,606	\$ 290,197	\$ 437,696	\$ 433,860
Public Safety	351,816	329,021	234,527	258,804	198,119	633,372	317,835	462,050	323,916	389,826
Public Works	-	-	6,048	9,427	12,090	62,544	34,715	71,864	62,633	61,572
Library	-	-	-	-	-	4,869	499,189	-	-	-
Airport	126,774	137,177	170,609	168,569	166,666	165,781	169,196	170,944	143,604	125,316
Parks and Recreation	156,574	140,960	129,070	145,587	175,859	165,849	157,264	183,310	173,204	181,924
Community Services	40,280	33,565	28,345	31,767	32,292	28,166	27,058	38,696	18,549	-
Water	2,023,009	3,303,929	1,718,767	1,765,551	2,067,751	-	-	-	-	-
Sewer	1,743,301	3,105,293	1,554,324	1,521,740	1,483,423	-	-	-	-	-
Operating grants & contributions	2,231,211	9,834,812	1,377,909	734,045	665,150	607,284	697,372	638,290	640,601	729,240
Capital grants & contributions	1,844,420	342,571	1,698,849	2,982,510	1,632,234	376,375	746,803	339,482	1,616,075	4,361,468
Total Governmental Activities Revenues	9,193,168	17,889,695	7,434,185	8,129,997	6,645,209	2,229,455	2,766,038	2,194,833	3,416,278	6,283,206
Business-type Activities:										
Charges for services Port&Harbor	4,197,852	4,451,839	3,917,599	3,563,431	3,504,442	3,347,738	3,288,715	2,791,713	2,632,892	2,507,815
Charges for services Water/Sewer	-	-	-	-	-	3,039,391	3,023,126	2,734,564	2,745,335	2,605,377
Operating grants & contributions P&H	299,245	134,811	249,979	103,169	48,469	-	-	-	-	-
Capital grants & contributions P&H	4,732,718	3,523,302	883,031	59,176	-	-	-	55,187	-	68,090
Capital grants & contributions W/S	-	-	-	-	-	317,159	4,571,058	1,333,867	2,274,619	221,412
Total Business-type Activities Revenues	9,229,815	8,109,952	5,050,609	3,725,776	3,552,911	6,704,288	10,882,899	6,915,331	7,652,846	5,402,694
Total Primary Government										
Program Revenues	\$ 18,422,983	\$ 25,999,647	\$ 12,484,794	\$ 11,855,773	\$ 10,198,120	\$ 8,933,743	\$ 13,648,937	\$ 9,110,164	\$ 11,069,124	\$ 11,685,900
Net (Expense)Revenue										
Governmental Activities	\$ (7,244,539)	\$ (8,071,202)	\$ (11,424,929)	\$ (9,529,326)	\$ (10,590,404)	\$ (9,131,790)	\$ (8,260,915)	\$ (7,604,092)	\$ (5,545,114)	\$ (1,358,647)
Business-type Activities	3,963,009	2,823,944	173,739	(923,929)	(948,569)	(4,235,914)	532,455	(2,809,013)	(1,160,086)	(3,097,637)
Total Primary Government										
Net Expenses	\$ (3,281,530)	\$ (5,247,258)	\$ (11,251,190)	\$ (10,453,255)	\$ (11,538,973)	\$ (13,367,704)	\$ (7,728,460)	\$ (10,413,105)	\$ (6,705,200)	\$ (4,456,284)
General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$ 3,091,791	\$ 3,224,520	\$ 2,999,341	\$ 2,922,246	\$ 3,051,919	\$ 2,889,856	\$ 2,976,794	\$ 2,529,614	\$ 2,406,263	\$ 2,091,977
Sales Taxes	7,488,925	7,307,475	7,031,266	7,059,404	6,613,640	5,361,109	6,334,758	6,173,478	5,670,638	5,119,528
Other	573,889	572,660	808,706	1,220,638	1,272,273	2,113,103	967,635	1,195,849	487,481	376,102
Transfers	-	128,000	-	131,335	(24,925)	(115,408)	(30,000)	149,064	459,125	110,000
Special items	(5,143,546)	(7,192,924)	-	-	-	-	1,099,216	-	-	-
Total Governmental Activities Revenue	6,011,059	4,039,731	10,839,313	11,333,623	10,912,907	10,248,660	11,348,403	10,048,005	9,023,507	7,697,607
Business-type Activities:										
Sales tax	-	-	-	-	-	1,072,222	1,266,790	1,235,022	1,134,096	1,031,167
Other	217,717	299,564	232,611	189,369	235,444	452,206	409,544	482,110	774,459	303,140
Transfers	-	(128,000)	-	(131,335)	24,925	115,408	30,000	(149,064)	(459,125)	(110,000)
Special item write-off NPO	-	-	-	-	-	-	514,438	-	-	-
Total Business-type Activities Revenue	217,717	171,564	232,611	58,034	260,369	1,639,836	2,220,772	1,568,068	1,449,430	1,224,307
Total Primary Government General and Transfers Revenue	\$ 6,228,776	\$ 4,211,295	\$ 11,071,924	\$ 11,391,657	\$ 11,173,276	\$ 11,888,496	\$ 13,569,175	\$ 11,616,073	\$ 10,472,937	\$ 8,921,914
Changes in Net Position										
Governmental Activities	\$ (1,233,480)	\$ (4,031,471)	\$ (585,616)	\$ 1,804,297	\$ 322,503	\$ 1,116,870	\$ 3,087,488	\$ 2,443,913	\$ 3,478,393	\$ 6,338,960
Business-type Activities	4,180,726	2,995,508	406,350	(865,895)	(688,200)	(2,596,078)	2,753,227	(1,240,945)	289,344	(1,873,330)
Total Primary Government	\$ 2,947,246	\$ (1,035,963)	\$ (179,266)	\$ 938,402	\$ (365,697)	\$ (1,479,208)	\$ 5,840,715	\$ 1,202,968	\$ 3,767,737	\$ 4,465,630

Notes:

The City implemented GASB 34 in 2003.

In 2010, the City converted its Water and Sewer Utility from an Enterprise Fund to a Special Revenue Fund. Prior years presentation has not been reclassified or restated to reflect this change.

In 2012 the City implemented GASB 63. Net assets have been retitled.

Special items - 2008 - Write off NPO, 2013 - Construction of gas pipeline on-behalf of third parties

City of Homer, Alaska
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Total
2014	\$ 3,091,791	\$ 7,488,925	\$ 10,580,716
2013	3,224,520	7,307,475	10,531,995
2012	2,999,341	7,031,266	10,030,607
2011	2,999,341	7,031,266	10,030,607
2010	3,051,919	6,613,640	9,665,559
2009	2,889,856	5,361,109	8,250,965
2008	2,976,794	6,334,758	9,311,552
2007	2,501,693	6,173,478	8,675,171
2006	2,382,936	5,670,638	8,053,574
2005	2,102,170	5,119,528	7,221,698

Source: A2 pg 19

City of Homer, Alaska
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

<i>Fiscal Year</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Nonspendable	\$ 586,601	\$ 282,660	\$ 256,265	\$ 244,317	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	76,421	-	-	-	-	-	-	-	-	-
Assigned	171,314	171,314	171,314	171,314	-	-	-	-	-	-
Unassigned	5,734,697	5,593,810	5,661,033	6,312,215	-	-	-	-	-	-
Total General Fund	\$ 6,569,033	\$ 6,047,784	\$ 6,088,612	\$ 6,727,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Governmental Funds										
Nonspendable	\$ 305,514	\$ 290,498	\$ 250,313	\$ 334,666	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	7,538,071	6,467,413	6,691,992	7,284,209	-	-	-	-	-	-
Committed	2,031,828	1,966,031	1,648,032	-	-	-	-	-	-	-
Assigned	3,650,074	6,822,959	5,790,954	5,987,998	-	-	-	-	-	-
Unassigned	(362,435)	(1,825,321)	(62,591)	(97,653)	-	-	-	-	-	-
Total Other governmental Funds	\$ 13,163,052	\$ 13,721,580	\$ 14,318,700	\$ 13,509,220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 255,883	\$ 297,291	\$ 353,901	\$ 296,910	\$ 260,274	\$ 280,743
Unreserved, designated:										
Interfund Loan Animal Shelter	-	-	-	-	-	200,000	250,000	300,000	350,000	400,000
PERS	-	-	-	-	171,314	171,314	171,314	171,314	-	-
Designated for subsequent year's expenditures	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	5,146,617	4,226,615	3,825,104	4,230,983	3,282,823	2,186,409
Total Unreserved General Fund	-	-	-	-	5,317,931	4,597,929	4,246,418	4,702,297	3,632,823	2,586,409
Total General Fund	-	-	-	-	5,573,814	4,895,220	4,600,319	4,999,207	3,893,097	2,867,152
Other Governmental Funds										
Reserved	-	-	-	-	5,929,657	4,367,506	4,334,477	3,350,187	3,601,605	3,768,592
Unreserved:										
Library	-	-	-	-	31,519	31,501	31,326	29,289	27,750	8,982
Fire Department	-	-	-	-	68,324	64,110	62,965	53,948	11,482	15,522
Animal Shelter	-	-	-	-	-	7,382	7,352	7,173	6,796	10,088
Community Schools	-	-	-	-	1,136	1,792	509	699	197	-
Sustainability Global Warming	-	-	-	-	14,774	15,257	15,162	107	-	-
PERS	-	-	-	-	-	14,436	-	-	-	-
Permanent Fund	-	-	-	-	1,531,315	1,150,377	-	-	-	-
Special Revenue Funds	-	-	-	-	3,434,211	-	-	-	-	-
Capital Project Funds/land	-	-	-	-	2,560,121	2,973,118	3,116,382	1,857,872	1,784,965	1,435,923
Capital Project Deficit	-	-	-	-	-	(47,379)	(20,873)	(3,744)	(31,147)	(455,223)
Total Unreserved Other Governmental Funds	-	-	-	-	7,641,400	4,210,594	3,212,823	1,945,344	1,800,043	1,015,292
Total Other Governmental Funds	-	-	-	-	13,571,057	8,578,100	7,547,300	5,295,531	5,401,648	4,783,884
Total General Fund and Other Governmental Funds	\$ 19,732,085	\$ 19,769,364	\$ 20,407,312	\$ 20,237,066	\$ 19,144,871	\$ 13,473,320	\$ 12,147,619	\$ 10,294,738	\$ 9,294,745	\$ 7,651,036
Change in Fund Balances	(37,279)	(637,948)	170,246	1,092,195	2,031,354	1,325,701	1,852,881	999,993	1,643,709	1,567,558
Percentage of Change	-0.2%	-3.1%	0.8%	5.7%	11.9%	10.9%	18.0%	10.8%	21.5%	25.8%

Notes:

In 2010, the City converted its Water and Sewer Utility from an Enterprise Fund to a Special Revenue Fund. Prior years presentation has not been reclassified or restated to reflect this change.

In 2011, the City adopted the provisions of GASB statement 54. Prior year presentation has not been reclassified or restated to reflect the change.

City of Homer, Alaska
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

<i>Fiscal Year</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Property taxes	\$ 3,119,599	\$ 3,209,009	\$ 2,991,230	\$ 2,916,176	\$ 2,954,829	\$ 2,930,696	\$ 2,975,448	\$ 2,501,693	\$ 2,382,936	\$ 2,102,170
Sales taxes	7,488,925	7,307,475	7,031,266	7,059,404	6,613,640	5,361,109	6,334,758	6,173,478	5,670,638	5,119,528
Licenses and permits	27,931	35,706	22,248	25,040	22,965	19,614	26,219	43,765	46,096	42,717
Intergovernmental	4,428,139	10,472,084	3,573,807	4,779,839	2,937,975	1,854,305	1,778,519	1,873,233	2,247,343	3,740,329
Charges for services	5,748,378	5,414,421	5,246,446	5,202,621	5,139,533	2,629,639	2,337,323	2,382,465	2,136,838	2,183,048
Special assessments	497,828	296,699	329,958	308,497	415,625	110,543	127,876	14,802	11,180	15,462
Investment income	144,146	149,444	240,083	115,862	162,146	82,117	156,429	290,987	233,998	150,223
Fines and forfeitures	20,142	10,469	8,065	17,460	15,551	16,065	34,193	19,941	19,435	23,269
Contributions and donations	9,524	1,189	19,044	6,516	4,224	2,910	9,181	42,256	64,412	1,362,374
Legal settlement	-	-	-	-	266,027	1,150,878	-	-	740,404	-
Sale of property and equipment	-	-	-	-	4,917	4,869	499,189	-	-	-
Other	70,079	139,176	56,825	41,080	199,703	45,092	170,538	19,970	24,207	23,362
Total Revenues	21,554,691	27,035,672	19,518,972	20,472,495	18,737,135	14,207,837	14,449,673	13,362,590	13,577,487	14,762,482
Expenditures										
General government	3,706,787	3,251,596	3,533,983	3,639,834	3,010,375	3,380,193	2,964,905	2,585,147	2,220,086	2,689,530
Public safety	4,717,973	4,319,418	4,212,716	3,989,471	3,939,507	4,096,996	4,189,377	3,622,296	3,549,911	3,053,686
Public works	2,183,582	1,956,933	1,944,267	1,905,736	1,822,923	2,023,907	2,108,115	1,750,045	1,688,688	1,491,893
Library	847,655	771,638	707,603	705,152	716,824	724,150	681,983	593,027	449,289	374,932
Airport	221,302	195,109	209,859	216,035	201,118	230,934	228,720	196,710	179,504	146,221
Parks and recreation	409,211	383,439	347,107	299,631	377,280	359,683	422,251	384,697	367,027	338,359
Community services	252,833	7,800,998	899,357	586,195	261,435	266,144	321,970	235,831	211,894	582,677
Water	2,283,417	1,862,937	1,951,063	1,894,144	1,697,751	-	-	-	-	-
Sewer	1,798,228	1,773,753	1,745,959	1,650,640	1,647,605	-	-	-	-	-
Debt service:										
Principal retirement	858,082	854,981	876,324	1,017,807	1,049,248	57,934	470,615	608,431	655,016	513,640
Interest and fiscal charges	549,595	203,557	218,679	229,263	225,553	63,870	75,812	113,536	64,676	70,829
Debt deobligation	1,580,014	-	-	-	-	-	-	-	-	-
Capital outlay	2,462,387	5,243,705	4,267,539	5,540,169	2,265,965	1,612,185	1,103,044	2,421,941	5,153,413	4,043,157
Total Expenditures	21,871,066	28,618,064	20,914,456	21,674,077	17,215,584	12,815,996	12,566,792	12,511,661	14,539,504	13,304,924
Excess (Deficiency) of Revenues Over (Under) Expenditures	(316,375)	(1,582,392)	(1,395,484)	(1,201,582)	1,521,551	1,391,841	1,882,881	850,929	(962,017)	1,457,558
Special item - construction of gas pipeline	5,143,546	7,192,924	-	-	-	-	-	-	-	-
Other Financing Sources (Uses)										
Proceeds from long-term debt	3,550,020	8,809,368	1,565,730	2,162,442	534,728	14,536	-	-	2,146,601	-
Transfers in	243,383	327,412	1,359,935	1,440,006	434,460	413,609	2,183,992	2,499,222	2,160,007	2,498,261
Transfers out	(243,383)	(999,412)	(1,359,935)	(1,308,671)	(459,385)	(494,285)	(2,213,992)	(2,350,158)	(1,700,882)	(2,388,261)
Net Other Financing Sources (Uses)	3,550,020	8,137,368	1,565,730	2,293,777	509,803	(66,140)	(30,000)	149,064	2,605,726	110,000
Net Change in Fund Balance	\$ (1,909,901)	\$ (637,948)	\$ 170,246	\$ 1,092,195	\$ 2,031,354	\$ 1,325,701	\$ 1,852,881	\$ 999,993	\$ 1,643,709	\$ 1,567,558
Debt service as a % of noncapital expenditures	8.49%	4.54%	6.58%	7.70%	8.40%	1.06%	4.78%	7.37%	8.03%	7.65%

Notes:

In 2010, the City converted its Water and Sewer Utility from an Enterprise Fund to a Special Revenue Fund. Prior years presentation has not been reclassified or restated to reflect this change.

City of Homer, Alaska
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Year	Real Property Less Tax Exempt Property	Personal Property Less Tax Exempt Property	Total Taxable Assessed Value	Tax Direct Rate	Estimated Full Value	Assessed Value as a Percent of Actual Value
2005	\$ 399,827,162	\$ 26,893,341	\$ 426,720,503	4.50%	\$ 587,914,700	71.00%
2006	461,018,162	24,598,683	485,616,845	4.50%	646,448,500	72.58%
2007	489,448,562	22,811,263	512,259,825	4.50%	717,875,400	75.12%
2008	588,595,562	24,988,891	613,584,453	4.50%	777,118,400	71.36%
2009	631,527,262	31,030,146	662,557,408	4.50%	850,068,000	78.96%
2010	606,704,342	38,412,787	645,117,129	4.50%	850,068,600	77.94%
2011	603,338,212	25,118,151	628,456,363	4.50%	987,433,007	75.89%
2012	691,321,600	186,215,500	877,537,100	4.50%	983,993,300	89.18%
2013	615,478,812	25,948,461	641,427,273	4.50%	1,046,894,294	61.27%
2014	624,656,144	23,695,000	648,351,144	4.50%	1,046,894,294	61.93%

Source: State of Alaska Assessor Office - Taxable Alaska

Notes: In 1998, the Kenai Peninsula Borough adopted Borough Ordinance 97-73 that created a flat tax for watercraft, creating \$100,000 personal property tax exemption, and increasing the motor vehicle tax.

City of Homer, Alaska
Property Tax Rates
Direct and Overlapping Government
Last Ten Fiscal Years
Tax Rates (Mils)

Fiscal Year	City of Homer (3)		Kenai Peninsula Borough (2)		
	Operating	Special Districts (4)	Operating	Special Districts	
2005	4.50	1.75	6.50	0.10	
2006	4.50	1.75	6.50	0.10	
2007	4.50	1.75	6.50	0.00	
2008	4.50	2.00	5.50	0.00	
2009	4.50	2.30	4.50	0.00	(1)
2010	4.50	2.30	4.50	0.00	
2011	4.50	2.30	4.50	0.00	
2012	4.50	2.30	4.50	0.00	
2013	4.50	2.30	4.50	0.00	
2014	4.50	2.30	4.50	0.00	

Notes: Overlapping rates are those of the City of Homer and Kenai Peninsula Borough
Restrictions: Tax rates can only be changed by the vote of the people.

- (1) The mill rate for the special district, the Post Secondary Fund, was combined into the Operating Fund mill rate
- (2) Data provided by the Kenai Peninsula Borough Clerk's Office
- (3) Data provided by the City of Homer Clerk's Office
- (4) The Homer Special Districts include fire and emergency response, higher education, and support for hospitals.

City of Homer, Alaska
Principal Property Taxpayers
December 31, 2014
and December 31, 2005

Owner	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Value
Homer Spit Properties, LLC	\$ 10,634,700	1	0.22	\$ 6,592,300	2	0.15
Lands End Acquisition Corp.	6,224,200	2	0.13	4,204,100	5	0.09
Alaska Growth Properties LLC	6,096,800	3	0.13	-		0.00
CGF Properties, Inc	4,517,800	4	0.10	2,256,000	9	0.05
Homer Hotels LLC	4,420,900	5	0.09	-		0.00
Moore Kenneth & Roseleen Trust	4,192,700	6	0.09	2,668,900	7	0.06
Wells Fargo (National Bank of AK)	4,143,700	7	0.09	3,382,696	6	0.08
Alaska USA Federal Credit Union	4,668,100	8	0.00			0.00
First National Bank Alaska	3,864,000	9	0.08			0.00
Valentin Caspaar LLC	3,451,700	10	0.07	2,382,700	8	0.05
ACS of the Northland Inc			0.00	10,629,557	1	0.24
Johnson John R & Judith E			0.00	5,483,200	3	0.12
Tulin Charles E & Helen			0.00	4,796,400	4	0.11
Maritime Helicopters			0.00		10	0.00
Harbor Enterprises			0.00	-		0.00
Ramos Jose & Maria			0.00	2,045,800		0.05
Total	\$ 52,214,600		100%	\$ 44,441,653		100%

Source: Kenai Peninsula Borough

Note: Total Taxable Assessed Values are utilized from Table 6

City of Homer, Alaska
Property Tax Levies and Collections
Last Ten Fiscal Years

<i>Fiscal Year Ended December 31,</i>	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collected in Subsequent Years Amount	Total Tax Collected to Date	
		Amount	% of Levy		Amount	% of Levy
2005	\$ 2,013,518	\$ 1,989,890	98.83%	\$ 23,628	\$ 2,013,518	98.51%
2006	2,342,439	2,299,478	98.17%	32,081	2,331,559	100.00%
2007	2,383,617	2,339,720	98.16%	10,970	2,350,690	99.54%
2008	2,678,567	2,678,150	99.97%	417	2,678,567	98.62%
2009	2,678,567	2,658,526	99.25%	6,959	2,665,485	99.51%
2010	2,862,172	2,815,749	98.38%	41,043	2,856,792	99.52%
2011	2,869,743	2,764,751	96.34%	100,863	2,865,614	99.81%
2012	2,858,559	2,718,294	95.09%	19,748	2,738,041	95.78%
2013	2,806,719	2,719,474	96.89%	44,370	2,763,845	98.47%
2014	2,845,241	2,780,555	97.73%	11,552	2,792,107	98.13%

Source: Kenai Peninsula Borough

City of Homer, Alaska
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	Capital Leases	Revenue Bonds	General Obligation Bonds	Notes Payable	Capital Leases			
2005	\$ 920,000	\$ 10,527	\$ -	\$ 212,257	\$ 870,000	\$ -	\$ 7,479,081	\$ -	\$ 9,491,865	7.50%	\$ 1,746
2006	475,000	5,280	1,992,753	163,044	620,000	-	9,539,106	208,909	13,004,092	10.09%	2,384
2007	-	-	1,955,878	71,768	365,000	-	10,160,611	153,810	12,707,067	9.63%	2,310
2008	-	-	1,529,282	27,749	185,000	-	11,567,201	95,720	13,404,952	10.12%	2,487
2009	-	-	1,507,077	6,703	-	-	14,489,912	34,045	16,037,737	13.24%	2,889
2010	-	-	15,489,024	-	-	-	-	-	15,489,024	11.70%	3,096
2011	-	-	16,629,968	-	-	-	-	-	16,629,968	15.14%	3,292
2012	-	-	17,319,000	-	-	-	-	-	17,319,000	15.45%	3,361
2013	-	8,809,368	16,491,952	-	-	4,204,780	-	-	29,506,100	28.17%	5,674
2014	-	12,359,388	14,053,013	-	-	3,605,000	-	-	30,017,401	26.34%	5,050

Population per Alaska Department of Community and Economic Development

In 2010, the City converted its Water and Sewer Utility from an Enterprise Fund to a Special Revenue Fund. Prior years have not been reclassified or restated.

City of Homer, Alaska

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Debt Service Funds Available	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2014	5153	\$ 624,656	\$ 3,605	\$ 294	\$ 3,311	0.53%	-
2013	5153	615,479	3,735	294	3,441	0.56%	668
2012	5239	626,606	-	-	-	0.00%	-
2011	5051	504,558	-	-	-	0.00%	-
2010	5003	662,557	-	-	-	0.00%	-
2009	5551	631,527	-	-	-	0.00%	-
2008	5390	588,595	-	-	-	0.00%	-
2007	5502	551,814	-	-	-	0.00%	-
2006	5454	520,542	475	307	168	0.03%	31
2005	5435	447,448	920	281	639	0.14%	118

Note: Population per Alaska Department of Community and Economic Development

Gross Bonded Debt includes all long-term general obligation bonded debt. It excludes special assessment bonds. Beginning in 2013, the General Obligation debt is in the Harbor Enterprise Fund.

City of Homer, Alaska
Ratios of Annual Debt Service Expenditures for
General Bonded Debt to Total General Fund Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Percent of Debt Service to General Fund Expenditures
2014	\$ -	\$ -	\$ -	\$ 12,215,338	0.00%
2013	-	-	-	11,065,711	0.00%
2012	-	-	-	11,021,941	0.00%
2011	-	-	-	10,140,595	0.00%
2010	-	-	-	9,989,455	0.00%
2009	-	-	-	10,807,821	0.00%
2008	-	-	-	11,046,268	0.00%
2007	475,000	21,082	496,082	9,356,829	5.30%
2006	445,000	39,916	484,916	8,414,502	5.76%
2005	420,000	57,766	477,766	8,018,872	5.96%

Note: Principal and interest does not include debt service paid by the Water & Sewer, and Port Enterprise Funds. The City had no bonded debt payable from the general fund in 2014.

City of Homer, Alaska
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	(1) Population	(2) Annual Average Wage Per Worker	Per Capita Income	(1) Median Age	(3) School Enrollment	(2) Unemployment Rate
2014	5,099	\$ 36,000	\$ 33,469	44.0	1,407	8.8%
2013	5,153	36,000	20,330	44.0	1,427	9.0%
2012	5,239	32,035	21,750	40.6	1,198	9.9%
2011	5,051	32,035	21,750	40.6	765	9.9%
2010	5,003	32,120	21,823	38.8	1,329	11.5%
2009	5,551	31,601	21,823	38.8	1,462	14.8%
2008	5,390	31,625	24,565	38.8	1,445	7.5%
2007	5,502	30,795	23,985	39.7	1,135	6.7%
2006	5,454	31,164	23,630	38.8	1,119	8.6%
2005	5,435	30,696	23,280	38.8	1,248	8.6%

Sources:

- (1) Alaska Department of Community and Economic Development
- (2) State of Alaska, Department of Labor
- (3) Kenai Peninsula Borough School District

City of Homer, Alaska

Principal Employers - Lower Kenai Peninsula

Employer	2014		Percentage of Total Employment
	Number of Employees	Rank	

* The State of Alaska passed legislation that prevents disclosure of employer ranking and or the the number of employees for each employer.

Source: Alaska Department of Labor and Workforce Development

City of Homer, Alaska
City Employees by Function/Program
Last Ten Fiscal Years

<i>Fiscal Year</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Function/Program										
Administration	29	30	30	30	29	30	29	29	34	27
Public Safety:										
Fire Department	6	5	5	5	5	6	6	6	6	6
Police Department	25	24	24	24	24	26	21	24	27	26
Public Works:										
PW General Fund	20	22	22	21	15	17	16	13	11	14
PW Water/Sewer	16	11	11	11	17	18	18	19	23	25
Port and Harbor	20	20	20	20	20	20	13	11	13	18
Total	116	112	112	111	110	117	103	102	114	116

Notes: Above statistical information taken directly from the 2013 City of Homer Adopted Budget

City of Homer, Alaska
Operating Indicators by Function
Last Ten Fiscal Years

<i>Fiscal Year</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Function/Program										
General Government										
Registered voters	4,463	4,337	4,436	4,277	4,289	4,270	4,161	4,172	4,073	4,022
Building permits issued	62	63	49	40	45	55	62	87	83	103
Police										
Requests for service	7,193	7,067	5,604	6,584	6,661	6,139	7,532	6,052	5,987	5,878
Physical arrests	603	662	619	712	572	471	391	425	428	507
Traffic citations	113	194	204	650	660	662	731	515	450	464
Animal control impounds	46	44	66	65	361	3	415	864	1,048	1,065
Fire										
Emergency responses	483	526	523	438	536	641	599	566	472	469
Fires calls	112	74	73	75	combined	combined	83	100	79	111
Parks & Recreation										
Camping permits - Tents	4,000	3,878	3,386	3,778	9,145	9,172	3,852	3,934	3,830	3,888
Camping permits - RV's	4,110	3,631	3,668	4,090	combined	combined	4,988	5,621	5,250	5,515
Library										
Number of Visitors	129,600	124,102	115,118	123,015	126,030	125,441	132,402	133,186	91,301	88,372
Number of Library cards	652	852	793	10,695	11,717	10,720	10,405	10,055	9,812	9,073
Internet Users	47,229	48,184	49,640	48,270	45,887	44,987	-	40,041	-	19,145
Public Works										
Work orders	6,641	6,975	7,737	7,426	7,509	6,573	6,553	6,761	6,852	6,758
Water										
Number of Consumers	1,643	1,780	1,585	1,559	1,541	1,450	1,445	1,406	1,406	1,373
Water usage in millions gal	139.6	129.9	121.9	135	1,308.0	1,503.0	142.2	145.1	137.5	179.0
Wastewater										
Number of Consumers	1,698	1,657	1,513	1,490	1,445	1,444	1,432	1,354	1,354	1,280
Port & Harbor										
Harbor Assists	361	698	253	333	196	150	143	197	220	298
Dock Landings	1,344	1,669	911	843	150	421	226	202	162	139
Ice sales (ton)	2,045	2,723	2,584	3,182	4,385	4,434	3,776	3,826	3,333	4,261
Crane hours billed	2,157	2,599	2,270	2,364	2,795	3,134	2,672	2,574	2,535	2,819
Halibut landings (million tons)	4	7	4	6	11	12	9	10	10	10

Notes: Above statistical information received directly from the various City of Homer Departments.

City of Homer, Alaska
Operating Assets Indicators by Function
Last Ten Fiscal Years

<i>Fiscal Year</i>	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Function by Program										
Emergency Services										
Number of Stations	2	2	1	1	1	1	1	1	1	1
Number of Fire Trucks	3	5	4	4	4	4	4	3	3	2
Number of Ambulances	2	2	2	2	2	2	2	2	2	2
Number of Employees/ Volunteers	6 41	5 38	5 43	5 46	5 41	5 39	5 39	5 39	5 38	5 37
Police Protection										
Number of Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	12	12	13	0	12	12	12	11	10	9
Number of Employees	25	24	22	24	26	26	21	24	27	28
Public Works										
Miles of City-maintained streets	45.4	48.75	48.75	47.1	47.1	46.5	46.5	46.9	46.9	46.5
Water/ Sewer										
Miles of Water Lines	46.37	51.53	46.37	42.5	42.5	42.4	42.4	42.4	42.3	42.1
Miles of Sewer Lines	54.98	60.3	54.98	49.2	49.2	49.2	49.2	49.2	49.2	48.7
Parks & Recreation										
Number of Parks	23	23	18	18	18	18	18	18	18	18
Acres	518.6	518.6	285.9	285.9	285.9	518.2	518.2	518.2	267.4	267.4
Library										
Volumes	45,375	43,424	49,609	47,748	44,072	43,148	42,812	40,181	36,984	34,791
Circulation	130,039	108,146	105,387	104,299	108,166	101,290	99,511	98,815	99,020	89,964
Public use computers	50	20	19	20	18	18	18	18	6	6
Port & Harbor										
Small Boat Harbor - stalls	920	105	920	920	920	920	920	920	920	920
Transient space square feet	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000

Notes: Above statistical information received directly from the various City of Homer Departments.

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Single Audit



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3601 C Street, Suite 600
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor and Members of the City Council
City of Homer, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Homer, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise City of Homer's basic financial statements, and have issued our report thereon dated June 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Homer's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Homer's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Homer's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material* weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Homer's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Homer's Response to Findings

City of Homer's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Homer's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
June 10, 2015



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3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Honorable Mayor and Members of the City Council
City of Homer, Alaska

Report on Compliance for Each Major State Program

We have audited City of Homer's (the City's) compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of the City's major state programs for the year ended December 31, 2014. The City's major state programs are identified in the accompanying schedule of state financial assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Homer's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Program

In our opinion, City of Homer, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2014.

Report on Internal Control over Compliance

Management of City of Homer is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompany schedule of findings and questioned costs as item 2014-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

City of Homer's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Homer's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
June 10, 2015

City of Homer, Alaska

Schedule of Findings and Questioned Costs Year Ended December 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> (none reported)
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

State Financial Assistance

Internal control over major programs:		
Material weakness(es) identified?	<u> X </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> (none reported)
Type of auditor's report issued on compliance for major programs:	Unmodified	
Dollar threshold used to distinguish a major state program:		\$ 100,000

Section II - Financial Statement Findings Required to be Reported in Accordance with <i>Government Auditing Standards</i>
--

Finding 2014-001 Material Weakness - Financial Reporting

Criteria: Financial reporting should be done in accordance with the financial reporting framework of U.S. Generally Accepted Accounting Principles (GAAP) and in accordance with pronouncements issued by GASB.

Condition: We identified a number of accounts that were not fully reconciled or presented in accordance with U.S. GAAP. Journal entries were identified that needed to be made to correct the accounts to be reported fairly under U.S. GAAP.

Context: There were adjustments made to accrued leave, prepaids, capital assets, unearned revenue, accounts receivable, grant revenue, bond premiums, cash, long term liabilities, transfers, and expenditures.

Effect: Items reported in the financial statements were not presented in accordance with U.S. GAAP, particularly with areas associated with external financial reporting.

Cause: A shortage of staff and experience led to accounts not being closed in a timely manner.

Recommendation: It is recommended that the City monitor the year-end closing process more closely.

City of Homer, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2014

*Views of Responsible
Officials and Planned*

Corrective Actions: See the corrective action plan.

Finding 2014-002 **Material Weakness - Grants Management - Preparation of the State and Federal Expenditure Schedules**

Criteria: Internal controls should be established to ensure proper and accurate financial reporting in accordance with generally accepted accounting principles (GAAP). State and federal financial assistance schedules should reflect expenditures incurred in the current year associated with active grants.

Condition: The schedules of state and federal financial assistance and were not fully reconciled at year end. In addition, a prior period adjustment was recorded to the financial statements in connection with the State TORA revenue not being properly reported on the state schedule in the prior year. This item alone was a \$1,872,622 adjustment. Other material adjustments were required to the state and federal schedules.

Context: The schedule of federal awards and the schedule of state financial assistance were incomplete and did not contain all financial assistance received. Although the City did not meet the threshold for a federal single audit in 2014, the federal schedule still needs to be completed in an accurate manner in order to facilitate that determination.

Effect: Several material adjustments were required to complete the year-end financial statements in accordance with GAAP and the single audit requirements.

Cause: The state and federal revenue accounts were not fully closed prior to the audit. There was insufficient communication between the program personnel and the finance office with regards to the TORA activity. Turnover in personnel at year end contributed to the errors.

Recommendation: We recommend the City should reconcile and adjust the general ledger to match the financial reports submitted for reimbursement. Open communications between the program managers and the finance office should be maintained. Reconciliation and closing functions should be performed timely at month-end, quarter-end, and at year-end to allow for financial statement preparation.

*Views of Responsible
Officials and Planned*

Corrective Actions: See the corrective action plan.

City of Homer, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2014

Section III State of Alaska Award Findings and Questioned Costs

Finding 2014-002 **Material Weakness - Grants Management - Preparation of the Schedule of State Financial Assistance**

Program State of Alaska, Department of Transportation and Public Facilities
TORA - Homer Spit Pathway

See Finding 2014-002 at Section II - Financial Statement Findings above.

Questioned costs: None reported.

City of Homer, Alaska

Summary Schedule of Prior Audit Findings Year Ended December 31, 2014

Financial Statement Findings

Finding 2013-001 Significant Deficiencies - Financial Reporting

Status This finding has been revised as item 2014-001. The item has been elevated to material weakness status.

State of Alaska Award Findings

There were no prior year audit findings.

City of Homer, Alaska
Corrective Action Plan
Year Ended December 31, 2014

Persons Responsible: Zhiyong Li, Finance Director
Laurie Moore, Accounting Supervisor
907-235-3140

Financial Statement Findings

Finding 2014-001 Significant Deficiency - Financial Reporting

Corrective Action: The cross training is ongoing; however, it has been progressing in a much slower pace than anticipated. More efforts and targeted training will be implemented to emphasize on teamwork and shared responsibilities. These kind problems (unreconciled accounts) can be eliminated or detected at an early stage.

Expected Completion: The initial phase will be done in 2015. The effort will be ongoing.

Finding 2014-002 Material Weakness - Grants Management - Preparation of the State and Federal Expenditure Schedules

Corrective Action: Previously, there were unsuccessful measures implemented to address the insufficient communication issue. Started in November 2014, Finance Department and Human Resources worked together to investigate the problem and determined to find a solution. The issue has been resolved.

Expected Completion: Completed

State of Alaska Award Findings

Finding 2014-002 Material Weakness - Grants Management - Preparation of the Schedule of State Financial Assistance

Corrective Action: Previously, there were unsuccessful measures implemented to address the insufficient communication issue. Started in November 2014, Finance Department and Human Resources worked together to investigate the problem and determined to find a solution. The issue has been resolved.

Expected Completion: Completed

CALL TO ORDER
PLEDGE OF ALLEGIANCE
AGENDA APPROVAL

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



SPECIAL MEETING
6:00 P.M. MONDAY
JUNE 15, 2015
COWLES COUNCIL CHAMBERS

MAYOR BETH WYTHE
COUNCIL MEMBER FRANCIE ROBERTS
COUNCIL MEMBER DAVID LEWIS
COUNCIL MEMBER BRYAN ZAK
COUNCIL MEMBER BEAUREGARD BURGESS
COUNCIL MEMBER GUS VAN DYKE
COUNCIL MEMBER CATRIONA REYNOLDS
CITY ATTORNEY THOMAS KLINKNER
CITY MANAGER KATIE KOESTER
CITY CLERK JO JOHNSON

SPECIAL MEETING AGENDA

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

1. CALL TO ORDER, PLEDGE OF ALLEGIANCE

Councilmembers Van Dyke and Zak have requested excusal.

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

2. AGENDA APPROVAL

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

3. PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

4. RECONSIDERATION

5. CONSENT AGENDA

(Items listed below will be enacted by one motion. If separate discussion is desired on an item, that item may be removed from the Consent Agenda and placed on the Regular Meeting Agenda at the request of a Councilmember.)

- A. Homer City Council unapproved Special and Regular meeting minutes of May 26, 2015.
City Clerk. Recommend adoption. **Page 165/167**

- B. **Memorandum 15-081**, from Mayor, Re: Appointment of Anna Rodriguez Sansom to the Economic Development Advisory Commission and Reappointments of Don Stead and Roberta Highland to the Advisory Planning Commission. **Page 191**
- C. **Memorandum 15-082**, from City Clerk, Re: Liquor License Transfer for Beluga Lake Lodge and Best Western Bidarka Inn/Otter Room. **Page 197**
- D. **Ordinance 15-19**, An Ordinance of the Homer City Council, Amending Homer City Code Chapter 9.16 to Revise HCC 9.16.040, HCC 9.16.100, and Add HCC 9.16.110 Repealing the Seasonal Sales Tax Exemption as Applied to Certain Categories of Nonprepared Foods, Including But Not Limited to Cakes, Cookies, Ice Cream, Candy, Chips, and Frozen Pizzas. Lewis. Recommended dates: Introduction June 15, 2015, Public Hearing and Second Reading June 29, 2015. **Page 219**
- E. **Ordinance 15-20**, An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating an Alaska Department of Environmental Conservation Municipal Matching Grant in The Amount of \$1,922,577 and Authorizing a 30% Matching Requirement From the Homer Accelerated Water And Sewer Fund (HAWSP) in the Amount of \$576,773.10 for the Purpose of Completing the Water Distribution/Storage Improvement Project and Authorizing the City Manager to Execute the Appropriate Documents. City Manager/Public Works Director. Recommended dates: Introduction June 15, 2015, Public Hearing and Second Reading June 29, 2015. **Page 231**
- F. **Ordinance 15-21**, An Ordinance of the City Council of Homer, Alaska, Amending the FY 2015 Operating Budget by Appropriating \$277,335.45 to Pay for Homer Natural Gas Special Assessment District Assessments of 85 City Lots From Various City Reserve Funds. City Manager. Recommended dates: Introduction June 15, 2015, Public Hearing and Second Reading June 29, 2015. **Page 237**
- G. **Ordinance 15-22**, An Ordinance of the City Council of Homer, Alaska, Declaring That Lillian Walli Estates Subdivision Lots 57-60, 65-67, and 70 No Longer Need to Be Retained For a Public Purpose as No Public Need Exists For Retaining the Property and Releasing HM0880016 T06S R14W S24 Lillian Walli Estate Sub Lot 60, 65, 66, 67, 70, 57, 58, 59 For Sale Subject to Land Disposal Proceedings Under the Homer City Code. City Manager. Recommended dates: Introduction June 15, 2015, Public Hearing and Second Reading June 29, 2015. **Page 251**

H. **Resolution 15-042**, A Resolution of the City Council of Homer, Alaska, Supporting Salmon Habitat Buffers on Lakes and Streams in the Kenai Peninsula Borough. Lewis. Recommend adoption. **Page 267**

I. **Resolution 15-043**, A Resolution of the City Council of Homer, Alaska, Urging the U.S. Navy to Change Training Exercises in the Gulf of Alaska. Zak/Roberts. Recommend adoption. **Page 269**

J. **Resolution 15-044**, A Resolution of the Homer City Council Disbanding the Port and Harbor Building Task Force. Mayor. Recommend adoption. **Page 279**

Memorandum 15-083 from Port and Harbor Building Task Force as backup.

Page 281

K. **Resolution 15-045**, A Resolution of the City Council of Homer, Alaska, Directing the Administration to Issue a Request for Proposals for Ambulance and Emergency Medical Billing Services. City Manager. Recommend adoption. **Page 283**

Memorandum 15-085 from Finance Director as backup.

Page 285

L. **Resolution 15-047**, A Resolution of the City Council of Homer, Alaska, Changing Dates for Payment of Assessments for the Homer Natural Gas Special Assessment District. City Manager. Recommend adoption. **Page 287**

Memorandum 15-084 from City Manager as backup.

Page 289

M. **Resolution 15-048**, A Resolution of the City Council of Homer, Alaska, Noting the Sufficiency of the Petition for the Lillian Walli Fairview Avenue Road Reconstruction and Paving and Sewer Improvements Special Assessment District and Setting the Public Hearing Date for September 14, 2015. City Clerk/Public Works Director. Recommend adoption. **Page 295**

Memorandum 15-086 from Public Works Director as backup.

Page 297

N. **Memorandum 15-087**, from Finance Director, Re: 2016 Proposed Budget Development Schedule. **Page 309**

6. VISITORS

- A. Michelle Drew, BDO, Auditor’s Report, 10 minutes. **Page 11**
- B. Robert Letson, South Peninsula Hospital, 10 minutes **Page 315**
- C. Friends of the Homer Library, Library Western Lot Improvements, 10 minutes
Page 323
- 7. ANNOUNCEMENTS/PRESENTATIONS/BOROUGH REPORT/COMMISSION REPORTS**
- A. Borough Report
- B. Commissions/Board Reports:
 - 1. Library Advisory Board
 - 2. Homer Advisory Planning Commission
 - a. Minutes of June 3, 2015 **Page 329**
 - 3. Economic Development Advisory Commission
 - 4. Parks and Recreation Advisory Commission
 - 5. Port and Harbor Advisory Commission
- C. Thank You From Kachemak Heritage Land Trust for Grant Award Through The Homer Foundation **Page 337**
- 8. PUBLIC HEARING(S)**
- A. **Ordinance 15-14**, An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating a Commercial Vessel Passenger Tax Program Grant from the Kenai Peninsula Borough for FY 2014 in the Amount of \$13,925.00 and Authorizing the City Manager to Execute the Appropriate Documents. City Manager. Introduction May 26, 2015, Public Hearing and Second Reading June 15, 2015. **Page 345**
- B. **Ordinance 15-15**, An Ordinance of the City Council of Homer, Alaska, Purchasing Tax Foreclosure Property, Kenai Peninsula Borough (KPB) Tax Parcel Number 173-052-19 and Designating its Use for Public Purpose and Authorizing the City Manager to

Execute the Appropriate Documents. City Manager. Introduction May 26, 2015, Public Hearing and Second Reading June 15, 2015. **Page 365**

C. **Ordinance 15-16**, An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code 3.05.012, Complete Financial Plan, to Exclude State Revenue Sharing From Income in the City Budget. Mayor. Introduction May 26, 2015, Public Hearing and Second Reading June 15, 2015. **Page 377**

D. **Ordinance 15-17**, An Ordinance of the City Council of Homer, Alaska, Amending Ordinance 13-03(S)(2) to Permit the City to Prepay Principal of the Natural Gas Distribution Special Assessment Bond Authorized by Ordinance 13-02(S)(2), and Authorizing an Amendment to the Loan Agreement Between the City and the Kenai Peninsula Borough Regarding the Bond. City Manager. Introduction May 26, 2015, Public Hearing and Second Reading June 15, 2015. **Page 385**

Ordinance 15-17(S), An Ordinance of the City Council of Homer, Alaska, Amending Ordinance 13-03(S)(2) to Permit the City to Prepay Principal of the Natural Gas Distribution Special Assessment Bond Authorized by Ordinance 13-02(S)(2), and Authorizing an Amendment to the Loan Agreement Between the City and the Kenai Peninsula Borough Regarding the Bond. City Manager. **Page 391**

9. ORDINANCE(S)

10. CITY MANAGER'S REPORT

A. City Manager's Report **Page 427**

B. Bid Report **Page 459**

11. CITY ATTORNEY REPORT

12. COMMITTEE REPORT

A. Public Arts Committee

B. Permanent Fund Committee

C. Employee Committee Report

D. Port and Harbor Building Task Force

E. Public Safety Building Review Committee

F. Vessel Haul-Out Task Force

13. PENDING BUSINESS

14. NEW BUSINESS

15. RESOLUTIONS

A. **Resolution 15-046**, A Resolution of the Homer City Council Accepting the 2014 Comprehensive Annual Financial Report with Audit and Financial Statements and Acknowledging the Management Letter Submitted by the City's Independent Auditor, BDO, USA, LLP and Authorizing the City Manager to Execute the Financial Report. City Manager/Finance Director. **Page 471**

16. COMMENTS OF THE AUDIENCE

17. COMMENTS OF THE CITY ATTORNEY

18. COMMENTS OF THE CITY CLERK

19. COMMENTS OF THE CITY MANAGER

20. COMMENTS OF THE MAYOR

21. COMMENTS OF THE CITY COUNCIL

22. ADJOURNMENT

Next Special Meeting is Monday, June 29, 2015 at 6:00 p.m., Committee of the Whole 5:00 p.m., and Worksession 4:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PUBLIC COMMENTS
UPON MATTERS
ALREADY ON THE AGENDA

RECONSIDERATION

CONSENT AGENDA

Session 15-19 a Special Meeting of the Homer City Council was called to order on May 26, 2015 at 4:30 p.m. by Mayor Pro Tempore Francie Roberts 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, LEWIS, REYNOLDS, ROBERTS, VAN
DYKE, ZAK

STAFF: CITY MANAGER KOESTER
CITY CLERK JOHNSON
CITY ATTORNEY KLINKNER

AGENDA APPROVAL (Only those matters on the noticed agenda may be considered, pursuant to City Council's Operating Manual, pg. 5)

Mayor Pro Tempore Roberts called for a motion to approve the agenda.

BURGESS/LEWIS SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Memorandum 15-078 From City Clerk Re: Request for Executive Session Pursuant to AS 44.62.310 (a-c)(1 & 5) Matters, the Immediate Knowledge of Which Would Clearly Have an Adverse Effect Upon the Finances of the Government Unit, and Matters that are Attorney-Client Privilege (City of Homer v. Castner Supreme Court No. S-15890 Order).

Mayor Pro Tempore Roberts called for a motion for the approval of the recommendations of Memorandum 15-078 to meet In Executive Session to discuss City of Homer v. Castner Supreme Court No. S-15890 Order.

LEWIS/BURGESS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Mayor Pro Tempore Roberts called for a motion to adjourn to Executive Session.

BURGESS/LEWIS – SO MOVED.

There was no discussion.

VOTE: YES. LEWIS, BURGESS, ROBERTS, REYNOLDS, ZAK VAN DYKE

Motion carried.

The Council adjourned to Executive Session at 4:32 p.m. and reconvened the meeting at 4:52 p.m.

Councilmember Lewis stated the Council spoke with the attorney and he will bring forth a resolution on the reassessment of condos at our next meeting.

COMMENTS OF THE AUDIENCE

There were no comments of the audience.

ADJOURNMENT

There being no further business to come before the Council, Mayor Pro Tempore Roberts adjourned the meeting at 4:53 p.m. The next Regular Meeting is Monday, June 15, 2015 at 6:00 p.m., Committee of the Whole 5:00 p.m., and Special Meeting 4:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

JO JOHNSON, MMC, CITY CLERK

Approved: _____

Session 15-20 a Regular Meeting of the Homer City Council was called to order on May 26, 2015 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, LEWIS, REYNOLDS, ROBERTS, VAN DYKE, ZAK

STAFF: CITY MANAGER KOESTER
CITY CLERK JOHNSON
CITY ATTORNEY KLINKNER
CITY PLANNER ABBOUD
PORT AND HARBOR DIRECTOR HAWKINS
PUBLIC WORKS DIRECTOR MEYER

The Council met for a Special Meeting in Executive Session from 4:30 p.m. to 4:52 p.m. to discuss City of Homer v. Castner Supreme Court No. S-15890 Order. From 5:00 p.m. to 5:50 p.m. the Council met as a Committee of the Whole to discuss Water and Sewer Rates, Consent Agenda, and Regular Meeting Agenda items.

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

AGENDA APPROVAL

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

The following changes were made: **CONSENT AGENDA - Resolution 15-038(S)**, A Resolution of the Homer City Council Electing to Participate in the AMLJIA Loss Control Incentive Program for the City of Homer for the 2015-2016 Policy Year. City Manager/Finance Director. **ORDINANCES - Ordinance 15-17**, An Ordinance of the City Council of Homer, Alaska, Amending Ordinance 13-03(S)(2) to Permit the City to Prepay Principal of the Natural Gas Distribution Special Assessment Bond Authorized by Ordinance 13-02(S)(2), and Authorizing an Amendment to the Loan Agreement Between the City and the Kenai Peninsula Borough Regarding the Bond. City Manager. First Amendment to Loan Agreement as backup. **Ordinance 15-18(S)**, An Ordinance of the City Council of Homer, Alaska, Amending the FY 2015 Capital Budget by Appropriating ~~\$613,000~~ **\$621,500** From the General Fund Fund Balance to the Public Safety Building Project Account to Fund the New Public Safety Building to 35% Design. Mayor. **CITY MANAGER'S REPORT** -Memorandum 15-079 from City Manager, Re: Tax Revenue and Public Safety. Letter from Concerned Citizens and Business Owners of

Kachemak Bay, Re: Polystyrene Debris in Kachemak Bay. Letter from Department of Corrections, Re: FY 2016 Funding for Jail.

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

LEWIS/REYNOLDS – 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 May 11, 2015. City Clerk. Recommend adoption.
- B. **Memorandum 15-068**, from Mayor, Re: Reappointment of Patrick Brown to the Economic Development Advisory Commission.
- C. **Ordinance 15-14**, An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating a Commercial Vessel Passenger Tax Program Grant from the Kenai Peninsula Borough for FY 2014 in the Amount of \$13,925.00 and Authorizing the City Manager to Execute the Appropriate Documents. City Manager. Recommended dates: Introduction May 26, 2015, Public Hearing and Second Reading June 8, 2015.

Moved to Ordinances.

- D. **Ordinance 15-15**, An Ordinance of the City Council of Homer, Alaska, Purchasing Tax Foreclosure Property, Kenai Peninsula Borough (KPB) Tax Parcel Number 173-052-19 and Designating its Use for Public Purpose and Authorizing the City Manager to

Execute the Appropriate Documents. City Manager. Recommended dates: Introduction May 26, 2015, Public Hearing and Second Reading June 8, 2015.

Moved to Ordinances.

- E. **Ordinance 15-16**, An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code 3.05.012, Complete Financial Plan, to Exclude State Revenue Sharing From Income in the City Budget. Mayor. Recommended dates: Introduction May 26, 2015, Public Hearing and Second Reading June 8, 2015.

Moved to Ordinances.

- F. **Resolution 15-035**, A Resolution of the City Council of Homer, Alaska, Requesting That the United States Coast Guard Continue to Maintain and Upkeep the Oil Spill Response Caches Located in Kachemak Bay, Cook Inlet, and the State of Alaska. Reynolds/Burgess. Recommend adoption.
- G. **Resolution 15-036**, A Resolution of the Homer City Council Awarding the Contract to Create a Municipal Art Baseline Inventory to Far North Photography of Homer, Alaska, in the Amount of \$3,700 and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk. Recommend adoption.

Memorandum 15-071 from Public Arts Committee as backup.

- H. **Resolution 15-037**, A Resolution of the Homer City Council Awarding the 2015 Septic Tank Pumping Contract to Homer Septic Services of Homer, Alaska, in the Amount of \$35,510.00 and Authorizing the City Manager to Execute the Appropriate Documents. City Clerk. Recommend adoption.

Memorandum 15-072 from Permit Technician as backup.

- I. **Resolution 15-038**, A Resolution of the Homer City Council Electing to Participate in the AMLJIA Loss Control Incentive Program for the City of Homer for the 2014-2015 Policy Year. City Manager/Finance. Recommend adoption.

Resolution 15-038(S), A Resolution of the Homer City Council Electing to Participate in the AMLJIA Loss Control Incentive Program for the City of Homer for the 2015-2016 Policy Year. City Manager/Finance Director.

- J. **Resolution 15-039**, A Resolution of the City Council of Homer, Alaska, Establishing a 2015 Mill Rate of 9.962541 Mills for the Ocean Drive Loop Special Service District. City Manager. Recommend adoption.
- K. **Resolution 15-040**, A Resolution of the Homer City Council Establishing the Property Tax Mill Levy Rate at 4.5 for 2015. City Manager. Recommend adoption.

Moved to Resolutions.

- L. **Resolution 15-041**, A Resolution of the City Council of Homer, Alaska, Approving a Five-Year General Concession Lease at the Homer Airport Terminal for Daniel Lush, dba Flying Whale Coffee, and Authorizing the City Manager to Execute the Appropriate Documents. City Manager. Recommend adoption.

Memorandum 15-073 from City Manager as backup.

- M. **Memorandum 15-070**, from City Clerk, Re: Travel Authorization for Mayor Wythe to Attend the “Building a Sustainable Future: Conversation with Alaskans” Discussion June 5-7, 2015 at University of Alaska Fairbanks.

Items C, D, and E, Ordinances 15-14, 15-15, and 15-16 were moved to Ordinances, Items C, D, and E. Roberts.

Item K, Resolution 15-040 was moved to Resolutions, Item A. Zak.

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

LEWIS/REYNOLDS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VISITORS

- A. Cody Davidson and Mike Hurd, Youth On Record Alaska

Cody Davidson, Mike Hurd, and Anna Meredith reported on Youth On Record Alaska. Digital music production classes are held as a means to facilitate healthy choices for teens. The

R.E.C. Room is open Monday through Friday 3:00 p.m. to 6:00 p.m. They help kids deal with crisis, transitions, and make referrals. The programs are grant and donation funded. More information can be found at homerrecroom.org. A fundraising event is scheduled for May 27 at 8:00 p.m. at the Pratt Museum.

ANNOUNCEMENTS/PRESENTATIONS/BOROUGH REPORT/COMMISSION REPORTS

- A. Mayor's Proclamation Mary Epperson Day June 6, 2015
- B. Borough Report
- C. Commissions/Board Reports:
 - 1. Library Advisory Board

Library Advisory Board Member Patrick Brown reported on the Library's increased activity of students and patrons. The award winning library has thousands of volumes of books to share. Library staff works diligently to keep things clean. An inventory control theft system has been serviced to ensure materials are not stolen. Obtaining a library card is easy and benefits all patrons. Twice the City of Homer has received the eCity Award from Google. The Library provides computers and printers to help job-seeking applicants and small businesses. WiFi, new computer systems, and emergency backup power supplies are being requested to provide the library with faster and more reliable service for staff and patrons. Several projects are underway at the Library including the adjacent lot that has been cleared. Cleanup continues this weekend. An architect and gardeners have provided exciting opportunities for use and enjoyment of the land and resources. For the youth the Library provides life skills and positive solutions for career selection. Programs include TERC (Testing and Education Reference Center), genealogy group, Mango languages, public meeting resources, children's library, and amateur radio. Homer Friends of the Library supports SPARK (South Peninsula Amateur Radio Klub) and Ham Radio training classes. Last session all nine students passed. Trainings were at no cost to the students as the Friends donated resources. The Library has accomplished much and continues to expand its mission to serve all patrons. It is many hearts, minds, and hands uniting for the greater good and investing in our future.

- 2. Homer Advisory Planning Commission
 - a. Minutes of May 6, 2015
- 3. Economic Development Advisory Commission
- 4. Parks and Recreation Advisory Commission

Parks and Recreation Advisory Commissioner Robert Archibald reported on the Recreation Symposium at the high school that included every recreation group in town. We are advertising for a park host for Karen Hornaday Park. New signs at Jack Gist Park, WKFL Park, and End of the Road Park will soon be erected. The City has renewed their membership with the Alaska Parks and Recreation Association. A membership meeting this fall will draw several hundred people here. The commission is still reviewing a recreational service area and beach policies. At the last meeting over 25 people testified on beach access. The commission has been working on beach issues for the last four to five months and has reviewed lots of ideas. Nationwide Information indicates vehicles are not environmentally good for the beaches. Changes will be coming forward for both vehicle and dog access to the beaches. The next public meeting is June 18 and the commission will bring the beach policies to the council at a June 29th Workession. Highland Games are scheduled for June 20th.

5. Port and Harbor Advisory Commission

6. Cannabis Advisory Commission

Councilmember Burgess announced the first meeting will be on Thursday at 5:00 p.m.

D. Thank You from Rotary Club of Homer-Kachemak Bay for hosting Russian Open Work Team from Yakutsk, Siberia

PUBLIC HEARING(S)

A. **Ordinance 15-09**, An Ordinance of the City Council of Homer, Alaska, Amending Subsection (d) of Homer City Code Section 21.58.020, Installation Requirements, to Delete the One-Acre Minimum Lot Area for Small Wind Energy Systems. Zak. Introduction April 13, 2015, Referred to Planning Commission, Public Hearing and Second Reading May 26, 2015.

Memorandum 15-069 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 15-09 by reading of title only for second and final reading.

BURGESS/REYNOLDS – SO MOVED.

There was no discussion.

VOTE: YES. BURGESS, REYNOLDS, ZAK, VAN DYKE

VOTE: NO. LEWIS, ROBERTS

Motion carried.

- B. **Ordinance 15-13**, An Ordinance of the Homer City Council, Enacting Homer City Code Chapter 9.20, Hotel Tax; and Submitting to the Qualified Voters of the City at the October 6, 2015 Regular City Election the Question of Levying a Tax of 2.5% in Addition to the General City Sales Tax on Rent for Occupancy of a Room in a Hotel, Motel, Inn, Bed and Breakfast or Similar Structure. Lewis. Introduction May 11, 2015, Public Hearing and Second Reading May 26, 2015.

Memorandum 15-065 from City Manager as backup.

Mayor Wythe opened the public hearing.

Pat Malone, city resident, urged Council to vote no. We already pay twice as much in sales tax and adding the bed tax will make it three times more and reduce the amount of visitors.

Coletta Walker, city resident, spoke in opposition to the tax as city businesses already have to compete against the 7.5% sales tax from businesses outside city limits. AAA and AARP look at the taxes; they are a big part of our business.

Mike Warburton, city resident, opposes the tax. People ask about bed and sales tax. Added taxes exploit and gouge people and they will trim their stay or not go at all. In 2005 Homer voted 65% against bed tax. He suggested a 1% tourism tax.

Kevin Hogan, city resident, commented the tax it is a bad idea and the Council has no authority to dedicate tax revenues.

Adrienne Sweeney, city resident, spoke in opposition to the tax. Most of her guests are Alaskans 65%; and in the winter 90% locals. It is a dedication of taxes and the city attorney said funds cannot be dedicated. Economic growth is the answer and supporting small business will generate more revenue.

Tom Bos, city resident, opposes the bed tax and was dismayed when he read that people won't notice this. People should be charged for riding on the beaches, recreation, dumping, and tax on food all year round so we are getting money from everyone.

Paula Riley, city resident, opposes the bed tax as people are already taxed for their entire stay with the absence of the \$500 sales tax cap. The tax will hurt businesses if people stay outside city limits to avoid the tax.

Anna Rodriguez Sansom, city resident, opposes the tax. People already ask if she will discount the rate to cut the tax. They won't be buying gas here, meals, and spending money on trinkets. There are other ways to make economic development.

Keri-Ann Baker, Homer resident, spoke in opposition to the bed tax. It would place an overwhelming burden on a small business. She requested an opinion from the attorney on the validity of a dedicated tax.

Sarah Vance, city resident, is opposed to the bed tax. We want Homer to be a town people come and enjoy without people saying it is really expensive. There are lots of great places to spend money in Homer and we want people to enjoy and continue to make economic growth.

Rick Fetterhoff, city resident, expressed opposition to the bed tax. Homer is a discretionary destination and there is a certain tolerance of what people put up with. He suggested a broad based small percentage tax, if one is needed.

Pat Brown, Homer resident, opposes the bed tax. Homer has become a destination people want to come to; no tax is the impetus to allow them to come. He sees groups that advocate for people with disabilities also advocate for prices. Once taxes are invoked they won't reverse. He asked that we give our small businesses a chance to grow, nurture, and develop and ask the Economic Development Advisory Commission to explore options for economic development.

Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Ordinance 15-13 by reading of title only for second and final reading.

LEWIS/REYNOLDS - SO MOVED.

Councilmember Lewis explained the history of the bed tax. The Kenai Peninsula Borough Assembly passed a bed tax. The Borough Mayor vetoed it saying people of Homer didn't want the rest of the borough telling them what to do. Councilmember Lewis would like the people of Homer to have a say. The ordinance would then go to the Borough for approval. Voters would be voting on a dedicated tax as they did with HART and HAWSP funds. He questioned Attorney Klinkner on the legality of the dedicated tax.

Attorney Klinkner advised it is legal to dedicate taxes. There is no specific precedent whether municipalities can dedicate tax revenues to particular purposes. Dedicating local tax revenues is widespread across the state and is had not been questioned for a number of years.

Councilmember Zak was declared to have a conflict of interest at the last meeting and an attorney opinion was requested. Attorney Klinkner concluded he had no conflict of interest with the ownership of a bed and breakfast.

Councilmember Burgess expressed opposition to imposing a tax. This is an advisory vote, an idea of posing the question to the voters. Seward has almost a \$3M marketing budget from ship and bed taxes. That is one of the biggest reasons someone will go to Seward instead of Homer. Valley cities Palmer, Wasilla, and Anchorage have a \$1.5M marketing budget. Homer has a line item of \$51,000 that goes to the Chamber of Commerce. We also made one ad buy in a book. We are riding on the awesomeness of our place which is riding on a fishery. Waiting for the fishery to get better is not a solution. Not raising taxes at all is not a solution. We need to be competitively marketing ourselves..

Mayor Wythe clarified this is not an advisory vote. It is for the voters to approve an increase of tax. If passed, the Council would not have the authority to change the allocation of the funds. If the voters vote yes it will go to the Borough Assembly; if they vote no the entire ordinance is void.

Councilmember Zak counted the cost this could have on the local economy, including the expense of putting it on the ballot and the citizens' time. A .5% property tax or 1% tourism tax may be more fair. This could hurt us when looking at changes to halibut regulations. As a bed and breakfast owner he has been asked to discount the tax rate. We need to stop this here tonight and not go before the voters. If voters vote to tax the minority group we are taxing an economic industry that doesn't have a sales tax cap.

Councilmember Reynolds commented Councilmember Lewis brought the ordinance forward as we are facing a lot of pressure for a rec area. Although she sees the value of the charter fishing industry, kayaking and hiking appeal to her. Sales tax on food is an unfair tax for people of the lowest incomes. Tourism tax is hard to enforce since there is so much grey area between what locals and tourists want to do.

Mayor Wythe noted twelve years ago the City separated taxation since so much of the community is not in City of Homer proper. We removed part of the mill rate to increase sales tax for the library. As we look at a tax increase, property tax is much smaller than the user community. Sales tax makes a lot more sense for everyone's participation. The conversation will be needed in the near term. We increased sales tax after the voters voted to build the library with no funding. We then came back in six months after discussion and education and the voters supported the sales tax increase. The money that increased support to the library is not with us for months without the food tax. It is easy to say tighten the budget but that means cutting crucial services that allow us to enjoy living here. We could close the library and community schools but we still need police, fire, and public works. Our only source of revenue is through taxation. We have cut the budget substantially year after year and the Council struggles year after year with the budget.

Councilmember Burgess urged the Council if they are not going to proactively look for solutions to balance the budget it is poor form to advocate spending monies if you are not looking for ways to generate revenues. If you are going to make compelling arguments use factual arguments rather than an emotional appeal.

Councilmember Zak commented the citizens here tonight are paying for marketing and are doing so much more to market and sell Homer. Knowing how much work these people put into the community to survive we have to discover a new way to survive. There are many other ways to find revenue streams. Do we want to spend \$649,000 to take something to the 35% design phase? We have to look at employees, the biggest cost to our city. We pay for health care for all the employees; IBM no longer does.

Councilmember Lewis commented on charging employees for health care when they were hired and promised not to have to pay for it. The \$600,000+ is not raising any money. We have to look at ways to raise funding since costs keep increasing. He doesn't want to single any individual group or business. There are a number of people that have asked him why we don't have a bed tax. Now will be their chance to say yes or no. You can't cut your way out of economic problems because you will lose what becomes the community of Homer. The nonprofits take up a lot of the slack the City can't afford to do.

Councilmember Zak said we have looked at selling land and putting it back on the tax rolls. There is a lot we can do besides implementing an additional tax. We have to look at something equally, not just the minority. He doesn't want to lose our citizens along the road. He doesn't want to put it on the ballot due to costs and citizens' time.

VOTE: YES. ROBERTS, LEWIS

VOTE: NO. REYNOLDS, ZAK, BURGESS, VAN DYKE

Motion failed.

Mayor Wythe called for a recess at 7:25 p.m. and reconvened the meeting at 7:32 p.m.

ORDINANCE(S)

- A. **Ordinance 15-17**, An Ordinance of the City Council of Homer, Alaska, Amending Ordinance 13-03(S)(2) to Permit the City to Prepay Principal of the Natural Gas Distribution Special Assessment Bond Authorized by Ordinance 13-02(S)(2), and Authorizing an Amendment to the Loan Agreement Between the City and the Kenai Peninsula Borough Regarding the Bond. City Manager. Recommended dates: Introduction May 26, 2015, Public Hearing and Second Reading June 8, 2015.

Mayor Wythe called for a motion for the adoption of Ordinance 15-17 for introduction and first reading by reading of title only.

LEWIS/BURGESS – SO MOVED.

Attorney Klinkner advised Mayor Wythe has no conflict of interest since the improvements for the gas district have been constructed and assessments have been levied.

ROBERTS/BURGESS - MOVED TO HAVE THE PUBLIC HEARING AND SECOND READING ON JUNE 15TH.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- B. **Ordinance 15-18**, An Ordinance of the City Council of Homer, Alaska, Amending the FY 2015 Capital Budget by Appropriating \$613,000 From the General Fund Fund Balance to the Public Safety Building Project Account to Fund the New Public Safety Building

to 35% Design. Mayor. Recommended dates: Introduction May 26, 2015, Public Hearing and Second Reading June 8, 2015.

Memorandum 15-074 from City Manager as backup.

Ordinance 15-18(S), An Ordinance of the City Council of Homer, Alaska, Amending the FY 2015 Capital Budget by Appropriating ~~\$613,000~~ **\$621,500** From the General Fund Fund Balance to the Public Safety Building Project Account to Fund the New Public Safety Building to 35% Design. Mayor.

Mayor Wythe called for a motion for the adoption of Ordinance 15-18 for introduction and first reading by reading of title only.

LEWIS/BURGESS - SO MOVED.

Mayor Wythe called for a motion to substitute Ordinance 15-18(S) for Ordinance 15-18.

LEWIS/BURGESS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

ROBERTS/BURGESS - MOVED TO CHANGE THE PUBLIC HEARING AND SECOND READING TO JUNE 29TH.

Mayor Wythe commented in the absence of State funding we have momentum behind the project to follow through to 35% design. If anything changes with funding we can take the project forward or to the voters for bond funding. If we stop now we have nothing to take forward. She is requesting the allocation of State Revenue Sharing funds for the project.

Mayor Wythe noted funds from 2015 distributed in 2014 were unallocated and we have an excess revenue. It is close to equal of the State Revenue Sharing for 2014. In past years State Revenue Sharing has been used to balance the budget, although it should be separated from the annual budget. Funds for the public safety building design to 35% will come from the general fund that includes State Revenue Sharing. We have to get off the dependency of using State Revenue Sharing as it will be discontinued within the next two years.

The Council discussed the importance of fire, public safety, and police. OSHA says we will provide a safe working environment. Currently we cannot keep employees safe from

prisoners. The Fire Department is a high need, but the Police is a critical need. The project has been on the CIP for 20 years and we have not done anything.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- C. **Ordinance 15-14**, An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating a Commercial Vessel Passenger Tax Program Grant from the Kenai Peninsula Borough for FY 2014 in the Amount of \$13,925.00 and Authorizing the City Manager to Execute the Appropriate Documents. City Manager. Recommended dates: Introduction May 26, 2015, Public Hearing and Second Reading June 8, 2015.

Mayor Wythe called for a motion for the adoption of Ordinance 15-14 for introduction and first reading by reading of title only.

LEWIS/REYNOLDS - SO MOVED.

LEWIS/ROBERTS - MOVED TO AMEND FOR THE SECOND READING AND PUBLIC HEARING TO BE ON JUNE 15TH.

The Council discussed the disparity between funds Seward and Homer receive for cruise ships. We need to figure a way to get cruise ships to come to Homer instead of Seward.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- D. **Ordinance 15-15**, An Ordinance of the City Council of Homer, Alaska, Purchasing Tax Foreclosure Property, Kenai Peninsula Borough (KPB) Tax Parcel Number 173-052-19 and Designating its Use for Public Purpose and Authorizing the City Manager to Execute the Appropriate Documents. City Manager. Recommended dates: Introduction May 26, 2015, Public Hearing and Second Reading June 8, 2015.

Councilmember Burgess declared a potential conflict of interest as he owns property within 300 ft. of the subject parcel.

City Attorney Klinkner advised there is little to no effect on the value of Councilmember Burgess' property resulting from the City purchasing the parcel.

Mayor Wythe called for a motion for the adoption of Ordinance 15-15 for introduction and first reading by reading of title only.

LEWIS/REYNOLDS – SO MOVED.

ROBERTS/LEWIS - MOVED TO AMEND THE PUBLIC HEARING AND SECOND READING TO JUNE 15TH.

There was no discussion.

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

Motion carried.

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

Motion carried.

- E. **Ordinance 15-16**, An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code 3.05.012, Complete Financial Plan, to Exclude State Revenue Sharing From Income in the City Budget. Mayor. Recommended dates: Introduction May 26, 2015, Public Hearing and Second Reading June 8, 2015.

Mayor Wythe called for a motion for the adoption of Ordinance 15-16 for introduction and first reading by reading of title only.

LEWIS/REYNOLDS - SO MOVED.

The Council discussed the declining State Revenue Sharing and the need to stop relying on it to balance the budget. The Council may allocate State Revenue Sharing for a specific use with the passage of Ordinance 15-16.

ROBERTS/LEWIS - MOVED TO CHANGE THE PUBLIC HEARING AND SECOND READING TO JUNE 15TH.

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

Motion carried.

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

Motion carried.

CITY MANAGER'S REPORT

A. City Manager's Report

1. Memorandum 15-076 from City Manager, Re: Process for land sales.
2. Memorandum 15-075 from IT Manager, Re: Telephonic Participation at Council Meetings.
3. Memorandum 15-079 from City Manager, Re: Tax Revenue and Public Safety

Bridge Creek Watershed Lots for Sale

I was approached by Aryn Young and Beau Burgess of Porcupine LLC regarding lots for sale in the Bridge Creek Watershed (see attached map). According to Planning Director Abboud, at a minimum 2 of these lots, lots 17368015 and 17368014 are rich with tributaries and would be very beneficial for the preservation of the watershed (see attached map). The assessed value of the lots is \$16,300 and \$20,000, however the lot owner is asking \$55,000 for both parcels. The lots would need to be appraised before they could be purchased by the City to determine fair market value. The City Council would need to identify a source of funding for land purchase. There is the Land Reserve fund, however it currently carries a small negative balance (-\$200). One option would be for the Council to advance with the land sales proposed in the Land Allocation Plan with the intention of building up the fund and pursuing purchase of the lots at a later date. A second option would be to transfer funds from the General Fund to the Land Reserve Fund (this is what is proposed in the resolution before you today authorizing the purchase of 40 acres of foreclosed property in the watershed from the Borough). However, Ms. Young indicated a desire to put the lots on the market in the near future, which means the City runs the risk of the lots selling before the City is able to build up the necessary capital. Of course the third option is to do nothing given the current fiscal climate. Please let me know if Council believes these lots are valuable enough to warrant further investigation.

Blue Crest Energy Update

Port and Harbor Director Hawkins and I had a visit from Blue Crest Energy this week updating the City on plans for the drilling of the Cosmo oil project. The project is located on the bluff side of Milepost 151 of the Sterling Highway near Anchor Point. Though the rig and drill operation will be located onshore, the project will horizontally drill to access oil fields offshore. Product will primarily be trucked north to Nikiski. During construction, September – April, Blue Crest will be employing 300-350 people and depending on Homer hotels for housing employees that cannot be found locally (primarily through contractors). The City has put Blue Crest in touch with the Chamber and Homer Marine Trades Association as potential resources. During construction it is also likely that the Port will be used for bringing in

construction materials, though details have yet to be finalized. I have included a Frequently Asked Questions for your information. Blue Crest will be holding a public meeting on June 10th at Land's End.

Street Sweeping Delays

Public Works was expecting to have their new sweeper (the one that picks up the bulk of the material as opposed to the vacuum sweeper that is for secondary cleanup) the first half of April. The unit was being manufactured over the winter. The vendor, Yukon Equipment, was late getting it to Homer and once it was delivered Public Works found programming issues with it. The vendor and manufacturer are working diligently on resolving the issues, however it has resulted in a delay of street sweeping. Unfortunately, this is taking place when we need that piece of equipment the most. Public Works has been using the vacuum sweeper as best as it can be used, but many streets still have not been swept. The vacuum unit is not designed to pick up heavy sand, so it is a slow operation to use it as a pick-up broom. The new unit was delivered on May 19th and Public Works will have it in operation every day until the streets are cleaned. Please be patient with street sweeping and know that Public Works is doing the best they can with the limited tools available.

Float Debris

Councilmembers have heard from members of the public regarding float debris that have been found on Kachemak Bay beaches. As part of the harbor float replacement project, the contractor, Harris Sand and Gravel, was required to dispose of the old harbor floats. Unfortunately the City did not stipulate in the contract during the first phase of the project how the floats were to be disposed of and Harris Sand and Gravel gave floats from the first phase away to a number of different people last fall. The floats were taken to various sites around the bay and some obviously were not properly secured. No one knows for sure how many of the first phase 1 floats have become float debris. A recent letter from concerned residents leads us to believe that there are quite a few float sections that have gotten away from their owners and that some level of action needs to be taken. In the second phase (System 4 rehab) of the harbor float improvement project the city made stipulations in the contract as to how the demoed floats were to be disposed of. The floats were removed from the harbor to the chip pad and could only be reused/returned into the bay if the flotation billets were replaced with encapsulated billets as required by fish and game habitat.

The City has installed a dumpster above the commercial barge ramp for members of the public to deposit flotation debris that they find (see attached map). Debris cleanup is complicated by the fact that many of the old floats are on private property – this is why it is important that members of the public who have debris on their beaches, or were given the floats and cannot safely secure them, communicate with the City and Borough landfill so that arrangements can be made for proper disposal. The City provided dumpster will be for smaller parts and pieces. Persons interested in returning large float sections to the harbor recovered from the bay will need to contact the harbormaster so that arrangements can be made to remove the floats from the water.

Port and Harbor Director Hawkins, Public Works Director Meyer, and I will be meeting with Harris Sand and Gravel to discuss debris cleanup. I will keep you updated on the progress.

Water Storage/Distribution Improvements Project

The funding for this project (\$1,922,577) continues to remain in the State budget. Public Works will be completing a grant application (to facilitate the preparation of a formal grant agreement) for the City Manager's signature. Public Works will be preparing a resolution authorizing the City Manager to execute the formal grant agreement, and an ordinance that appropriates the matching funds for the project from the HAWSP Fund (\$832,961) for Council action at the first meeting in June. (See attached letters to adjacent property owners for more information).

Jail Contract Cuts

The final word is not in yet from the state on what the cuts will be to the jail contract; however the situation does not look good. Though the program was cut by 30% in the operating budget, program administrators and the Department of Public Safety were optimistic that funding solutions to help mitigate the damage could be found given the integral nature of Community Jails to the State. The latest word from the State is cuts could be as deep as 50%. The City of Homer is anticipating a cut of \$240,000- \$450,000. The Department of Corrections still does not have a final number for communities, though they hope to by the end of the month. The reality of the cuts are fast approaching; the State's fiscal year begins on July 1. I will be meeting with the Finance Director and Police Chief to discuss possible funding scenarios, how the City would react, and the risk involved to the City.

Natural Gas, Interest, and the Free Main Allowance

The City started incurring interest on the loan from the Borough as soon as we made the first draw on the loan. Interest for all assessed property owners begins accruing on July 1, 2015. The first two years of interest payments were never calculated into the total project cost because the City did not really know what those costs would be because there was always the possibility the City might pay off early or perhaps borrow less because project costs were less than estimated. Either of those could change what the City ultimately paid in interest. The thought at the time was to budget for the interest and/or use the Free Main Allowance. The net result of this is that the first two years of interest payments, \$813,000 is absorbed by the project. This eats up a large chunk of the Free Main Allowance. The fiscal impact of losing the condominium case, if that were to happen, could cost around \$300,000, depending on how the Council decides to assess condominiums. At the very beginning of the project Enstar estimated we would receive \$1.6M in FMA over the course of 10 years. We have received \$1.1M to date. As you can see, there is very little wiggle room in the project to account for things like deferred assessments and additional exemptions. Essentially, by paying the first two years of interest on behalf of the property owners the City has given each property owner their share of the FMA up front instead of waiting until the loan has been paid off to redistribute any leftover funds. This equates to \$215 per lot owner.

FMA estimate from Enstar over 10 years	\$1,600,000
First two years of interest	-\$813,000
Assessments for condominiums	-\$326,200
Remaining	\$460,800

FMA current balance	\$1,100,000
First two years of interest	-\$813,000
Assessments for condominiums	-\$300,000
Remaining	-\$13,000

City Manager Koester commented on the city process for land sales. It is a cumbersome process where land has to be appraised, the Council adopts a resolution authorizing advertisement for sealed bids or a public outcry auction, and properties cannot be sold for less than fair market value. Recommendations were discussed at the Committee of the Whole including appraisals before sale, but not before listing for sale, and sale of land to adjacent land owners.

The Council suggested having the ability to list property for sale and allowing interested buyers to approach the City. Property could be sold for higher than the assessed value. Modifying the requirements that property be sold for higher than appraised value to higher than assessed value will eliminate the need for an appraisal. The objective in liquidating the properties is to get them back on the tax roll without diminishing the value. An ordinance changing the process to “assessed” instead of “appraised” value would solve most of the issues.

The Council decided to use the existing process on the West Hill and Kachemak Drive properties to get the process moving forward quickly.

Port and Harbor Director Hawkins reported on the float debris. They have stationed a dumpster by the barge ramp to collect debris brought in from the beaches. The float replacement project had two phases; phase 1 started in October. It detailed it as the contractor’s responsibility to dispose of the floats, but didn’t say how. There was a lot of interest around the bay for the floats that were advertised for free. Property owners took the floats across the bay and some owners allowed the floats to get away, ending up on area beaches. The City has supplied a dumpster to bring pieces back in for disposal. Port and

Harbor Director Hawkins has asked the contractor for a list of people who received the floats to have a conversation with them. He does not know how big the issue is; to date he has received a few pictures of floats, three pieces so far. The second phase contract said the discarded floats need to be removed from the harbor and set on uplands for three weeks to make sure the species of growth have died. Flotation billets had to be replaced with modern coated flotation.

Cuts to the jail contract and diminishing State Revenue Sharing will impact next year's budget. The Council scheduled an Executive Session on June 15th to review the budget deficiencies.

B. Bid Report

C. Games Report

1. Alaska Marine Conservation Council

CITY ATTORNEY REPORT

City Attorney Klinkner reported the Alaska Supreme Court denied the petition for review on the assessments for condominiums for the Natural Gas Special Assessment District. He will provide a resolution for the next meeting to reassess the condominiums.

COMMITTEE REPORT

A. Public Arts Committee

B. Permanent Fund Committee

C. Employee Committee Report

D. Port and Harbor Building Task Force

Mayor Wythe reported the grand opening celebration of the harbor office is June 11th.

E. Public Safety Building Review Committee

Mayor Wythe reported there is no meeting scheduled for the committee at this time.

F. Vessel Haul-Out Task Force

PENDING BUSINESS

NEW BUSINESS

RESOLUTIONS

- A. **Resolution 15-040**, A Resolution of the Homer City Council Establishing the Property Tax Mill Levy Rate at 4.5 for 2015. City Manager.

Mayor Wythe called for a motion for the adoption of Resolution 15-040 by reading of title only.

LEWIS/REYNOLDS – SO MOVED.

The Council suggested bringing the property tax resolution before them next year at the first meeting in May. Therefore if changes were recommended it could be noticed.

It was suggested that Council look at the property tax exemption before looking at the mill rate.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

COMMENTS OF THE AUDIENCE

There were no comments of the audience.

COMMENTS OF THE CITY ATTORNEY

City Attorney Klinkner had no comments.

COMMENTS OF THE CITY CLERK

City Clerk Johnson commended the Council on an exceptional job getting through tough issues.

COMMENTS OF THE CITY MANAGER

City Manager Koester reported a \$366,000 cut to jail funding. Council has intelligently backed out revenue sharing from the budget. There is a combined fiscal gap of \$750,000 and sales tax

is down 8% for the first quarter when there was a projected 2% increase. The supplemental packet contains mill rate and sales tax information. She commended the Council for looking at the budget for the next meeting and asked them to delve into the details. It gives her great pause to be facing that type of shortfall.

Mayor Wythe clarified jail funding for 2015 will diminish by one half of the \$366,000.

COMMENTS OF THE MAYOR

Mayor Wythe thanked everyone for being here and Francie for starting the meeting in her absence. She had an awesome day with the King of Norway. It was fun and she learned a lot of things about the Arctic and that we need to have a bigger voice in that conversation. The community of Homer needs to start paying attention; she knows there are people doing that. We need to be getting our name and business card out there saying we have a port and need a bigger harbor. We need to be able to help support that industry as it comes on. It will be important to us in the next 3-5 years.

COMMENTS OF THE CITY COUNCIL

Councilmember Roberts appreciates everyone's comments, although we didn't always agree. It was interesting debate on ideas of how to address some of the problems. She had asked Interim City Manager Yoder to look into the amount of water in our reservoir. We didn't get much snow pack this year. She asked City Manager Koester to look into it to reassure us we do not have water issues. We approved the public arts inventory contract. She is glad to see it is happening. Her original concern was it would be too costly, but it doesn't seem overboard in cost. We have wonderful artwork all over the City and it would be good to get that job done. She asked City Manager Koester about the re-allocation for Waddell Way.

City Manager Koester answered we had asked for \$600,000 to be re-appropriated to the public safety building. The money was not re-appropriated, but it wasn't taken. We still have \$1.4M for Waddell Way. Carey has been working on it and brought it to Planning Commission at their last meeting. She will provide an update at the next meeting.

Councilmember Reynolds thanked everyone for the lively discussion and everyone that came for public comments. She thanked Alaska Youth On Record. She was happy to see Resolution 15-035 passed, especially after this weekend when there was an oil spill on Thors Hammer. We have already had three large vessels in Cook Inlet lose power this year. Hopefully the Coast Guard is able to see the wisdom of keeping response caches around the area.

Councilmember Van Dyke had no comment.

Councilmember Lewis asked Katie to have a resolution supporting the 50 ft. buffer around streams. The Borough has an ordinance coming up to do away with that, but salmon is an

important part of the Peninsula. He wished the boys' soccer team luck this week at State. They won two and lost one; all of the games were by one goal and two were in overtime. They get to pay Kenai for their first game at the State. He is glad to see Chamber of Commerce Director Karen Zak here. Councilmember Lewis received a couple emails from Nick Varney who had contacted the Chamber about a partnership with businesses and building an enclosure over the fish cleaning tables at the Fishing Hole and he had not heard back from the Chamber. He asked Karen to get in touch with him.

Councilmember Zak thanked the Council for their great work and the City Manager for bringing it to our attention she is looking for assistance with the budget. We had the King of Norway and the first cruise ship of the season dock here. We get a few cruise ships and some revenue from them. Those visitors see our beautiful community and often come back. It was great to see and learn of additional small businesses that are operating in our community.

Councilmember Burgess reminded the general public when they make an emotional appeal to persuade someone on an issue, he appreciates people bringing facts to the table when trying to convince the Council either way to state their position. It is a lot easier to get behind solutions than emotional appeals. We are lucky to have a mayor who takes care of our town fiscally. Although he may not agree with the mayor on every policy decision we make, Mayor Wythe does an excellent job looking out for the fiscal future of our town and in balancing our budget. It makes him feel good when we spend money to send her to a Fairbanks conference or when she takes time to hang out with a foreign head of state because there is a lot of good that comes to the City of Homer for her efforts. It is often overlooked by those who aren't intimately involved with our government. He asked if we are getting a new project manager for Carey.

City Manager Koester answered she had advertised a temporary position for the project manager. She hopes funding for it can come out of the Deep Water Dock Feasibility Study. It is a big project that needs to be managed. She hasn't authorized filling a full time position as she is moving forward cautiously.

Mayor Wythe added the project manager was authorized previously to the extent we had projects funded to support his salary. It was not considered a permanent position.

ADJOURNMENT

There being no further business to come before the Council, Mayor Wythe adjourned the meeting at 8:26 p.m. The next Regular Meeting is Monday, June 15, 2015 at 6:00 p.m., Committee of the Whole 5:00 p.m., and Special Meeting 4:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

JO JOHNSON, MMC, CITY CLERK

Approved: _____



City of Homer

www.cityofhomer-ak.gov

Office of the Mayor

491 East Pioneer Avenue
Homer, Alaska 99603

mayor@ci.homer.ak.us

(p) 907-235-3130

(f) 907-235-3143

Memorandum 15-081

TO: HOMER CITY COUNCIL
FROM: MARY E. WYTHE, MAYOR
DATE: JUNE 9, 2015
SUBJECT: APPOINTMENT OF ANNA RODRIGUEZ SANSOM TO THE ECONOMIC DEVELOPMENT ADVISORY COMMISSION AND REAPPOINTMENTS OF DON STEAD AND ROBERTA HIGHLAND TO THE ADVISORY PLANNING COMMISSION.

Anna Rodriguez Sansom is appointed to the Economic Development Advisory Commission to replace outgoing member Josh Ross. Her term will expire April 1, 2018.

Don Stead is reappointed to the Advisory Planning Commission with a term to expire July 1, 2018.

Roberta Highland is reappointed to the Advisory Planning Commission with a term to expire July 1, 2018.

RECOMMENDATION:

Confirm the appointment of Anna Rodriguez Sansom to the Economic Development Advisory Commission, and reappointments of Don Stead and Roberta Highland to the Advisory Planning Commission.

Fiscal Note: N/A



CITY OF HOMER
 COMMISSION, COMMITTEE, BOARD AND TASK FORCE
 APPLICATION FORM

JUN 02 2015 PM 02:24
 CITY CLERK'S OFFICE
 CITY OF HOMER
 491 E. Pioneer Avenue
 Homer, AK 99603
 PH. 907-235-3130
 FAX 907-235-3143

Received by the Clerk's Office

The information below provides some basic background for the Mayor and Council
 This information is public and will be included in the Council Information packet

Name: ANNA RODRIGUEZ-SANSON Date: JUNE 2, 2015
 Physical Address: 2400 PARADISE PLACE HOMER 99603
 Mailing Address: P.O. BOX 1440
 Phone Number: _____ Cell #: 907 399 1477 Work #: _____
 Email Address: anna.sanson@gmail.com

The above information will be published in the City Directory and within the city web pages if you are appointed by the Mayor and your appointment is confirmed by the City Council

Please indicate the commission(s), committee(s), board or other that you are interested in serving on by marking with and X or a V

	ADVISORY PLANNING COMMISSION	1 ST & 3 RD WEDNESDAY OF THE MONTH AT 6:30 PM WORKSESSION PRIOR TO EACH MEETING AT 5:30 PM
X	ECONOMIC DEVELOPMENT ADVISORY COMMISSION	2 ND TUESDAY OF THE MONTH AT 6:00 P.M.
	PARKS & RECREATION ADVISORY COMMISSION	3 RD THURSDAY OF THE MONTH AT 5:30 P.M.
	PORT & HARBOR ADVISORY COMMISSION	4 TH WEDNESDAY OF THE MONTH OCT-APRIL AT 5:00 P.M. MAY - SEPTEMBER 6:00 PM
	PERMANENT FUND COMMITTEE	2 ND THURSDAY OF THE MONTH AT 5:15 P.M. FEBRUARY, MAY, AUGUST & NOVEMBER
	PUBLIC ARTS COMMITTEE	2 ND THURSDAY OF THE MONTH AT 5:00 P.M. FEBRUARY, MAY, AUGUST & NOVEMBER
	LIBRARY ADVISORY BOARD	1 ST TUESDAY OF THE MONTH AT 5:00 P.M.
	CITY COUNCIL	2 ND AND 4 TH MONDAY OF THE MONTH SPECIAL MEETINGS & WORKSESSIONS AT 4:00 P.M. COMMITTEE OF THE WHOLE AT 5:00 P.M. REGULAR MEETING AT 6:00 P.M.
	OTHER - PLEASE DESIGNATE	

I have been a resident of the city for 12 yrs 0 mos. I have been a resident of the area for 12 yrs 0 mos.

I am presently employed at Self employed, SUBSTITUTE TEACHER

Please list any special training, education, or background you may have which is related to your choice of commission, committee, board or task force:

Planning manager at ~~ACS~~ ACS ; marketing manager ACS, Pacific Bell and Homer Stay and Play. I developed products and services for Telecommunications services working as the technical member of team with the marketing communications staff.

Have you ever served on a similar commission, board, committee or task force? If so please list when, where and how long:

Never as a public commission only in the private sector

Why are you interested in serving on the indicated commission, committee, board or task force?

Economic development is the best way to ensure prosperity in Homer and I believe that the right types of businesses can help keep our
Do you currently belong to any organizations specifically related to the area of your choice(s) you wish to serve on? Lifestyle

I am a member of the Chamber of Commerce and Homer Bed and Breakfast Association

Please answer the following if you are applying for the Advisory Planning Commission:

Have you ever developed real property, other than your personal residence, if so briefly describe? NO

except that which was associated with building telecommunications infra-structure.

Please answer the following if you are applying for the Port & Harbor Advisory Commission:

Do you use the Homer Port and/or Harbor on a regular basis? What is your primary use?

 Commercial

 Recreational

Please include any additional information that may assist the Mayor in his/her decision making:

The mayor noted my interest in economic development and suggested (strongly) that I apply for the opening

When you have completed this application please review all the information and return to the City Clerk's Office. You may also email this document to clerk@cityofhomer-ak.gov or fax to 907-235-3143. Thank you for applying!

Jo Johnson

From: Don Stead <don.stead.53@gmail.com>
Sent: Tuesday, June 02, 2015 4:43 PM
To: Melissa Jacobsen
Cc: Jo Johnson
Subject: Re: Planning Commission Term Expiration

Melissa

Thanks for the information.

I am as busy as ever in my life but I do want to continue on the commission. I have unfinished business and need to see that through.

I am requesting reappointment to the Homer Advisory Planning Commission and the Cannabis Commission.

Don Stead

On May 14, 2015 9:08 AM, "Melissa Jacobsen" <MJacobsen@ci.homer.ak.us> wrote:

Hi Don,

I wanted to let you know that your PC term expires on July 1 of this year. Please reply by Tuesday, June 9th to confirm whether or not you want to request reappointment for another three year term.

Thanks! Melissa

Melissa Jacobsen, CMC

Deputy City Clerk

City of Homer, Alaska

907-435-3107

City of Homer City Clerk's Office

PUBLIC RECORDS LAW DISCLOSURE: Most e-mails from or to this address will be available for public inspection under Alaska public records law.

To Jo Johnson
City Clerk
City of Homer

May 29, 2015

Sub. Reappointment of Roberta Highland to Planning Commission.

Good Morning Jo,

I would like to be reappointed to the Planning Commission.

Regards,

Roberta Highland



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue
Homer, Alaska 99603

clerk@cityofhomer-ak.gov

(p) 907-235-3130

(f) 907-235-3143

Memorandum 15-082

TO: MAYOR WYTHE AND HOMER CITY COUNCIL

FROM: JO JOHNSON, CITY CLERK

DATE: JUNE 9, 2015

SUBJECT: LIQUOR LICENSE TRANSFER FOR BELUGA LAKE LODGE AND BEST WESTERN BIDARKA
INN/OTTER ROOM

We have been notified by the ABC Board of liquor license transfers within the City of Homer for the following:

Type: Transfer of Ownership/Restaurant Designation Permit
Lic #: 4795
DBA Name: Beluga Lake Lodge
Service Location: 204 Ocean Drive Loop
Owner: Johnson Inn Homer, LLC
Mailing Address: 575 Sterling Highway, Homer, AK 99603

Type: Transfer of Ownership/Restaurant Designation Permit
Lic.#: 1402
DBA Name: Best Western Bidarka Inn/Otter Room
Service Location: 575 Sterling Highway
Owner: Johnson Inn Homer, LLC
Mailing Address: 575 Sterling Highway, Homer, AK 99603

RECOMMENDATION: Voice non objection and approval for the liquor license renewals.

Fiscal Note: Revenues.



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Commerce, Community,
and Economic Development

ALCOHOLIC BEVERAGE CONTROL BOARD

2400 Viking Drive
Anchorage, Alaska 99501
Main: 907.269.0350
TDD: 907.465.5437
Fax: 907.334.2285

May 27, 2015

Jo Johnson VIA EMAIL: clerk@cityofhomer-ak.gov

Johnson Inn Homer LLC d.b.a. Beluga Lake Lodge – License #4795

New Application Transfer of Ownership Transfer of Location
 Restaurant Designation Permit DBA Name Change

We have received an application for the above listed licenses (see attached application documents) within your jurisdiction. This is the notice as required under AS 04.11.520. Additional information concerning filing a "protest" by a local governing body under AS 04.11.480 is included in this letter.

We have received an application for the above listed licenses (see attached application documents) within your jurisdiction. This is the notice as required under AS 04.11.520. Additional information concerning filing a "protest" by a local governing body under AS 04.11.480 is included in this letter.

A local governing body as defined under AS 04.21.080(11) may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the board **and** the applicant with a clear and concise written statement of reasons in support of a protest within 60 days of receipt of this notice. If a protest is filed, the board will not approve the application unless it finds that the protest is "arbitrary, capricious and unreasonable". Instead, in accordance with AS 04.11.510(b), the board will notify the applicant that the application is denied for reasons stated in the protest. The applicant is entitled to an informal conference with either the director or the board and, if not satisfied by the informal conference, is entitled to a formal hearing in accordance with AS 44.62.330-44.62-630. **IF THE APPLICANT REQUESTS A HEARING, THE LOCAL GOVERNING BODY MUST ASSIST IN OR UNDERTAKE THE DEFENSE OF ITS PROTEST.**

Under AS 04.11.420(a), the board may not issue a license or permit for premises in a municipality where a zoning regulation or ordinance prohibits the sale or consumption of alcoholic beverages, unless a variance of the regulation or ordinance has been approved. Under AS 04.11.420(b) municipalities must inform the board of zoning regulations or ordinances which prohibit the sale or consumption of alcoholic beverages. If a municipal zoning regulation or ordinance prohibits the sale or consumption of alcoholic beverages at the proposed premises and no variance of the regulation or ordinance has been approved, please notify us and provide a certified copy of the regulation or ordinance if you have not previously done so.

Protest under AS 04.11.480 and the prohibition of sale or consumption of alcoholic beverages as required by zoning regulation or ordinance under AS 04.11.420(a) are two separate and distinct subjects. Please bear that in mind in responding to this notice.

AS 04.21.010(d), if applicable, requires the municipality to provide written notice to the appropriate community council(s).

If you wish to protest the application referenced above, please do so in the prescribed manner and within the prescribed time. Please show proof of service upon the applicant. For additional information please refer to 3 AAC 304.145, Local Governing Body Protest.

Note: Applications applied for under AS 04.11.400(g), 3 AAC 304.335(a)(3), AS 04.11.090(e), and 3 AAC 304.660(e) must be approved by the governing body.



Maxine Andrews
Business Registration Examiner
Direct line: 907-269-0358
Email: maxine.andrews@alaska.gov

A local governing body as defined under AS 04.21.080(11) may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the board and the applicant with a clear and concise written statement of reasons in support of a protest within 60 days of receipt of this notice. If a protest is filed, the board will not approve the application unless it finds that the protest is "arbitrary, capricious and unreasonable". Instead, in accordance with AS 04.11.510(b), the board will notify the applicant that the application is denied for reasons stated in the protest. The applicant is entitled to an informal conference with either the director or the board and, if not satisfied by the informal conference, is entitled to a formal hearing in accordance with AS 44.62.330-44.62-630. **IF THE APPLICANT REQUESTS A HEARING, THE LOCAL GOVERNING BODY MUST ASSIST IN OR UNDERTAKE THE DEFENSE OF ITS PROTEST.**

Under AS 04.11.420(a), the board may not issue a license or permit for premises in a municipality where a zoning regulation or ordinance prohibits the sale or consumption of alcoholic beverages, unless a variance of the regulation or ordinance has been approved. Under AS 04.11.420(b) municipalities must inform the board of zoning regulations or ordinances which prohibit the sale or consumption of alcoholic beverages. If a municipal zoning regulation or ordinance prohibits the sale or consumption of alcoholic beverages at the proposed premises and no variance of the regulation or ordinance has been approved, please notify us and provide a certified copy of the regulation or ordinance if you have not previously done so.

Protest under AS 04.11.480 and the prohibition of sale or consumption of alcoholic beverages as required by zoning regulation or ordinance under AS 04.11.420(a) are two separate and distinct subjects. Please bear that in mind in responding to this notice.

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Alcoholic Beverage Control Board
2400 Viking Drive
Anchorage, AK 99501

Transfer Liquor License

(907) 269-0350
Fax: (907) 334-2285
<http://commerce.alaska.gov/dnn/abc/Home.aspx>

License is: Full Year OR Seasonal List Dates of Operation: _____

SECTION A - LICENSE INFORMATION			FEES
License Year: <u>2015-2016</u>	License Type: <u>Beverage Dispensary - Tourism</u>	Statute Reference	<u>12615</u> 12618
License #: <u>4795</u>		Sec. 04.11 <u>40d(2)</u>	Filing Fee: \$100.00
Local Governing Body: (City, Borough or Unorganized)	Community Council Name(s) & Mailing Address:		Rest. Desig. Permit Fee: (\$50.00) <u>50.00</u>
<u>Homer - City</u>	<u>N/A</u>		Fingerprint: \$ <u>150.00</u> (\$51.50 per person)
Name of Applicant (Corp/LLC/LP/LLP/Individual/Partnership):	Doing Business As (Business Name):	Business Telephone Number:	TOTAL
<u>Johnson Inn Homer LLC</u>	<u>Beluga Lake Lodge</u>	<u>907-235-5995</u>	
Mailing Address:	Street Address or Location of Premises:	Fax Number:	
<u>575 Sterling Hwy</u>	<u>204 Ocean Dr. Loop.</u>	<u>907-235-2640</u>	
City, State, Zip:		Email Address:	
<u>Homer, AK 99603</u>	<u>Homer, AK 99603</u>	<u>dj_bidarkainn@hotmail.com</u>	
Is any shareholder related to the current owner? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
If "yes" please state the relationship <u>self</u>			
SECTION B - TRANSFER INFORMATION			
<input checked="" type="checkbox"/> Regular Transfer		Name and Mailing Address of CURRENT Licensee: <u>Beluga Lake Lodge Inc</u>	
<input type="checkbox"/> Transfer with security interest: Any instrument executed under AS 04.11.670 for purposes of applying AS 04.11.360(4)(b) in a later involuntary transfer, must be filed with this Application. Real or personal property conveyed with this transfer must be described. Provide security interest documents. <input type="checkbox"/> Involuntary Transfer. Attach documents which evidence default under AS 04.11.670.		<u>575 Sterling Hwy. Homer, Ak. 99603</u>	
		Business Name (dba) BEFORE transfer: <u>dba Beluga Lake Lodge</u>	
		Street Address or Location BEFORE transfer: <u>204 Ocean Drive Loop</u>	
SECTION C - PREMISES TO BE LICENSED			
Distance to closest school grounds: <u>1.97 miles</u>	Distance measured under: <input type="checkbox"/> AS 04.11.410 OR <input type="checkbox"/> Local ordinance No.	<input type="checkbox"/> Premises is GREATER than 50 miles from the boundaries of an incorporated city, borough, or unified municipality	
Distance to closest church: <u>.88 mi</u>	Distance measured under: <input checked="" type="checkbox"/> AS 04.11.410 OR <input type="checkbox"/> Local ordinance No.	<input type="checkbox"/> Premises is LESS than 50 miles from the boundaries of an incorporated city, borough, or unified municipality.	
Premises to be licensed is: <input type="checkbox"/> Proposed building <input checked="" type="checkbox"/> Existing facility <input type="checkbox"/> New building		<input type="checkbox"/> Plans submitted to Fire Marshall (required for new & proposed buildings) <input checked="" type="checkbox"/> Diagram of premises attached	

Alcoholic Beverage Control Board
 2400 Viking Drive
 Anchorage, AK 99501

Transfer Liquor License

(907) 269-0350
 Fax: (907) 334-2285
<http://commerce.alaska.gov/dnn/abc>

SECTION D - LICENSEE INFORMATION

1. Does any individual, corporate officer, director, limited liability organization member, manager or partner named in this application have any direct or indirect interest in any other alcoholic beverage business licensed in Alaska or any other state?

Yes No If Yes, complete the following. Attach additional sheets if necessary.

Name	Name of Business	Type of License	Business Street Address	State
Douglas Johnson	Chart Room	Bev. Dispensary - Tourism	236 Keenan St W Kodiak	AK

2. Has any individual, corporate officer, director, limited liability organization member, manager or partner named in this application been convicted of a felony, a violation of AS 04, or been convicted as a licensee or manager of licensed premises in another state of the liquor laws of that state?

Yes No If Yes, attach written explanation.

SECTION E - OWNERSHIP INFORMATION - CORPORATION

Corporations, LLCs, LLPs and LPs must be registered with the Dept. of Community and Economic Development.

Name of Entity (Corporation/LLC/LLP/LP) (or N/A if an Individual ownership): Johnson Inn - Homer LLC		Telephone Number: 907-235-8148	Fax Number: 907-235-8140
Corporate Mailing Address: 575 Sterling Hwy	City: Homer	State: AK	Zip Code: 99603
Name, Mailing Address and Telephone Number of Registered Agent: Douglas Johnson 575 Sterling Hwy Homer, AK 99603		Date of Incorporation OR Certification with DCED: 11/10/14	State of Incorporation: AK
Is the Entity in "Good Standing" with the Alaska Division of Corporations? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, attach written explanation. Your entity <i>must</i> be in compliance with Title 10 of the Alaska Statutes to be a valid liquor licensee.			

Entity Members (Must include President, Secretary, Treasurer, Vice-President, Manager and Shareholder/Member with at least 10%)

Name	Title	%	Home Address & Telephone Number	Work Telephone Number	Date of Birth
Douglas Johnson	member	50	575 Sterling Hwy Homer AK 907-299-1413	907-235-8148	4/26/73
Jacky Johnson	member	50	575 Sterling Hwy Homer AK	907-235-8148	1/5/75

Alcoholic Beverage Control Board
 2400 Viking Drive
 Anchorage, AK 99501

Transfer Liquor License

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 Fax: (907) 334-2285
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NOTE: If you need additional space, please attach a separate sheet.

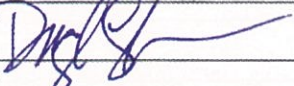
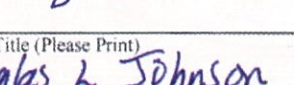
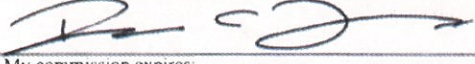

SECTION F – OWNERSHIP INFORMATION – SOLE PROPRIETORSHIP (INDIVIDUAL OWNER & SPOUSE)

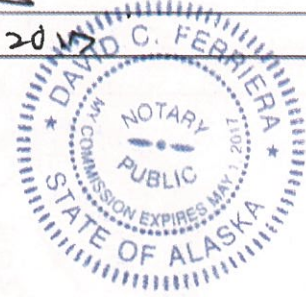
Individual Licensees/Affiliates (The ABC Board defines an "Affiliate" as the spouse or significant other of a licensee. Each Affiliate must be listed.)

Name: Douglas Johnson Address: 575 Sterling Hwy Homer, AK 99603 Home Phone: 299-1413 Work Phone: 235-8148	Applicant <input checked="" type="checkbox"/> Affiliate <input type="checkbox"/> Date of Birth: 4/26/73	Name: Address: Home Phone: Work Phone:	Applicant <input type="checkbox"/> Affiliate <input type="checkbox"/> Date of Birth:
Name: Jacky Johnson Address: 575 Sterling Hwy Homer, AK 99603 Home Phone: Work Phone: 235-8148	Applicant <input checked="" type="checkbox"/> Affiliate <input type="checkbox"/> Date of Birth: 1/5/75	Name: Address: Home Phone: Work Phone:	Applicant <input type="checkbox"/> Affiliate <input type="checkbox"/> Date of Birth:

Declaration

- I declare under penalty of perjury that I have examined this application, including the accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete, and this application is not in violation of any security interest or other contracted obligations.
- I hereby certify that there have been no changes in officers or stockholders that have not been reported to the Alcoholic Beverage Control Board. The undersigned certifies on behalf of the organized entity, it is understood that a misrepresentation of fact is cause for rejection of this application or revocation of any license issued.
- I further certify that I have read and am familiar with Title 4 of the Alaska statutes and its regulations, and that in accordance with AS 04.11.450, no person other than the licensee(s) has any direct or indirect financial interest in the licensed business.
- I agree to provide all information required by the Alcoholic Beverage Control Board in support of this application.

Signature of Current Licensee(s) Signature:  Signature:  Name & Title (Please Print) Douglas L. Johnson V. President Subscribed and sworn to before me this 26 day of February , 2015 Notary Public in and for the State of Alaska  My commission expires: May 1, 2017	Signature of Transferee(s) Signature: Signature: Name & Title (Please Print) Douglas L. Johnson Member Subscribed and sworn to before me this 26 day of February , 2015 Notary Public in and for the State of Alaska  My commission expires: May 1, 2017
---	--



Transfer Liquor License

NOTE: If you need additional space, please attach a separate sheet.

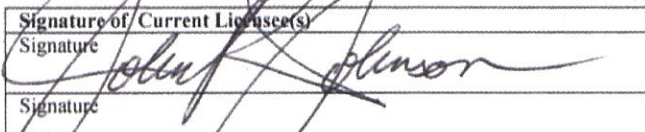
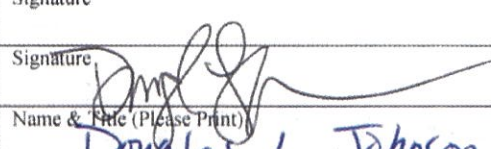
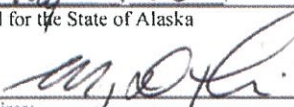
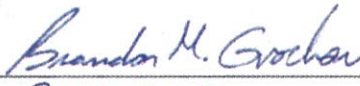
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Individual Licensees/Affiliates (The ABC Board defines an "Affiliate" as the spouse or significant other of a licensee. Each Affiliate must be listed.)

Name: <u>Douglas Johnson</u> Address: <u>575 Sterling Hwy Homer, AK 99603</u> Home Phone: <u>907-289-1413</u> Work Phone: <u>907-235-8148</u>	Applicant <input checked="" type="checkbox"/> Affiliate <input type="checkbox"/> Date of Birth: <u>4/26/73</u>	Name: Address: Home Phone: Work Phone:	Applicant <input type="checkbox"/> Affiliate <input type="checkbox"/> Date of Birth:
Name: <u>Jacky Johnson</u> Address: <u>575 Sterling Hwy Homer, AK 99603</u> Home Phone: Work Phone: <u>907-235-8148</u>	Applicant <input checked="" type="checkbox"/> Affiliate <input type="checkbox"/> Date of Birth: <u>1/5/75</u>	Name: Address: Home Phone: Work Phone:	Applicant <input type="checkbox"/> Affiliate <input type="checkbox"/> Date of Birth:

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- I declare under penalty of perjury that I have examined this application, including the accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct and complete, and this application is not in violation of any security interest or other contracted obligations.
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Signature of Current Licensee(s)	Signature of Transferee(s)
Signature: 	Signature: 
Signature: _____	Signature: _____
Name & Title (Please Print): <u>John R. Johnson - President</u>	Name & Title (Please Print): <u>Douglas L. Johnson</u>
Subscribed and sworn to before me this <u>19th</u> day of <u>May</u> , 2015.	Subscribed and sworn to before me this <u>21</u> day of <u>May</u> , 2015.
Notary Public in and for the State of Alaska 	Notary Public in and for the State of Alaska <u>8-10-2018</u> 
My commission expires: <u>2/19/19</u>	My commission expires: <u>8-10-2018</u>




**NOTARY PUBLIC
 BRANDON M GROCHOW
 STATE OF ALASKA**

To Whom It May Concern:

12/4/2014

Our business encourages tourism by giving tourists a play to stay, dine and drink all in one establishment. We have close ties with several of the local businesses that cater to the tourists. Examples are several fishing charters, eco-tourism companies, air charters that cater to sight seeing and bear viewing, the Alaska Marine Highway terminal, hunting, water taxi's, local art shops and the many businesses of the Homer Spit. We offer 35 rooms for overnight and longer accommodations all year round. We are full service offering our guests a continental breakfast and Dinner. Lunch is also offered by special request. We have made many improvements in the last couple years to our existing kitchen, rooms, roofs and exterior of our hotel. We are always looking to make improvements to our business that will make our guests visit to Alaska more comfortable and enjoyable.

Thank you,

Doug Johnson
Beluga Lake Lodge Inc.

**STATE OF ALASKA
ALCOHOLIC BEVERAGE CONTROL BOARD
APPLICATION FOR RESTAURANT DESIGNATION PERMIT
AS 04.16.049 & 3 AAC 304.715 - 794**

The granting of this permit allows access of persons under 21 years of age to designated licensed premises for purposes of dining, and persons between the ages of 16 - 20 for employment. If for employment, please indicate in detail what the employment duties will be in question #3.

License Number: 4795 Type: Beverage Dispensary - Tourism

This application is for designation of premises where: (Please check the appropriate items below)

- 1. Bona fide restaurant pursuant to 3 AAC 304.305 & 3 AAC 304.715-794.
- 2. Persons 16 - 20 years of age may dine unaccompanied.
- 3. Persons under 16 may dine accompanied by a person 21 years of age or older.
- 4. Persons between 16 - 20 years of age may be employed. *(See note below)

Licensee's Name: Johnson Inn, Homer LLC

Name of Business: Beluga Lake Lodge

Business Address: 204 Ocean Dr. Loop City: Homer

1. Hours of operation 2pm to 12 AM. Telephone Number: 907-235-5995

2. Have police been called to your premises for any reason? [] Yes No
(If you answered yes, please explain below).

3. * Duties of employment: Lounge Restaurant All duties included *Cleaning, Bus table, Serve food, Dishes*

4. Are video games available to the public on your premises? [] Yes No

5. Do you provide live entertainment, such as live music, pool tables, karaoke, dancing, sports or pin-ball?
[] Yes No

6. How is food served? Table Service [] Buffett Service [] Counter Service [] Other _____

7. Is an owner, manager or supervisor 21 years of age or older always present during business hours? Yes [] No

***** A MENU AND DETAILED PREMISES DIAGRAM MUST ACCOMPANY THIS APPLICATION *****

***Employees 16 and 17 years of age must have a valid work permit and a letter maintained in your files from a parent or guardian authorizing employment at your establishment.**

****Please attach additional sheets of paper if more space is needed to describe food service, entertainment, etc.**

Licensee Signature: [Signature]

Local Governing Body Approval _____

Subscribed and sworn to before me this 7 day of May, 2015

Date _____

[Signature]
Notary Public in and for Alaska

My Commission expires: May 1, 2017

Director, ABC Board _____

Date _____



Beluga Lake Lodge BAR & GRILL



Specialty Burgers Sandwiches & Steak

Choose ~~any~~ fresh McNeil Canyon Beef, whole chicken breast or turkey burger/Vegan Patty in any of the combos below. Want a little more kick? Ask to have them blackened.

All Burgers and Sandwiches served with your choice of Black and Tan Onion Rings, Fries or Slaw. Add a patty for \$7.

- | | |
|---|-----------------|
| #1 Beluga Bomber ~ Not for the Wimpy Eater!
Two 1/2 lb. Patties, served on top of onion strings, finished off with bacon and smoked cheddar | \$ 19.50 |
| #2 Tail Dragger Burger ~ Drippy Good!
Sautéed fresh mushrooms and onions, smoky cheddar and Swiss Cheese | \$ 15.50 |
| #3 Beluga Bleu Burger ~ Amazing Flavor Combo!
Bleu cheese, balsamic caramelized red onions and crisp bacon | \$ 15.50 |
| #4 Garlic Asiago Burger ~ None other like it in Homer!
House Asiago cheese blend, browned to perfection with all the toppings | \$ 15.50 |
| #5 Beluga BBQ Burger
House BBQ sauce, crispy onion strings and smoked cheddar | \$ 15.50 |
| #6 Cessna Burger ~ In honor of our Pilot Friends
Crisp bacon and smoked cheddar cheese | \$ 15.50 |
| #7 Jalapeno Pepperjack ~ Can 'ya handle it?
Pepperjack cheese, jalapenos and onion strings | \$ 15.50 |
| Flat Iron Steak Sandwich ~ grilled perfectly to your specifications
8 oz. of one of the most tender cuts of beef topped with sautéed mushrooms & onion. | \$ 19.50 |
| B.L.A.T. ~ Smoked bacon, romaine, sliced avocado and juicy tomato generously combined to make a great flavor combo | \$ 13.50 |
| Beluga Club ~ Turkey burger, bacon, lettuce and tomato on Sourdough bread | \$ 13.50 |

Beluga Large Lounge
BAR & GRILL



Appetizers

Steamer Clams	\$ 16.50
Sautéed in garlic and butter, finished with white wine, served with garlic Asiago bread	
Calamari	\$ 14.50
Tender golden morsels served with tartar sauce.	
Garlic Asiago Fries	\$ 8.50
Fries tossed in our house Asiago cheese blend, served with a Cajun mayo for dipping	
Wings	\$ 13.50
Plump & meaty. Choose Buffalo or BBQ sauce. Served with blue cheese sauce & celery sticks.	
Asiago Stuffed Mushrooms	\$ 13.50
One dozen ~ Our great Asiago blend in yet another combination. These are yummy!	

Soup & Salads

Soup Du Jour served with garlic Asiago bread	cup \$ 5.00 bowl \$ 8.50
Oriental Chicken Salad	\$ 16.50
Mixed greens tossed in oriental dressing with julienne peppers, toasted almonds, served over a bed of crisp wontons with grilled chicken	
Caesar Salad ~ House-made dressing, garlic croutons, romaine lettuce	\$ 15.50
	with chicken \$ 18.50
Beluga Steak Salad	\$ 19.50
Steak grilled your way, topped with caramelized onions on a bed of greens, garnished with crisp bacon, served with bleu cheese dressing	
House Salad ~ Cucumber, red onion, tomato	\$ 8.50

Baskets

Served with Apple Cranberry Slaw, your choice of Fries, or Black & Tan Onion Rings

Alaskan Amber Beer-Battered Rockfish Basket	\$ 16.50
Chicken Finger Basket	\$ 12.50
Calamari Basket	\$ 16.50

STATE OF ALASKA
ALCOHOL BEVERAGE CONTROL BOARD
Licensed Premises Diagram

INSTRUCTIONS: Draw a detailed floor plan of your present or proposed licensed premises on the graph below; show all entrances and exits, and all fixtures such as tables, booths, counters, bars, coolers, stages, etc.

DBA: Beluga Lake Lodge

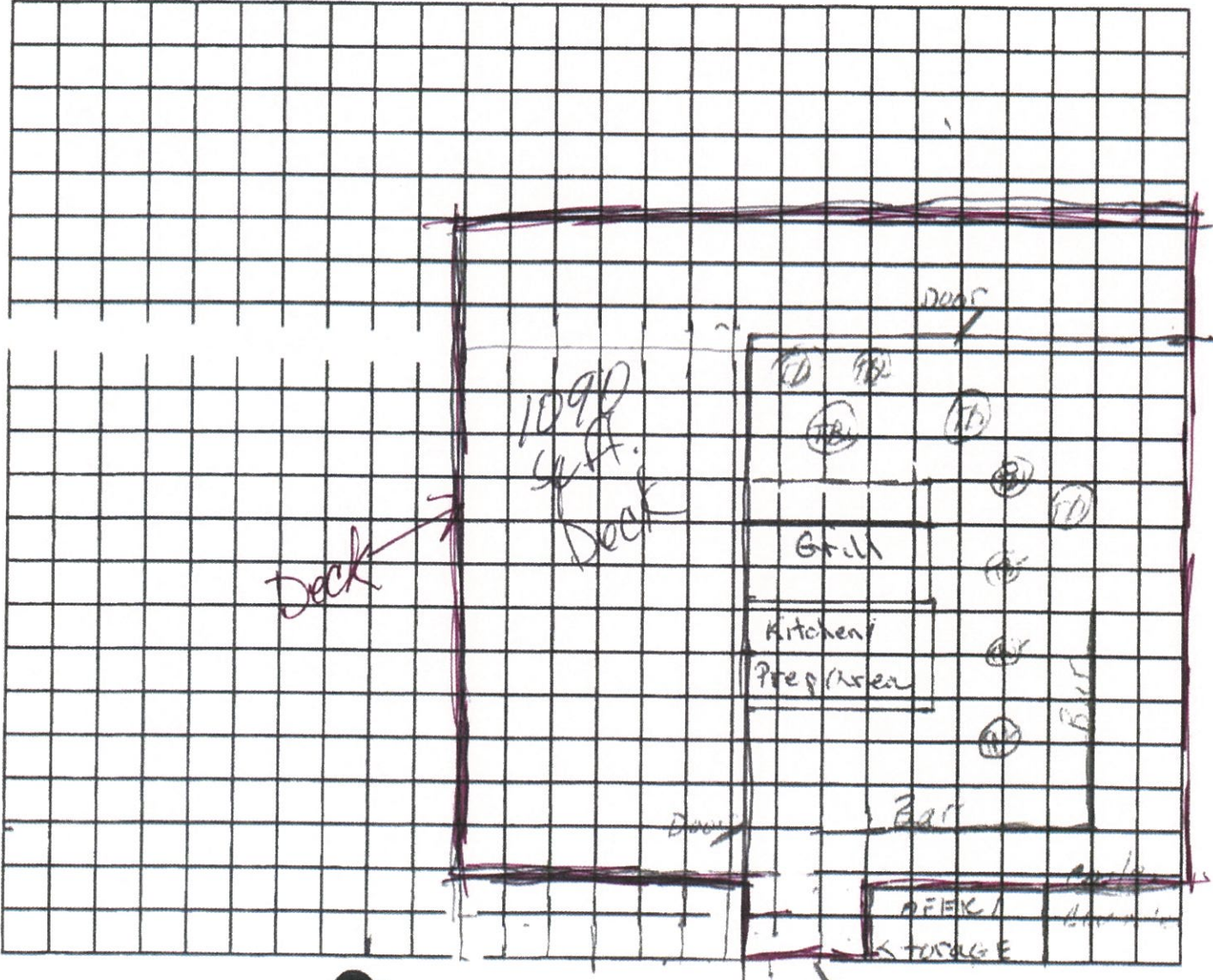
PREMISES LOCATION: 204 Ocean Drive Loop Homer, AK 99603

Indicate scale by x after appropriate statement or show length and width of premises.

SCALE A: X 1 SQ. = 4 FT. SCALE B: _____ 1 SQ. = 1 FT.

Length and width of premises in feet:

Outline the area to be designated for sale, service, storage, and consumption of alcoholic beverages in red.
DO NOT USE BLUE INK OR PENCIL ON THIS DIAGRAM.





THE STATE
of **ALASKA**

GOVERNOR BILL WALKER

**Department of Commerce, Community,
and Economic Development**

ALCOHOLIC BEVERAGE CONTROL BOARD

550 W. 7th Avenue, Suite 1600
Anchorage, Alaska 99501
Main: 907.269.0350
TDD: 907.465.5437
Fax: 907.334.2285

June 01, 2015

City of Homer
Attn: City Clerk

VIA Email: clerk@cityofhomer-ak.gov

Cc: jjohnson@ci.homer.ak.us
joanne@borough.kenai.ak.us
jblankenship@borough.kenai.ak.us
kring@borough.kenai.ak.us

**Johnson Inn Homer, LLC. – Beverage Dispensary-Tourism License # 1402
DBA Best Western Bidarka Inn/Otter Room**

- New Application Transfer of Ownership Transfer of Location
 Restaurant Designation Permit DBA Name Change

We have received an application for the above listed licenses (see attached application documents) within your jurisdiction. This is the notice as required under AS 04.11.520. Additional information concerning filing a "protest" by a local governing body under AS 04.11.480 is included in this letter.

A local governing body as defined under AS 04.21.080(11) may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the board **and** the applicant with a clear and concise written statement of reasons in support of a protest within 60 days of receipt of this notice. If a protest is filed, the board will not approve the application unless it finds that the protest is "arbitrary, capricious and unreasonable". Instead, in accordance with AS 04.11.510(b), the board will notify the applicant that the application is denied for reasons stated in the protest. The applicant is entitled to an informal conference with either the director or the board and, if not satisfied by the informal conference, is entitled to a formal hearing in accordance with AS 44.62.330-44.62-630. **IF THE APPLICANT REQUESTS A HEARING, THE LOCAL GOVERNING BODY MUST ASSIST IN OR UNDERTAKE THE DEFENSE OF ITS PROTEST.**

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Protest under AS 04.11.480 and the prohibition of sale or consumption of alcoholic beverages as required by zoning regulation or ordinance under AS 04.11.420(a) are two separate and distinct subjects. Please bear that in mind in responding to this notice.

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Note: Applications applied for under AS 04.11.400(g), 3 AAC 304.335(a)(3), AS 04.11.090(e), and 3 AAC 304.660(e) must be approved by the governing body.

Sincerely,

A handwritten signature in blue ink, appearing to read "Erwin Domingo", with a stylized flourish.

Erwin T. Domingo
Business Registration Examiner
Erwin.domingo@alaska.gov
(907)754-3588

State of Alaska
Alcoholic Beverage Control Board

Date of Notice: June 1, 2015

Application Type: **NEW**_____

TRANSFER
 Ownership
 _____ Location
 _____ Name Change

Governing Body: **Homer**
 Community Councils:

License #: 1402
 License Type: Beverage Dispensary-Tourism
 D.B.A.: Best Western Bidarka Inn/Otter Room
 Licensee/Applicant: Johnson Inn Homer, LLC.
 Physical Location: 575 Sterling Highway, Homer, Alaska 99603
 Mail Address: 575 Sterling Highway, Homer, Alaska 99603
 Telephone #: 907-235-8148
 EIN: 20-8984773

Corp/LLC Agent:	Address	Phone	Date and State of Incorporation	Good standing?
Johnson Inn Homer, LLC	575 Sterling Highway Homer, Alaska 99603	907-235-8148	07/26/2011 Alaska	Yes

Please note: the Members/Officers/Directors/Shareholders (principals) listed below are the principal members. There may be additional members that we are not aware of because they are not primary members. We have listed all principal members and those who hold at least 10% shares.

Member/Officer/Director:	DOB	Address	Phone	Shares (%)
Douglas Johnson Member	04/26/1973	575 Sterling Highway Homer, Alaska 99603	907-235-8148	50%
Jacky Johnson Member	01/05/1975	575 Sterling Highway Homer, Alaska 99603	907-235-8148	50%

If **transfer** application, current license information:

Current D.B.A.: Best Western Bidarka Inn
 Current Licensee: Belgua Lake Lodge, Inc.
 Current Location: 575 Sterling Highway, Homer, Alaska 99603

Additional comments: RDP Application Attached.

A local governing body as defined under AS 04.21.080(11) may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the board **and** the applicant with a clear and concise written statement of reasons in support of a protest within 60 days of receipt of this notice. If a protest is filed, the board will not approve the application unless it finds that the protest is “arbitrary, capricious and unreasonable”. Instead, in accordance with AS 04.11.510(b), the board will notify the applicant that the application is denied for reasons stated in the protest. The applicant is entitled to an informal conference with either the director or the board and, if not satisfied by the informal conference, is entitled to a formal hearing in accordance with AS 44.62.330-44.62-630. **IF THE APPLICANT REQUESTS A HEARING, THE LOCAL GOVERNING BODY MUST ASSIST IN OR UNDERTAKE THE DEFENSE OF ITS PROTEST.**

Under AS 04.11.420(a), the board may not issue a license or permit for premises in a municipality where a zoning regulation or ordinance prohibits the sale or consumption of alcoholic beverages, unless a variance of the regulation or ordinance has been approved. Under AS 04.11.420(b) municipalities must inform the board of zoning regulations or ordinances which prohibit the sale or consumption of alcoholic beverages. If a municipal zoning regulation or ordinance prohibits the sale or consumption of alcoholic beverages at the proposed premises and no variance of the regulation or ordinance has been approved, please notify us and provide a certified copy of the regulation or ordinance if you have not previously done so.

Protest under AS 04.11.480 and the prohibition of sale or consumption of alcoholic beverages as required by zoning regulation or ordinance under AS 04.11.420(a) are two separate and distinct subjects. Please bear that in mind in responding to this notice.

AS 04.21.010(d), if applicable, requires the municipality to provide written notice to the appropriate community council(s).

If you wish to protest the application referenced above, please do so in the prescribed manner and within the prescribed time. Please show proof of service upon the applicant. For additional information please refer to 3 AAC 304.145, Local Governing Body Protest.

Note: Applications applied for under AS 04.11.400(g), 3 AAC 304.335(a)(3), AS 04.11.090(e), and 3 AAC 304.660(e) must be approved by the governing body.

Sincerely,



Erwin T. Domingo
Business Registration Examiner
Erwin.domingo@alaska.gov
(907)754-3588



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue

Homer, Alaska 99603

clerk@cityofhomer-ak.gov

(p) 907-235-3130

(f) 907-235-3143

Memorandum

TO: MARK ROBL, POLICE CHIEF

FROM: JO JOHNSON, CITY CLERK

DATE: JUNE 2, 2015

SUBJECT: LIQUOR LICENSE TRANSFER FOR BELUGA LAKE LODGE AND BEST WESTERN BIDARKA
INN/OTTER ROOM

We have been notified by the ABC Board of a liquor license transfer within the City of Homer for the following:

Type: Transfer of Ownership/Restaurant Designation Permit
Lic #: 4795
DBA Name: Beluga Lake Lodge
Service Location: 204 Ocean Drive Loop
Owner: Johnson Inn Homer, LLC
Mailing Address: 575 Sterling Highway, Homer, AK 99603

Type: Transfer of Ownership/Restaurant Designation Permit
Lic.#: 1402
DBA Name: Best Western Bidarka Inn/Otter Room
Service Location: 575 Sterling Highway
Owner: Johnson Inn Homer, LLC
Mailing Address: 575 Sterling Highway, Homer, AK 99603

This matter is scheduled for the June 15, 2015 City Council meeting. Please respond with objections/non-objections to these liquor license renewals by **Wednesday, June 10, 2015**.

Thank you for your assistance.



CITY OF HOMER

POLICE DEPARTMENT

4060 HEATH STREET HOMER, AK 99603-7609

EMERGENCY 911
TELEPHONE (907) 235-3150
TELECOPIER (907) 235-3151

MEMORANDUM

DATE: June 8, 2015

TO: Jo Johnson, City Clerk

FROM: Mark Robl, Chief of Police

SUBJECT: LIQUOR LICENSE TRANSFER FROM BELUGA LAKE LODGE AND
BEST WESTERN BIDARKA INN/OTTER ROOM

The Homer Police Department has no objection to the liquor license renewal for the following businesses:

Type: Transfer of Ownership/Restaurant Designation Permit
Lic. #: 4795
DBA Name: Beluga Lake Lodge
Service Location: 204 Ocean Drive Loop
Owner: Johnson Inn Homer, LLC.
Mailing Address: 575 Sterling Highway, Homer, AK 99603

Type: Transfer of Ownership/Restaurant Designation Permit
Lic. #: 1402
DBA Name: Best Western Bidarka Inn/Otter Room
Service Location: 575 Sterling Highway
Owner: Johnson Inn Homer, LLC
Mailing Address: 575 Sterling Highway, Homer, AK 99603

There is no objection to these liquor license transfers.

Thank You,

Chief Mark Robl

ORDINANCE REFERENCE SHEET
2015 ORDINANCE
ORDINANCE 15-19

An Ordinance of the Homer City Council, Amending Homer City Code Chapter 9.16 to Revise HCC 9.16.040, HCC 9.16.100, and Add HCC 9.16.110 Repealing the Seasonal Sales Tax Exemption as Applied to Certain Categories of Nonprepared Foods, Including But Not Limited to Cakes, Cookies, Ice Cream, Candy, Chips, and Frozen Pizzas.

Sponsor: Lewis

1. City Council Special Meeting June 15, 2015 Introduction
 - a. Kenai Peninsula Borough Ordinance 2008-28
 - b. Ordinance 08-32(S)(A-2)
 - c. Kenai Peninsula Borough Initiative Ordinance 2008-01

**CITY OF HOMER
HOMER, ALASKA**

Lewis

ORDINANCE 15-19

AN ORDINANCE OF THE HOMER CITY COUNCIL, AMENDING HOMER CITY CODE CHAPTER 9.16 TO REVISE HCC 9.16.040, HCC 9.16.100, AND ADD HCC 9.16.110 REPEALING THE SEASONAL SALES TAX EXEMPTION AS APPLIED TO CERTAIN CATEGORIES OF NONPREPARED FOODS, INCLUDING BUT NOT LIMITED TO CAKES, COOKIES, ICE CREAM, CANDY, CHIPS, AND FROZEN PIZZAS.

WHEREAS, A proposition was passed by the voters in the Kenai Peninsula Borough (“Borough”) exempting nonprepared foods from sales tax from September 1st through May 31st; and

WHEREAS, The Borough adopted Ordinance 2008-28 authorizing cities within the Borough, including the City of Homer (“City”), to continue taxing nonprepared foods during the period from September 1st through May 31st despite the Borough’s exemption of such foods from sales tax during those months; and

WHEREAS, The City enacted Ordinance 08-32(S)(A-2) on December 8, 2008 exempting the sales of nonprepared foods from City sales tax during September 1st through May 31st of each year; and

WHEREAS, The loss of sales tax revenues on the sale of nonprepared foods has had a substantial negative impact on funding for essential City services including but not limited to water, sewer, and road project matching funds and has required the almost complete elimination of all non-essential City services; and

WHEREAS, It is in the City’s best interest to reinstate the sales tax at the full 4.5% rate on a year-round basis on the categories of nonprepared foods described in Homer City Code 9.16.100(c), enacted by this ordinance, to provide funding for City services.

THE CITY OF HOMER HEREBY ORDAINS:

Section 1. The City of Homer exercises the authority granted it under Kenai Peninsula Borough Ordinance 2008-28 to levy and collect sales taxes on the nonprepared food items described in Homer City Code 9.16.100(c), enacted by this ordinance, on a year-round basis notwithstanding Kenai Peninsula Borough Initiative Ordinance 2008-01.

43 Section 2. Homer City Code 9.16.040 is amended to read as follows:

44
45 9.16.040 Borough Provisions Adopted by Reference. **Subject to Section 9.16.100 and**
46 **9.16.110,** Those sections of the Kenai Peninsula Borough Code of Ordinances applicable to
47 the levy and collection of the sales tax described in this chapter are incorporated by this
48 reference and made a part of this chapter as though fully set forth in this chapter.

49
50 Section 3. Homer City Code 9.16.100 is amended to read as follows:

51
52 9.16.100 Exemptions.

53
54 **The following sales of items are exempt from sales tax:**

55
56 a. ~~Commencing January 1, 2009, s~~**Except as provided in section 9.16.110 of**
57 **the city code, sales** of nonprepared food items **occurring** from September 1st
58 through May 31st of each year.

59
60 b. **The sale of** all other items granted exemption from sales tax under the
61 Kenai Peninsula Borough Code as amended from time to time, except where the Kenai
62 Peninsula Borough by ordinance expressly authorizes the City to tax a source
63 exempted from sales tax by the Kenai Peninsula Borough Code and City imposes a
64 sales tax on that source in compliance with the law.

65
66 Section 4. Homer City Code Chapter 9.16 is amended to add section 9.16.110 to read
67 as follows:

68
69 **9.16.110 Sales Tax**

70
71 **Sales of the following products shall be subject to sales tax 365 days a year:**

72
73 **a. beverages containing less than 50% fruit or vegetable juice, including**
74 **soft drinks, energy drinks and sports drinks, but excluding dairy and dairy**
75 **substitute beverages;**

76
77 **b. candy;**

78
79 **c. potato and corn chips, pretzels, crackers and other ready-to-eat snack**
80 **foods;**

81
82 **d. ready-to-eat baked products, including cookies, cake, donuts, danish,**
83 **and muffins, but excluding bread;**

84

85 **e. ice cream, sherbet and other frozen desserts;**

86
87 **f. frozen foods that are ready to eat upon heating in a conventional or**
88 **microwave oven, including entrees, dinners, pizza and burritos, but excluding**
89 **frozen fruits and vegetables; and**

90
91 **g. prepackaged or made-to-order sandwiches, wraps and salads.**

92
93 Section 5. This ordinance is of a permanent and general character and shall be
94 included in the city code.

95
96 Section 6. This ordinance shall take effect January 1, 2016.

97
98 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this _____ day of
99 _____, 2015.

100
101 CITY OF HOMER

102
103
104
105 _____
106 MARY E. WYTHE, MAYOR

107 ATTEST:
108
109 _____
110 JO JOHNSON, MMC, CITY CLERK

111
112
113
114
115 YES:
116 NO:
117 ABSTAIN:
118 ABSENT:

119
120
121
122
123 First Reading:
124 Public Hearing:
125 Second Reading:
126 Effective Date:

127 Reviewed and approved as to form:

128

129 _____

130 Mary K. Koester, City Manager

131

132 Date: _____

133

Thomas F. Klinkner, City Attorney

Date: _____

Introduced by:	Mayor
Date:	08/19/08
Hearings:	09/02/08 & 09/16/08
Action:	Postponed Until 09/16/08
Action:	Enacted as amended
Vote:	6 Yes, 1 No, 2 Absent
Action:	Reconsideration Filed by Fischer
Date:	10/14/08
Action:	Reconsideration Failed
Vote:	1 Yes, 8 No, 0 Absent

**KENAI PENINSULA BOROUGH
ORDINANCE 2008-28**

**AN ORDINANCE AUTHORIZING THE GENERAL LAW CITIES IN THE KENAI
PENINSULA BOROUGH TO LEVY AND COLLECT SALES TAXES ON
NONPREPARED FOOD ITEMS**

- WHEREAS,** if approved by the voters in the October 7, 2008, election, ballot Proposition 1 will require that nonprepared food items be exempt from borough sales taxes from September 1 through May 31 of each year; and
- WHEREAS,** Alaska Statute 29.45.700 requires general law cities in the borough that levy a sales tax to levy the tax sources taxed by the borough unless the assembly by ordinance authorizes the city to levy and collect taxes on other sources; and
- WHEREAS,** the cities of Soldotna, Homer, and Seldovia are general law cities that levy a sales tax and will be required to exempt nonprepared foods if Proposition 1 passes, unless the assembly gives them the option to tax nonprepared food year-round; and
- WHEREAS,** the cities of Seward and Kenai are home rule cities and are, therefore, exempt from the statutory requirement to tax the same sources as the borough unless otherwise provided by the assembly; and
- WHEREAS,** at its meeting on August 13, 2008, the Soldotna City Council adopted Resolution 2008-052 requesting the Kenai Peninsula Borough to grant the city of Soldotna the option to tax nonprepared food; and
- WHEREAS,** at its meeting of September 10, 2008 the Seldovia City Council adopted Resolution 09-03 in support of Kenai Peninsula Borough Ordinance 2008-28; and
- WHEREAS,** at its meeting of July 28, 2008, the Homer City Council introduced Ordinance 08-32, amending the Homer Sales Tax Code to seasonally exempt sales of nonprepared food between September 1 and May 31 each year and scheduled that ordinance for public hearing on October 27, 2008; and

WHEREAS, exempting nonprepared food items for nine months each year will likely have a significant impact on the cities' revenues; and

WHEREAS, each city is in the best position to make policy decisions concerning whether or not to exempt nonprepared food items from its respective city sales tax; and

WHEREAS, it is accordingly appropriate to authorize the city councils of general law municipalities to make this decision on behalf of their own constituents;

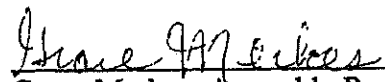
NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:


SECTION 1. That the general law cities in the Kenai Peninsula Borough are authorized to levy and collect sales taxes on nonprepared food items on a year-round basis except for sales that are required to be exempted by AS 29.45.700 as now enacted or may be hereinafter.

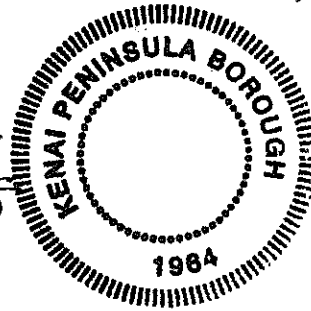
SECTION 2. That this ordinance shall take effect on October 14, 2008, if Proposition 1 of the Kenai Peninsula Borough regular election is approved by the voters.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 16TH DAY OF SEPTEMBER, 2008.

ATTEST:


Grace Merkes, Assembly President


Johni Blankenship, Borough Clerk



Enactment:

Yes: Long, Martin, Smith, Sprague, Superman, Merkes
No: Fischer
Absent: Gilman, Knopp

Reconsideration:

Yes: Fischer
No: Fischer, Gilman, Knopp, Long, Martin, Smith, Sprague, Superman, Merkes
Absent: None

CITY OF HOMER
HOMER, ALASKA

Mayor

ORDINANCE 08-32(S)(A-2)

1
2 AN ORDINANCE ENACTING HOMER CITY CODE
3 9.16.100 TO EXEMPT SALES OF NONPREPARED
4 FOODS FROM SEPTEMBER 1ST THROUGH MAY 31ST OF
5 EACH YEAR, PENDING COMPLETION OF AN ADVISORY
6 VOTE REGARDING THE SALES TAX STRUCTURE FOR
7 NONPREPARED FOOD ITEMS, AND INCORPORATING IN
8 THE HOMER CITY CODE ALL OTHER SALES TAX
9 EXEMPTIONS ADOPTED BY THE KENAI PENINSULA
10 BOROUGH.

11
12 WHEREAS, A proposition was passed by the voters in the Kenai Peninsula
13 Borough exempting nonprepared foods from sales tax from September 1st through
14 May 31st; and

15
16 WHEREAS, The City of Homer ("City") believes it is appropriate to exempt the
17 sales of nonprepared foods from taxation from September 1st through May 31st.

18
19 THE CITY OF HOMER HEREBY ORDAINS:

20
21 Section 1. Homer City Code Chapter 9.16 is hereby amended by adding the
22 following section 9.16.100:

23
24 9.16.100 Exemptions. The following are exempt from the Homer sales
25 tax:

26
27 a. Commencing January 1, 2009, sales of nonprepared food items from
28 September 1st through May 31st of each year.

29
30 b. All other items granted exemption from sales tax under the Kenai
31 Peninsula Borough Code as amended from time to time, except where the
32 Kenai Peninsula Borough by ordinance expressly authorizes the city to tax
33 a source exempted from sales tax by the Kenai Peninsula Borough Code
34 and the city imposes a sales tax on that source in compliance with the law.

35
36 Section 2. This exemption on nonprepared food items shall no longer be
37 effective if the Borough's exemption on nonprepared foods from its sales tax is repealed
38 or overturned.

39

40 Section 3. The Council intends to bring forward a proposition for an advisory
41 vote regarding the sales tax structure for nonprepared food items as soon as
42 administratively practical.

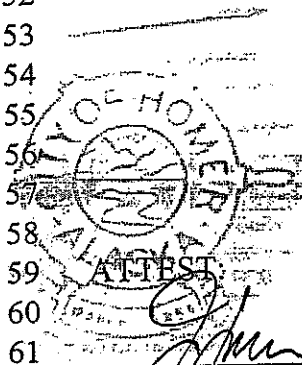
43
44 Section 4. This ordinance shall take effect upon its adoption by the Homer City
45 Council.

46
47 Section 5. This ordinance is of a permanent and general character and shall be
48 included in the city code.

49
50 ENACTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA,
51 this 8th day of December, 2008.

52
53
54 CITY OF HOMER

55 James C. Hornaday
56 JAMES C. HORNADAY, MAYOR
57



58
59
60
61 JO JOHNSON
62 JO JOHNSON, CMC, CITY CLERK

63
64
65 AYES: 6
66 NOES: 0
67 ABSTAIN: 0
68 ABSENT: 0

69
70 First Reading: 7/28/08
71 Public Reading: 11/24/08
72 Second Reading: 12/08/08
73 Effective Date: 12/09/08

74
75
76 Reviewed and approved as to form:

77
78 Walt Wrede
79 Walt Wrede, City Manager

80 Thomas F. Klinkner
81 Thomas F. Klinkner, City Attorney

82 Date: 12/12/08

Date: 12-18-08

Sponsored by: Citizen Initiative Ordinance
Election Date: 10/07/08
Certification Date: 10/14/08
Vote: 60.15% Yes, 39.85 % No

**KENAI PENINSULA BOROUGH
INITIATIVE ORDINANCE**

**AN ORDINANCE FOR A SEASONAL (SEPTEMBER 1 TO MAY 31) EXEMPTION OF
ALL SALES OF NONPREPARED FOOD ITEMS FROM BOROUGH SALES TAX**

WHEREAS, taxation of basic food items can create a serious hardship for residents within the Kenai Peninsula Borough; and

WHEREAS, since last year, the Kenai Peninsula Borough has raised its sales tax percentage by 50% (from 2% to 3 %), and has experienced huge sales tax revenue increases from the increase price of fuel, groceries, and other necessities required by our local residents, resulting in a huge windfall of revenue to Borough coffers; and

WHEREAS, such taxation can be particularly difficult for families, the elderly, low income individuals and unemployed people; and

WHEREAS, a seasonal sales tax exemption will afford relief almost exclusively to residents of the Kenai Peninsula Borough; and

WHEREAS, burdening individuals and families who are least able to pay with taxation of products necessary for their survival is not in the best interest of our society; and

WHEREAS, most state governments exempt sales tax on unprepared food items and, of the minority that so tax unprepared food, many do so at a reduced rate; and

WHEREAS, the collection of revenue required for borough and municipal operation can be more fairly accomplished without burdening our local residents, who are least able to support such taxation.

NOW, THEREFORE, BE IT ORDAINED BY THE VOTERS OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Kenai Peninsula Borough Code is hereby amended by creating a new Section 5.18.200(15)(c) to read as follows:

5.18.200. (15)(c) Exemptions/waivers - Sales of nonprepared food items. Sales tax is prohibited on all sales of nonprepared food items from September 1 until May 31 of each year. These food items exempted from sales tax include those which have been previously granted exemption in KPB 5.18.200(14) for food purchased with

coupons issued under the federal food stamp program.

SECTION 2. If approved by a majority of the voters, voting on this question at a regular or special election held for that purpose; this ordinance shall take effect January 1 of the year following the certification of that election.

ENACTED BY THE VOTERS OF THE KENAI PENINSULA BOROUGH AT AN ELECTION HELD ON THE 7TH DAY OF OCTOBER, 2008 WITH CERTIFICATION ON OCTOBER 14, 2008.

ORDINANCE REFERENCE SHEET
2015 ORDINANCE
ORDINANCE 15-20

An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating an Alaska Department of Environmental Conservation Municipal Matching Grant in The Amount of \$1,922,577 and Authorizing a 30% Matching Requirement From the Homer Accelerated Water And Sewer Fund (HAWSP) in the Amount of \$576,773.10 for the Purpose of Completing the Water Distribution/Storage Improvement Project and Authorizing the City Manager to Execute the Appropriate Documents.

Sponsor: City Manager/Public Works Director

1. City Council Special Meeting June 15, 2015 Introduction
 - a. Notification of Municipal Matching Grant from Alaska Department of Environmental Conservation

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 City Manager/
4 Public Works Director

5 **ORDINANCE 15-20**
6

7 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
8 ACCEPTING AND APPROPRIATING AN ALASKA DEPARTMENT OF
9 ENVIRONMENTAL CONSERVATION MUNICIPAL MATCHING GRANT
10 IN THE AMOUNT OF \$1,922,577 AND AUTHORIZING A 30%
11 MATCHING REQUIREMENT FROM THE HOMER ACCELERATED
12 WATER AND SEWER FUND (HAWSP) IN THE AMOUNT OF
13 \$576,773.10 FOR THE PURPOSE OF COMPLETING THE WATER
14 DISTRIBUTION/STORAGE IMPROVEMENT PROJECT AND
15 AUTHORIZING THE CITY MANAGER TO EXECUTE THE
16 APPROPRIATE DOCUMENTS.
17

18 WHEREAS, The City submitted an application for an Alaska Department of
19 Environmental Conservation Municipal Matching Grant for the purpose of completing water
20 distribution/storage improvement projects to include water main extensions on Kachemak
21 Drive and Shellfish Avenue/South Slope Drive; and
22

23 WHEREAS, The Alaska Department of Environmental Conservation Municipal Matching
24 Grant was awarded to the City in the amount of \$1,922,577, requiring a 30% match of
25 \$576,773.10 from the Homer Accelerated Water and Sewer Fund; and
26

27 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:
28

29 Section 1. The Homer City Council hereby accepts and appropriates an Alaska
30 Department of Environmental Conservation Municipal Matching Grant in the amount of
31 \$1,922,577 with a required 30% match of \$576,773.10 from the Homer Accelerated Water and
32 Sewer Fund for the purpose of completing the water distribution/storage improvement
33 project as follows:
34

35 Revenue:

36 <u>Account</u>	37 <u>Description</u>	38 <u>Amount</u>
39 HAWSP (205)	40 Water Distribution/ 41 Storage Improvements	42 \$1,922,577

43 Expenditure:

44

45 <u>Account</u>	<u>Description</u>	<u>Amount</u>
47 205-375	46 30% HAWSP Fund Match	48 \$576,773.10

49 Section 2. The City Manager is authorized to execute the appropriate documents.

50

51 Section 3. This is a budget amendment ordinance, is temporary in nature, and shall
52 not be codified.

53

54 ENACTED BY THE HOMER CITY COUNCIL this ___ day of _____, 2015.

55

56 CITY OF HOMER

57

58

59

60

MARY E. WYTHE, MAYOR

61 ATTEST:

62

63

64

65

JO JOHNSON, MMC, CITY CLERK

66

67

68 YES:

69 NO:

70 ABSENT:

71 ABSTAIN:

72

73 First Reading:

74 Public Hearing:

75 Second reading:

76 Effective Date:

77

78 Reviewed and approved as to form:

79

80

81

Mary K. Koester, City Manager

82

83

Date:_____

84

Thomas F. Klinkner, City Attorney

Date:_____



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Environmental
Conservation

DIVISION OF WATER

Post Office Box 111800
Juneau, Alaska 99811-1800
Main: 907.465.5300
Fax: 907.465.5177
www.dec.alaska.gov

May 19, 2015

Ms. Katie Koester
City Manager
City of Homer
491 E. Pioneer Avenue
Homer, AK 99603

RE: FY16 Funding Notice (SB26)

Dear Ms. Koester:

As you may be aware, your community will be eligible to receive \$1,922,577 in Municipal Matching Grant funding for the Water Storage and Distribution Improvements Project through the capital budget being finalized in the legislature. The local contribution (match) requirement is 30%. The grant number assigned to this project is MMG No. 40909.

Due to the need to ensure that state funds are obligated and expended in a timely manner, **we require you to submit your application for these funds by June 15, 2015 in order to have a grant offer in place by the beginning of State Fiscal Year 2016.**

By no later than June 15, 2015 please complete the online Grant application at the Division of Water, Municipal Grants and Loans Program Website:
<http://dec.alaska.gov/water/MuniGrantsLoans/index.htm>. Additional information on the program, requirements and forms can be found on this page.

If you are not able to complete the grant application online, please mail (and e-mail) the completed signed grant application to the following address by June 15, 2015:

DEC.Water.MGL.MAT@alaska.gov

Alaska Department of Environmental Conservation
Division of Water, Municipal Matching Grants & Loans Program
Attn: MAT (Municipal Administrative Team)
P.O. Box 111800
410 Willoughby Avenue, Suite 303
Juneau, AK 99811-1800

If you have any questions regarding this process you may contact me directly or any of the parties below:

Mike Lewis, Program Manager 907-269-7616 mike.lewis@alaska.gov
Zorrie Cassell-Caparroso, Grants Accountant 907-465-5172 soraida.cassell-caparroso@alaska.gov
Beth Verrelli, Project Engineer 907-269-7603 beth.verrelli@alaska.gov

The department looks forward to working with the City of Homer on this jointly funded project to provide improved services to the residents of your community.

Sincerely,



Zorrie Cassell-Caparroso
Municipal Grants and Loans Program Accountant

cc: Mike Lewis, Program Manager, ADEC
Beth Verrelli, Project Engineer, ADEC

ORDINANCE REFERENCE SHEET
2015 ORDINANCE
ORDINANCE 15-21

An Ordinance of the City Council of Homer, Alaska, Amending the FY 2015 Operating Budget by Appropriating \$277,335.45 to Pay for Homer Natural Gas Special Assessment District Assessments of 85 City Lots From Various City Reserve Funds.

Sponsor: City Manager

1. City Council Special Meeting June 15, 2015 Introduction
 - a. List of City properties for gas assessments

38 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:
39

40 Section 1. The FY 2015 Operating Budget is hereby amended by appropriating
41 \$3,262.77 from the Animal Shelter Reserve fund for the assessment associated with the
42 Animal Shelter parcel.
43

44 Section 2. The FY 2015 Operating Budget is hereby amended by appropriating
45 \$3,262.77 from the City Hall Reserve fund for the assessment associated with the City Hall
46 parcel.
47

48 Section 3. The FY 2015 Operating Budget is hereby amended by appropriating
49 \$32,627.70 from the General Fund Reserve fund for the assessment associated with 10
50 miscellaneous City parcels.
51

52 Section 4. The FY 2015 Operating Budget is hereby amended by appropriating
53 \$13,051.08 from the Library Reserve fund for the assessment associated with the Library
54 building, old library parcel and 2 adjacent parcels.
55

56 Section 5. The FY 2015 Operating Budget is hereby amended by appropriating
57 \$6,525.54 from the Parks and Recreation Reserve fund for the assessment associated with
58 Ohlson Lane and Jack Gist Parks.
59

60 Section 6. The FY 2015 Operating Budget is hereby amended by appropriating
61 \$1,631.39 from the Police Reserve fund and \$1,631.39 from the Fire Reserve fund for the
62 assessment associated with the Fire and Police Station parcel.
63

64 Section 7. The FY 2015 Operating Budget is hereby amended by appropriating
65 \$6,525.54 from the Public Works Reserve fund for the assessment associated with the 2 Public
66 Works Administration building parcels.
67

68 Section 8. The FY 2015 Operating Budget is hereby amended by appropriating
69 \$6,525.54 from the Water Reserve fund for the assessment associated with the Water
70 Treatment Plant and parcel reserved for a new water tank.
71

72 Section 9. The FY 2015 Operating Budget is hereby amended by appropriating
73 \$202,291.74 from the Port and Harbor Reserve fund for the assessment associated with 62
74 parcels on the Homer Spit.

112 First Reading:

113 Public Hearing:

114 Second Reading:

115 Effective Date:

116

117

118 Review and approved as to form:

119

120 _____

121 Mary K. Koester, City Manager

122

123 Date: _____

124

125 Fiscal Note: Fiscal information included in body of Ordinance.

Thomas F. Klinkner, City Attorney

Date: _____

Parcel_ID	LEGAL	Assessment	Facility/Notes	Account Code	Account Total
17714020	T 6S R 13W SEC 20 SEWARD MERIDIAN HM 0850128 GLACIER VIEW SUB NO 18 LOT 1	\$3,262.77	Animal Shelter	Animal Shelter Reserve 156-0370	Animal Shelter Total: \$3,262.77
17720408	T 6S R 13W SEC 20 SEWARD MERIDIAN HM 2004048 GLACIER VIEW SUB CAMPUS ADDN LOT 6-A-2	\$3,262.77	City Hall	City Hall Reserve 156-0384	City Hall Reserve Total: \$3,262.77
17307094	T 6S R 13W SEC 7 SEWARD MERIDIAN HM 2011030 HILLSTRANDS'S HOMESTEAD LOT 1	\$3,262.77	Vacant Lot, Skyline	General Fund Reserve 156-0375	
17510070	T 6S R 13W SEC 19 SEWARD MERIDIAN HM 2000022 HOMER SCHOOL SURVEY 1999 CITY ADDN TRACT 2	\$3,262.77	HERC Building and Old High School	General Fund Reserve 156-0375	
17514301	T 6S R 13W SEC 19 SEWARD MERIDIAN HM 0000049 BUNNELLS SUB LOT 75	\$3,262.77	Bartlett Restroom	General Fund Reserve 156-0375	
17717706	T 6S R 13W SEC 29 SEWARD MERIDIAN HM 0003415 OSCAR MUNSON SUB LOT 43	\$3,262.77	Ocean Dr Loop	General Fund Reserve 156-0375	
17719234	T 6S R 13W SEC 20 SEWARD MERIDIAN HM 2013052 NILS O SVEDLUND SUB 2013 REPLAT LOT 7-A	\$3,262.77	Town Center Lot Behind Alice's	General Fund Reserve 156-0375	
17720204	T 6S R 13W SEC 20 SEWARD MERIDIAN HM 0750018 GLACIER VIEW SUB NO 1 REPLAT LTS 1.8 & 9 BLK 4 LOT 9-A	\$3,262.77	WKFL Park/Restroom	General Fund Reserve 156-0375	
17908050	T 6S R 13W SEC 14 SEWARD MERIDIAN HM S1/2 OF GOVT LOT 30 LYING WEST OF KACHEMAK DR	\$3,262.77	Kachemak Drive Lot - For Sale	General Fund Reserve 156-0375	
17911005	T 6S R 13W SEC 14 SEWARD MERIDIAN HM 0004712 HARRY FEYER SUB LOT 1	\$3,262.77	Kachemak Drive Lot - For sale	General Fund Reserve 156-0375	
17915003	T 6S R 13W SEC 23 SEWARD MERIDIAN HM THAT PORTION OF GOVT LOT 3 LYING SOUTHEASTERLY OF KACHEMAK BAY DRIVE	\$3,262.77	Kachemak Drive Lot - For Sale	General Fund Reserve 156-0375	
17936020	T 6S R 13W SEC 22 SEWARD MERIDIAN HM 0830087 SCENIC BAY SUB LOT 4	\$3,262.77	Kachemak Drive Lot	General Fund Reserve 156-0375	General Fund Reserve Total: \$32,627.70
17514416	T 6S R 13W SEC 19 SEWARD MERIDIAN HM 2008016 HOMER PUBLIC LIBRARY NO 2 LOT 2	\$3,262.77	Old Library - Lot for Sale	Library Reserve 156-0390	
17710740	T 6S R 13W SEC 20 SEWARD MERIDIAN HM 2005036 GLACIER VIEW SUB NO 26 TRACT A	\$3,262.77	Library Building	Library Reserve 156-0390	

Parcel_ID	LEGAL	Assessment	Facility/Notes	Account Code	Account Total
17710739	T 6S R 13W SEC 20 SEWARD MERIDIAN HM 2005036 GLACIER VIEW SUB NO 26 TRACT B	\$3,262.77	Library Adjacent Lot	Library Reserve 156-0390	
17710739	T 6S R 13W SEC 20 SEWARD MERIDIAN HM 2005036 GLACIER VIEW SUB NO 26 TRACT B	\$3,262.77	Library Adjacent Lot	Library Reserve 156-0390	Library Reserve Total: \$13,051.08
17901023	T 6S R 13W SEC 15 SEWARD MERIDIAN HM 0990063 JACK GIST SUB LOT 2	\$3,262.77	Jack Gist Park	Park & Rec Reserve 156-0385	
17520009	T 6S R 13W SEC 19 SEWARD MERIDIAN HM PORTION THEREOF S OF OLSEN LANE	\$3,262.77	Park on Olson Lane (recently declared parkland)	Park & Rec Reserve 156-0385	Park & Rec Reserve Total: \$6,525.54
17702057	T 6S R 13W SEC 17 & 20 SEWARD MERIDIAN HM 0870011 NEW HOMER HIGH SCHOOL NO 2 TRACT 1-B	\$3,262.77	Police/Fire station	1/2 Police Reserve 156-0394 1/2 Fire Reserve 156-0393	Police Reserve Total: \$1,631.85 Fire Reserve Total: \$1,631.85
17712014	T 6S R 13W SEC 20 SEWARD MERIDIAN HM 0003743 WADDELL SUB THAT PORTION S OF HOMER BY PASS RD	\$3,262.77	Public Works Admin. Building	Public Works Reserve 156-0395	
17714016	T 6S R 13W SEC 20 SEWARD MERIDIAN HM NE1/4 NE1/4 SW1/4 & S1/2 NE1/4 SW1/4	\$3,262.77	Public Works Admin. Building	Public Works Reserve 156-0395	Public Works Reserve Total: \$6,525.54
17308034	T 6S R 13W SEC 8 SEWARD MERIDIAN HM 0960051 TULIN TERRACE SUB UPPER TERRACE LOT 34	\$3,262.77	Water Tank Lot, Skyline	Water Reserve 256-0378	
17701009	T 6S R 13W SEC 17 SEWARD MERIDIAN HM 2014023 BARNETT SUB QUIET CREEK ADDN 2014 TRACT A2	\$3,262.77	New Water Tank on Shelfish	Water Reserve 256-0378	Water Reserve Total: \$6,525.54
	PORT /SPIT				
18103105	T 6S R 13W SEC 35 SEWARD MERIDIAN HM 0890034 HOMER SPIT SUB AMENDED LOT 5	\$3,262.77	Camp Ground Office/Park Land	Port & Harbor Reserve 456-0380	
18103117	T 6S R 13W SEC 35 SEWARD MERIDIAN HM 0940043 THE FISHIN HOLE SUB NO 2 TRACT 1-A	\$3,262.77	Pier 1 Lot, Camp Ground, Barge Haul Out	Port & Harbor Reserve 456-0380	
18103119	T 6S R 13W SEC 35 SEWARD MERIDIAN HM 0940043 THE FISHIN HOLE SUB NO 2 TRACT 1-C	\$3,262.77	Leased Land	Port & Harbor Reserve 456-0380	
18103214	T 6S & 7S R 13W SEC 35 & 36 & 1 & 2 SEWARD MERIDIAN HM 0920050 HOMER SPIT SUB NO TWO AMENDED SMALL BOAT HARBOR	\$3,262.77	Ice House/Fish Dock Facility	Port & Harbor Reserve 456-0380	

Parcel_ID	LEGAL	Assessment	Facility/Notes	Account Code	Account Total
18103218	T 6S & 7S R 13W SEC 36 & 1 SEWARD MERIDIAN HM 0920024 HOMER SPIT FOUR SUB	\$3,262.77	Leased Land - Coast Guard Building	Port & Harbor Reserve 456-0380	
18103220	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 12	\$3,262.77	Chip Pad	Port & Harbor Reserve 456-0380	
18103221	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 2	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103222	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 3	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103223	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 4	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103224	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 5	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103225	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 6	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103226	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 7	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103227	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 8	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103228	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 9	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103229	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 10	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103230	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 11	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103231	T 6S R 13W SEC 35 & 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 1	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	

Parcel_ID	LEGAL	Assessment	Facility/Notes	Account Code	Account Total
18103232	T 6S & 7S R 13W SEC 36 & 1 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 13	\$3,262.77	Parking Lot / Laydown Lease Area	Port & Harbor Reserve 456-0380	
18103233	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 14	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103234	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 15	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103235	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 16	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103236	T 6S & 7S R 13W SEC 36 & 1 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 17	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103237	T 6S & 7S R 13W SEC 36 & 1 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 18	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103238	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 19	\$3,262.77	Leased Land	Port & Harbor Reserve 456-0380	
18103239	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 20	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103241	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 22	\$3,262.77	New Harbor Office	Port & Harbor Reserve 456-0380	
18103242	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 23	\$3,262.77	New Harbor Office	Port & Harbor Reserve 456-0380	
18103243	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 24	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103244	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 25	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103245	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 26	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	

Parcel_ID	LEGAL	Assessment	Facility/Notes	Account Code	Account Total
18103246	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 27	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103247	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 28	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103248	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 29	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103249	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 30	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103250	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 31	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103251	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 32	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103252	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 33	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103253	T 6S R 13W SEC 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 34	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103254	T 6S R 13W SEC 35 & 36 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 35	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103255	T 6S R 13W SEC 35 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 36	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103256	T 6S R 13W SEC 35 SEWARD MERIDIAN HM 0930012 HOMER SPIT SUB NO 5 LOT 37	\$3,262.77	Restrooms	Port & Harbor Reserve 456-0380	
18103259	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0970072 HOMER SPIT NO 6 8-D-1	\$3,262.77	Deep Water Dock Restrooms, Lease Area	Port & Harbor Reserve 456-0380	
18103309	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0890034 HOMER SPIT SUB AMENDED LOT 30	\$3,262.77	Leased Land, Subway, Salty Dawg, Others	Port & Harbor Reserve 456-0380	

Parcel_ID	LEGAL	Assessment	Facility/Notes	Account Code	Account Total
18103310	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0890034 HOMER SPIT SUB AMENDED LOT 29	\$3,262.77	Harbor Restrooms	Port & Harbor Reserve 456-0380	
18103311	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0890034 HOMER SPIT SUB AMENDED LOT 28	\$3,262.77	Old Harbormaster Office	Port & Harbor Reserve 456-0380	
18103318	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0890034 HOMER SPIT SUB AMENDED LOT 17	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103319	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0890034 HOMER SPIT SUB AMENDED LOT 16	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103320	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0890034 HOMER SPIT SUB AMENDED LOT 15	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103321	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0890034 HOMER SPIT SUB AMENDED LOT 14	\$3,262.77	Parking Lot	Port & Harbor Reserve 456-0380	
18103322	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0890034 HOMER SPIT SUB AMENDED LOT 13	\$3,262.77	Restrooms, Parking Lot	Port & Harbor Reserve 456-0380	
18103324	T 6S & 7S R 13W SEC 35 & 36 & 1 & 2 SEWARD MERIDIAN HM 0910003 HOMER SPIT SUB NO TWO LOT 12A	\$3,262.77	Restrooms, Parking Lot	Port & Harbor Reserve 456-0380	
18103402	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0890034 HOMER SPIT SUB AMENDED LOT 50	\$3,262.77	Leased Land	Port & Harbor Reserve 456-0380	
18103403	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0890034 HOMER SPIT SUB AMENDED LOT 49	\$3,262.77	Port - Currently Drege Spoils	Port & Harbor Reserve 456-0380	
18103404	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0890034 HOMER SPIT SUB AMENDED LOT 48	\$3,262.77	Port Maintenance, Alaska Marine Highway Warehouse	Port & Harbor Reserve 456-0380	
18103431	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0920050 HOMER SPIT SUB NO TWO AMD LOT 88-1	\$3,262.77	Leased Land - South Central Radar	Port & Harbor Reserve 456-0380	
18103442	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0920050 HOMER SPIT SUB NO TWO AMENDED LOT 88-2	\$3,262.77	Leased Land - Yourkowski	Port & Harbor Reserve 456-0380	

Parcel_ID	LEGAL	Assessment	Facility/Notes	Account Code	Account Total
18103444	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0920050 HOMER SPIT SUB NO TWO AMENDED LOT 88-4	\$3,262.77	Leased Land - Faulkner	Port & Harbor Reserve 456-0380	
18103445	T 7S R 13W SEC 1 SEWARD MERIDIAN HM A PORTION OF GOVT LOT 20 PER A/L 207 @ 73	\$3,262.77	Leased Land	Port & Harbor Reserve 456-0380	
18103448	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0930049 HOMER SPIT SUB NO 6 VELMA'S ADDN LOT 45-B	\$3,262.77	End of the Road Park + Restrooms	Port & Harbor Reserve 456-0380	
18103451	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 0990043 CITY OF HOMER PORT INDUSTRIAL NO 4 LOT 12-B	\$3,262.77	Port, Vacant Lot on Fish Dock Rd	Port & Harbor Reserve 456-0380	
18103477	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 2007136 HOMER SPIT REPLAT 2006 LOT 9-A	\$3,262.77	Port, Vacant Lot on Fish Dock Rd	Port & Harbor Reserve 456-0380	
18103478	T 7S R 13W SEC 1 SEWARD MERIDIAN HM 2007136 HOMER SPIT REPLAT 2006 LOT 10 A	\$3,262.77	Port, Vacant Lot on Fish Dock Rd	Port & Harbor Reserve 456-0380	Port & Harbor Reserve Total: \$202,291.74
	Total:	\$277,335.45			

ORDINANCE REFERENCE SHEET
2015 ORDINANCE
ORDINANCE 15-22

An Ordinance of the City Council of Homer, Alaska, Declaring That Lillian Walli Estates Subdivision Lots 57-60, 65-67, and 70 No Longer Need to Be Retained For a Public Purpose as No Public Need Exists For Retaining the Property and Releasing HM0880016 T06S R14W S24 Lillian Walli Estate Sub Lot 60, 65, 66, 67, 70, 57, 58, 59 For Sale Subject to Land Disposal Proceedings Under the Homer City Code.

Sponsor: City Manager

1. City Council Special Meeting June 15, 2015 Introduction
 - a. Ordinance 93-17
 - b. Ordinance 94-2(A)
 - c. Resolution 15-030(A)
 - d. 2015 Land Allocation Information on Lillian Walli Estates Lots

**CITY OF HOMER
HOMER, ALASKA**

City Manager

ORDINANCE 15-22

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA
DECLARING THAT LILLIAN WALLI ESTATES SUBDIVISION LOTS
57-60, 65-67, AND 70 NO LONGER NEED TO BE RETAINED FOR A
PUBLIC PURPOSE AS NO PUBLIC NEED EXISTS FOR RETAINING
THE PROPERTY AND RELEASING HM0880016 T06S R14W S24
LILLIAN WALLI ESTATE SUB LOT 60, 65, 66, 67, 70, 57, 58, 59 FOR
SALE SUBJECT TO LAND DISPOSAL PROCEEDINGS UNDER THE
HOMER CITY CODE

WHEREAS, Ordinance 93-17, Section 2, accepted and designated Lillian Walli Estates
Subdivision Lots 57-60, 65-67, and 70: KPB Parcel No. 175-241-11 and Parcel No. 175-241-12
("Property") for a public purpose and declared that a public need existed for the retention of
the Property by the City at the time the Property was accepted; and

WHEREAS, Ordinance 94-2(A) confirmed the designation of the Property for a public
purpose and the then existing public need for retention of the Property, which was described
in Ordinance 94-2(A) as Assessor's Parcel No. 175-241-12-4, Plat No. 88-16 and Lot 67; and

WHEREAS, The City of Homer, Alaska, determined in Resolution 15-030(A) authorizing
the City 2015 Land Allocation Plan that the Property, described within the Resolution as
HM0880016 T06S R14W S24 LILLIAN WALLI ESTATE SUB LOT 60, 65, 66, 67, 70, 57, 58, 59,
should be subject to sale as part of that allocation plan; and

WHEREAS, The Property as described in Resolution 15-030(A) or in Ordinances 93-17
and 94-2(A), is no longer needed for a public purpose and it is now in the City's best interest to
dispose of the Property via sale.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Property is no longer needed for public use or purpose;

Section 2. The City Manager is hereby authorized to commence the sale of the
Property subject to the Homer City Code, including but not limited to HCC Chapter 18.12.

Section 3. This Ordinance is not permanent in nature, and shall not be codified.

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

43 _____, 2015.

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CITY OF HOMER

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MARY E. WYTHE, MAYOR

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51 ATTEST:

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JO JOHNSON, MMC, CITY CLERK

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61 YES:

62 NO:

63 ABSTAIN:

64 ABSENT:

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67

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69 First Reading:

70 Public Hearing:

71 Second Reading:

72 Effective Date:

73

74 Reviewed and approved as to form.

75

76

Mary K. Koester, City Manager

Thomas F. Klinkner, City Attorney

77

78 Date: _____

Date: _____

79

80

81 Fiscal Note: N/A

82

Staff

RECEIVED

OCT 14 1993

CITY OF HOMER
HOMER, ALASKA

PERKINS COIE

ORDINANCE 93-17

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, ACCEPTING CERTAIN TAX-FORECLOSED PROPERTIES DEEDED TO THE CITY BY THE KENAI PENINSULA BOROUGH AND DETERMINING THE DISPOSITION OF THOSE PARCELS.

WHEREAS, following action on the 1993 foreclosure of delinquent 1989, 90 and 91 utility assessments the City of Homer requested issuance of Clerk's Deed to the below listed properties located within the City of Homer; and

WHEREAS, issuance of the Clerk's Deeds were granted on the listed properties on August 11, 1993, Deeds received by the City of Homer and recorded in the Homer Recording District; and

WHEREAS, the Administration recommends that the Homer City Council accept the AA Mattox Subdivision Lots 18 & 19, Lillian Walli Estates Subdivision Lots 66 and 67 (Lots 57-60, 65 & 70 were part of an earlier foreclosure) and Homer Enterprises Inc. Subdivision Lot 3 Block 3 and designate these parcels for public purpose; and

WHEREAS, pursuant to HCC 18.02.065(4)(b) the right of the former record owner to repurchase this property ceases upon the final adoption of this Ordinance.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The City of Homer accepts the following foreclosed property located on the Corner of East Road and Mattox Road on the western side the first two parcels:

AA Mattox Subdivision Lots 18 & 19; KPB Parcel # 179-061-01 and Parcel # 179-061-02

The last known record owner of the property according to Borough assessment roll was Richard L. Blackney, P.O. Box 7536, Everett, Washington, 98201-7536.

The City of Homer hereby finds that these parcels are required for a public purpose and, thus, the property shall be designated for public purpose pursuant to the provisions of Title 18 of the Homer City Code.

Pursuant to the requirements of AS 29.45.490, the City shall satisfy unpaid Kenai Peninsula Borough taxes and assessments against the property, with accrued interest but without penalty.

Page two
Ordinance 93-17
City of Homer

Section 2. The City of Homer accepts the following foreclosed property located to the east of West Hill Road on Shelley Avenue and Lillian Drive.

Lillian Walli Estates Subdivision Lots 57-60, 65-67 & 70. KPB Parcel # 175-241-11 and Parcel # 175-241-12.

Lots 57, 58, 59, 60, 65 and 70 were part of an earlier foreclosure under a Tax foreclosure and were deeded to the City of Homer by the Kenai Peninsula Borough. These were accepted and designated for public purpose by the City Council via Ordinance 93-9. The Borough records reflect these lots as belonging to the City of Homer and exempt from Taxation.

The last known record owner of the property according to the Borough assessment roll was John R. Gibson, P.O. Box 2393, Homer, Alaska, 99603.

The City of Homer hereby finds that these parcels are required for a public purpose and, thus, the property shall be designated for public purpose pursuant to the provisions of Title 18 of the Homer City Code.

Pursuant to the requirements of AS 29.45.490, the City shall satisfy unpaid Kenai Peninsula Borough taxes and assessments against the property, with accrued interest but without penalty.

Section 3. The City of Homer accepts the following foreclosed property located on Rangeview Avenue on the south side the third lot west of Wright Street.

Homer Enterprises Inc. Subdivision Lot 3 Block 3
KPB Parcel # 175-113-06

The last known record owner of the property according to the Borough assessment roll was Mary Alice Maxfield, 3670 Lake Street, Homer, Alaska 99603.

The City of Homer hereby finds that these parcels are required for a public purpose and, thus, the property shall be designated for public purpose pursuant to the provisions of Title 18 of the Homer City Code.

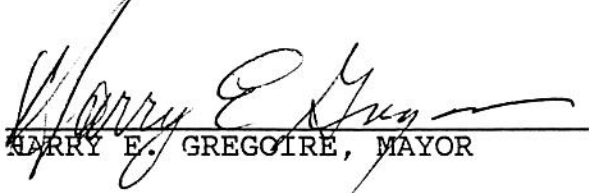
Pursuant to the requirements of AS 29.45.490, the City shall satisfy unpaid Kenai Peninsula Borough taxes and assessments against the property, with accrued interest but without penalty.

Page Three
Ordinance 93-17
City of Homer

Section 4. Pursuant to the requirements of AS 29.45.460, within five days after the first publication of the notice of public hearing on this ordinance, the City Clerk or her designee shall send a copy of the hearing notice to the former record owners of the properties identified in this ordinance.

ENACTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this 11th day of October, 1993.

CITY OF HOMER


HARRY E. GREGOIRE, MAYOR

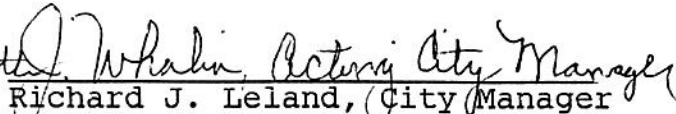
ATTEST:


MARY L. CALHOUN, CITY CLERK

AYES: 6
NOES: 0
ABSENT: 0
ABSTAIN: 0

First Reading: 9/13/93
Public Hearing: 9/27/93
Second Reading: 10/11/93
Effective Date: 10/12/93

Reviewed and approved as to form and content:


Richard J. Leland, City Manager

Date: 10-12-93


Gordon J. Tans, City Attorney

Date: 10-14-93

ORDINANCE 94-2(A)

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, ACCEPTING CERTAIN TAX-FORECLOSED PROPERTIES DEEDED TO THE CITY BY THE KENAI PENINSULA BOROUGH AND DETERMINING THE DISPOSITION OF THOSE PARCELS.

WHEREAS, following action on the 1991 foreclosure of delinquent 1990 real property tax liens, the Kenai Peninsula Borough has deeded certain properties located within the City of Homer to the City; and

WHEREAS, the Clerk's Deed was received on January 28, 1994 from the District Recorder's Office; and

~~WHEREAS,--Administration--recommended--that--Council--accept Thompson Subdivision Lot 9, KPB # 179-020-28-4 and Resubdivision of tracts "G" and "H" of Tietjen Subdivision Tract H Two (H-2) and designate these parcels for resale, finding that a public need does not exist pursuant to HCC § 18-06-042(a),--and--~~

WHEREAS, Lot Sixty-Seven (67), Lillian Walli Estates has already been deeded to the City of Homer through previous foreclosures, accepted and designated for public purpose via Ordinance 93-17.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The City of Homer accepts the following foreclosed property located on the south side of East Road, one lot to the west and across from Thompson Drive in the Thompson Subdivision Plat No. 64-51 and more particularly described as:

Assessor's Parcel No. 179-020-28-4
Thompson Subdivision Plat 64-51, Lot 9

The last known record owner of the property according to the Borough assessment roll was Dennis Fry, P.O. Box 1198, Hayfork, California, 96041-1198.

The City of Homer hereby finds that this parcel is ~~not~~ required for a public purpose and, thus, the property shall be designated for ~~resale~~ public purpose pursuant to the provisions of Title 18 of the Homer City Code. A one year grace period (redemption period) will begin on the effective date of this Ordinance.

Pursuant to the requirements of AS 29.45.490, the City shall satisfy unpaid Kenai Peninsula Borough taxes and assessments against the property, with accrued interest but without penalty.

Section 2. The City of Homer accepts the following foreclosed property located on the west side of East Lane in the Tietjen Subdivision Plat No. 75-42 and is a resubdivision of Tracts "G" & "H" and more particularly described as:

Assessor's Parcel No. 179-280-33-4
Tietjen Subdivision Plat 75-42, Tract H-Two (H-2)

The last known record owner of the property according to the Borough assessment roll was Julie Ann Cesarini, P.O. Box 812, Homer, Alaska 99603.

The City of Homer hereby finds that this parcels is not required for a public purpose and, thus, the property shall be designated for ~~resale-~~ public purpose pursuant to the provisions of Title 18 of the Homer City Code. A one year grace period (redemption period) will begin on the effective date of this Ordinance.

Pursuant to the requirements of AS 29.45.490, the City shall satisfy unpaid Kenai Peninsula Borough taxes and assessments against the property, with accrued interest but without penalty.

Section 3. The City of Homer hereby acknowledges that the following foreclosed property located on the corner of Shelley Avenue and Robert Avenue in the Lillian Walli Estates Plat No. 88-16 has already been deeded to the City of Homer through a previous City of Homer Assessment foreclosures, accepted and designated for public purpose via Ordinance 93-17, and more particularly described as:

Assessor's Parcel No. 175-241-12-4
Lillian Walli Estates, Plat No. 88-16 Lot 67

The prior record owner, before being deeded to the City of Homer, was John R. Gibson, 4006 Mullikin Street, Homer, Alaska 99603 the present record owner is the City of Homer, 491 E. Pioneer Avenue, Homer, Alaska.

The City of Homer hereby found via Ordinance 93-17 that this parcel is required for a public purpose and, thus, the property is noted as being designated for public purpose pursuant to the provisions of Title 18 of the Homer City Code.

Pursuant to the requirements of AS 29.45.490, the City shall satisfy unpaid Kenai Peninsula Borough taxes and assessments against the property, with accrued interest but without penalty. There are some unpaid taxes, due to the Borough kicking off this foreclosure just prior to the City of Homer foreclosure on same parcel.

Section 4. Pursuant to the requirements of AS 29.45.460, within five days after the first publication of the notice of public hearing on this ordinance, the City Clerk or her designee shall send a copy of the hearing notice to the former record owners of the properties identified in this ordinance.

ENACTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this 29th day of March, 1994.

CITY OF HOMER


HARRY E. GREGOIRE, MAYOR

ATTEST:

Mary L. Calhoun
MARY L. CALHOUN, CITY CLERK

AYES: 5
NOES: 0
ABSENT: 1
ABSTAIN: 0

First Reading: 02/28/94
Public Hearing: 03/14/94
Second Reading: 03/29/94
Effective Date: 03/30/94

Reviewed and approved as to form and content:

Patti J. Whalin
Patti J. Whalin, Int City Manager
Date: 3-30-94

Gordon J. Tans
Gordon J. Tans, City Attorney
Date: 4 April 1994

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**CITY OF HOMER
HOMER, ALASKA**

Mayor/City Council

RESOLUTION 15-030(A)

A RESOLUTION OF THE HOMER CITY COUNCIL APPROVING THE
CITY OF HOMER 2015 LAND ALLOCATION PLAN.

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

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

WHEREAS, The City Council discussed the Land Allocation Plan during a Worksession on April 27, 2015; and

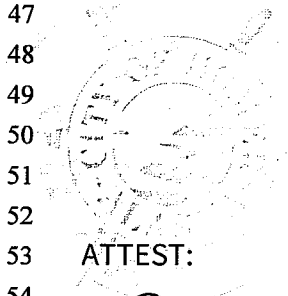
WHEREAS, The Economic Development Advisory Commission, Parks and Recreation Advisory Commission, Port and Harbor Advisory Commission, and Advisory Planning Commission reviewed the draft Land Allocation Plan and provided their recommendations as outlined in Memorandum 15-055 by the Deputy City Planner; and

WHEREAS, Council had the following recommendations to amend the plan:

1. Homer Spit No. 5 Lot 11 - portion be available for long term cell tower lease
2. Homer Spit No. 2 Lot 12-A - remove from short term lease
3. Homer Spit Subdivision Amended, Lots 28 and 29 - retain for parking and restrooms, deleting reference to harbormaster office
4. HM T06S R 13W S19 Portion Thereof S of Olsen Lane; T 6S R 13W Sec 28 Seward Meridian HM Govt Lots 5, 6, 7, 8; T 6S R 13W Sec 28 Seward Meridian HM Govt Lots 10-15 - designate as parks
5. C7 - Government Lots 10, 21, 24, 25 HM T06S R13W S14 will be advertised for sale
6. E19 - T 6S R 13W Sec 20 Seward Meridian HM 0840005 Lakeside Village Sub Amended Lot 2 Blk 4 staff to explore and bring a recommendation to replat to extend through to Lakeside Drive (act on Resolution 09-33)
7. E22 - That Portion of Govt Lot 3 Lying Southwesterly of Kachemak Drive, T6S R13W S23 list lot for sale pending appraisal and attempt to contact adjacent land owners to see if they have an interest in purchasing
8. E23 - Government Lot 36 HM T06S R13W S14, Harry Feyer Subdivision Lot 1 list lot for sale pending appraisal
9. E6 - HM0880016 T06S R14W S24 Lillian Walli Estate Sub Lot 60, 65, 66, 67, 70, 57, 58, 59 list all lots for sale

43 NOW, THEREFORE, BE IT RESOLVED by the City Council that the City of Homer 2015
44 Land Allocation Plan is hereby approved as presented.

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46 PASSED AND ADOPTED by the Homer City Council this 27th day of April, 2015.



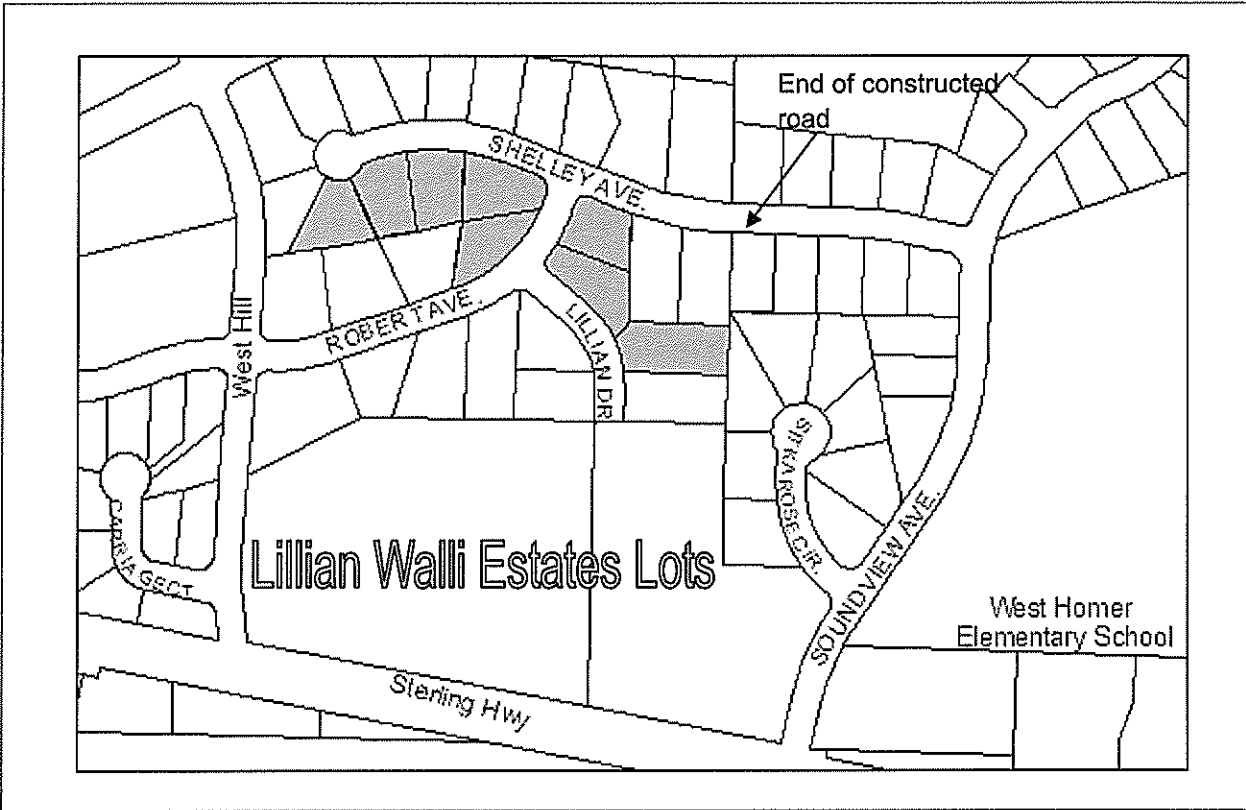
CITY OF HOMER

Mary E. Wythe
MARY E. WYTHE, MAYOR

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53 ATTEST:

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55 *Jo Johnson*
56 _____
57 JO JOHNSON, MMC, CITY CLERK

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59 Fiscal Note: N/A



Designated Use: Sell	
Acquisition History: Tax foreclosure. Eight lots, KPB Ord 93-09, 93-147, and 94-2(A)	
Area: East lot is just over a third of an acre. Total Acreage: 3.02 acres.	Parcel Number: 175241-10-12, 26-30
2006 Assessed Value: \$7,800-\$8,400 per lot. Total: \$56,000	
Legal Description: HM0880016 T06S R14W S24 LILLIAN WALLI ESTATE SUB LOT 60, 65, 66, 67, 70, 57, 58, 59.	
Zoning: Rural Residential	Wetlands: All lots mapped as potential wetlands
Infrastructure: No roads, water or sewer immediately adjacent to these lots.	
Notes: Resolution 2004-24A: The Council directed staff to work with Parks and Recreation to identify a lot to keep as a park.	
Resolution 2012-50(S): Initiated a Special Assessment District to develop the subdivision. This process began in fall 2012.	
These lots were previously assessed for the Sterling Highway Sewer line.	
Resolution 15-030(A) Sell all lots.	
Finance Dept. Code: 392.0005	

**CITY OF HOMER
HOMER, ALASKA**

Lewis

RESOLUTION 15-042

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
SUPPORTING SALMON HABITAT BUFFERS ON LAKES AND
STREAMS IN THE KENAI PENINSULA BOROUGH.

WHEREAS, Wild Alaskan salmon define who we are as Alaskans; salmon provide countless jobs in our community, they support our local and state economies, they shape our culture and they feed our families; and

WHEREAS, Alaska’s Sustainable Salmon Policy states "salmon habitats should not be perturbed beyond natural boundaries of variation; . . . all essential salmon habitat in marine, estuarine, and freshwater ecosystems and access of salmon to these habitats should be protected; ... [and] salmon habitat in fresh water should be protected on a watershed basis;" and

WHEREAS, Article 8 of the Alaska Constitution defines our water and salmon resources as public resources belonging to all Alaskans, to be managed for the maximum benefit of current and future generations; and

WHEREAS, The importance of salmon habitat protection has been apparent for many years on the Kenai Peninsula; in 1996 the Kenai Borough put forward riparian protections around the Kenai River, in 2000 it expanded those safeguards to larger salmon streams, and in 2011 it approved protections for all waterbodies where wild salmon spawn and rear in the Kenai Borough; and

WHEREAS, Habitat protection buffers around streams and lakes are well-known by scientists, managers and developers alike to provide important safeguards for wild salmon, especially during the early stages of their lifecycles, and such safeguards have been shown to also increase property values and reduce property damage caused by flooding; and

WHEREAS, The Alaska Department of Fish and Game’s jurisdiction extends only to the mean high water mark of lakes and streams, and the Kenai Peninsula Borough’s habitat buffers provide vitally important protections for the banks of such waterbodies.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, does hereby support 50 ft. habitat protection buffers on the lakes and streams supporting wild Alaska salmon in the Kenai Peninsula Borough.

43 PASSED AND ADOPTED by the Homer City Council on this 15th day of June, 2015.

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CITY OF HOMER

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MARY E. WYTHE, MAYOR

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50 ATTEST:

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JO JOHNSON, MMC, CITY CLERK

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55 Fiscal Note: N/A

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**CITY OF HOMER
HOMER, ALASKA**

Zak/Roberts

RESOLUTION 15-043

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
URGING THE U.S. NAVY TO CHANGE TRAINING EXERCISES IN
THE GULF OF ALASKA.

WHEREAS, The City of Homer supports vibrant fishing economies that illustrate coastal Alaska's reliance on the fish and wildlife resources in the Gulf of Alaska; and

WHEREAS, The City of Homer supports a strong national defense, and recognizes the need for trainings and exercises to promote military readiness; and

WHEREAS, The U.S. Navy plans to conduct training exercises in June 2015 which will release hundreds of thousands of pounds of toxic and other pollutants into waters designated by NOAA as Essential Fish Habitat for a multitude of species that support economic development in Alaskan coastal communities and the harvest of wild Alaskan fish for global markets; and

WHEREAS, The training will also entail various forms of high frequency sonar which will disrupt the behaviors of hundreds of thousands of marine mammals, and have untold impacts on various fish species; and

WHEREAS, The training area is a highly productive region for many marine fish, shellfish and marine mammal populations and supports some of the most productive fisheries in the United States. It is also an important spawning area for many fishes, and the training is scheduled to take place during the summer season when many fish populations are migrating and spawning.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, does hereby request that the Navy move these trainings to less sensitive areas 200 nautical miles from Alaska's shoreline, and conduct the exercises at a later time in the year to avoid spawning, rearing and migrating fish and other species.

PASSED AND ADOPTED by the Homer City Council on this 15th day of June, 2015.

CITY OF HOMER

MARY E. WYTHE, MAYOR

ATTEST:

JO JOHNSON, MMC, CITY CLERK

Fiscal Note: N/A

NOTES ON PROPOSED GULF OF ALASKA NAVY TRAINING EXERCISES:

The following are excerpts from the Navy's Environmental Impact Statement and can be read in full at www.goaeis.com.

EIS Section 3.6 Fish:

- The TMAA and vicinity is a highly productive region for various marine fish and shellfish populations and supports some of the most productive fisheries in the United States*
- The TMAA falls within the Alaska Current (AC) and the Alaska Coastal Current (ACC) systems. Both currents flow in a northerly direction off southeastern Alaska and then turn southwestward along the Alaska coast**
- Currently the GOA supports habitats of "endangered" and "threatened" populations of high seas salmon (Chinook, coho, chum, and sockeye salmon, and steelhead)
- The TMAA and vicinity is a highly productive region for various marine fish and shellfish populations and supports some of the most productive fisheries in the United States. It is also an important spawning area for many fishes
- At least 383 species belonging to 84 families of marine and anadromous fishes have been reported from the predominant ecosystems found in the GOA TMAA
- 59 of the 66 managed groundfish species are known to occur in the TMAA
- Five species of Pacific salmon (Chinook, coho, chum, pink, and sockeye salmon) have EFH designated within the TMAA
- Of the five species of Pacific Salmon, Chinook would be the most affected by the Navy's trainings
- The effects [of the trainings] on fish could include direct physical injury, such as potential for death, injury, or failure to (or an increase in the time needed to) reach the next developmental stage.
- Stress to fish populations in warfare areas includes environmental stressors, acoustic effects of underwater sounds to fish, effects of underwater impulsive sounds, explosive ordnance, nonexplosive ordnance, and expended materials.
- Potential stressors to fish and EFH include vessel movements (disturbance and collisions), aircraft overflights (disturbance), explosive ordnance, sonar training (disturbance), weapons firing/nonexplosive ordnance use (disturbance and strikes), and expended materials (ordnance-related materials, targets, sonobuoys, and marine markers).
- Potential effects of explosive charge detonations on fish and EFH include disruption of habitat; exposure to chemical by-products; disturbance, injury, or death from the shock (pressure) wave; acoustic impacts; and indirect effects including those on prey species and other components of the food web.

* These trainings will occur during fishing season. Commercial fishing is the largest private sector employer in the state of Alaska and supports over 800,000 jobs.

** This means that the expended materials left in the water after the trainings will flow towards Alaska's coastline.

In reference to Sonar:

- There have been very few studies on the effects that human-generated sound may have on fish
- The majority of studies often lack appropriate controls, statistical rigor, and/or expert analysis of the results
- Hearing capability data only exists for fewer than 100 of the 29,000 fish species
- Generally, a clear correlation between hearing capability and the environment cannot be asserted or refuted due to limited knowledge of ambient sound levels in marine habitats and a lack of comparative studies
- Based upon currently available data it is not possible to predict specific effects of Navy impulsive sources on fish. At the same time, there are several results that are at least suggestive of potential effects that result in death or damage

- The literature on vulnerability to injury from exposure to loud sounds is similarly limited, relevant to particular species, and, because of the great diversity of fish, not easily extrapolated

We just don't know:

- The effects of sound on fish are largely unknown
- A number of studies have examined the effects of explosives on fish. However, these studies are often variable, so extrapolation from one study to another, or to other sources, such as those used by the Navy, is not really possible
- Little is known about the very important issues of nonmortality damage in the short- and long-term, and nothing is known about effects on behavior of fish.
- More well-controlled studies are needed on the hearing thresholds for fish species and on temporary and permanent hearing loss associated with exposure to sounds.
- The effects of sound may not only be species specific, but also depend on the mass of the fish (especially where any injuries are being considered) and life history phase (eggs and larvae may be more or less vulnerable to exposure than adult fish).
- No studies have established effects of cumulative exposure of fish to any type of sound or have determined whether subtle and long-term effects on behavior or physiology could have an impact upon survival of fish populations.

Munitions Constituents:

- Petroleum hydrocarbons released during an accident are harmful to fish. Jet fuel is toxic to fish.
- Unburned fuel may be spread over a large area
- Fuel spills and material released from weapons and targets could occur at different locations and at different times.
- Potential impacts from Navy explosives training include degradation of substrate and introduction of toxic chemicals into the water column

EIS Section 3.14 Public Safety:

- Undetonated ordnance on the ocean floor may pose a risk to fishermen, particularly bottom trawlers. If a trawl contacted an undetonated ordnance item, the item could detonate.
- Chaff (aluminum-coated polymer fibers inside of a launching mechanism) will be used during the trainings. Upon deployment, the chaff and small pieces of plastic are expended. The purpose of chaff is to counter avoid aircraft detection by radar by masking the aircraft and to provide false radar returns to defeat radar-guided anti-aircraft defensive systems. Chaff will form a large cloud of fiber that disperses slowly, which could affect public safety.
- Some solid training items expended at sea could migrate to the shoreline where the public could encounter them. Included among these items are targets and sonobuoys.

Hazardous materials from the trainings left in the water include **heavy metals, propellants, and explosives**. Including the following: Cyanide, Chromium, Lead, Tungsten, Nickel, Cadmium, Barium chromate, Chlorides, Phosphorus, Titanium compounds, Lead oxide, Barium chromate, Potassium perchlorate, Lead chromate, Ammonium perchlorate, Potassium perchlorate, Fulminate of mercury, Potassium perchlorate and Lead azide.

The Navy was permitted Alternative 2 (their preferred).

Table 3.2-18: Numbers and Weights of Expended Training Materials – Alternative 2

Type of Training Material	Quantity of Training Materials				Increase under Alternative 2 (%)	
	Alternative 2		No Action Alternative		Number	Weight
	Number	Weight (lb)	Number	Weight (lb)		
Bombs	360	160,000	120	54,000	200	200
Missiles	66	20,300	22	6,770	200	200
Targets/Pyrotechnics	644	11,200	252	3,610	160	210
Naval gun shells	26,376	27,500	10,564	10,700	150	160
Small arms rounds	11,400	420	5,000	180	130	130
Sonobuoys	1,587	61,900	24	936	6,500	6,500
PUTR	7	2,100	0	0	NA	NA
SINKEX ¹	858	70,000	0	0	NA	NA
Total	41,298	352,000	15,982	76,200	160	360

Table 3.2-19: Expended Materials Considered Hazardous – Alternative 2

Type of Training Material	Weight of Material (lb) ¹		Hazardous Content (%)
	Total Expended	Hazardous	
Bombs	160,000	1,130	0.70
Missiles	20,300	169	0.83
Targets and pyrotechnics	11,200	381	3.40
Naval gun shells	27,500	3,310	12.0
Small-caliber rounds	420	4.20	1.00
Sonobuoys	61,900	4,680	7.56
PUTR	2,100	0	0
SINKEX	70,000	850	1.25
Total	352,000	10,500	2.98

Alaska regulations on expended and hazardous materials are not applicable to Navy training in the TMAA because no training activities take place within State waters (up to three nm from shore). Alaska has not developed any state-specific military munitions regulations.

Assuming Navy training under Alternative 2 would remain consistent over periods of five and 20 years, the Navy would expend approximately 880 tons (209 lb per nm² [27.5 kg per km²]) and 3,520 tons (835 lb per nm² [110 kg per km²]) of training material in the TMAA, respectively.

Continued, next page

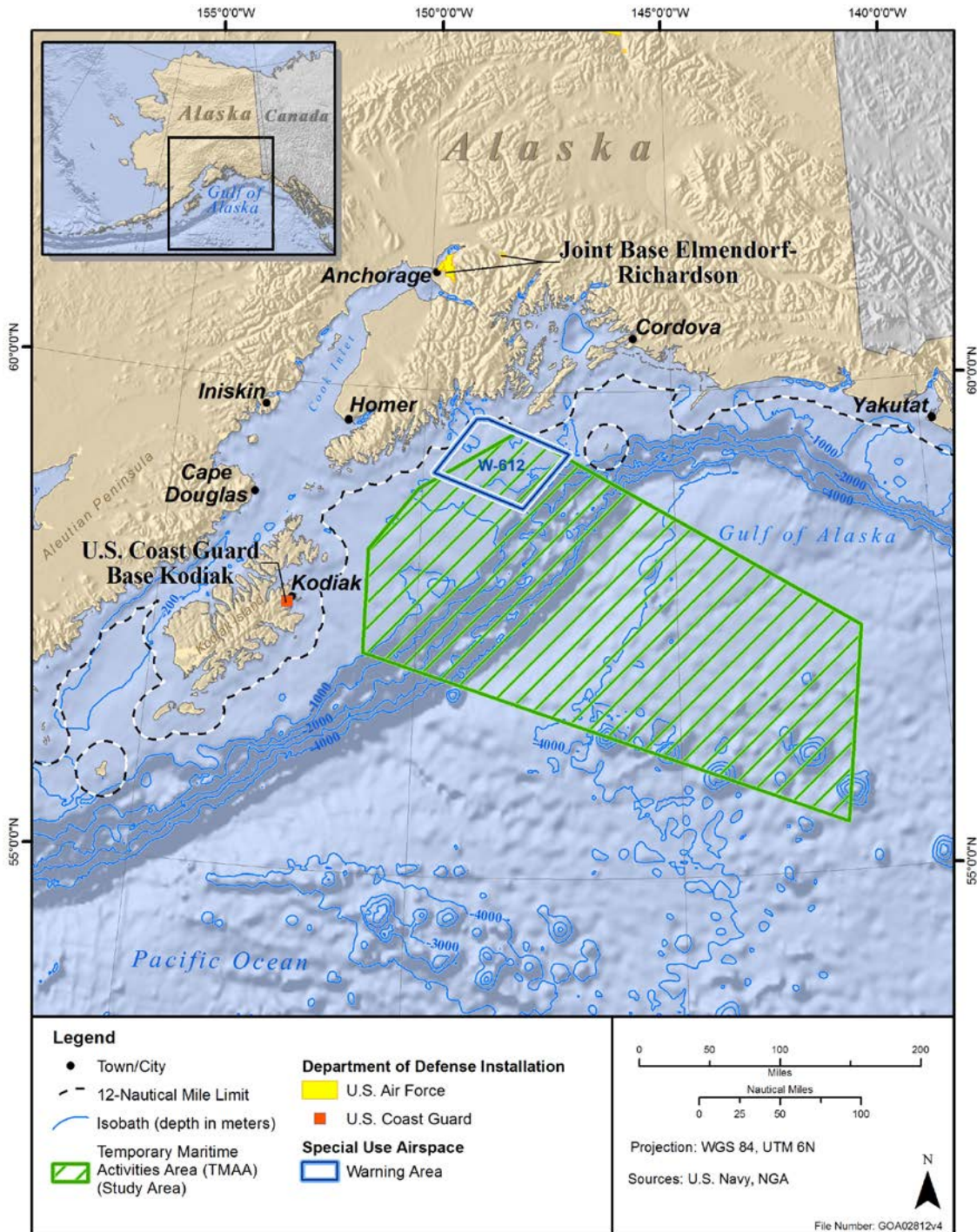
List of Weapons to be Used in the GOA Trainings

Table 3.2-1: Hazardous Constituents of Expendable Training Materials, by Training Item

Training Item		Hazardous Constituent				
		Heavy Metal	Propellant	Battery	Explosive	Pyrotechnic
Missiles	AIM-7 Sparrow missile	✓	✓	✓	✓	
	AIM-9 Sidewinder missile	✓	✓	✓	✓	
	AIM-120 Advanced Medium-Range Air-to-Air Missile (AMRAAM)	✓	✓	✓	✓	
	Standard Missile-1	✓	✓	✓	✓	
	AGM-65 Maverick	✓	✓	✓	✓	
	AGM-84 Harpoon	✓	✓	✓	✓	
	AGM-84K Standoff Land Attack Missile – Expanded Response (SLAM-ER)	✓	✓	✓	✓	
	AGM-88 High Speed Anti-Radiation Missile (HARM)					
	AGM-114 Hellfire	✓	✓	✓	✓	
	AGM-119 Penguin					
Bombs	BDU-45 Practice (inert) ²	✓			✓	
	MK-82 500-pound (lb) bomb (192.2 Net Explosive Weight [NEW]), HE ³	✓			✓	
	MK-83 1,000-lb bomb (415.8 NEW), HE ³	✓			✓	
	MK-84 2,000-lb bomb (944.7 NEW), HE ³	✓			✓	
Naval Gun Shells	5"/54-caliber (cal) gun shell (inert)	✓	✓			
	5"/54-cal gun shell (live)	✓	✓		✓	
	76- millimeter (mm) gun shell (inert)	✓	✓			
	76-mm gun shell (live)	✓	✓		✓	
	57-mm gun shell	✓	✓		✓	
	25-mm gun shell	✓				
	20-mm gun shell	✓				
Small Arms Rounds	0.50-cal machine gun	✓	✓			
	7.62-mm projectile	✓	✓			
Targets and Pyrotechnics	BQM-74E unmanned aerial target ⁵	✓		✓		
	LUU-2B paraflare ¹	✓				✓
	MK-58 Marine Marker ¹	✓				✓
	MK-39 Expendable Mobile Anti-Submarine Warfare Training Target (EMATT)	✓		✓		
Sonobuoys	SSQ-36 Bathythermograph (BT)	✓		✓		
	SSQ-53 Directional Frequency Analysis and Recording (DIFAR)	✓		✓		
	SSQ-62 Directional Command Activated Sonobuoy System (DICASS)	✓		✓		
	SSQ-77 Vertical Line Array Directional Frequency Analysis and Recording (VLAD)	✓		✓		
	SSQ-110A Extended Echo Ranging (EER)	✓		✓	✓	
Torpedoes	MK-48 Advanced Capability (ADCAP) torpedo	✓	✓	✓	✓	
Chaff	ALE-43 Dispenser (Aluminized glass roll) ⁴				✓	

Map of the TMAA* (Temporary Maritime Activities Map)

*exact locations of training exercises are classified



Jo Johnson

From: Shelley Gill <whaledetective@yahoo.com>
Sent: Wednesday, June 10, 2015 8:52 AM
To: Bryan Zak
Subject: Navy exercises in the Gulf of Alaska

Dear Mr. Zak,

Thank you for submitting the resolution against Navy testing. I understand it will come before the council Monday June 15. Homer is a town dependent on the health of the sea. All of our tourist related businesses, all of our fishing charters and the commercial fleet, even the grocery stores currently boxing boat orders rely on the vigor of the marine environment.

Sadly Alaska is experiencing climate change linked events such as the warm water blob that now extends from Baja through the Gulf to the Bering sea. A surface temperature increase of 5 degrees is limiting plankton bloom, affecting feed fish populations and causing sea star and sea lion die offs along the Pacific coast. Prince William Sound is still struggling to recover from the Exxon Valdez oil spill 26 years later. The ocean noise levels have increased substantially in the last five years- so much so that some species of whales have had to scream to be heard. These cumulative affects on the ocean habitat are poorly understood but common sense tells us introducing spent munitions, toxic chemicals, active sonar and Navy noise to the habitat is a really bad idea, especially during the peak of the migration of salmon and whales.

There is virtually no research on how active sonar affects migrating salmon. National Marine Fisheries asked the Navy to monitor and study these effects when the Navy applied for a permit for Northern Edge exercises five years ago. The Navy declined.

When the Navy held a public hearing in Homer in March they gave an analysis on the impact of sonar on marine mammal species. They forgot to mention three species of beaked whales that frequent the deep Alaska Trench. To prevail in legal action against the Navy one must show proof of harm. That proof came in the Bahamas in 2000 when beaked whales and dolphins stranded after Navy exercises there. A biologist, Ken Balcomb, himself a former Navy sonar guy, obtained the head of a freshly dead Cuviers beaked whale and after storing it in a freezer at a local bar overnight, flew it to a necropsy expert where it was proved the whale died from sonar trauma. This set the stage for both California and Hawaii through the NRDC to push these exercises out of their waters.

The Navy's exercises put our way of life and our economic viability in peril. As our newly elected governor canvasses the state asking Alaskans what paths we should take to insure our economic future it is incumbent that we remember we have the miracle of a strong fishery-a sustainable and environmentally clean industry that helped build Alaska. We need to act now to protect it. I'll see you at City Hall on Monday.

Shelley Gill
Homer

Sent from my iPad

**CITY OF HOMER
HOMER, ALASKA**

City Council

RESOLUTION 15-044

A RESOLUTION OF THE HOMER CITY COUNCIL DISBANDING THE
PORT AND HARBOR BUILDING TASK FORCE.

WHEREAS, The Port and Harbor Building Task Force was formed on June 10, 2013 via
Resolution 13-059; and

WHEREAS, The purpose of the Task Force was to seek comment from interested
parties and the general public, review existing documents, help develop the request for
proposals, review and score construction proposals, act as a sounding board for the architect
or design/construction team, review the project scope of work and budget, and make
recommendations to the City Council; and

WHEREAS, The Port and Harbor Building Task Force completed the work it was tasked
with.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, disbands
the Port and Harbor Building Task Force.

PASSED AND ADOPTED by the Homer City Council this 15th day of June, 2015.

CITY OF HOMER

MARY E. WYTHE, MAYOR

ATTEST:

JO JOHNSON, MMC, CITY CLERK

Fiscal Note: N/A



Memorandum 15-083

TO: Honorable Mayor Wythe and City Council Members

FROM: Port and Harbor Building Task Force, Barbara Howard, Chair

DATE: June 9, 2015

SUBJECT: Request to Dissolve the Port and Harbor Building Task Force

In compliance with Resolution 13-059 the work of the Port and Harbor Building Task Force has now been completed. Nearly two years to the date of inception, this task force proudly requests that the City Council dissolve this body.

Members of the Task Force, along with the Director of Public Works and the Project Manager, met often with the architects, engineers and contractors to design and construct a suitable facility for the port and harbor staff and harbor customers and did so while bringing this project to fruition within schedule and budget. This was truly a team effort in achieving for the citizens of this community and the users of this harbor the best possible end product.

The beautiful building is complete. The staff has moved in and the community has come to witness the dedication and grand opening of this building. A very proud and happy occasion.

The Task Force expresses its gratitude of thanks to Mr. Dan Nelsen and Mr. Carey Meyer for their tireless efforts to contain cost for a building that will be adequate for the needs of the harbormaster's staff and the vessel owners for a very long time.

The Task Force also recognizes the sincerest efforts each port and harbor employee played in the space efficiency and design for the customers who visit each day.

To the Mayor and City Council, your foresight and determination made this project a reality.

Task Force Members request to "stand down".

Bryan Hawkins
Robert Hartley
Lisa Ellington
David Lewis
Barbara Howard

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CITY OF HOMER

MARY E. WYTHE, MAYOR

ATTEST:

JO JOHNSON, MMC, CITY CLERK

Fiscal Note: Estimated advertising costs \$600.



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

Memorandum 15-085

TO: Mayor Wythe and Homer City Council

THROUGH: Katie Koester, City Manager

FROM: John Li, Finance Director

DATE: June 10, 2015

SUBJECT: Ambulance Billing

Currently the City’s Finance Department is doing the emergency medical service (EMS) billing. The City’s EMS, part of the Fire Department, is considered one of the essential services provided by the City. Therefore, total cost recovery is not the objective. However, the Finance Department concluded that the billing process has not been the most efficient use of resources and the revenue is not maximized by this function.

City of Homer EMS Billing:

Ambulance billing has become more and more specialized. The ever-increasing demand for staffing time and technical proficiency in dealing with Ambulance & Emergency Medicine Coding, compliance, and claim denials has made it very difficult to be effectively and efficiently performing the billing function internally.

1. City of Homer EMS has been providing from 450 to 600 billable (medically necessary) transports per year for the past five years.
2. We are currently at least four months behind in processing the bills.
3. Denial rate is very high.
4. Budget, Revenue, and Collection History:

Fiscal Year Ending	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	5 Year Total
Rev. Budgeted	225,000	210,000	225,000	225,000	175,000	1,060,000
Rev. Audit Adj.	114,318	117,169	99,508	194,877	203,253	729,125
Cash Collected	109,027	119,916	143,243	168,805	158,646	699,637
Collected - Bud	(115,973)	(90,084)	(81,757)	(56,195)	(16,354)	(360,363)

Around the State of Alaska:

Organization/City	Population	Paid Staff	Volunteers	Bill	Method	Vendor
Capital City Fire Rescue	>15000	33	65	Yes	Vendor	Whitman Enterprises
Fairbanks Fire Dept	>15000	39	0	Yes	Vendor	Fairbanks Billing Service
Kenai Fire Department	10000-15000	18	0	Yes	Vendor	Systems Design
Matanuska-Susitna Borough	>15000	18	200	Yes	Agency	MBS Accounting Dept
Central Emergency Services	>15000	42	35	Yes	Vendor	Systems Design Northwest
Anchorage Fire	>15000	325	0	Yes	Vendor	Whitman Enterprises
North Tongas Volunteer FD	<5000	3	15	Yes	Vendor	Systems Design
Nikiski	5500	21	20	Yes	Vendor	Systems Design
Cordova VFD	<5000	2	40	Yes	Vendor	Systems West Design
Petersburg VFD	<5000	2	65	Yes	Vendor	Omni Billing
Ninilchik Emergency Services	<5000	0	25	Yes	Agency	
Sitka Fire Department	5000-10000	9	45	Yes	vendor	Omni Billing
Skagway	750-3000	4	25-40	yes	Vendor	Omni Billing
Dillingham Fire Department	<5000	2	33	yes	Vendor	Systems Design

Based on current conditions, the City Administration's recommendation is to outsource the function to a professional billing service. The objectives are to have quick turnaround, reliable cash flow, high quality claims, and better customer services.

Budgetary consideration: at least revenue neutral.

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 City Manager

4 **RESOLUTION 15-047**

5
6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
7 CHANGING DATES FOR PAYMENT OF ASSESSMENTS FOR THE
8 HOMER NATURAL GAS SPECIAL ASSESSMENT DISTRICT.
9

10 WHEREAS, Due to start-up issues the issuance of bills for assessments in the Homer
11 Natural Gas Special Assessment District has been delayed; and
12

13 WHEREAS, Because of this delay, the due date for assessment payments must be
14 changed to comply with Title 17 of the Homer City Code; and
15

16 WHEREAS, Due to litigation regarding the assessment of condominium units in the
17 Homer Natural Gas Special Assessment District, the due date for assessment payments for
18 condominium units must be deferred.
19

20 NOW, THEREFORE, BE IT RESOLVED that on or before 5:00 p.m. on September 1, 2015,
21 all assessments in the Homer Natural Gas Special Assessment District, except for assessments
22 of condominium units, shall become due and payable in full. An optional ten (10) year
23 payment plan is offered whereby the assessment, except for assessments of condominium
24 units, may be paid in ten (10) equal yearly installments of principal plus interest of four
25 percent (4%) on the unpaid balance of the assessment. The first such installment shall be
26 due and payable on or before 5:00 p.m. September 1, 2015 with interest accrued from July 2,
27 2015 to the due date, and each installment thereafter shall be due on or before July 1st of
28 each year. The outstanding balance of an assessment, plus accrued interest, may be prepaid
29 at any time. If payment in full or any annual installment payment is not received when due,
30 the entire outstanding principal amount of the assessment shall be in default and shall be
31 immediately due and payable. The entire outstanding assessment principal (including the
32 annual installment) shall have added a penalty of ten percent (10%) on the outstanding
33 principal. The principal and penalty shall draw interest at the rate of fifteen percent (15%)
34 per annum until paid. Should default occur, the City of Homer will institute a civil action for a
35 foreclosure of the assessment lien. Foreclosure shall be against all property on which
36 assessments are in default. All costs including collection and legal fees resulting from such
37 action, shall be added and incorporated into the assessed amount due plus interest and
38 penalties and shall be reimbursed from the proceeds of foreclosure sale of the assessed real
39 property.
40

41 BE IT FURTHER RESOLVED that the due date for assessment payments for
42 condominium units shall be deferred to a later date to be determined by subsequent Council
43 resolution.

44
45 PASSED AND ADOPTED by the Homer City Council on this 15th day of June, 2015.

46
47 CITY OF HOMER

48
49
50 _____
51 MARY E. WYTHE, MAYOR

52 ATTEST:

53
54
55 _____
56 JO JOHNSON, MMC, CITY CLERK

57
58 Fiscal Note: N/A



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

491 East Pioneer Avenue
Homer, Alaska 99603

citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

(f) 907-235-3148

Memorandum 15-084

TO: Mayor Wythe and Homer City Council
FROM: Katie Koester, City Manager
DATE: June 10, 2015
SUBJECT: Resolution 15-047: Setting a New Due Date for Natural Gas HSAD Assessments

On March 23, 2015 Council passed Resolution 15-017 confirming the Natural Gas HSAD Assessment Roll and setting a due date of July 1, 2015 for assessments. Resolution 15-047 before you today sets a new due date of September 1, 2015 for assessments. There are two reasons for this change:

- 1) City code requires that statements for special assessment districts are issued 60 days prior to the due date. The Finance Department has encountered numerous problems with the accounting software that has made it impossible to print the statements in a timely manner. Parcel owners were sent a notice of the due date, assessment amount, and payment amount if lot owners choose the payment plan, on April 22, 2015 (see sample notice attached).
- 2) City code requires that all members of a special assessment district be notified of the fines and penalties associated with non-payment on the statement. The fines and penalties are very steep for special assessment districts: non-payment or late payment incurs a 10% fine on entire balance, the balance becomes due and the interest rate increases to 15%. The fines and penalties will be prominently displayed on the statement itself and explained in a cover letter accompanying the statement (see cover letter attached).

Statements will be mailed out June 18, 2015. This will give parcel owners over 60 days before their statement is due. In the meantime, the Finance Department will be accepting payments. Many people have already come in to pay their assessment. As of June 9, 2015, 65 customers paid in full and about 85 customers have chosen the 10-year optional payment plan and made the first installment. The total receipts are about \$250,000.

Aside from changing the date the assessment is due, the Resolution before you makes two additional changes from the original Resolution 15-017.

- 1) Resolution 15-047 defers the due date for assessment payments for condominium units.
- 2) Resolution 15-0xx makes the fine and penalty structure consistent for non-payment and late payment. Staff found inconsistencies in the fines and penalty structure in the original resolution that Resolution 15-047 fixes. Under the original resolution, if a

parcel owner chose to not make any payment towards the assessment, they would incur a 10% fine, however their interest rate would be lowered to 3%. This is less than the City is being charged for the loan from the Borough (4%). Council's intent was to discourage non-payment of the assessment, which is why the fine and penalty structure for late payments in the original resolution was so steep. Resolution 15-0xx makes the fine and penalty structure consistent for non-payment and late payment. The City wants to encourage even partial payment of the assessment – not make it cheaper to ignore paying the assessment all together. Why the oversight? The original resolution included stock language the City uses for other special assessment districts where the terms and conditions are different: we own the infrastructure and we are either financing ourselves or receiving a very discounted government loan where a 3% interest rate would be an increase.

Thank you for your patience and assistance as we wade through the final steps of the Natural Gas HSAD.

Enc:

Sample April 22, 2015 Natural Gas HSAD Notice
Natural Gas HSAD Statement Cover Letter



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

HOMER, AK 99603

April 22, 2015

Re: Parcel# Legal description

Dear Property Owner,

Your property has been assessed \$3,262.77 for the Natural Gas Special Assessment District (HSAD). In approximately 30 days, you will receive a pink statement from the Finance Department where you will have the option of paying the assessment in full or making the first annual installment of \$405.27 (see below terms) by July 1, 2015. There is a low income deferment available to those who qualify. Once you receive the pink notice, we will be able to accept payments and you can apply for the low income deferment.

Assessment Amount:	\$3,262.77
Annual Interest Rate:	4.00%
Annual payments:	10
Payment Frequency:	Annual
Compound Period:	Annual
Annual payment:	\$405.27

If you have any additional questions, please call 435-3116.

Sincerely,

Zhiyong Li,
Finance Director



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue
Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

June 18, 2015

RE: PAYMENT OF ASSESSMENTS FOR THE HOMER NATURAL GAS SPECIAL ASSESSMENT DISTRICT

Dear Property Owner(s):

Earlier we notified you assessments for the Homer Natural Gas Special Assessment District would be mailed soon. Due to a failure with our accounting software, mailing of the pink statements was delayed. This also resulted in an extension of the due date for assessments.

DUE DATE

Included is your statement of assessment for the Homer Natural Gas Special Assessment District. This is due and payable on **September 1, 2015 before 5:00 p.m.** You may either pay the \$3,262.77 (per parcel) amount in full or the first installment of \$402.00 by September 1, 2015.

The City is offering a ten (10) year payment plan to pay the assessment in ten (10) yearly installments of principal plus interest of four percent (4%) on the unpaid balance of the assessment. The first installment is due and payable on or before **5:00 p.m. September 1, 2015**. Interest is accrued from July 2, 2015 to the due date. Each installment thereafter shall be due on or before July 1st of each year. The outstanding balance of an assessment, plus accrued interest, may be prepaid at any time.

PENALTIES

If payment in full or any annual installment payment is not received by the due date, the entire outstanding principal amount of the assessment shall be in default and shall be immediately due and payable. The entire outstanding assessment principal (including the annual installment) will have an added penalty of ten percent (10%) on the outstanding principal. This results in a \$326.27 penalty on a missed first payment. The principal and penalty will draw interest at the rate of fifteen percent (15%) per annum until paid.

DEFAULT

If default should occur, the City of Homer will institute a civil action for a foreclosure of the assessment lien. Foreclosure shall be against all property on which assessments are in default. All costs including collection and legal fees resulting from such action, shall be added and incorporated into the assessed amount due plus interest and penalties and shall be reimbursed from the proceeds of foreclosure sale of the assessed real property.

DEFERRAL

Assessment payments may be deferred if a person:

1. Has an annual family income that is less than 125 percent of the current U.S. Health and Human Services Poverty Guidelines for Alaska;
2. Owns or has a life tenancy in the assessed property, and permanently resides in a single-family dwelling on the property; and
3. Is not determined by the City, after notice and hearing, to have been conveyed the property primarily for the purpose of obtaining the exemption.

An assessment payment deferment is subject to approval by the Council. A person seeking deferment of an assessment payment shall file a written application with the Finance Director on or before September 1, 2015. An application is available at City Hall or on the City's website.

If you have any questions concerning the enclosed statement or the contents of this letter, please call me at 235-8121.

Sincerely,

Zhiyong Li
Finance Director

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 City Clerk/
4 Public Works Director

5 **RESOLUTION 15-048**

6
7 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
8 NOTING THE SUFFICIENCY OF THE PETITION FOR THE LILLIAN
9 WALLI FAIRVIEW AVENUE ROAD RECONSTRUCTION AND PAVING
10 AND SEWER IMPROVEMENTS SPECIAL ASSESSMENT DISTRICT
11 AND SETTING THE PUBLIC HEARING DATE FOR SEPTEMBER 14,
12 2015.

13
14 WHEREAS, A petition for road reconstruction and paving and sewer improvements for
15 property owners within the Lillian Walli Fairview Avenue Subdivision was circulated from
16 October 30, 2014 to December 30, 2014; and

17
18 WHEREAS, Pursuant to HCC 17.04.040(a)(2) the sufficiency of the petition requires
19 signatures of not less than one half in value of the real property in the proposed improvement
20 district; and

21
22 WHEREAS, Signatures from property owners in favor of the road reconstruction and
23 paving and sewer improvements equal 70.6%; and

24
25 WHEREAS, A neighborhood meeting was held on February 11, 2015; and

26
27 WHEREAS, The notice of public hearing and statement of objection form will be sent to
28 property owners by certified mail in accordance with HCC 17.04.050(a).

29
30 WHEREAS, The lots contained within this proposed special assessment district are
31 covered by a subdivision agreement that stipulates that the costs of the construction of all
32 subdivision improvements are the responsibility of the lot owners; and

33
34 WHEREAS, Improvements constructed within this subdivision are not eligible for
35 Homer Accelerated Roads and Trails (HART) funding, but can be completed as a HART Special
36 Assessment District with 100% of the cost of the proposed road and sewer improvements
37 being the responsibility of the benefitted properties; and

38
39 WHEREAS, The properties within the proposed Lillian Walli Sewer Special Assessment
40 District have been previously assessed for sewer improvements that did not provide sewer
41 service to the properties; a credit should be given each benefitted property in the amount of
42 the previous assessment.

44 WHEREAS, It is expected that the road improvements that should be constructed
45 within Fairview Avenue will incorporate additional pavement width, curb and gutter, street
46 lighting and pedestrian/bike friendly amenities associated with a “collector” street that are
47 not normally required for a residential road, the cost of which benefits the community as a
48 whole.

49
50 NOW, THEREFORE, BE IT RESOLVED that the Homer City Council notes the sufficiency of
51 the petition for the Lillian Walli Fairview Avenue Subdivision Road Reconstruction and Paving
52 and Sewer Improvements Special Assessment District and sets a public hearing date of
53 September 14, 2015.

54
55 BE IT FURTHER RESOLVED that the Homer City Council supports the creation a special
56 assessment district through the HART program, once all conditions necessary have been met,
57 with the understanding that 100% of the cost of the road and sewer improvements are the
58 responsibility of the benefitted lot owners; and that the amount of previously paid sewer
59 assessments will be credited back to each property owner at the time the proposed Lillian
60 Walli road and sewer assessments are levied; and that any additional cost associated with
61 constructing a “collector” street vs. a normal residential street will be paid for by the City.

62
63 PASSED AND ADOPTED by the City Council of Homer, Alaska this 15th day of June,
64 2015.

65
66 CITY OF HOMER

67
68
69
70 _____
71 MARY E. WYTHE, MAYOR

72 ATTEST:
73
74
75 _____
76 JO JOHNSON, MMC, CITY CLERK

77
78 Fiscal Note: Staff time and certified mail fees.



City of Homer

www.cityofhomer-ak.gov

Public Works

3575 Heath Street
Homer, AK 99603

publicworks@cityofhomer-ak.gov

(p) 907- 235-3170

(f) 907-235-3145

Memorandum 15-086

TO: Mary K. Koester, City Manager
FROM: Carey Meyer, Public Works Director
DATE: June 10, 2015
SUBJECT: **Lillian Walli Subdivision**
Fairview Avenue Road and Sewer Special Assessment District

In response to a request by a property owner within the Lillian Walli Subdivision, a petition for road reconstruction and paving and sewer improvements was circulated from October 30, 2014 to December 30, 2014 for what is now known as the Lillian Walli Fairview Avenue Road Reconstruction and Paving and Sewer Improvements Special Assessment District (SAD). The district boundaries are shown on the attached map.

Signatures from property owners in favor of the road reconstruction and paving and sewer improvements equal 70.6%; sufficient to move forward with a public hearing and potentially the formation of the district.

Three issues need to be clarified regarding how the costs of the road and sewer improvements will be assessed to benefitted property owners:

- 1) The lots contained within this proposed special assessment district are covered by a subdivision agreement that stipulates that the costs of the construction of all subdivision improvements are the responsibility of the lot owners. Improvements constructed within this subdivision are not eligible for HART subsidy funding. *Can the proposed road and sewer improvements be completed as a HART Special Assessment District with 100% of the cost of the proposed road and sewer improvements being the responsibility of the benefitted properties?*
- 2) The proposed road improvements in Fairview Avenue will, most probably, be more substantial than a normal neighborhood road. Fairview Avenue should be constructed as a “collector” street, with pedestrian/bike friendly amenities, street lighting and additional pavement widths that are not normally associated with a residential neighborhood street. *Will the City cover the additional cost of these “collector” street requirements?*
- 3) The properties within the proposed Lillian Walli sewer special assessment district have been previously assessed for sewer improvements that did not provide sewer service to the properties. The subdivision was assessed for extending the sewer main along the Sterling

Highway. Should a credit be given back to the Lillian Walli property owners, since they did not receive sewer service from the Sterling Highway sewer improvement?

Recommendations:

The City Council pass a resolution that notes the sufficiency of the petition for the Lillian Walli Fairview Avenue Road Reconstruction and Paving and Sewer Improvements Special Assessment District and sets a public hearing date.

The resolution should also support the creation a special assessment district through the HART program, once all conditions necessary have been met, with the understanding that 100% of the cost of the road and sewer improvements are the responsibility of the benefitted lot owners; that the amount of previously paid sewer assessments will be credited back to each property owner at the time the proposed Lillian Walli road and sewer assessments are levied; and that any additional cost associated with constructing a “collector” street vs. a normal residential street will be paid for by the City.



ERIC LANE - ROAD & SEWER IMPROVEMENTS
Proposed Special Assessment District Boundaries



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue
Homer, Alaska 99603

clerk@cityofhomer-ak.gov

(p) 907-235-3130

(f) 907-235-3143

January 15, 2015

Dear Property Owner,

A petition for Fairview Avenue (Eric Lane) road reconstruction and paving improvements and sewer improvements was initiated to create the Lillian Walli Fairview Avenue Special Assessment District (SAD) in your neighborhood. By certified mail you were notified of the petition and advised to sign it if you support the request that a Homer Accelerated Roads and Trails Program and Homer Accelerated Water Sewer Program Special Assessment District for road reconstruction and paving improvements and sewer improvements be created to include your property.

There was sufficient interest for the district. Pursuant to HCC 17.04.040(b) a neighborhood meeting is scheduled for Wednesday, February 11, 2015 from 5:30 p.m. to 6:15 p.m. in the City Hall Cowles Council Chambers at 491 E. Pioneer Avenue. Staff will be available at the neighborhood meeting to answer questions on the proposed project, so please plan to attend. For further information contact the City Clerk's Office at 235-3130.

Sincerely,

Melissa Jacobsen, CMC
Deputy City Clerk



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue
Homer, Alaska 99603

clerk@cityofhomer-ak.gov

(p) 907-235-3130

(f) 907-235-3143

October 30, 2014

Dear Property Owner:

A request for road improvements and sewer improvements was made for your neighborhood. The request was made by Francesca Durner on October 22, 2014.

A Special Assessment District may be initiated with petition signatures of the record owners of one half or more in value of the real property in the proposed district. We have compiled a list of the property owners within the boundaries of the Lillian Walli Subdivision-Fairview Avenue improvement district, including your parcel(s).

If you support the road reconstruction and paving improvements and the sewer improvement and wish for the City to determine a cost estimate of the project you will need to sign and return the petition. By signing you are indicating that you may favor the road improvements and wish to hear more about the project, including costs. The Property Owner Petition must be returned to the City Clerk by **December 30, 2014**.

If you are not interested in starting the road reconstruction and paving improvements and sewer improvements you do not need to sign the Property Owner Petition. Your lack of response indicates that you are not in favor of the Special Assessment District.

Pursuant to the Homer Accelerated Roads and Trails Program, property owner contribution to road improvements is \$30 per front foot for gravel and \$17 per front foot for paving. Pursuant to the Homer Accelerated Water and Sewer Program, districts shall be assessed 75% property owner share of the project. Projects will be authorized only after a public hearing to insure public participation in the process. The parcels within this proposed district currently have a deferred water assessment of \$4,895.00.

We will determine the amount of interested property owners by the number of signatures that are returned. You will be notified of the results once the petition deadline has passed.

Please call with questions you may have about the Special Assessment District. We would be happy to assist you.

Sincerely,

Melissa Jacobsen
Deputy City Clerk

Enc. Property Owner Petition
Map of proposed project

PETITION FOR ROAD RECONSTRUCTION AND PAVING AND FOR SEWER IMPROVEMENTS FOR FAIRVIEW AVENUE (ERIC LANE)

Francesca Durner of 1421 N St., Anchorage, Alaska filed a request for road reconstruction and paving improvements and for sewer improvements.
Request Date: October 22, 2014

District Name: Lillian Walli Subdivision-Fairview Avenue; Improvement Requested: Water_ Sewer Road Reconstruction Paving

We the undersigned owners of real property fronting, predominately, Fairview Avenue located within Lillian Walli Subdivision within the City of Homer, Alaska, request that a Homer Accelerated Roads and Trails Program Special Assessment District for road reconstruction and paving improvements and a Homer Accelerated Water and Sewer Program Special Assessment District for sewer improvements be created to include the properties listed below. We represent the owners of at least one-half or more in value of the real property to be benefited by these improvements.

Pursuant to the Homer Accelerated Roads and Trails Program, property owner contribution to road improvements is \$30 per front foot for gravel and \$17 per front foot for paving. Pursuant to the Homer Accelerated Water and Sewer Program, districts shall be assessed 75% property owner share of the project. Projects will be authorized only after a public hearing to insure public participation in the process.

If you are in favor of these improvements please sign in the Signature and Date slot. Please date your signature. We ask that you include your phone number for future reference, although this is not mandatory. **Deadline for this petition is December 30, 2014.** For this petition to be sufficient, signatures representing at least one half or more in value of the real property to be benefitted must be secured. If sufficient, a neighborhood meeting will be held. IN WITNESS WHEREOF, we have set our hands:

Signature/Date (Phone Number Optional)	Property Owner Name & Address	Legal Description & Parcel Number	Assessed Property Value
	David Gibson 511 N 148 th St. Shoreline, WA 98133	T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 39 175-241-24	\$14,600
		T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 40 175-241-23	\$13,400
		T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 41 175-241-22	\$14,300
		T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 42 175-241-21	\$14,100
		T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 43 175-241-34	\$15,900

PETITION FOR ROAD RECONSTRUCTION AND PAVING AND FOR SEWER IMPROVEMENTS FOR FAIRVIEW AVENUE (ERIC LANE)

Francesca Durner of 1421 N St., Anchorage, Alaska filed a request for road reconstruction and paving improvements and for sewer improvements.
Request Date: October 22, 2014

District Name: Lillian Walli Subdivision-Fairview Avenue; Improvement Requested: Water _ Sewer X Road Reconstruction X Paving X

We the undersigned owners of real property fronting, predominately, Fairview Avenue located within Lillian Walli Subdivision within the City of Homer, Alaska, request that a Homer Accelerated Roads and Trails Program Special Assessment District for road reconstruction and paving improvements and a Homer Accelerated Water and Sewer Program Special Assessment District for sewer improvements be created to include the properties listed below. We represent the owners of at least one-half or more in value of the real property to be benefited by these improvements.

Pursuant to the Homer Accelerated Roads and Trails Program, property owner contribution to road improvements is \$30 per front foot for gravel and \$17 per front foot for paving. Pursuant to the Homer Accelerated Water and Sewer Program, districts shall be assessed 75% property owner share of the project. Projects will be authorized only after a public hearing to insure public participation in the process.

If you are in favor of these improvements please sign in the Signature and Date slot. Please date your signature. We ask that you include your phone number for future reference, although this is not mandatory. **Deadline for this petition is December 30, 2014.** For this petition to be sufficient, signatures representing at least one half or more in value of the real property to be benefitted must be secured. If sufficient, a neighborhood meeting will be held.
IN WITNESS WHEREOF, we have set our hands:

Signature/Date (Phone Number Optional)	Property Owner Name & Address	Legal Description & Parcel Number	Assessed Property Value
	Francesca Durner 1421 N St. Anchorage, AK 99501	T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 47 175-241-41	\$14,700
	Ero Steve Walli 35910 North Fork Rd. Anchor Point, AK 99556	T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 48 175-41-40	\$14,000
	Brent and Judith Johnson 20773 Porcupine Ln. Clam Gulch, AK 99568	T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 49 175-241-39	\$16,800
	Brent and Judith Johnson 20773 Porcupine Ln. Clam Gulch, AK 99568	T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 27 175-241-42	\$15,300
		T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 28 175-241-59	\$14,600

PETITION FOR ROAD RECONSTRUCTION AND PAVING AND FOR SEWER IMPROVEMENTS FOR FAIRVEIW AVENUE (ERIC LANE)

Francesca Durner of 1421 N St., Anchorage, Alaska filed a request for road reconstruction and paving improvements and for sewer improvements.
Request Date: October 22, 2014

District Name: Lillian Walli Subdivision-Fairview Avenue; Improvement Requested: Water _ Sewer Road Reconstruction Paving

We the undersigned owners of real property fronting, predominately, Fairview Avenue located within Lillian Walli Subdivision within the City of Homer, Alaska, request that a Homer Accelerated Roads and Trails Program Special Assessment District for road reconstruction and paving improvements and a Homer Accelerated Water and Sewer Program Special Assessment District for sewer improvements be created to include the properties listed below. We represent the owners of at least one-half or more in value of the real property to be benefited by these improvements.

Pursuant to the Homer Accelerated Roads and Trails Program, property owner contribution to road improvements is \$30 per front foot for gravel and \$17 per front foot for paving. Pursuant to the Homer Accelerated Water and Sewer Program, districts shall be assessed 75% property owner share of the project. Projects will be authorized only after a public hearing to insure public participation in the process.

If you are in favor of these improvements please sign in the Signature and Date slot. Please date your signature. We ask that you include your phone number for future reference, although this is not mandatory. **Deadline for this petition is December 30, 2014.** For this petition to be sufficient, signatures representing at least one half or more in value of the real property to be benefitted must be secured. If sufficient, a neighborhood meeting will be held.
IN WITNESS WHEREOF, we have set our hands:

Signature/Date (Phone Number Optional)	Property Owner Name & Address	Legal Description & Parcel Number	Assessed Property Value
	Brent and Judith Johnson 20773 Porcupine Ln. Clam Gulch, AK 99568	T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 29 175-241-58	\$13,000
	Judith Johnson 20773 Porcupine Ln. Clam Gulch, AK 99568	T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 30 175-241-57	\$13,000
	Eugene Dobrzynski 288 Season Dr. Fernley, NV 89408	T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 31 175-241-56	\$13,000
		T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 33 175-241-54	\$12,700
		T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 34 175-241-53	\$13,200

PETITION FOR ROAD RECONSTRUCTION AND PAVING AND FOR SEWER IMPROVEMENTS FOR FAIRVIEW AVENUE (ERIC LANE)

Francesca Durner of 1421 N St., Anchorage, Alaska filed a request for road reconstruction and paving improvements and for sewer improvements.
Request Date: October 22, 2014

District Name: Lillian Walli Subdivision-Fairview Avenue; Improvement Requested: Water _ Sewer Road Reconstruction Paving

We the undersigned owners of real property fronting, predominately, Fairview Avenue located within Lillian Walli Subdivision within the City of Homer, Alaska, request that a Homer Accelerated Roads and Trails Program Special Assessment District for road reconstruction and paving improvements and a Homer Accelerated Water and Sewer Program Special Assessment District for sewer improvements be created to include the properties listed below. We represent the owners of at least one-half or more in value of the real property to be benefited by these improvements.

Pursuant to the Homer Accelerated Roads and Trails Program, property owner contribution to road improvements is \$30 per front foot for gravel and \$17 per front foot for paving. Pursuant to the Homer Accelerated Water and Sewer Program, districts shall be assessed 75% property owner share of the project. Projects will be authorized only after a public hearing to insure public participation in the process.

If you are in favor of these improvements please sign in the Signature and Date slot. Please date your signature. We ask that you include your phone number for future reference, although this is not mandatory. **Deadline for this petition is December 30, 2014.** For this petition to be sufficient, signatures representing at least one half or more in value of the real property to be benefitted must be secured. If sufficient, a neighborhood meeting will be held. IN WITNESS WHEREOF, we have set our hands:

Signature/Date (Phone Number Optional)	Property Owner Name & Address	Legal Description & Parcel Number	Assessed Property Value
	Eugene Dobrzynski 288 Season Dr. Fernley, NV 89408	T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 35 175-241-52	\$14,600
	Pat Miller 2220 North Star St. Apt. 1 Anchorage, AK 99556	T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 7 175-241-69	\$18,600
	Dick Lewis PO Box 2836 Homer, AK 99603	T 6S R 14W SEC 24 Seward Meridian HM 0880016 LILLIAN WALLI ESTATE SUB LOT 32 175-241-55	\$12,700



LINSTRANG WAY

WEST HILL RD.

CHERYL LN.

ERO CT.

ERIC LN.

SHELLEY AV.

17524169

7

17524142

27

17524159

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17524140

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17524139

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17524134

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17524121

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17524122

41

17524123

40

17524124

39

Subject properties by KPB Tax ID and
subdivision lot number.
COH 10/8/2014



City of Homer

www.cityofhomer-ak.gov

Finance Department

491 East Pioneer Avenue

Homer, Alaska 99603

finance@cityofhomer-ak.gov

(p) 907-235-8121

(f) 907-235-3140

Memorandum 15-087

TO: MAYOR WYTHER AND HOMER CITY COUNCIL
FROM: JOHN LI, FINANCE DIRECTOR
DATE: JUNE 10, 2015
SUBJECT: 2016 PROPOSED BUDGET SCHEDULE

Included is the 2016 Proposed Budget Development Schedule.

RECOMMENDATION:

Review and approve the 2016 Budget Schedule.

City of Homer
Proposed Budget Development Schedule for FY 2016

Council Meeting Date	Time	Event
Monday, June 15, 2015	6:00 PM	Budget Schedule to Council.
Monday, July 27, 2015		Submit to departments , budget work sheets including salary and fringe benefit costs.
Monday, August 10, 2015	5:00 PM	During Committee of the Whole, Council to discuss budget priorities for the coming year.
Monday, August 10, 2015	6:00 PM	Regular Meeting- Public Hearing , Council to seek public input on budget priorities for the coming year.
Monday, August 24, 2015		Complete budget work sheets, including narratives, and justifications from departments to Finance.
Monday, September 14, 2015	5:00 PM	During Committee of the Whole, Council to discuss Revenue Sources for General Fund.
Monday, September 14, 2015		Compile data and return copy to departments for review.
Monday, September 14, 2015	Week of	City Manager, Finance Director, Department Heads - budget review
Monday, September 28, 2015		Preliminary budget assumptions to Council.
Monday, October 12, 2015		City Manager submits Draft Proposed Budget to Council .
Monday, October 12, 2015	5:00 PM	During Committee of the Whole, Council to discuss budget - 1 hour.
Monday, October 12, 2015	6:00 PM	Regular Meeting - Public Hearing .
Monday, October 26, 2015	5:00 PM	During Committee of the Whole, Council to discuss budget - 1 hour
Monday, October 26, 2015	6:00 PM	Regular Meeting- Budget Ordinance and Fee/Tariff Resolutions Introduced.
Monday, November 23, 2015	5:00 PM	During Committee of the Whole, Council to discuss budget - 1 hour
Monday, November 23, 2015	6:00 PM	Regular Meeting - Public Hearing .
Monday, December 14, 2015	6:00 PM	Regular Meeting - Public Hearing & adoption of Proposed Budget .

VISITORS

South Peninsula Hospital, Inc. Presentation to the City of Homer June 15, 2015



New or Expanded Services & Providers

Specialty Clinic:

- Podiatry
- Expanded Ear/Nose/Throat
- Urology
- Neurology
- Pacemaker



SPH Specialty Clinic, Bartlett Street



New Services

New or Expanded Services & Providers

Homer Medical Center:

- Additional providers
- Behavioral Health
- Obstetrics and Gynecology
- Addiction Medicine



Teresa Johnson, MD



New Services

New or Expanded Systems

- EMS Telemedicine
- Operating Room renovation
- BioFire Lab Testing
- CT Upgrades
- Imaging Software



New Services

Community Benefit

- Payroll of \$23.4 million
- 384 employees
- Health Fairs
- Educational programs
- Health Promotions
- School programs
- MAPP of SKP
- Charity Care



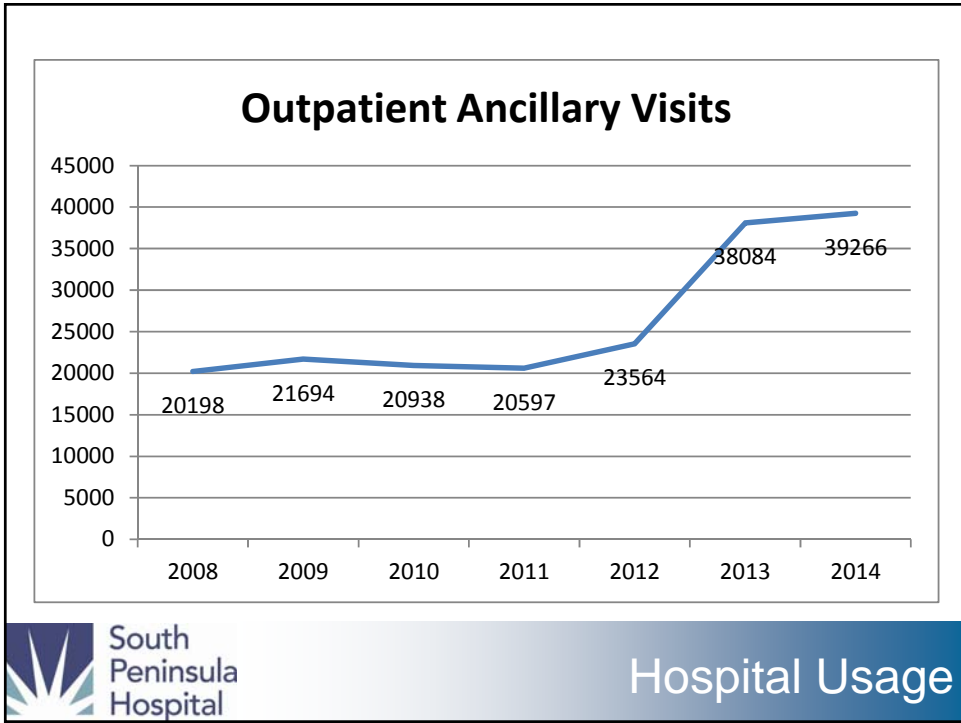
Community Benefit

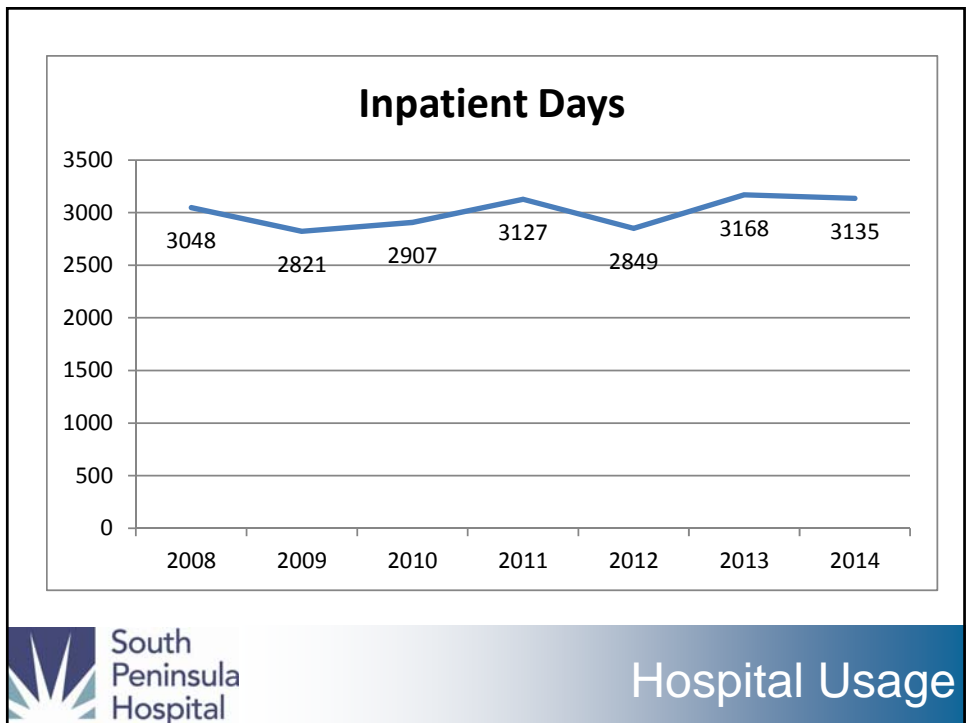
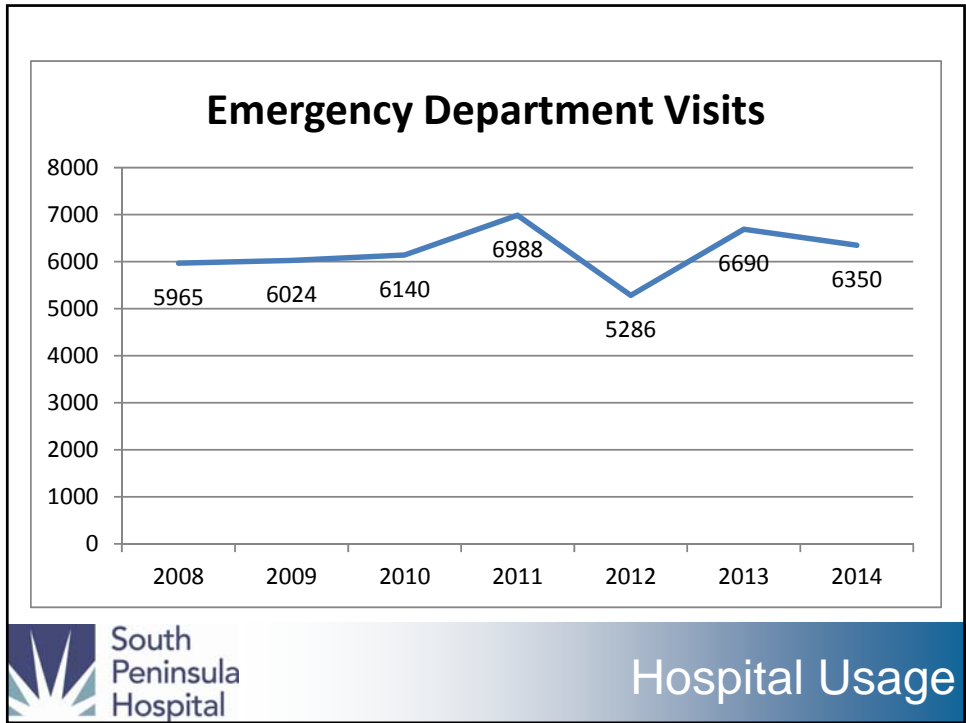


**Multi Agency
Disaster Drill**

South Peninsula Hospital
Community Benefit

The image shows two scenes from a disaster drill. The top scene depicts a control room where several individuals, including one wearing a Red Cross vest, are seated at desks with laptops and monitors, focused on their tasks. The bottom scene shows a simulated emergency response area with medical staff in blue scrubs and other personnel in safety vests, moving around a gurney in a tent-like structure.





FY 2015 - Financial Snapshot

Net Operating Revenue	\$46,462,300
Operating Expenses	\$47,389,716
Loss from Operations	(\$ 618,140)
EBITDA	\$ 1,895,784
Non-operating revenue	\$ 2,515,079
Net Income	\$ 1,896,939



Financial Update

Five Year Strategic Plan

- Long Term Care
- Medical Staff Development Plan
- Home Health Care
- Patient Centered Medical Home
- Supporting an aging workforce and service area



Immediate Priorities





Homer Public Library's Western Lot

The City of Homer embarked on the New Library Project more than 10 years ago and set aside lots from Heath Street to the Poopdeck Trail, adjacent to Hazel Avenue, as the location of this civic anchor. The original design plans included park-like attributes for the 2.24 acre western lot, but due to funding considerations only a gravel foot path was established to link the library's main parking area to the Poopdeck Trail. Now, with increasing concern about safety in the area, the time is right to re-envision the library's western lot and its potential as a vibrant community space.

The Friends of the Homer Public Library (FHL) propose the following set of goals and objectives for integrating the western lot into the library's mission and programs. These achievable and desirable goals follow a community conversation in September 2014; thinning of vegetation by the City of Homer in February 2015; and ongoing discussions with the Library Director and staff. It is FHL's intention to collaborate as much as possible while providing leadership and initial funding to achieve these goals.

Long-term Goals (2015-2020)

1. increase safety for trail users and library patrons
2. expand available space for existing library programs
3. create potential space for new library programs
4. develop new partnerships with community entities who encourage the use of outdoor space
5. provide a new community space within the city center
6. connect with neighbors interested in improving the Poopdeck Trail area to make it a community asset, not a liability



Google Earth Imagery (5/12/2011) with western lot outlined (yellow)

Short-term Objectives (2015 - 2016)

Our first priority is to establish the western lot as a safe place. Our short-term objectives are to:

- Maintain better sight lines created by the recent thinning by the city
 - Work soil to prevent rapid regrowth of shrubs and weeds
 - Remove stumps where appropriate
 - Map out wetland area and plant compatible low growing plants
 - Recruit volunteer work crew to cut back regrowth
- Install downward facing lighting
 - Map out potential locations for new footpaths to accommodate program needs
 - Meet with the city to discuss the feasibility of installing lighting and annual maintenance needs and costs; and new potential footpath map
 - Put in new footpaths and install lighting
- Encourage appropriate use of the lot to discourage inappropriate use
 - Install dog poop bag receptacles
 - Install picnic tables, benches and a little free library
 - Hold a community meeting of groups that use outdoor space for events/programs to discuss their needs
 - Hold additional meetings with user groups, neighbors and other community partners to gather ideas and address concerns
 - Develop a site plan based on community discussion, program needs and reasonable funding levels for the next 5 years

Progress

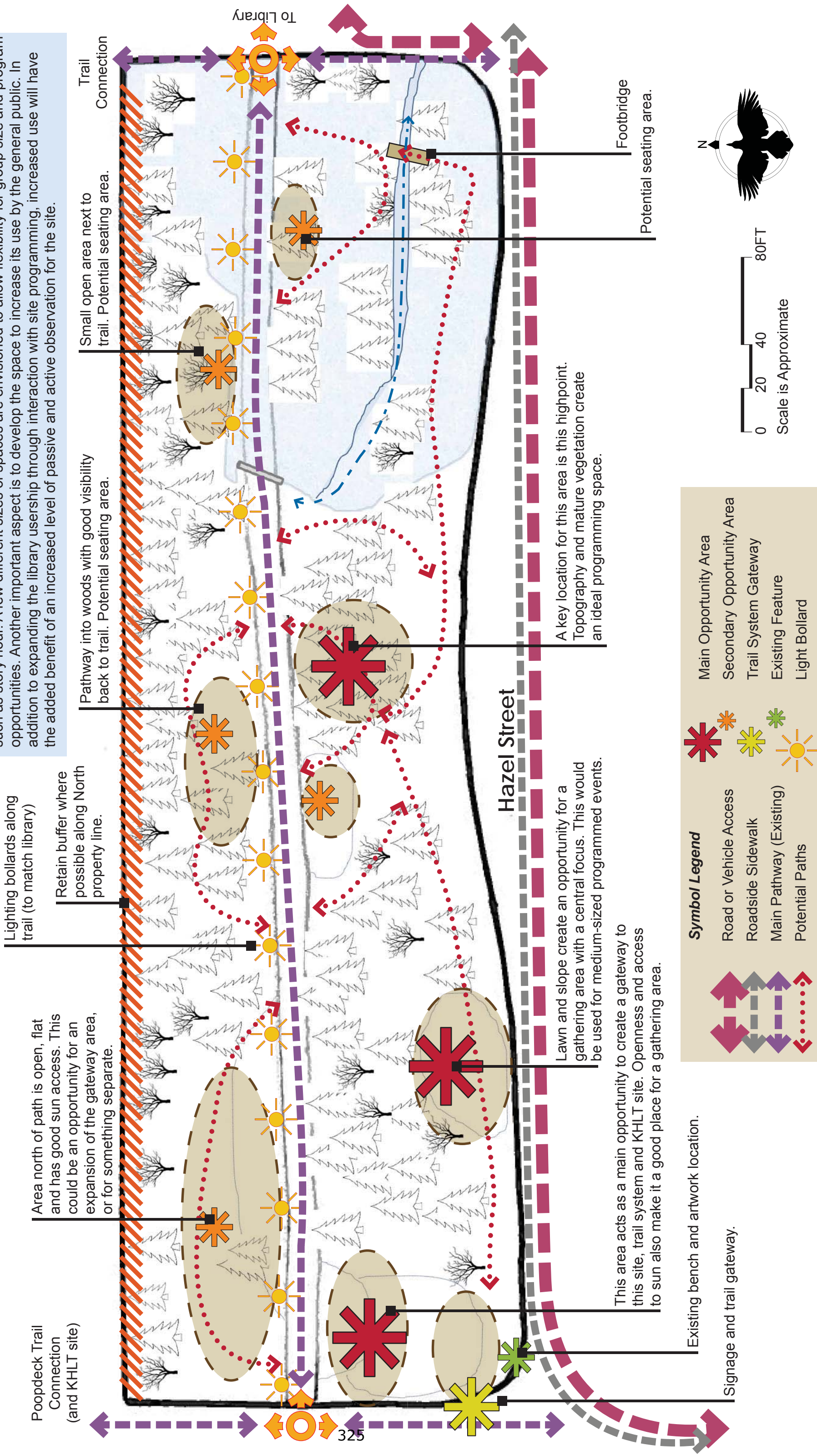
1. FHL worked with Peter Briggs (Corvus Design, landscape architect) to develop a site analysis and concept ideas for addressing short-term objectives (see "Library Site – Bubble Diagram.pdf").
2. FHL met with Public Works Director Meyer and Police Chief Robl on May 4th to share our goals and objectives. Both were supportive of the project.
3. FHL spoke to the Library Advisory Board on May 5th to share our goals and objectives, addressed their questions and gained their support.
4. FHL met with Public Works staff on May 15 to discuss the site analysis and concept ideas and how we could collaborate.
5. Public Works staff has been mowing to keep site lines open and installed two dog poop receptacles.
6. FHL is recruiting volunteers for a work party on Sunday June 28th from 1 – 5 pm to remove stumps, cut back regrowth, work soil and plant grass and other low growing plants.

Homer Public Library's Western Lot

Site Analysis and Concept Ideas

Programming:

Key to this concept is the development of side trails in order to increase access and provide routes for story trails. The intent of this network of trails is to provide a variety of options for how the story trail concept could be implemented. The concept also provides areas that would be used for current and future library programming such as story hour. A few different sizes of spaces are envisioned to allow flexibility for group size and program opportunities. Another important aspect is to develop the space to increase its use by the general public. In addition to expanding the library usership through interaction with site programming, increased use will have the added benefit of an increased level of passive and active observation for the site.



Lighting bollards along trail (to match library)

Retain buffer where possible along North property line.

Area north of path is open, flat and has good sun access. This could be an opportunity for an expansion of the gateway area, or for something separate.

Pathway into woods with good visibility back to trail. Potential seating area.

Small open area next to trail. Potential seating area.

Trail Connection

To Library

Hazel Street

A key location for this area is this highpoint. Topography and mature vegetation create an ideal programming space.

Lawn and slope create an opportunity for a gathering area with a central focus. This would be used for medium-sized programmed events.

This area acts as a main opportunity to create a gateway to this site, trail system and KHLT site. Openness and access to sun also make it a good place for a gathering area.

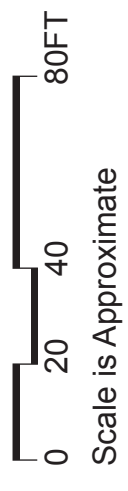
Existing bench and artwork location.

Signage and trail gateway.

Potential seating area.

Symbol Legend

- Main Opportunity Area
- Secondary Opportunity Area
- Trail System Gateway
- Existing Feature
- Light Bollard
- Road or Vehicle Access
- Roadside Sidewalk
- Main Pathway (Existing)
- Potential Paths



ANNOUNCEMENTS
PRESENTATIONS
BOROUGH REPORT
COMMISSION REPORTS

Session 15-09, a Regular Meeting of the Homer Advisory Planning Commission was called to order by Chair Don Stead at 6:34 p.m. on June 3, 2015 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONERS BOS, ERICKSON, HIGHLAND, BRADLEY, STEAD, STROOZAS,
AND VENUTI

STAFF: CITY PLANNER ABBOUD
DEPUTY CITY CLERK KRAUSE

APPROVAL OF AGENDA

Chair Stead requested a motion to approve the agenda.

HIGHLAND/BRADLEY - SO MOVED.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENT

The public may speak to the Planning Commission regarding matters on the agenda that are not scheduled for public hearing or plat consideration. (3 minute time limit).

There was no public comment.

RECONSIDERATION

No items were scheduled for reconsideration.

ADOPTION OF CONSENT AGENDA

All items on the consent agenda are considered routine and non-controversial by the Planning Commission and are approved in one motion. There will be no separate discussion of these items unless requested by a Planning Commissioner or someone from the public, in which case the item will be moved to the regular agenda and considered in normal sequence.

A. Approval of the minutes of May 20, 2015 meeting

Chair Stead requested a motion to approve the consent agenda.

HIGHLAND/BRADLEY - SO MOVED.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

PRESENTATIONS

There were no presentations scheduled.

REPORTS

A. Staff Report PL 15-39, City Planner's Report

City Planner Abboud provided a summary of his report. He noted the following:

- City Council has introduced and scheduled for second reading on June 15th the ordinance to purchase the 40 acre parcel containing tributaries to Bridge Creek.
- Due to Quorum issues Council meetings for June were rescheduled to June 15th and 29th
- The 1 acre requirement was removed.
- Submittal of the Site Development Standards recommendations will be submitted to Council if the commission approves.
- Commissioner Stead and Highland have requested reappointment to the commission.
- The Hodnik Preliminary Plat was postponed at the May 26th Borough Plat meeting.
- The Lease Committee is recommending negotiations for a 120 foot tower on the spit there were two proposals received and until awarded the commission will have to wait to be advised who will be awarded the contract.
- City Council had requested the commission expand the GC1 land in the city. This will be before the commission at the June 17th meeting. Statistical analysis for review that included types of structures and uses, land vacancy and availability will be provided as well as activities that are unique to GC1. There is growth in trades, shop space, laydown yards. Commissioners were asked to review their current zoning maps and Comprehensive Plans.

PUBLIC HEARINGS

Testimony limited to 3 minutes per speaker. The Commission conducts Public Hearings by hearing a staff report, presentation by the applicant, hearing public testimony and then acting on the Public Hearing items. The Commission may question the public. Once the public hearing is closed the Commission cannot hear additional comments on the topic. The applicant is not held to the 3 minute time limit.

A. Staff Report PL 15-40, Petition to Vacate Willow Drive Right of Way at Mission Road

Chair Stead introduced the item into the record. City Planner Abboud provided his report. Chair Stead opened the Public Hearing for testimony.

Bonnie Boisvert, city resident, read a letter submitted by Attorney Michael Hough representing property owners within 500 feet of the action requested. Mr. Hough recommended against approval of the vacation of the subject right of way due for several reasons: the importance of being an alternate access for residents of Mission Road; water springs located under Willow Drive, location of utility easement and utility pedestals; there are covenants in place; there is not sufficient enough reason for eliminating the property rights of others including the public; the applicants are the only party benefitting from the action; this same action was before the commission and denied and there is no change in circumstances to warrant reconsideration of the denial; the appearance that the Borough may deny this second duplicative application since elimination of Willow Drive as a through street does not result or allow for equal or superior access being available.

Nickolas Botkin, petitioner/applicant, testified that the request to vacate the right of way was attempted last year and there were concerns based on the conditions of the road at that time. Since then the city has improved the road and now there is opposition based on the potential for it to be an escape route. Mr. Botkin stated that he was requesting the vacation based on the extreme safety factor regarding limited to no sight lines at the intersection, icy road conditions during the winter compounded by the steepness of the road. He stated that Willow Drive is not suitable and should not be used as a shortcut or escape route. He also stated that there are several young children in that area and he has only noticed a few students and others use Willow Drive. Mr. Botkin stated that the city cannot maintain the road because of the steepness.

Russ Humbyrd, resident, has lived on Willow Drive for 19 years stated that Mr. Botkin speeds down the road like a teenager and one of his neighbors is putting in a peony farm and there is talk about putting

in a B & B at the end of the road and if they are worried about traffic then you don't go adding more businesses. He added that there are kids and Mr. Botkin needs to slow down and he will gain a substantial amount of land if this goes through there are covenants in place and they have filled some of the land down there.

Irene Clark, resident, 26 years on Mission Road, she uses Willow Drive to walk to her mailbox safely. She has worked at the High School for 19 years and has had to use Willow Drive to get to work as she could not get up the hill to the intersection of East Hill and Mission, she recalled several times the school bus has had to use Willow Drive because the Mission Rd East Hill intersection was too icy and they could not get up there. Ms. Clark stated that Mission Road is a dead end and if they had a fire or earthquake and could not use the East Hill intersection they would be trapped, Willow Drive provides and alternate access to them.

Ray Sinclair, resident, Willow Drive, concerned about the steepness of Willow and Mission, you cannot see oncoming traffic, he recognized that they were leaving a 40 foot public use easement which is good but he suggested leaving it like it is and putting in posts that would allow for and 8 foot emergency egress. He viewed that there is more traffic that uses that road than should and that limiting the use if it was a good idea.

Malcolm Gaylord, resident, Willow Drive, owns several lots that would be in the proposed cul de sac and his concern is the safety, he cited concerns for the children and the limited sight distances for vehicles because of the steep intersection.

Christopher Pryor, resident, has lived on Mission Road, commented on the safety issues regarding the steep bank or grade and there is very limited sight for traffic turning onto Willow and onto Mission Road from East Hill. The roads were not maintained over the winter and he could not access the intersection of Willow and Mission because of ice and how steep the road was.

Kris Botkin, resident, has a son and expressed concern regarding the access and egress, safety for the kids, believed it to be a financially smart move since the city will not have to maintain this intersection.

Kristen Wertanan, resident, Willow Drive for the past year, she has viewed residents have difficulty with the intersection of Mission Rd and Willow Drive. She has viewed numerous vehicles speeding down Willow who do not live on the road.

Chair Stead closed the public hearing and requested a motion.

HIGHLAND/BOS - MOVED TO ADOPT STAFF REPORT PL 15-40 VACATION OF ROW AND DEDICATION OF A PUBLIC USE EASEMENT OF THE NORTHERN 200' OF WILLOW DRIVE.

Staff responded to Commissioner Highland that there was nothing in code to prohibit another application to request vacation of the right of way since it never made it to the Borough the first time.

Commissioner Bos informed the commission that he visited the area and reported the extreme steepness of the intersection and questioned how any vehicles without enough speed behind them would make it up that intersection and that it was extremely difficult to see approaching vehicles from East Hill.

Commissioner Stroozas stated that when looking at health, safety and welfare which is what this boils down to and Commissioner Bos' recent personal experience seems to substantiate those issues.

Chair Stead declared opinionated comments from the audience as out of order.

Chair Stead offered that the City has not provided a superior level of access and has denied access to this road by taking this action and has difficulty approving the vacation.

Commissioner Venuti agreed with the Chair and added a comment regarding the animosity displayed between the property owners present.

Commissioner Highland requested if they can ask questions of the applicant, it was determined by the Chair with input from Staff that it was appropriate.

Commissioner Highland asked if there was any way to make the intersection safer and remove the steepness to add visual sight lines and if that would be an option.

Carey Meyer, Public Works Director/City Engineer, responded that the quick answer is yes, you can throw enough money at any problem to correct it. The long answer is the road design criteria required filling approximately 40 feet to create a flatter approach and creating a landing zone at that intersection, road grades are to be limited to less than 10% which would make access to the adjacent properties very difficult. How far down Mission Road that would have to go to extend would be several hundred feet and be extremely costly.

Mr. Meyer stated that the grade is in excess of 15% on that road and the city tries to keep the grades at 6% noting it can go higher but still requires the landing zone at the intersection, he further added that Mission Road did not make the appropriate grade either on the approach to East Hill Road.

Mr. Meyer added that if the subdivision was brought before the commission today it would not be approved, it might have been the best designed at the time but not today. He further responded that the whole length of Mission Road has been improved and in his opinion was a really nice gravel road compared to last year. He will not certify it as bulletproof but believes that the approach to East Hill will be much more dependable.

City Planner Abboud answered that if this action is approved by commission the borough may approve it, but if the commission did not approve the action he did not feel that it would get approval at the Borough level.

Commissioner Highland inquired if Commissioner Stead and Venuti's minds were changed by the safety concerns and responses from Mr. Meyer. Commissioner Stead responded it had not changed his opinions. Commissioner Venuti indicated his had not changed either.

Mr. Meyer then answered questions from Commissioner Stroozas regarding:

- if the vacation was approved and the pedestrian and emergency access provided it would provide some redress to the apparent safety issues however it may not accommodate all the fire vehicles

Chair Stead reiterated that the intersection was still not superior access and he could not approve taking away a right of way for something that is not superior access even for an unsafe intersection, that the city has numerous unsafe intersections.

Mr. Meyer provided further testimony on the vacation will solve the problems for the city in having to maintain that intersection since they cannot safely use the grader to maintain that road.

Commissioner Erickson commented on the abnormal winters and recommended the property owners on Willow install signage stating Children at Play.

Commissioner Bradley reported that she visited that area today and cannot understand why anyone would want to live up there in the winter, even if they have four wheel drive, she cannot picture how a school bus navigates Willow Drive.

Commissioner Venuti reminded everyone that this leaves the commission and goes to City Council and if the party does not prevail they can appeal to the City Council too. So he believes that they are at a point they can take action on this now.

Chair Stead called for a roll call vote.

VOTE. YES. STROOZAS, BOS, BRADLEY, HIGHLAND
NO. VENUTI, STEAD, ERICKSON

Motion carried.

B. Staff Report PL 15-41, Towers Ordinance

Chair Stead introduced the item into the record. City Planner Abboud reviewed his report and commented on the appropriate sized area needed for a fall zone for a 120 foot tower, he noted technical issues that were provided in the laydown materials and advised the commission that it deserved consideration and review by the commission.

Commissioner Erickson recommended that they review the information with Staff comments at a worksession or next meeting.

Commissioner Highland asked about the tower that is to be placed on the end of the spit.

Commissioner Erickson left the table at 8:37 pm. Chair Stead called for a brief recess. The meeting was called back to order at 7:44 pm.

City Planner Abboud responding to Commissioner Highland that the City has made a recommendation for a proposal to construct a 120 foot tower on a lot but it is not 1:1, there are many issues, but there has to be some way to be prudent. City Planner Abboud stated that they may not find the lot that works. It is not often, it is more that something falls off the tower than the tower falling, not sure how they would accomplish their goals with this.

Commissioner Erickson noted that breaking points within the height of the tower to alleviate the need for the space can be incorporated into towers. City Planner Abboud stated that it would be good to talk with someone about that technology and there is a possibility that that may work.

Chair Stead opened the public hearing for testimony.

Josh Reynolds, Chief Information Officer for SpitwSpots, a fixed wireless provider located in Homer, our view after reading the submitted materials SpitwSpots comments and recommendations would be virtually the same. Mr. Reynolds stated that it was apparent that the commission's intent is to establish and make concrete guidelines and terminology definitions and it has kind of veered into safety and visual impact. If you look at what this ordinance is going to make happen though is instead of having one - three towers in large height that makes visual impact and what this ordinance will do is create more towers, because they are not allowed to have the appropriate height or location due to the 1:1 requirement. This ordinance will accomplish what the commission is actually trying to prevent. He stated that there is language that has already been brought down in Federal Court, SpitwSpots is not going to take it up with the City but if AT&T, Verizon or another larger company requires a tower they will take it up with the city and make it a legal battle. If you to make the limit 40 feet then you can only use the top of the tower therefore if you have 5 companies needing a tower instead of co-location you end up with 5 towers.

Chair Stead closed the public hearing and asked for a motion to adopt Staff Report PL 15-41

Commissioner Highland requested clarification on motion content. City Planner Abboud responded that she could move to adopt the Staff Report.

HIGHLAND/BOS - MOVED TO ADOPT STAFF REPORT PL 15-41, TOWERS ORDINANCE AND POSTPONE THE PUBLIC HEARING TO BRING IT BACK FOR REVISIONS.

Discussion on requesting information from professionals in the field for the next review of the commission so that the commission can make informed decisions on possible revisions to the draft ordinance. Discussion also included seeing more than two comments on this and input from the industry professionals would be added value, he further stated that most of Homer is a view shed and he would like to see some requirement for blending into nature.

Commissioner Highland asked about amending line 147-148 on page 33 of the packet to add "ice" since that would be a big deal here. Staff can add that note and make the motion at the next meeting.

VOTE. YES. NON-OBJECTION. UANIMOUS CONSENT.

Motion carried.

Chair Stead clarified that the Staff Report has been adopted and the commission will see the ordinance again with minor revisions at the next meeting, with more public comment.

C. Staff Report PL 15-42, Site Development Standards

Chair Stead read the title into the record. City Planner Abboud read his report.

Chair Stead opened the public hearing for comment. Seeing no public present the public hearing was closed.

BOS/ERICKSON - MOVED TO ADOPT DRAFT ORDINANCE 15-08, SITE DEVELOPMENT STANDARDS AND FORWARD TO CITY COUNCIL FOR PUBLIC HEARING.

Commissioner Highland noted line 11, space needed between words "BY" and "AUGUST" and a comma was needed in line 32 after the word "months".

Commissioner Venuti, questioned line 36, requesting clarification for "other means" once clarification was provided then it was discussed that it does not allow time for the developer to re-vegetate since the ordinance states that it must be re-vegetated by native or other means. Commissioner Erickson pointed out the use of the word "that" in line 34 before nine month period provides definition of the period allowed for a cleared area to be re-vegetated. There was a brief discussion on the enforcement of the area being re-vegetated in the 9 month time period.

VOTE. YES. NON-OBJECTION. UNAIMOUS CONSENT

Motion carried

PLAT CONSIDERATION

There were no plat considerations.

PENDING BUSINESS

A. Staff Report PL 15-43, Waddell Way

Chair Stead read the title into the record. City Planner Abboud reviewed his report and requested recommendations from the commission.

ERICKSON/BOS - MOVED TO ADOPT OPTION A

Staff did not feel that it was appropriate at this time without public input. The commission was concerned that they wanted to discuss the project.

Commissioner Erickson wished to withdraw her motion. Chair Stead did not think that was allowed at this point. The commission requested a assistance from Deputy City Clerk Krause who confirmed that the maker of the motion could withdraw the motion with consent.

The motion was withdrawn by consensus of the Commission. There was brief discussion by the commission on what they wished to do.

HIGHLAND/BOS - MOVED TO DISCUSS STAFF REPORT PL 15-43, WADDELL WAY ROAD PROJECT

Discussion by the commission ensued on how to best proceed with the project. Points noted were:

- Support for Option A with concern expressed on HEA access such as short distance from the intersection of the new road and Heath Street
- There is public support for the creation of this connecting roadway
- Reduced curves, well lit intersections, preference for wide shoulders on each side of the road and a sidewalk
- Incorporate right hand turn lanes at intersections with Lake Street
- Recommended placing HEA access off of the proposed new road not Heath Street offer driveway permit as incentive
- Naming of street to Goldmine Way or Lane or continue "Grubstake" across Heath Street
- Bike design Level 4 if first choice, then Level 2

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

NEW BUSINESS

There was none.

INFORMATIONAL MATERIALS

A. City Manager's Report from May 26, 2015 City Council Meeting

There was no discussion.

COMMENTS OF THE AUDIENCE

Members of the audience may address the Commission on any subject. (3 minute time limit)

There was no audience present.

COMMENTS OF STAFF

City Planner Abboud commented on the dire financial condition of the city and that the planning staff will be reduced by one member, it is actually a position, based on seniority. The department can absorb quite a bit, there will be things that rise to the top and the department will focus on the most important things, the staff member luckily will be able to transfer over so they don't get laid off.

Deputy City Clerk Krause had no comments.

COMMENTS OF THE COMMISSION

Commissioner Highland spoke about the wind energy discussion she would like the commission to have and has brought the issue up with Mr. Abboud, they should be seeing something, maybe in the future.

Commissioner Bradley thanked the commission.

Commissioner Erickson apologized for leaving the meeting abruptly, she is on call and will be getting another staff person and will not have to carry extra phones after this weekend. It was a good meeting, very interesting, hard to make those difficult decisions with two opposing viewpoints, lot of them friends, it was not easy.

Commissioner Bos thought it was a good meeting tonight thought Commissioner Venuti's comment to the audience was fantastic and perfect, he could not have said that; congratulations to Commissioner Highland and Chair Stead for signing up for a few more years. They seem to be cruising through things now and getting others done. He thanked the staff and all they do and will be doing short staffed. He noted that Fish and Games employees are being cut almost 60% and our state resources will have to manage with half the staff.

Commissioner Venuti good meeting and the other day he drove up to a project up in the Bridge Creek Watershed and all their efforts in that area he noticed that the roads had had calcium chloride spread all over them so it appears they are going in the opposite direction. He was sure how they could solve that. He was going to have Jim Hornaday stop by with his ukulele but he was booked. Happy Birthday Chair Stead.

Commissioner Stroozas wished Chair Stead Happy Birthday and announced the following items: the 4th of July parade will be on Saturday, July 4th, the Chamber is heading it up and the theme for this year is Pioneer Time - a Salute to Our Heritage. Rumor has it that Norman Lowell will be the Grand Marshal this year and he will have his family in the car. They are fully staffed at the Chamber now they hired Jan Knutsen as Chamber Visitor Information Center and Events Coordinator and the Garden Club of Homer will have their Annual Plant Sale on this Saturday, June 6th at 11:00 a.m. in the chamber parking lot.

Chair Stead announced the next meeting date and worksession, he thought they did well today, appreciated all the support and well wishes.

ADJOURN

There being no further business to come before the Commission, the meeting adjourned at 8:48 p.m. The next regular meeting is scheduled for WEDNESDAY, JUNE 17, 2015 at 6:30 p.m. in the City Hall Cowles Council Chambers. There is a worksession at 5:30 p.m. prior to the meeting.

Renee Krause, CMC, Deputy City Clerk

Approved: _____



Kachemak Heritage Land Trust

JUN - 5 2015



May 30, 2015

Mayor Beth Wythe
Homer City Council
491 East Pioneer Ave.
Homer, AK 99603

Dear Homer City Council,

Kachemak Heritage Land Trust would like to thank you for the grant award of \$3,000.00 for general operating support through the City of Homer Grants Program administered by The Homer Foundation. These funds enable us to continue to move forward with our important work preserving critical fish, bird and wildlife habitat that is vital to retaining Homer's unique community character. The City of Homer's willingness to help fund local non-profits is greatly appreciated and has helped us get where we are today. To date KHLT has conserved over 3,200 acres on the Kenai Peninsula — forever.

Having well-attended outreach events such as our Annual Meeting that featured local storyteller Mark Marette sharing the story of our Krishna Venta Conservation Area (Barefooters), Shorebird Festival van tours of some of our protected properties, and our new Effler Trail ribbon cutting ceremony, means a great deal to us. Such amazing support shows Homer's growing investment in our organization as we strive to become intertwined into the fabric of the Homer community.

Upcoming events, including our June 18th Business After Hours Mixer and Campfire Open House and July 9th Anchor River Celebration — Take Me to the River, are two more examples of the Land Trust collaborating and working with other local businesses, organizations, and community members that help make the City of Homer a special place to live, work, play, and raise a family.

Thank you again for supporting the important mission of KHLT — conserving the natural heritage of the Kenai Peninsula for future generations.

Sincerely,

Marie McCarty
Executive Director

PUBLIC HEARING(S)

**CITY OF HOMER
PUBLIC HEARING NOTICE
CITY COUNCIL MEETING**

Ordinances 15-14, 15-15, 15-16, and 15-17

A **public hearing** is scheduled for **Monday, June 15, 2015** during a Special City Council Meeting. The meeting begins at 6:00 p.m. in the Homer City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

Ordinance 15-14, 15-15, 15-16 and 15-17 internet address:

<http://www.cityofhomer-ak.gov/ordinances>

Ordinance 15-14, An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating a Commercial Vessel Passenger Tax Program Grant from the Kenai Peninsula Borough for FY 2014 in the Amount of \$13,925.00 and Authorizing the City Manager to Execute the Appropriate Documents. City Manager.

Ordinance 15-15, An Ordinance of the City Council of Homer, Alaska, Purchasing Tax Foreclosure Property, Kenai Peninsula Borough (KPB) Tax Parcel Number 173-052-19 and Designating its Use for Public Purpose and Authorizing the City Manager to Execute the Appropriate Documents. City Manager.

Ordinance 15-16, An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code 3.05.012, Complete Financial Plan, to Exclude State Revenue Sharing From Income in the City Budget. Mayor.

Ordinance 15-17, An Ordinance of the City Council of Homer, Alaska, Amending Ordinance 13-03(S)(2) to Permit the City to Prepay Principal of the Natural Gas Distribution Special Assessment Bond Authorized by Ordinance 13-02(S)(2), and Authorizing an Amendment to the Loan Agreement Between the City and the Kenai Peninsula Borough Regarding the Bond. City Manager.



All interested persons are welcomed to attend and give testimony. Written testimony received by the Clerk's Office prior to the meeting will be provided to Council.

** Copies of proposed Ordinances, in entirety, are available for review at Homer City Clerk's Office. Copies of the proposed Ordinances are available for review at City Hall, the Homer Public Library, and the City's homepage - <http://clerk.ci.homer.ak.us>. Contact the Clerk's Office at City Hall if you have any questions. 235-3130, Email: clerk@ci.homer.ak.us or fax 235-3143.



Jo Johnson, MMC, City Clerk

Publish: Homer News: June 11, 2015

CLERK'S AFFIDAVIT OF POSTING

I, Renee Krause, Deputy City Clerk I for the City of Homer, Alaska, do hereby certify that a copy of the Public Hearing Notice for **Ordinance 15-14**, Accepting and Appropriating a Commercial Vessel Passenger Tax Program Grant from the Kenai peninsula Borough for FY 2014 in the Amount of \$13,925; **Ordinance 15-15**, Purchasing Tax Foreclosure Property, Kenai Peninsula Borough Tax Parcel Number 173-052-19 and Designating its Use for Public Purpose; **Ordinance 15-16**, Amending Homer City Code 3.05.012, Complete Financial pan, to Exclude State Revenue Sharing from Income in the City Budget; **Ordinance 15-17**, Amending Ordinance 13-03(S)(2) to Permit the City to Prepay Principal of the Natural Gas Distribution Special Assessment Bond Authorized by Ordinance 13-02(S)(2), and Authorizing an Amendment to the Loan Agreement between the City and the Kenai Peninsula Borough Regarding the Bond was distributed to the City of Homer kiosks located at City Clerk's Office, and the Homer Public Library, on June 4, 2015 and posted the same on City of Homer Website on Wednesday, June 3, 2015.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal of said City of Homer this 3rd day of June, 2015.



Renee Krause, CMC, Deputy City Clerk I



ORDINANCE REFERENCE SHEET
2015 ORDINANCE
ORDINANCE 15-14

An Ordinance of the City Council of Homer, Alaska, Accepting and Appropriating a Commercial Vessel Passenger Tax Program Grant from the Kenai Peninsula Borough for FY 2014 in the Amount of \$13,925.00 and Authorizing the City Manager to Execute the Appropriate Documents.

Sponsor: City Manager

1. City Council Regular Meeting May 26, 2015 Introduction
 - a. Kenai Peninsula Borough Grant Agreement
 - b. Kenai Peninsula Borough Ordinance 2014-19-50 w/backup memorandum and letters

2. City Council Special Meeting June 15, 2015 Public Hearing and Second Reading
 - a. Kenai Peninsula Borough Grant Agreement
 - b. Kenai Peninsula Borough Ordinance 2014-19-50 w/backup memorandum and letters

**CITY OF HOMER
HOMER, ALASKA**

City Manager

ORDINANCE 15-14

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA, ACCEPTING AND APPROPRIATING A COMMERCIAL VESSEL PASSENGER TAX PROGRAM PASS THROUGH GRANT FROM THE KENAI PENINSULA BOROUGH FOR CALENDAR YEAR 2014 IN THE AMOUNT OF \$13,925.00, AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE APPROPRIATE DOCUMENTS.

WHEREAS, The State of Alaska collects revenues under the Commercial Vessel Passenger Tax Program and remits proceeds to boroughs which contain ports where cruise ships land; and

WHEREAS, The Kenai Peninsula Borough has received such funds for calendar year 2014 and decided to pass those revenues through to Homer and Seward; the communities where cruise ships land and utilize local infrastructure and services; and

WHEREAS, The Borough Assembly adopted KPB Ordinance 2014-19-50 which appropriated funds and authorized a pass through grant to the City of Homer in the amount of \$13,925.00.

WHEREAS, The grant funds must be used for port and harbor projects that benefit cruise ship passengers and the City has proposed to use the proceeds of this grant for passenger seating at the cruise ship passenger loading/staging area, and signage on trails around the harbor.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby accepts and appropriates a Commercial Vessel Passenger Tax Program pass through grant from the Kenai Peninsula Borough for calendar year 2014 in the amount of \$13,925.00 as follows:

38 Appropriation:

39	<u>Account</u>	<u>Description</u>	<u>Amount</u>
40	460-927	KPB CVPT Pass Through Grant for 2014	\$13,925.00

41
42 Section 2. The City Manager is authorized to execute the appropriate documents.

43
44 Section 3. This ordinance is a budget ordinance only, is not permanent, and shall not
45 be codified.

46
47 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this _____ day of
48 _____, 2015.

49
50 CITY OF HOMER
51
52 _____
53 MARY E. WYTHE, MAYOR

54 ATTEST:
55
56 _____
57 JO JOHNSON, MMC, CITY CLERK

58
59 YES:
60 NO:
61 ABSTAIN:
62 ABSENT:

63
64 First Reading:
65 Public Hearing:
66 Second Reading:
67 Effective Date:

68
69 Reviewed and approved as to form:
70
71 _____
72 Mary K. Koester, City Manager
73
74 Date: _____

Thomas F. Klinkner, City Attorney

Date: _____



KENAI PENINSULA BOROUGH

GRANT AGREEMENT

Total Grant Funds \$13,925.00	Authorizing Ordinance O2014-19-50	KPB Account Number 271.94910.15CPV.43011	Total Grant Award \$13,925.00
Project Title Commercial Passenger Vessel Tax Program	Funding Source State		

Grantee		Borough Contact Person	
Name City of Homer	DUNS# 040171563 EIN# 92-0030963	Name Brenda Ahlberg, Community & Fiscal Projects Manager	
Mailing Address 491 E. Pioneer Avenue		Mailing Address 144 N. Binkley Street	
City/State/Zip Homer AK 99603		City/State/Zip Soldotna, AK 99669	
Contact Person Katie Koester, City Manager		Email bahlberg@kpb.us	
Phone 235-8121	Fax 235-3148	Phone 714-2153	Fax 714-2377

The Kenai Peninsula Borough (*hereinafter* "Borough") and City of Homer (*hereinafter* "Grantee") agree as set forth herein.

Section I: The Borough shall pay Grantee for the performance of the project work under the terms outlined in this agreement. The amount of the payment is based upon project expenses incurred, which are authorized under this agreement. In no event shall the payment exceed \$13,925.00.

Section II: The Grantee shall perform all of the work required by this agreement.

Section III: The work to be performed under this agreement begins 04/21/2015 and shall be completed no later than 06/30/2016.

Section IV: the agreement consists of this page and the following attachments:

- A. Scope of Work and Use of Funds
 - Payment Method and Reporting Requirements
 - Standard Provisions
 - B. Financial/Progress Report
 - C. Signature Authorization Form
- Certificate(s) of Insurance – *provided by Grantee*

Section V: The Community & Fiscal Projects Manager shall control the original, including any attachments filed.

Grantee	Borough
Signature: _____	Signature: _____
Authorized Signatory Name and Title Katie Koester, City Manager	Authorized Signatory Name and Title Mike Navarre, Mayor
Date: _____	Date: _____
	Attest: Johni Blankenship, Borough Clerk

Approved as to form and legal sufficiency:

Holly Montague, Deputy Borough Attorney

FY15 KPB Grant Agreement

City of Homer - Commercial Passenger Vessel Tax Program CY2014 Funds

Scope of Work and Use of Funds

Project Description: The purpose of this Borough Grant is to provide funding through the State of Alaska Commercial Passenger Vessel Tax Program, *hereinafter* referred to as CPVT, to the City of Homer, *hereinafter* referred to as “Grantee.” The Grantee will use the funds for port and harbor projects impacted by cruise ship landings as governed by the Alaska Statutes (see “Source of Funds, page 2).

Project Management

1. The project will be managed by the Grantee.
2. The City Manager, or such other person(s) as indicated on Attachment C, shall be designated as the representative to receive or make all communications regarding the performance or administration of this agreement. The Borough Community & Fiscal Projects Manager, or such other person(s) as designated by the Borough Mayor, is hereby designated as the representative of the Borough to receive or make all communications, payment requests, and reports regarding the performance or administration of this agreement, and who approves payment under this agreement. The parties may change their representative upon written notification to the other party.

Key Contact Information

Brenda Ahlberg, Community & Fiscal Projects
714-2153 • bahlberg@kpb.us
Kenai Peninsula Borough
144 N. Binkley St.
Soldotna AK 99669

Project Approval

The Assembly approved and appropriated CPVT funds from calendar year 2014 in the amount of \$13,925.00 to the Grantee through KPB Ordinance 2014-19-50. Grantee shall cite KPB account number **271.94910.15CPV.43011** in correspondence and reporting forms.

Grant funds, or any earnings there from, may be spent only for the purposes of the grant project as described above. Any monies used for purposes not authorized by this agreement shall be refunded to the Borough immediately after such expenditures, with or without demand by the Borough. Request to amend the budget shall be submitted to the Community & Fiscal Projects Manager no less than ninety (90) days prior to performance period end date.

Project Performance Period

Period: The performance period shall be effective for the period commencing on April 21, 2015 and ending on June 30, 2016. The Grantee must liquidate all obligations not later than June 30, 2016. The Borough shall have no obligation for payment of services rendered by the Grantee which are not performed within this specified period.

Request to Extend: Any determination to extend the project performance period is solely at the discretion of the Borough. A request to amend the performance period should be submitted not later than ninety (90) days prior to the established end date.

Funding

1. Source of Funds:
 - a. This project is being funded in full through the State of Alaska Department of Commerce, Community & Economic Development, "Commercial Passenger Vessel Tax Program" (CPVT) as governed by AS 43.52.200 - 43.52.295.
 - b. All unexpended grant funds as of the end of the grant period must be returned to the Borough. Funds will be considered obligated if they have actually been expended or encumbered prior to the end date of the performance period.
2. Condition for Receipt of Funds: The Grantee shall comply with AS 43.52.230 (b), federal legislation and court rulings that permit the use of these funds for port facilities, harbor infrastructure, and other services provided to the commercial passenger vessels and the passengers on board those vessels.
3. Funds, or earnings there from, shall not be expended for the purposes of lobbying activities before the Borough Assembly, the Alaska State Legislature or U.S. Congress.

Payment Terms and Reporting Requirements

1. Payments:
 - a. The Grantee will be compensated for up to and not exceeded \$13,925.00 as determined by the State of Alaska for projects identified in the City of Homer's request letter dated March 23, 2015 and approved by Kenai Peninsula Borough Ordinance 2014-19-50.
 - b. Under no circumstances will funds be released to the Grantee unless all required reporting is current.
2. Reporting Requirements:
 - a. The Borough's approval of the proposed expenditures shall not be construed to mean that the Borough is liable in any manner whatsoever if it is determined by an agency or court of competent jurisdiction that the city's project does not satisfy the statutory criteria.
 - b. Upon completion of the projects, but no later than thirty days thereafter the agreement end date, the Grantee shall provide a detailed written report to the Borough administration and assembly, explaining the use of these funds and their compliance with statutory requirements.

- c. The Grantee agrees to refund any such amounts, including principal, interest, costs, fees, fines, or other charges, if it is determined by a court of competent jurisdiction that the Grantee's expenditure of the funds does not meet the statutory criteria.
- d. This agreement is not to be construed as entitlement to city receiving the future allocation of the Borough's CPVT.
- e. Failure to meet the reporting requirements set forth in this agreement may result in the Borough withholding future allocations of the borough's grant of CPVT funds.

Mail OR Email Narrative and Fiscal Reports to:

Brenda Ahlberg, Community & Fiscal Projects Manager
Kenai Peninsula Borough
144 N. Binkley St., Soldotna AK 99669
(907) 714-2153 • bahlberg@kpb.us

Standards for Financial Management

Financial Management System:

1. The Grantee will maintain an accounting system and a set of accounting records that at a minimum, allows for the identification of individual projects by source of revenue and expenditures related to this project.
2. All costs will be supported by source documentation. Grantee shall retain all contracts, invoices, materials, payrolls, personnel records, conditions of employment, and other data relating to matters covered by this agreement for a period of three years after the completion date of the agreement, or until final resolution of any audit findings, claims, or litigation related to the grant.
3. The Grantee's accounting records will be the basis for generating financial reports which must reflect accurate and complete data. In addition, financial records must be properly closed out at the end of the project period and all reports submitted in a timely manner.

Procurement Standards

The Grantee agrees to use a competitive process when making procurements for goods and services. These standards include but are not limited to the following:

1. Grantee may use its own procurement policies provided that they adhere to the applicable standards;
2. Grantee shall maintain a code of conduct which shall govern the performance of its officers, employees or agents in contracting with or expending grant funds; and
3. All procurement transactions shall be conducted in a manner so as to provide for maximum open and free competition.

Audits and Monitoring

Audits:

1. Provisions of 2 AAC 45.010 shall apply to a Borough Grantee receiving a grant of \$100,000 or more from the Borough. An audit in compliance with 2 AAC 45.010 shall be

required on the performance of the grant conditions. Such audit report shall be due to the Borough no later than 30 days after the audit is completed, or 6 months after the expiration of the grant, whichever is sooner. A copy of a federal single audit report may be submitted to fulfill the requirements of this section.

2. An annual audited financial statement, certified by a Certified Public Accountant, shall be submitted by a Borough Grantee receiving a grant less than \$100,000 from the Borough. Such financial statement shall be due no later than 6 months from the termination of this agreement.
3. Grantees receiving less than \$100,000 from the Borough and receiving payments on a reimbursable basis are exempt from the audit requirements.

Monitoring:

1. The Grantee may receive an on-site review from the Borough, or its authorized representatives, in addition to reviews from State of Alaska personnel representing the AK Department of Commerce, Community & Economic Development. Monitoring staff may review project and financial activity relating to the terms of this agreement. Upon request, the Borough shall be given full and complete access to all information related to the performance period of this agreement to ensure compliance with the project activities and consistently applied costs.
2. The Grantee shall provide the Borough and its authorized representatives all technical staff, assistance and information needed to enable the Borough or the State personnel to perform its monitoring function. This assistance from the Grantee includes, but is not limited to, information about the Grantee's project operation, accounting and data-base systems.

Program and Financial Deficiencies:

1. Through audits, reviews, monitoring or other means, the Borough may find the Grantee to have program or financial deficiencies in the performance of the agreement. Such deficiencies may include, but are not limited to, the areas of accounting, financial controls, budgeting, and/or project compliance issues. If deficiencies are found, the Borough may require the Grantee to take corrective action and to submit a written corrective action plan to address identified deficiencies. All corrective action plans must be accepted by the Borough or its authorized representatives. Any corrective action must be satisfactorily completed within thirty days from the date of written notification.
2. The Borough, in its sole discretion, may require the Grantee to submit periodic written verification that measures have been taken to implement the corrective action. If the Grantee fails to demonstrate its compliance with the approved corrective action plan within the time constraints set by the Borough, the Borough may, at its option, exercise its rights to terminate the agreement. The Borough may exercise any of the other rights and remedies available to it at law or in equity.

Standard Provisions

1. **No Maintenance or Further Funding Responsibility:** By signing this agreement, Grantee certifies that it will not ask the Borough to operate or maintain its program, except as may be otherwise agreed to in writing signed by both parties. Grantee understands, acknowledges and agrees that the Borough shall not be responsible for any services, programs, maintenance, operations, or further funding to Grantee, or actions related thereto, and has

not, and will not assume any such responsibility, all of such to be the sole and exclusive responsibility of Grantee.

2. **Defense and Indemnification:** The Grantee shall indemnify, defend, save and hold the Borough, its elected and appointed officers, agents and employees, harmless from any and all claims, demands, suits, or liability of any nature, kind or character including costs, expenses, and attorneys fees resulting from Grantee or Grantee's officers, agents, employees, partners, attorneys and suppliers' performance or failure to perform this agreement in any way whatsoever. This defense and indemnification responsibility includes claims alleging acts or omissions by the Borough or its agents, which are said to have contributed to the losses, failure, violations, or damage. However, Grantee shall not be responsible for any damages or claim arising from the sole negligence or willful misconduct of the Borough, its agents, or employees. Grantee shall also not be required to defend or indemnify the Borough for damage or loss that has been found to be attributed to an independent party directly responsible to the Borough under separate written contract. If any portion of this clause is voided by law or court of competent jurisdiction, the remainder of the clause shall remain in full force and effect.
3. **Insurance:** Grantee shall purchase at its own expense and maintain in force at all times during the term of this agreement Commercial General Liability and Automobile Insurance. Such policies are to include bodily injury, personal injury, and property damage with respect to the property and the activities conducted by Grantee in which coverage shall not be less than \$1,000,000 per occurrence or such higher coverage as specified by the Borough. The policy shall name the Borough as an additional insured. Borough approval shall be required for the amount of any deductible or self-insured retention.

Additionally, Grantee shall purchase and maintain at its own expense worker's compensation and employers liability insurance for all employees per Alaska State Statutes who are performing work under this agreement.

Proof of Insurance: *Grantee shall deliver to the Borough certificates of insurance along with Grantee's signature on this agreement. The certificates shall indicate the Borough as an additional insured. This insurance shall be primary and exclusive of any other insurance by the Borough. Failure to provide the certificate of insurance required by this section, or a lapse in coverage, is a material breach of the terms of this agreement entitling the Borough to terminate this agreement.*

4. **Relationship of Parties:** Nothing herein contained shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent, or of partnership, or of joint venture between the parties hereto, it being understood and agreed that neither method of computation of payment nor any other provision contained herein, nor any acts of the parties hereto, shall be deemed to create any relationship between the parties hereto other than the relationship of Borough and independent Grantee of funds.
5. **No Exclusive Service; No Property Interest:** The Grantee understands, acknowledges and agrees that all supplies, materials and equipment purchased with the grant funds shall be and shall remain the property of the Grantee, subject to all applicable State statutes and Federal regulations.

6. **Termination.** The Borough may terminate this agreement, by written notice, when it is in the best interest of the Borough. In the event that Grantee does not perform the tasks as required in this agreement, or does not submit any required reports for verification of performance, the Borough may exercise its option to terminate this agreement.
7. **Permits, Taxes and Adherence to Local, State, and Federal Laws:** Signing of this agreement does not, in any manner, excuse Grantee from complying with any other law, Alaska state statute or regulation, or Borough ordinance or regulation. Grantee must in all cases adhere to all local, state and federal laws and regulations that pertain to public funds, to the services performed pursuant to this agreement, and related to wages, taxes, social security, workers compensation, nondiscrimination, licenses, permits, and registration requirements. Grantee shall pay all taxes pertaining to its performance under this agreement, and shall acquire and maintain in good standing all permits, licenses and other entitlements necessary to the performance under this agreement.
8. **Jurisdiction; Choice of Law:** Any civil action arising from this agreement shall be brought in the superior court for the Third Judicial District of the State of Alaska at Kenai. The law of the State of Alaska shall govern the rights and obligations of the parties.
9. **Non-Waiver:** The failure of the Borough at any time to enforce a provision of this agreement shall in no way constitute a waiver of the provisions, nor in any way affect the validity of this agreement or any part thereof, or the right of the Borough thereafter to enforce each and every protection hereof. No conditions or provisions of this grant agreement can be waived unless approved by the Borough in writing. Waiver by the Borough of any non-compliance by Grantee, or excusing or extending performance, shall not be considered a waiver of any other rights of the Borough or a waiver of the right to terminate in the event of future breaches.
10. **No Third-Party Beneficiary:** This agreement is intended solely for the benefit of each party hereto. Nothing contained herein shall be construed or deemed to confer any benefit or right upon any third party.
11. **Environmental Requirements:** The Grantee must comply with all environmental standards, to include those prescribed under State of Alaska and Federal statutes and Executive Orders.
12. **Entire Agreement:** This agreement represents the entire and integrated agreement between the Borough and Grantee, and supersedes all prior, inconsistent negotiations, representations or agreements, whether written or oral. This agreement may be amended only by written instrument signed by both the Borough and Grantee.



KENAI PENINSULA BOROUGH

144 North Binkley Street • Soldotna, Alaska 99669-7599
PHONE: (907) 714-2153 • **FAX:** (907) 714-2377
EMAIL: bahlberg@kpb.us

FROM: City of Homer
KPB ACCOUNT: 271.94910.15CPV.43011

Contract Amount: \$13,925.00
Ending: 06/30/2016

Financial / Progress Report

<p>Submit Report To: Brenda Ahlberg Community & Fiscal Projects Manager Kenai Peninsula Borough 144 N. Binkley St., Soldotna, AK 99669</p>	<p>Project Name: Commercial Passenger Vessel Tax Program Date: Report No.: Quarter From: To:</p>
---	---

FINANCIAL REPORT:

Cost Category	Authorized Budget	Expenditures from Last Report	Expenditures This Period	Total Expenditures to Date	Balance of Funds
	\$ -				
Personnel		-	-		\$ -
Travel		-	-	-	\$ -
Contractual		-	-	-	\$ -
Supplies	\$ 13,925.00	-	-	-	\$ 13,925.00
Other		-	-	-	\$ -
		-	-	-	\$ -
TOTALS	\$ 13,925.00	-	\$ -	\$ -	\$ 13,925.00

Advance funding	\$ 13,925.00
Expenditures applied to advance	\$ 13,925.00
Remaining Advance Balance	\$ -

PROGRESS REPORT: Describe activities that have occurred during this reporting period. Describe any challenges you may have experienced, any foreseen problems, and/or any special requests. Attach additional pages.

Reference: City of Homer's request letter dated March 23, 2015 and approved by Kenai Peninsula Borough Ordinance 2014-19-50.

Grantee Certification: I certify that the above information is true and correct, and that expenditures have been made for the purpose of, and in accordance with, applicable grant agreement terms and conditions.

Signature: _____ Date: _____

Printed Name and Title: _____

Signature Authorization Form

Grant Program: Commercial Passenger Vessel Tax Program - State Pass Thru Funding

Agreement Number: 271.94910.15CPV.43011

Effective Date 04/21/2015

Name of Grantee City of Homer

DUNS# and Tax ID# **DUNS # 040171563 TAX ID# 92-0030963**

Point of Contact Information

Program Manager, Chief Financial Officer, and Signatory Official must be three (3) different individuals.

Primary and Alternate Signatories: Grant Award/Amendments and Grant Reports

Program Manager Name Brian Hawkins
Individual managing the project

PM Address 491 E. Pioneer Ave., Homer, AK 99603

PM Telephone 907-235-3160

PM Fax 907-235-3152

PM Email bhawkins@ci.homer.ak.us

Chief Financial Officer Name John Li
Authorized to certify financial expenditures and records

CFO Address 491 E. Pioneer Ave. Homer, AK 99603

CFO Telephone 907-235-8121

CFO Fax 907-235-3140

CFO Email jli@ci.homer.ak.us

Signatory Official Name Katie Koester
City Manager

Signatory Official Address 491 E. Pioneer Ave., Homer AK 99603

Signatory Official Telephone 907-235-8121

Signatory Official Fax 907-235-3140

Signatory Official Email kkoester@ci.homer.ak.us

Signatures required by each of the above-named individuals.

Project Manager

Signature and Date

Chief Financial Officer

Signature and Date

Signatory Official

Signature and Date

Introduced by: Mayor
Date: 04/07/15
Hearing: 04/21/15
Action:
Vote:

**KENAI PENINSULA BOROUGH
ORDINANCE 2014-19-50**

**AN ORDINANCE APPROPRIATING COMMERCIAL PASSENGER VESSEL TAX
PROCEEDS RECEIVED FROM THE STATE OF ALASKA IN THE AMOUNT OF
\$361,657.50 AND ALLOCATING \$347,732.50 TO THE CITY OF SEWARD AND
\$13,925.00 TO THE CITY OF HOMER**

- WHEREAS**, in the August 22, 2006 state election, the voters approved the initiative in Ballot Measure 2, enacting AS 43.52.200 – 43.52.295, which imposed a tax on travel aboard certain cruise ships travelling in Alaska waters; and
- WHEREAS**, the Alaska legislature has authorized the sharing of Commercial Passenger Vessel (CPV) excise tax collections with eligible ports of call in the State; and
- WHEREAS**, CPV excise tax collections are derived from taxes imposed on cruise ship passengers; and
- WHEREAS**, the City of Seward and City of Homer are eligible ports of call for receiving CPV funds; and
- WHEREAS**, when the eligible ports of call are cities located in a borough then the cities and the borough each receive \$2.50 for each passenger; and
- WHEREAS**, the total amount received by the borough from the State of Alaska for the 2014 calendar CPV programs was \$361,657.50; and
- WHEREAS**, the City of Seward and City of Homer have requested that funds received by the borough that are derived from cruise ship passengers in each city be appropriated to each city for port improvement projects; and
- WHEREAS**, the intended use of these funds by the cities of Seward and Homer will comply with AS 43.52.230(b), federal legislation and court rulings that permit the use of these funds for port facilities, harbor infrastructure, and other services provided to the commercial passenger vessels and the passengers on board those vessels;
- NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:**

SECTION 1. That the mayor is authorized to execute grant agreements and any other documents deemed necessary to expend the funds and to fulfill the intents and purposes of this ordinance.

SECTION 2. That \$361,657.50 received from the State of Alaska in FY2015 for the commercial passenger vessel excise tax collection program be appropriated from the miscellaneous grant fund balance to account 271.94910.15CPV.43011 contract services, for payment to the City of Seward in the amount of \$347,732.50 and to the City of Homer in the amount of \$13,925.00 to be used solely for port facilities, harbor infrastructure, and other services provided to the commercial passenger vessels and the passengers on board those vessels in accordance with AS 43.52.230(b).

SECTION 3. This ordinance shall become effective immediately upon enactment.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS *
DAY OF * 2015.**

Dale Bagley, Assembly President

ATTEST:

Johni Blankenship, MMC, Borough Clerk

Yes:

No:

Absent:



KENAI PENINSULA BOROUGH

Grant Management

MEMORANDUM

MIKE NAVARRE
BOROUGH MAYOR

TO: Dale Bagley, Assembly President
Members of the Kenai Peninsula Assembly

THRU: Mike Navarre, Mayor *MN*
Craig Chapman, Finance Director *l Chapman*

FROM: Brenda Ahlberg, Community & Fiscal Projects Manager *B Ahlberg*

DATE: March 26, 2015

SUBJECT: Ordinance 2014-19- 50, An Ordinance Appropriating Commercial Passenger Vessel Tax Proceeds Received from the State of Alaska in the Amount of \$361,657.50 and allocating \$347,732.50 to the City of Seward and \$13,925.00 to the City of Homer

In the August 22, 2006 election the Alaska voters approved the initiative in Ballot Measure No. 2, which imposed a tax on passengers travelling for at least 72 hours aboard a vessel with 250 or more berths, that anchors or moors in Alaska waters with the intent to allow passengers to disembark. The initiative enacted statutes AS 43.52.200 - AS 43.52.295 that provide for the levy and collection of this tax and the disposition of the proceeds. The taxes are deposited into a state fund called the Commercial Passenger Vessel (CPV) tax account. A portion of the proceeds are disbursed to the first seven ports of call each year. If ports of call are located in a city within a borough, \$2.50 per passenger is distributed to the city and to the borough in which the city is located. Both the City of Seward and the City of Homer have qualified for these funds, and the borough has accordingly received proceeds from the CPV account.

For the calendar years 2007 through 2013 the tax proceeds were awarded to the City of Seward and City of Homer by way of grant agreements. The use of funds must comply with State of Alaska Department of Commerce, Community & Economic Development, "Commercial Vessel Passenger Tax Program" as governed by AS 43.52.200 - 43.52.295; specifically, AS 43.52.230 (b), "shall use the funds for port facilities, harbor infrastructure, and other services provided to the commercial passenger vessels and the passengers on board those vessels."

This ordinance will approve the 2014 calendar year appropriations to be allocated to the City of Seward and the City of Homer, which will be executed by way of grant agreements. Brenda Ahlberg, the Community & Fiscal Projects Manager, shall oversee the program.

FINANCE DEPARTMENT FUNDS/ACCOUNT VERIFIED	
Acct. No.	<u>271.94910.15CPV.43011</u>
Amount	<u>\$361,657.50</u>
By:	<u><i>pp</i></u> Date: <u>3/24/15</u>



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

491 East Pioneer Avenue

Homer, Alaska 99603

citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

(f) 907-235-3148

March 23, 2015

Mayor Mike Navarre
Kenai Peninsula Borough
144 N. Binkley St.
Soldotna, AK 99669
Delivered electronically

SUBJECT: 2014 Cruise Passenger Tax Receipts

Dear Mayor Navarre:

I am writing to confirm that the City of Homer wishes to receive the 2014 Commercial Vessel Passenger Tax receipts from the Borough. It is our understanding that you will be sponsoring an ordinance that would make the Borough's share of these tax receipts for vessel landing in Homer available to the City. The City appreciates that and understands that the amount to be passed through for calendar year 2014 is \$13,925.

The City of Homer recognizes that these funds must be used for port and harbor improvements that directly benefit cruise ship passengers. The City agrees to comply with the provisions contained in AS 43.52.200 - 43.52.295 and former SB 256 and HB 310. The 2014 funds will be used toward passenger seating at the cruise ship passenger loading/staging area and, as budget allows, signage on the trails around the harbor.

Thank you very much for your time and consideration. Please do not hesitate to contact me if you have any questions.

Sincerely,

Marvin Yoder
City Manager

Cc: Brenda Ahlberg, KPB Community and Fiscal Projects Manager



February

Mayor Mike Navarre
Kenai Peninsula Borough
144 N. Binkley
Soldotna, Alaska 99669

March 9, 2015

RE: Cruise ship passenger tax proceeds

Dear Mayor Navarre,

On behalf of the City of Seward, I would like to thank the Borough Assembly and administration for allocating the Commercial Passenger Vessel (CPB) excise tax to the cities of Seward and Homer, based on their pro-rata share of cruise ship passengers visiting each port. These funds continue to be critical to Seward's ability to provide improvements to our port infrastructure in support of cruise ships and their passengers.

The City was asked to submit a letter requesting their allotment of 2014 cruise ship head tax proceeds, and to identify the intended use of these funds. AS 43.52.230(b) requires that "a city or borough that receives a payment under this subsection shall use the funds for port facilities, harbor infrastructure, and other services provided to the commercial passenger vessels and the passengers on board those vessels." We have identified the following projects for possible use of the CPV funds, including: 1) bus transportation for cruise passengers and crew; 2) ambulance services (\$10,000 annually); 3) passenger bus and rest benches; 4) cruise ship dock maintenance and repairs; 7) cruise ship berth enhancements and amenities such as signage, paving, and cruise-related pedestrian path awnings; 8) harbor float repairs/replacement; and cruise-related pedestrian improvements to and from the cruise dock.

In the past, the City has used CPV funds for projects such as construction of a security dock in the Small Boat Harbor to enhance U.S. Coast Guard, fire, and emergency response; harbor and port dredging; bus transportation; outboard replacement for the fire and rescue boats; ambulance services; breakwater repairs, etc.

We appreciate your support of our request and look forward to working with you to enhance facilities for the cruise ship industry in our region.

Sincerely,

A handwritten signature in blue ink that reads "James Hunt". The signature is written in a cursive style with a large, sweeping "J" and "H".

James Hunt, City Manager
Seward, Alaska
907.224.4047

From: [Pickarsky, Penny](#)
To: [Ahlberg, Brenda](#)
Cc: [Chapman, Craig](#); [Friedersdorff, Chad](#)
Subject: Commercial Passenger Vessel tax
Date: Friday, February 27, 2015 8:08:39 AM

Good morning Brenda,

We received the CY2014 Commercial Passenger Vessel tax revenue this week.

Here is the breakdown of the portion paid to the borough.

Homer	\$ 13,925.00
<u>Seward</u>	<u>\$ 347,732.50</u>
Total	\$ 361,657.50

Thanks!

Penny Pickarsky
Financial Planning Manager
Kenai Peninsula Borough
Finance Department
144 North Binkley Street
Soldotna AK 99669
(907) 714-2194
Email: ppickarsky@kpb.us

Disclaimer Notice: This email and any attachments to it may be confidential and are intended solely for the use of the individual to whom it is addressed. Any views or opinions expressed are solely those of the author and do not necessarily represent those of the Kenai Peninsula Borough.

If you are not the intended recipient for this email, you must neither take any action based upon its contents, nor copy or show it to anyone.

Please contact the sender if you believe you have received this email in error.

ORDINANCE REFERENCE SHEET
2015 ORDINANCE
ORDINANCE 15-15

An Ordinance of the City Council of Homer, Alaska, Purchasing Tax Foreclosure Property, Kenai Peninsula Borough (KPB) Tax Parcel Number 173-052-19, and Designating Its Use for Public Purpose and Authorizing the City Manager to Execute the Appropriate Documents.

Sponsor: City Manager

1. City Council Regular Meeting May 26, 2015 Introduction
 - a. Letters to Kenai Peninsula Borough Re: Conveyance of Tax Foreclosure Parcel
 - b. Kenai Peninsula Borough Land Description and Value History
 - c. Map of KPB Parcel No. 173-052-19

2. City Council Special Meeting June 15, 2015 Public Hearing and Second Reading
 - a. Letters to Kenai Peninsula Borough Re: Conveyance of Tax Foreclosure Parcel
 - b. Kenai Peninsula Borough Land Description and Value History
 - c. Map of KPB Parcel No. 173-052-19

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 City Manager

4 **ORDINANCE 15-15**

5
6 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
7 PURCHASING TAX FORECLOSURE PROPERTY, KENAI PENINSULA
8 BOROUGH (KPB) TAX PARCEL NUMBER 17305219, AND
9 DESIGNATING ITS USE FOR PUBLIC PURPOSE AND AUTHORIZING
10 THE CITY MANAGER TO EXECUTE THE APPROPRIATE
11 DOCUMENTS.
12

13 WHEREAS, Pursuant to Homer City Code 18.06.010 Real property acquisitions,
14 authority. a. The City may acquire, own and hold real property within or outside the City
15 boundaries by any lawful means or conveyance, and may exercise all rights and powers in the
16 acquisition, ownership and holding of real property as if the City were a private person; and
17

18 WHEREAS, Kenai Peninsula Borough Land Management has prepared a preliminary
19 list of foreclosed parcels to be sold in the Borough's 2015 Tax Foreclosure Auction; and
20

21 WHEREAS, Pursuant to AS 29.45.450 Deed to Borough or City, a city may request
22 conveyance of tax foreclosed property when the city has an immediate need for that property
23 and property may be deeded to the City subject to taxes owed through judgment date,
24 interest, and any out of pocket cost incurred by the KPB through the date of the actual
25 payment; and
26

27 WHEREAS, There is a 40-acre parcel in the Bridge Creek Watershed, KPB tax parcel
28 number 17305219, that would serve the public by protecting the integrity of Homer's water
29 source; and
30

31 WHEREAS, The parcel may be deeded to the City of Homer upon payment of the taxes
32 owed to the Borough with accrued interest, and out of pocket cost incurred by the Borough
33 upon KPB tax parcel number 17305219 in the amount of \$2,805.21; and
34

35 WHEREAS, Upon receipt of \$2,805.21 the Borough will record a quitclaim to convey
36 title to the City; and
37

38 WHEREAS, Pursuant to the provisions of Homer City Code 18.06.030, 18.06.042, and
39 18.06.044 Real property acquisitions, designation for public use, and authorization for the
40 appropriation, KPB tax parcel number 17305219 shall be retained for a public purpose and
41 classified as "undesigned".
42

43 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:
44

45 Section 1. The City of Homer hereby appropriates funds as follows:
46

<u>Expenditure</u>	<u>Description</u>	<u>Amount</u>
47 150-0392-5904	48 Purchase / KPB Parcel 49 Number 17305219	\$2,805.21

50
51 Section 2. The City Manager is hereby authorized to execute the appropriate
52 documents for the purchase of property described as follows:
53

Record Owner	KPB Tax Parcel Number	Legal Description	Borough Assessed Property Value	Acreage
Kenai Peninsula Borough	17305219	T 6S R 13W SEC 4 Seward Meridian HM SW1/4 NW1/4	\$47,200.00	40 acres

54
55 Section 3. This is a budget amendment ordinance, is temporary in nature, and shall
56 not be codified.
57

58 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA this _____ day of
59 _____, 2015.
60

61 CITY OF HOMER

62
63
64
65 _____
66 MARY E. WYTHE, MAYOR

67 ATTEST:
68
69

70 _____
71 JO JOHNSON, MMC, CITY CLERK
72
73
74
75

76 YES:

77 NO:

78 ABSTAIN:

79 ABSENT:

80 First Reading:
81 Public Hearing:
82 Second Reading:
83 Effective Date:

84
85

86 Reviewed and approved as to form:

87

88

89 _____
Mary K. Koester, City Manager

Thomas F. Klinkner, City Attorney

90

91 Date: _____

Date: _____



KENAI PENINSULA BOROUGH

144 North Binkley St., Soldotna, Alaska 99669-7520
1-800-478-4441 • 907-714-2205 • Fax 907-714-2378
www.kpb.us/land • lmweb@kpb.us



**MIKE NAVARRE
BOROUGH MAYOR**

May 14, 2015

Katie Koester, City Manager
City of Homer, Alaska
491 East Pioneer Ave.
Homer AK 99603

Ms. Koester,

Subject: Conveyance of Tax Foreclosure Parcel ID No. 17305219

The borough has received your letter of May 12, 2015 and your application (attached) requesting the conveyance of subject parcel to the City of Homer pursuant to A.S. 29.45.460. This parcel may be deeded to the city upon payment of the taxes owed to the Borough with accrued interest but without penalty, and any out of pocket cost incurred by the Borough. Upon receipt of this payment the Borough will have a quitclaim recorded to convey title to the city. After receiving title, the city, by ordinance must meet the obligations of A.S. 29.45.460 with respect to retention for a public purpose, or sale of the tax foreclosed property, as applicable.

Amount Due:

\$2,805.21 if received by June 15, 2015

Please send the check to my attention and payable to the Kenai Peninsula Borough. If you have any questions please contact me.

Ph: (907) 714-2211 * Fax: (907) 714-2378 * E-mail: dconetta@kpb.us

Sincerely,

Daniel A. Conetta

Daniel A. Conetta, SR/WA
Land Management Agent



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

491 East Pioneer Avenue
Homer, Alaska 99603

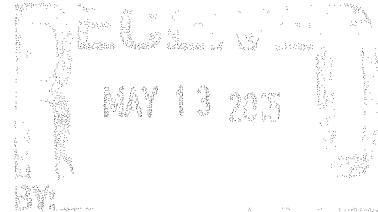
citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

(f) 907-235-3148

May 12, 2015

Dan Conetta, Land Management Agent
Kenai Peninsula Borough
144 North Binkley Street
Soldotna, AK 99669-7520



RE: Request for Conveyance of Parcel 17305219

Mr. Conetta,

The City of Homer is responding to the May 6, 2015 memo soliciting interest in tax foreclosure properties. The City has identified a 40 acre parcel in the Bridge Creek Watershed that would serve the public by protecting the integrity of Homer's water source (parcel number 17305219).

Reasons to acquire the parcel include:

- The City of Homer was granted extra territorial power by the Borough to protect the Bridge Creek Watershed from activities that would impair the water quality, or increase the cost for treatment.
- The purchase would further Comprehensive Plan Goal 2, Objective D, Provide extra protection for areas with the highest environmental value or development constraints.
- The parcel is in the Bridge Creek Watershed District and contains tributaries leading to the reservoir.
- Forty acres is a significant size and the tributaries extend the entire length of the parcel.
- Acquiring the parcel is the best way to limit development without depriving someone of property rights.
- Limiting activity in the watershed is the best way to preserve water quality and limit the future costs of water treatment.

The City of Homer understands we would be responsible for taxes owed, interest and any Kenai Peninsula Borough out of pocket expense and that the current estimate for parcel 17305219 is \$2,805.21.

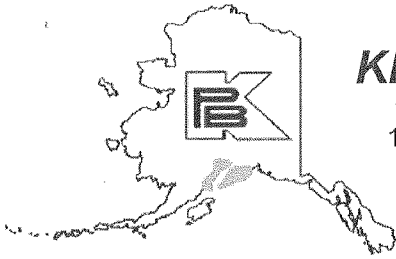
Thank you for the opportunity to acquire this parcel that would benefit the community of Homer. Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Katie Koester".

Katie Koester

City Manager



KENAI PENINSULA BOROUGH

144 North Binkley St., Soldotna, Alaska 99669-7520
1-800-478-4441 • 907-714-2205 • Fax 907-714-2378
www.kpb.us/land • lmweb@kpb.us



MIKE NAVARRE
BOROUGH MAYOR

APPLICATION TO REQUEST CONVEYANCE OF REAL PROPERTY FORECLOSED FOR DELINQUENT PROPERTY TAX FOR A PUBLIC PURPOSE PURSUANT TO A.S. 29.45.450

Name of city requesting conveyance: City of Homer

Attention to: Rick Abboud, City Planner

Mailing Address: 491 E. Pioneer Ave. City Homer State AK Zip 99603

KPB Assessor Parcel ID No.: 17305219

Is parcel within city limits? ___ Yes No

Proposed public purpose: Watershed preservation

Explanation of public purpose that parcel is being requested for should include:

- Reference to city code or other authority that supports the public purpose conveyance.
- Specific and immediate use of parcel.

Attach additional pages or exhibits as needed.

Please see attached

Proposed method of payment: Check

Authorized City Official

Katie Koester, City Manager Katie Koester 6-12-15
Printed Name, Title Signature/Date

Invoice (Completed by KPB Finance Dept.)

PARCEL ID NO. _____

AMOUNT: _____

DUE DATE: _____, 2015



Kenai Peninsula Borough

Assessing Department
144 N. Binkley Street
Soldotna AK 99669

May 19 2015 5:33PM

General Information

KENAI PENINSULA BOROUGH 144 N BINKLEY ST SOLDOTNA, AK 99669-7520	Property ID	17305219
	Address	
	Document / Book Page	20140012340
	Acreage	40.0000

Owners

Property ID	Display Name	Address
17305219	KENAI PENINSULA BOROUGH	144 N BINKLEY ST

Legal Description

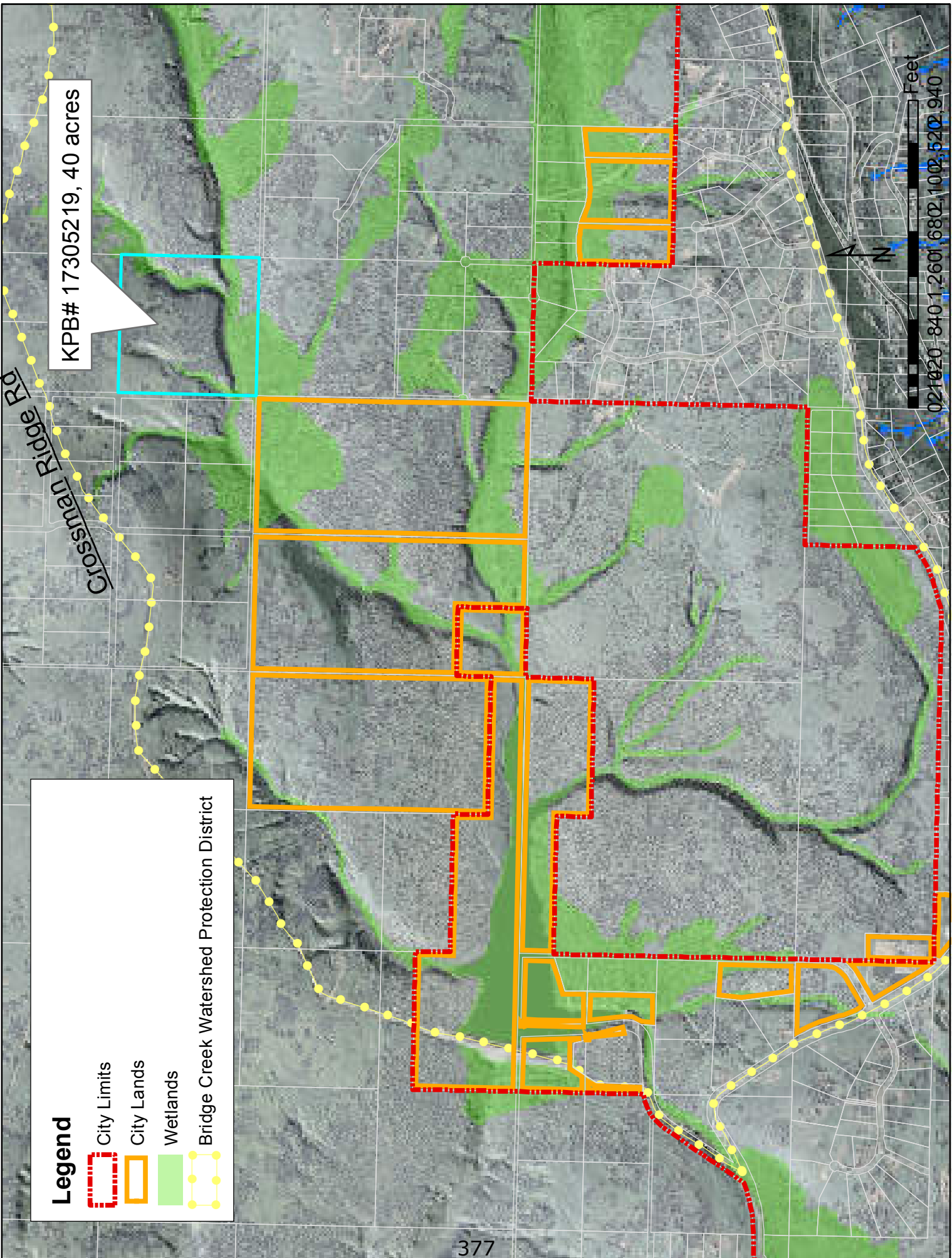
Description
T 6S R 13W SEC 4 Seward Meridian HM SW1/4 NW1/4

Value History

Year	Reason	Assessed		
		Land	Structures	Total
2015	Main Roll Certification	\$47,200	\$0	\$47,200
2014	Main Roll Certification	\$47,200	\$0	\$47,200
2013	Main Roll Certification	\$47,200	\$0	\$47,200
2012	Main Roll Certification	\$47,200	\$0	\$47,200
2011	Main Roll Certification	\$67,700	\$0	\$67,700
2010	Main Roll Certification	\$67,700	\$0	\$67,700
2009	Main Roll Certification	\$67,700	\$0	\$67,700
2008	Main Roll Certification	\$64,200	\$0	\$64,200
2007	Main Roll Certification	\$49,400	\$0	\$49,400
2006	Main Roll Certification	\$49,400	\$0	\$49,400
2005	Main Roll Certification	\$49,400	\$0	\$49,400
2004	Main Roll Certification	\$50,600	\$0	\$50,600
2003	Main Roll Certification	\$50,600	\$0	\$50,600
2002	Main Roll Certification	\$50,600	\$0	\$50,600
2001	Main Roll Certification	\$50,600	\$0	\$50,600

Land Details

Primary Use	Land Type	Acres	Eff Frontage	Eff Depth	Asd Value
	Rural F	20.0000	0.00	0.00	\$42,200
	Rural G	20.0000	0.00	0.00	\$5,000



KPBB# 17305219, 40 acres

Crossman Ride Rd

Legend

-  City Limits
-  City Lands
-  Wetlands
-  Bridge Creek Watershed Protection District

0 21620 840 1260 1680 2100 2520 2940 Feet

ORDINANCE REFERENCE SHEET
2015 ORDINANCE
ORDINANCE 15-16

An Ordinance of the City Council of Homer, Alaska, Amending Homer City Code 3.05.012, Complete Financial Plan, to Exclude State Revenue Sharing From Income in the City Budget.

Sponsor: Mayor

1. City Council Regular Meeting May 26, 2015 Introduction
2. City Council Special Meeting June 15, 2015 Public Hearing and Second Reading

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 Mayor

4 **ORDINANCE 15-16**

5 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
6 AMENDING HOMER CITY CODE 3.05.012, COMPLETE FINANCIAL
7 PLAN, TO EXCLUDE STATE REVENUE SHARING FROM INCOME IN
8 THE CITY BUDGET.
9

10 THE CITY OF HOMER ORDAINS:
11

12 Section 1. Homer City Code 3.05.012, Complete financial plan, is amended to read as
13 follows:
14

15 3.05.012 Complete financial plan.
16

17 a. The budget shall provide a complete financial plan of all City funds and activities for
18 the next fiscal year. In organizing the budget, the City Manager shall utilize the most feasible
19 combination of expenditure classification by fund, organizational unit, program, purpose or
20 activity and object.

21 b. The budget shall begin with a clear general summary of its contents, which
22 summary shall show principal sources of anticipated revenue, stating separately the amount
23 to be raised by property taxes, and by department the kinds of expenditures in such a manner
24 as to present to the public a clear and simple estimate of budget detail.

25 c. The budget shall show in detail all estimated income, including the proposed
26 property tax levy, but shall exclude state revenue sharing, which will be appropriated when
27 received. The budget also shall show in detail ~~and~~ all proposed expenditures, including debt
28 service, for the ensuing fiscal year.

29 d. The budget shall be prepared on a modified accrual basis and subsequent reporting
30 an auditing shall reflect this basis of goods and services are received, and revenues are
31 recorded when payment is received; except for material or available revenue which should be
32 accrued to reflect properly the taxes levied and the revenues earned.

33 e. The budget shall include in separate sections:

34 1. Proposed expenditures for current operations during the ensuing fiscal year
35 detailed by offices, departments and agencies in terms of their respective work
36 programs, and the method of financing such expenditures;

37 2. Anticipated net surplus or deficit (fund balance) for the ensuing fiscal year of
38 each enterprise fund owned or operated by the City and the proposed method of its
39 disposition; subsidiary budgets for each such enterprise fund, giving detailed income
40 and expenditures information, shall be presented in the budget;

41 3. Proposed capital budget will be presented under a separate document.
42 Expenditures during the ensuing fiscal year, detailed by offices, departments and

43 agencies, when practicable, and the proposed method of financing each such capital
44 expenditure.

45 f. Comparative data for the previous and current fiscal years shall be provided in a
46 format for ease of comparison with the proposed revenues and expenditures.

47 g. Data for the current fiscal year shall include the total of the amounts actually
48 received or encumbered to the time of preparing the budget, plus anticipated receipts and
49 expenditures for the remainder of the current year

50
51 Section 2. This Ordinance is of a permanent and general character and shall be
52 included in the City Code.

53
54 ENACTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this _____ day of
55 _____, 2015.

56
57 CITY OF HOMER

58
59
60 _____
61 MARY E. WYTHE, MAYOR

62
63 ATTEST:
64
65
66 _____
67 JO JOHNSON, MMC, CITY CLERK

68
69
70
71
72 AYES:
73 NOES:
74 ABSTAIN:
75 ABSENT:
76
77 First Reading:
78 Public Reading:
79 Second Reading:
80 Effective Date:

81
82
83
84

85 Reviewed and approved as to form:

86

87

88

89 _____
Mary K. Koester, City Manager

90

91 Date: _____

92

Thomas F. Klinkner, City Attorney

Date: _____

ORDINANCE REFERENCE SHEET
2015 ORDINANCE
ORDINANCE 15-17

An Ordinance of the City Council of Homer, Alaska, Amending Ordinance 13-03(S)(2) to Permit the City to Prepay Principal of the Natural Gas Distribution Special Assessment Bond Authorized by Ordinance 13-02(S)(2), and Authorizing an Amendment to the Loan Agreement Between the City and the Kenai Peninsula Borough Regarding the Bond.

Sponsor: City Manager

1. City Council Regular Meeting May 26, 2015 Introduction
 - a. Ordinance 13-03(S)(2)
 - b. Resolution 15-017

2. City Council Special Meeting June 15, 2015 Public Hearing and Second Reading
 - a. Ordinance 13-03(S)(2)
 - b. Resolution 15-017

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 City Manager

4 **ORDINANCE 15-17**

5
6 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
7 AMENDING ORDINANCE 13-03(S)(2) TO PERMIT THE CITY TO
8 PREPAY PRINCIPAL OF THE NATURAL GAS DISTRIBUTION
9 SPECIAL ASSESSMENT BOND AUTHORIZED BY ORDINANCE 13-
10 02(S)(2), AND AUTHORIZING AN AMENDMENT TO THE LOAN
11 AGREEMENT BETWEEN THE CITY AND THE KENAI PENINSULA
12 BOROUGH REGARDING THE BOND.

13
14 WHEREAS, By Ordinance 13-03(S)(2), adopted February 25, 2013, the City authorized
15 the issuance of a Natural Gas Distribution Special Assessment Bond (“Bond”) in the principal
16 amount of not to exceed \$12,700,000, and the execution and delivery of a Loan Agreement
17 between the City and the Kenai Peninsula Borough regarding the Bond; and
18

19 WHEREAS, By Resolution 15-017, adopted March 23, 2015 the City confirmed the
20 assessment roll for the Homer Natural Gas Distribution Special Assessment District
21 (“District”); and
22

23 WHEREAS, On April 3, 2015, the Superior Court in *Castner v. City of Homer, et al.*, Case
24 No. 3HO-13-00038CI, ruled that the City’s method of assessing condominium units in the
25 District was unlawful, and this decision has been stayed pending review by the Alaska
26 Supreme Court; and
27

28 WHEREAS, The Council may consider whether to (i) waive the assessment of certain
29 properties in the District that cannot be served by the natural gas distribution system, and (ii)
30 recognize subdivisions reducing the number of contiguous lots under common ownership by
31 assessing only the reduced number of lots; and
32

33 WHEREAS, The City and the Kenai Peninsula Borough have agreed that the City should
34 prepay the principal of the Bond in an amount equal to any reduction in the amount of
35 assessments in the District that results from (i) any requirement that the City reassess
36 condominium units in the District, or (ii) any decision by the Council to waive the assessment
37 of properties in the District that cannot be served by the natural gas distribution system or to
38 assess only a reduced number of contiguous lots in common ownership resulting from
39 resubdivision.
40
41
42

43 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

44
45 Section 1. Section 14 of Ordinance 13-03(S)(2) is amended to read as follows (added
46 language is underlined):

47
48 Section 14 – Reserve Fund.

49 (a) A special fund of the City designated the "City of Homer Natural
50 Gas Distribution Special Assessment Bond Reserve Fund" is hereby created for
51 the purpose of paying and securing the payment of the Bond, and is hereby
52 pledged for that purpose. The Reserve Fund shall be held separate and apart
53 from all other funds and accounts of the City and shall be a trust fund for the
54 Registered Owner of the Bond. There shall be paid into the Reserve Fund:

55 (1) That part of the proceeds of the Bond which is
56 designated for deposit in the Reserve Fund by the Loan Agreement; and

57 (2) All monies received from ENSTAR as refunds of main
58 extension advances or free main allowance arising out of new
59 customers connecting to the Improvement, which shall be held in a
60 separate subaccount in the Reserve Fund; and

61 (3) Any Sinking Fund and Guaranty Fund balances remaining
62 after the discharge of the Bond.

63 (b) Until the Bond has been discharged, the funds in the Reserve
64 Fund may be used only to pay the difference between the amount of principal
65 and interest due on the Bond and the amount in the Sinking Fund that is
66 available to pay that principal and interest; provided, (i) monies in the Reserve
67 fund that were received from ENSTAR as refunds of main extension advances
68 or free main allowance arising out of new customers connecting to the
69 Improvement may be used as provided in subsection (d) of this section, and
70 (ii) if the Finance Director determines that the amount of funds available in the
71 Reserve Fund exceeds the amount of the next annual installment of principal
72 and interest due on the Bond, the Finance Director may apply such excess to a
73 prepayment of the Bond.

74 (c) At such time as the Finance Director determines that the sum of
75 the amounts in the Reserve Fund, the Guaranty Fund and the Sinking Fund
76 equals or exceeds the amount required to (i) discharge the Bond, (ii) pay all
77 refunds of assessments required upon discharge of the Bond, and (iii) pay any
78 other amounts that may be owing on the Bond, the Finance Director shall
79 cause such payment to be made and the Bond to be discharged.

80 (d) Monies in the Reserve fund that were received from ENSTAR as
81 refunds of main extension advances or free main allowance arising out of new
82 customers connecting to the Improvement may be used as follows:

83 (1) The City may prepay principal of the Bond in an amount
84 equal to the reduction in the total amount of assessments against

85 condominium units in the District pursuant to the decision of the
86 Superior Court in *Castner v. City of Homer, et al.*, Case No. 3HO-13-
87 00038CI, or a decision of the Alaska Supreme Court on review of the
88 Superior Court's decision, provided that immediately following such a
89 prepayment the amount in the Reserve Fund shall not be less than the
90 Reserve Requirement.

91 (2) The City may prepay principal of the Bond in an amount
92 equal to the reduction in the total amount of assessments in the District
93 due to action of the City either (i) waiving the assessment of certain
94 properties in the District that cannot be served by the natural gas
95 distribution system, or (ii) recognizing subdivisions reducing the
96 number of contiguous lots under common ownership by assessing only
97 the reduced number of lots, provided that immediately following such a
98 prepayment the amount in the Reserve Fund shall not be less than the
99 Reserve Requirement.

100
101 Section 2. The City Manager is hereby authorized to execute the First Amendment to
102 Loan Agreement, in substantially the form presented at this meeting, but with such changes,
103 modifications, additions and deletions therein as she shall deem necessary, desirable or
104 appropriate, the execution thereof to constitute conclusive evidence of approval of any and
105 all changes, modifications, additions or deletions therein from the form and content of said
106 document now before this meeting.

107
108 Section 3. This Ordinance is not permanent in nature, and shall not be codified.

109
110 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this _____ day of
111 _____, 2015.

112
113 CITY OF HOMER

114
115
116 _____
117 MARY E. WYTHE, MAYOR

118
119 ATTEST:

120
121
122 _____
123 JO JOHNSON, MMC, CITY CLERK

127 YES:
128 NO:
129 ABSTAIN:
130 ABSENT:
131
132
133 First Reading:
134 Public Hearing:
135 Second Reading:
136 Effective Date:

137
138

139
140 Reviewed and approved as to form.

141

142 _____
143 Mary K. Koester, City Manager

144

145 Date: _____

146

147

148 Fiscal Note: NA

Thomas Klinkner, City Attorney

Date: _____

43 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

44
45 Section 1. Section 14 of Ordinance 13-03(S)(2) is amended to read as follows (added
46 language is underlined):

47
48 Section 14 – Reserve Fund.

49 (a) A special fund of the City designated the "City of Homer Natural
50 Gas Distribution Special Assessment Bond Reserve Fund" is hereby created for
51 the purpose of paying and securing the payment of the Bond, and is hereby
52 pledged for that purpose. The Reserve Fund shall be held separate and apart
53 from all other funds and accounts of the City and shall be a trust fund for the
54 Registered Owner of the Bond. There shall be paid into the Reserve Fund:

55 (1) That part of the proceeds of the Bond which is
56 designated for deposit in the Reserve Fund by the Loan Agreement; and

57 (2) All monies received from ENSTAR as refunds of main
58 extension advances or free main allowance arising out of new
59 customers connecting to the Improvement, which shall be held in a
60 separate subaccount in the Reserve Fund; and

61 (3) Any Sinking Fund and Guaranty Fund balances remaining
62 after the discharge of the Bond.

63 (b) Until the Bond has been discharged, the funds in the Reserve
64 Fund may be used only to pay the difference between the amount of principal
65 and interest due on the Bond and the amount in the Sinking Fund that is
66 available to pay that principal and interest; provided, (i) monies in the Reserve
67 fund that were received from ENSTAR as refunds of main extension advances
68 or free main allowance arising out of new customers connecting to the
69 Improvement may be used as provided in subsection (d) of this section, and
70 (ii) if the Finance Director determines that the amount of funds available in the
71 Reserve Fund exceeds the amount of the next annual installment of principal
72 and interest due on the Bond, the Finance Director may apply such excess to a
73 prepayment of the Bond.

74 (c) At such time as the Finance Director determines that the sum of
75 the amounts in the Reserve Fund, the Guaranty Fund and the Sinking Fund
76 equals or exceeds the amount required to (i) discharge the Bond, (ii) pay all
77 refunds of assessments required upon discharge of the Bond, and (iii) pay any
78 other amounts that may be owing on the Bond, the Finance Director shall
79 cause such payment to be made and the Bond to be discharged.

80 (d) Monies in the Reserve fund that were received from ENSTAR as
81 refunds of main extension advances or free main allowance arising out of new
82 customers connecting to the Improvement may be used as follows:

83 (1) The City may prepay principal of the Bond in an amount
84 equal to the reduction in the total amount of assessments against

85 condominium units in the District pursuant to the decision of the
86 Superior Court in *Castner v. City of Homer, et al.*, Case No. 3HO-13-
87 00038CI, or a decision of the Alaska Supreme Court on review of the
88 Superior Court's decision, provided that immediately following such a
89 prepayment the amount in the Reserve Fund shall not be less than the
90 Reserve Requirement.

91 (2) The City may prepay principal of the Bond in an amount
92 equal to the reduction in the total amount of assessments in the District
93 due to action of the City either (i) waiving the assessment of certain
94 properties in the District that cannot be served by the natural gas
95 distribution system, or (ii) recognizing subdivisions reducing the
96 number of contiguous lots under common ownership by assessing only
97 the reduced number of lots, provided that immediately following such a
98 prepayment the amount in the Reserve Fund shall not be less than the
99 Reserve Requirement.

100
101 Section 2. The City Manager is hereby authorized to execute the First Amendment to
102 Loan Agreement, in substantially the form presented at this meeting, but with such changes,
103 modifications, additions and deletions therein as she shall deem necessary, desirable or
104 appropriate, the execution thereof to constitute conclusive evidence of approval of any and
105 all changes, modifications, additions or deletions therein from the form and content of said
106 document now before this meeting.

107
108 Section 3. This Ordinance is not permanent in nature, and shall not be codified.

109
110 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this _____ day of
111 _____, 2015.

112
113 CITY OF HOMER

114
115
116 _____
117 MARY E. WYTHE, MAYOR

118
119 ATTEST:

120
121
122 _____
123 JO JOHNSON, MMC, CITY CLERK

127 YES:
128 NO:
129 ABSTAIN:
130 ABSENT:
131
132
133 First Reading:
134 Public Hearing:
135 Second Reading:
136 Effective Date:

137
138

139
140 Reviewed and approved as to form.

141

142 _____
143 Mary K. Koester, City Manager

144

145 Date: _____

146

147

148 Fiscal Note: NA

Thomas Klinkner, City Attorney

Date: _____

1 CITY OF HOMER
2 HOMER, ALASKA

City Manager

3
4 ORDINANCE 15-XX

5
6 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA
7 AMENDING ORDINANCE 13-03(S)(2) TO PERMIT THE CITY TO
8 PREPAY PRINCIPAL OF THE NATURAL GAS DISTRIBUTION
9 SPECIAL ASSESSMENT BOND AUTHORIZED BY ORDINANCE
10 13-02(S)(2), AND AUTHORIZING AN AMENDMENT TO THE
11 LOAN AGREEMENT BETWEEN THE CITY AND THE KENAI
12 PENINSULA BOROUGH REGARDING THE BOND.

13
14 WHEREAS, by Ordinance 13-03(S)(2), adopted February 25, 2013, the City authorized
15 the issuance of a Natural Gas Distribution Special Assessment Bond ("Bond") in the principal
16 amount of not to exceed \$12,700,000, and the execution and delivery of a Loan Agreement
17 between the City and the Kenai Peninsula Borough regarding the Bond; and
18

19 WHEREAS, by Resolution 15-017, adopted March 23, 2015 the City confirmed the
20 assessment roll for the Homer Natural Gas Distribution Special Assessment District ("District");
21 and
22

23 WHEREAS, on April 3, 2015, the Superior Court in *Castner v. City of Homer, et al.*, Case
24 No. 3HO-13-00038CI, ruled that the City's method of assessing condominium units in the
25 District was unlawful, and ~~this decision has been stayed pending review by~~ the Alaska Supreme
26 Court recently denied a Petition for Review of this ruling; and
27

28 WHEREAS, the Council may consider whether to (i) waive the assessment of certain
29 properties in the District that cannot be served by the natural gas distribution system, and (ii)
30 recognize subdivisions reducing the number of contiguous lots under common ownership by
31 assessing only the reduced number of lots; and
32

33 WHEREAS, the City and the Kenai Peninsula Borough have agreed that the City should
34 prepay the principal of the Bond in an amount equal to any reduction in the amount of
35 assessments in the District that results from (i) any requirement that the City reassess
36 condominium units in the District, or (ii) any decision by the Council to waive the assessment of
37 properties in the District that cannot be served by the natural gas distribution system or to
38 assess only a reduced number of contiguous lots in common ownership resulting from
39 resubdivision.

40
41 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

42
43 Section 1. Section 14 of Ordinance 13-03(S)(2) is amended to read as follows (added
44 language is underlined):

45
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Section 14 – Reserve Fund.

(a) A special fund of the City designated the "City of Homer Natural Gas Distribution Special Assessment Bond Reserve Fund" is hereby created for the purpose of paying and securing the payment of the Bond, and is hereby pledged for that purpose. The Reserve Fund shall be held separate and apart from all other funds and accounts of the City and shall be a trust fund for the Registered Owner of the Bond. There shall be paid into the Reserve Fund:

(1) That part of the proceeds of the Bond which is designated for deposit in the Reserve Fund by the Loan Agreement; and

(2) All monies received from ENSTAR as refunds of main extension advances or free main allowance arising out of new customers connecting to the Improvement, which shall be held in a separate subaccount in the Reserve Fund; and

(3) Any Sinking Fund and Guaranty Fund balances remaining after the discharge of the Bond.

(b) Until the Bond has been discharged, the funds in the Reserve Fund may be used only to pay the difference between the amount of principal and interest due on the Bond and the amount in the Sinking Fund that is available to pay that principal and interest; provided, (i) monies in the Reserve fund that were received from ENSTAR as refunds of main extension advances or free main allowance arising out of new customers connecting to the Improvement may be used as provided in subsection (d) of this section, and (ii) if the Finance Director determines that the amount of funds available in the Reserve Fund exceeds the amount of the next annual installment of principal and interest due on the Bond, the Finance Director may apply such excess to a prepayment of the Bond.

(c) At such time as the Finance Director determines that the sum of the amounts in the Reserve Fund, the Guaranty Fund and the Sinking Fund equals or exceeds the amount required to (i) discharge the Bond, (ii) pay all refunds of assessments required upon discharge of the Bond, and (iii) pay any other amounts that may be owing on the Bond, the Finance Director shall cause such payment to be made and the Bond to be discharged.

(d) Monies in the Reserve fund that were received from ENSTAR as refunds of main extension advances or free main allowance arising out of new customers connecting to the Improvement may be used as follows:

(1) The City may prepay principal of the Bond in an amount equal to the reduction in the total amount of assessments against condominium units in the District pursuant to the decision of the Superior Court in *Castner v. City of Homer, et al.*, Case No. ~~3HO-13-00038CI~~, or a decision of the Alaska Supreme Court on review of the Superior Court's decision~~3HO-13-00038CI~~, provided that immediately following such a prepayment the amount in the Reserve Fund shall not be less than the Reserve Requirement.

89 (2) The City may prepay principal of the Bond in an amount
90 equal to the reduction in the total amount of assessments in the District
91 due to action of the City either (i) waiving the assessment of certain
92 properties in the District that cannot be served by the natural gas
93 distribution system, or (ii) recognizing subdivisions reducing the number
94 of contiguous lots under common ownership by assessing only the
95 reduced number of lots, provided that immediately following such a
96 prepayment the amount in the Reserve Fund shall not be less than the
97 Reserve Requirement.
98

99 Section 2. The City Manager is hereby authorized to execute the First Amendment to
100 Loan Agreement, in substantially the form presented at this meeting, but with such changes,
101 modifications, additions and deletions therein as she shall deem necessary, desirable or
102 appropriate, the execution thereof to constitute conclusive evidence of approval of any and all
103 changes, modifications, additions or deletions therein from the form and content of said
104 document now before this meeting.

105
106 Section 3. This Ordinance is not permanent in nature, and shall not be codified.

107
108 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this _____ day of
109 _____, 2015.

110
111 CITY OF HOMER

112
113
114 _____
115 MARY E. WYTHE, MAYOR
116

117 ATTEST:

118
119
120 _____
121 JO JOHNSON, MMC, CITY CLERK

122
123 YES:
124 NO:
125 ABSTAIN:
126 ABSENT:

127
128
129 First Reading:
130 Public Hearing:
131 Second Reading:
132 Effective Date:

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142

Reviewed and approved as to form.

Mary K. Koester, City Manager

Date: _____

Fiscal Note: NA

Thomas Klinkner, City Attorney

Date: _____

FIRST AMENDMENT TO LOAN AGREEMENT

This FIRST AMENDMENT TO LOAN AGREEMENT (“Amendment”), dated as of June ___, 2015, amends the LOAN AGREEMENT (“Loan Agreement”) dated as of March 25, 2013, by and between the KENAI PENINSULA BOROUGH (“Lender”), an Alaska municipal corporation, and the CITY OF HOMER (“Borrower”), an Alaska municipal corporation.

R E C I T A L S

WHEREAS, by Ordinance 13-03(S)(2), adopted February 25, 2013, Borrower authorized the issuance to Lender of a Natural Gas Distribution Special Assessment Bond (“Bond”) in the principal amount of not to exceed \$12,700,000, and the execution and delivery of the Loan Agreement; and

WHEREAS, by Resolution 15-017, adopted March 23, 2015, Borrower confirmed the assessment roll for the Homer Natural Gas Distribution Special Assessment District (“District”); and

WHEREAS, on April 3, 2015, the Superior Court in *Castner v. City of Homer, et al.*, Case No. 3HO-13-00038CI, ruled that Borrower’s method of assessing condominium units in the District was unlawful, and the Alaska Supreme Court recently denied a Petition for Review of this ruling; and

WHEREAS, the City Council of Borrower may consider whether to (i) waive the assessment of certain properties in the District that cannot be served by the natural gas distribution system, and (ii) recognize subdivisions reducing the number of contiguous lots under common ownership by assessing only the reduced number of lots; and

WHEREAS, Borrower and Lender agree that it is in their mutual best interest to permit Borrower to prepay the principal of the Bond in an amount equal to any reduction in the amount of assessments in the District that results from (i) any requirement that Borrower reassess condominium units in the District, or (ii) any decision by the City Council of Borrower to waive the assessment of properties in the District that cannot be served by the natural gas distribution system or to assess only a reduced number of contiguous lots in common ownership resulting from resubdivision.

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties hereto covenant and agree as follows:

Section 1. Section 3.03 of the Loan Agreement is amended by adding the following paragraphs at the end of the section:

Notwithstanding any other provision of this Agreement, Borrower and Lender agree that the total amount of assessments against condominium units in the District shall be reduced pursuant to the decision of the Superior Court in

Castner v. City of Homer, et al., Case No. 3HO-13-00038CI, and Borrower shall prepay principal of the Loan in an amount equal to the amount of such reduction. Borrower may make this prepayment from Free Main Allowance and other reimbursements that Borrower receives from ENSTAR Natural Gas Company, provided that immediately following such a prepayment the amount in the Reserve Fund will not be less than the Reserve Requirement.

Notwithstanding any other provision of this Agreement, if the total amount of assessments against properties in the District is reduced due to action of the City Council of Borrower either (i) waiving the assessment of certain properties in the District that cannot be served by the natural gas distribution system, or (ii) recognizing subdivisions reducing the number of contiguous lots under common ownership by assessing only the reduced number of lots, Borrower shall prepay principal of the Loan in an amount equal to the amount of such reduction. Borrower may make this prepayment from Free Main Allowance and other reimbursements that Borrower receives from ENSTAR Natural Gas Company, and from any other legally available funding sources, provided that immediately following such a prepayment the amount in the Reserve Fund will not be less than the Reserve Requirement.

Lender consents to Borrower's amendment of Borrower's Ordinance 13-03(S)(2) to permit Borrower to apply Free Main Allowance and other reimbursements that Borrower receives from ENSTAR Natural Gas Company in the manner described in the preceding two paragraphs.

Section 2. Except as expressly amended herein, all terms and conditions of the Loan Agreement as originally executed shall remain in full force and effect.

IN WITNESS WHEREOF, the Lender and the Borrower have caused his Amendment to be executed in their respective names all by their duly authorized officers, as of the date first set forth above.

LENDER: KENAI PENINSULA BOROUGH

By: _____
Mike Navarre, Mayor

ATTEST:

Johni Blankenship, Borough Clerk

BORROWER: CITY OF HOMER

By: _____
Mary K. Koester, City Manager

ATTEST:

Jo Johnson, City Clerk

FIRST AMENDMENT TO LOAN AGREEMENT

This FIRST AMENDMENT TO LOAN AGREEMENT (“Amendment”), dated as of June ___, 2015, amends the LOAN AGREEMENT (“Loan Agreement”) dated as of March 25, 2013, by and between the KENAI PENINSULA BOROUGH (“Lender”), an Alaska municipal corporation, and the CITY OF HOMER (“Borrower”), an Alaska municipal corporation.

R E C I T A L S

WHEREAS, by Ordinance 13-03(S)(2), adopted February 25, 2013, Borrower authorized the issuance to Lender of a Natural Gas Distribution Special Assessment Bond (“Bond”) in the principal amount of not to exceed \$12,700,000, and the execution and delivery of the Loan Agreement; and

WHEREAS, by Resolution 15-017, adopted March 23, 2015, Borrower confirmed the assessment roll for the Homer Natural Gas Distribution Special Assessment District (“District”); and

WHEREAS, on April 3, 2015, the Superior Court in *Castner v. City of Homer, et al.*, Case No. 3HO-13-00038CI, ruled that Borrower’s method of assessing condominium units in the District was unlawful, and ~~this decision has been stayed pending review by~~ the Alaska Supreme Court recently denied a Petition for Review of this ruling; and

WHEREAS, the City Council of Borrower may consider whether to (i) waive the assessment of certain properties in the District that cannot be served by the natural gas distribution system, and (ii) recognize subdivisions reducing the number of contiguous lots under common ownership by assessing only the reduced number of lots; and

WHEREAS, Borrower and Lender agree that it is in their mutual best interest to permit Borrower to prepay the principal of the Bond in an amount equal to any reduction in the amount of assessments in the District that results from (i) any requirement that Borrower reassess condominium units in the District, or (ii) any decision by the City Council of Borrower to waive the assessment of properties in the District that cannot be served by the natural gas distribution system or to assess only a reduced number of contiguous lots in common ownership resulting from resubdivision.

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties hereto covenant and agree as follows:

Section 1. Section 3.03 of the Loan Agreement is amended by adding the following paragraphs at the end of the section:

Notwithstanding any other provision of this Agreement, ~~if~~Borrower and Lender agree that the total amount of assessments against condominium units in the District ~~is~~shall be reduced pursuant to the decision of the Superior Court in

Castner v. City of Homer, et al., Case No. 3HO-13-00038CI, ~~or a decision of the Alaska Supreme Court on review of the Superior Court's decision, and~~ Borrower shall prepay principal of the Loan in an amount equal to the amount of such reduction. Borrower may make this prepayment from Free Main Allowance ~~and~~, other reimbursements that Borrower receives from ENSTAR Natural Gas Company, provided that immediately following such a prepayment the amount in the Reserve Fund will not be less than the Reserve Requirement.

Notwithstanding any other provision of this Agreement, if the total amount of assessments against properties in the District is reduced due to action of the City Council of Borrower either (i) waiving the assessment of certain properties in the District that cannot be served by the natural gas distribution system, or (ii) recognizing subdivisions reducing the number of contiguous lots under common ownership by assessing only the reduced number of lots, Borrower shall prepay principal of the Loan in an amount equal to the amount of such reduction. Borrower may make this prepayment from Free Main Allowance and other reimbursements that Borrower receives from ENSTAR Natural Gas Company, and from any other legally available funding sources, provided that immediately following such a prepayment the amount in the Reserve Fund will not be less than the Reserve Requirement.

Lender consents to Borrower's amendment of Borrower's Ordinance 13-03(S)(2) to permit Borrower to apply Free Main Allowance and other reimbursements that Borrower receives from ENSTAR Natural Gas Company in the manner described in the preceding two paragraphs.

Section 2. Except as expressly amended herein, all terms and conditions of the Loan Agreement as originally executed shall remain in full force and effect.

IN WITNESS WHEREOF, the Lender and the Borrower have caused his Amendment to be executed in their respective names all by their duly authorized officers, as of the date first set forth above.

LENDER: KENAI PENINSULA BOROUGH

By: _____
Mike Navarre, Mayor

ATTEST:

Johni Blankenship, Borough Clerk

BORROWER: CITY OF HOMER

By: _____
Mary K. Koester, City Manager

ATTEST:

Jo Johnson, City Clerk

CITY OF HOMER
HOMER, ALASKA

City Manager

ORDINANCE 13-03(S)(2)

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA, AUTHORIZING THE CITY TO ISSUE A NATURAL GAS DISTRIBUTION SPECIAL ASSESSMENT BOND IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$12,700,000 TO FINANCE THE DESIGN AND CONSTRUCTION OF NATURAL GAS DISTRIBUTION IMPROVEMENTS IN THE CITY, FIXING CERTAIN DETAILS OF SUCH BOND AND AUTHORIZING ITS SALE; AND REPEALING HCC CHAPTER 17.08.

WHEREAS, On February 11, 2013, the Council adopted Ordinance 13-02 creating the City of Homer Natural Gas Distribution Special Assessment District (“District”), and authorizing the City Manager to proceed with the design and construction of a natural gas distribution system in the District (the “Improvement”), and negotiate for the sale of special assessment bonds or other financing for the construction of the Improvement for Council approval; and

WHEREAS, Interim financing for the Improvement is required in anticipation of the levying of special assessments against the real property in the District, and after the levying of the assessments, long-term financing for the Improvement will be required; and

WHEREAS, AS 29.46.130 and AS 29.46.140 authorize the City of Homer “City” respectively to issue notes to obtain interim financing for improvements in a special assessment district, and to issue bonds to obtain long-term financing for improvements in a special assessment district, in each case payable out of special assessments for the improvement, without voter approval; and

WHEREAS, The City Manager has negotiated a Loan Agreement between the Kenai Peninsula Borough (“Lender”) and the City, the form of which is now before this meeting, which provides for the Lender to purchase a bond to finance the Improvement on the terms and conditions set forth therein and in this Ordinance, and it is in the best interest of the City that the City sell the bond to the Lender under such terms and conditions; and

WHEREAS, Homer City Code Chapter 17.08, regarding special assessment bonds, contains terms that are obsolete and conflict with the terms of the financing authorized by this ordinance, and should be repealed.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1 – Definitions. In addition to the terms that are defined in the recitals above, the following terms shall have the following meanings in this Ordinance:

47 "Bond Register" means the registration books maintained by the Registrar as Bond
48 registrar, which include the names and addresses of the owners or nominees of the owners of the
49 Bond.

50
51 "Bond" means the "Natural Gas Distribution Special Assessment Bond, 2013" of the
52 City, the issuance and sale of which are authorized herein.

53
54 "City" means the City of Homer, a municipal corporation of the State of Alaska,
55 organized as a first class city under Title 29 of the Alaska Statutes.

56
57 "Council" means the Council of the City of Homer, as the general legislative authority of
58 the City, as the same shall be duly and regularly constituted from time to time.

59
60 "District" means the Homer Natural Gas Distribution System Special Assessment District
61 created by Ordinance 13-02.

62
63 "ENSTAR" means ENSTAR Natural Gas Company, a division of Semco Energy, Inc., a
64 Michigan corporation.

65
66 "Guaranty Fund" means the fund of that name created by Section 15.

67
68 "Improvement" means the natural gas distribution system to be constructed in the
69 District.

70
71 "Lender" means the Kenai Peninsula Borough, a municipal corporation of the State of
72 Alaska, organized as a second class borough under Title 29 of the Alaska Statutes.

73
74 "Loan Agreement" means the Loan Agreement between the City and the Lender
75 concerning the Bond.

76
77 "Ordinance" means this Ordinance 13-03(S) of the City.

78
79 "Registered Owner" means the person named as the registered owner of a Bond in the
80 Bond Register. The Lender is the initial Registered Owner.

81
82 "Registrar" means the City Treasurer, or any successor that the City may appoint by
83 resolution.

84
85 "Reserve Fund" means the fund of that name created by Section 14.

86
87 "Sinking Fund" means the fund of that name created by Section 13.

88

89 "Special Assessments" means all special assessments to be levied against real property in
90 the District to pay the costs of the Improvement.
91

92 Section 2 – Authorization of Bond and Purpose of Issuance. For the purpose of providing
93 the funds necessary to pay the costs of designing and constructing the Improvement, to pay
94 interest on the Bond during the construction of the Improvement, the funding of the reserves
95 required herein, and to pay all costs incidental thereto and to the issuance of the Bond, the City
96 shall issue the Bond in a principal amount equal to the aggregate amount of the advances that the
97 Registered Owner makes to the City for such purposes, but not to exceed \$12,700,000.
98

99 Section 3 – Obligation of Bond. The Bond is a special obligation of the City and is
100 payable solely from assessments to be levied against the real property in the District for the
101 Improvement, and funds pledged for the payment of the Bond under this Ordinance. Said
102 assessments shall constitute a sinking fund for the payment of principal of and interest on the
103 Bond. Neither the faith and credit nor the taxing power of the City is pledged for the payment of
104 the Bond.
105

106 Section 4 – Description of Bond. The Bond shall be designated "City of Homer Natural
107 Gas Distribution Special Assessment Bond, 2013," shall be issued in fully registered form, and
108 shall be numbered in the manner and with such additional designation as the Registrar deems
109 necessary for purposes of identification, and may have endorsed thereon such legends or text as
110 may be necessary or appropriate to conform to the rules and regulations of any governmental
111 authority or any usage or requirement of law with respect thereto. The Bond shall be dated as of
112 its delivery date.
113

114 The Bond shall bear interest from its date at a rate of Four Percent (4.0%) per annum, and
115 shall be payable in two payments of interest only on the 1st days of April 2014 and 2015, and ten
116 equal annual installments of principal and interest, commencing on the 1st day of April 2016 and
117 continuing on April 1 of each year thereafter, until April 1, 2025, when the remaining principal
118 balance of the Bond, plus accrued interest, shall be due and payable. Interest will be computed
119 on the basis of a 360-day year consisting of twelve 30-day months.
120

121 Section 5 – Optional Redemption. The Bond shall be subject to optional redemption in
122 whole or in part at any time, at a redemption price equal to the principal amount of the Bond to
123 be redeemed plus accrued interest to the date of redemption.
124

125 Section 6 – Notice of Redemption. Notice of any intended redemption of the Bond shall
126 be given not less than 10 nor more than 45 days prior to the date fixed for redemption by first
127 class mail to the Registered Owner of the Bond at its address as it appears on the Bond Register
128 on the day the notice is mailed. The requirements of this section shall be deemed to be complied
129 with when notice is mailed as herein provided, whether or not it is actually received by the
130 Registered Owner. All official notices of redemption shall be dated and shall state the
131 redemption date and the redemption price.

175 is the single registered Bond entitled \$12,700,000 City of Homer Natural Gas Distribution
176 Special Assessment Bond, 2013.

177
178 THIS BOND IS PAYABLE SOLELY FROM ASSESSMENTS TO BE LEVIED
179 AGAINST THE REAL PROPERTY IN THE CITY OF HOMER NATURAL GAS
180 DISTRIBUTION SPECIAL ASSESSMENT DISTRICT, AND FUNDS PLEDGED FOR THE
181 PAYMENT OF THE BOND UNDER THE ORDINANCE, AND IS NOT A GENERAL
182 OBLIGATION OF THE CITY, AND NEITHER THE FAITH AND CREDIT NOR THE
183 TAXING POWER OF THE CITY IS PLEDGED FOR ITS REPAYMENT.

184
185 IT IS HEREBY CERTIFIED and declared that this Bond is issued pursuant to and in
186 strict compliance with the Constitution and laws of the State of Alaska and the ordinances of the
187 City of Homer, and that all acts, conditions and things required to happen, to be done and to be
188 performed precedent to and on the issuance of this Bond have happened, been done and been
189 performed.

190
191 IN WITNESS WHEREOF, the City of Homer, Alaska, has caused this Bond to be
192 executed by the signature of its Mayor and attested by its Clerk under the seal of the City on this
193 25th day of ~~March~~, 2013.

February

CITY OF HOMER

Francie Roberts

FRANCIE ROBERTS, MAYOR
PRO TEMPORE

194
195
196
197
198
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200
201
202 ATTEST:

J. Johnson

JOHNSON, CMC, CITY CLERK

203
204
205
206
207
208 Section 8 – Execution. The Bond shall be executed in the name of the City by the
209 signature of the Mayor, and its corporate seal shall be impressed or otherwise reproduced thereon
210 and attested by the signature of the City Clerk. The execution of the Bond on behalf of the City
211 by persons who at the time of the execution are duly authorized to hold the proper offices shall
212 be valid and sufficient for all purposes, although any such person shall have ceased to hold office
213 at the time of delivery of the Bond or shall not have held office on the date of the Bond.

214
215 Section 9 – Payment of Principal and Interest. The Bond shall be payable in lawful
216 money of the United States of America which at the time of payment is legal tender for the
217 payment of public and private debts. Installments of principal and interest on the Bond shall be

218 payable on the due date in immediately available funds at the office of the Registered Owner in
219 Soldotna, Alaska, or at another location specified at the option of the Registered Owner;
220 provided that the final installment of the principal of the Bond, plus accrued interest, shall be
221 payable upon presentation and surrender of the Bond by the Registered Owner at the office of the
222 Registered Owner in Soldotna, Alaska.

223
224 Section 10 – Registration.

225
226 (a) Bond Register. The Bond shall be issued only in registered form as to both
227 principal and interest. The Registrar shall keep, or cause to be kept, a Bond Register at its
228 principal office. The Treasurer of the City is hereby appointed as Registrar and paying agent for
229 the Bond.

230
231 (b) Registered Ownership. The City and the Registrar, each in its discretion, may
232 deem and treat the Registered Owner of the Bond as the absolute owner thereof for all purposes,
233 and neither the City nor the Registrar shall be affected by any notice to the contrary. Payment of
234 the Bond shall be made only as described in Section 9, but such registration may be transferred
235 as herein provided. All such payments made as described in Section 9 shall satisfy and discharge
236 the liability of the City upon the Bond to the extent of the amount or amounts so paid.

237
238 (c) Transfer or Exchange of Registered Ownership. The registered ownership of the
239 Bond may be transferred or exchanged, but no transfer of the Bond shall be valid unless it is
240 surrendered to the Registrar with the assignment form appearing on such Bond duly executed by
241 the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory
242 to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Bond and shall
243 cause to be executed and delivered, without charge to the Registered Owner or transferee, a new
244 Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and
245 interest rate and for the same aggregate principal amount, naming as Registered Owner the
246 person or persons listed as the assignee on the assignment form appearing on the surrendered and
247 canceled Bond. The Bond may be surrendered to the Registrar and exchanged, without charge,
248 for an equal aggregate principal amount of Bonds of the same date, maturity, and interest rate.
249 The Registrar shall not be obligated to transfer or exchange the Bond following any notice of
250 redemption.

251
252 Section 11 – Lost Stolen, Destroyed or Mutilated Bond. Upon surrender to the Registrar
253 of a mutilated Bond, the City shall execute and deliver a new Bond of like maturity and principal
254 amount. Upon filing with the Registrar of evidence satisfactory to the City that a Bond has been
255 destroyed, stolen or lost and of the ownership thereof, and upon furnishing the City with
256 indemnity satisfactory to it, the City shall execute and deliver a new Bond of like maturity and
257 principal amount. The person requesting the execution and delivery of a new Bond under this
258 section shall comply with such other reasonable regulations as the City may prescribe and pay
259 such expenses as the City may incur in connection therewith.

261 Section 12 – Application of Bond Proceeds. The proceeds of the sale of the Bond shall
262 be applied to pay the costs of designing and constructing the Improvement, including the funding
263 of the reserves required herein, and to pay all costs incidental thereto and to the issuance of the
264 Bond, including without limitation the costs of the Lender as provided in the Loan Agreement,
265 and shall be deposited in the appropriate funds or accounts of the City for such purposes.
266

267 Section 13 – Sinking Fund. A special fund of the City designated the "City of Homer
268 Natural Gas Distribution Special Assessment Bond Sinking Fund" is hereby created for the
269 purpose of paying and securing the payment of the Bond. The Sinking Fund shall be held
270 separate and apart from all other funds and accounts of the City and shall be a trust fund for the
271 Registered Owner of the Bond. Payments of principal and interest on assessments levied for the
272 Improvement in the District shall be deposited in the Sinking Fund. Amounts in the Sinking
273 Fund shall be used to pay principal and interest on the Bond, and are hereby pledged for that
274 purpose. Prepayments of assessments shall be applied to prepay the principal of the Bond, and
275 upon any such prepayment the amortization of the principal of the Bond shall be adjusted so that
276 each remaining scheduled payment of principal and interest on the Bond shall be in an equal
277 amount.
278

279 Section 14 – Reserve Fund.
280

281 (a) A special fund of the City designated the "City of Homer Natural Gas Distribution
282 Special Assessment Bond Reserve Fund" is hereby created for the purpose of paying and
283 securing the payment of the Bond, and is hereby pledged for that purpose. The Reserve Fund
284 shall be held separate and apart from all other funds and accounts of the City and shall be a trust
285 fund for the Registered Owner of the Bond. There shall be paid into the Reserve Fund:
286

287 (1) That part of the proceeds of the Bond which is designated for deposit in
288 the Reserve Fund by the Loan Agreement; and
289

290 (2) All monies received from ENSTAR as refunds of main extension
291 advances or free main allowance arising out of new customers connecting to the
292 Improvement; and
293

294 (3) Any Sinking Fund and Guaranty Fund balances remaining after the
295 discharge of the Bond.
296

297 (b) Until the Bond has been discharged, the funds in the Reserve Fund may be used
298 only to pay the difference between the amount of principal and interest due on the Bond and the
299 amount in the Sinking Fund that is available to pay that principal and interest; provided, if the
300 Finance Director determines that the amount of funds available in the Reserve Fund exceeds the
301 amount of the next annual installment of principal and interest due on the Bond, the Finance
302 Director may apply such excess to a prepayment of the Bond.
303

304 (c) At such time as the Finance Director determines that the sum of the amounts in
305 the Reserve Fund, the Guaranty Fund and the Sinking Fund equals or exceeds the amount
306 required to (i) discharge the Bond, (ii) pay all refunds of assessments required upon discharge of
307 the Bond, and (iii) pay any other amounts that may be owing on the Bond, the Finance Director
308 shall cause such payment to be made and the Bond to be discharged.

309
310 Section 15 – Guaranty Fund. A special fund of the City designated the "City of Homer
311 Natural Gas Distribution Special Assessment Bond Guaranty Fund" is hereby created for the
312 purpose of paying and securing the payment of the Bonds, and is hereby pledged for that
313 purpose. The Guaranty Fund shall be held separate and apart from all other funds and accounts
314 of the City and shall be a trust fund for the Registered Owner of the Bonds. The Council
315 annually shall appropriate to the Guaranty Fund a sum the Council determines to be adequate,
316 with all other available funds, to cover a deficiency in the funds available to pay principal and
317 interest on the Bonds if the reason for the deficiency is nonpayment of assessments when due.
318 Money received from actions taken against property for nonpayment of assessments levied in the
319 District shall be credited to the Guaranty Fund. Amounts in the Guaranty Fund shall be used to
320 pay principal and interest on the Bonds when other funds are not available for that purpose.

321
322 Section 16 – Amendatory and Supplemental Ordinances.

323
324 (a) The Council from time to time and at any time may adopt an Ordinance or
325 Ordinances supplemental hereto, which Ordinance or Ordinances thereafter shall become a part
326 of this Ordinance, for any one or more of the following purposes:

327
328 (1) To add to the covenants and agreements of the City in this Ordinance,
329 other covenants and agreements thereafter to be observed, or to surrender any right or
330 power herein reserved to or conferred upon the City.

331
332 (2) To make such provisions for the purpose of curing any ambiguities or of
333 curing, correcting or supplementing any defective provision contained in this Ordinance
334 or in regard to matters or questions arising under this Ordinance as the Council may deem
335 necessary or desirable and not inconsistent with this Ordinance and which shall not
336 adversely affect the interests of the Registered Owner of the Bond.

337
338 Any such supplemental Ordinance may be adopted without the consent of the Registered
339 Owner of the Bond, notwithstanding any of the provisions of subsection (b) of this section.

340
341 (b) With the consent of the Registered Owners of not less than 60 percent in
342 aggregate principal amount of the Bond at the time outstanding, the Council may adopt an
343 Ordinance or Ordinances supplemental hereto for the purpose of adding any provisions to or
344 changing in any manner or eliminating any of the provisions of this Ordinance or of any
345 supplemental Ordinance; provided, however, that no such supplemental Ordinance shall:

346

347 (1) Extend the due date of any principal installment payable under the Bond,
348 or reduce the rate of interest thereon, or extend the time of payments of interest from their
349 due date, or reduce the amount of the principal thereof, or reduce any premium payable
350 on the redemption thereof, without the consent of the Registered Owners of all of the
351 Bond so affected; or

352
353 (2) Reduce the aforesaid percentage of Registered Owners of the Bond
354 required to approve any such supplemental Ordinance without the consent of the
355 Registered Owners of all of the Bond then outstanding.

356
357 (3) Remove the pledge and lien of this Ordinance on assessments to be levied
358 against the real property in the District, and funds pledged for the payment of the Bond
359 under this Ordinance.

360
361 It shall not be necessary for the consent of the Registered Owner of the Bond under this
362 subsection (b) to approve the particular form of any proposed supplemental Ordinance, but it
363 shall be sufficient if such consent shall approve the substance thereof.

364
365 (c) Upon the adoption of any supplemental Ordinance pursuant to the provisions of
366 this section, this Ordinance shall be deemed to be modified and amended in accordance
367 therewith, and the respective rights, duties and obligations under this Ordinance of the City and
368 the Registered Owner of the Bond shall thereafter be determined, exercised and enforced
369 thereunder, subject in all respects to such modification and amendment, and all the terms and
370 conditions of any such supplemental Ordinance shall be deemed to be part of the terms and
371 conditions of this Ordinance for any and all purposes.

372
373 (d) Any Bond executed and delivered after the adoption of any supplemental
374 Ordinance pursuant to this section may bear a notation as to any matter provided for in the
375 supplemental Ordinance, and if the supplemental Ordinance shall so provide, a new Bond so
376 modified as to conform, in the opinion of the Council, to any modification of this Ordinance
377 contained in any such supplemental Ordinance may be prepared by the City and delivered
378 without cost to the Registered Owner of the Bond then outstanding, upon surrender for
379 cancellation of such Bond in an equal aggregate principal amount.

380
381 Section 17 – Sale of Bond; Loan Agreement. The Bond shall be sold at negotiated sale to
382 the Lender as provided in the Loan Agreement. The City Manager is hereby authorized to
383 execute the Loan Agreement, in substantially the form presented at this meeting, but with such
384 changes, modifications, additions and deletions therein as he shall deem necessary, desirable or
385 appropriate, the execution thereof to constitute conclusive evidence of approval of any and all
386 changes, modifications, additions or deletions therein from the form and content of said
387 document now before this meeting, and from and after the execution and delivery of said
388 document, the City Manager hereby is authorized, empowered and directed to do all acts and
389 things and to execute all documents as may be necessary to carry out and comply with the

390 provisions of the Loan Agreement as executed. Upon the execution of the Loan Agreement, the
391 City shall execute and deliver the Bond to the Borough in the form authorized herein.
392

393 Section 18 – Authority of Officers. The City Manager, the acting City Manager, the
394 Clerk and the acting Clerk are, and each of them hereby is, authorized and directed to do and
395 perform all things and determine all matters not determined by this Ordinance, to the end that the
396 City may carry out its obligations under the Bond and this Ordinance.
397

398 Section 19 – Miscellaneous. No recourse shall be had for the payment of the principal of
399 or the interest on the Bond or for any claim based thereon or on this Ordinance against any
400 member of the Council or officer of the City or any person executing the Bond.
401

402 Section 20 – Ordinance a Contract with Registered Owner. In consideration of the
403 purchase and acceptance of the Bond by those who shall own the same from time to time, the
404 provisions of this Ordinance shall constitute a contract with the Registered Owners of each
405 Bond, and the obligations of the City under this Ordinance shall be enforceable by any court of
406 competent jurisdiction; and the covenants and agreements herein set forth to be performed on
407 behalf of the City shall be for the equal benefit, protection and security of the Registered Owners
408 of any and all of the Bond.
409

410 Section 21 – Severability. If any one or more of the provisions of this Ordinance shall be
411 declared by any court of competent jurisdiction to be contrary to law, then such provision shall
412 be null and void and shall be deemed separable from the remaining provisions of this Ordinance
413 and shall in no way affect the validity of the other provisions of this Ordinance or of the Bond.
414

415 Section 22 – Repeal of HCC 17.08. HCC Chapter 17.08 is repealed.
416

417 Section 23 – Codification. Section 22 of this Ordinance is of a permanent and
418 general character and shall be included in the City Code. The remainder of this Ordinance
419 is not permanent in nature, and shall not be codified.
420

421 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 25th day of
422 February 2013.
423

424 CITY OF HOMER

425
426 
427 _____
428 FRANCIE ROBERTS, MAYOR
429 PRO TEMPORE
430



431 ATTEST:

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JO JOHNSON, CMC, CITY CLERK

YES: 6

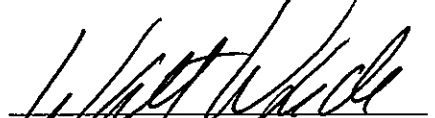
NO: 0

ABSTAIN: 0

ABSENT: 0

First Reading: 1/28/13
Public Hearing: 2/11/13 @ 2/25/13
Second Reading: 2/25/13
Effective Date: 2/26/13

Reviewed and approved as to form:


Walt E. Wrede, City Manager

Thomas F. Klinkner, City Attorney

Date: 2/26/13

Date: _____

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**CITY OF HOMER
HOMER, ALASKA**

City Clerk

RESOLUTION 15-017

A RESOLUTION OF THE HOMER CITY COUNCIL CONFIRMING THE ASSESSMENT ROLL, ESTABLISHING DATES FOR PAYMENT OF SPECIAL ASSESSMENTS AND ESTABLISHING DELINQUENCY, PENALTY, AND INTEREST PROVISIONS FOR THE HOMER NATURAL GAS SPECIAL ASSESSMENT DISTRICT.

WHEREAS, In compliance with Homer City Code Chapter 17, Improvement Districts, the Homer City Council initiated a Homer Natural Gas Special Assessment District on July 23, 2012 via Resolution 12-069 assessing all parcels equally that benefited from the natural gas distribution system; and

WHEREAS, Public hearings were held on January 14 and 28, 2013 to hear objections to the formation of such district; and

WHEREAS, The objection deadline for written protests was January 25, 2013 and Owners of real property that would bear 50 percent or more of the assessed cost of the improvement did not file timely written objections to the improvement plan with the City Clerk; and

WHEREAS, Ordinance 13-02 was adopted by the Council on February 11, 2013 creating the Homer Natural Gas Special Assessment District; and

WHEREAS, The Homer Natural Gas Special Assessment District was completed by Enstar; and

WHEREAS, All assessment per parcel corrections deemed necessary have been made and a final assessment roll was prepared and public hearings were scheduled for March 9 and 16, 2015; and

WHEREAS, All record property owners within the district were mailed notice of their right to object, the website link to the final assessment roll, and notice of the March 9th and 16th public hearings; and

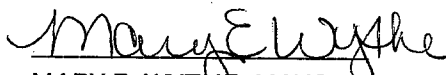
WHEREAS, The final assessment roll as presented by the City Clerk and reviewed and corrected where necessary and attached hereto as Attachment A, is hereby confirmed as the official assessment roll for the Homer Natural Gas Special Assessment District and the Mayor and Clerk shall be directed to sign same.

43 NOW, THEREFORE, BE IT RESOLVED THAT ON OR BEFORE 5:00 p.m. on July 1, 2015, all
44 assessments in the Homer Natural Gas Special Assessment District shall become due and
45 payable in full. All assessments not paid in full by this date shall be considered delinquent
46 and in default and shall have added a penalty of ten percent (10%) which penalty and
47 principal amount of the assessment shall both draw interest at a rate of three percent (3%)
48 per annum until paid. Should default occur, the City of Homer will institute a civil action for a
49 foreclosure of the assessment lien. Foreclosure shall be against all property on which
50 assessments are in default. All costs including collection and legal fees resulting from such
51 action, shall be added and incorporated into the assessed amount due plus interest and
52 penalties and shall be reimbursed from the proceeds of foreclosure sale of the assessed real
53 property; and

54
55 BE IT FURTHER RESOLVED that an optional ten (10) year payment plan is offered
56 whereby the assessment may be paid in ten (10) equal yearly installments plus interest of
57 four percent (4%) on the unpaid balance of the assessment. The first such installment shall be
58 due and payable without interest on or before 5:00 p.m. July 1, 2015 and each installment
59 thereafter shall be due on or before July 1st of each year, plus interest on the unpaid balance
60 of the assessment. If any annual installment payment is not received when due, the entire
61 outstanding principal amount of the assessment shall be in default and shall be immediately
62 due and payable. The entire outstanding assessment principal (including the annual
63 installment) shall have added a penalty of ten percent (10%) on the outstanding principal.
64 The principal and penalty shall draw interest at the rate of fifteen percent (15%) per annum
65 until paid. Should default occur, the City will institute civil action for foreclosure of the
66 assessment lien. Foreclosure shall be against all property on which assessments are in
67 default. All costs including collection and legal fees resulting from such action shall be added
68 and incorporated into the assessed amount due plus interest and penalties, and shall be
69 reimbursed from the proceeds of foreclosure sale of the assessed real property.

70
71 PASSED AND ADOPTED by the Homer City Council on this 23rd day of March, 2015.

72
73 CITY OF HOMER

74
75
76 
77 MARY E. WYTHE, MAYOR

78
79 ATTEST:

80
81 
82 _____
83 JO JOHNSON, MMC, CITY CLERK
84

85 Fiscal Note: Total project costs are \$12,359,388; 3,788 assessments = \$3,262.77 per parcel.
86
87

ORDINANCE(S)

CITY MANAGER'S REPORT



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

491 East Pioneer Avenue
Homer, Alaska 99603

citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

(f) 907-235-3148

City Manager's Report

TO: Mayor Wythe and Homer City Council
FROM: Katie Koester, City Manager
DATE: June 15, 2015
SUBJECT: City Manager's Report

Questions from Previous Meetings:

Bridge Creek Watershed Parcels for Sale

The May 26th Manager's report discussed three parcels in the Bridge Creek Watershed that the lot owner has approached the City about selling. City Planner Abboud determined that the two eastern lots would be the most value to the watershed. The combined assessed value of the two lots is \$36,500. The seller is asking \$55,000 but understands that an appraisal would be necessary before the City can move forward with any serious intention of purchasing the land. Councilmember Lewis asked for more information on the low interest loan program through DEC that could be used to purchase these lots. More specifically, given the long lead time required to obtain a DEC loan and extensive amount of paperwork involved, he wanted to know if we could purchase the lots and then retroactively apply for the loan. The answer is no, we would have to purchase the land after applying for the loan. However, we could use the Utility Depreciation Reserve Fund for the purchase. That fund is at \$3.8 million, has been declining since 2011 and is significantly below the amount Council set for reserve accounts of 40% of depreciable capital assets in Resolution 06-100. From a financial management perspective, you could not consider the cost of that land as an expense – but rather as converting a liquid asset into a non-liquid asset. However, tying up funds in real estate makes the funds inaccessible for repairs and maintenance and takes those parcels off the tax roll. See the attached map for parcel numbers and location.

How Long Would a 35% Design of the Public Safety Building be Good for?

At the May 26th Council meeting, the question was asked how long a 35% design in a case like the Public Safety Building would be good for. According to Public Works Director Meyer, one way of establishing milestones during a design process is to create 10%, 35%, 65%, 95%, and 100% stages. At 35%, most all significant design issues are known and the costs associated with dealing with the issues are understood. No bid documents will be prepared, but all work required to begin effective and efficient bid document preparation is complete at 35% design.

In Mr. Meyer's opinion, the 35% design has the longest shelf life of the percentage completion milestones discussed above. The further into the bid document preparation effort, (65% - 100%), the shorter the shelf life. Normally, the budget for a project cannot be clearly established until 35% design is complete. We should be able to make confident decisions about bond proposition dollar

amounts after the 35% design is complete and make effective grant applications showing significant progress and “skin in the game.”

Water Levels at Reservoir

Mayor Pro Tempore Roberts asked about water levels in the reservoir. Concern was expressed over how the low snowpack may affect the City's ability to produce water during peak demand (August). Public Works Director Meyer checked the reservoir and it is currently full. When it comes to reservoir levels, snow melt has the most value to replenish groundwater and springs that discharge into the reservoir throughout the summer. Most snow melt goes over the dam in May/June. Over the past 20 years we have had to ask users to conserve water once for a few weeks in the month of August. Water levels will depend largely on how wet and warm our summer is. If there is reduced rainfall, lots of sunny days, and lots of lawns to water, we could see low levels at the reservoir come August. Mr. Meyer will keep an eye on the water levels this summer and hold back water in the reservoir in July as opportunities arise. In the past our water quality used to diminish when the water level in the reservoir was low. However, that is no longer the case with the new water treatment plant.

Update on Waddell Way

Public Works is currently focused on the public involvement portion of the project. Through public hearings at the Planning Commission, we are hoping for a consensus of opinion regarding horizontal alignment and pedestrian/bike friendly amenities. Public Works made a presentation to the Planning Commission at their last meeting on June 3rd. The design engineer is under contract (using our professional engineering term contract), the field survey and soils investigation is complete, and the value of potential land purchases have been appraised.

The Planning Commission will hold a public hearing on Waddell Way June 17th. Once the preferred alignment is selected and the amenities have been agreed upon, we will start the bid document preparation effort. Public Works Director Meyer expects to bid the project later this summer, with construction beginning in the fall. Project completion is slated for Spring of 2016. It is important that funds are encumbered on this project before the legislative session begins in January. See packet on Waddell Way from Planning Commission June 3rd meeting for more info.

For Your Information:

HERC Parking Lot

The Homer Middle School and Paul Banks Elementary are getting their roof replaced this summer. For safety reasons, patrons of the Middle School fields will not be able to access the field through the Middle School parking lot until the project is over, in August. In the meantime field users will park at the lower HERC parking lot (the former entrance to the Boys and Girls Club). This will not affect RV parking that occurs in the upper lot. Use of the lot should be minimal as most field users are dropped off in the summer months.

Assistant City Manager Position Filled

I am happy to announce that we have filled the Assistant City Manager position. Patrick Lawrence's first day will be June 15th. He will be attending the council meeting on the 15th, so you will have an opportunity to meet him then if you have not already. Patrick comes to the City from Enstar Natural

Gas. Most recently he was the Southern Division Supervisor for Enstar, before that he worked out of the Homer office. Patrick has been in Homer since 2011 and brings a strong background in marketing, economic research, public relations, and management. He is a good match for the office and the City. I will be asking him to take on a number of projects including Economic Development, the Capital Improvement Plan, and drafting and implementing a Communications Plan for the City. Thank you for welcoming Patrick to our team.

Farming on City Lot off of Shellfish

During discussion of the Land Allocation Plan, Beau Burgess and Aryn Young, City residents that live off of Shellfish Avenue, expressed a desire to enter into an agreement with the City for low profile farming on recently acquired City land off of Shellfish Avenue. The lot was acquired from the Quiet Creek Condominium Association for the eventual placement of a water tank. The lot has a deed restriction on it to protect the neighbor's viewshed. When the City installs a water tank we will have to include landscaping that hides development on the lot. After conversations with the Quiet Creek Condominium Association and Ms. Young, City staff came up with the attached agreement to allow low profile gardening to occur on the lot. The City has allowed use of public land in the past for gardening, most recently a people's garden. The letter clearly specifies that any use beyond soil preparing, planting, weeding and harvesting vegetables and a low profile fence would have to be approved by Council and involve a formal lease process. I have attached a draft copy of the agreement between the owner of the adjacent lot, Tony Burgess, and the City (which has not been signed yet by either party).

National Disaster Preparedness Trainings

Chief Painter has invited, at no local expense, the folks from the National Disaster Preparedness Training Center at the University of Hawaii to come to Homer do three classes of local interest. The first class will be July 27th (Monday) and will be held twice that day (only a 4-hour class). It is called Natural Disaster Awareness for Caregivers of Senior Citizens. The second and third classes (both full day courses) will be held on Tuesday, July 28th, Tsunami Awareness; and Wednesday, July 29th, Coastal Community Resilience. All classes will be held at the college. Chief hopes to be able to fill these classes with folks from around the state (who doesn't like to come to Homer in July?). See the attached flyers for additional information.

Chief Painter Earns Certified Emergency Manager Distinction

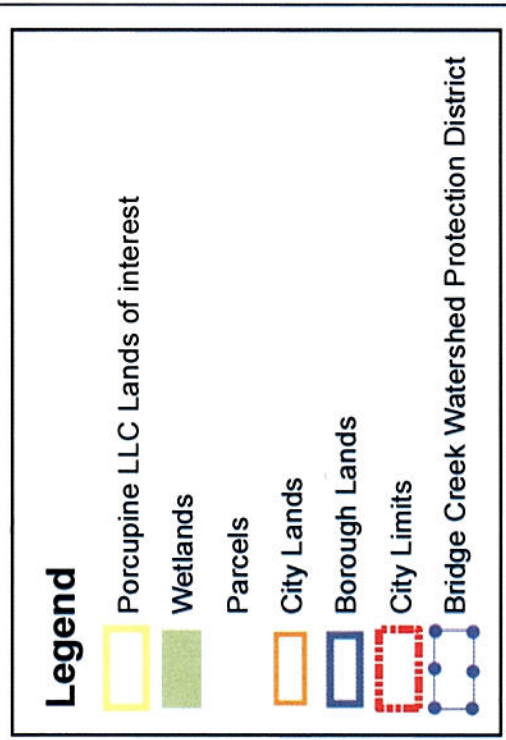
I am proud to report that the City was notified that Chief Painter has recently earned the designation of Certified Emergency Manager from the International Association of Emergency Managers. This is the highest professional achievement in the association. Chief Painter was awarded this designation based on his personal and professional achievements, a Management Essay and written exam. The City of Homer is proud of Chief Painter's accomplishments and the expertise he brings to our work force. Please take a moment to congratulate him when you see him.

Enc:

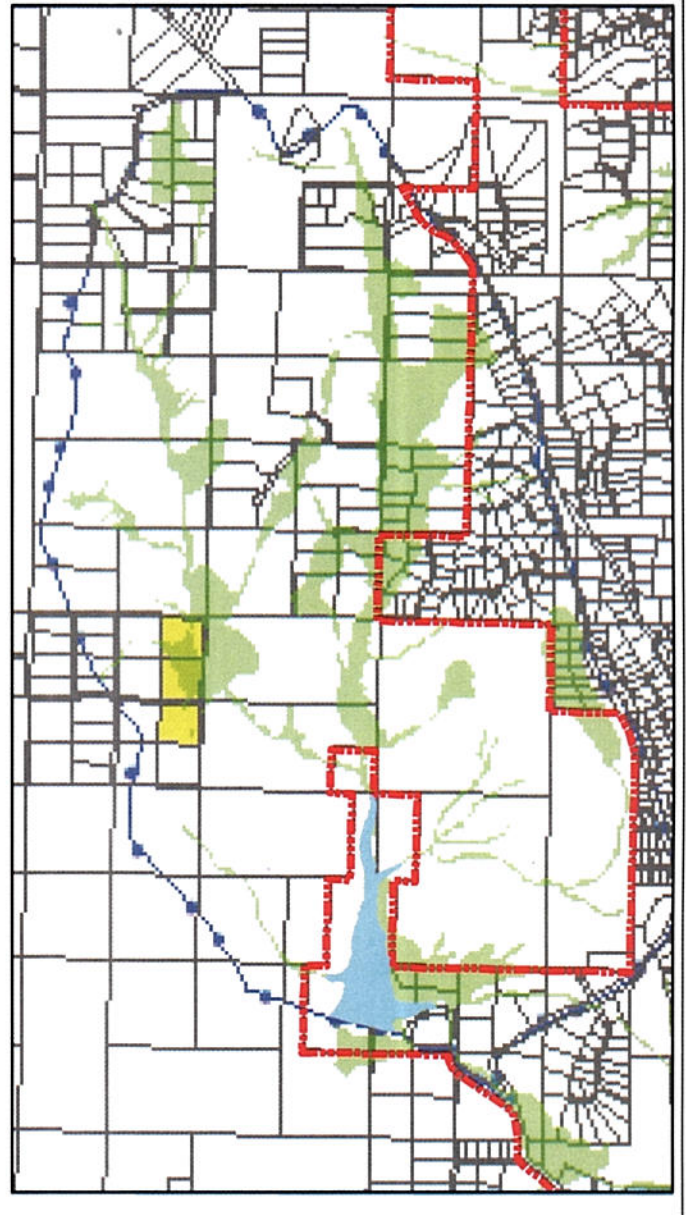
Map of Lots for Sale in Bridge Creek Watershed

Waddell Way packet information from June 3rd Planning Commission Meeting

Agreement between City and Tony Burgess on Use of Adjacent City Lot
Natural Disaster Preparedness Flyers (3)
Letter from IAEM RE: Chief Painter
Letter of Non-objection to ADOT/PF RE: Painting Woodard Creek across Pioneer Avenue
Notice of Load and Launch Ramp Closure
Thank You Letter from Hospice of Homer
Temporary Parking at the HERC



Bridge Creek Lands for Sale May 2015

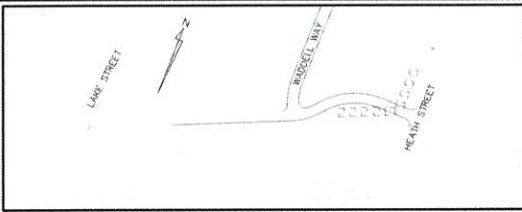


Public Notice Exhibit Index

Proposed Waddell Way Road Improvements

- 1) Horizontal Alignment - Option A: This alignment extends Waddell Way from Lake Street over to the Heath Street/Grubstake Avenue intersection. It is the least expensive alignment, due to reduced utility relocation costs; lower long term right-of-way acquisition costs, and the least negative impact on the adjacent HEA operations.
- 2) Horizontal Alignment - Option B: This alignment extends Waddell Way from Lake Street over to the Heath Street/Bonanza Avenue intersection. It is more expensive than the Option A alignment, due to increased utility relocation costs; higher long term right-of-way acquisition costs, and has greater impacts on the adjacent HEA operations.
- 3) City Transportation Plan – Plate 2A and 2B: these maps are included in this notice to show that the official City Transportation Plan envisions Waddell Way to be extended to Heath Street and line up with Grubstake Avenue under either of the proposed E/W collector alignments (shown on the maps as a bold dashed pink line).
- 4) Public Works has developed five pedestrian/bike friendly road designs. These alternatives were developed in an attempt to provide adequate and reasonable pedestrian and bicycle amenities for new road projects. Public Works is recommending a **Level 4A** design – a copy of the typical cross-section is attached.

SHEET NO.	1A	TOTAL SHEETS	1A
APPENDIX NO.			
ATTACHMENT NO.			
REVISIONS			
NO.	DATE	DESCRIPTION	



PLANS DEVELOPED BY:
 KINNEY ENGINEERING, LLC
 FOR
 CITY OF HOMER, ALASKA
 PUBLIC WORKS DEPARTMENT



PHONE (907) 232-3170
 FAX (907) 232-3145

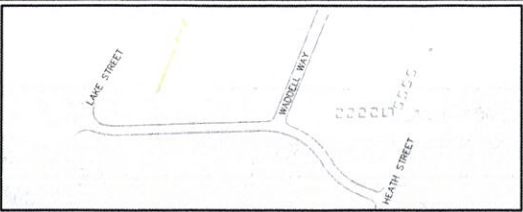


CITY OF HOMER
 WADDELL WAY ROAD AND
 WATER MAIN IMPROVEMENTS
 OPTION A



OPTION A

SHEET NO.	TOTAL SHEETS	
1B	1B	
ADDENDUM NO.		
ATTACHMENT NO.		
REVISIONS		
NO.	DATE	DESCRIPTION



PLANS DEVELOPED BY:
 KINNEY ENGINEERING, LLC
 FOR
 CITY OF HOMER, ALASKA
 PUBLIC WORKS DEPARTMENT



PHONE (907) 235-3170
 FAX (907) 235-3145



CITY OF HOMER
 WADDELL WAY ROAD AND
 WATER MAIN IMPROVEMENTS
OPTION B

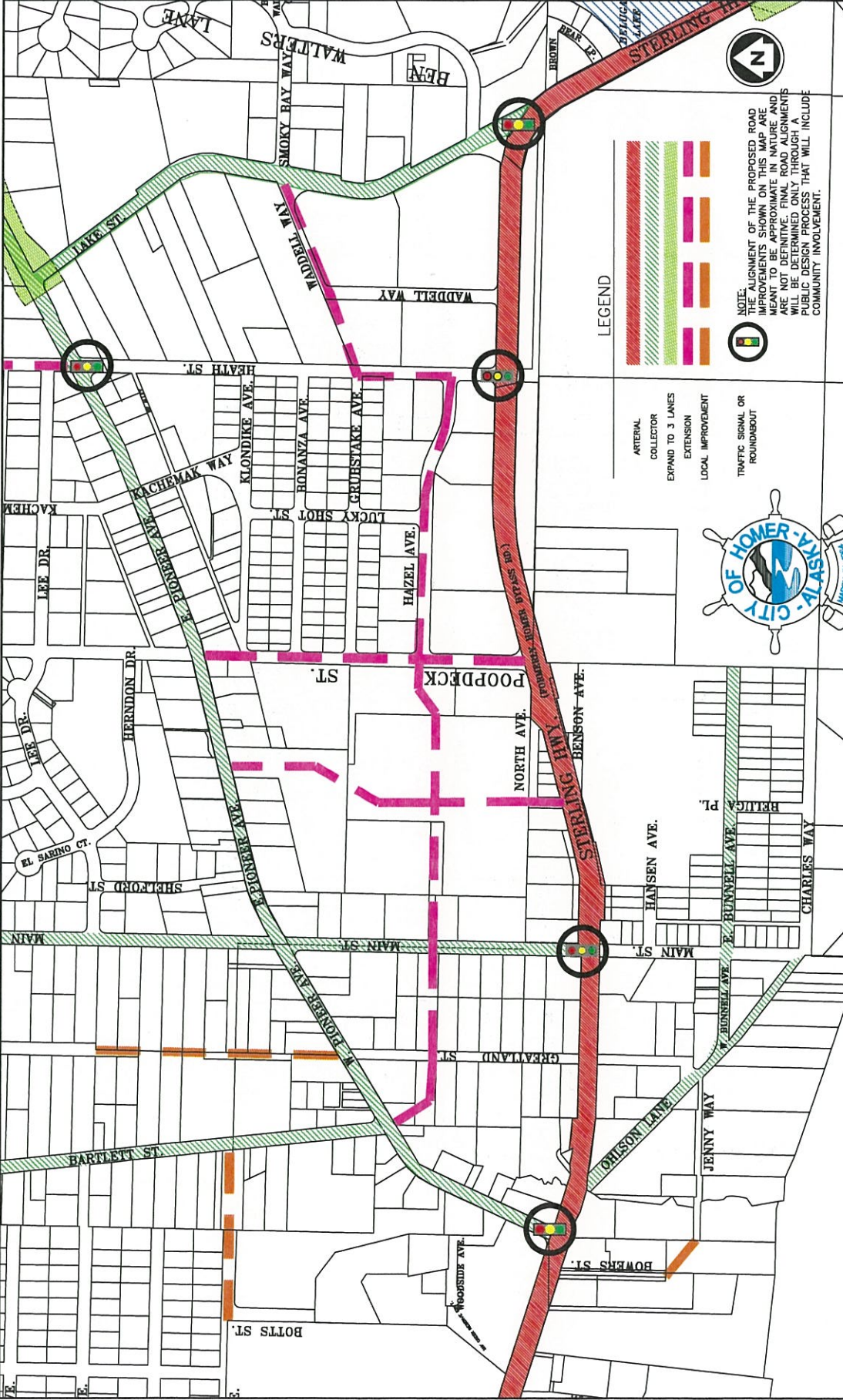


OPTION B



Mike Taurainon, P.E.
CONSULTING ENGINEER, INC.
1000 W. BEAR LE
SHELIKOF, ALASKA 99682
TELEPHONE: 907-336-1111
FAX: 907-336-1112
E-MAIL: MIKE@TAURAINON.COM

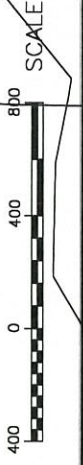
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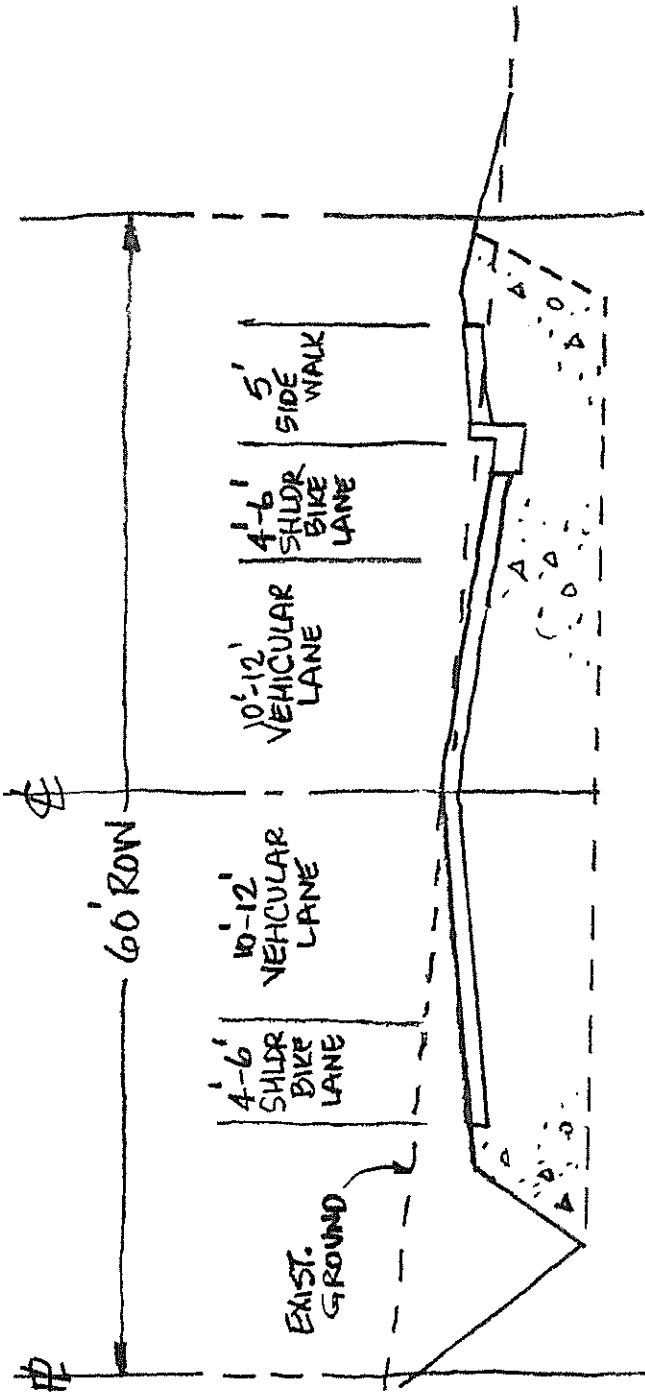


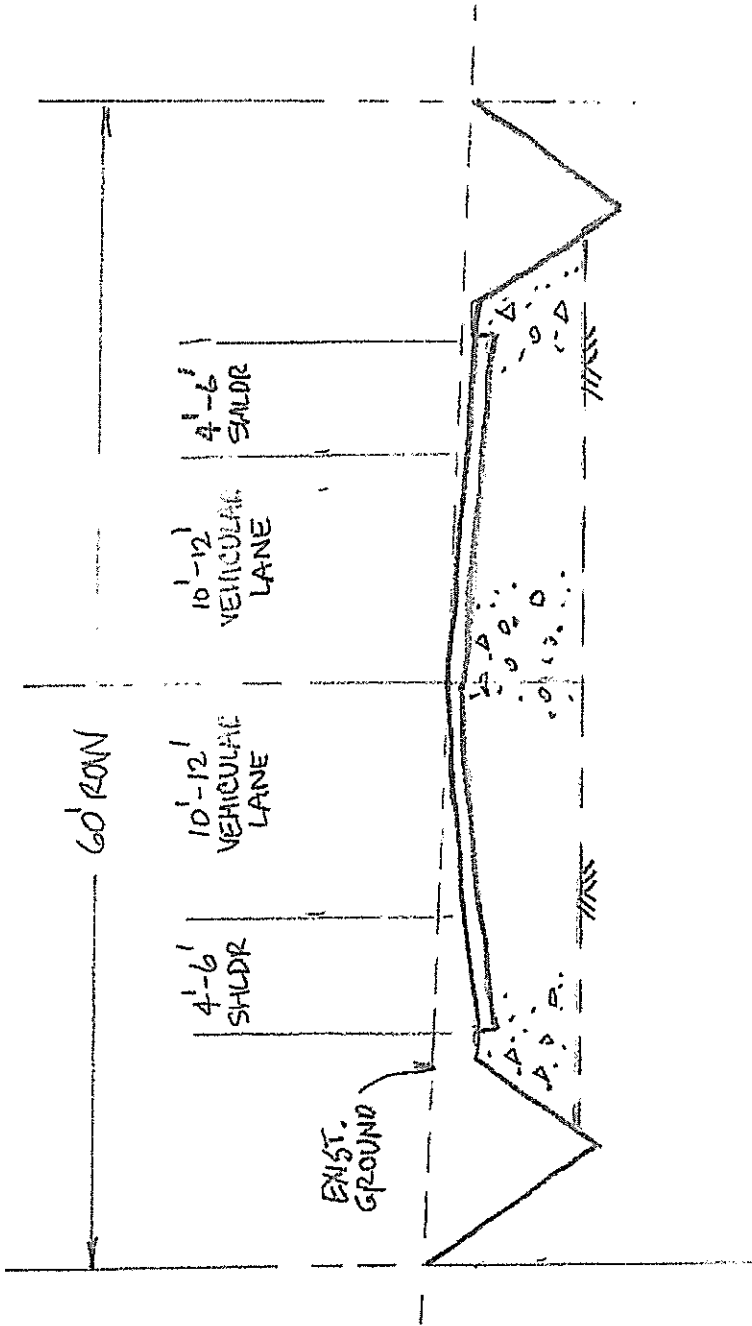
LEGEND

- ARTERIAL (Red hatched line)
- COLLECTOR (Green hatched line)
- EXPAND TO 3 LANES (Pink dashed line)
- EXTENSION (Orange dashed line)
- LOCAL IMPROVEMENT (Blue dashed line)
- TRAFFIC SIGNAL OR ROUNDABOUT (Circle with traffic light symbol)

NOTE: THE ALIGNMENT OF THE PROPOSED ROAD IMPROVEMENTS SHOWN ON THIS MAP ARE MEANT TO BE APPROXIMATE IN NATURE AND ARE NOT DEFINITIVE. FINAL ROAD ALIGNMENTS WILL BE DETERMINED ONLY THROUGH A PUBLIC DESIGN PROCESS THAT WILL INCLUDE COMMUNITY INVOLVEMENT.







LEVEL 2
WIDENED PAVEMENT BOTH SIDES





City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

491 East Pioneer Avenue
Homer, Alaska 99603

citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

(f) 907-235-3148

May 28, 2015

Tony Burgess
834 Shellfish Avenue
Homer, Alaska 99603

RE: Use of Adjacent City Lot

Ms. Young,

Please consider this as approval to utilize a portion of the City-owned lot to the west of your residence (see attached map) for the following purposes:

- Soil preparation, planting, weeding, and harvesting vegetables.
- Construction of a low profile electric fence to protect crop.

You can clear and grub trees within this area. Leave a 50 foot wide undisturbed buffer to the north and a 20 foot wide buffer to the south. Access to the area should be directly from your lot.

No vehicles shall be stored on the site and no structures shall be built.

This approval is good for a two year period. Any additional uses shall be approved by the City Council.

In purchasing the lot adjacent, the City agreed to terms that put a high priority on visual buffering between activities/proposed improvements on the City lot and the neighborhood to the north. Please respect the City's agreements and keep your activities low profile.

With the acceptance of this agreement, you agree to hold the City harmless for any claims arising out of your use of City property as allowed by law.

Yours Very Truly;

Concur:

CITY OF HOMER

Tony Burgess

Mary K. Koester
City Manager

Owner – Lot 5, Block 4, Barnett's South Slope Subdivision
834 Shellfish Avenue



1 inch = 50 feet

NATURAL DISASTER AWARENESS FOR SENIOR CAREGIVERS



This 4-hour course is designed to enhance the caregiver's awareness of vulnerability factors associated with senior citizens. Senior citizens are particularly vulnerable to natural hazards. Factors such as physical limitations, mental ailments, and medication requirements are issues of concern for caregivers of senior citizens. These specific needs, amongst other considerations for natural hazards, must be addressed in preparedness plans for these at-risk citizens. Participants will learn how to identify, prepare, and perform a number of support activities that will ensure the safety and security of senior citizens when a natural hazard event occurs. Particular attention is directed toward developing an awareness of the preparedness and response needs of all senior citizens, inclusive of economic, medical, cognitive and mobility determinants.

MODULES

- ✓ Resilience Concepts
- ✓ Understanding Risks from Natural Hazards
- ✓ Building Resilience
- ✓ Going Forward

COURSE DELIVERY:

July 27, 2015 *2 Training Opportunities*

1st - 8:00 am - 12:00 pm

2nd - 1:00 pm - 5:00 pm

Homer, AK

LOCATION AND DETAILS:

Kenai Peninsula College

533 E. Pioneer Avenue

Homer, AK 99603

REGISTER AT:

<https://ndptc.hawaii.edu/training>

FOR REGISTRATION ASSISTANCE CONTACT:

Robert L. Painter • rpainter@ci.homer.ak.us

907-235-3155

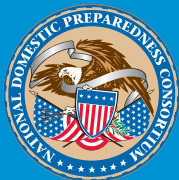


NATIONAL DISASTER
PREPAREDNESS
TRAINING CENTER
at the UNIVERSITY of HAWAII*

828 Fort Street Mall • Suite 320 • Honolulu, Hawaii 96813

Phone: 808.956.0600 • Fax: 808.536.9110

website: ndptc.hawaii.edu



As a member of the National Domestic Preparedness Consortium, the NDPTC is a DHS/ FEMA training partner dedicated to providing critical all-hazards training throughout the United States and its territories with an emphasis on natural hazards and island and coastal communities



TSUNAMI AWARENESS

AWR-217



This awareness-level course provides a basic understanding of tsunamis, hazard assessment, warning and dissemination, and community response strategies to effectively reduce tsunami risk. No advanced knowledge and experience of tsunamis is required. The goal of this course is to enhance participants' abilities to support their organizational preparedness and response efforts.

Course modules cover science and assessment tools used to build tsunami resilient communities, the tsunami detection and warning process, and the products and methods used to warn all levels of government and coastal communities. Effective response requires pre-event planning and preparation to ensure that the public knows what to do and where to evacuate to before destructive waves arrive, and that afterward, knows when it is all-clear and safe to return.

WHO SHOULD TAKE THIS COURSE

This course is targeted for a broad cross section of professionals involved in emergency management, fire services, coastal zone managers, planners, developers, and municipal services.

MODULES

- ✓ Hazard Assessment
- ✓ Warning
- ✓ Preparedness, Mitigation, and Response
- ✓ Exercise Scenario
- ✓ End to End Tsunami Warning

COURSE DELIVERY:

July 28, 2015

8:00 am - 5:00 pm

Homer, AK

LOCATION AND DETAILS:

Kenai Peninsula College

533 E. Pioneer Avenue

Homer, AK 99603

REGISTER AT:

<https://ndptc.hawaii.edu/training>

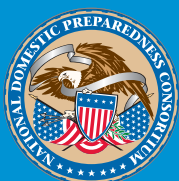
FOR REGISTRATION ASSISTANCE CONTACT:

Robert L. Painter • rpainter@ci.homer.ak.us

907-235-3155



828 Fort Street Mall • Suite 320 • Honolulu, HI 96813
Phone: 808.956-0600 Fax: 808.536-9110
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This one-day awareness level course will provide participants with an understanding of the concept of resilience as it applies to coastal communities with a focus on resilience as a unifying framework for community-based planning, preparedness, response and recovery. The course will emphasize target capabilities to enhance preparedness and response to natural disasters, including chronic, as well as extreme events affecting coastal communities. It will demonstrate how to integrate risk-based, community-based, and collaborative strategies into plans and programs.

The goal of the course is to enhance the participant's ability to support preparedness and response efforts by developing and sustaining resilient coastal communities.

WHO SHOULD TAKE THIS COURSE

This course is targeted for a broad cross section of professionals involved in emergency management, fire services, coastal zone managers, planners, developers, and municipal services.

MODULES

- ✓ Resilience Concepts
- ✓ Understanding Risks from Natural Hazards
- ✓ Building Resilience
- ✓ Going Forward

PRE-REQUISITE

- ✓ Disaster Related Training or Experience

COURSE DELIVERY:

July 29, 2015

8:00 am - 5:00 pm

Homer, AK

LOCATION AND DETAILS:

Kenai Peninsula College

533 E. Pioneer Avenue

Homer, AK 99603

REGISTER AT:

<https://ndptc.hawaii.edu/training>

FOR REGISTRATION ASSISTANCE CONTACT:

Robert L. Painter • rpainter@ci.homer.ak.us

907-235-3155

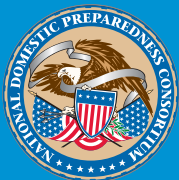


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May 28, 2015



Katie Koester
City Manager
City of Homer
491 E. Pioneer Ave
Homer, AK 99603

Ms Koester:

Congratulations! Robert Painter, CEM[®], has this year earned recognition from the International Association of Emergency Managers by being among the group of professionals designated Certified Emergency Manager (CEM[®]). This is the highest honor of professional achievement available from the Association which has in its membership more than 9,000 emergency managers representing professionals whose goals are saving lives and protecting property and the environment during emergencies and disasters.

Robert qualified as a CEM[®] by submitting an extensive credentials package giving personal and professional background achievements and successfully completing a Management Essay and a written examination. In order to maintain certification, he must continue a program of professional development over successive five-year periods in the future. Thus, this is an honor neither easily earned nor maintained.

The CEM[®] designation presently is held by 2,346 men and women in the emergency management profession. As a CEM[®], Robert Painter demonstrated a high level of competence and ethical fitness for emergency management. Your organization is to be commended for having a professional of this caliber on staff.

I hope that you will find an opportunity to share with your officials this singularly high achievement that Robert Painter, CEM[®] has attained for it reflects credit upon both your organization and Robert.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Sligh", written over a light blue horizontal line.

Kevin Sligh, CEM[®]
CEM[®] Commission Chair

cc: Robert Painter, CEM[®]

Shared Drive/IAEM/CEM/Notification Letters/Employer Notification Letter – CEM Earned.doc

IAEM Headquarters • 201 Park Washington Court • Falls Church, VA 22046 • 703-538-1795 • Email: info@iaem.com



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

491 East Pioneer Avenue
Homer, Alaska 99603

citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

(f) 907-235-3148

June 9, 2015

Asia Freeman
Bunnell Street Gallery
Executive/Artistic Director
Bunnell Street Arts Center
106 West Bunnell, Suite A
Homer, AK 99603

delivered electronically

Ms. Freeman,

This letter is in response to your request to paint a small portion of Pioneer Avenue where Woodard Creek runs underneath the road in the artistic likeness of the creek. As you are aware, Pioneer Avenue is owned by the State who has jurisdiction over the road. The City of Homer has no objection to this proposal. It is a great way to bring awareness to the creek that runs through town and further showcase the unique, diverse and community minded artistic talent in Homer.

I look forward to seeing the creek running across Pioneer Avenue.

Sincerely,

Katie Koester
City Manager

Cc:

Danika Simpson, Right of Way Agent, Alaska Department of Transportation and Public Facilities

NOTICE

Attention Patrons of the Harbor:

The Homer Load and Launch Ramp will be closed September 15th through December 15th 2015 for construction.

Much needed improvements to the facility will include a complete refurbishment of the ramp and docks. Because of the expansive scope of work and limited number of minus tides for lower-ramp access, the entire ramp will be closed to ensure contractors can conduct improvements safely and without interruption.

Although the Port and Harbor has a secondary ramp used for barge activity, it is not suitable for regular launching/loading vessels from trailers because:

1. It is a commercial ramp for heavy equipment;
2. The ramp does not extend into the water as far as the Load and Launch's ramp and has an abrupt drop-off at the end;
3. The staging area above the Barge Ramp is set aside for heavy equipment and laydown yard for the Deep Water Dock, not boat trailers;
4. There is no float system to tie off of before/after launching; and
5. The Barge Ramp is actively being used for its intended purpose as a commercial barge loading facility.

Vessel owners who plan to utilize their vessel during construction September 15 – December 15, 2015, should contract the Harbor Office about mooring their vessel in the harbor prior to the beginning of the construction project.

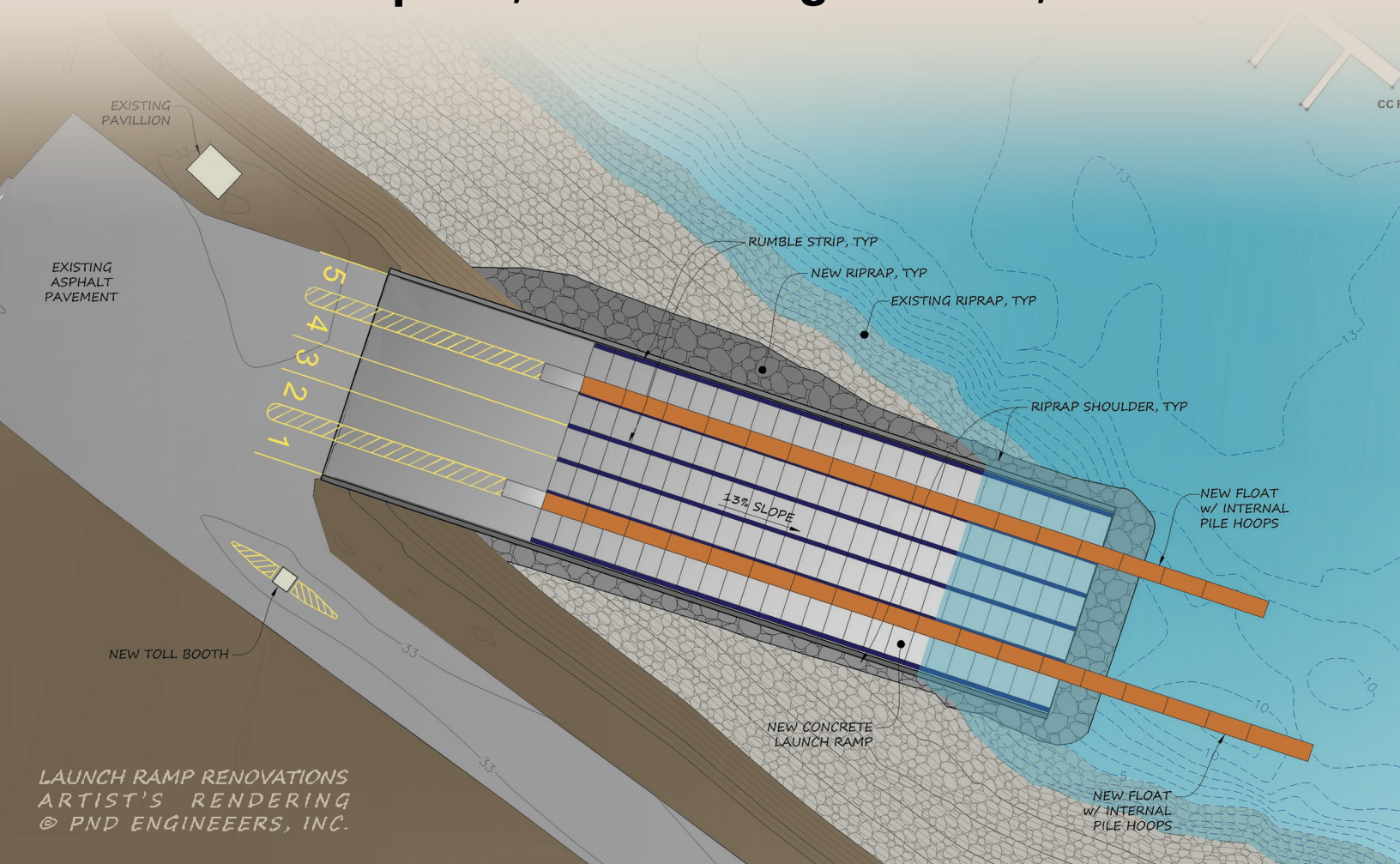
Vessel owners who plan to haul their boats out during the load and launch ramp construction period may contact the Port and Harbor Office to schedule vessel **removal** at the Commercial Barge Ramp. Vessel haul-out activity will be scheduled around normal barge landings/load-outs.



NOTICE

City of Homer Boat Launch Ramp WILL BE CLOSED

for renovations
from Sept 15, 2015 through Dec 15, 2015



NOTICE

HOSPICE OF HOMER



COMPASSION
IN ACTION

Post Office Box 4174
Homer, Alaska 99603-4174
(907) 235-6899
hospiceofhomer.org

June 1, 2015

MS Katie Koester
City Manager
The City of Homer
491 East Pioneer Avenue
Homer, Alaska 99603

Dear MS Koester:

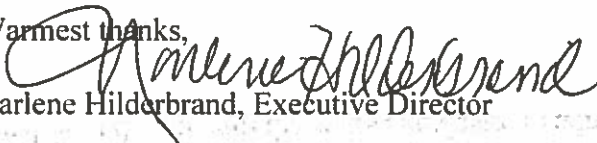
It is a pleasure to have the opportunity to thank the City of Homer and The Homer Foundation for the recent City grant Hospice of Homer received. As a small non-profit, Hospice feels very fortunate to have a City that recognizes the value of such organizations and backs up that belief with financial support, and for having a strong local Foundation with the skills and desire to administer the City Grants Program.

Hospice will use the grant monies to offset increasing general operating costs. Funds that can be used for these types of expenses are mandatory in order for HOH to keep our doors open yet are especially difficult to secure.

Hospice of Homer is proud of the free of charge, quality of care we provide to community members. In order for Hospice to maintain our unique and special approach, City of Homer grants are essential. Hospice is requesting community to let the City know how important these grants are for all of us.

Working together we make this town a kinder place in which to live.

Warmest thanks,


Darlene Hilderbrand, Executive Director

Cc: The Homer Foundation



SOCCER PARKING

SOCCER FIELDS

**BOYS AND GIRLS
CLUB PARKING**

Woodside Ave



300 ft

ing Hwy
Google earth

© 2015 Google
Image © 2015 DigitalGlobe

457



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue
Homer, Alaska 99603

clerk@cityofhomer-ak.gov

(p) 907-235-3130

(f) 907-235-3143

Memorandum

TO: MAYOR AND CITY COUNCIL

FROM: MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

DATE: JUNE 9, 2015

SUBJECT: BID REPORT

RFP to Refurbish Homer Fire Department Apparatus Tanker 2 - Proposals to refurbish Tanker 2 will be received at the Office of the City Clerk, City Hall, City of Homer, 491 East Pioneer Avenue, Homer, Alaska, until 4:30 p.m., Friday June 19, 2015. The intent of this proposal effort is to provide an opportunity for fire apparatus manufacturers and service centers to bid on the project to refurbish an existing fire engine to NFPA Level 2 requirements. This is the first of two projects to be considered (the second to follow the initial project). The time of receipt will be determined by the City Clerk's time stamp. Proposals received after the time fixed for the receipt of the bids shall not be considered. All firms submitting proposals must be listed on the "Plan Holder's List" maintained by the City Clerk. All bidders must submit a City of Homer Plan Holders Registration form to be on the Plan Holder's List and to be considered responsive.

RFP for Benefit Broker and Consulting Services - The City of Homer, Alaska is requesting proposals for an experienced and qualified Insurance Broker of Record to provide health benefits insurance and ancillary products consulting, marketing and placement services from reputable insurance carriers, finding the desired products at the most competitive price for three (3) years. Sealed proposals will be received at the Office of the City Clerk, City Hall, City of Homer, 491 East Pioneer Avenue, Homer, Alaska until 4:00 P.M., Friday, June 19, 2015. The time of receipt will be determined by the City Clerk's time stamp. Proposers are required to be on the Plan Holder's List to have their proposals evaluated by the committee.

CITY ATTORNEY REPORT

COMMITTEE REPORTS

PENDING BUSINESS

NEW BUSINESS

RESOLUTIONS

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 City Manager/
4 Finance Director

5 **RESOLUTION 15-046**

6
7 A RESOLUTION OF THE HOMER CITY COUNCIL ACCEPTING THE
8 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT WITH AUDIT
9 AND FINANCIAL STATEMENTS AND ACKNOWLEDGING THE
10 MANAGEMENT LETTER SUBMITTED BY THE CITY'S INDEPENDENT
11 AUDITOR, BDO USA, LLP AND AUTHORIZING THE CITY MANAGER
12 TO EXECUTE THE FINANCIAL REPORT.
13

14 WHEREAS, BDO USA, LLP conducted the annual audit, submitted the 2014
15 Comprehensive Annual Financial Report with the audit and financial statements, and the
16 management letter was delivered for review and distributed to the Mayor and City Council
17 June 2015; and
18

19 WHEREAS, BDO USA, LLP made a public presentation during the Committee of the
20 Whole and the Special Meeting of June 15, 2015.
21

22 NOW, THEREFORE, BE IT RESOLVED by the City Council of Homer, Alaska, that the
23 2014 Comprehensive Annual Financial Report with audit and financial statements is accepted
24 and that the management letter is acknowledged as submitted by BDO USA, LLP, the City's
25 independent auditor.
26

27 PASSED AND ADOPTED by the Homer City Council this 15th day of June, 2015.
28

29 CITY OF HOMER
30

31
32 _____
33 MARY E. WYTHE, MAYOR
34

35 ATTEST:
36
37

38 _____
39 JO JOHNSON, MMC, CITY CLERK
40
41

42 Fiscal Note: N/A

COMMENTS OF THE AUDIENCE
COMMENTS OF THE CITY ATTORNEY
COMMENTS OF THE CITY CLERK
COMMENTS OF THE CITY MANAGER
COMMENTS OF THE MAYOR
COMMENTS OF THE CITY COUNCIL
ADJOURNMENT

