

Session 15-22 a Special Meeting of the Homer City Council was called to order on June 15, 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

ABSENT: ZAK, VAN DYKE

STAFF: CITY MANAGER KOESTER
DEPUTY CITY CLERK JACOBSEN
ASSISTANT CITY MANAGER LAWRENCE
PUBLIC WORKS DIRECTOR MEYER
HARBORMASTER HAWKINS
FINANCE DIRECTOR LI
IT MANAGER POOLOS

Mayor Wythe declared Councilmembers Van Dyke and Zak as excused. The Council had no objection.

The Council met for a Special Meeting from 4:00 p.m. until 4:57 p.m. to discuss city finances and budget shortfalls for 2015/2016. They met as Committee of the Whole from 5:00 until 5:54 p.m. to discussion Resolution 15-048 regarding the Lillian Walli Road Reconstruction, Paving, and Sewer Improvement Special Assessment District, also 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 15-047(S)**, A Resolution of the City Council Of Homer, Alaska Changing the Dates for Payment of Assessments For the Homer Natural Gas Distribution Special Assessment District; **VISITORS** -Alaska Command and US Pacific Fleet to the Council and Public About Exercise Northern Edge 10 Minute Presentation Added; Friends of the Library , Library Western Lot Improvements moved to Commission Reports; **CITY ATTORNEY REPORT** - Written Report Dated June 11, 2015

Mayor Wythe called for a motion to approve the agenda.

LEWIS/ROBERTS SO MOVED TO APPROVE THE AGENDA.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

Ken Castner, city resident, commented on Ordinance 15-21 and with the budget shortfalls and this is a fully financed project. He objects to the ordinance and says stick to the payment plan for now and preserve 90% of this appropriation.

Barb Brodwoski, city resident, she requested that council review the analysis of 12 states and what food items they tax prior to the June 29 council meeting. It is information she provided in January 2014. The analysis shows two common threads of what these states are taxing relative to food and one common thread on what food is not being taxed.

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 Special and Regular meeting minutes of May 26, 2015. City Clerk. Recommend adoption.
- 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.
- C. **Memorandum 15-082**, from City Clerk, Re: Liquor License Transfer for Beluga Lake Lodge and Best Western Bidarka Inn/Otter Room.
- 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.
- 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.

Moved to Ordinances.

- 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.
- 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.
- 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.
- 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.

Moved to Resolutions.

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

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

- 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.

Memorandum 15-085 from Finance Director as backup.

- 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.

Resolution 15-047(S), 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.

Memorandum 15-084 from City Manager as backup.

Moved to Resolutions.

- 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.

Memorandum 15-086 from Public Works Director as backup.

Moved to Resolutions.

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

Item E. Ordinance 15-20 was moved to Ordinance item A. Item L. Resolution 15-047 was moved to Resolutions Item B. – Burgess

Item I. Resolution 15-043 was moved to Resolutions Item. C – Lewis

Item M. Resolution 15-48 was moved to Resolutions Item D. – Roberts
Mayor Wythe called for a motion to approve the consent agenda as amended.

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

LEWIS SO MOVED.

There was brief discussion clarifying for an audience member that Resolution 15-043 was moved to Resolutions for further discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

VISITORS

- A. Michelle Drew, BDO, Auditor's Report, 10 minutes.

Michelle Drew, partner with BDO, reviewed the 2014 audit report.

- B. Robert Letson, South Peninsula Hospital, 10 minutes

Bob Letson, CEO of South Peninsula Hospital, updated the Council on new staffing, expanded systems and services provided by the hospital, community benefits, financial update, and immediate priorities.

- C. Alaska Command and US Pacific Fleet, Exercise Northern Edge, 10 minutes

Captain Ray Hesser and Dr. Cynthia LeDoux provided an overview of the Northern Edge 2015 exercise. They also explained and answered Council questions regarding use of sonar, fish hearing, fish mitigation and monitoring, and effects on fish physiology.

ANNOUNCEMENTS/PRESENTATIONS/BOROUGH REPORT/COMMISSION REPORTS

- A. Borough Report

- B. Commissions/Board Reports:

1. Library Advisory Board

Friends of the Homer Library, Library Western Lot Improvements, 10 minutes

Sue Mauger reviewed a conceptual plan for improvements to the western library lot. She advised they will be having a work party on June 28th to do some upkeep in the area that was recently cleared by the city.

2. Homer Advisory Planning Commission

- a. Minutes of June 3, 2015

3. Economic Development Advisory Commission

4. Parks and Recreation Advisory Commission

Dave Brann, Parks and Recreation Advisory Commissioner, updated the Council about the Commission's long term project on the beach policy upgrade, emphasizing there were a lot of meetings and it was an educational process for all involved. He noted the trails symposium, the water trail birthday, and the Celtic club events happening this weekend.

5. Port and Harbor Advisory Commission
- C. Thank You from Kachemak Heritage Land Trust for Grant Award Through The Homer Foundation

Mayor Wythe called for a recess at 7:05 p.m. and resumed the meeting at 7:10 p.m.

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.

Mayor Wythe opened the public hearing.

There were no public comments and the hearing was closed.

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

LEWIS/REYNOLDS SO MOVED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

- 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.

Mayor Wythe opened the public hearing.

There were no public comments and the hearing was closed.

Councilmember Burgess requested to be recused because he is a managing member and owner of a corporation that owns property immediately adjacent to this parcel which falls under the ethics guidelines.

Mayor Wythe called for a brief recess at 7:17 p.m. to review the rules of necessity due to time constraints in adoption of this ordinance and the lack of a quorum if Councilmember Burgess is recused. The meeting resumed at 7:19 p.m.

Mayor Wythe advised that after reviewing the rule of necessity requirement, because this is an issue that is time sensitive and it is the last day to act upon it to receive this property she declared Councilmember Burgess would participate based on the rule of necessity.

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

LEWIS/REYNOLDS SO MOVED.

Councilmember Burgess noted that if this creates personal or political liability to hold him harmless, he is acting on behalf of the Council at their request. He added if it's going to be the Council's intention to continue to acquire property within the Bridge Creek Watershed we need to take a more macro-cosmic view of property rights as we have largely stripped the people's ability to utilize their personal property in that area. There is a public benefit to doing that, but he doesn't believe in limiting people's ability to use private property while not compensating or addressing it another manner.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

- 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.

Mayor Wythe opened the public hearing.

There were no public comments and the hearing was closed.

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

LEWIS/REYNOLDS SO MOVED.

Mayor Wythe explained the reason for bringing this forward is so the city isn't bound to the funds to balance the city's budget, particularly now with the state's budget concerns.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

- 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.

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.

Mayor Wythe recused herself from discussion due to her standing conflict of interest with gas line related subjects and passed the gavel to Mayor Pro Tempore Roberts.

Mayor Pro-Tempore Roberts opened the public hearing.

There were no public comments and the hearing was closed.

Mayor Pro- Tempore Roberts called for a motion to substitute Ordinance 15-17(S) for Ordinance 15-17.

LEWIS/REYNOLDS SO MOVED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

Mayor Pro- Tempore Roberts called for a motion for the adoption of Ordinance 15-17(S) by reading of title only for second and final reading.

LEWIS/REYNOLDS SO MOVED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

Mayor Wythe returned and assumed the gavel.

ORDINANCE(S)

- A. **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

Mayor Wythe called for a motion for the introduction of Ordinance 15-20.

LEWIS/ROBERTS SO MOVED.

Councilmember Burgess said he has an interest in a property adjacent to this one and a property that would be served by water and sewer as part of this project.

After conferring with staff on the timeframe for action, it was the consensus of the Council to move this to the June 29th agenda for introduction due to a lack of quorum based on Councilmember Burgess's conflict.

CITY MANAGER'S REPORT

- A. City Manager's Report
- B. Bid Report

City Manager Koester noted that she included information in her report about Bridge Creek Watershed Protection District lots that are for sale and ways to purchase them. She requested direction from the Council if they want her to precede the process.

City Manager Koester introduced Patrick Lawrence, Assistant City Manager and welcomed him to the Homer team. She also reported that Fire Chief Painter earned the distinction of being a certified emergency manager from the International Association of Emergency Managers.

She noted a letter of non-objection to Bunnell Street Gallery to do street painting a visual reminder of Woodard Creek on Pioneer Avenue through their Artist in Residence program, along with four other city roads showing where Woodard Creek would be flowing. Also Lake Street has been included in the latest STIP amendment and is on schedule for some design funding, and lastly there is a burn ban in effect.

CITY ATTORNEY REPORT

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

PENDING BUSINESS

NEW BUSINESS

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.

Mayor Wythe called for a motion for the adoption of Resolution 15-046 by reading of title only.

ROBERTS/REYNOLDS SO MOVED.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

- B. **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.

Resolution 15-047(S), 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.

Mayor Wythe recused herself from discussion due to her standing conflict of interest with gas line related subjects and passed the gavel to Mayor Pro Tempore Roberts.

Mayor Pro-Tempore Roberts called for a motion for the adoption of 15-047 by reading of title only.

BURGESS/REYNOLDS SO MOVED

Mayor Pro-Tempore Roberts called for a motion for the substitution of Resolution 15-047(S).

LEWIS/REYNOLDS SO MOVED.

There was no discussion regarding the substitution.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

BURGESS/LEWIS MOVED TO AMEND LINE 35 OF THE SUBSTITUTE TO CHANGE 15% TO 10.5% BOTH THE WRITTEN WORD AND ACTUAL NUMBER.

Councilmember Burgess commented that penalty and interest rates are of the capped for non-interest entities at 10.5% and it could be considered usurious to charge more interest. We are not in the category of an entity that is engaged in business like a credit card company.

City Manager Koester commented she thought the council's intent was to encourage payment as she explained in her back up memo. It's her hope very few people are put in the penalty situation.

VOTE: (Amendment) NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

VOTE: (Main motion as amended) NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

Mayor Wythe returned to the table and resumed the gavel.

- C. **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.

Mayor Wythe called for a motion for the adoption of Resolution 15-043 by reading of title only.

ROBERTS/REYNOLDS SO MOVED.

ROBERTS/LEWIS MOVED TO POSTPONE RESOLUTION 15-043 TO THE NEXT REGULAR MEETING OF THE CITY COUNCIL OF HOMER.

Councilmember Roberts explained she wants to postpone because a large number of people arrived after the comment period because of the earlier presentation by the Navy. The other reason is because we aren't a full council and it would be beneficial to have the other members here to weigh in on the issue.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

- C. **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.
Memorandum 15-086 from Public Works Director as backup.

Mayor Wythe called for a motion for the adoption of Resolution 15-048 by reading of title only.

BURGESS/ROBERTS SO MOVED

Councilmember Roberts feels that what was mailed out to property owners misrepresents what the city is going to do and she wonders how to resolve it.

Public Works Director Meyer commented that there are more steps in the process before finalizing the district where property owners could object to creation of the district if they don't want to continue to move forward. He said it would also be an option to take time to circulate a second petition to clarify the intent of payment for the project.

Councilmember Lewis asked if the City Attorney could weigh in on the best way to proceed with this. City Manager Koester said she will put it to the attorney.

Councilmember Burgess noted this resolution only sets the public hearing for the improvement district and property owners would have the opportunity to object to how this is formed.

ROBERTS/LEWIS MOVED TO POSTPONE TO THE NEXT MEETING.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

COMMENTS OF THE AUDIENCE

Jamie Ross said he's lived in Homer over 25 years and commercial fished throughout the state for 35 years. He objected to the postponement of vote on Resolution 15-048. He's rarely here this time of year and there will like be no commercial fishermen at the next meeting. It's also his understanding the exercises may be done by the next meeting. This has an impact on the commercial fishing industry.

Craig Matkin, city resident, commented about the Navy exercises. Regarding the sonar and marine mammals, it's one of those things that have been fairly clearly demonstrated to cause injury and death in the case of beached whales as seen in the Bahamas, and we do have a substantial beached whale issue in the Gulf of Alaska which hasn't been thoroughly surveyed. He is concerned with the sonar aspect in particular. He cited some examples of studies of impacts on marine mammals.

Amy Christiansen, city resident, commented in opposition to the Navy playing war games anywhere near the fish and marine mammals that live in the ocean near Homer. She urged the city to join Kodiak and Cordova as a coastal community who is very much opposed to this and feels the Navy can practice their war games in a different season and farther away.

David Grimes, Cordova resident, commented that we are blessed to have an abundant ocean. The reason Kodiak and Cordova have rejected the Navy war games in the Gulf of Alaska is because we have been through the Exxon oil spill and are used to not trusting government and industry when they tell us not to worry, that no harm will come to our precious ecosystems and costal economies. We are aware of the Navies history of pollution and that active sonar has been implicated in marine mammal stranding around the world. He also commented about court's ruling against Navy plans to conduct war games in Puget Sound, Hawaii, and California waters. We don't know what long term effects on the fish will be.

Bob Shavelson, Executive Director of Cook Inletkeeper, said he understands the importance of training and readiness. He emphasized the danger to fish populations and a noted all the resolution is asking is to move the location and timing. This is the time of year when the

densest populations of fish and marine mammals are in this area and the sonobuoys are going to be directly along the path of our sockeye and king salmon traverse coming up the gulf. He cited a federal court ruling that the Navy violated the Federal Marine Mammal Protection Act during similar training activities in Hawaii and Southern California; and said they refused a recommendation to do a fish mortality study. This area supports billions and billions of dollars of economic activity in our state every year. He supports the recommendation to do it in a different location at a different time of year.

Sue Christiansen commented about the Navy games. She is mostly concerned about the big picture of ocean acidification and that the US military is the biggest contributors to climate change with wars and those kinds of things. She appreciates they aren't going to do all the things they are authorized to do, but is concerned there are no third party observers. She agrees it should be done at a different location at a different time.

Lisa Fellows, commercial fisherman, expressed concern about fish mortality studies and that just this year in Kodiak there was an unexplained three to four year age class of herring missing. It goes back to 2011, and she doesn't know if there is a connection but it's interesting since herring are affected by the sound. She explained the intercept fisheries and that this is bad timing for the fisheries, the location and time are really potentially adverse to our fishery. Most of the fishermen are already out, so you aren't going to hear from them. She understands they need to do training, but she questions the timing and location of it.

Gordy Vernon said in talking to the people from the Navy they said you have to show them where it's bad science. But there is a bigger reason called bad economics. The rub is that it's for defense. He thinks the City of Homer needs to lead the country and say no, this isn't the way to treat people. These war games are nothing but practicing death and destruction.

Tom Zitzmann, city resident, commented regarding the auditor's report. He is a CPA who has worked in the audit field. He found the discussion of material findings alarming. In the prior year there was a significant deficiency in the financial reporting that was elevated to a material weakness. This year there were two material weaknesses. The issue is the external financial records may not be materially correct. It's a huge issue. The second issue was with grant reporting and a \$1.8 million error which is huge. The comments from the finance department were that they were in process or completed. He asked council to keep their eye on the ball and make sure this issue is being addressed and it seemed like it was downplayed tonight. It isn't acceptable.

Councilmember Burgess noted that the Council did address this in more depth at the Committee of the Whole meeting earlier. He briefly explained that the grant reporting error was that from an accrual standpoint the income was booked in a following year, not the current year. The city's books are materially accurate; it's an instance of year-end adjustments and accrual basis entries.

Shelley Gill commented she has worked as a marine mammal researcher with Eye of the Whale for the last 17 years studying humpback whales. She was struck when listening to the presentation at Islands and Ocean, by the shadowing of this entire procedure. She thinks the Navy needs to be more forthcoming in what they will be doing in the Gulf of Alaska. All the information sent to council came from the Navy's EIS, there have been many changes since past exercises. The exercises will detonate high explosive charges in surface waters of the gulf. The EIS states that of the 1600 five inch gun shells to be fired, 45 will be live high explosive charges fused to detonate with three feet of the water's surface. The acoustical impact is comparable that of a 500 pound bomb. They have been thrown out of Puerto Rico, Hawaii, and California. She referenced precedence from a mass stranding in the Bahamas where biologists were able to get one animal's head cut off and in the freezer and send to necropsy.

Rita Turner, city resident, thanked all the people in marine research that are concerned, and thanked the council for putting this on the agenda to make a statement. The exercises need to be held someplace else. The audience is more informed than the people representing the governments. She encouraged the Council to support them not being in our waters this time of year.

COMMENTS OF THE CITY ATTORNEY

City Attorney Klinkner was absent.

COMMENTS OF THE CITY CLERK

Deputy City Clerk Jacobsen had no comment.

COMMENTS OF THE CITY MANAGER

City Manager Koester had no comment.

COMMENTS OF THE MAYOR

Mayor Wythe said she feels like some of the issues that have come up in the audit in the last few years are found because of fresh eyes looking at our financials. We have a new director for our finance department so there are things that will come forward because new people will see it from a different perspective. She appreciates everyone who came to speak to them, she understands the environmental sensitivity and feelings people have, but for the benefit of our military, she wanted to clearly state that we respect and honor that they are willing to put their lives on the line so we can complain about the way they do their testing.

COMMENTS OF THE CITY COUNCIL

Councilmember Lewis commented that he personally doesn't think it is the city's job to interfere with joint training exercises. He would like to see the training postponed, but he doesn't think they can do it on such short notice. Also doing it later in the year in the fall and winter months, the water in the gulf is a lot rougher and he would not want to put anyone's lives more in danger. He is concerned about the marine mammals, not just with what the Navy does, but also what some people do out on the water. There were about 15 sea lions washed ashore near Craig about a week ago that appear to have been killed by man. Fishermen will use seal bombs to scare seals and sea lions away from their nets, how does that effect hearing, and who knows what the draggers are doing to the bottom. None of us are perfect when we are out on the water.

Councilmember Burgess commented regarding the audit. It's important that the City of Homer maintain accurate reconcilable books and that we follow up to correct the deficiencies. He wants to ensure the public that everything does reconcile out. He explained the two deficiencies, one had to do with how we track grant money, and specifically we didn't put accrual based income in the same year in which the expense occurred, that's because we hadn't received it from a cash flow basis by the end of that fiscal year which created an issue. The second was end of year entries that should have been done for reconciliation issues for several accounts weren't actually performed. It wasn't an issue of fraud or money disappearing, the money was tracked, it just wasn't adjusted the way it should have been. It's definitely something we need to follow up on. He commented about fire safety and asked that people be responsible, one of the worst things you could ever do is allow a fun weekend, drinking, or carelessness with yourself, kids, family, or vehicles to lead to something that threatens peoples life and property. Forest fires are freaky, it's a big deal. Drink water out there, be safe, put your campfires out or just don't make any fires at all. He also offered up the correct process for a two way stop. If you are at an intersection where two roads cross and there is a stop sign on two of those roads, like Main Street and the Sterling Highway, the people who are stopping, the rules are right turn has premise, straight next, then turning left. It doesn't matter who arrives at the intersection first. He noted two accidents, one which was fatal that were the result of people not knowing this rule. Lastly he thanked the public for thoughtful comments this evening. It's helpful for him when comments are measured, factual, calm, and compassionate. If you come up and use an emotional appeal or misinformation to try to discredit someone even if you think they are a bad person or don't agree with, he thinks science and good reasonable discourse certainly helps him make a more informed decision. He appreciated most people having that tone tonight.

Councilmember Reynolds thanked Beau for the stop sign information; it goes along with the whole share the roads message. She congratulated Patrick and welcomed him to the City. She added the other part of why they delayed the resolution about the Navy training is that the time to comment had passed before most of the audience arrived and we want to hear those comments, as well as being short two councilmembers.

Councilmember Roberts thanked Tom Zitzman for his comments about the audit. In her time on the council, very few citizens have paid attention to this and it was nice to hear input from

someone who read through the information. She echoed Beau in reassuring they aren't ignoring what is happening. She commented that postponing the Lillian Walli improvement was probably the best thing to see how to move forward given the situation we have at hand. She thanked Councilmember Lewis for bringing the salmon habitat buffer ordinance forward, even though it might have something to do with other entities. She likes Beau's yearly stop sign reminders. He's given a couple traffic information reminders over his time on the Council, its good he does those reminders. She thanked everyone coming out about the Navy exercises tonight, and lastly she welcomed Patrick.

ADJOURNMENT

There being no further business to come before the Council, Mayor Wythe adjourned the meeting at 8:27 p.m. The 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.

MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved: _____