



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

## Office of the City Manager

491 East Pioneer Avenue  
Homer, Alaska 99603

[citymanager@cityofhomer-ak.gov](mailto:citymanager@cityofhomer-ak.gov)

(p) 907-235-8121 x2222

(f) 907-235-3148

## Memorandum

TO: Mayor Castner and Homer City Council  
FROM: Katie Koester, City Manager  
DATE: March 20, 2019  
SUBJECT: March 26 City Manager Report

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### Old Library Lot

In May of 2016 the City of Homer contracted with Homer Real Estate to market a number of lots, including what we refer to as “the Old Library Lot,” located at 3713 Main Street (see attached map). Last fall Council heard from Angie Newby of Homer Real Estate regarding this lot and due to lack of interest Council decided to pull it from the market. A dated appraisal from Derry and Associated appraised the land at \$225,000. However, the Greatland Street extension has made more commercial property available on the market and Ms. Newby believes the 3713 Main Street appraisal to be high. In addition, whoever develops this lot will have to invest \$50,000-\$60,000 in site development costs as a major hill needs to be excavated and several thousand cubic yards moved off the property.

There has been some renewed interest in the property. Under Homer City Code, a new appraisal is required unless Council decides on an alternate way to determine fair market value and/or there is a reason to exempt the lot from fair market value. If Council is interested in re-listing this lot, I can work with Ms. Newby on listing it. Under HCC a property needs to be advertised for a minimum of 2 weeks before Council can consider an offer. If Council is interested in listing the lot, Ms. Newby recommends reducing the asking price to \$187,500.

### City Manager Meeting

On March 13<sup>th</sup> I attended a Peninsula City Managers meeting in Kenai hosted by Kenai Peninsula Economic Development District (KPEDD). These meetings occur quarterly and are great opportunities to talk through real world, close- to-home issues with colleagues. Assembly President Ogle joined us for lunch where I reaffirmed how appreciative Homer City Council members were to be included in a budget worksession last year. The cities and Boroughs are struggling through issues that we will need to work together on such as the implementation of the Wayfair decision and how funding shortfalls at the Borough could impact municipalities. The City of Kenai just went through the development of a Fund Balance policy and I was able to get some good suggestions from the Kenai City Manager as I work through developing recommendations for Council.

### Mayor's meeting with Senator Sullivan

Friday, March 1<sup>st</sup> Mayor Castner hosted a roundtable with regional Mayors and staff at the request of Senator Sullivan. The Mayor gave a great summary of the meeting during his closing comments at the last meeting; however, I would like to take the opportunity to extend a thank you to Sen. Sullivan and to our

neighboring municipalities for making the time to come to Homer. It was a great opportunity to bring us together to discuss common issues. Thanks also to Mayor Castner who had to rearrange his travel plans to be able to host.

### **Biennial Budget?**

Mayor Castner, Finance Director Walton and I have been discussing the idea of transitioning the City of Homer to a two year budget cycle. Many municipalities have a biennial budget, including Juneau and Seward. Under this budget cycle, an in-depth budget process (much like the annual process we go through annually) would occur every two years. However, a supplemental would be introduced in the in-between years to adjust for changing conditions in both revenue and expenditures (much like the mid-year adjustments now). I think this approach would provide greater stability and free up time for increased budget oversight and development of policy. From a timing perspective, it also gives a new Mayor a year to get their feet under them before being thrust into a full scale budget development process. Under current practice, most line items are formula driven based on historical spending/ revenue patterns. I believe it is the Mayor's objective to fine-tune those formulas so projections will be accurate, predictable and easy to explain. Initiating this transition will take a great deal of work from the Mayor, Finance Department and City Departments. It will also require changes to City Code. Because staff starts developing individual budgets as early as this summer, I would like to have a conversation with Council regarding your thoughts and opinions and be able to work through questions you may have before we march down a path that will be difficult to reverse in a short time frame.

### **Bond Update**

At the last meeting Council passed Resolution 19-019(A), approving a bond sale not to exceed \$5,000,000. I want to emphasize that the City of Homer will only bond for the required amount that we need to reach the project budget of \$7.5m. What the actual bond amount will be will vary depending on a number of factors at the time of closing. Perhaps a more illustrative number than what the City bonds for is total available proceeds. This is the amount that will be wired to the City's account by the Bond Bank at time of closing (May 2) to be able to fund the remainder of the project plus closing costs. At this point, I anticipate the total available proceeds needed to be under \$4.78m. This takes into account the funds that council has already dedicated to the project and \$30,000 in closing costs. The bonds will be sold at a premium (investors will pay for the opportunity to earn an above-market interest rate), which means the stated principal amount of the City's bond will be less than this amount. Because approval for the bond will need to occur in a matter of hours after receiving final terms and conditions when the Bond Bank agrees to sell bonds to its underwriter, Resolution 19-019(A) gives broad authority to the City Manager to determine term and final bond amount. The Mayor, City Manager, Finance Director and City Clerk will all have to sign the approving documents – so there will be an excellent opportunity for review. Mayor Castner has committed to lending his expertise in this regard. We also have very experienced bond counsel working on this project, so I feel confident we are in good hands. I am happy to take any questions you have regarding the final closing process to bond counsel. The Bond Bank is scheduled to sell its bonds on April 16, and the City is on schedule to close on May 2.

### **Damage to HERC Roof**

Recent storms have significantly damaged the roof at HERC 1 and I am concerned about the timeline for repairs to the roof.

In 2018, approximately 90 lineal feet of roofing material (about 3 feet wide) blew off. Public Works installed a torch-down rolled roofing product to make the repair. The second week of March, HERC lost about another 65 lineal feet of material, and adjacent material is delaminating. Public Works has ordered some more torch-down material (about \$1000 worth) to make the repairs as soon as conditions are dry enough. To quote Superintendent Gardner, “these repairs are simply like putting a coat of paint on a car that has blistered paint without first removing the loose paint. It will look fresh, but if you touch the blister, the old paint and the new paint will come off. There is nothing solid that we are attaching the new roof material to.”

Planning for the replacement of the existing roof needs to commence as soon as possible. Public Works will bring in Klauder and Associates to do an assessment of the roof and help us get a handle on the timeline for necessary repairs. The attached photos demonstrate the damage from 2018 and this month.

### **Project Closeout**

The Finance Department is currently reconciling project balances citywide. Some projects have been left open in our “books”, even though no activity has taken place for several years. These projects are being closed and any under/over runs are being addressed by the funding source(s). In the coming months, we will be addressing fund balance policy. Along with that, we need to create a policy that provides guidance on how to properly address project closeouts going forward. A complete list of projects, their status, and a request for authority to transfer funds on projects with a balance over \$10,000 will be brought to Council at that time.

### **CIRCAC Annual Meeting April 5, 2019**

Carla Stanley, Homer’s Representative on the Cook Inlet Regional Citizens Advisory Council, emailed Council that she’s unable to attend the CIRCAC Annual Meeting in person and suggested a Council Member might be interested in attending.

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Photo: March 1, 2019 Mayors Visit with Senator Sullivan

KPB Parcel Viewer Map of 3713 Main Street

Photos of HERC 1 Roof

CIRCAC Annual Meeting Notice and Expert Panel for Cook Inlet Pipelines Information





**March 8, 2019 Mayors Visit with Senator Sullivan**

Left to right:

City of Homer Port and Harbor Director/Harbormaster Bryan Hawkins

City of Homer City Manager Katie Koester

City of Homer Police Chief Mark Robl

Kachemak City Mayor Bill Overway

United States Senator for Alaska Dan Sullivan

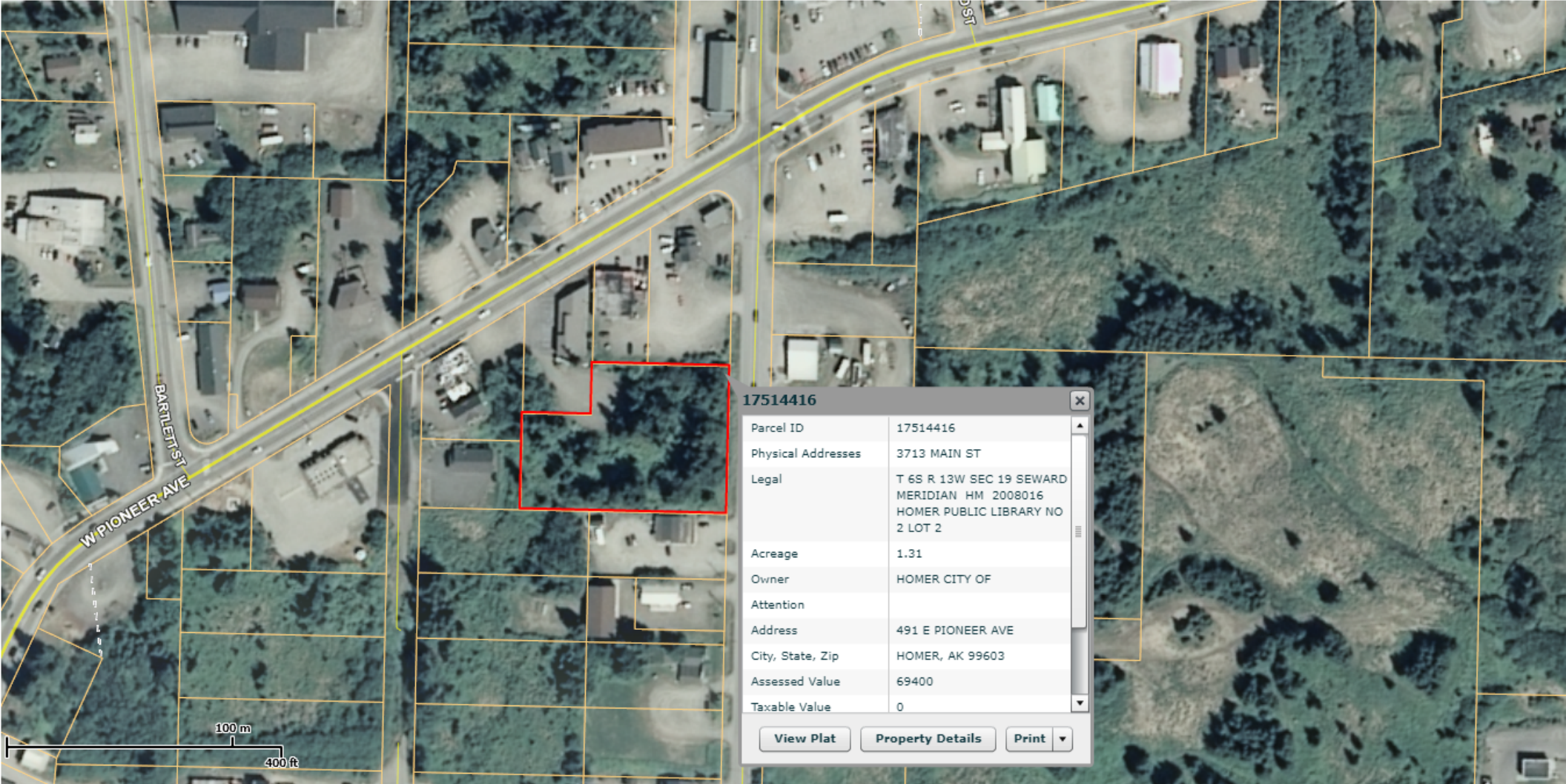
City of Homer Fire Chief Robert Purcell

City of Seldovia City Manager Cassidi Cameron

City of Homer Mayor Ken Castner

City of Seldovia Mayor Dean Lent

Senator Sullivan's Regional Director, Elaina Spraker



17514416	
Parcel ID	17514416
Physical Addresses	3713 MAIN ST
Legal	T 6S R 13W SEC 19 SEWARD MERIDIAN HM 2008016 HOMER PUBLIC LIBRARY NO 2 LOT 2
Acreage	1.31
Owner	HOMER CITY OF
Attention	
Address	491 E PIONEER AVE
City, State, Zip	HOMER, AK 99603
Assessed Value	69400
Taxable Value	0

[View Plat](#) [Property Details](#) [Print](#)



Wed Mar 20 2019 09:05:22 AM

# KPB Parcel Viewer

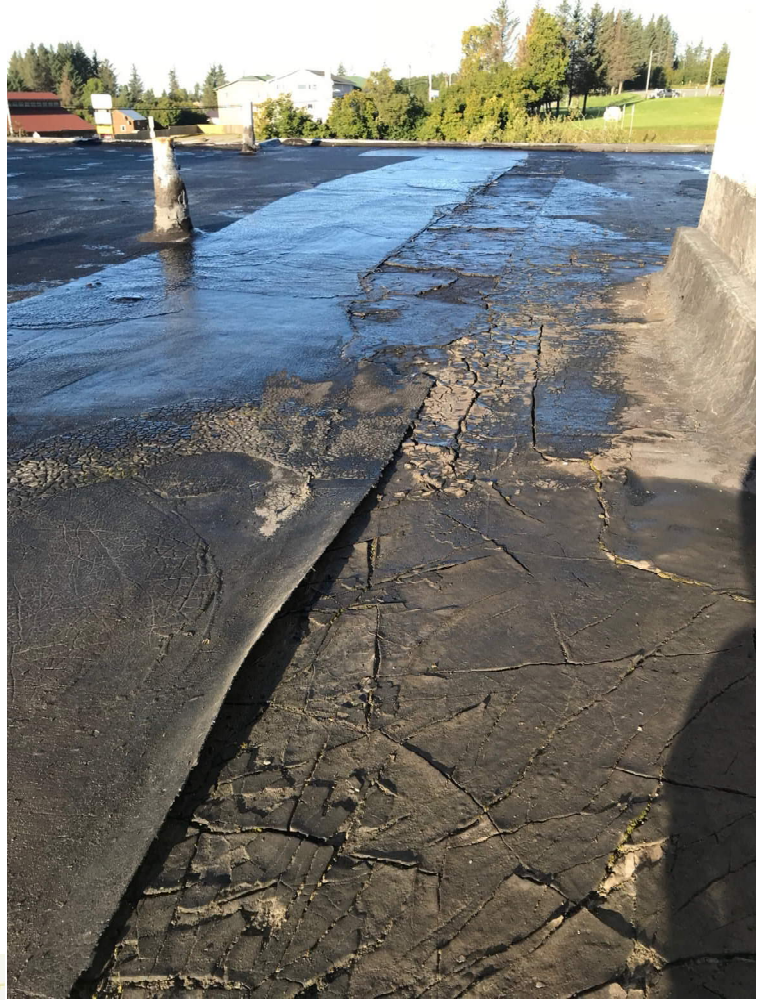
DISCLAIMER: The data displayed herein is neither a legally recorded map nor survey and should only be used for general reference purposes. Koniak Peninsula Borough assumes no liability as to the accuracy of any data displayed herein. Original source documents should be consulted for accuracy verification.



HERC 1 Roof Damage 2018



# HERC 1 Roof Damage 2018





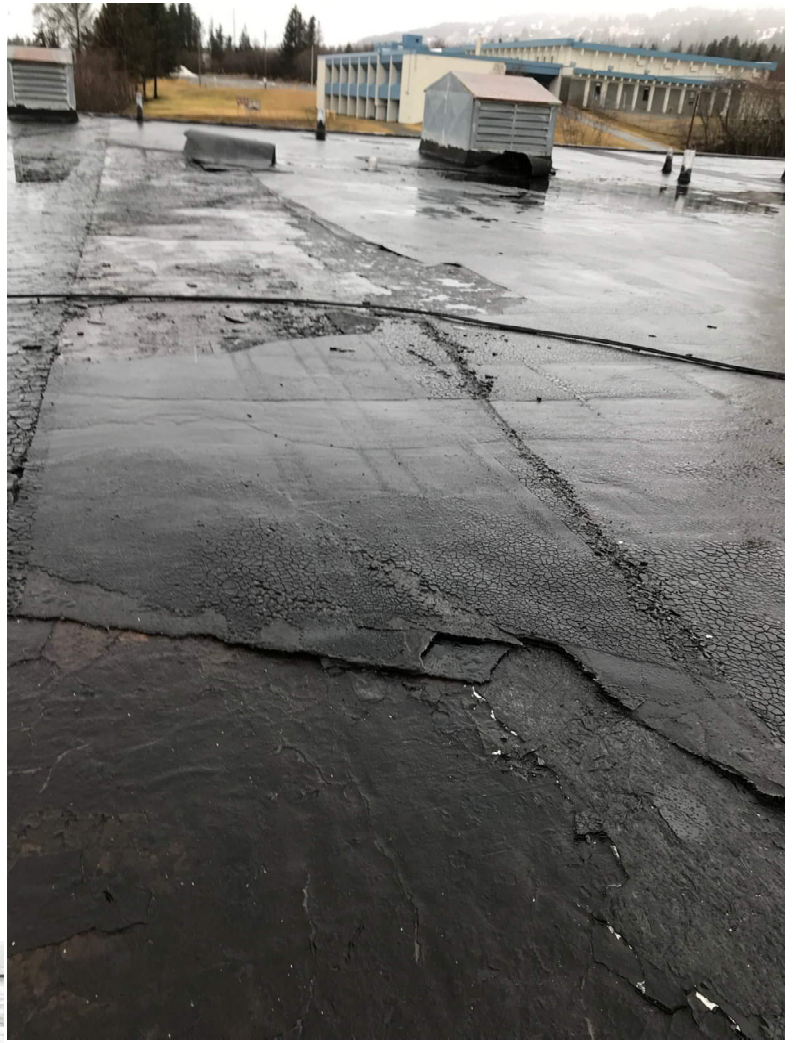
HERC 1 Roof Damage 2018



# HERC 1 Roof Damage March 2019



# HERC 1 Roof Damage March 2019







**COOK INLET**  
REGIONAL CITIZENS  
ADVISORY COUNCIL

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## BOARD OF DIRECTORS REGULAR AND ANNUAL MEETING

March 19, 2019 ·

**WHEN:** April 5, 2019 all-day

**WHERE:** Cook Inlet Aquaculture Building  
Kalifornsky Beach Road  
Kenai

**CONTACT:**  Jerry Rombach  
 907-283-7222  
 Email

 [Calendar](#)

From the Cook Inlet Regional Citizens Advisory Council website

<https://www.circac.org/expert-panel-established-for-cook-inlet-pipelines-project/>

# EXPERT PANEL ESTABLISHED FOR COOK INLET PIPELINES PROJECT

March 15, 2019 · Filed Under: [Highlighted](#)

March 15, 2019—Kenai—Cook Inlet oil and gas pipelines are about to get a close look from a new expert panel charged with ensuring their integrity. Five experts have been selected by the Alaska Department of Environmental Conservation (ADEC) and the Cook Inlet Regional Citizens Advisory Council (CIRCAC) to provide recommendations on pipeline integrity and safety in Cook Inlet, where more than 350 miles of pipelines move oil, gas, and related products among both offshore platforms and onshore facilities.

Panel members Dr. Christopher Dash, James Howell, Andrew Kendrick, Christopher Myers, and Dr. Shirish Patil have more than 150 years of professional experience among them. The five combine local expertise with a broader international perspective, with backgrounds in pipeline operations, engineering, integrity management, corrosion control, and risk analysis.

"I'm very pleased with the depth and breadth of experience the panel brings to this effort," said Graham Wood, project manager for ADEC. Mike Munger, CIRCAC Executive Director, added, "We have been working towards this process for a long time and appreciate the willingness of the panel members to commit themselves to exploring options to enhance pipeline safety in Cook Inlet."

Myers has an intimate knowledge of Cook Inlet oil and gas operations, while Howell and Dash have worked on pipeline safety in other parts of Alaska. Kendrick has consulted on risk management and safety for pipeline projects throughout the country, and Patil spent 30+ years teaching and studying petroleum engineering at the University of Alaska Fairbanks prior to moving to a similar role in Saudi Arabia.

"I look forward to reviewing the technical information and learning whatever I can from the pipeline operators and other panel members," said Dr. Shirish Patil, Saudi Aramco Chair Professor of Petroleum Engineering at the King Fahd University of Petroleum and Minerals in Dhahran, Saudi Arabia. "This is an exciting opportunity to contribute to sustaining Cook Inlet's critical oil production infrastructure while also promoting safety and environmental protection."

The panel will begin reviewing background information in March and convene in May to start their work together.

Contact: Tim Robertson, NUKA Research, (907) 234-7821.

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From the Cook Inlet Regional Citizens Advisory Council website

<https://www.circac.org/expert-panel-established-for-cook-inlet-pipelines-project/>