



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

Agenda Changes/Supplemental Packet

TO: MAYOR CASTNER AND HOMER CITY COUNCIL
FROM: MELISSA JACOBSEN, MMC, CITY CLERK
DATE: OCTOBER 26, 2020
SUBJECT: WORKSESSION AND REGULAR MEETING AGENDA CHANGES AND SUPPLEMENTAL PACKET

WORKSESSION

Unpacking Water and Sewer Rates and Other Mysteries (revised)

Page 3

CONSENT AGENDA

Correct Resolution 20-105 title on agenda to read A Resolution of the City Council of Homer, Alaska Authorizing the City Manager Apply for a Loan from the State of Alaska Department of Environmental Conservation, Alaska Drinking Water Fund, in an Amount not to Exceed \$469,874 to Finance Costs of the Alder Lane and Tasmania Court Water Improvement Projects. City Manager/Public Works Director.

Memorandum 20-173 from City Clerk Re: Letter to Governor Dunleavy Re: Community Spread of COVID-19.

Written public comment.

Page 19

ANNOUNCEMENTS/PRESENTATIONS/REPORTS

Planning Commission Written Report

Page 20

PENDING BUSINESS

Resolution 20-100, A Resolution of the City Council of Homer, Alaska Establishing a Fishermen Economic Recovery Grant (FERG) Program and Approving up to \$1.3 Million from the COVID-19 Response Fund to Provide Economic Relief to City of Homer-Based Vessel Owners Engaged in Commercial Fishing who are Impacted by the COVID-19 Pandemic. Mayor.

Written public comment

Page 22

Resolutions

Resolution 20-111(S), A Resolution of the City Council of Homer, Alaska Awarding the Contract for the Homer Seawall Maintenance Work to East Road Services, Inc. of Homer, Alaska in the Amount of \$45,336 and Authorizing the City Manager to Negotiate and Execute the Appropriate Documents. City Manager/Public Works Director.

Page 23

Memorandum 20-184 from City Engineer as backup

Page 25



Unpacking Water and Sewer Rates and other mysteries

OCTOBER 15, 2020

The Water/Sewer Rate Setting Process

- ▶ Is complex!
- ▶ Involves multiple, intertwining factors
- ▶ Is governed by policy decisions, which haven't always been well documented
- ▶ Can be unpacked into smaller bites

Multiple, Intertwining Factors

- ▶ The Tariff *a.k.a* the rate
- ▶ Water & Sewer Rate Model
- ▶ The Budget
- ▶ The Reserve Funds
- ▶ The HAWSP Fund

The 2013 Water & Sewer Task Force

- ▶ Was born out of complaints about rising rates and lack of fairness
- ▶ Five Homer residents and two Councilmembers
- ▶ Conducted extensive research and deliberations for over 10 months

Conclusions of the 2013 Task Force

- ▶ Some factors (geography, etc.) made Homer's systems more costly than those in similar communities
- ▶ Costs should be billed to reflect customer usage
- ▶ Administrative charges should reflect costs
- ▶ Did not address capital needs

Modifications to the Model

- ▶ Changes had been made to the Model between 2013 and 2018:
 - ▶ To better define the “inputs” to the equation
 - ▶ A 15% Reserve Element was introduced
 - ▶ Basic principles and assumptions stayed the same

Questions for 2021 Rates

- ▶ Should we change the rate model?
- ▶ How should the rate setting exercise be connected to Budget Process?
- ▶ How should the Reserves & HAWSP connect?
- ▶ What projects should the Reserves be used for?
- ▶ How should the Reserves be administered?
- ▶ Does the allocation of administration and other overhead costs properly reflect the actual expenses being charged to water/sewer?

Questions for 2021 – Should we change the rate model?

- ▶ NO!
- ▶ The 2013 Task Force did good work.
- ▶ All adjustments maintained 2013 guidelines.
- ▶ The 15% Reserve was adopted by City Council.

Questions for 2021 - How should the water/sewer rate setting exercise be connected to the City's Budget Process?

- ▶ The Rate Setting Exercise needs good data.
- ▶ Rates should be synchronized with budgets.
- ▶ This may trigger an awkward transition!
- ▶ It will get better.

Question for 2021 – How should the 15% Reserve element & HAWSP connect?

- ▶ Additional Capital Funds must have been deemed necessary
- ▶ Use Reserve Funds for existing equipment/facilities to serve existing customers
- ▶ Use HAWSP Funds to extend service for new customers or to increase system-wide capacity

Question for 2021 – What projects should the Reserves be used for?

- ▶ Use Reserve Funds to keep systems in a state of good repair for existing customers
- ▶ Strengthen and use the tools we started:
 - ▶ Water Capital Improvement Plan
 - ▶ Sewer Capital Improvement Plan
 - ▶ Asset Management Plan

Question for 2021 – How should the Reserves be administered?

- ▶ Base Reserves on needs
- ▶ Document policies/strategies in a Reserve Manual
- ▶ Reconcile accounting methods with policies
- ▶ Reduce the Reserve element from 15% to 0%, for the 2021 rates, for immediate rate relief, until we get better data is available

Question for 2021 - **Does the allocation of administration & other overhead expenses reflect the actual expenses being charged, as recommended by the 2013 Task Force?**

- ▶ Analyze costs
- ▶ Ensure water/sewer accounts are paying their proper share, and no more
- ▶ Maintain the \$13 fee until we get better data
- ▶ Be prepared to make adjustments later

What can we do now?

- ▶ Reduce the Reserve Element from 15% to 0%
- ▶ Maintain \$13 Service Fee
- ▶ Set the rate for 2021

What do we need to do later?

- ▶ Connect rate setting with Budget process
- ▶ Strengthen tools to get better data
- ▶ Recalibrate rates, as necessary
- ▶ Adopt polices related to uses of Reserve Funds
- ▶ Adopt policies related to use of HAWSP Fund

The Bottom Line

- ▶ We have a good model.
- ▶ Don't try to do too much all at once.
- ▶ Focus on getting good data.
- ▶ It's ok to have a transition period.

From: [Mary Griswold](#)
To: [Donna Aderhold](#); [Rachel Lord](#); [Mayor Email](#); [Heath Smith](#); [Caroline Venuti](#); [Joey Evensen](#); [Storm Hansen-Cavasos](#)
Cc: [Melissa Jacobsen](#)
Subject: City letter to the Gov
Date: Friday, October 23, 2020 7:50:58 PM

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

How about asking the Gov to be more proactive on messaging? Neither he nor his commissioner attended this hearing because their schedules were too full. It's a disgrace that they barely pay lip service to the wise advice from scientists and Dr. Zink, which would lead to the quickest sustained opening of businesses and schools.

During a hearing Tuesday with Alaska's House Health and Social Services Committee, health care professionals testified that Alaska's health care system is at risk of being overwhelmed if the rate of new infections continues at its current rate. "The recent increase in COVID-19 illnesses in Alaska is very concerning and could pose a threat to our health care system if rates increase further," Dr. Tom Hennessy, infectious disease epidemiologist with the University of Alaska Anchorage, said during Tuesday's hearing. "The current rate of transmission could be reversed if Alaskans increased our use of facial masks, maintained physical distancing, avoided closed indoor spaces and increased hand-washing. Public messages and/or public policies that promoted these basic steps could reverse the current upward trend and save lives."

(please include in Supplemental Packet for Monday's council meeting)

To: Mayor Castner and Homer City Council
From: Scott Smith, Homer Planning Commissioner
Date: October 21, 2020
Subject: Planning Commission Report for City Council Meeting

The City of Homer Planning Commission met virtually in a scheduled meeting via Zoom on October 21. Present were Commissioners Barnwell, Highland, Petska-Rubalcava, Venuti and Smith, as well as City Planner Abboud and Deputy City Clerk Krause. Commissioner Bentz was excused. Chair Smith experienced technical difficulties and was in and out of the meeting. Vice Chair Petska-Rubalcava presided during his absence.

In the **Work Session**, the HPC heard a spectacular presentation by Jan Keiser, City of Homer Public Works Director. Ms Keiser reflected on her personal and professional history, leading her once again to serve in Homer. She then offered her presentation as a “what happens after” discussion following City Engineers Carey Meyer’s report in the previous Planning Commission meeting. This was a thorough and systematic presentation of some of the historical activities of the Planning Commission and she offered tangible suggestions of how progress on these topics could be pursued. Topics included Green Infrastructure, the Woodard Creek Daylight Project, Soil and Water concerns and conflicts, and City Bathrooms. The Planning Commission expressed gratitude for the presentation and excitement about working with and supporting the efforts of Ms. Keiser.

During our 6:30 **Regular Meeting**, Commissioner Barnwell requested to add to the Planning Commission Minutes of October 7, 2020 a question that was raised to Mr. Meyer about how the City could save upwards of \$20,000,000 using Green Infrastructure. Deputy City Clerk Krause will summarize Mr. Meyer’s response and add this to the Minutes.

Reports: City Planner Abboud reported on Staff Report 20-64 which included information on how some Planning staff will serve with the EDC which will provide for better communication for future development. He also shares how the office was looking into online programs which would assist the permit application process and also create ways for the public to be more involved with Public Hearings without having to attend scheduled Commission meetings (somewhat of an video lay-down process).

A **Public Hearing** on Staff Report 20-65, Conditional Use Permit to add a single-family home to a lot with an existing duplex at 4424 Starboard Way was presented by City Planner Rick Abboud. Motion passed unanimously after minimal discussion.

Pending Business: Staff Report 20-66; Building Height in the Medical Zoning District was presented by City Planner Rick Abboud. City Council voiced concern about a 65' height allowance in this district and asked the Commission to discuss view shed, property values and a possible sub-area within the Medical District. The Planning Commission discussed their positions of being in favor of or being in opposition to the 65' limit, which included preservation of the aesthetic value of the community in contrast to the need for hospital parking. The Planning Office will schedule a time for the Commission to review these concerns more thoroughly at a later date. No Motion was presented at this time.

New Business: City Planner Rick Abboud presented Staff Report PL 20-67: Revision of the Community Design Manual and Large Retail Standards. The CDM is a very effective tool for evaluating growth and progress within the Homer community, but it needs updating. There have been no updates since the mid 2000's. Planner Abboud emphasized that this is not about changing box-store standards but to better describe how the CDM applies to existing structures; to update the siding and trim materials list and color scheme guidelines; and remove items that have been codified. Planning Office will schedule a Work Session to address these requests.

Vice Chair Petska-Rubalcava reviewed the **Informational Materials** expressing praise that air service is returning to Homer!

There were no **Comments of the Audience**.

The next Planning Commission meeting will be held virtually by Zoom on November 4, 2020 at 6:30 p.m.

Revelle Russell
Lookout Fisheries
60143 Lookout Mountain Lane
Homer, AK 99603

October 24, 2020

Dear Homer City Council Members,

I am writing in support of the Homer Economic Relief Grant Program. I understand there has been some discussion that fishermen should not have a grant program because the primary business activity does not occur in city limits.

I run a commercial fishing operation based in city of Homer, though I do live outside city limits (Ohlson Mountain Road). My vessel is moored in the Homer Harbor where I pay approximately \$3,000 a year to the city in moorage, crane and ice fees. I have been paying this since 2010 when I started my business.

To say I don't spend money in City limits would a gross understatement. Safeway, Save-u-More, Napa, Car Quest, FNBA, South Central Radar, SBS, Full Power, Eagle Safety, Petro Marine, AK Boats and Permits, D&D Welding are a few of the businesses who benefit by Lookout Fisheries.

I employ two crew members, both of whom live in City limits. Their money is also spent in Homer. This might be some form of trickle down economics.

By supporting this Grant Program you would be supporting the City of Homer. I am happy to provide you more information if you would like.

Thank you,
Revelle Russell

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 City Manager
4 Public Works Director

5 **RESOLUTION 20-111(S)**

6
7 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
8 AWARDED THE CONTRACT FOR THE HOMER SEAWALL
9 MAINTENANCE WORK TO EAST ROAD SERVICES, INC OF HOMER,
10 ALASKA IN THE AMOUNT OF \$45,336 AND AUTHORIZING THE CITY
11 MANAGER TO NEGOTIATE AND EXECUTE THE APPROPRIATE
12 DOCUMENTS.

13
14 WHEREAS, Homer's Procurement Manual requires that any contract, which exceeds the
15 value of \$25,000, and is not listed in the City's annual budget, must be approved by the City
16 Council; and

17
18 WHEREAS, The Procurement Manual provides that contracts having an estimated value
19 of more than \$25,000 are to be procured as follows:

- 20
21 1. advertised for bid in a newspaper of general circulation in the City
22 for not less than two weeks prior to the date of bid award, unless
23 another form of media is authorized by the City Manager; and
24 2. the bid closing date shall be no sooner than five working days after
25 the last date of advertisement; and
26 3. the contract shall be awarded to the lowest responsive and
27 responsible bidder; and
28

29 WHEREAS, The Procurement Manual provides for exceptions to certain procurement
30 actions, including "construction completion services"; and
31

32 WHEREAS, The City began performing maintenance work on the Seawall in early 2020,
33 but did not complete such services due to lack of funding and uncertainties regarding the
34 formation of the Seawall Armor Rock Special Assessment District; and
35

36 WHEREAS, The City Council has since formed the Seawall Armor Rock Special
37 Assessment District and new funding for the proposed maintenance services will be available
38 in the Ocean Drive Special Service District; and
39

40 WHEREAS, We need to continue the maintenance work as quickly as possible, so it can
41 be done before the Seawall Revetment Project contractor mobilizes and before the high winter
42 storms hit, and
43

44 WHEREAS, Rather than publicly advertising the maintenance work for two weeks, we
45 expedited the procurement process by faxing requests for bids for completing the work to two
46 area contractors experienced in providing and placing riprap in marine environments; and
47

48 WHEREAS, We received two bids on October 23, 2020, and two bids were received (See
49 Memorandum 20-184); and
50

51 WHEREAS, East Road Services of Homer, Alaska was found to be the lowest responsive
52 and responsible bidder; and
53

54 WHEREAS, The City Council is expected to approve the first reading at their October 26,
55 2020 meeting and the second reading at their November 9, 2020 meeting of an ordinance
56 authorizing the expenditure of funds required to complete this project; and
57

58 WHEREAS, Contract award is not final until the City of Homer issues written notification
59 to the firm.
60

61 NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska takes the
62 following actions:
63

- 64 a. Authorizes an exemption of the Homer Procurement Code for these
65 “construction completion services” and substantial compliance.
66
- 67 b. Awards the contract for the Homer Seawall Maintenance Work to East Road
68 Services of Homer, Alaska in the amount of \$45,336.
69
- 70 c. Authorizes the City Manager to negotiate and execute the appropriate
71 documents.
72

73 PASSED AND ADOPTED by the Homer City Council this 26th day of October, 2020.
74

75 CITY OF HOMER
76

77 _____
78 KEN CASTNER, MAYOR
79

80 ATTEST:
81

82 _____
83 MELISSA JACOBSEN, MMC, CITY CLERK
84

85 Fiscal Note: City Seawall Maintenance Fund and Seawall Special Service Area Fund



MEMORANDUM 20-184

To: Rob Dumouchel, City Manager
From: Carey Meyer, City Engineer
Thru: Jan Keiser, Public Works Director
Date: October 23, 2020
Subject: **Award of Seawall Maintenance Contract
Top of Wall Erosion Repair**

On October 23, 2020, through the Fax Back Quote procedures contained within the Homer Procurement Manual, quotes were received to repair erosion damage on behind the seawall. This work needs to be completed prior to the placement of armor rock in front of the wall. Request for quotes was sent to two local contractors with experience providing and placing shot rock in the project area (Dibble Creek Rock, Ltd. and East Road Services, Inc.).

Both returned quotes. The results were evaluated and are as follows:

	<u>Contractor</u> <u>Location</u>	<u>Work</u> <u>Quote</u>	<u>City Provided</u> <u>Materials</u>	<u>Total Project</u> <u>Cost</u>
Dibble Creek Rock	Anchor Point	\$100,000	\$0	\$100,000
East Road Services	Homer	\$ 45,336	\$45,937	\$ 91,273
Engineer's Estimate				\$ 90,000

Public Works recommends awarding to the low bidder (reflecting the lowest total project cost). The City's local bidder's preference does apply to the award of this contract, low bidder is local.

Recommendation:

City Council pass a resolution awarding the maintenance contract for Seawall erosion repair and maintenance project in the amount of \$44,736 to East Road Services, Inc. of Homer, Alaska and authorizing the City Manager to execute all appropriate documents necessary to complete this project.

Fiscal Note – (18%) 156-0369-5261 (\$8,052.48)
(82%) 808-0375-5261 (\$36,683.52)