



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

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Memorandum

TO: Mayor Castner and Homer City Council
FROM: Rob Dumouchel, City Manager
DATE: January 6, 2022
SUBJECT: City Manager's Report for January 10, 2022 Council Meeting

HERC Update

The HERC survey is almost complete. The survey will close January 10th and we appear to be on track to meet our target of 500 responses (over 400 at the time this report was written). The survey was promoted through Facebook ads, a newspaper insert, and some targeted outreach to schools, community groups, etc. Additionally, we hosted an in-person event at the HERC on January 4th and a second event will be held at the Library on January 8th (after this report is submitted). We have begun to do outreach and interviews with potential private partners who indicated an interest in using a potential facility. Once the survey is closed, staff and Stantec will work on an analysis of the data collected to include a comparison of the data to the 2015 Park, Art, Recreation and Culture Needs Assessment.

Ice in the Harbor

The Harbor has had intermittent issues with ice accumulating in the harbor mouth this year with the cold temperatures. Most of the ice originates on the Fox River flats and floats down the bay where winds and tides drive it to the spit and eventually into the harbor. This ice creates a navigation hazard, especially for smaller craft. The City does not have ice breaking capability and encourages a great deal of caution when planning trips in and out of the harbor during this cold winter. If you intend to get on the water, it is advised to contact the Harbormaster's office for information on current conditions.



Harbor Dumpsters

In September, the City Council adopted Ordinance 21-53 which specifically prohibits the dumping of non-Port & Harbor related waste in Port & Harbor Dumpsters. The ordinance also made funds available from the Port & Harbor Reserves to promote the updated dumpster ordinance to the public. Harbor staff have placed signage near all Port & Harbor dumpsters. Harbor staff will be working to break the habit of household trash dumping by educating the public in regards to the ordinance.

Parity Study Getting Underway Soon

Section 4.2.2 of the Personnel Regulations requires the Human Resources Director to review the Position Classification System no less than every five years and report the findings to the City Manager for review. The City's next Parity Study will be completed in 2022. The Salary & Benefits Survey will be sent out this month to multiple municipalities and once the data has been compiled, and analysis complete, the results will be shared with Council. This is an important tool for Administration that allows for comparison and lets us accurately evaluate our current wages and how the City stacks up to other municipalities for individual job classifications.

FY24/25 Preliminary Budget Schedule

Attached to this report is a preliminary budget schedule for the FY24/25 cycle. The plan is to begin work on the budget in July 2022 and have it ready for adoption in April 2023. Administration is trying to give the budget process enough time to be very thorough and unrushed. The extended timeline will give more time to Council, commissions, and the public to comment and engage with staff on the next two-year budget as it develops.

FY22 1st Quarter Report

See attached for a report from the Finance Department covering the first quarter of fiscal year 2022 (July to September 2021). A report for the second quarter (October to December 2021) is expected to be available at the first meeting in February. We are working on getting Finance reports onto a more consistent and predictable schedule. Beginning in 2022, we are intending to publish reports on this schedule: FY22 2nd Quarter – first meeting in February; FY22 3rd Quarter – first meeting in May; FY22 4th Quarter – first meeting in August; FY23 1st Quarter – first meeting in November.

Chair Person Training

The Clerk's Office will be conducting a Chair Person training for all Advisory Body Chairs, Vice Chairs, and members who may be interested in serving as Chair on Wednesday, January 13th at noon. Lunch will be provided and RSVP's are requested. The Clerk's Office held a Chair's training in July 2019 with the intent of it being an annual event, but didn't schedule it in 2020 due to the general upheaval from COVID-19. They'll also be holding Advisory Body training which will be scheduled for each of the groups in the month that their seats renew, kicking off the year with the Port and Harbor Advisory Commission at their February meeting.

Personnel Updates

Public Works: Jenna Luchaco has joined the Public Works roads crew as an Equipment Operator Apprentice. Jenna has worked for Parks seasonally for a number of years and is excited to shift to a full-time role!

Enclosures:

1. January Employee Anniversaries
2. Preliminary budget schedule for FY24/25
3. FY21 First Quarter Report and memo from Finance Director



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Memorandum

TO: MAYOR CASTNER AND CITY COUNCIL
FROM: Andrea Browning
DATE: January 10, 2022
SUBJECT: January Employee Anniversaries

I would like to take the time to thank the following employees for the dedication, commitment and service they have provided the City and taxpayers of Homer over the years.

Teresa Sundmark	Library	15	Years
Tomasz Sulczynski	IT	14	Years
Andrea Browning	Admin	10	Years
Brody Jones	Public Works	8	Years
Burton Gregory	Harbor	8	Years
Jona Focht	Dispatch	7	Years
Lynda Gilliland	Finance	4	Years
Kaela Jiron	Finance	1	Year
Amy Woodruff	Port	1	Year

City of Homer
Preliminary Budget Development Schedule
for Fiscal Year 2024 and 2025

Dates	Event
1/10/2022	Preliminary Budget Development Schedule introduced to Council
July 2022	Begin FY24/25 budget discussions with departments
7/25/2022	Final Budget Development Schedule delivered to Council
August - October 2022	Budget Worksessions (Council and Commissions)
2nd October 2022 Meeting	Committee of the Whole, Council to discuss budget priorities for the coming year
	Regular Meeting, Public Hearing - public input on budget priorities for the coming year
Beginning of November 2022	Submit to departments, budget work sheets including salary and fringe benefit costs
1st December 2022 Meeting	During Committee of the Whole, Council to discuss Revenue Sources for General Fund and preliminary budget assumptions.
End of December 2022	Departmental Draft Budget and narratives to Finance
Mid-January 2023	Compile data and return copy to departments for review
End of January 2023	City Manager - Budget Review with Finance Director and Department Heads
2nd February 2023 Meeting	City Manager's Budget (Proposed Budget) and Utility Rate Model to Council
	Committee of the Whole, Council to discuss budget
	Regular Meeting - Public Hearing
1st March 2023 Meeting	Committee of the Whole, Council to discuss budget
	Regular Meeting - to introduce Budget Ordinance and Fee/Tariff Resolutions
2nd March 2023 Meeting	Committee of the Whole, Council to discuss budget
1st April 2023 Meeting	Committee of the Whole, Council to discuss budget
	Regular Meeting - Public Hearing
2nd April 2023 Meeting	Regular Meeting - Public Hearing & FY 24/25 Budget Adoption

Quarterly General Fund
Expenditure Report
For Quarter Ended September 30, 2021

	Current Fiscal Analysis				Historical Fiscal Analysis			
	Adopted	Actual		%	Actual	Actual	Actual	Actual
	FY22	July - Sept	Budget	Budget	July - Sept	July - Sept	July - Sept	July - Sept
	Budget	2021	Remaining	Remaining	2018	2019	2020	2021
Revenues								
Property Taxes	\$ 3,794,794	\$ 1,977,401	\$ 1,817,394	48%	\$ 1,739,464	\$ 1,792,888	\$ 1,868,414	\$ 1,977,401
Sales and Use Taxes	6,099,969	2,424,606	3,675,364	60%	2,318,982	1,918,910	1,720,234	2,424,606
Permits and Licenses	46,595	12,196	34,399	74%	14,030	7,923	14,465	12,196
Fines and Forfeitures	22,930	11,292	11,638	51%	6,561	12,198	5,075	11,292
Use of Money	146,718	(6,701)	153,418	105%	10,562	29,387	24,112	(6,701)
Intergovernmental	562,866	95,800	467,066	83%	110,017	126,017	-	95,800
Charges for Services	597,597	251,484	346,113	58%	169,379	209,971	224,226	251,484
Other Revenues	-	75,108	(75,108)	0%	1,198	605	12,481	75,108
Airport	198,729	58,180	140,549	71%	54,043	65,229	39,232	58,180
Operating Transfers	1,905,916	10,000	1,895,916	99%	-	-	-	10,000
Total Revenues	\$ 13,376,115	\$ 4,909,366	\$ 8,466,749	63%	\$ 4,424,236	\$ 4,163,127	\$ 3,908,239	\$ 4,909,366
Expenditures & Transfers								
Administration	\$ 1,281,755	\$ 247,942	\$ 1,033,814	81%	\$ 206,229	\$ 223,261	\$ 215,497	\$ 247,942
Clerks	873,182	187,694	685,488	79%	153,591	291,935	176,774	187,694
Planning	416,528	88,538	327,990	79%	80,460	86,577	96,487	88,538
Library	949,036	195,667	753,370	79%	204,364	203,340	189,328	195,667
Finance	873,394	174,528	698,865	80%	150,708	152,622	162,047	174,528
Fire	1,432,183	299,177	1,133,006	79%	218,320	236,059	295,450	299,177
Police	3,739,209	920,450	2,818,760	75%	784,315	764,705	823,903	920,450
Public Works	3,020,354	644,687	2,375,667	79%	609,105	656,606	643,659	644,687
Airport	226,517	29,937	196,580	87%	39,827	30,224	32,510	29,937
City Hall, HERC	189,087	25,455	163,632	87%	36,972	35,585	32,686	25,455
Non-Departmental	94,000	-	94,000	100%	-	-	-	-
Total Operating Expenditures	\$ 13,095,247	\$ 2,814,076	\$ 10,281,171	79%	\$ 2,483,889	\$ 2,680,914	\$ 2,668,340	\$ 2,814,076
Transfer to Other Funds								
Leave Cash Out	\$ 136,126	\$ 136,126	\$ -	0%	\$ -	\$ -	\$ -	\$ 136,126
Other	113,823	113,823	-	0%	-	-	-	-
Total Transfer to Other Funds	\$ 249,949	\$ 249,949	\$ -	0%	\$ -	\$ -	\$ -	\$ 136,126
Transfer to CARMA								
General Fund Fleet CARMA	\$ 20,918	\$ 20,918	\$ -	0%	\$ -	\$ -	\$ -	\$ 20,918
Seawall CARMA	10,000	10,000	-	0%	-	-	-	-
Total Transfer to CARMA Funds	\$ 30,918	\$ 30,918	\$ -	0%	\$ -	\$ -	\$ -	\$ 20,918
Total Expenditures & Transfers	\$ 13,376,115	\$ 3,094,943	\$ 10,281,171	77%	\$ 2,483,889	\$ 2,680,914	\$ 2,668,340	\$ 2,971,120
Net Revenues Over (Under) Expenditures	\$ -	\$ 1,814,422						

Quarterly Water and Sewer Fund
Expenditure Report
For Quarter Ended September 30, 2021

	Current Fiscal Analysis				Historical Fiscal Analysis			
	Adopted FY22 Budget	Actual July - Sept 2021	Budget Remaining	% Budget Remaining	Actual July - Sept 2018	Actual July - Sept 2019	Actual July - Sept 2020	Actual July - Sept 2021
Revenues								
Water Fund	\$ 2,014,420	\$ 687,742	\$ 1,326,678	66%	\$ 597,682	\$ 735,421	\$ 661,240	\$ 687,742
Sewer Fund	1,762,264	581,597	1,180,668	67%	585,537	575,945	508,851	581,597
Total Revenues	\$ 3,776,685	\$ 1,269,339	\$ 2,507,346	66%	\$ 1,183,219	\$ 1,311,366	\$ 1,170,091	\$ 1,269,339
Expenditures & Transfers								
<u>Water</u>								
Administration	\$ 202,025	\$ 74,096	\$ 127,929	63%	\$ 61,450	\$ 57,035	\$ 52,248	\$ 74,096
Treatment Plant	616,638	143,429	473,209	77%	147,854	134,112	158,434	143,429
System Testing	27,400	2,602	24,798	91%	12,399	7,382	5,008	2,602
Pump Stations	93,119	14,137	78,982	85%	29,403	24,737	37,644	14,137
Distribution System	348,073	64,970	283,102	81%	55,171	60,739	71,757	64,970
Reservoir	17,326	2,532	14,794	85%	10,484	11,812	3,262	2,532
Meters	181,863	27,494	154,368	85%	(25,497)	55,584	21,204	27,494
Hydrants	203,479	48,685	154,795	76%	45,436	49,420	40,995	48,685
<u>Sewer</u>								
Administration	\$ 191,623	\$ 64,438	\$ 127,185	66%	\$ 47,632	\$ 46,414	\$ 42,000	\$ 64,438
Plant Operations	689,890	110,393	579,497	84%	141,542	164,976	196,446	110,393
System Testing	14,500	3,436	11,064	76%	15,718	3,909	4,215	3,436
Lift Stations	210,079	44,123	165,956	79%	41,403	44,719	42,961	44,123
Collection System	326,795	74,238	252,558	77%	79,528	59,646	53,720	74,238
Total Operating Expenditures	\$ 3,122,810	\$ 674,573	\$ 2,448,236	78%	\$ 662,523	\$ 720,486	\$ 729,894	\$ 674,573
Transfer to Other Funds								
Leave Cash Out	\$ 72,026	\$ 72,026	\$ -	0%	\$ -	\$ -	\$ -	\$ 72,026
GF Admin Fees	588,359	-	588,359	100%	-	-	-	-
Other	23,030	23,030	-	0%	-	-	-	23,030
Total Transfer to Other Funds	\$ 683,415	\$ 95,056	\$ 588,359	86%	\$ -	\$ -	\$ -	\$ 95,056
Transfers to CARMA								
Water	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	\$ -
Sewer	-	-	-	0%	-	-	-	-
Total Transfer to CARMA Funds	\$ -	\$ -	\$ -	0%	\$ -	\$ -	\$ -	\$ -
Total Expenditures & Transfers	\$ 3,806,225	\$ 769,629	\$ 3,036,596	80%	\$ 662,523	\$ 720,486	\$ 729,894	\$ 769,629
Net Revenues Over(Under) Expenditures	\$ (29,541)	\$ 499,710						

Note: The budgeted deficit was expected, per ORD 21-32(S).

Quarterly Port and Harbor Fund
Expenditure Report
For Quarter Ended September 30, 2021

	Current Fiscal Analysis				Historical Fiscal Analysis			
	Adopted FY22 Budget	Actual July - Sept 2021	Budget Remaining	% Budget Remaining	Actual July - Sept 2018	Actual July - Sept 2019	Actual July - Sept 2020	Actual July - Sept 2021
Revenues								
Administration	\$ 596,909	\$ 165,430	\$ 431,479	72%	\$ 134,980	\$ 166,555	\$ 176,276	\$ 165,430
Harbor	3,312,100	2,003,256	1,308,844	40%	1,519,953	1,671,229	1,836,495	2,003,256
Pioneer Dock	330,646	115,000	215,646	65%	108,205	101,663	92,656	115,000
Fish Dock	565,242	243,957	321,284	57%	257,739	295,891	219,838	243,957
Deep Water Dock	161,889	66,303	95,586	59%	120,332	87,998	23,003	66,303
Outfall Line	4,800	-	4,800	100%	-	-	-	-
Fish Grinder	7,191	6,803	389	5%	5,573	5,860	5,215	6,803
Load and Launch Ramp	126,483	57,797	68,686	54%	56,012	53,479	56,350	57,797
Total Revenues	\$ 5,105,259	\$ 2,658,546	\$ 2,446,713	48%	\$ 2,202,794	\$ 2,382,674	\$ 2,409,833	\$ 2,658,546
Expenditures & Transfers								
Administration	\$ 683,339	\$ 224,549	\$ 458,791	67%	\$ 154,065	\$ 177,409	\$ 163,566	\$ 224,549
Harbor	1,355,331	272,728	1,082,603	80%	305,319	319,984	328,591	272,728
Pioneer Dock	81,451	21,548	59,903	74%	13,880	16,840	24,867	21,548
Fish Dock	644,058	119,921	524,137	81%	172,793	182,869	178,322	119,921
Deep Water Dock	85,324	22,311	63,013	74%	33,518	21,599	18,807	22,311
Outfall Line	6,500	-	6,500	100%	-	-	-	-
Fish Grinder	27,833	12,649	15,184	55%	8,495	15,333	9,940	12,649
Harbor Maintenance	445,576	80,290	365,285	82%	102,974	119,191	110,237	80,290
Main Dock Maintenance	40,768	8,277	32,491	80%	8,645	9,263	7,527	8,277
Deep Water Dock Maintenance	51,268	8,289	42,980	84%	14,444	10,225	8,376	8,289
Load and Launch Ramp	92,282	24,012	68,270	74%	23,067	24,002	19,933	24,012
Total Operating Expenditures	\$ 3,513,732	\$ 794,574	\$ 2,719,158	77%	\$ 837,200	\$ 896,716	\$ 870,167	\$ 794,574
Transfer to Other Funds								
Leave Cash Out	\$ 66,243	\$ 66,243	\$ -	0%	\$ -	\$ -	\$ -	\$ 66,243
GF Admin Fees	453,392	-	453,392	100%	-	-	-	-
Debt Service	69,285	69,285	-	0%	-	-	-	69,285
Other	301,517	301,517	-	0%	-	-	-	301,517
Total Transfer to Other Funds	\$ 890,437	\$ 437,045	\$ 453,392	51%	\$ -	\$ -	\$ -	\$ 437,045
Transfers to Reserves								
Harbor	\$ 666,889	\$ -	\$ 666,889	100%	\$ -	\$ -	\$ -	\$ -
Load and Launch Ramp	34,201	34,201	-	0%	-	-	-	34,201
Total Transfer to Reserves	\$ 701,090	\$ 34,201	\$ 666,889	95%	\$ -	\$ -	\$ -	\$ 34,201
Total Expenditures & Transfers	\$ 5,105,259	\$ 1,265,820	\$ 3,839,439	75%	\$ 837,200	\$ 896,716	\$ 870,167	\$ 1,265,820
Net Revenues Over(Under) Expenditures	\$ -	\$ 1,392,726						



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Memorandum

TO: Mayor Castner and Homer City Council
THROUGH: Rob Dumouchel, City Manager
FROM: Elizabeth Walton, Finance Director
DATE: January 2, 2022
SUBJECT: FY2022 1st Quarter Financials

This memo will provide additional information related to the FY2022 1st Quarter Financial Report.

Report Basics:

The purpose of these reports is to provide a budget versus actual comparison for City Council and at the same time illustrating the operating revenues and expenditures each fund has experienced within a given time period. Therefore, it is important to remember that these reports are not all inclusive and do not represent all financial activity of the City. The focus is to report on those revenues and expenditures that present themselves as operating and are included in our budget.

In prior years, operating transfers associated with admin fees have been recorded in the first month of the fiscal year. We are making a fundamental shift in this process to coincide with the timing of our new fiscal year. It is fiscally more responsible to perform these transfers at the end of the fiscal year to account for any unforeseen financial impacts on the funds being charged (Water, Sewer and Port funds). This change will also delay revenue to the General Fund until the end of the fiscal year.

Another update to this report is the inclusion of a historical fiscal analysis. The purpose of this section is to provide City Council and the public comparative data for the same date range. As time goes on, this data will allow for better trend analysis and benchmarking.

General Fund:

Revenue Breakdown:

- Property tax is collected and administered by the Kenai Peninsula Borough and remitted to the City. The majority of these payments are remitted in September, October and November. Taxpayers can either split tax installments in two (first half due on September 15 and second half due on November 15) or can pay taxes in full on October 15.

- Sales tax is collected and administered by the Kenai Peninsula Borough (KPB) and then remitted to the City. KPB remits sales tax revenue to the City on a monthly basis, but there is a two month “lag” in the revenue received. This means that the revenue that is received by the City in one month is not a reflection on sales tax actually earned in that particular month.
- Use of money represents the interest income earned (lost) on investments held. This particular quarter experienced a net loss in investment earnings.
- Intergovernmental revenues include: Prisoner Care Contract with the State of Alaska for \$440,066; Pioneer Avenue Maintenance Contract with the State of Alaska for \$34,000; Police Special Services Contract with the State of Alaska for \$36,000; and the Borough 911 Contract with the Kenai Peninsula Borough for \$52,800.
- Charges for services include revenues received from the certain services provided by the City (i.e. application fees, ambulance fees, camping fees).
- Other revenues received for this quarter is primarily from ACS for \$75,000 (reference ORD 21-42).
- Airport revenues represent those revenues collected through business at the Homer airport (leases, car rental, concessions, and parking fees).
- Operating transfers represent the admin fees charged to Water, Sewer and Port funds. The budget transfer from HART-Roads and HART-Trails to contribute to road and trail maintenance is also under this category. The \$10,000 transfer is representative of the amount the Utility Fund transfers to the General Fund to contribute to Public Works maintenance costs connected with Utility facilities and equipment.

Expenditure Highlights:

- Administration includes: City Manager, Personnel, IT, and Community Recreation.
- Clerks includes: Mayor/Council, City Clerk and City Elections.
- Non-Departmental includes contributions to Pratt Museum and Homer Foundation.
- Other transfers include: transfer to health insurance fund (balancing mechanism), transfer to water hydrants and transfers to revolving energy fund (city hall, airport, animal shelter, library, and public works).

Preliminary estimates show the General Fund experiencing a roughly \$1.8 million operating surplus after the first quarter for FY22.

Water and Sewer Fund:

Revenue Breakdown:

- Revenues received into the water fund include: metered sales, connection fees, investment income, penalties, and hydrant transfer from the General Fund.
- Revenues received into the sewer fund include: metered sales, inspection fees and dump station fees.

Expenditure Highlights:

- General Fund Admin Fees have not been posted for the Utility Fund, as we are waiting until the end of the fiscal year to align with new processes.

- Other transfers include: transfer to health insurance fund (balancing mechanism), transfers to revolving energy fund (water fund) and \$10,000 transfer to General Fund for Public Works maintenance.

Preliminary estimates show the Water and Sewer Fund experiencing a roughly \$500k operating surplus after the first quarter for FY22.

Port and Harbor Fund:

Revenue Breakdown:

- Administration revenues include: rents and leases, storage fees, investment income and any surplus revenues.
- Harbor revenues primarily represent stall revenues, but it also includes income received from energy charges, parking revenue and commercial ramp wharfage.
- Pioneer dock revenues include: Coast Guard leases, fuel wharfage, water sales and docking fees.
- Fish dock revenues include: ice sales, cold storage, crane rental, seafood wharfage and fish tax.
- Deep water dock revenues primarily represent docking and water sales at the deep water dock.

Expenditure Highlights:

- General Fund Admin Fees have not been posted for the Port Fund, as we are waiting until the end of the fiscal year to align with new processes.
- Debt Service transfer represents the Lot 42 loan with the General Fund. The Port has budgeted to pay this loan off by the end of FY23.
- Harbor transfers to reserves have not been posted for the Harbor, as we are waiting until the end of the fiscal year to align with new processes.
- Load and Launch Ramp transfers to reserves have been made, as these revenues are expected to exceed expenditures. These revenues in excess are accounted for separately from the larger harbor reserves.

Preliminary estimates show the Port and Harbor Fund experiencing just shy of a \$1.4 million operating surplus after the first quarter for FY22.