



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: August 18, 2022
SUBJECT: City Manager's Report for August 22, 2022 Council Meeting

Main Street Sidewalk Construction & Ben Walters Sidewalk Planning

The Main Street Sidewalk project has resumed. East Road Services received their storm drain materials and has been installing them. We have also replaced two obsolete fire hydrants.

On a related note, the Ben Walters Way Sidewalk is at 35% design. The current cost estimate is \$1.5M which is in line with what has been forecast in the Road Financial Plan for the project.

Visit from AKDOT&PF Commissioner

Alaska Department of Transportation and Public Facilities Commissioner Ryan Anderson and Communications Director Shannon McCarthy visited with Harbormaster Bryan Hawkins, Deputy Harbormaster Matt Clarke, Special Projects Coordinator Jenny Carroll, and I at the Harbormaster's office on August 17th. We discussed topics ranging from the port expansion and beach renourishment along the spit to winter snow plowing operations and employee recruitment/retention. We are very appreciative of the Commissioner making the time to visit Homer in person and discuss our transportation needs and ideas for partnerships in the future.

Master Transportation Plan

City staff and Kinney Engineering held a Kick-off Meeting to review the Scope of Work for the Master Transportation Plan which was funded earlier this month by Ordinance 22-38. One of the things we will be doing is working with the community to identify goals and objectives. We will be debating questions like – What Levels of Service do we want for Homer's roads? We told Kinney that rather than seeking Levels of Service that focus on moving cars as quickly as possible from Point A to Point B, we've heard the community is envisioning a more "People First" approach.

Kinney will also be memorializing the importance of State-owned roads to the City's transportation system and helping us work through a critical dichotomy; that is, we want to control our vision, but we don't own the most important roads that affect that vision and it's challenging to control, or even influence, what you don't own. We held a brief discussion on this item with the AKDOT&PF Commissioner while he was in Homer and he provided a member of his staff as a point of contact for this work when we are ready to engage the state.

Visit with NOAA Administrator

Richard Spinrad, Ph.D., the Under Secretary of Commerce for Oceans and Atmosphere & NOAA Administrator, and members of his staff, visited Homer Wednesday, August 17. Dr. Spinrad is responsible for the strategic direction and oversight of the agency. His visit to Homer was part of a 10-day trip in Alaska to gain an understanding of local needs and concerns regarding NOAA services, meet local NOAA staff, discuss the changing climate and how NOAA can help foster sustainable development in the coastal marine economy. Special Projects Coordinator Jenny Carroll had the opportunity to attend a meet and greet with Dr. Spinrad where they discussed topics ranging from community and economic development as it relates to water resources, local initiatives to address climate change, erosion and clean water, including the Green Infrastructure Slope Stability/Erosion Mitigation project, and NOAA's tsunami warning system and communications. Other stops on NOAA's itinerary include Anchorage, Juneau, Kenai, Nome and Fairbanks.

Alaska Municipal League Summer Conference

I attended the Alaska Municipal League (AML) summer conference in Sitka. August 10th was a full day meeting of the Alaska Municipal Management Association (AMMA). After dispensing with our business meeting (I'm an AMMA board member), we spent the rest of the day focused on employee recruitment and retention. All throughout the state, cities and boroughs are struggling to find and retain quality employees. Similar to Homer, housing is a major barrier. Most attendees were also struggling to offer competitive wages for most positions. We'll be digging more into employee issues at our December meeting in Anchorage. August 11th and 12th were focused on statewide topics and discussion led by AML.

Quarterly Finance Report

Attached to this report is a report covering the 4th quarter of FY22. Sales tax revenue is artificially low in the report because at the time it was written, we still had not completely received 4th quarter sales tax data from the Kenai Peninsula Borough. I expect that we will have that information available for the next Council meeting.

Enclosures:

1. FY22 Q4 Report from Finance Director



City of Homer

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Finance Department

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Memorandum

TO: Mayor Castner and Homer City Council
THROUGH: Rob Dumouchel, City Manager
FROM: Elizabeth Walton, Finance Director
DATE: August 18, 2022
SUBJECT: FY2022 4th Quarter Financials

This memo is broken into two sections. The first section provides some analysis of the fourth quarter data from the perspective of the Finance Department. The second section provides some background information that may be helpful in interpreting the associated spreadsheet.

Remember that these financial reports are preliminary and are subject to change.

General Fund:

Preliminary estimates show the General Fund experiencing roughly a \$336k operating surplus at the close of FY22. This number is expected to increase when final sales tax figures are received.

Financial Analysis:

- Sales tax revenue was originally budgeted at \$5.8 million, amended to \$8.3 million and actual revenue received fiscally to date is \$7.3 million. Remote sales tax revenue was budgeted at \$207,225 and actual revenue received fiscally to date is \$308,693. **Remember, we are awaiting final sales tax figures for the 4th quarter and will have more revenue to record once that information is received from the borough.**
- The use of money (investment) category shows revenue/losses for long-term investments. There are periods in which we experience losses, but in the end (maturity) the City will likely experience net gains on our investment decisions.
- Operating transfers are slighter under budget, as the full budgeted amount for HART-Roads wasn't transferred due to actual road maintenance costs coming in under budget. The transfer amount now matches the actual costs less the mandatory \$500,000 required deposit into HART-Roads.
- Most General Fund expenditure categories managed to keep within budget parameters. Looking at historical trends, the collective expenditure is in line with historical spending.
- Two key areas to highlight:

- Clerks. It is important to remember that this category also includes the Mayor/Council operating expenses. The main driver with this overage is legal expenses. These expenses were budgeted at \$275,000 for FY22 and preliminary actuals are \$402,087.
- Non-departmental. The \$25,000 overage is attributed to the funding of a portion of the Homer Business Advisor of the Alaska Small Business Development Center (ORD 21-68).

Water and Sewer Fund:

Preliminary estimates show the Water and Sewer Fund experiencing just under a \$235k operating surplus after the close of FY22.

Financial Analysis:

- Utility total revenues are exceeding budget expectations and consistent with historical trends. Historically, water revenues are down slightly and sewer revenues are above trends. This can be attributed to changes in water and sewer rates over the years.
- Utility preliminary expenditures are in line with budget expectations. The collective expenditures are down from the same time interval in 2020, but some of this can be attributed to the difficulty in acquiring items.
- One key area to highlight is the Water Distribution System – The main cause of this overage is associated with electricity expenses. The budget was \$40,382 and the preliminary actuals are roughly \$216k.

Port and Harbor Fund:

Preliminary estimates show the Port and Harbor Fund experiencing just over a \$625k operating surplus at the close of FY22.

Financial Analysis:

- Seasonality is a huge factor in the harbor operations and the timing of receiving its revenues. The largest single component of revenue for the harbor is stall revenues and it is collected in the first half of the fiscal year. The Harbor budgeted roughly \$1.54 million in reserved stall revenue and actual revenue received fiscally to date is \$1.55 million. There is a year-end accounting entry to adjust for period reporting, so this value is subject to change.
- The majority of harbor expenditure categories managed to stay within budget appropriations by the close of FY22.

Background Information:

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.

An update to this report this fiscal year 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.
- 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 charges the City charges for some services it provides (i.e. application fees, ambulance fees, camping fees).
- Other revenues received for this time period 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.

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 were waived for the Utility Fund in FY22 and FY23, per the amended FY22/23 Operating Budget (ORD 22-20).
- Other transfers include: transfer to health insurance fund (balancing mechanism), transfers to revolving energy fund, hydrant transfer to the water fund and \$10,000 transfer to General Fund for Public Works maintenance.

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 were waived for the Port Fund in FY22 and FY23, per the amended FY22/23 Operating Budget (ORD 22-20).
- 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.
- Load and Launch Ramp revenues in excess are accounted for separately from the larger harbor reserves.

Treasurer's Report:

The treasurer's report illustrates the investment positions of the City of Homer. It details the total amount held in our bank accounts and the timeline of maturity.

Quarterly General Fund
Expenditure Report
Thru Quarter Ended June 30, 2022

	Current Fiscal Analysis				Historical Fiscal Analysis			
	Amended FY22 Budget	Actual FY22 YTD	Budget Remaining	% Budget Remaining	Actual July 2018 - June 2019	Actual July 2019 - June 2020	Actual July 2020 - June 2021	Actual July 2021 - June 2022
Revenues								
Property Taxes	\$ 3,794,794	\$ 3,818,464	\$ 23,669	1%	\$ 3,522,082	\$ 3,631,221	\$ 3,730,911	\$ 3,818,464
Sales and Use Taxes*	8,548,113	7,659,654	(888,459)	-10%	6,128,318	6,582,962	7,117,886	7,659,654
Permits and Licenses	46,595	40,594	(6,001)	-13%	42,754	45,012	41,672	40,594
Fines and Forfeitures	22,930	21,246	(1,684)	-7%	17,855	23,265	11,849	21,246
Use of Money	146,718	(196,256)	(342,974)	-234%	187,572	244,060	22,068	(196,256)
Intergovernmental	562,866	571,866	9,000	2%	662,360	572,713	553,866	571,866
Charges for Services	597,597	677,360	79,762	13%	422,098	672,578	360,130	677,360
Other Revenues	-	123,185	123,185	0%	47,475	64,425	130,950	123,185
Airport	198,729	201,972	3,243	2%	203,324	209,116	171,375	201,972
Operating Transfers	864,165	799,825	(64,340)	-7%	2,026,004	2,058,582	315,184	799,825
Total Revenues	\$ 14,782,507	\$ 13,717,910	\$ (1,064,597)	-7%	\$ 13,259,841	\$ 14,103,934	\$ 12,455,891	\$ 13,717,910
Expenditures & Transfers								
Administration	\$ 1,392,969	\$ 1,178,744	\$ 214,225	15%	\$ 1,060,060	\$ 1,041,825	\$ 1,101,871	\$ 1,178,744
Clerks	880,182	950,980	(70,798)	-8%	722,341	746,276	881,584	950,980
Planning	416,528	373,735	42,794	10%	362,197	370,951	408,041	373,735
Library	952,536	806,336	146,200	15%	858,099	832,823	858,734	806,336
Finance	888,674	715,766	172,908	19%	658,125	698,130	774,959	715,766
Fire	1,481,683	1,268,979	212,704	14%	981,961	1,060,985	1,336,019	1,268,979
Police	3,837,209	3,638,646	198,564	5%	3,251,742	3,338,503	3,797,479	3,638,646
Public Works	3,272,912	2,763,561	509,351	16%	2,538,235	2,485,682	2,908,328	2,763,561
Airport	226,517	225,033	1,484	1%	197,848	193,191	215,442	225,033
City Hall, HERC	189,087	190,221	(1,134)	-1%	166,428	149,286	174,815	190,221
Non-Departmental	94,000	119,000	(25,000)	-27%	94,000	94,000	94,000	119,000
Total Operating Expenditures	\$ 13,632,299	\$ 12,231,001	\$ 1,401,298	10%	\$ 10,891,038	\$ 11,011,651	\$ 12,551,269	\$ 12,231,001
Transfer to Other Funds								
Leave Cash Out	\$ 136,126	\$ 136,126	\$ -	0%	\$ 85,232	\$ 104,643	\$ 58,222	\$ 136,126
Other	983,164	983,164	-	0%	180,642	122,991	69,860	983,164
Total Transfer to Other Funds	\$ 1,119,290	\$ 1,119,290	\$ -	0%	\$ 265,874	\$ 227,635	\$ 128,082	\$ 1,119,290
Transfer to CARMA								
General Fund Fleet CARMA	\$ 20,918	\$ 20,918	\$ -	0%	\$ 231,222	\$ 196,500	\$ -	\$ 20,918
General Fund CARMA	-	-	-	0%	290,559	170,654	-	-
Seawall CARMA	10,000	10,000	-	0%	10,000	10,000	10,000	10,000
Total Transfer to CARMA Funds	\$ 30,918	\$ 30,918	\$ -	0%	\$ 531,781	\$ 377,154	\$ 10,000	\$ 30,918
Total Expenditures & Transfers	\$ 14,782,507	\$ 13,381,209	\$ 1,401,298	9%	\$ 11,688,693	\$ 11,616,440	\$ 12,689,351	\$ 13,381,209
Net Revenues Over (Under) Expenditures	\$ 0	\$ 336,701						

*This is subject to change as we are awaiting final sales tax figures for the 4th quarter from the borough.

These numbers are preliminary and are subject to our annual audit.

Quarterly Water and Sewer Fund
Expenditure Report
Thru Quarter Ended June 30, 2022

	Current Fiscal Analysis				Historical Fiscal Analysis			
	Amended FY22 Budget	Actual FY22 YTD	Budget Remaining	% Budget Remaining	Actual July 2018 - June 2019	Actual July 2019 - June 2020	Actual July 2020 - June 2021	Actual July 2021 - June 2022
Revenues								
Water Fund	\$ 2,014,420	\$ 1,982,663	\$ (31,757)	-2%	\$ 2,235,019	\$ 2,402,659	\$ 2,074,837	\$ 1,982,663
Sewer Fund	1,762,264	1,805,224	\$ 42,960	2%	1,804,184	1,711,095	1,684,775	1,805,224
Total Revenues	\$ 3,776,685	\$ 3,787,887	\$ 11,202	0%	\$ 4,039,204	\$ 4,113,753	\$ 3,759,612	\$ 3,787,887
Expenditures & Transfers								
<u>Water</u>								
Administration	\$ 202,025	\$ 221,177	\$ (19,152)	-9%	\$ 176,350	\$ 192,630	\$ 201,588	\$ 221,177
Treatment Plant	616,638	540,669	75,969	12%	562,810	580,862	618,900	540,669
System Testing	28,608	33,152	(4,544)	-16%	44,278	23,843	30,361	33,152
Pump Stations	93,119	91,365	1,753	2%	100,526	81,088	109,313	91,365
Distribution System	348,073	463,852	(115,780)	-33%	313,363	332,513	396,757	463,852
Reservoir	17,326	13,272	4,054	23%	29,583	22,907	13,002	13,272
Meters	181,863	97,100	84,763	47%	150,071	171,481	150,509	97,100
Hydrants	203,479	173,604	29,875	15%	184,073	198,417	206,058	173,604
<u>Sewer</u>								
Administration	\$ 191,623	\$ 190,922	\$ 702	0%	\$ 154,812	\$ 173,910	\$ 183,661	\$ 190,922
Plant Operations	701,815	612,641	89,174	13%	662,341	673,868	760,302	612,641
System Testing	15,160	10,330	4,830	32%	36,682	14,448	12,406	10,330
Lift Stations	210,079	227,855	(17,776)	-8%	170,984	201,218	217,180	227,855
Collection System	326,795	237,302	89,493	27%	271,880	237,618	298,303	237,302
Total Operating Expenditures	\$ 3,136,603	\$ 2,913,242	\$ 223,360	7%	\$ 2,857,753	\$ 2,904,804	\$ 3,198,338	\$ 2,913,242
Transfer to Other Funds								
Leave Cash Out	\$ 72,026	\$ 72,026	\$ -	0%	\$ 14,859	\$ 20,810	\$ 16,117	\$ 72,026
GF Admin Fees	-	-	-	0%	517,046	524,290	303,634	-
Other	23,030	23,030	-	0%	59,969	36,475	23,492	23,030
Total Transfer to Other Funds	\$ 95,056	\$ 95,056	\$ -	0%	\$ 591,874	\$ 581,575	\$ 343,242	\$ 95,056
Transfers to CARMA								
Water	\$ 247,542	\$ 247,542	\$ -	0%	\$ 84,252	\$ 81,240	\$ -	\$ 247,542
Sewer	297,484	297,484	-	0%	155,164	14,856	-	297,483.72
Total Transfer to CARMA Funds	\$ 545,026	\$ 545,026	\$ -	0%	\$ 239,416	\$ 96,096	\$ -	\$ 545,026
Total Expenditures & Transfers	\$ 3,776,685	\$ 3,553,324	\$ 223,360	6%	\$ 3,689,042	\$ 3,582,475	\$ 3,541,581	\$ 3,553,324
Net Revenues Over(Under) Expenditures	\$ -	\$ 234,563						

These numbers are preliminary and are subject to our annual audit.

Quarterly Port and Harbor Fund
Expenditure Report
Thru Quarter Ended June 30, 2022

	Current Fiscal Analysis				Historical Fiscal Analysis			
	Amended FY22 Budget	Actual FY22 YTD	Budget Remaining	% Budget Remaining	Actual July 2018 - June 2019	Actual July 2019 - June 2020	Actual July 2020 - June 2021	Actual July 2021 - June 2022
Revenues								
Administration	\$ 596,909	\$ 552,014	\$ (44,895)	-8%	\$ 569,959	\$ 692,855	\$ 719,854	\$ 552,014
Harbor	3,312,100	3,636,466	324,366	10%	2,846,131	3,054,776	4,093,742	3,636,466
Pioneer Dock	330,646	294,761	(35,884)	-11%	311,943	333,371	268,274	294,761
Fish Dock	565,242	590,159	24,917	4%	591,475	577,314	556,319	590,159
Deep Water Dock	161,889	157,434	(4,455)	-3%	266,373	317,882	174,775	157,434
Outfall Line	4,800	4,626	(174)	-4%	4,800	4,800	4,800	4,626
Fish Grinder	7,191	(872)	(8,063)	-112%	7,823	7,283	7,108	(872)
Load and Launch Ramp	126,483	132,446	5,964	5%	128,416	126,438	134,121	132,446
Total Revenues	\$ 5,105,259	\$ 5,367,034	\$ 261,776	5%	\$ 4,726,919	\$ 5,114,719	\$ 5,958,993	\$ 5,367,034
Expenditures & Transfers								
Administration	\$ 711,339	\$ 711,097	\$ 242	0%	\$ 616,160	\$ 647,380	\$ 709,380	\$ 711,097
Harbor	1,355,331	1,189,213	166,118	12%	1,181,983	1,147,923	1,228,818	1,189,213
Pioneer Dock	81,451	106,648	(25,197)	-31%	62,572	85,282	84,823	106,648
Fish Dock	644,058	543,789	100,270	16%	583,367	522,142	553,121	543,789
Deep Water Dock	87,824	89,177	(1,353)	-2%	86,436	82,704	76,539	89,177
Outfall Line	6,500	4,405	2,095	32%	3,137	2,475	4,044	4,405
Fish Grinder	30,333	13,930	16,404	54%	11,433	21,775	20,215	13,930
Harbor Maintenance	446,653	377,326	69,327	16%	365,131	376,878	361,515	377,326
Main Dock Maintenance	40,768	32,258	8,510	21%	31,188	32,443	27,759	32,258
Deep Water Dock Maintenance	51,268	36,635	14,633	29%	44,450	40,140	31,665	36,635
Load and Launch Ramp	92,282	79,081	13,201	14%	70,779	62,872	64,197	79,081
Total Operating Expenditures	\$ 3,547,809	\$ 3,183,560	\$ 364,249	10%	\$ 3,056,635	\$ 3,022,013	\$ 3,162,077	\$ 3,183,560
Transfer to Other Funds								
Leave Cash Out	\$ 66,243	\$ 66,243	\$ -	0%	\$ 29,241	\$ 31,457	\$ 20,620	\$ 66,243
GF Admin Fees	-	-	-	0%	591,076	579,038	-	-
Debt Service	69,285	69,285	-	0%	98,817	70,338	70,338	\$ 69,285
Other	301,517	301,517	-	0%	321,118	304,450	300,000	\$ 301,517
Total Transfer to Other Funds	\$ 437,045	\$ 437,045	\$ -	0%	\$ 1,040,252	\$ 985,283	\$ 390,958	\$ 437,045
Transfers to Reserves								
Harbor	\$ 1,086,204	\$ 1,086,204	\$ -	0%	\$ 271,984	\$ 286,611	\$ -	\$ 1,086,204
Load and Launch Ramp	34,201	34,201	-	0%	38,301	46,717	26,354	34,201
Total Transfer to Reserves	\$ 1,120,405	\$ 1,120,405	\$ -	0%	\$ 310,285	\$ 333,328	\$ 26,354	\$ 1,120,405
Total Expenditures & Transfers	\$ 5,105,259	\$ 4,741,010	\$ 364,249	7%	\$ 4,407,171	\$ 4,340,624	\$ 3,579,389	\$ 4,741,010
Net Revenues Over(Under) Expenditures	\$ -	\$ 626,025						

These numbers are preliminary and are subject to our annual audit.

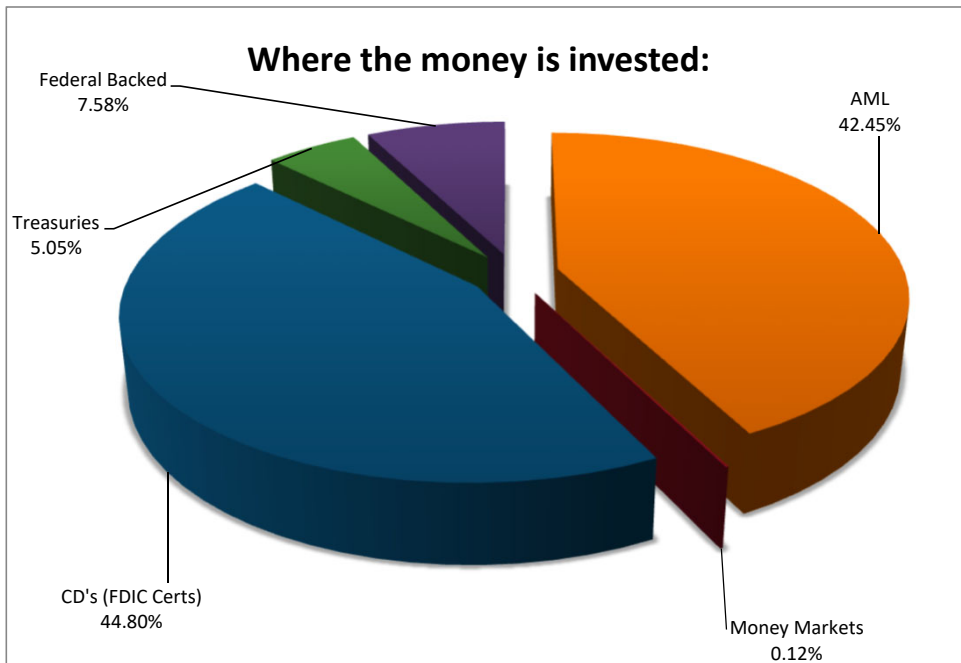
CITY OF HOMER Treasurer's Report

As of:

June 30, 2022

INVESTMENT BY INSTITUTION:	\$ Invested	% Of \$ Invested
Alaska Municipal League	\$ 13,068,024	42%
Pro-Equities	\$ 17,737,263	58%
Total Cash and Investments	\$ 30,805,288	100%

MATURITY OF INVESTMENTS:	AMOUNT	% Of Investment by Maturity Date
1 to 30 Days	7/30/2022 \$ 13,650,851	44%
30 to 120 Days	10/28/2022 \$ 700,918	2%
120 to 180 Days	12/27/2022 \$ -	0%
180 to 365 Days	6/30/2023 \$ 2,594,819	8%
Over 1 Year	\$ 13,858,700	45%
TOTAL	\$ 30,805,288	100%



These investments are made in accordance with the City of Homer's investment policy pursuant to Ordinance 93-14, Chapter 3.10. The balances reported are unaudited.