



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

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Memorandum

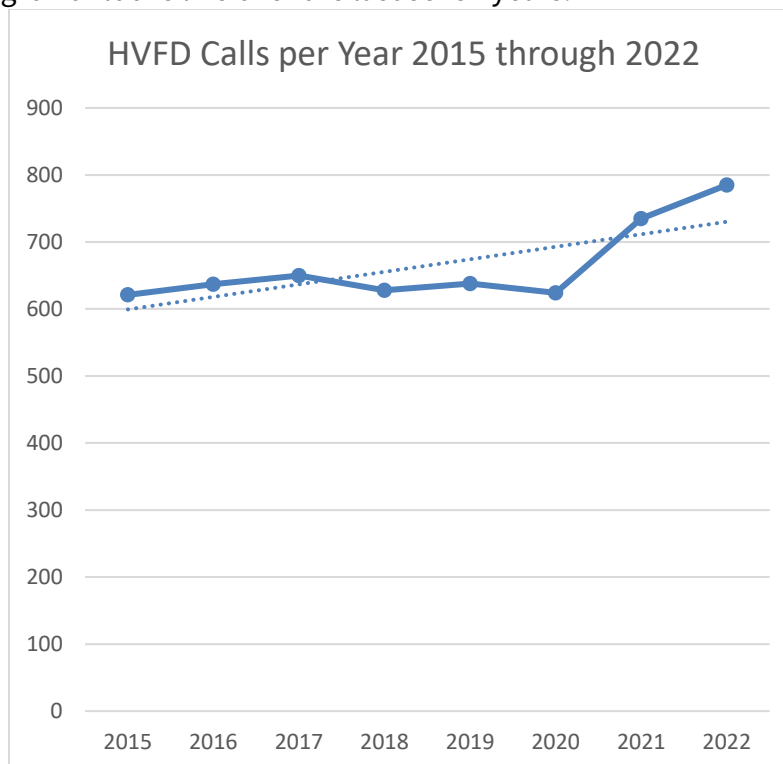
TO: Mayor Castner and Homer City Council
FROM: Rob Dumouchel, City Manager
DATE: January 18, 2023
SUBJECT: City Manager's Report for January 23, 2023 Council Meeting

Port Expansion Charrette

The City, working together with Corvus Design, hosted a port expansion charrette on January 16th. We held this event because the existing conceptual design is getting old and with the Army Corps' General Investigation on the horizon, it was a good time to conduct some serious public engagement related to the design of the port expansion. While the original intention was to keep the work session relatively small, we ended up with nearly 40 participants which included a large number of individuals who make a living on the water, or supporting those who do. Corvus will be reviewing the information collected during the charrette and creating at two design concepts that we'll be able to use to continue engaging the federal delegation, the State legislature, and the public.

Volunteer Fire Calls for 2022 – 785!

The Volunteer Fire Department exceeded our projections for 2022 and responded to 785 calls. The chart below shows what that growth looks like over the last seven years.



KPEDD Forum

On January 6th (after I submitted my last report, but before our last Council meeting), I attended the Kenai Peninsula Economic Development District (KPEDD) Industry Outlook Forum. I was part of an hour-long Homer-focused panel moderated by Economic Development Commission chairperson Karin Marks. The conversation largely focused around housing, childcare, transportation, and the recruiting/retention of a local workforce.

Juneau Trip

At the end of January, I am traveling to Juneau with Port Director Bryan Hawkins and Special Projects Coordinator Jenny Carroll. Last year we learned the value of spreading our lobbying efforts throughout the session. This year, we're going in early with staff and then returning in late February with a mix of staff and elected officials during the Alaska Municipal League winter conference. Depending on the outcome of those visits, we may make a third visit before the session closes out. That decision will hinge on the progress made in the first two visits and the perceived opportunities available to Homer.

Hard Truths about the HERC

There has been a theme to recent outreach related to the HERC's redevelopment of pressuring the Council and Administration to move faster. That pressure, while understandable, has been difficult to turn into action because our problem isn't enthusiasm, it's money. I wrote the following with the intent of publishing it in the next City newsletter:

The City organization, and the community, are enthusiastic about the idea of an improved recreation facility in Homer.

It's a hard idea to dislike. I would love to see a beautiful facility perched on the corner of Sterling Highway and Pioneer that draws residents and visitors into the downtown Pioneer corridor. A new facility, as envisioned by the community, would be a huge win for physical and mental health in the community. The right development on that corner is the difference between that area becoming the Pioneer Gateway, or the Pioneer Bypass Throughway.

I'm hearing frustration from some community members regarding the speed of this project. I want to make it very clear that the barrier on the City-side isn't ambition, motivation, or interest. It's money. We can't pay for a modern recreation and community-focused facility with enthusiasm and well-worded public comments. We need millions of dollars.

For a large project, like the redevelopment of the HERC site, the common sources of funding include: grants, taxes, and private donations. While that makes it sound like we should simply find a healthy combination of the three and get to work, it's not quite that easy. There are a few hard truths we have to face in understanding the real climate for development of the project.

Hard Truth #1: Homer is not competitive for recreation-facility grants

Homer is a relatively affluent community and the odds of some other government entity paying for our recreation-focused facilities is very low. The current once in a generation flow of federal funding post-COVID is interested in infrastructure like roads, water and sewer utilities, and broadband expansion. That funding is not directed towards recreational needs. Additionally, the City isn't eligible for Community Development Block Grants which removes the one federal program that I believe

would be the best fit for this project. It is possible that the State of Alaska or the Federal delegation could come through on the City's request for a very large earmark, but it is not likely.

Hard Truth #2: Homer has too many tax exemptions to afford a recreation-facility

Having extremely generous property tax exemptions, a very low sales tax cap, and not having a bed tax at all leaves literally millions of dollars per year in potential revenue on the table. Of the \$1,419,649,200 in assessed real property value within Homer for 2022, only \$830,163,200 was taxable. That difference reduces property tax income to the City of Homer by approximately \$2.6 million. Of the \$569,804,931 in reported sales in Homer during 2021, only \$240,068,331 was taxable. In this case, that's a difference of \$15.9 million. And finally, the perennially controversial bed tax is a potential source of serious income, but it has never been implemented in Homer. Based on 2021 hotel/motel/B&B numbers, revenues could range from \$873,715 at Seward rates (4%) to \$2,621,147 at Anchorage rates (12%). My point here is not to advocate for any specific tax policy, I just want to make it clear that we have made choices which reduce individual tax burdens while also reducing the revenues that pay for public services. Not fully taxing ourselves is a perfectly valid choice for a community to make, but we have to recognize its impacts on our ability to afford certain amenities.

Hard Truth #3: Generous private benefactors aren't somebody else, they're us

Is it possible a mystery benefactor could swoop in and fund the whole facility in exchange for naming rights or some kind of altruistic satisfaction? Absolutely. Should we bank on that? Not a good plan. More realistically, the redevelopment could be partially funded by a lot of us. There are lots of organizations and adults who want to see new recreation facilities in Homer. If those organizations and individuals want to see a project move faster, they need to reach into their wallets. At this time, we have no donors or even anchor tenants willing to commit funds. The only real cash flow generated by the current facility is the \$3/person fee we charge adults for pickleball, basketball, and other gym activities. We're never going to make a meaningful amount of money to put towards redevelopment with operations, the Community Recreation program tops out around \$30,000 to \$40,000 a year in revenue. That doesn't even remotely pay for the likely debt service on a new and improved facility – not to mention the increased staffing required to run such a facility. There is an opportunity for someone, some family, or some business to make a legacy donation to get this project underway, however that funder has not, as of yet, materialized.

If we can collectively accept these hard truths, it will be easier to have a realistic discourse on how we achieve our goals. Hammering on these hard truths is not meant to be a deterrent, but to serve as a reality check. If we want high quality recreation-focused facilities, we have to pay for them. We also have to remember that the City's general fund has a lot of competing priorities impacting public safety. We have the tools and the funds exist in the community, but do we have the political will to ask ourselves and our neighbors to pay more to have more? Alternatively, is the community instead willing to accept less and pursue a smaller project on a less valuable parcel? HERC-advocates need to think about it, talk with the City Council, and engage their neighbors. We can do this together, if we're all willing to give a little.

Attachments: January Employee Anniversaries

Memorandum from Special Projects Coordinator Carroll Re: FY2023-24 Federal Infrastructure Investment and Jobs Act (IIJA) Work Plan



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TO: MAYOR CASTNER AND CITY COUNCIL
FROM: Andrea Browning, HR Director
DATE: January 23, 2023
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	16	Years
Tomasz Sulczynski	IT	15	Years
Andrea Browning	Admin	11	Years
Brody Jones	Public Works	9	Years
Jona Focht	Dispatch	8	Years
Lynda Gilliland	Finance	5	Years
Amy Woodruff	Port	2	Years
Rose Riordan	Port	1	Year



Memorandum

TO: Mayor and City Council
FROM: Jenny Carroll, Special Projects and Communications Coordinator
THROUGH: Rob Dumouchel, City Manager
DATE: January 17, 2023
SUBJECT: FY2023-24 Federal Infrastructure Investment and Jobs Act (IIJA) Work Plan

- I. **Issue:** This memo summarizes recommendations to the City of Homer (City) for a fiscal year 2023-2024 Federal IIJA grant application and project development strategy.
- II. **Background:** City staff from Administration, Public Works, Economic Development and Finance Departments worked with HDR Engineering under a Task Order to analyze City of Homer Legislative Priority projects (and other projects in the City's FY24 Capital Improvement Plan) (CIP) for competitiveness under the Federal IIJA grant programs. This effort was an all-hands-on-deck, deep strategic dive into City projects.

HDR developed recommendations based on the projects or bundled projects they determined are competitive for the types of IIJA funding currently available. HDR's recommendations, strategies and specific application details were provided to City Council at a January 9, 2023 Worksession via a [powerpoint presentation](#), project specific write ups and an Excel workbook that aggregates activities to give a programmatic view and plans out application costs and potential match costs per project per year.

Of the nine Legislative Priority projects, six provided a particularly strong match to IIJA grant programs and primarily form the basis for the work plan presented below. The Multi-Use Community Center project envisioned for the HERC site did not have a strong nexus to current Federal IIJA grant opportunities. State and Federal appropriation requests for this project were recommended. The Karen Hornaday Park (KHP) Improvements project also did not have a strong nexus. HDR directed us to state grant sources the City has traditionally sought for KHP; their project positioning recommendation is included in the work plan. The A-Frame Water Transmission Line Replacement project was considered as part of a bundled look at Water System Improvements. FEMA's Hazard Mitigation Grant Program (HMGP) was recommended. The City is currently in the process of securing HMGP funding for the Raw Water Transmission Main, so seeking funding through this source is not currently part of the FY23-24 IIJA workplan.

- III. **Work Plan:** Based on HDR recommendations, administration has developed the following workplan.



Streets, Sidewalks, Trails

1. Depending on projects invited forward, the City will apply for Alaska Department of Transportation and Public Facilities (DOT&PF) Community Transportation Program and Transportation Alternative Program funding for projects the DOT&PF determined were eligible.

Svedlund / Herndon Street Sidewalks
Ben Walters Sidewalk
Homer All Ages & Abilities Pedestrian Path (HAPP)
Kachemak Drive Separated Pedestrian Pathway

- a. Applications are due February 24, 2023.
 - b. Local match for successful applications is 9.03% of State costs to construct the improvement, plus a contingency fund of 50% on preconstruction phases and 15% on the construction estimate. The State has not yet provided the City with scoping and cost estimates.
2. A Federal RAISE planning grant is underway to access planning and design funding to bring projects to 65% design. Once the projects are refined and partially designed, additional federal grant and formula funding for construction may be pursued.

- a. The application is due in February 2023. Award announcements are expected by mid-summer 2023.
- b. The project cost and application funding request is estimated at \$900K-\$1.2M. Match is not required.
- c. The following projects and concepts are included in the initial planning scope and may continue into design:

Ben Walters Lane Sidewalk Facility
Kachemak Drive Non-Motorized Pathway (State)
Slope Stability – West Kachemak Drive Wetland Treatment System
Svedlund / Herndon Street Sidewalks
Main Street Sidewalk: Pioneer Avenue South to Ohlson Lane (State)
Homer All Ages & Abilities Pedestrian Path (HAPP)
Wayfinding & Streetscape Plan Implementation



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East Hill Bike Lane
West Hill Road Bike Lane
Homer Spit Trailhead Restroom
Nick Dudiak Fishing Lagoon Accessible Ramp & Retaining Wall
East Trunk Trail
State Project: Ocean Dr. Reconstruction with Turn Lane.
State Project: Homer Lake St. Rehabilitation
Mobility Hubs
Spit Parking / Tsunami Evacuation Structure
Karen Hornaday Park Master Plan
Ohlson / Bunnell Improvements

Port & Harbor, Spit Erosion

1. Economic analyses are required to inform the City’s final decisions on grant competitiveness of Port projects and to support applications.
 - a. A preliminary benefit cost analysis (BCA) will determine which projects to potentially include in grant applications which require that proposed projects have a positive economic benefit.
 - i. Conduct a preliminary BCA for the following projects with the goal of identifying a package of projects that provide a positive economic benefit according to the U.S. Department of Transportation (USDOT):

Homer Harbor System 4 Float Replacement
New Large Vessel Harbor (including Large Vessel Sling Lift, Phase 1)
Homer Spit Coastal Erosion Mitigation
Ice Plant Upgrade
Steel Grid Repair
Wood Grid Replacement
Homer Harbor Security Cameras at Ramp 1-5 Access Points
Barge Mooring & Large Vessel Haul Out Repair Facility

- b. Conduct a full BCA for projects determined to be competitive in the preliminary BCA.



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- i. This full BCA will support grant applications for FY23 and onwards.
 - ii. Once completed, the BCA would need minor update for out years if supporting data changes or USDOT or Federal Emergency Management Administration BCA guidance is updated.
 - c. An estimated cost for these complex analyses could cost up to \$80K, however the overall cost could be lower based on results of the preliminary-level analysis.
2. Apply for a FY23 Port Infrastructure Development Program grant (PIDP).
- a. Depending on BCA timing and PIDP requirements, the application would include projects identified in the full BCA or the Float 4 Replacement Project, Phases 1-3.
 - b. The application is due in April 2023. Professional services funds will be sought to contract for grant writing. A consultant firm allows staff to access subject matter experts and cover staff capacity gaps. A rough cost estimate for this application (not including BCA) might be around \$38K. Costs could be lower depending on overlap in work with BCA.
 - c. The application funding request will depend on results of the economic analysis. A match of 30% is suggested for a PIDP application.
3. When program guidelines are released, staff review the Federal PROTECT program for project grouping eligibility and competitiveness. A BCA is expected as an application requirement. Match requirements for PROTECT are unknown.
4. The City will apply for State of Alaska Municipal Harbor Facility Grants Program funds as well. These applications are due in August and can be completed in-house by staff.

Airport Terminal Improvements

1. Staff is developing the scope for an FAA Airport Terminal Program (ATP) project.
 - a. Applications are due in fall 2023.
 - b. City staff plan to lead project development to assure grant eligibility criteria are met.
 - c. Results of coordination with DOT&PF and Federal Aviation Administration (FAA) will determine the City's ability to apply in FY23 or FY24.



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- d. Professional services from an aviation knowledgeable consultant may be required to provide technical assistance and a competitiveness review of the City's application.
 - e. The application will request under \$3M in funding, and ATP requires a 5% (or \$150,000) match.
2. Partnership activities have been suggested to assess City eligibility for a Nationally Significant Federal Lands and Tribal Projects Program (NSFLTP) grant. NSFLTP may provide port-related funding as well as airport terminal improvements.

Slope Stability

1. The Slope Stability project consists of four components.

Kachemak Drive Wetland Treatment System
Beluga Slough & Bishops Beach Stormwater Treatment Systems
Baycrest Storm Drain Conveyance System
Beluga Lake Wetland Treatment System

2. Phase 1 of the Slope Stability project consists of Kachemak Drive and Beluga Slough Treatment Systems. City staff recently learned that we will be awarded roughly \$153K in 2023-2025 Alaska Clean Water Action grant funds for a portion of the Beluga Slough Stormwater Treatment System. The amount of matching funds are still being determined, but will range from 13,600 to \$39,600 depending upon final project scope. We are still awaiting a decision from NOAA at the end of January on a grant to partially support the Kachemak Drive Treatment System.
3. Staff will review eligibility and merit requirements for a North American Wetlands Conservation Act grant to help fund the Beluga Slough and Bishops Beach Stormwater Treatment Systems, due in February 2024.
4. Staff will continue to work on the National Oceanic and Atmospheric Administration (NOAA) Transformational Habitat Restoration and Coastal Resilience Grants opportunities and project development.
5. A NOAA Oceans and Security Fund Program application is suggested as well. Consultant support may be needed to support an application. A 30% match is required.



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6. A State of Alaska (SOA) Clean Water State Revolving Fund application for slope stability is recommended, along with project development work to potentially improve eligibility for Green reserve funding.
7. The estimated cost of the project ranges from \$5.3M to \$8.1M, depending on scope.

Karen Hornaday Park

1. Completing the Master Plan in FY23-24 is recommended to support project applications. Capital project funding needed/necessary/required/pick a word to complete a new Master Plan.
2. City staff will seek traditional State of Alaska funding sources for public restroom construction and access projects, including the Land and Water Conservation Fund and State Recreational Trail Fund.

Resiliency Projects - New Public Works and/or Fire Hall Facilities

1. Continue City planning process to identify needs/land requirements/land acquisition for the Public Works Facility and/or the Fire Hall in FY23-24.
2. Once land and conceptual design(s) complete, consider FEMA Building Resilient Infrastructure and Communities grant application and Rural Development loan funds.