



# City of Homer

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

Office of the City Clerk

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## Supplemental Packet

TO: MAYOR LORD AND CITY COUNCIL  
FROM: AMY WOODRUFF, CITY CLERK  
DATE: MONDAY, MAY 11, 2026  
SUBJECT: SUPPLEMENTAL PACKET ITEMS

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### WORKSESSION AGENDA

#### DISCUSSION TOPIC(S)

- a. Memorandum CC-26-091 Next Steps for Lot 88-2, Homer Spit Road No. Two Amended Public Comment Received **Page 3**

### REGULAR MEETING AGENDA

#### CONSENT AGENDA

- d. Ordinance 26-25, an Ordinance of the City Council of Homer, Alaska Amending the FY26/27 Operating Budget to Provide for Necessary Mid-Biennium Budget Adjustments. City Manager. Recommended Dates Introduction May 11, 2026, Public Hearing and Second Reading May 26, 2026.  
Memorandum CC-26-101 from City Manager as backup. **Page 5**
- e. Ordinance 26-26, an Ordinance of the City Council of Homer, Alaska Amending the FY26/27 Capital Budget to Provide for Necessary Mid-Biennium Budget Adjustments. City Manager. Recommended Dates Introduction May 11, 2026, Public Hearing and Second Reading May 26, 2026.  
Memorandum CC-26-102 from City Manager as backup. **Page 6**
- f. Ordinance 26-27, an Ordinance of the City Council of Homer, Alaska, Amending the City of Homer Water and Wastewater Rates and Updating the City Fee Schedule Accordingly.  
Memorandum CC-26-103 from Finance Director as backup. **Page 8**

- j. Resolution 26-032, a Resolution of the City Council of Homer, Alaska, Adopting the 2026 Amendment to the Water and Sewer Utility Financial and Rate Setting Policies and Utility Financial Plan. City Manager/Finance Director.

Water and Sewer Utility Financial Policy

**Page 9**

**CITY MANAGER’S REPORT**

- a. City Manager’s Report  
Title 21 Written Report  
Public Comment Received

**Page 21**

**Page 24**

**From:** [Stead](#)  
**To:** [Department Clerk](#)  
**Subject:** Written Testimony Submittal  
**Date:** Sunday, May 10, 2026 2:38:14 PM

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

Written Testimony for City Council Name: Sherry Stead  
Email: [sdstead@gmail.com](mailto:sdstead@gmail.com) Phone: 9073995200

Residency: City Resident  
City Council Meeting to Participate In: Special Meeting (if scheduled) Mon, 05/11  
Comments of the Audience - Citizens may comment on any topic.  
Written Testimony:

I am asking the city to renew the lease for La Baliene. Small businesses are what defines our city for locals and tourists. LaBaliene employs local people, supports local farmers and the owners call Homer home. They are very supportive of our community. We just celebrated Mother's day at LaBaliene and I sure hope to celebrate my next birthday there. It's our family tradition!

Thanks!

Electronic Signature: Sherry Stead Submitted on Sunday, May 10, 2026 - 2:28pm  
The results of this submission may be viewed at:

<https://www.cityofhomer->

[ak.gov/node/60081/submission/54537](http://ak.gov/node/60081/submission/54537)

**From:** [Janet Klein](#)  
**To:** [Department Clerk](#)  
**Subject:** La Baleine cafe  
**Date:** Monday, May 11, 2026 7:48:36 AM

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

To City Mayor and Council Members,

Just a second email of support to keep small businesses, including La Baleine, alive and thriving. They are vital in attracting visitors to the Spit and elsewhere in Homer.

Thank you.

Sincerely,

Janet R. Klein  
City resident



# MEMORANDUM

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**Ordinance 26-25, An Ordinance of the City Council of Homer, Alaska Amending the FY26/27 Operating Budget to Provide for Necessary Mid-Biennium Budget Adjustments. City Manager.**

**Item Type:** Backup Memorandum  
**Prepared For:** Mayor Lord and Homer City Council  
**Date:** May 8, 2026  
**From:** Melissa Jacobsen, City Manager

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**Background:** Homer City Code 3.05.015 (e). directs that the City Council shall provide for a mid-biennium review, and any modification shall occur no sooner than eight months after the start, but no later than the conclusion, of the first year of the biennium.

**Discussion:** The ordinance amending the mid-year operating budget is scheduled for introduction on May 11, with a public hearing and second reading on May 26. If additional time is needed a second public hearing and final reading can be scheduled for June 8<sup>th</sup>. The operating budget adjustments reflected in this packet are included in the draft amended budget, except for the Mayor's request that will need to be approved by motion and vote of the Council.

The packet also includes the following support materials:

- A spreadsheet titled FY26/27 Operating Budget Amendments Not Including Personnel Changes
- Copies of departmental budget amendment requests
- A summary list of Mayor and Council budget requests received to date

Personnel-related adjustments and amendments are addressed separately in this memo.

Mayor and Council may modify or remove any items included in the draft mid-biennium budget by motion and vote of the body. In addition, Mayor and Council may propose new operating budget amendments by submitting budget amendment request forms prior to the May 26 meeting. Each proposed amendment will be considered individually by a motion and vote of the body.

**Personnel Amendments to FY26 Budget:**

- Workers' compensation codes were updated for a handful of employees, which impacted both fiscal years
- Employee list was updated to reflect current staffing, which impacted both fiscal years
- Some departments submitted mid-biennium budget requests for FY26 and are on the separate PDF document detailing operating amendments received from departments

- The draw on fund balance was reduced by \$71,932 to balance the budget for the General Fund. The draw is now \$88,837.

**Personnel Amendments to FY27 Budget:**

- Workers' compensation codes were updated for a handful of employees, which impacted both fiscal years
- Employee list was updated to reflect current staffing, which impacted both fiscal years
- Some departments submitted mid-biennium budget requests for FY27 and are on the separate PDF document detailing operating amendments received from departments
- 2.1% COLA was added
  - o General Fund: \$190,018
  - o Utility Fund: \$42,242 (Water - \$22,681; Sewer - \$19,560)
  - o Port Fund: \$49,601
- Deputy Fire Chief position has been funded (previously unfunded in FY26 and FY27)
- IT Network Administrator position has been added, and all IT positions are now distributed across all funds (75% General Fund, 5% Utility Fund, 20% Port Fund)
- The draw on fund balance was increased by \$351,291 to balance the budget for the General Fund. The draw is now \$514,281.

Impacts of proposed healthcare w/o adjusting for current fund deficit:

- o General Fund: \$23,806
- o Utility Fund: \$ (Water - \$3,031; Sewer - \$2,477)
- o Port Fund: \$6,529

Impacts of proposed healthcare w/ adjusting for current fund deficit:

- o General Fund: \$284,501
- o Utility Fund: \$ (Water - \$36,137; Sewer - \$29,609)
- o Port Fund: \$78,206

**Recommendation:** Adopted the ordinance amending the FY26/27 mid-biennium operating budget adjustments.



# MEMORANDUM

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**Ordinance 26-26, An Ordinance of the City Council of Homer, Alaska Amending the FY27 Capital Budget to Provide for Necessary Mid-Biennium Budget Adjustments. City Manager.**

**Item Type:** Backup Information  
**Prepared For:** Mayor Lord and Homer City Council  
**Date:** May 8, 2026  
**From:** Melissa Jacobsen, City Manager

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**Background:** Homer City Code 3.05.015 (e). directs that the City Council shall provide for a mid-biennium review, and any modification shall occur no sooner than eight months after the start, but no later than the conclusion, of the first year of the biennium.

**Discussion:** The ordinance amending the FY27 capital budget is scheduled for introduction on May 11, with a public hearing and second reading on May 26. If additional time is needed a second public hearing and final reading can be scheduled for June 8<sup>th</sup>.

Capital requests are funded through the General Fund Capital Asset Repair and Maintenance Allowance (CARMA) Fund. Currently the General CARMA account has an adequate balance to fund the departmental requests that were submitted and listed in the spreadsheet included in the packet titled City of Homer FY26/27 Mid-Biennium Capital Requests.

I have approved all departmental requests submitted except for the PW Campus Conceptual Design, which I've recommended to be funded by the next Community Assistance Program (CAP) payment. The estimated payment is approximately \$98,000 so additional CARMA funding may be needed to fully fund the request. City Council requests that have been submitted will need to be approved by motion and vote of the Council.

Mayor and Council may modify or remove any items I have approved included in the draft mid-biennium capital budget by motion and vote of the body. In addition, Mayor and Council may propose new capital budget amendments by submitting budget amendment request forms prior to the May 26 meeting. Each proposed amendment will be considered individually by a motion and vote of the body.

**Recommendation:** Adopt the ordinance amending the FY27 mid-biennium capital budget adjustments.



# MEMORANDUM

CC-26-103

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## Ordinance 26-27, An Ordinance of the City Council of Homer, Alaska, Amending the City of Homer Water and Wastewater Rates and Updating the City Fee Schedule Accordingly.

**Item Type:** Informational Memorandum  
**Prepared For:** Mayor Lord and Homer City Council  
**Date:** May 7, 2026  
**From:** Elizabeth Fischer, Finance Director  
**Through:** Melissa Jacobsen, City Manager

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### **SUMMARY:**

The purpose of this memo is to provide an overview of the model used to generate water and wastewater rates.

### **BACKGROUND:**

Worksessions were held on February 9<sup>th</sup> and 23<sup>rd</sup> of this year to discuss the water/wastewater rate model structure and the possible re-introduction of a monthly service fee. Those discussions concluded with the proposition to institute a monthly minimum fee.

The discussions had at February worksessions illustrated that the scenarios shifting the funding of the CARMA transfer from the commodity rate to the service fee were not preferred. The general conversation focused on establishing a monthly minimum fee instead of a flat service fee. Determining that monthly minimum fee was another talking point. It was decided at the April 27<sup>th</sup> Committee of the Whole meeting that the monthly minimum usage fee would be based off 750 gallons of usage.

The rate model is to be presented prior to the beginning of the fiscal year and will be directly connected to the budgeted revenue requirements for that year.

**WATER RATE MODEL:** This model generates a rate based on water revenues and consumption.

### **Revenues**

The revenue inputs are defined as follows:

- FY27 Operating Revenue Required – pulled directly from the operating budget
  - Formula: Total Water Revenue - Water CARMA Transfer

- CARMA Budget Transfer – pulled directly from the operating budget
  - Formula: Total Water Operating Expenditures \* 20%
- Deduct Operating Fund Balance – amount of Utility Operating Fund Balance to be used for rate buyback. Not used in FY27 calculation.
- Deduct Portion Collected through Other Revenues – pulled directly from the operating budget
  - Formula: Connection Fees + Services & Meters + In Lieu of City Sales Tax + Penalty & Interest
- Deduct Portion Collected through Minimum Usage Fee –
  - Formula: Commodity Rate x 750 Gallons x Number of Users Under Minimum Usage
- Hydrant Rents – This is related to the costs associated with maintaining the water hydrants.
  - Formula: Budgeted at 10% of operating revenue required and the costs are shared 50/50 between the General Fund and the Water/Sewer Fund.
- Surplus Water Sales (Bulk) Surcharge Only – This amount is determined by applying the bulk surcharge (0.004/gallon) to the most recent annualized total gallons consumed by bulk users. This is backed out because these expenses are captured by the separate rate for bulk users.
- Revenue Required for Commodity Rate Calculation – Summation of revenue required less deductions. This represents the amount of revenue necessary to generate to meet operating budget needs for upcoming fiscal year.

### **Consumption**

The water consumption line is determined by most recent annualized total metered water sales (in gallons). The water usage at the Wastewater Treatment Plant has been backed out of this figure, as it has been determined to be an operational cost. The model rounds up to the nearest million for ease of reporting.

### **Rates**

The water rates are broken into three categories:

1. The commodity rate (per gallon) is generated by dividing the total revenue required by the estimated water sales. This ensures that the whole population of water users contributes to an equal share of costs.
2. The bulk rate (per gallon) is applying a surcharge of 0.004 per gallon to the set commodity rate.
3. The monthly minimum usage fee is determined by multiplying the commodity rate by 750 gallons and rounding to the nearest whole dollar.

**WASTEWATER RATE MODEL:** This model generates a rate based on wastewater revenues and usage.

### Revenues

The revenue inputs are defined as follows:

- FY27 Operating Revenue Required – pulled directly from the operating budget
  - Formula: Total Wastewater Revenue - Wastewater CARMA Transfer
- CARMA Budget Transfer – pulled directly from the operating budget
  - Formula: Total Wastewater Operating Expenditures \* 20%
- Deduct Operating Fund Balance – amount of Utility Operating Fund Balance to be used for rate buyback. Not used in FY27 calculation.
- Deduct Portion Collected through Other Revenues – pulled directly from the operating budget
  - Formula: Services & Meters
- Deduct Portion Collected through Minimum Usage Fee –
  - Formula: Commodity Rate x 750 Gallons x Number of Users Under Minimum Usage
- Fixed Fee Components
  - Lift Stations Costs - These costs are pulled straight from the current operating budget. These costs are backed out because the users on the lift station bear the complete costs associated with maintaining this infrastructure.
  - Pumping Fee - The City RFP's the pumping contract every three years and the costs of the contract is divided up amongst the number of Kachemak City users.
  - Dumping Station Fee - These costs come directly from the current operating budget. This fee has been determined to be an operational cost and, as such the fee is not forwarded to customers.
  - Multi-Units and Kachemak City meters - This is an additional fee charged to help offset added costs associated with maintaining such infrastructure.
- Revenue Required for Commodity Rate Calculation – Summation of revenue required less deductions. This represents the amount of revenue necessary to generate to meet operating and capital budget needs for upcoming fiscal year.

### Usage

The wastewater usage is determined by the number of gallons billed for in the most recent annualized period. The model rounds up to the nearest million for ease of reporting.

**Rates**

The sewer rate is broken into two categories:

1. Non-lift rate is generated by dividing the total revenue required by the projected billable volume for non-lift.
2. Lift station rate is generated by dividing the total revenue required by the projected billable volume for only the lift zone.
3. The monthly minimum usage fee is determined by multiplying the commodity rate by 750 gallons and rounding to the nearest whole dollar.

**Rate Analysis:**

**Current Rates**

Water Rates:

Commodity (per gal): \$0.0165  
Bulk (per gal): \$0.0205  
Monthly Fees: \$0

Sewer Rates:

Non-Lift Station: \$0.0186  
Lift Station: \$0.0294  
Monthly Fees: \$0

**Proposed Rates – Monthly Minimum Usage Fees (Based off 750 Gallons)**

Water Rates:

Commodity (per gal): \$0.0162  
Bulk (per gal): \$0.0202  
Monthly Fees:

Non-Lift User: \$12  
Lift Station User: \$12

Sewer Rates:

Non-Lift Station: \$0.0180  
Lift Station: \$0.0302  
Monthly Fees:

Non-Lift User: \$14  
Lift Station User: \$23

The attached document provides comparisons between the existing and proposed rate for volumes from 1,000 – 10,000 gallons.

**RECOMMENDATION:**

Review the model and approve the rates as proposed.

**ATTACHMENTS:**

Water/Wastewater Comparison Charts  
Rate Calculation for Minimum Usage Fee

1,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	1,000	1,000	1,000	1,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
<b>Charges:</b>				
Water Usage	16.50	4.05	16.50	4.05
Wastewater Usage	18.60	4.50	29.40	7.55
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	2.76	2.71	3.60	3.66
<b>Total Bill</b>	<b>\$ 37.86</b>	<b>\$ 37.26</b>	<b>\$ 49.50</b>	<b>\$ 50.26</b>

**Impact**                    **\$ (0.59)**                    **\$ 0.75**

2,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	2,000	2,000	2,000	2,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
<b>Charges:</b>				
Water Usage	33.00	20.25	33.00	20.25
Wastewater Usage	37.20	22.50	58.80	37.75
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	5.51	5.40	7.21	7.30
<b>Total Bill</b>	<b>\$ 75.71</b>	<b>\$ 74.15</b>	<b>\$ 99.01</b>	<b>\$ 100.30</b>

**Impact**                    **\$ (1.56)**                    **\$ 1.29**

3,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	3,000	3,000	3,000	3,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
<b>Charges:</b>				
Water Usage	49.50	36.45	49.50	36.45
Wastewater Usage	55.80	40.50	88.20	67.95
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	8.27	8.08	10.81	10.94
<b>Total Bill</b>	<b>\$ 113.57</b>	<b>\$ 111.03</b>	<b>\$ 148.51</b>	<b>\$ 150.34</b>

**Impact**                    **\$ (2.53)**                    **\$ 1.83**

4,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	4,000	4,000	4,000	4,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
<b>Charges:</b>				
Water Usage	66.00	52.65	66.00	52.65
Wastewater Usage	74.40	58.50	117.60	98.15
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	11.02	10.77	14.41	14.59
<b>Total Bill</b>	<b>\$ 151.42</b>	<b>\$ 147.92</b>	<b>\$ 198.01</b>	<b>\$ 200.39</b>

**Impact**                    **\$ (3.51)**                    **\$ 2.37**

5,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	5,000	5,000	5,000	5,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
<b>Charges:</b>				
Water Usage	82.50	68.85	82.50	68.85
Wastewater Usage	93.00	76.50	147.00	128.35
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	13.78	13.45	18.02	18.23
<b>Total Bill</b>	<b>\$ 189.28</b>	<b>\$ 184.80</b>	<b>\$ 247.52</b>	<b>\$ 250.43</b>

**Impact**                    **\$ (4.48)**                    **\$ 2.91**

6,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	6,000	6,000	6,000	6,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
<b>Charges:</b>				
Water Usage	99.00	85.05	99.00	85.05
Wastewater Usage	111.60	94.50	176.40	158.55
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	16.53	16.14	21.62	21.87
<b>Total Bill</b>	<b>\$ 227.13</b>	<b>\$ 221.69</b>	<b>\$ 297.02</b>	<b>\$ 300.47</b>

**Impact**                    **\$ (5.45)**                    **\$ 3.45**

7,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	7,000	7,000	7,000	7,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
<b>Charges:</b>				
Water Usage	115.50	101.25	115.50	101.25
Wastewater Usage	130.20	112.50	205.80	188.75
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	19.29	18.82	25.22	25.51
<b>Total Bill</b>	<b>\$ 264.99</b>	<b>\$ 258.57</b>	<b>\$ 346.52</b>	<b>\$ 350.51</b>

**Impact**                    \$ (6.42)                    \$ 3.99

8,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	8,000	8,000	8,000	8,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
<b>Charges:</b>				
Water Usage	132.00	117.45	132.00	117.45
Wastewater Usage	148.80	130.50	235.20	218.95
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	22.04	21.51	28.83	29.15
<b>Total Bill</b>	<b>\$ 302.84</b>	<b>\$ 295.46</b>	<b>\$ 396.03</b>	<b>\$ 400.55</b>

**Impact**                    \$ (7.39)                    \$ 4.53

9,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	9,000	9,000	9,000	9,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
<b>Charges:</b>				
Water Usage	148.50	133.65	148.50	133.65
Wastewater Usage	167.40	148.50	264.60	249.15
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	24.80	24.19	32.43	32.80
<b>Total Bill</b>	<b>\$ 340.70</b>	<b>\$ 332.34</b>	<b>\$ 445.53</b>	<b>\$ 450.60</b>

**Impact**                    \$ (8.36)                    \$ 5.07

10,000 Gallons				
Non-Lift		Lift Station		
Existing	Proposed	Existing	Proposed	
Consumption	10,000	10,000	10,000	10,000
Water Rate	0.0165	0.0162	0.0165	0.0162
Wastewater Rate	0.0186	0.0180	0.0294	0.0302
<b>Charges:</b>				
Water Usage	165.00	149.85	165.00	149.85
Wastewater Usage	186.00	166.50	294.00	279.35
Minimum Usage Fee	0.00	26.00	0.00	35.00
Sales Tax	27.55	26.87	36.03	36.44
<b>Total Bill</b>	<b>\$ 378.55</b>	<b>\$ 369.22</b>	<b>\$ 495.03</b>	<b>\$ 500.64</b>

**Impact**                    \$ (9.33)                    \$ 5.61

# Rate Calculation

## Monthly Minimum (750 Gallons) Usage Fee

<b>WATER Rate Model</b>	
<b>Revenues</b>	
FY27 Operating Revenue Required - Water	\$ 2,380,471
CARMA Transfer Requirement	476,094
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(60,106)
Deduct Portion Collected through Minimum Usage Fee	(279,839)
Hydrant Rents (10% of Total)	(142,828)
Multi-Units (\$5/unit/mo.)	(39,000)
Surplus Water Sales (Bulk) surcharge only	(94,368)
Revenue Required for Commodity Rate Calculation	\$ 2,240,425
<b>Water Consumption (Gallons)</b>	
Gross Meters Water Sales	137,558,900
Total Estimated Water Sales	138,000,000
<b>Water Rates:</b>	
Commodity Rate (per gal)	\$ 0.0162
Bulk Rate (per gal)	\$ 0.0202
<b>Consumption Additional Information:</b>	
Annualized Metered Water Sales (Gallons)	137,558,900
<b>WASTEWATER Rate Model</b>	
<b>Revenues</b>	
FY27 Operating Revenue Required - Wastewater	\$ 2,023,963
CARMA Transfer Requirement	404,793
Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(17,500)
Deduct Portion Collected through Minimum Usage Fee	(376,334)
Lift Stations Costs	(255,613)
Pumping Fee	(9,804)
Dumping Station Fees	(8,702)
Multi-Units (\$5/unit/mo.)	(39,000)
Revenue Required for Commodity Rate Calculation	\$ 1,721,803
<b>Wastewater Usage (Gallons)</b>	
Projected Billable Volume	78,000,000
Projected Billable Volume - Lift Zone Only	21,000,000
Total Projected Billable Volume	99,000,000
<b>Wastewater Rate</b>	
Non-Lift Station Rate	\$ 0.0180
Lift Station Rate	\$ 0.0302
<b>Lift Station Additional Information:</b>	
Annualized Billed Gallons (Lift-Station Zone Only)	20,753,900
<b>Monthly Minimum Usage Fees</b>	
Water	\$ 12.00
Sewer - Non-lift Customer	\$ 14.00
Sewer - Lift Customer	\$ 23.00
Total - Non-Lift Customer	\$ 26.00
Total - Lift Customer	\$ 35.00

1 **City of Homer Water and Sewer**  
2 **Water and Sewer Utility**  
3 **Financial/Rate Setting Policies**  
4 **Resolution 23-048(S)(A)**

5  
6  
7 **Introduction**

8 Financial policies are an important tool for maintaining a financially healthy and sustainable  
9 utilities while also maintaining required and/or mandated measures. The Government Finance  
10 Officers Association (GFOA), bond rating agencies, and other industry organizations (e.g., the  
11 American Water Works Association (AWWA), the Water Environment Federation (WEF))  
12 recommend written financial/rate setting policies to provide clear policy direction and guidance.  
13

14 The establishment of written financial policies is intended to:

- 15 • Institutionalize sound financial practices
- 16 • Clarify strategic intent
- 17 • Define boundaries
- 18 • Promote long range strategic thinking
- 19 • Manage risk
- 20 • Adhere to established best practices

21  
22 **Financial Policy Goals and Objectives**

23 The goals of the City’s financial policies are to:

- 24 1. Maintain sufficient revenues for operating and capital needs,
- 25 2. Maintain sufficient reserves, and,
- 26 3. Provide rate stability. Notwithstanding (1) and (2) above, rates will be set to provide  
27 rate/revenue stability and avoid major periodic increases.

28 A detailed set of financial policies have been adopted to establish consistency in utility financial  
29 planning and rate setting decision-making for the City Council and City management team.  
30

31 This framework provides recommendations that take into consideration the typical or median  
32 reserve levels for a “AAA” versus a “AA” rated utility. This framework will also enable the City  
33 Council to make more informed decisions in establishing the financial targets contained within  
34 the financial policies.  
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## Review and Discussion of the City’s Financial/Rate Setting Policies

The Utility Financial Plan will take into consideration the following financial policies. The financial planning period will be for a minimum of five years to determine overall trends and impacts to reserves and rates over a long-term horizon. The Utility Financial Plan is an integral component of the City’s approach to effectively managing the utilities at a sustainable level to support the service levels of the community.

### 1. Reserve Funds

Reserve funds shall be established for the City to properly account for the City’s funds, but to also provide adequate reserve levels to address the different types of funding requirements of the City. The City’s reserve policies shall be as follows:

- 1.1 Operating Reserve** – The City’s operating reserve is an unrestricted reserve. The minimum operating reserve shall be established at 90 Days of annual O&M expenses (approximately 25% of annual O&M for both the Water and Sewer Funds) as outlined in Exhibits 4 and 6 in the Utility Financial Planning models for water and sewer.
- 1.2 Capital Reserve** – The City currently has two different capital reserves for the water and sewer utilities. The first is the Homer Accelerated Water and Sewer Program (HAWSP). HAWSP is funded through a portion of the voter approved sales tax and assessments levied on benefited properties. The second is the Capital Asset Repair and Maintenance Allowance (CARMA) **Fund**. CARMA is funded annually through a rate surcharge equal to 15% of water and sewer costs and collected through the water and sewer rates.

In general, HAWSP is intended to provide seed money to support expanded access to the City water and sewer system while CARMA is intended to support improvements, repairs, and replacements of the City’s existing infrastructure, and may also be used for Capital Contingencies or Infrastructure Replacement. CARMA and HAWSP funds may be used jointly to fund a project where applicable. The development of the projection of CARMA and HAWSP funds is provided in Exhibits 8 and 9 respectively of the Utility Financial Plan.

**1.2.1 Homer Accelerated Water and Sewer Program (HAWSP)** – HAWSP will not be incorporated into this financial policy, as HAWSP has its own dedicated policy manual.

**1.2.2 Capital Asset Repair and Maintenance Allowance (CARMA) Fund** – The CARMA reserve was established to fund improvements, repairs, and replacements to the City’s existing water and sewer systems. The level of CARMA funding can be adjusted by the City Council. “The amount of the CARMA funds shall be established by City Council in the biennial budget based on the projected maintenance and repair needs of the City.” (Ordinance 19-35(S)(A)). CARMA is funded annually through a rate surcharge equal to 15% of budgeted water and sewer costs and collected through the water and sewer rates. Balance minimums and maximums are as follows: Water CARMA - minimum of \$500,000 and a maximum of \$1,500,000; Sewer CARMA - minimum of \$500,000 and a

81 maximum of \$1,500,000. Additionally, the CARMA accounts may be supplemented by  
82 transfers from the Utility Operations Fund Balance (with Council appropriation).

83 The intent of the City of Homer Water and Sewer CARMA Fund is “for appropriation and  
84 expenditure for equipment replacement, fleet replacement, engineering or planning  
85 services, major maintenance of city facilities, or any other purpose as identified and  
86 recommended by the City Manager and authorized by the City Council...and to extend  
87 the life and use of taxpayer funded assets, facilities and infrastructure.” (See Ordinance  
88 19-35(S)(A)). The Water and Sewer Utilities - which operate independently - use CARMA  
89 Funds for improvements, repairs, and replacements to the City’s existing water and  
90 sewer systems. CARMA Funds may additionally be used for capital contingencies or  
91 infrastructure replacement and can be used in conjunction with HAWSP to jointly fund  
92 a project.

## 93 **2. Balanced Operating Budget**

94 **2.1 Self-Supporting** – The water and sewer utility shall be self-supporting, where current  
95 revenue fully funds current operating expenditures on an annual basis.

96 **2.2 Adequate Funding to Preserve System Assets** – The City’s assets shall be properly  
97 operated and maintained to provide for a long life. Annual operating expenditures will  
98 be budgeted and funded at a level that promotes the efficient operation of and  
99 preservation of assets through the asset’s useful life.

100 **2.3 Evaluation and Monitoring of Cost** – Costs will be monitored monthly to ensure the  
101 utility is operated in a cost effective and economically prudent manner and reported to  
102 the City Council on a quarterly basis.

103 **2.4 Positive Annual Net Income** – The City shall plan for annual net income (total revenue  
104 less O&M, taxes or transfers, debt service, and capital projects funded from rates)  
105 greater than or equal to zero (positive balance of funds).

106 **2.5 Strive for Rate Stability** – The City’s rates should be stable over time while generating  
107 sufficient revenue. As a part of the annual budgeting process, the City shall review the  
108 rates to confirm the adequacy of the current rates.

109 **2.6 Disposition of “One-Time” Revenue** – In instances of large one-time revenues (e.g.,  
110 legal settlement), if not specifically earmarked, the funds will be transferred to an  
111 appropriate reserve(s) (operating, capital, or rate stabilization).

112 **2.7 Alternative Funding/Revenue Diversification** – To minimize overall rates, the City  
113 should explore alternative revenue sources such as grants and direct developer  
114 contributions.

115 **2.8 Fund Balance** – the Fund Balance is an accumulation of fiscal year net activity (revenues  
116 over expenditures). The Utility Operating Fund Balance is used when purchasing  
117 inventory items. These items will be expensed (pulled out of inventory) when utilized.  
118 It may also be used to replenish the CARMA accounts or “buy down” rates.

## 119 **3. Establishing Rates and Fees**

120 The City shall establish rates utilizing industry recognized “generally accepted” rate setting  
121 methodologies. This will provide the City with consistency in their ratemaking process, while also

122 establishing rates which are legally defensible. The City’s policies on establishing the water and  
123 sewer rates and fees, and the general methodologies to be utilized, are as follows:

124 **3.1 Revenue Requirement Analysis**

125 The revenue requirement analysis provides a projection of the City’s revenues and  
126 expenditures for a defined time period. The revenue requirement analysis shall provide  
127 the City Council with the information and cost-basis to determine the size and timing of  
128 any proposed rate adjustments. The City’s revenue requirement analysis methodology  
129 shall consider the following:

130 3.1.1 The revenue requirement (financial plan) analysis will be developed from the  
131 current year’s budget, as part of the budget process.

132 3.1.2 Revenue requirements will be established using the “cash basis” methodology.  
133 The “cash basis” methodology includes O&M expenses, and taxes/transfer  
134 payments. The revenue requirements may include a component for change in  
135 working capital/rate stabilization funds to manage reserve balances and  
136 mitigate rate impacts.

137 3.1.3 Costs shared across utilities shall be allocated to each utility based an equitable  
138 allocation method. These may include, but not be limited to, labor ratios,  
139 number of customers, revenues, usage etc. The allocation method should be  
140 whichever method most equitably allocates the specific cost.

141 3.1.4 Any wholesale increases imposed upon the City by a water supplier or  
142 wastewater treatment agency will be reviewed for financial/rate impacts.

143 3.1.5 The City’s revenue requirement analysis shall fully incorporate the City’s reserve  
144 and budgeting policies.

145 3.1.6 The City’s goal is to project revenue requirements for a minimum of five years  
146 into the future.

147 **3.2 Cost of Service Analysis**

148 A cost of service analysis provides an equitable method to allocate the City’s water and  
149 sewer revenue requirements to the customers utilizing the service. The City’s cost of  
150 service analysis for the water utility shall use generally accepted cost of service  
151 methodologies as defined by the American Water Works Association (AWWA) and the  
152 analysis developed for the City’s sewer utility shall use cost of service methodologies as  
153 defined by the Water Environment Federation (WEF). The City’s water and sewer cost  
154 of service shall be developed to provide an equitable allocation of costs by taking into  
155 consideration a customer group’s (e.g. residential, commercial) facility requirements  
156 and usage characteristics. The City’s specific cost of service policies are as follows:

157 3.2.1 The cost of service shall be developed for a projected one-year time period or  
158 the period over which rates will be set, utilizing the revenue requirements as  
159 developed in 4.1.

160 3.2.2 The cost of service analysis shall be designed and developed to consider the  
161 unique and specific circumstances of the City’s water and sewer system.

162 3.2.3 The City shall allocate costs to customer class of service based upon facility  
163 requirements and usage characteristics.

164 3.2.4 When necessary, the City may phase-in the cost of service results to transition

165 to fully-cost based rates.

166 **3.3 Rate Design Analysis**

167 The development of cost-based rate designs concludes the City’s rate setting process.  
168 The development of rate designs utilizes the results from the revenue requirement and  
169 cost of service analysis to establish the target level of revenues for each customer class  
170 of service (rate schedule). The City’s rate design analysis is primarily focused on the  
171 structure of the rates. The City’s rate design analysis policies are as follows:

172 3.3.1 The City shall utilize the results of the revenue requirement analysis and cost of  
173 service analysis in the development of final proposed rate designs.

174 3.3.2 Rates shall be designed to collect the overall target level of revenues for each  
175 customer class of service.

176 3.3.3 The City’s rate designs shall be reflective of the City Council’s rate design goals  
177 and objectives, while also being reflective of the greater public purpose (e.g.,  
178 economic development, conservation, etc.).

179 3.3.4 The City shall take into consideration both fixed and variable costs in the  
180 development of final proposed rates. The average unit costs calculated within  
181 the cost of service analysis provides the cost-information related to fixed and  
182 variable costs.

183 3.3.4 Bill comparisons shall be developed for all proposed rate designs to illustrate the  
184 general impacts to customers across a range of consumption.

185 3.3.5 In establishing the final water and sewer rates, the City’s Council may take into  
186 consideration neighboring utility rates, but not to the financial detriment of the  
187 City.

188 **3.4 Other Rate Setting Considerations**

189 Provided below are other policies related to the City’s rate setting process.

190 3.4.1 At a minimum, the City shall conduct a comprehensive rate study every five (5)  
191 years to update assumptions and determine financial sustainability.

192



# Homer Title 21 Update

## Progress Report to City Council

Prepared May 6, 2026

View related materials at [HomerT21CodeUpdate.com](http://HomerT21CodeUpdate.com)

## Upcoming Activities

- **Ongoing Public Outreach:** The project team will be conducting a final outreach push during the week of May 11 to boost participation prior to the close of the comment period deadline of May 15..
- **May-June:** Following the end of the public comment period on May 15, the project team will be working to prepare responses and recommended revisions for Planning Commission and City Council consideration.
- **June 22<sup>nd</sup>: City Council and Planning Commission Joint Work Session** – Review public comments received on the PRD, discuss comment themes and recommendations for how to address toward development of the Public Hearing Draft, and identify next steps in the planning process.

## Recently Completed Activities

- **May 4<sup>th</sup>: Targeted Outreach to Homer Realtors, Business Owners, and Builders and Developers.** Distributed tailored emails to three stakeholder groups highlighting key changes in the Public Review Draft most relevant to their interests and inviting feedback prior to the May 15<sup>th</sup> comment deadline.
- **April 15<sup>th</sup>: Planning Commission Project Update & Walkthrough of Public Review Draft of the Revised Code** – Provided an update to the Planning Commission and discuss [How to Navigate the March 31<sup>st</sup> Public Review Draft \(PRD\) of the Revised Code](#), which includes key changes, structure, and guidance on how to review and provide comments.
- **April 15<sup>th</sup>: Public Review Draft Documents Updated:** Revised key PRD files to improve navigation, formatting, and clarity, including addition of titles and tables of contents; updated the redline version to correct tracking gaps and added a summary of moved and renamed sections to improve readability where content had been reorganized.

## Cumulative Accomplishments to Date

### Featured in April 2026 Progress Report

- **April 1<sup>st</sup>:** Presented a proposed Planning Commission Public Review Draft Amendment Form and shared a brief overview of the “How to Navigate the Revised Code” tool to the Planning Commission.
- **March 31<sup>st</sup>: Release of the Public Review Draft (PRD) of the Title 21 Code Revision.** The launch included a coordinated public notification campaign and website update with a full suite of supporting materials, including clean and redline versions of the draft code, summary tables (allowable uses and dimensional standards), an updated zoning map, and a navigation guide to support efficient review.

### Featured in March 2026 Progress Report

- **December 2025 – February 2026: Planning Commission Work Sessions.** Facilitated a series of work sessions with the Planning Commission (December 3, December 17, January 7; February 4, February 18) to review sections of the draft zoning code in greater detail. These work sessions provided an opportunity for the Planning Commission to inform the draft code ahead of the release of the Public Review Draft. The agenda packet and videos of the work sessions are on the City’s [website](#), and will be linked on the [project website](#) as they become available.

### **Featured in February 2026 Progress Report**

- **January 7<sup>th</sup>, 2026:** Facilitated Planning Commission Work Sessions focused on Steep Slopes/Environmental Constraints (January 7<sup>th</sup>)
- **January 26<sup>th</sup>, 2026:** Facilitated Work Session with the City Council to go over the process for the public review draft, comment collection, and next steps toward adoption.

### **Featured in January 2026 Progress Report**

- **December: Open House Follow Up.** Shared results from the community open house on November 6<sup>th</sup> and created additional opportunities for residents who missed the event to share their feedback.
- **November – December: One-on-one conversations with Planning Commissioners.** Offered to meet one-on-one with each Planning Commissioner to talk through ideas, concerns, and questions about the draft code.

### **Featured in November 2025 Progress Report**

- **October:** Planning Commission review of proposed draft code at the October 15<sup>th</sup> regular meeting (part one).
- **November:** Planning Commission review of proposed draft code at the November 5<sup>th</sup> regular meeting (part two).
- **November:** Community Open House on Thursday, November 6<sup>th</sup>. Approximately 50 people attended the open house.

### **Featured in September 2025 Progress Report**

- **August:** Presented and gathered input from the Port and Harbor Advisory Commission at an August 27<sup>th</sup> Work session.
- **September:** Staff conducted an initial review of the draft code; project team is planning for an Open House.

### **Featured in August 2025 Progress Report**

- **July and August:** Facilitated conversations with staff around zoning administration, enforcement, district consolidations, and allowed uses to inform code drafting.
- **August 15<sup>th</sup>:** Shared the draft Title 21 code with City staff for review, including an initial legal review.

### **Featured in July 2025 Progress Report**

- **June 5<sup>th</sup>:** Held an additional stakeholder dialogue with representatives from Guiding Growth and Mobilizing for Action through Planning and Partnerships (MAPP).
- **June 18<sup>th</sup>:** Attended and facilitated a conversation with the Planning Commission on Conditional Use Permits (CUPs), Land Uses, Housing Types, Zoning Districts.
- **June:** Prepared preliminary recommendations on how to structure the updated code. This included a current/proposed table of contents, with a companion report describing the changes.
- **July 15<sup>th</sup> – 16<sup>th</sup>:** Conducted additional interviews to fill in gaps/missing perspectives from groups that work most closely with the zoning code.
- **July 16<sup>th</sup>:** Attended and facilitated a conversation with the Planning Commission focused on use standards, sign code, and administrative flexibility.

### **Featured in June 2025 Progress Report**

- **April 16<sup>th</sup>:** Planning Commission Work Session. Presented key findings from the Summary Background and Code Audit, and related topics.
- **April:** Stakeholder Dialogues. Convened three dialogues to talk with Homer-area professionals that use/engage with the code (Title 21). This included builders/developers, business owners, and realtors.
- **April:** Community Site Tour. Led by City staff, toured Homer by vehicle to visit example areas where zoning policies resulted in positive outcomes, and areas of concern/tension.
- **April:** City Council Interviews. Conducted five in-person interviews with Council members.

- **May 21<sup>st</sup>:** *Planning Commission Work Session. Shared an overview of April stakeholder engagement activities and guided a discussion around specific sections of the code.*

### Featured in April 2025 Progress Report

- **November 2024:** *Initial Introduction to City Council*
- **February 2025:** *Staff Listening Session*
- **March 2025:** *Planning Commission Kickoff Meeting*
- **April 2025:** *Summary Background*
- **April 2025:** *Code Audit*
- **April 2025:** *Website Launch*



## Project Schedule

January – March 2025	June – November 2025	November 2025 – Summer 2026
<ul style="list-style-type: none"> <li>• Compile background and gather initial feedback from City staff, Planning Commission, and key stakeholders.</li> <li>• Review existing code and identify updates.</li> <li>• Develop proposed code type and structure.</li> </ul>	<ul style="list-style-type: none"> <li>• Draft early version of revised code.</li> <li>• Staff and legal team conduct review of draft code.</li> <li>• Share preliminary revisions to Title 21 ("lined version").</li> <li>• Gather input from public on potential changes, including November Open House.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct Planning Commission work sessions on key topics.</li> <li>• Share Public Review Draft of Revised Code (<i>tentatively late January</i>)</li> <li>• Consider and incorporate revisions based on feedback.</li> <li>• <i>Code adoption process starts spring 2026.</i></li> </ul>

Ongoing: Monthly updates and/or work sessions with the Planning Commission and City Council

## Roles of the Planning Commission and City Council

### Planning Commission

**The Planning Commission is the advisory body for the Title 21 Update process.**

- Share guidance, feedback, and local knowledge during the code drafting process.
- Provide feedback on draft materials, including the draft code.
- Make a recommendation to the City Council regarding adoption the Title 21 Update.

### City Council Engagement

- The project team will share periodic updates with the City Council, often via the City Manager’s reports.
- City Council members can stay informed about the process by attending Planning Commission meetings, reading project documents, participating in community activities, and reviewing the public review draft of the revised code.
- The City Council will be responsible for the adoption of the Title 21 Update.

**From:** [sharon.whytal](#)  
**To:** [Department Clerk](#)  
**Subject:** Title 21  
**Date:** Monday, May 11, 2026 8:48:27 AM

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

Dear \_\_\_\_\_,

Dear Mayor and Council,

Thank you so much for all your careful attention to this issue at hand... Please protect our neighborhoods from becoming Hospitality Industry/Residential Mixed Use Zones: do not allow absentee-landlord short-term rentals in our residential zones. Community is EVERYTHING in our cosmic hamlet, and the current situation is destroying our communities and making it impossible for young people to find housing and make Homer their longterm home! Please act now to stop this leakage of multi-generational living that we all love so much about our place.

Please incorporate the following changes to the Community Review Draft into the Public Hearing Draft of the City of Homer Title 21 Zoning ordinance:

- Replace the term “bed and breakfast” with the term “short term rental” (STR) throughout the code;
- Allow STRs in Residential Zones **only on the premises of the operator’s primary residence**;
- Grant nontransferable “grandfather rights” to existing absentee-landlord STRs in Residential Districts that terminate upon transfer of property ownership or upon expiration of operator’s rental/leasing rights to the property;
- Require all STRs to comply with State of Alaska Requirements for Bed and Breakfasts, including state plan approval regulations for “not owner occupied” bed and breakfasts, which are referred to in our state regulations as “public accommodations.”

Our neighborhoods are the building blocks of our community, not profit centers for hospitality-industry investors.

Thank you,

Sharon Whytal, RN, BSN  
city resident

---

To Shelly Agnew & Ryan Foster, the Homer City Council & whomever needs to know,

Topic: **Short Term Rentals**, May 2026

My name is Sky Cady. I'm the owner of several small businesses in Homer and have been here for 5 years working and living. I've got kids in the local schools and am involved in various community organizations. I want Homer to flourish.

I own several short term rentals, have managed the airbnb's for them, and have transitioned them into longer term over the years (primarily because of the spoken needs of our community). Both short and long term rentals are needed. Over the last couple years here's what I have noticed, have heard in conversation with other land/home owners & businesses, and have become more convinced of.

### **Reasons why this regulation is a bad idea:**

1. Tenants who say they want longer term really mean that **WHEN** they say it, but the reality is that **Alaska has natural turnover for many reasons**. Most who say they want to stay, actually leave or find another place after 3-6 months. People move, jobs change, expectations are reconsidered, weather hits, income changes. Especially coming into summer when they find a better opportunity.
2. **STR already pay a tax**. Why pay more?
3. The **Airbnb rentals have come to somewhat of a saturation point** in Homer where some are sitting unrented for longer periods of time than the owners would like, especially before memorial day, after August 15<sup>th</sup> and even during the summer season.
4. **LET THE MARKET of landlords naturally make the move to long term** when they see the changes and needs. If they're not making money – they'll find a way to make it. That's how people survive in Homer.
5. **A LARGE PERCENTAG of STR are not capable of having someone there long term**, and if you say they can only be long term – then you won't have either. For example...
  - a. a mother-in-law basement suite that has little sound insulation – so the landlord can be quiet for a day or two for guests, but can't maintain quiet for a year.
  - b. Or, a septic system that can't handle two full time families, but can handle it for a couple days.
  - c. Or a space that cannot be converted to a full functioning kitchen – but only has room for a coffee pot, burner & minifridge, and little insulation for warmth during the winter.
6. A large percentage of homes are vacant during the winter – not because they're taken in the summer by short term rentals... but because people don't wanna live here in the winter. **STR in the summer make use of sitting homes** because our year round population isn't big enough.

7. **Changing economic conditions** in our country and state have forced many of us to be creative with leveraging what we have to provide income for our families. By regulating, over taxing, putting limits & bureaucracy on this sector, you will severely limit peoples ability to make a living in Homer and thus disable some from being able to afford to live here. A large majority if not **MOST of landlords who live here have multiple jobs**. They're trying to make it just like everyone else. Why make it harder for short term rental owners to thrive when they contribute to the community?
8. The **Hotel industry is not enough** to provide for summer tourists. Cap or overregulate/tax and you make it less affordable for tourists to come here.
9. In short – **regulation and overtaxation are a big part of the reason why people have left** California, New York, Washington & Oregon. Let's not do that. It's hard enough just to get people here.
10. The short term rental community **provides jobs for a huge amount of cleaners**. Put a cap on that or tax that and those cleaners wages will stagnate or go down.
11. When the new development is finished below West Homer Elementary I believe there will be **24(?) new long term homes for hospital housing**. That will create a vacuum and a little less demand for LTR. That combined with several new duplexes in town, going up this summer will change things a bit. In Homer we don't grow exponentially so don't put caps on things.
12. We're a **long way from having problems with traffic density**. Don't use that as a reason to limit STR.
13. **Let's not lie to ourselves** and say that we as a city can produce sufficient income without the impact of tourism. STR is directly related to tourism. You step on your own toe. When you compare STR of homer to all the other communities on your list we are high – because...
  - We function like an island being at the end of a long road. People rarely come here for just the day like they can in Seward or even Girdwood (who has higher percentage of STR that we do). And they need a short term place to stay.

In short, please remove the STR section from Title 21. Regulate impacts like noise and traffic, but long length of stay.

Thank you,  
 Sky Cady  
 Homer Resident

**From:** [Kate Finn](#)  
**To:** [Department Clerk](#)  
**Cc:** [Julie Engebretsen](#); [shelly@agnewbeck.com](mailto:shelly@agnewbeck.com)  
**Subject:** \*\*U-T-D\*\* STR letter for distribution  
**Date:** Sunday, May 10, 2026 8:49:07 AM

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

Hi Amy,

Sorrriiiii this is so late!! Hope it can be included in the 5-11-26 CC packet as a supplemental!

Please forward this e-mail to the EDC, the Planning Commission, City Manager and City Council members. This is a PDF, so should easily be received and read by you. PLEASE let me know if that is not the case. Thanks very much Amy!!

Kate Finn  
907-299-1131  
May 9, 2026

DEAR CITY COUNCIL MEMBERS

While most of us come with less direct professional experience and background knowledge than Kathy Carsow, our sentiments and intentions for the Homer community are no less sincere and valuable!! I/we give input as Homer residents experiencing the community from a myriad of perspectives. I'm not seeing our input reflected in the current Title 21 drafts.

I'll focus on one item this time. I want our Short Term Rental codes to be clearly defined in accordance with the intention behind our current zoning code, and compatible and reflective of sooooo much community input throughout the comprehensive plan process and the current zoning code rewrite.

I'm sorry to be using bullet points, they seem so blunt and impersonal, but anything less sharp and direct does not seem to get noted.

**So:**

**\*\*RESIDENTIAL IS RESIDENTIAL NOT A MIXED USE, OR BUSINESS ZONE.**

**\*\*PLEASE UPDATE HCC TITLE 21.51.100 FROM "BED AND BREAKFAST" TO INCLUDE OR BE REPLACED BY THE TERM "SHORT TERM RENTAL" TO BE SURE PEOPLE ARE OPERATING THE BUSINESS FROM THEIR PRIMARY RESIDENCE.**

**\*\*NO TO NEIGHBORHOOD FLEX DISTRICTS IF THEY ARE GOING TO INCLUDE NON-OWNER-OCCUPIED STRS**

**\*\*ALL STRs MUST BE RENTALS OF LESS THAN 30 DAYS, AND THE PERSONS OPERATING THE BUSINESS NEED TO BE DOING SO FROM THEIR PRIMARY RESIDENCE.**

**\*\*ONE DOESN'T BUY INTO A RESIDENTIAL NEIGHBORHOOD TO BE LIVING NEXT DOOR TO THE HOSPITALITY INDUSTRY, WITH THE CONSTANT TURNOVER OF TRAVELERS WHO HAVE NO VESTED INTEREST IN THE NEIGHBORHOOD, AND ARE ACCOUNTABLE TO NO ONE LOCALLY.**

Below is an e-mail sent from Kathy Carsow to the EDC. on May 4th. (With her permission) I've enclosed it as a much more precise and detailed background summary of the issue, than I'm sure you want me, to less perfectly, try to reiterate. (Highlights are mine)

-----  
" To: Economic Development Commission  
From: Kathryn Carsow  
Date: May 4, 2026  
Subject: Short Term Rental Zoning Regulations

The April 7, 2026 memorandum to the City Council from Council Davis and Erickson accompanying Resolution 26-028 forwarding the STR issues to the EDC provided a summary of STR approaches. A conclusion from that research stated: "Owner-occupancy requirements are the single most direct tool for separating homeowner hosting from investor-owned vacation rentals — and Sitka's approach is a usable

Alaska model.”

In each phase of the public processes for the comprehensive plan and zoning code rewrites there has been a growing outcry by Homer residents to stop absentee-landlord short-term rentals (STRs) from infiltrating our neighborhoods. “Absentee-landlord STRs” are dwelling units that are rented for less than 30 days on properties that are not the primary residential premises of the operator. Instead of housing for neighbors, these dwelling units are profit-makers for investors.

Over a decade ago, city leaders foresaw this issue and addressed it in the comprehensive plan and the zoning code, Title 21. At that time the term for what we now refer to as “short-term rentals (STRs)” was “bed and breakfasts (B&Bs).” B&Bs are only allowed on the premises of the operator’s primary residence. Even though these two terms continue to be used interchangeably by the hospitality industry, e.g. AirBnB Inc., and the State of Alaska (18AAC 30.400), terminology was given as the reason why absentee-landlord STR entrepreneurs have been allowed to buy up property in our Homer neighborhoods. Further, in our current Title 21, other short-term accommodation uses are inadequately defined and cannot be clearly distinguished from one another or from STRs: “dormitory,” “hostel,” and “rooming house.” Confusion over these has also been an argument for allowing absentee-landlord STRs in residential neighborhoods under the current zoning code. The Title 21 Community Review Draft ignores the intent behind our current zoning code and community input throughout the comprehensive plan and zoning code rewrite processes.

The Title 21 Public Review Draft ignores the socioeconomic burdens absentee-landlord STRs impose on our neighborhoods and community. Simply put, if you have an absentee-landlord STR next door, you have the hospitality industry, not an individual or a family, for a neighbor. Without neighbors, you are no longer living in a neighborhood; you are living in a “hospitality-industry/residential mixed-use zone.” Neighborhoods are essential to the quality of our lives in Homer. Neighborhoods integrate us across generations, races, political persuasions, sexual orientations and religions. The close proximity of our homes to one another binds us in a way that is unique in building and strengthening enduring relationships. It is an investment in healthy social capital. That is what is meant by a fundamental community planning principle: neighborhoods are the building blocks of community.

The permitting system proposed in the Public Review Draft of Title 21 does nothing to protect the integrity of our neighborhoods and does not yield a timely solution to our affordable housing crisis -- another immediate public concern. Individual investors and corporations, who can pay more, but have no vested interest in us as neighbors, will continue to successfully compete for the houses next door to us to use as profit-making public accommodations. People whom we would value as neighbors, including returning adult children, families, down-sizing seniors, and those hoping to fill our job openings, will continue to be pushed out of our housing market – to the detriment of the social and economic health of our community.

A more fitting solution is for the new Title 21 to do the following:

- Replace the term “bed and breakfast” with the term “short term rental” throughout the code.
- Allow STRs in all residentially zoned districts only on the premises of the operator’s primary residence.
- Allow STRs, regardless of operator’s residence status, in all other zones and in other than residential structures, e.g., on the second floors of commercial buildings along Pioneer Avenue and on the Spit.
- Grant nontransferable “grandfather rights” to existing absentee-landlord STRs in Residential Districts that terminate upon sale of the property or expiration of operator’s rental rights to the property.
- Define “dormitory,” “hostel,” and “rooming house” so as to be clearly distinct from STRs in terms of length of stay, number of guest rooms and guests, property ownership, etc., and only allowed in Residential Districts as Conditional Uses.
- Require STRs to comply with State of Alaska Requirements for Bed and Breakfasts, including state plan approval regulations for “not owner occupied” bed and breakfasts, which are referred to in our state regulations as “public accommodations.” “

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**THANK YOU FOR YOUR ATTENTION, AND DILIGENT WORK ON BEHALF OF HOMER CITY AND IT’S MULTIPLICITY OF CITIZENS!!** We are not always an easy crowd, and we all love Homer in our own individual ways, and want it, and us to be the best we can be. Thanks for doing your best to bring that about.

Thank you ,  
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