City of Homer
www.cityofhomer-ak.gov

Office of the City Clerk
491 East Pioneer Avenue
Homer, Alaska 99603
clerk@cityofhomer-ak.gov
(p) 907-235-3130
(f) 907-235-3143

Supplemental Packet

TO: MAYOR LORD AND CITY COUNCIL
FROM: AMY WOODRUFF, CITY CLERK
DATE: AUGUST 24, 2026
SUBJECT: SUPPLEMENTAL PACKET ITEMS

From: Michael Dye
To: Amy Woodruff
Subject: RE: 4PM today: Homer City Council worksession on Lease Code and Base lease Template
Date: Monday, August 24, 2026 12:01:55 PM

Hi Amy,

Thank you for the invite. Unfortunately, I have a dental appointment at 4:00 today.

I did review the agenda packet. I don't have any significant comments on the insurance requirements. I am not an expert on insurance costs, but this doesn't seem out of the ordinary or overly costly to me.

The primary item that I believe impacts project viability on leased property is the lease term. I don't see any references to specific lease terms in the proposals except for extensions. Generally, if someone is buying an improved property or building a new building on property that is leased they will want to approach a bank for potential financing. When a bank looks at financing in this situation, the term of the lease often becomes the driving factor in whether it is viable or not. Longer term leases are generally needed so that the project can cash flow adequately. A bank's loan term generally needs to be 75% of the remaining available term of the lease. I think the City of Homer provides for longer term leases in these cases- i.e. 15-20 year terms or longer, but I have seen some public and private entities only permitting shorter-term 5-7 year leases which is problematic.

As an example, $600,000 purchase of a building on leased land with 25% cash down payment by Buyer ($150,000 down, $450,000 loan amount).

If the city lease is 10 years, then the max term that a bank can offer would generally be 7.5 year. The payment in this case would approximate $6,225 per month on top of the City lease.

If the city lease was 6 years, or had six years remaining then the max term a bank can offer would be 4.5 years. The payment would approximate $9,900 per month on top of the City lease.

If the city lease term was 20 years, the max term would be 15 years and the payment would approximate $4,280 per month.

I think this illustrates the importance of the length of lease term. Many properties on the Spit have a higher value than my example which would further impact the cash flow analysis. Again, if my memory serves me well, the City of Homer often has longer terms available. However, if the seller is in the middle of a longer term lease when they sell, it would be important for the Buyer to have the ability through the sale closing process to get the lease term started over as part of the sales process and assumption of the lease, so that they make this large investment they can cash flow it over the longer term.

I hope this is helps, not sure if this is actually relevant to what you are looking for, but this is what I encounter in trying to lend in these types of situations.

Thank you.

Mike Dye |VP & Lending Branch Manager II
Northrim Bank | Homer Financial Center
t: 907-235-3728 | f: 907-260-6203
www.northrim.com | NMLS# 1736200

From: Amy Woodruff <AWoodruff@ci.homer.ak.us>
Sent: Monday, August 24, 2026 10:57 AM
To: Michael Dye <Michael.Dye@nrim.com>; ENiebuhr@FNBAlaska.com; Shelly Erickson <ShellyErickson@ci.homer.ak.us>
Subject: 4PM today: Homer City Council worksession on Lease Code and Base lease Template

> You don't often get email from awoodruff@ci.homer.ak.us. Learn why this is important

Hello Mike & Eric,

I apologize for the late notice on this email – Councilmember Erickson asked that I reach out to you about tonight's worksession and I neglected to do so last week.

City Council is holding a worksession tonight to discuss possible changes to the City's lease code and base lease template. The full proposed changes are listed in the Agenda Packet on our website at https://www.cityofhomer-ak.gov/citycouncil/city-council-worksession-246 .

There are proposed changes to adjust the requirements for commercial vehicle insurance and for $1M in worker's compensation, both of which I know have been sticking points in the past. We welcome any other thoughts on suggested amendments from the business perspective. If you send me an email I will provide it as a laydown item to Council, or if you attend the 4 P.M. worksession in person you would be welcome to provide comment at the end of the meeting when Comments of the Audience comes up on the agenda.

Thank you,

Amy Woodruff
City Clerk
City of Homer, Alaska
907.235.8121 x2226

General Fund
Expenditure Report
Actuals through July 2026
8% Fiscal Year Elapsed

	Current Fiscal Analysis		
	FY27 AMENDED BUDGET	FY27 YTD ACTUAL $	FY27 YTD ACTUAL %
Revenues			
Property Taxes	$ 5,575,940	$ 679,872	12%
Sales and Use Taxes	8,694,380	1,015,643	12%
Permits and Licenses	43,463	3,980	9%
Fines and Forfeitures	3,543	170	5%
Use of Money	-	-	
Intergovernmental	750,919	-	0%
Charges for Services	513,406	100,984	20%
Other Revenues	-	70	
Airport	222,248	8,779	4%
Operating Transfers	1,889,214	-	0%
Total Revenues	**$ 17,693,112**	**$ 1,809,498**	**10%**
Expenditures & Transfers			
Administration	$ 2,229,078	$ 263,593	12%
Clerks/Council	880,297	44,048	5%
Planning	498,063	47,817	10%
Library	1,195,518	150,107	13%
Finance	966,047	129,776	13%
Fire	1,983,509	224,005	11%
Police	4,812,725	640,125	13%
Public Works	3,937,068	334,393	8%
Airport	254,351	21,927	9%
City Hall, HERC	176,163	28,913	16%
Non-Departmental	237,000	-	0%
Total Operating Expenditures	$ 17,169,821	$ 1,884,707	11%
Transfer to Other Funds			
Leave Cash Out	$ 221,320	$ -	0%
Other	291,972	-	0%
Total Transfer to Other Funds	$ 513,292	$ -	0%
Transfer to CARMA			
General Fund Fleet CARMA	$ -	$ -	0%
General Fund CARMA	-	-	0%
Seawall CARMA	10,000	-	0%
Total Transfer to CARMA Funds	$ 10,000	$ -	0%
Total Expenditures & Transfers	**$ 17,693,112**	**$ 1,884,707**	**11%**
Net Revenues Over (Under) Expenditures	**$ 0.00**	**$ (75,210)**	
w/HART Roads Budget Transfer*		**$ (1,959)**	

*Based off FY27 YTD Roads Maintenance Operating Expenses ($73,250)

These numbers are preliminary and are subject change

Water and Sewer Fund
Expenditure Report
Actuals through July 2026
8% Fiscal Year Elapsed

Current Fiscal Analysis

	FY27 AMENDED BUDGET	FY27 YTD ACTUAL $	FY27 YTD ACTUAL %
Revenues			
Water Fund	$ 2,856,566	$ 267,934	9%
Sewer Fund	2,428,756	245,602	10%
Total Revenues	**$ 5,285,322**	**$ 513,536**	**10%**
Expenditures & Transfers			
Water			
Administration	$ 402,692	$ 87,293	22%
Treatment Plant	843,499	41,603	5%
System Testing	36,000	594	2%
Pump Stations	136,589	3,095	2%
Distribution System	451,499	39,064	9%
Reservoir	35,565	931	3%
Meters	225,511	4,155	2%
Hydrants	236,624	18,157	8%
Sewer			
Administration	$ 403,844	$ 79,147	20%
Plant Operations	974,750	39,381	4%
System Testing	18,400	1,133	6%
Lift Stations	255,613	18,112	7%
Collection System	356,182	28,242	8%
Total Operating Expenditures	$ 4,376,768	$ 360,908	8%
Transfer to Other Funds			
Leave Cash Out	$ 9,892	$ -	0%
GF Admin Fees	7,180	-	0%
Other	10,594	-	0%
Total Transfer to Other Funds	$ 27,666	$ -	0%
Transfers to CARMA			
Water	$ 476,094		0%
Sewer	404,793		0%
Total Transfer to CARMA Funds	$ 880,887	$ -	0%
Total Expenditures & Transfers	**$ 5,285,322**	**$ 360,908**	**7%**
Net Revenues Over(Under) Expenditures	**$ 0**	**$ 152,628**	

These numbers are preliminary and are subject change

Port and Harbor Fund
Expenditure Report
Actuals through July 2026
8% Fiscal Year Elapsed

	Current Fiscal Analysis		
	FY27 AMENDED BUDGET	FY27 YTD ACTUAL $	FY27 YTD ACTUAL %
Revenues			
Administration	$ 763,793	$ 58,782	8%
Harbor	4,376,387	326,887	7%
Pioneer Dock	351,663	3,015	1%
Fish Dock	634,006	187,694	30%
Deep Water Dock	192,000	17,497	9%
Outfall Line	2,400	-	0%
Fish Grinder	8,000	-	0%
Load and Launch Ramp	130,000	62,065	48%
Total Revenues	**$ 6,458,249**	**$ 655,940**	**10%**
Expenditures & Transfers			
Administration	$ 1,495,679	$ 244,375	16%
Harbor	1,520,042	132,092	9%
Pioneer Dock	112,039	8,221	7%
Fish Dock	823,225	63,049	8%
Deep Water Dock	137,816	11,544	8%
Outfall Line	19,000	-	0%
Fish Grinder	47,743	3,647	8%
Parking	218,695	19,114	9%
Camping	148,086	14,111	10%
Harbor Maintenance	577,883	38,631	7%
Main Dock Maintenance	50,144	3,562	7%
Deep Water Dock Maintenance	60,644	3,722	6%
Load and Launch Ramp	129,491	15,759	12%
Total Operating Expenditures	$ 5,340,486	$ 557,827	10%
Transfer to Other Funds			
Leave Cash Out	$ 47,856	$ -	0%
GF Admin Fees	-	-	0%
Debt Service	-	-	0%
Other	266,477	-	0%
Total Transfer to Other Funds	$ 314,333	$ -	0%
Transfers to Reserves			
Harbor	$ 803,430	$ -	0%
Load and Launch Ramp	-	-	0%
Total Transfer to Reserves	$ 803,430	$ -	0%
Total Expenditures & Transfers	**$ 6,458,249**	**$ 557,827**	**9%**
Net Revenues Over(Under) Expenditures	**$ 0**	**$ 98,114**	

These numbers are preliminary and are subject change