



City of Homer

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Office of the City Manager

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Memorandum

TO: Mayor Wythe and Homer City Council
FROM: Katie Koester, City Manager
DATE: August 3, 2016
SUBJECT: City Manager's Report - August 8, 2016

Roger's Loop Trailhead

The City has signed an agreement to purchase two pieces of property off of Roger's Loop that serves the Homer Demonstration Forest, provides year round access to the Baycrest trail system, and is key to providing future access to the City owned Diamond Creek property. \$65,000 for acquisition of this property was budgeted for in the 2015 budget out of HART trails and authorized in Resolution 14-118. The Parks and Recreation Advisory Commission has been advocating for acquisition of this piece for some time and will be pleased to see progress. Long term plans for this property are to pursue grants and volunteer labor to develop the vacant lots into a trailhead with amenities such as parking and a visitor kiosk.

Alaska North to the Future Volume V

I am pleased to report that the books the City purchased an 8-page spread in, Alaska North to the Future Volume V have been published and delivered. I have a number of copies for the City to use as gifts when we have official visits. We were able to put this to good use on Tuesday, July 26th when the Teshio Sister City delegation met with City officials. This book will be used by communities across the state and state officials to promote Alaska. In addition, we will be given a link to the book to post the electronic copy on our website.

\$145,000 in Savings for Enterprise Fund

The Enterprise experienced \$145,000 in unanticipated savings with the close out of the \$6 million dollar Cruise Ship Passenger Vessel Tax (CPV) grant we received in the 2011 State Capital Budget. The improvements of the \$6 million dollar project can be seen everywhere you turn on the Homer Spit and Downtown: restrooms on the Spit and Downtown, staging improvements for passengers, new fenders on the Deep Water Dock, new boardwalks and trails, and a new load and launch ramp. (See the attached project summary and benefits for more details). Part of the \$6 million dollar project was to provide a match to the Federal Dingel Johnson grant for replacement of the load and launch ramp (an over \$3 million dollar project). The City was required to come up with a local match of \$800,000. The City budgeted for \$600,000 to come out of the Enterprise reserves and the remaining \$200,000 by the CPV grant in Ordinance 14-27. Because a number of the CPV projects came in under budget, we were able to apply an additional \$144,000 of CPV grant money to the load and launch ramp match and recoup Enterprise expenses.

Termination of Lease Negotiations for Communications Tower on Homer Spit

Resolution 15-049 (6/29/2015) authorized the City Manager to enter into lease negotiations with SpitwSpots to construct a communications tower on Lot 11 of the Homer Spit that they would own, operate and manage. The City values the improved communications that a tower on the Spit could provide for mobile, internet, and public safety. However, the City has not been able to reach an agreement with the company on specifics of the lease. After a year of negotiations, multiple meetings, letters, emails, and back and forth with draft lease versions, there are a number of technical and safety points where we have not been able to come to an agreement that is mutually satisfactory to both parties. Part VII of the Tower RFP states that "the City of Homer reserves the right to terminate negotiations with any proposer should it be in the City of Homer's best interest." Lease Committee members will deliberate how to best move forward and will advise whether or not they recommend reissuing an RFP.

Most Beautiful Library

The Homer Public Library has put the City on the map again. In a July 29, 2016 online publication, Tech Insider, nominated the Homer Public Library as the most beautiful library in Alaska. The list highlights a library in each of the 50 states.

Soundview Project Receives TAP Grant Award

I am pleased to announce that the City of Homer received a \$500,000 grant from ADOT&PF Transportation Alternative Program (TAP) for pedestrian safety improvements on Soundview Avenue. This, combined with a City of Homer match (\$200,000) will make the area much safer for children walking to school. As you recall, Council approved sidewalk and pedestrian safety improvements in the 2016 budget process. The City became aware of this grant opportunity as a way to leverage HART funds, save some money, and expand the project to bring the sidewalk all the way to the school. It was a very competitive grant with 42 applicants and only 8 awards. Credit goes to the community for bringing this needed improvement to Council's attention, Council for having the foresight to budget for it which allowed us to do preliminary engineering and be eligible for the grant, Jenny Carroll for pulling together a well written grant in a short time frame and Carey Meyer for providing all the technical information and project scope required. Because federal dollars are being used, there are additional environmental and permitting processes to go through that will push the construction start date to 2017. Once we receive a grant agreement, I will bring an ordinance before Council accepting the grant. We have been told this could take a few months due to DOT's internal processes. See attached press release for more information.

Investment Policy

I regret that I had to cancel the investment policy worksession scheduled for today. Staff is overwhelmed and has not been able to put the time and attention into developing a 50-minute worksession that makes the best use of Council time. As you know, reviewing the investment policy to ensure that the City is receiving the highest rate of return while protecting the public's money has been on my radar since I was hired. Nevertheless, the City has a very robust investment policy on the books that is well within government standards and prioritizes safety (see attached HCC 3.10). When the Council has the time to dive into the

details, I anticipate you will need to give staff direction and make minor tweaks in lieu of a wholesale re-write. Thanks for your patience as staff and Council juggles the many time consuming issues we are dealing with.

Statewide Transportation Improvement Plan (STIP)

Amendment Number 1 to the STIP was released by AKDOT&PF mid-July that delays/changes projects that are critical to Homer's downtown core: The amendment was released just days after DOT had an open house for the two projects which were summarized in the June 27th City Manager's Report. Full funding of Lake Street Rehabilitation has been delayed from 2018 to indefinitely (after 2019 is listed in the amendment). Rehabilitation of Pioneer Avenue has been eliminated entirely. DOT staff has informed us this project has been downgraded to a pavement preservation project which is funded as part of statewide appropriation, however we do not know at what funding level. City Planner Abboud has prepared comments on the STIP Amendment 1 (attached) that will be submitted after this Council meeting. Comments and/or additions from Council are welcome.

Alaska Municipal League Position Statements

The July 25th City Manager's report included a copy of the AML Position Statement that was adopted at the 2015 AML Annual Conference. AML asked municipalities to review the Position Statement and submit a resolution if any amendments are recommended. No comments were received; therefore the City of Homer will not be forwarding recommendations on the Alaska Municipal League Position Statements (due by resolution August 12). The AML Legislative Committee will present final recommendations to be voted on by the membership at the 2016 AML Annual Conference in November.

Enc:

Cruise Ship Passenger Vessel Grant Project Summary
Tech Insider: Homer Public Library
Press Release: Soundview Project Receives TAP Grant Award
HCC 3.10 Investment Policy
City of Homer Comments on STIP 2016-2019 Amendment 1
Letter of Support for Update to the Kenai Peninsula Borough Community Wildfire
Protection Plans
Legislative Update from Anderson Group
Letter from Governor Walker RE: State Sales Tax
Sprout Thank You Letter



City of Homer

Cruise Ship Dock & Passenger Facility Improvements Project Summary and Benefits

Homer's Port and Harbor is an Emerging Port for cruise ship based tourism. CPV funds for improvements to the deep water dock and upland amenities, making the port facilities safer, more efficient and attractive to cruise-ship passengers, has greatly lifted Homer's stature as a cruise destination port-of-call.

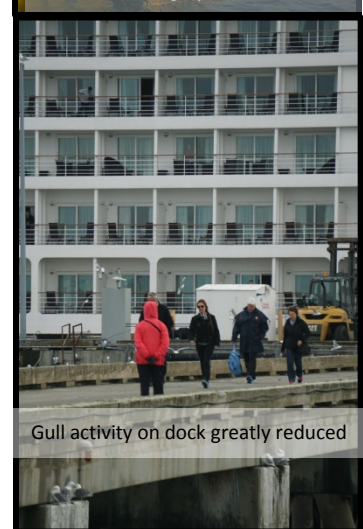
Port upgrades and their benefits include:

Cruise Ship Dock Improvements: A new heavy duty steel-framed plastic fendering system and floating camels were installed on the face of the Deep Water Dock, replacing its original, substandard timber fendering system. Tie-up bollards were also replaced. The new system facilitates docking maneuvers, protects large-class vessels pulling up to the dock and significantly reduces maintenance that was required to keep the old timber fenders in useful condition.

Modifications were also made to the dock's open I-beam support structure to deter hundreds of kittiwake seagulls from nesting in the ideal man-made environment, mitigating sanitary problems and offensive odors created by guano at the dock.

Because many cruise passengers may be older or disabled, ease of access is important. Many older tourists or those who are less mobile can find disembarking difficult, and may remain on the ship to avoid the trouble. The City of Homer utilized funding to improve accessibility and convenience for those embarking and disembarking. A broom attachment for the Port forklift (enabling dock cleaning prior to cruise ship arrival), a steel transition plate (to bridge a gap between the dock and the dock trestle) and Safetyflex sealant for concrete joints reduced slipping and tripping hazards, especially for less agile passengers, as they make their way to the staging area.

Staging Area Improvements: Before CPV funding, Homer's staging area, where passengers connect with ground transportation or embark on their own discover of the Homer Spit, consisted entirely of a dirt road riddled with rain-filled potholes and one outhouse to accommodate all. Now there is a facility at the approach to the Cruise Ship Dock providing basic visitor needs: a restroom, a guard house for security personnel and a covered area with seating for people waiting for buses. An access/circulation road for passenger pickup and drop off has been paved, providing access for those with limited mobility, and marked with crosswalks and pedestrian lanes, providing safe separation of pedestrians and traffic. Wayfinding signage orients and directs visitors new to Homer, welcoming them to a unique Alaskan port more interesting than a day at sea.



Greater access to and accommodation for a variety of shore-side experiences: Variety of experience is an important element to the cruise ship experience. Passengers seek a range of different activities and have different activity levels and capabilities. Many tourists choose to walk around the harbor and Spit staying close to port. Spit trail improvements, accomplished with both CPV and ADOT funds as part of this project, aid visitors trying to access recreational activities. ADOT funds replaced worn and broken boardwalk sections, and extended the trail around the harbor to Coal Pint Park just south of the cruise ship staging area (with commanding views across Kachemak Bay to the Kenai Mountains). CPV funds also provided for installation of a public restroom and bench accommodations at End of the Road Park and Spit Trail riprap at the Coal Point Park. Through, the new walkways include small bump outs for view finding, benches, banners displaying international maritime signal flags and interpretive signage to provide valuable access, wayfinding and open space for public enjoyment and recreation. (See improvement overview map, attached.)

Other passengers opt for trips into the center of town to experience Homer's downtown market areas and cultural institutions located primarily on and near Pioneer Avenue. Private companies provide scheduled shuttle service to and from the staging area, stopping at various locations in town. Prior to this project, Homer's town center had no public restroom facilities. Two public restrooms (one on the west and another on the east end of Pioneer Avenue) provide convenient facilities to accommodate visitor needs.



One of five new public restrooms



05/08/2014 15:30
New Spit Trail boardwalk & banners

Emergency Response Infrastructure Improvements: Medical needs aboard a cruise ship are not uncommon, and when passengers' medical conditions or an emergency exceeds the ship's medical staff capabilities, Homer's emergency medical technicians are called to assist in transporting patients to land-based medical services. Homer Harbor's Load and Launch Ramp is an important evacuation/transport resource in these situations. CPV funds assisted with important repairs to the Load/Launch ramp, replacing the pitted, worn out concrete ramp with rebar showing through and upgrading the fingers. These improvements insure more gentle and safer patient transfers and preserves harbor infrastructure necessary for responding to emergency medical incidents occurring when a cruise ship is in port.



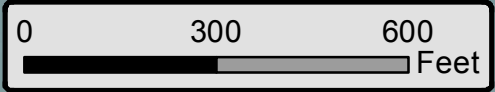
Load and launch ramp after improvements

Together, the improvements help stimulate the local economy by meeting existing cruise ship needs and providing safe, improved port-of-call opportunities to accommodate cruise ship passengers who contribute to retail sales and the City's economic base.



Legend

- Boat Launch
- Bus Loading/Unloading
- Cruise Ship Moorage
- Information
- Park
- Restroom
- Seafarer's Memorial
- Overlook
- Spit Trails



TECH INSIDER

The most beautiful library in each US state



CHRIS WELLER
JUL. 29, 2016, 4:01 PM

Alaska: The Homer Public Library won the 2007 Honor Award, AIA 2/50 Alaska Chapter, for its modern design and use of local materials.



Homer Library

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Published on *City of Homer Alaska Official Website* (<http://www.cityofhomer-ak.gov>)

Soundview Avenue Project Receives TAP Grant Award



[1]

The City of Homer is pleased to announce the receipt of an FY2016 Transportation Alternatives Program (TAP) grant award from Alaska's Department of Transportation and Public Facilities (ADOT&PF) to improve pedestrian access and safety on Soundview Avenue.

The goal of the federally-funded TAP Program is to provide choices for non-motorized users that are safe, reliable, and convenient. TAP funds will supplement City of Homer funds to complete safety improvements on Soundview Avenue, providing a safe route to West Homer Elementary School.

In the 2016 budget, Homer City Council allocated funds for part of the project, filling in missing Soundview Avenue sidewalk sections between Mullikin Street and Cabana Court. TAP funds will allow the City of Homer to complete the project, providing a continuous Soundview Avenue sidewalk from Mullikin Street all the way to West Homer Elementary School and installing pedestrian safety and traffic calming features.

Soundview Avenue safety improvements have long been a top community priority. Only about ten years ago, children were not allowed to walk to West Homer Elementary School or Homer Middle School. The schools are located on the Sterling Highway, which, because it had no sidewalk qualified as a dangerous route making it illegal to send a child to school on foot on the roadway. That changed when DOT&PF extended sidewalks and installed a Sterling Highway waring signal at the Soundview Avenue intersection and the City of Homer extended the Sterling Highway sidewalk up Soundview Avenue to the school's entrance.

Over time, various subdivisions developed along Soundview Avenue, quickly transforming Soundview into a main neighborhood route to West Homer Elementary and Homer Middle School and a back-road short-cut through town to the Sterling Highway. Additionally, the various subdivisions developed with varying standards, creating a patchwork of disconnected sidewalk. Lack of sidewalks amidst increased traffic flow and traffic speed created a hazardous situation for children walking to school. Improving this final section of Soundview Avenue for pedestrian safety and accessible trail connectivity was first prioritized in Homer's 2004 Non-motorized Transportation and Trail Plan and persisted through Homer's 2005 Area Transportation Plan and current Comprehensive Plan.

Homer is pleased, with TAP grant support from AK DOT&PF, to bring this project to completion to insure our kids get to school safely and under their own power, and to improve accessible pedestrian trail connectivity in Homer's central core.

The grant agreement is expected to be finalized sometime this fall or winter after an environmental review, with construction projected for spring 2017.

Source URL: <http://www.cityofhomer-ak.gov/citymanager/soundview-avenue-project-receives-tap-grant-award>

Links:

[1] http://www.cityofhomer-ak.gov/sites/default/files/styles/gallery500/public/imageattachments/citymanager/page/10141/family_at_guardrail_cropped.jpg?itok=Z-kyML39

Chapter 3.10

INVESTMENT AND COLLATERALIZATION OF PUBLIC FUNDS

Sections:

- 3.10.010 Scope.
- 3.10.015 Objectives.
- 3.10.020 Delegation of authority.
- 3.10.030 Prudence.
- 3.10.040 Authorized investments.
- 3.10.050 Placement of City investments.
- 3.10.060 Diversification.
- 3.10.070 Collateralization.
- 3.10.080 Safekeeping.
- 3.10.090 Agreements.
- 3.10.100 Internal controls.
- 3.10.110 Reporting.
- 3.10.120 Definitions.
- 3.10.130 Governance of Homer permanent fund assets.

3.10.010 Scope.

This chapter applies to the investment of all City monies, unless otherwise provided expressly by ordinance. [Ord. 93-14 § 3, 1993].

3.10.015 Objectives.

The City investment portfolio shall be managed so that the portfolio, as a whole, meets the objectives set forth below. All persons selecting investments for City monies shall adhere to these objectives, which are listed in order of relative importance.

- a. Safety of principal;
- b. Maintain sufficient liquidity to meet the City's cash flow requirements; and
- c. Achieving a reasonable market rate or return.

Notwithstanding the above objectives, no person shall invest City monies in a manner which violates any provision of this chapter or the administrative procedures established hereunder. [Ord. 93-14 § 3, 1993].

3.10.020 Delegation of authority.

Management responsibility for the investment program is hereby delegated to the Finance Director/Treasurer who shall establish written procedures for the operation of the investment program, consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director/Treasurer. The Finance Director/Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates. [Ord. 93-14 § 3, 1993].

3.10.030 Prudence.

All persons having responsibility for making decisions regarding the investment of City monies shall utilize the same judgment and care, under the circumstances then prevailing, that an institutional investor would use in the conduct of an enterprise of a like character and with like aims, not for speculation but for investment, considering the probable safety of capital as well as the probable income to be derived in accordance with the stated objectives. [Ord. 93-14 § 3, 1993].

3.10.040 Authorized investments.

a. City monies shall be invested only in the following instruments. All securities purchased by the City, and all other City investments, must mature not later than the time indicated below, measured from the date of the City's investment transaction:

1. U.S. Treasury securities – three years;
2. Other obligations by the U.S. Government, its agencies and instrumentalities – three years;
3. Repurchase agreements of acceptable securities listed in subsections (a)(1) and (2) of this section which meet a margin requirement of 102 percent; provided, however, the maturity limitations specified in those subsections do not apply if the securities in the repurchase agreement are marked to market daily;
4. Units of the Alaska Municipal League Investment Pool in accordance with an executed common investment agreement and in conformance with AS 37.23.010 through 37.23.900;
5. Certificates of deposit and other deposits at banks and savings and loan associations collateralized as provided in HCC 3.10.070 – three years;
6. Uncollateralized deposits at banks and savings and loan associations, to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation – three years;

7. Taxable bonds or notes which are issued by any state or political subdivision thereof, and which are graded AA or higher by Moody's Investor's Service, Inc., or Standard and Poor's Corporation – three years;

8. Commercial paper graded A1 or higher by Moody's Investor's Service, Inc., or P1 or higher by Standard and Poor's Corporation – 270 days;

9. Bankers' acceptances offered by banks rated at least "AA" by Moody's or Standard and Poor's;

10. Money market mutual funds whose portfolios consist entirely of instruments specified in subsections (a)(1), (2) and (3) of this section – with net asset value of \$1.00.

b. No person shall invest any City monies in any instrument which is not listed in subsection (a) of this section. This prohibition includes, but is not limited to, investment of City monies in any mutual fund (except as otherwise provided in subsection (a)(10) of this section), common or preferred stock, precious metals, zero coupon bonds, corporate bonds, option contract or futures contract.

c. This chapter represents the maximum amount of authority and discretion which the Finance Director/Treasurer may utilize in investing City monies. Nothing in this chapter shall be construed, however, to prohibit the Finance Director/Treasurer from adopting standards, rules, policies and procedures which are more restrictive than those contained in this chapter. The enumeration in this chapter of instruments which are authorized for City investments shall not be construed as requiring the Finance Director/Treasurer to invest in all or any particular instrument contained in said list at any given time. The Finance Director/Treasurer may invest in some or all of said instruments as deemed appropriate. Similarly, the enumeration of instruments which are acceptable as collateral for City investments shall not be construed as requiring the Finance Director/Treasurer to accept all or any particular instrument contained in said list at any given time. The Finance Director/Treasurer may accept some of said instruments, and reject others. [Ord. 93-14 § 3, 1993].

3.10.050 Placement of City investments.

a. Because of rapid fluctuations of interest rates and the brief period of availability of some securities, bids may be solicited, received, and accepted, either orally or in writing. Solicitation, receipt, and acceptance of bids by telephone is authorized. In order for a bid to be responsive, it must meet all the specifications and requirements of the bid solicitation. The Finance Director/Treasurer shall not consider nonresponsive bids.

b. The Finance Director/Treasurer shall award a bid to the financial institution whose bid best fulfills the investment objectives contained in HCC 3.10.015, considering the City investment portfolio as a whole.

c. All securities transferred to or from the City, except securities transferred as collateral, shall be transferred using the delivery versus payment method. Securities transferred as collateral shall be

actually received by the custodial bank designated by the Finance Director/Treasurer who may require financial institutions to deliver collateral to a custodial bank prior to bidding on City investments. [Ord. 93-14 § 3, 1993].

3.10.060 Diversification.

City investments shall be diversified to minimize the risk of loss resulting from overconcentration of investments in a specific maturity, a specific issuer, a specific class of security or a specific financial institution. Investments will be diversified to maintain a degree of liquidity. The Finance Director/Treasurer shall adopt administrative procedures to implement this section. [Ord. 93-14 § 3, 1993].

3.10.070 Collateralization.

a. If City monies are invested in certificates of deposit or other deposits, the entire amount of principal and interest which will be payable to the City upon maturity of the investment must be collateralized by a combination of the following securities, at the following margin requirements and maturities:

COLLATERAL TYPE	MARGIN REQUIREMENT
1. U.S. Treasury securities with a maturity date 5 years or less from the date of the City's investment transaction.	102%
2. Actively traded U.S. Government agency or instrumentality securities, except mortgage pass-through securities with a:	
a. Maturity date 1 year or less from the date of the City's investment transaction.	103%
b. Maturity date between 1 and 5 years from the date of the City's investment transaction.	107%
3. Government National Mortgage Association mortgage pass-through securities.	120%
4. Obligations of the State of Alaska and its political subdivisions secured by the full faith, credit and taxing power thereof:	
a. Maturity date 1 year or less from the date of the City's investment transaction.	102%
b. Maturity date between 1 and 5 years from the date of the City's investment transaction.	107%
5. FDIC and FSLIC insurance.	100%
6. Securities underlying units in the Alaska Municipal Investment Pool.	

b. A financial institution shall not release, assign, sell, mortgage, lease, transfer, pledge or grant a security interest in, encumber, substitute or otherwise dispose of or abandon all or any part of pledged collateral without prior written authorization of the City. [Ord. 93-14 § 3, 1993].

3.10.080 Safekeeping.

Procedures and criteria for selection of a custodial or safekeeping institution shall be established under HCC 3.10.020. Selection of an institution shall be in accordance with those procedures and the City purchasing code. The Finance Director/Treasurer shall enter into agreements with one or more financial institutions to provide custodial and safekeeping services for City investments. All investments purchased by the City and all securities used as collateral for certificates of deposit, or other deposits, shall be either held directly by the City, or held by a third party custodial bank as agent for the City. Collateral for overnight repurchase agreements shall be pledged to the City but may be held by the financial institution. [Ord. 93-14 § 3, 1993].

3.10.090 Agreements.

Security agreements instituting this policy will be entered into prior to the purchase of a certificate of deposit or repurchase agreements. [Ord. 93-14 § 3, 1993].

3.10.100 Internal controls.

The Finance Director/Treasurer shall establish a system in internal controls, which shall be documented in writing. The City's external auditor shall review and evaluate, at least annually, the system of internal controls to ensure that they are adequate for the purposes stated in this section. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees or officers. [Ord. 93-14 § 3, 1993].

3.10.110 Reporting.

The Finance Director/Treasurer shall submit quarterly to the City Manager an investment report that summarizes the portfolio in terms of investment securities, maturities, risk categories, returns and other features. The City Manager shall present this report to the City Council in its entirety. [Ord. 93-14 § 3, 1993].

3.10.120 Definitions.

As used in this chapter, the following definitions apply:

“Actively traded” means a security which is frequently bought or sold on a nationally recognized market.

“Bankers’ acceptances” means an order to pay a certain amount of money on a certain date and bearing an unconditional promise of a bank to pay the draft at maturity. Bankers’ acceptances are secured by the creditworthiness of the bank and a U.S. corporation as well as goods underlying the transaction.

“Commercial paper” means an unsecured promissory note of a corporation backed by a line of credit with a bank, issued for a specific amount and maturing on a specific day.

“Delivery versus payment” means that a security will be delivered to safekeeping before cash is paid for the security.

“Financial institution” means a bank, savings and loan association, or securities dealer.

“Margin requirement” means the amount by which the market value of the securities collateralizing a transaction exceeds the amount lent.

“Marked to market” means to value a security at its current sales price.

“Money market mutual funds” means a mutual fund which maintains a constant share price regardless of market fluctuations and which has an average maturity for its entire portfolio of one year or less.

“Net asset value” means the invested fund’s value remains the same. Any value above that is treated as income, i.e., invest \$1.00 today and withdraw \$1.00 tomorrow plus interest earned.

“Pledged” means specific securities set aside as collateral which are identified to a specific account.

“Repurchase agreements” means short-term transactions consisting of the purchase of a security with the promise to return it at a later date.

“U.S. Government agency or instrumentality securities” means obligations of the U.S. Government issued on behalf of U.S. Government departments through the Federal Financing Bank and securities issued by U.S. Government-sponsored enterprises or quasi-public corporations.

“U.S. Treasury securities” means a security that is backed by the full faith and credit of the U.S. Government. [Ord. 93-14 § 3, 1993].

3.10.130 Governance of Homer permanent fund assets.

a. In investing and managing the monies of the permanent fund established pursuant to Chapter 3.12 HCC, the persons having responsibility for making decisions shall exercise the judgment and care under the circumstances then prevailing which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation, but in regard to the long-term investment of funds considering the probable safety of capital as well as probable income, in accordance with the stated objectives of the permanent fund.

b. In order to ensure sound investment strategy, the City Council will take action in the following manner:

1. The City Council shall establish written investment policies by resolution which shall be adhered to without exception;

2. The City Council shall review the investment policies of the permanent fund at least once each year during the first quarter and shall, by resolution, re-adopt or modify said policies;

3. The City Council shall establish, by resolution, a plan for the allocation of investment assets each year that provides for the following:

a. That earnings available for annual appropriation and distribution shall be confined to the interest, dividends or coupon discounts derived from the investments of the fund. Realized or unrealized gains to the portfolio value are not considered earnings.

b. The portfolio of the growth sub-fund will be invested primarily in equities, and is exempt from HCC 3.10.040.

c. The portfolio of the income sub-fund will be invested primarily in bonds and the other fixed rate securities authorized by HCC 3.10.040.

d. The income sub-fund may be used as a revolving loan fund for various City capital projects as provided in Chapter 3.12 HCC.

e. That states portfolio duration, performance benchmarks, and the estimated percentage or amount of that year's earnings that would be necessary to retain to inflation-proof the fund principal;

4. The City administration shall maintain on file within the offices of the Finance Department monthly reports which indicate transactions affecting the investment account, to include, at a minimum, transfers of cash into and out of the account, and interest or dividends received by the account;

5. The City administration shall order an objective performance evaluation of the investment program every year;

6. The City administration shall retain one or more bank custodians to hold all investment cash and fixed income securities of the permanent fund and require that the custodians shall render monthly reports to the administration regarding assets held at both book and market values, and individual transactions which have taken place, that the banks shall have adequate fidelity insurance, and that written contracts be entered into between the City and the custodian banks. [Ord. 15-43(S) § 1, 2016; Ord. 13-25 § 1, 2013; Ord. 05-14(S) § 2, 2006].



City of Homer

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Planning

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July 29, 2016

State of Alaska Department of Transportation & Public Facilities
Division of Program Development, ATTN: STIP
PO BOX 112500
Juneau, AK 99811-2500

RE: STIP 2016-2019 Amendment 1

The City of Homer would like to express its support for several projects in the 2016-2019 Draft.

Need ID: 23176, Pioneer Avenue Rehabilitation

This project is in the heart of downtown Homer. Pioneer Avenue supports commercial development in the Central Business District and serves as a gateway to Homer's residential districts while providing access to East End Road. Several sections of the road are in need of constant repair and at times represent hazards and traffic needs to be directed out of the travel lane. Structural improvements are necessary to avoid the increasing failure of the pavement. The City of Homer is disappointed that this project has been reclassified as a "1R" project, but does encourage timely attention as part of the newly classified Pavement Preservation project, Need ID 18924, as we have been informed of its inclusion.

Need ID 23197, Lake Street Rehabilitation

Lake Street is an essential connection and preferred truck route between the Sterling Highway and East End Road. It represents one of the three major surface transportation routes through Homer. Lake Street has not undergone a major rehabilitation project since 1997. The pavement routinely experiences major failures. The thin asphalt overlays applied to sections of the street in 2011 and 2013 are not expected to offer any structural correction of the deficiencies that will inevitably lead to reoccurrence of the annual failures. We would like the state to reject the proposal to delay the project till after 2019. Several public meetings have been held and a design has been produced that has been found to have the support of the city and residents. We urge the state to keep the project on the previous schedule and not introduce an indefinite delay.

Need ID: 2670, MP 157-169 Rehabilitation – Anchor Point to Baycrest Hill

The Sterling Highway is the only land connection Homer has to the Alaska Highway System. This road is imperative to the livelihood of the City of Homer. The consistent serious and fatal crashes along the highway necessitate improvements. The proposed improvements should not only improve safety but will allow for some relief of congestion that is only predicted to worsen in years to come. The completion of this project demonstrates assurance that the route will remain viable well into the future. While we are pleased with the phases that have been completed, we are disappointed that the improvements previously scheduled for 2018 have been delayed until after 2019. We believe that safety enhancements should not be indefinitely delayed and should proceed in a definitive time period.

Need ID: Pavement and Bridge Rehabilitation

The City of Homer wishes to express support for this program as the State of Alaska finds itself unable to proceed and continues to cut back on the more extensive restoration projects. It is of utmost importance to keep our surface transportation infrastructure from deteriorating to conditions that endanger the welfare and even the lives of those that depend upon them. We specifically encourage the expedient completion of Pioneer Avenue in Homer as part of this project.

Sincerely,

Rick Abboud, AICP
Homer Alaska City Planner
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City of Homer

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August 9, 2016

Arlene Weber-Sword
Western Wildland Urban Interface Grant Committee
State of Alaska - Division of Forestry
550 W. 7th St., Ste. 1450
Anchorage, AK 99501

Subject: 2017 WWUI Application

Dear Review Committee:

We are pleased to support the efforts to update the Kenai Peninsula Borough Community Wildfire Protection Plans (CWPP). This project will establish multi-year guiding documents for the purpose of implementing present and future fire hazard mitigation measures as well as provide diverse land owners with the support documentation necessary to complete collaborative prevention and mitigation projects within the wildland/urban interface.

The City of Homer will participate in the process as a core partner. Homer Fire Chief Bob Painter, will attend meetings, provide council and historical documentation for the CWPP update to ensure that fuel reduction projects, reduction of structure ignitability, and homeowner educational programs are identified and prioritized.

As demonstrated in the Borough's 2017 WWUI application, our city has greatly benefited from many mitigation projects completed in the past, including removal of hazardous trees from the Bridge Creek Watershed, Homer's only fresh water source, and other hazardous trees surrounding areas of refuge identified in the planning process.

In closing, the City expects to contribute approximately \$1,300 in staff time and resources toward the completion of the CWPP update. I encourage the review committee to award the Borough's funding request for this much-needed project.

Sincerely,

Katie Koester, City Manager

cc: Mike Navarre, Mayor
Brenda Ahlberg, KPB Community & Fiscal Projects Manager



City of Homer

Legislative Update

The 29th Alaska Legislature adjourned its fifth special session July 18 after eight days of continued disagreement over how best to address Alaska's fiscal situation. Actually, the focus ended up being more about whether or not to override the [Governor's budget vetoes](#). In the end, the necessary 45 votes for override weren't there and the various grievances over the Governor's revenue proposals drove House and Senate members to suspend the debate.

Generally, there are two narratives driving politics around the state's fiscal woes. One contends Alaska's state budget must first be "right-sized" before agreement can be reached on tapping the Permanent Fund Earnings Reserve and/or implementing new taxes for general state government use; the other insists certain industries must first contribute a greater share to the state treasury. Regardless, with unrestricted general fund revenue projected to cover less than 30% of expenditures through next year and reserve balances decreasing rapidly, the current stalemate will eventually lead to checkmate. It appears policy makers, for now, have resolved to let the fall elections provide a catalyst, tipping the scales one way or the other.

We will continue to monitor developments to determine potential impacts on the City, and will evaluate and advise on options for response, as necessary.

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Governor Bill Walker
STATE OF ALASKA

July 25, 2016

Ms. Katie Koester
City Manager
491 East Pioneer Avenue
Homer, AK 99603

Dear Ms. Koester:

I appreciate your letter regarding our proposed Sales Tax legislation and its potential impact on the City of Homer and other Alaskan municipalities. I want to clarify that our proposed bill, introduced for the 5th Special Session (HB/SB 5004), would not reduce the ability for a community to collect its existing taxes.

Last fall my Administration realized balancing the budget was not going to be possible with only cuts and restructuring of the Permanent Fund. Other tax revenues, to include a broad-based component, were going to be required. Our internal analysis resulted in the introduction of an individual income tax over the other broad-based options. The reasons for this were described in committee by the Department of Revenue as the following:

- 1) Sales taxes have traditionally been an important revenue source for Alaskan municipalities. We expected that there would be significant concern (as expressed in your letter) with the State also using this tax;
- 2) The cornerstone of any fiscal plan will likely reduce Permanent Fund Dividends. The reduction has a regressive impact, because lower income Alaskans lose a larger share of their income than higher income Alaskans. In contrast, an income tax is inherently more progressive, taking a larger share from the highest income households. Taken together, these two measures had the most balanced impact across all income levels.
- 3) Retail prices vary widely across Alaska, thus a fixed percentage sales tax would disproportionately impact shoppers in rural, higher-cost areas of the state.

Unfortunately, our income tax proposals did not receive serious consideration during the 2016 legislative sessions. Some legislators indicated they wanted to compare our income tax proposals side-by-side with a sales tax option. So, for the fifth special session, we provided them one.

The bill we introduced was structured in large part on HB 293 from the 23rd Legislature in 2003. This bill made it through two House committees before stalling, and it incorporated input from the

Alaska Municipal League at that time. However, there are a number of differences between HB 293 and HB 5004, largely related to what purchases are exempted.

Both HB 293 and HB 5004 propose a 3 percent State tax. However, HB 293 set a “maximum” combined tax rate of 8 percent between the State and municipal rates. If the municipal rate was above 5 percent, the State would initially collect less, but this would phase out over time, and eventually the municipality would have to reduce its rate to 5 percent. That feature is not in the current bill; we did not wish to reduce any municipal sales tax rates should this bill pass.

The other major feature of both HB 293 and HB 5004 is that the State would take over statewide collection and distribution of the general sales tax. Over several years, all governments would work towards a consistent set of definitions and exemptions so that items taxable in one jurisdiction would not be non-taxable in another. This would simplify and reduce the costs of local management. The bill, as written, proposed municipalities continuing the administration of any special sales taxes – for example alcoholic beverages or lodging.

Both an income tax and a sales tax would require a substantial investment of State resources to build and staff the new programs. Both bills had similar fiscal notes, with about \$15 million in up-front cost and staffing needs between 60 and 74 new employees. Because of this, it would be inefficient to add both new taxes. My Administration’s preference is that we adopt an income tax to meet our needs for the broad-based tax component of any comprehensive fiscal solution. I intend to continue advocating for this as our preferred option. However, we will be open-minded to whatever gains acceptance by a majority of the Legislature. Therefore we must be prepared to implement a sales tax that is fair to municipalities, as well as to all Alaskans, should legislators ultimately choose that direction.

Thank you again for contacting me. I have heard from many municipalities about this important issue, and ask that you remain aggressively engaged in the legislative process to promote your desired outcome regarding a broad-based tax, as well as insisting that a fair and balanced overall fiscal plan is adopted as soon as possible. Please let us know if you require any additional information.

Sincerely,



Bill Walker
Governor

cc: The Honorable Bob Harcharek, President, Alaska Municipal League

 Where families develop and grow.

SPROUT

July 21, 2016

RE: City of Homer Grants Program

Dear Homer City Councilmembers,

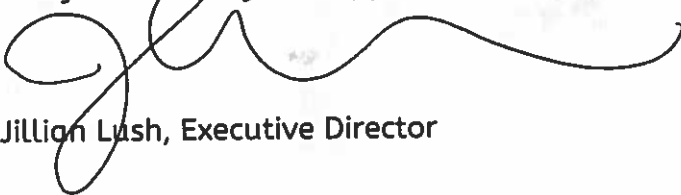
It is with deepest appreciation that I write you to thank you for supporting the non-profit sector. Sprout was a recipient of the 2016 City of Homer Grants Program through the Homer Foundation. We were able to use the money for so many things that impact our ability to serve our clients; the cities youngest citizens.

Sprout Family Services operates with mission to promote the healthy development of children and families. We do that through coaching and educating parents, coordinating community services for families, and providing therapeutic services to help children develop. Raising children can be really hard work so we join with families to help them flourish and grow. ALL young children (0-5) and their parents can benefit from the menu of comprehensive child development services Sprout offers our community. Currently, Sprout has 400 children enrolled in one or more programs.

The funds contributed to Sprout by the City allowed Sprout to improve outreach to families with children 0-5 years, by increasing our advertising and our publications. We created "Welcome Baby" gifts, including a video on the importance of early literacy, for little ones born at South Peninsula Hospital. We also used the grant to bolster our internal operations by adding an annual HIPAA training for staff and a new electronic database for client records.

The gifts from the City come at a critical time for non-profits in Homer. As the state begins to decline in its ability to fund social programs, it is crucial that our City continue to support these important supports to our community members. The years between birth and kindergarten are a vital time to lay the foundation for later success in school, work and relationships. Sprout Family Services is here to support families with children 0-5years, by offering information, activities, caring and qualified staff, and access to books, toys and other supplies. Thanks to the City of Homer, we can give more families the opportunity to grow up with Sprout.

Many thanks for your support,



Jillian Lush, Executive Director

3691 Ben Walters Lane, #4, Homer, Alaska 99603

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