



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

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Memorandum

Agenda Changes/Supplemental Packet

TO: MAYOR CASTNER AND CITY COUNCIL
FROM: RENEE KRAUSE, MMC, ACTING CITY CLERK
DATE: APRIL 22, 2024
SUBJECT: SUPPLEMENTAL

WORKSESSION AGENDA

- a. Water & Sewer Rate Model

Utility Rate Presentation

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REGULAR MEETING AGENDA

CONSENT AGENDA

- c. Memorandum CC-24-089 from Acting City Clerk re: Liquor Licenses

Notification of Non-Objection Kenai Peninsula Borough – The Grog Shop

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Notification of Non-Objection Kenai Peninsula Borough – Grog Shop East End

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Notification of Non-Objection Kenai Peninsula Borough – The Rum Locker

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VISITORS

- b. Safe & Healthy Kids Fair - Lisa "Red" Asselin-Martin, Sprout Family Services

PowerPoint Presentation - Laydown

ANNOUNCEMENTS/PRESENTATIONS/REPORTS

- k. Cook Inlet Regional Citizens Advisory Council Report

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Water and Sewer Rates Discussion
Worksession 4/22/24

4/22/2024

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Talking Points

- Financial Reports: Utility Operations
- Water and Sewer Rates: Preliminary Analysis
- FY25 Rate Setting Guidance

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Financial Reports: Utility Operations

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Revenues & Expenses - Utility Operations Fund				
		FY25		
		FY24 Budget	YTD Actual	FY25 Budget
Water				
	Meter Sales	2,211,899	1,642,336	2,266,595
	Other Revenue	54,105	59,178	56,904
	Bad Debt Transfer	103,000	-	305,061
	Draw on Fund Balance	1,481	-	4,470
	Water Operations Fund - Total Revenue	2,370,585	1,701,514	2,633,030
	Salaries, Wages & Benefits ¹	1,156,987	881,443	1,191,203
	Maintenance & Operations	897,532	504,950	814,256
	Transfers to:			
	Revenue	391,061	391,061	391,061
	Other	97,799	97,799	97,799
	Water Operations Fund - Total Expenses	2,376,466	1,886,402	2,582,420
	Revenues over Expenses	0	815,112	0
Sewer				
	Meter Sales	1,917,298	1,348,309	2,059,282
	Other Revenue	91,090	15,540	24,933
	Draw on Fund Balance	1,482	-	4,971
	Sewer Operations Fund - Total Revenue	1,989,870	1,363,849	2,089,186
	Salaries, Wages & Benefits ¹	967,519	711,293	997,266
	Maintenance & Operations	722,118	493,643	614,208
	Transfers to:			
	Revenue	214,108	214,108	214,108
	Other	1,000	1,000	1,000
	Sewer Operations Fund - Total Expenses	1,894,850	1,209,044	1,826,582
	Revenues over Expenses	0	154,805	0
	Utility Operations Fund Total	0	491,555	0

¹ Includes leave cash-out

- All operating transfers are processed at the end of the fiscal year
- Draw on fund balance is for budget amendment regarding exempt wage scale

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Yearly Comparison: Revenues vs. Expenditures (Unaudited)				
	E22	E23	FY24 YTD	
Water Fund Revenues	2,022,064	2,063,011	1,701,513	
Water Fund Expenditures (including transfer to revenue)	1,719,238	1,923,250	1,388,432	
Water: Revenues over (Under) Expenditures	302,826	139,761	313,081	
Sewer Fund Revenues	1,803,224	2,202,254	1,363,849	
Sewer Fund Expenditures (including transfer to revenue)	1,389,773	1,633,376	1,186,406	
Sewer: Revenues over (Under) Expenditures	413,451	568,878	177,443	
Water & Sewer: Total Revenues Over (Under) Expenditures	716,280	708,639	491,525	

Water Fund
Revenues vs. Operating Expenditures

Sewer Fund
Revenues vs. Operating Expenditures

- These comparisons remove operating transfers to CARMA in order to illustrate operating activity

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Any Questions?

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Water and Sewer Rates: Preliminary Analysis

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Keep in Mind

- The following rate models are preliminary and are subject to change once a mid-biennium budget amendment is brought forward
 - The rate model and accompanying ordinance will "ride" with the budget ordinance and will be adjusted accordingly
- Other inputs that are subject to change:
 - Multi-unit count
 - Consumption volume

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Scenario 1 - No Monthly Fee

- No structural changes to the model compared to FY24
- CARMA transfer is funded in the commodity rate

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Rate Analysis:	
Current Rates	
<small>These rates are preliminary and will update accordingly with the amended budget</small>	
Water Rates:	Sewer Rates:
Commodity (per gal): \$0.0161	Non-Lift Station: \$0.0167
Bulk (per gal): \$0.0201	Lift Station: \$0.0275
Monthly Fees: \$0	
Proposed Rates - Scenario 1 (No Monthly Fee)	
Water Rates:	Sewer Rates:
Commodity (per gal): \$0.0170	Non-Lift Station: \$0.0157
Bulk (per gal): \$0.0210	Lift Station: \$0.0294
Monthly Fees: \$0	

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Scenario 1 - No Monthly Fee

This rate model is preliminary and will update accordingly with the amended budget

WATER Rate Model		SEWER Rate Model	
Revenues		Revenues	
FY25 Operating Revenue Required - Water	\$ 2,115,777	FY25 Operating Revenue Required - Sewer	\$ 1,835,560
CARMA Transfer Requirement	316,696	CARMA Transfer Requirement	273,816
Deduct Operating Fund Balance - Rate Buydown	0	Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(55,904)	Deduct Portion Collected through Other Revenues	(18,509)
Deduct Portion Collected through Service Fee	(105,565)	Lift Stations Costs	(22,890)
Hydrant Rents (10% of Total)	(83,851)	Pumping Fee	(9,720)
Surplus Water Sales (Bulk) surcharge only	(83,851)	Dumping Station Fees	(6,024)
		Multi-Units and K-city (5\$/unit/mo.)	(76,020)
Revenue Required for Commodity Rate Calculation	\$ 2,187,181	Revenue Required for Commodity Rate Calculation	\$ 1,755,263
Water Consumption (Gallons)		Sewer Usage (Gallons)	
Gross Meters Water Sales	129,126,600	Projected Billable Volume	89,000,000
Total Estimated Water Sales	129,000,000	Projected Billable Volume - Lift Zone Only	23,000,000
		Total Projected Billable Volume	112,000,000
Water Rates:		Sewer Rate	
Commodity Rate (per gal)	\$ 0.0170	Non-Lift Station Rate	\$ 0.0157
Bulk Rate (per gal)	\$ 0.0210	Lift Station Rate	\$ 0.0294
Monthly Fees	\$ -		
Consumption Additional Information:		Lift Station Additional Information:	
CY23 Gross Meters Water Sales (Gallons)	129,126,600	CY23 Actually Billed Gallons (Lift Station Zone Only)	23,687,300

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Scenario 2 - Monthly Fee

- No structural changes to FY24 model, other than bringing forward monthly fee
- CARMA transfer is funded by monthly fee and is removed from commodity rate

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Rate Analysis:	
Current Rates	
<small>These rates are preliminary and will update accordingly with the amended budget</small>	
Water Rates:	Sewer Rates:
Commodity (per gal): \$0.0161	Non-Lift Station: \$0.0167
Bulk (per gal): \$0.0201	Lift Station: \$0.0275
Monthly Fees: \$0	Monthly Fees: \$0
Proposed Rates - Scenario 2 (Monthly Fee)	
Water Rates:	Sewer Rates:
Commodity (per gal): \$0.0145	Non-Lift Station: \$0.0132
Bulk (per gal): \$0.0185	Lift Station: \$0.0229
Monthly Fees: \$13	Monthly Fees: \$11

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Scenario 2 - Monthly Fee

This rate model is preliminary and will update accordingly with the amended budget

WATER Rate Model		SEWER Rate Model	
Revenues		Revenues	
FY25 Operating Revenue Required - Water	\$ 2,115,777	FY25 Operating Revenue Required - Sewer	\$ 1,834,580
CARMA Transfer Requirement	316,696	CARMA Transfer Requirement	273,816
Deduct Operating Fund Balance - Rate Buydown	0	Deduct Operating Fund Balance - Rate Buydown	0
Deduct Portion Collected through Other Revenues	(55,904)	Deduct Portion Collected through Other Revenues	(18,509)
Deduct Portion Collected through Service Fee	(104,496)	Deduct Portion Collected through Service Fee	(22,890)
Hydrant Rents (10% of Total)	(83,851)	Lift Stations Costs	(9,720)
Surplus Water Sales (Bulk) surcharge only	(83,851)	Dumping Station Fees	(6,024)
		Multi-Units and K-city (5\$/unit/mo.)	(76,020)
Revenue Required for Commodity Rate Calculation	\$ 1,870,487	Revenue Required for Commodity Rate Calculation	\$ 1,481,447
Water Consumption (Gallons)		Sewer Usage (Gallons)	
Gross Meters Water Sales	129,126,600	Projected Billable Volume	89,000,000
Total Estimated Water Sales	129,000,000	Projected Billable Volume - Lift Zone Only	23,000,000
		Total Projected Billable Volume	112,000,000
Water Rates:		Sewer Rate	
Commodity Rate (per gal)	\$ 0.0145	Non-Lift Station Rate	\$ 0.0132
Bulk Rate (per gal)	\$ 0.0185	Lift Station Rate	\$ 0.0229
Monthly Fees	\$ 13	Monthly Fees	\$ 11
Consumption Additional Information:		Lift Station Additional Information:	
CY23 Gross Meters Water Sales (Gallons)	129,126,600	CY23 Actually Billed Gallons (Lift Station Zone Only)	23,687,300

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Rate Comparisons

These rates are preliminary and will update accordingly with the amended budget

	Average Volume			High Volume			Lift Station (Year-Round)		
	Existing	Scenario 1	Scenario 2	Existing	Scenario 1	Scenario 2	Existing	Scenario 1	Scenario 2
Consumption	3800	3800	3800	6600	6600	6600	1800	1800	1800
Water Rate	0.0161	0.0170	0.0145	0.0161	0.0170	0.0145	0.0161	0.0170	0.0145
Sewer Rate	0.0167	0.0157	0.0132	0.0167	0.0157	0.0132	0.0275	0.0254	0.0229
Charges:									
Water	61.18	64.60	55.10	106.26	112.20	95.70	28.98	30.60	26.10
Sewer	63.46	59.66	50.16	110.27	103.62	87.12	49.50	45.72	41.22
Service	0	0	24	0	0	24	0	0	24
Total Bill	\$ 124.64	\$ 124.26	\$ 129.26	\$ 216.48	\$ 215.82	\$ 206.82	\$ 78.48	\$ 76.32	\$ 91.32
Impact	\$ (0.38)	\$ 4.62		\$ (0.66)	\$ (9.66)		\$ (2.16)	\$ 12.84	

- ### FY25 Rate Setting Guidance
- Staff Recommendation - Scenario 2 (Monthly Fee)
 - Water and Sewer Rate Model and accompanying rate setting ordinance will follow the structure of Scenario 2
 - Remember: Rates will likely change accordingly with proposed mid-biennium budget amendments
 - Council discussion on this path forward?

Any Questions?



Thursday, April 18, 2024

Sent via email: clerk@ci.homer.ak.us

Melissa Jacobsen, City Clerk
City of Homer

RE: Non-Objection of Application

Licensee/Applicant	:	Uncle Thirsty's LLC.
Business Name	:	Grog Shop, The
License Type	:	Package Store
License Location	:	369 E. Pioneer Avenue, Homer, AK 99603, City of Homer
License No.	:	479
Application Type	:	Endorsements

Dear Ms. Jacobsen,

This serves to advise that the Kenai Peninsula Borough has reviewed the above referenced application and has no objection.

Should you have any questions, or need additional information, please do not hesitate to let us know.

Sincerely,

A handwritten signature in blue ink that reads "Michele Turner". The signature is fluid and cursive.

Michele Turner, CMC
Borough Clerk

cc: dearunclethirsty@gmail.com;

<mailto:amco.localgovernmentonly@alaska.gov>



Thursday, April 18, 2024

Sent via email: clerk@ci.homer.ak.us

Melissa Jacobsen, City Clerk
City of Homer

RE: Non-Objection of Application

Licensee/Applicant	:	Uncle Thirsty's LLC.
Business Name	:	Grog Shop East End
License Type	:	Package Store
License Location	:	3125 E End Road, City of Homer
License No.	:	2301
Application Type	:	Endorsements

Dear Ms. Jacobsen,

This serves to advise that the Kenai Peninsula Borough has reviewed the above referenced application and has no objection.

Should you have any questions, or need additional information, please do not hesitate to let us know.

Sincerely,

A handwritten signature in blue ink that reads "Michele Turner". The signature is fluid and cursive.

Michele Turner, CMC
Borough Clerk

cc: dearunclethirsty@gmail.com;

<mailto:amco.localgovernmentonly@alaska.gov>



Thursday, April 18, 2024

Sent via email: clerk@ci.homer.ak.us

Melissa Jacobsen, City Clerk
City of Homer

RE: Non-Objection of Application

Licensee/Applicant	:	Uncle Thirsty's LLC
Business Name	:	Rum Locker, The
License Type	:	Package Store
License Location	:	276 Olsen Lane, Suite #3, Homer, AK 99603, City of Homer
License No.	:	4432
Application Type	:	Endorsements

Dear Ms. Jacobsen,

This serves to advise that the Kenai Peninsula Borough has reviewed the above referenced application and has no objection.

Should you have any questions, or need additional information, please do not hesitate to let us know.

Sincerely,

A handwritten signature in blue ink that reads "Michele Turner". The signature is fluid and cursive.

Michele Turner, CMC
Borough Clerk

cc: dearunclethirsty@gmail.com;

<mailto:amco.localgovernmentonly@alaska.gov>



Carla Stanley, representing the
City of Homer

Update from the Board of Directors

Cook Inlet Regional Citizens Advisory Council

The Cook Inlet Regional Citizens Advisory Council met for its regular and annual meeting, April 5th in Kenai.

The Council heard reports from several of our industry and regulatory partners. United States Coast Guard Captain Christopher Culpepper, Commander, Sector Anchorage, gave us an update of ongoing USCG operations and took questions about the December 2023 fire aboard the M/V Genius Start XI at Dutch Harbor.

We were pleased to meet with Emma Pokon, Commissioner-designee for the Alaska Department of Environmental Conservation. Ms. Pokon brings an impressive resume centered on environmental law to the Department and reported that staffing levels in the Spill Prevention and Response (SPAR) program are currently full in our region. Proper funding, training, and retention of staff in the SPAR program is essential to maintaining safe operations in Cook Inlet and has been a concern in recent years.

Captain Marc Bayer, Vice President of Marine Operations for Marathon Petroleum, gave a presentation on that company's global operations, while Captain Paul Mehler, Port Captain for Marathon in Alaska, gave a debrief on winter operations in Cook Inlet, highlighting safe operations during the recently concluded winter ice season.

The Council also heard an annual operations update from Hilcorp. Operations Manager for Offshore Assets Dan Marlowe and Maniksaq Baumgartner, Hilcorp's Alaska Government and Public Affairs Advisor outlined the company's progress with decommissioning, plugging and abandonment of wells in Cook Inlet and its offshore drilling plans for 2024 and brought the council up to speed on various grants the company is working on to continue studying the viability of its Cook Inlet assets for future use in renewable energy projects.

The Council also recognized several volunteers for their continued commitment to the CIRCAC mission; Walt Sonen, who represents the City of Seldovia, was named our Volunteer of the Year. Service Awards were given to Dr. Richard Prentki (30 years -Environmental Monitoring Committee); Molly McCammon (20 years – Municipality of Anchorage and Environmental Monitoring Committee); John Williams (15 years – City of Kenai); James McHale (10 years – Prevention, Response, Operations, and Safety Committee). These Council and Committee members embody the dedication that has been necessary to remain vigilant in carrying our organization's mission for almost 35 years and we thank them for their service.

The Council will meet next in Kodiak in September.