

Session 15-35 a Regular Meeting of the Homer City Council was called to order on December 7, 2015 at 6:00 p.m. by Mayor Mary E. Wythe at the Homer City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska, and opened with the Pledge of Allegiance.

PRESENT: COUNCILMEMBERS: ADERHOLD, LEWIS, REYNOLDS, SMITH, VAN
DYKE, ZAK (telephonic)

STAFF: CITY MANAGER KOESTER
CITY CLERK JOHNSON
CITY ATTORNEY KLINKNER
ASSISTANT CITY MANAGER LAWRENCE
DEPUTY HARBORMASTER CLARKE
FINANCE DIRECTOR LI
IT MANAGER POOLOS
LIBRARY DIRECTOR DIXON
PERSONNEL DIRECTOR BROWNING
POLICE CHIEF ROBL
PORT AND HARBOR DIRECTOR HAWKINS

Councilmember Zak has requested telephonic participation.

Mayor Wythe called for a motion to allow Councilmember Zak to participate by telephone.

LEWIS/REYNOLDS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Council met as a Committee of the Whole from 5:00 p.m. to 5:23 p.m. to discuss Consent and Regular Agenda Meeting items.

Department Heads may be called upon from time to time to participate via teleconference.

AGENDA APPROVAL

(Addition of items to or removing items from the agenda will be by unanimous consent of the Council. HCC 1.24.040.)

The following changes were made: **ANNOUNCEMENTS** - AML Newly Elected Officials Conference Report from Councilmember Smith; **PUBLIC HEARINGS - Ordinance 15-41(S)**, An Ordinance of the Homer City Council Appropriating Funds for the Calendar Year 2016 for the General Fund, the Water Fund, the Sewer Fund, the Port/Harbor Fund, Capital Projects, and Internal Service Funds. City Manager. Budget Amendment Lobbyist/Library Books – Councilmember Smith. Homer Public Library Statistics. Written public comments; **RESOLUTIONS - Resolution 15-104(S)**, A Resolution of the City Council Certifying the Results of the City of Homer Special Election Held December 1, 2015 to Decide Proposition #1 “Shall the Dedication of 0.75% of the City Sales Tax to the Homer Accelerated Roads and Trails (H.A.R.T.) Program be Suspended for a Period of Three Years, to Make Such 0.75% of City Sales Tax Available for General Government Purposes?” City Clerk/Canvass Board; **Resolution 15-110(S)**, A Resolution of the City Council of Homer, Alaska, Approving a New One-Year Contract With Premiera Blue Cross and Assurant Health. City Manager.

Mayor Wythe called for a motion for the approval of the agenda as amended.

LEWIS/REYNOLDS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA

Pat Brown, Chair of the Library Advisory Board and Economic Development Advisory Commission, appreciates what Council is doing to resolve the financial issues and support a viable stable government and economic development.

Ken Castner, city resident, commented on Mayor Wythe’s comments on November 23 pertaining to the HERC building and opposes charging interest on condominium natural gas assessments. He doesn’t support Resolution 15-106, but does fully support Resolution 15-111.

Ginny Espenshade, city resident, is supportive of the presentation by Dr. Spencer. In her research on 26 year-olds living in Homer, 10% to 11% of them have heroin court cases. Prevention, education, and support will help to save lives from overdoses.

Ted Schmidt, city resident, opposes Resolutions 15-106 and 15-111. The HART proposition (Resolution 15-104) was presented in a subjective manner. Additionally, it is disingenuous to be after the public to pay for infrastructure for public safety expansion.

RECONSIDERATION

CONSENT AGENDA

(Items listed below will be enacted by one motion. If separate discussion is desired on an item, that item may be removed from the Consent Agenda and placed on the Regular Meeting Agenda at the request of a Councilmember.)

- A. Homer City Council unapproved Regular meeting minutes of November 23, 2015. City Clerk. Recommend adoption.
- B. **Memorandum 15-196**, from Deputy City Clerk, Re: Liquor License New Application for Grace Ridge Brewing, Inc.
- C. **Resolution 15-105**, A Resolution of the City Council of Homer, Alaska, Establishing the 2016 Regular Meeting Schedule for the City Council, Economic Development Advisory Commission, Library Advisory Board, Parks and Recreation Advisory Commission, Advisory Planning Commission, Port and Harbor Advisory Commission, Cannabis Advisory Commission, Permanent Fund Committee, and Public Arts Committee. City Clerk. Recommend adoption.

Memorandum 15-197 from Parks and Recreation Advisory Commission as backup.
Memorandum 15-200 from Cannabis Advisory Commission as backup.
Memorandum 15-201 from Planning Commission as backup.
Memorandum 15-202 from Library Advisory Board as backup.
Memorandum 15-203 from Port and Harbor Advisory Commission as backup.
- D. **Resolution 15-107**, A Resolution of the City Council of Homer, Alaska, Noting the Insufficiency of the Petition for Lambert Lane and Lakeshore Drive Road Reconstruction and Paving Special Assessment District. City Clerk. Recommend adoption.
- E. **Resolution 15-109**, A Resolution of the Homer City Council to Support the Repair and Reopening of Rocky River State of Alaska Road Easement to the Gulf of Alaska. Mayor. Recommend adoption.

Item E, Resolution 15-109 was moved to Resolutions, Item F. Aderhold.

Mayor Wythe called for a motion for the approval of the recommendations of the consent agenda as read.

LEWIS/REYNOLDS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VISITORS

A. Lobbyist Linda Anderson, Anderson Group

Linda Anderson has been a contract lobbyist since 1985 and the City's lobbyist since 2011. When the State of Alaska had a lot of money the goal was to make sure Homer had capital projects. She works with the Homer delegation very closely. The lobbyist is tasked with covering every hearing that might affect Homer in proposed legislation.

Last year there was no capital budget. Homer was treated fairly, as nobody got anything. The budget crisis is more extreme than the State has faced before. We probably won't get a capital budget for Homer, but she can assure Homer will have a seat at the table and she will represent Homer's position on state sales tax. There will be legislation of consolidating services of boroughs and cities, statewide bed taxes and sin taxes on alcohol, cigarettes, and cannabis. AML can take only broad general positions on issues and the lobbyists meet with AML weekly and share ideas.

Business for 2016 includes state retirement funds and unfunded liability. Currently municipalities are paying back 22% for the unfunded liability. The Legislature believes it is a bonus the municipalities only pay back 22% yet the problem was created by the State, not the municipalities. There will be a proposal to change the dollar amount in the operating budget. There are also termination costs to allow municipalities to manage their work force. The State exempted themselves from requirements of termination costs, but municipalities cannot. It is one of the issues that has to be resolved. Before June the Legislature must pass a budget. If they included the Permanent Fund and sales tax they are still a billion dollars under water. By June the Legislature has to vote on a constitutional amendment to advance the LNG gas line for it to appear on the November 2016 ballot. If this is not done by June it pushes the LNG project back two years. An agreement with the producers and parties is required.

B. Dr. Sarah Spencer, South Peninsula Hospital, Needle Exchange for Heroin Use

Dr. Sarah Spencer is board certified in heroin addiction and works in between South Peninsula Hospital and Ninilchik. The syringe exchange can be controversial. The heroin epidemic is nationwide and is here in Homer. The needle exchange program is a means to reduce the spread of disease and lower health care costs. The syringe exchange generally provides free distribution of sterile syringes and collects used syringes. The main goal is to reduce transmission of blood borne infections of HIV and Hepatitis C and skin and bacterial related infections. Other services include referral for testing HIV, substance abuse counseling, and prevention. Half of all IV drug users will be infected with Hepatitis C. In 2010 Alaska spent \$7.5M on HIV and \$7.3M on hepatitis related to drug use. In the Homer area it is estimated 100 to 300 people are injecting drugs. Syringe exchange programs are cost effective versus the cost of treating Hepatitis C and bacterial infections involving skin. The exchange has shown a slight reduction of drug use. Every major medical group strongly supports syringe exchange programs. There is no program on the Kenai Peninsula Borough; the closest one is Anchorage. Grants are available for the exchange program, the hospital could help with disposal, and volunteers would be needed to staff it along with a space for it to occur. Dr. Spencer can be reached in Ninilchik at 907-567-3970 or sarahspencerak@gmail.com.

The Council discussed sponsoring a resolution in support of a needle exchange program on the lower peninsula.

C. Brandon Nyberg, Wells Fargo Insurance Services, Health Insurance

Brandon Nyberg, Wells Fargo Insurance Services, reported it was challenging to keep the health insurance benefits' renewal at 10% or below for 2016. An 8.77% increase for the City was delivered by negotiating with the carriers. Premera will continue as the carrier and we will change to Assurant for dental and vision benefits. Life insurance will remain with Prudential. When negotiations began Wells Fargo started with a 16.84% increase and had to work to negotiate to an 8.77% increase from 2015 rates. The major change in health benefits is the limitation of spinal manipulations to 12 visits per year. The pharmacy remains the same. Assurant provided a two-year rate guarantee for vision and Prudential has a rate lock on life insurance. Premera did not offer a network for dental and vision, but Assurant has a network. Medical rates are driven by claims and the City had high claims that provided a challenge in renewal.

ANNOUNCEMENTS/PRESENTATIONS/BOROUGH REPORT/COMMISSION REPORTS

A. Borough Report

B. Commissions/Board Reports:

1. Library Advisory Board

2. Homer Advisory Planning Commission

a. Minutes of November 4, 2015

Tom Stroozas, Vice Chair of the Planning Commission, reported on the marathon meeting of December 2nd. The commission decided two Conditional Use Permits (CUP), a vacation and preliminary plat, and the draft marijuana ordinance. It was a five-hour meeting that adjourned at 10:30 p.m. The CUP was approved to build four duplexes on the lot off Calhoun Trail with many people testifying. The vacation of right-of-way access easement on Waddell Way was approved and the project will commence shortly to align Lake and Heath streets. The commission approved a CUP on the lot for the Quicky Mart with several conditions. A preliminary plat near Bayview Park was considered. Discussion on marijuana regulations included liability to the City when additional regulations are added, concerns for regulations that would encourage retail businesses next to town, and those that may encourage the black market. Discussion will continue at the January 6th meeting along with a public hearing.

3. Economic Development Advisory Commission

Ken Sprague, Economic Development Advisory Commissioner, reported Port and Harbor Director Bryan Hawkins visited the commission to talk about LNG projects moving forward. Karen Zak of the Chamber of Commerce made a presentation on the Chamber of Commerce marketing campaign. The Chamber is doing a lot for the City on a limited budget. Councilmember Zak also mentioned the City's website budget adjustments. The Alaska Small Business Innovators did a presentation about the women challenge to promote and support women businesses.

4. Parks and Recreation Advisory Commission

Deb Lowney, Parks and Recreation Advisory Commissioner, reported the commission has purchased doggy bag dispensers and personal doggie bag dispensers. The maintenance department will work on placement of the large dispensers while parks and recreation will work on locating the personal dispensers. She encouraged people to pick up after their pets. The commission discussed Bayview Park where early childhood development is doing upgrades and volunteer work. They have been asked to provide what is needed at the park. The fence is a safety issue and trails are needed. Other items of discussion have been the Greatland trail, the Glen Forrest connection to Homer Middle School, Calhoun trail, and the sidewalk from Soundview to Mullikin. The commission supports all the trails. Discussion on the HERC continues with pressure from the public for use of the space and to work to make the building self-sustaining. The commission hopes to see progress with the Beach Policy

proposal. In reference to Dr. Spencer's comments on drug use, it is here in our backyards and on our beaches. That message was brought to us strongly when working on the beaches.

5. Port and Harbor Advisory Commission

6. Cannabis Advisory Commission

Councilmember Lewis reported the commission has been meeting once a month. They have been discussing cannabis grow operations in rural residential districts and limiting the number of businesses. They have decided they will let the businesses work it out as to how many dispensaries are allowed.

C. AML Newly Elected Officials Conference Report from Councilmember Smith

Mayor Wythe called for a recess at 7:02 p.m. and reconvened the meeting at 7:10 p.m.

PUBLIC HEARING(S)

A. **Ordinance 15-37**, An Ordinance of the Homer City Council Amending HCC 9.16.010 to Provide for an Increase in the Rate of the City Sales Tax From 4.5% to 5.5% From April 1st Through September 30th, With the Increase to be Used for General Government Purposes, and Authorizing the City To Submit the Question of Such Sales Tax Increase to the Qualified Voters of The City at a Special Election to Be Held in the City on _____. Lewis. Introduction October 12, 2015, Postponed to December 7, 2015 for Public Hearing and Second Reading.

Mayor Wythe opened the public hearing.

Barb Brodowski, city resident, is against the ordinance as written as it will raise tax on non-prepared food from 7.5% to 8.5%. She would like Council to either exclude the tax on non-prepared food or inform the public now we will be paying 8.5% tax on food in June, July, and August.

Ken Castner, city resident, suggested the Council take some time to look at the budget situation more comprehensively, as we don't want to keep piecemealing things. We only have a finite means of collecting revenues; sales tax can fund operations of city government.

Crisi Matthews, city resident, commented on the sales tax increase. Homer already has the highest tax in the state and the cost for families is too much. She calculated a family of six spending four days in Homer with hotel, food, and a fishing trip would pay \$526 in sales tax.

Christian Matthews, city resident and son of Crisi Matthews, told Council sales tax is a bad idea since it affects families.

Tom Zitzmann, city resident, commented sales tax impacts those that can afford to pay the least. He praised the City for putting together a well thought out budget. We need to look at a budget of 3, 5, and 10 years out and determine how to finance it. We can't continue to put employees in a fear based situation.

Scott Adams, city resident, suggested tabling the ordinance since we just voted in HART to help pay for government for three years. Use that time to find a solution instead of presenting more taxes. We first need to figure out what the State and Borough are going to do with reduced revenue.

Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Ordinance 15-37 by reading of title only for second and final reading.

LEWIS/REYNOLDS – SO MOVED.

LEWIS/REYNOLDS - MOVED TO AMEND LINE 12 AND HAVE IT AT A GENERAL ELECTION INSTEAD OF A SPECIAL ELECTION.¹

There was no discussion.

VOTE: (amendment) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

LEWIS/REYNOLDS - MOVED TO POSTPONE TO THE MAY 9TH MEETING.

The Council discussed postponing the ordinance to find out what the State and Borough are going to do. The ordinance was brought forward as plan B in the event that the HART fund vote did not pass. The Council will be looking at a long term plan for revenue.

VOTE: (postponement) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

¹ All references to special election were amended to a regular election.

- B. **Ordinance 15-41(S)**, An Ordinance of the Homer City Council Appropriating Funds for the Calendar Year 2016 for the General Fund, the Water Fund, the Sewer Fund, the Port/Harbor Fund, Capital Projects, and Internal Service Funds. City Manager. Introduction October 26, 2015, Public Hearings November 23 and December 7, 2015, Second Reading December 7, 2015.

Memorandum 15-176 from Library Director as backup.

Memorandum 15-178 from Community Recreation Manager as backup.

Memorandum 15-180, 15-195, and 15-205 from City Manager as backup.

Mayor Wythe opened the public hearing.

Adele Person, city resident, supports the two projects on Soundview to make it safer for children and citizens. There is \$7M in the HART fund for the projects; it will make a big improvement and costs won't get cheaper in the future.

Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Ordinance 15-41(S) by reading of title only for second and final reading.

LEWIS/REYNOLDS - SO MOVED.

LEWIS/ADERHOLD - MOVED TO AMEND TO ADD THE SUBMERSIBLE PUMP AT \$8,500 FOR PUBLIC WORKS WATER WITH THE WATER RESERVE.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

REYNOLDS/LEWIS - MOVED TO AMEND ORDINANCE 15-41(S) TO ADD \$40,000 AS A CAPITAL PROJECT FOR WEST HOMER ELEMENTARY SOUNDVIEW SAFETY IMPROVEMENTS WITH HART FUNDS.

Councilmember Aderhold disclosed a potential conflict of interest as her husband works on capital projects for the City of Homer Public Works.

City Attorney Klinkner asked if Councilmember Aderhold's husband's compensation may improve with new projects. City Manager Koester answered the compensation may change since Councilmember Aderhold's husband is a temporary project based employee as opposed to being built into the budget. City Attorney Klinkner advised Councilmember

Aderhold to excuse herself. Compensation of more than \$1,000 in an instance and more than \$5,000 in a year creates a conflict of interest.

Mayor Wythe ruled Councilmember Aderhold was excused. There was no objection from the Council.

Councilmember Aderhold was excused.

The improvements will be by West Homer Elementary to provide crosswalks. The sidewalk is further up from the school so this project will not include speed bumps or crosswalks in the general area of the sidewalk.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

LEWIS/REYNOLDS - MOVED TO ADD THE CALHOUN TRAIL WORK \$12,500 AS A CAPITAL PROJECT WITH HART FUNDS.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

REYNOLDS/LEWIS - MOVED TO AMEND ORDINANCE 15-41(S) TO ADD SOUNDVIEW SIDEWALK EXTENSION \$315,000 AS A CAPITAL PROJECT WITH HART ROADS FUND.

There is no obligation to spend the full fund if the project is less than the estimate. The type of sidewalk will be decided when the project documents are brought before Council.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Councilmember Aderhold returned to her seat.

REYNOLDS - MOVED TO AMEND ORDINANCE 15-41(S) TO REDUCE COUNCIL COMPENSATION TO FUND LIBRARY BOOKS \$8,864 IN THE GENERAL FUND.

Motion died for lack of a second.

REYNOLDS/LEWIS – MOVED TO AMEND ORDINANCE 15-41(S) TO ADD EXPANSION OF HICKERSON CEMETERY \$200,000 AS A CAPITAL PROJECT FROM PARKS AND GENERAL FUND.

Councilmember Aderhold was excused due to conflict of interest (Public Works project).

City Manager Koester amended the project to do it in phases. The amount is \$200,000 to develop less than half of the plots. There are currently eleven unsold plots remaining in the existing cemetery. The cost of plots will be raised to \$1,000 per Resolution 15-097(S) effective January 1st.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Councilmember Aderhold returned to her seat.

VAN DYKE/SMITH – MOVED TO AMEND TO ELIMINATE THE LOBBYIST CONTRACT AND FUND LIBRARY AND PORT AND HARBOR RESERVES.

Councilmember Aderhold disclosed a potential conflict of interest since her stepdaughter works at the library.

City Attorney Klinkner asked Councilmember Aderhold if the acquisition of books will have any effect on her stepdaughter's compensation. Councilmember Aderhold answered it would not and City Attorney Klinkner advised there would be no conflict.

The lobbyist is paid \$40,000 per year and is reimbursed for one trip to Homer per year from \$350 - \$700. There are extra funds for lobbying activities of the Council.

Council discussed the advantages of having a lobbyist to keep us informed of what is happening in Juneau and what cuts we may expect. The lobbyist can keep track of administrative and law changes that will impact us. When there is no money the Legislature is changing rules and laws.

Disadvantages to extending the lobbyist contract are that the capital budget is flat-lined. There are major issues that affect municipalities and that is what AML and the elected officials do. We don't have the money for the lobbyist and will have to lean more heavily on our elected officials.

VOTE: YES. SMITH, REYNOLDS, VAN DYKE

VOTE: NO. LEWIS, ADERHOLD, ZAK

Mayor Wythe broke the tie vote with a NO vote.

Motion failed.

ADERHOLD/REYNOLDS - MOVED TO REDUCE COUNCIL COMPENSATION IN ORDER TO FUND LIBRARY BOOKS THROUGH THE GENERAL FUND.

Council compensation was brought forward last year by Councilmember Burgess. Some individuals may want to run for council but need compensation to leave work early or care for their kids. Council may donate their compensation back to the City or a charity of their choice if they don't need it.

VOTE: (amendment) YES. ADERHOLD, REYNOLDS

VOTE: NO. LEWIS, ZAK, SMITH, VAN DYKE

Motion failed.

VOTE: (main motion as amended) YES. REYNOLDS, ADERHOLD, VAN DYKE, ZAK, SMITH, LEWIS

Motion carried.

C. **Resolution 15-097(S)**, A Resolution of the City Council Amending the City of Homer Fee Schedule Under Administrative, Animal Control, City Clerk, Camping, Library, Public Safety, Fire Department, and Public Works Department Fees. City Clerk. To Follow Budget Ordinance 15-41(S).

Memorandum 15-175 from City Clerk as backup.

Memorandum 15-184 from Sustainable Animal Control Review Committee as backup.

Mayor Wythe opened the public hearing. In the absence of public testimony Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Resolution 15-097(S) by reading of title only.

LEWIS/REYNOLDS – SO MOVED.

REYNOLDS/LEWIS - MOVED TO ADD A WHEREAS THIS IS EFFECTIVE JANUARY 1, 2016.

There was no discussion.

VOTE: (amendment) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VOTE: (main motion as amended) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- D. **Ordinance 15-42**, An Ordinance of the Homer City Council, Amending HCC 7.04.010, State Statutes Adopted by Reference, HCC 7.04.030, Violation—Penalty, and HCC 10.04.100, Vehicles and Other Wheeled Conveyances, Repealing HCC Chapter 7.08, Stopping or Parking, and Enacting HCC Chapter 7.10, Stopping, Standing and Parking, to Incorporate in the City Code All Vehicle and Traffic Statutes and Regulations of the State of Alaska Creating Minor Offenses and to Revise and Consolidate City Parking Regulations, and to Prescribe Penalties for Traffic and Parking Violations. City Manager/Police Chief. Introduction November 23, 2015, Public Hearing and Second Reading December 7, 2015.

Memorandum 15-189 from City Attorney as backup.

Mayor Wythe opened the public hearing.

Ken Castner, city resident, commented Hazel Street will be the only road that allows on-street parking. Council will regret doing this since people can be ticketed for \$25 for parking in areas not allowed.

Scott Adams, city resident, expressed concern about parking vehicles with a “for sale” sign since parking for 24 hours would be a violation. From April through June people are selling vehicles and boats on the Spit.

Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Ordinance 15-42 by reading of title only for second and final reading.

ADERHOLD/LEWIS – SO MOVED.

City Attorney Klinkner advised the police department asked for this ordinance to coordinate the issuance of citation procedure with the State for the fine schedule and traffic offenses. There were some omissions and this will cure the problem.

Police Chief Robl told Council it will not change the way the police address parking as to what is in the books.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- E. **Ordinance 15-43**, An Ordinance of the City Council of Homer, Alaska, Repealing Homer City Code Chapter 3.12, Permanent Fund, Placing the Funds in a Self-Managed Brokerage and Disbanding the Permanent Fund Committee. City Clerk/Permanent Fund Committee. Introduction November 23, 2015, Public Hearing and Second Reading December 7, 2015.

Memorandum 15-190 from Permanent Fund Committee as backup.

Mayor Wythe opened the public hearing.

Ken Castner, city resident, referenced lines 14 and 15, noting we have not generated income to support city government, nor have we chosen the Permanent Fund as a source of revenue. We need to put it to use as a real investment for things we need. Having money for the sake of having it is not a great idea.

Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Ordinance 15-43 by reading of title only for second and final reading.

LEWIS/REYNOLDS – SO MOVED.

REYNOLDS/LEWIS – MOVED THAT WE WOULD DISTRIBUTE THE PERMANENT FUND TO THE RESERVE FUNDS TO BRING THEM TO THE LEVEL THAT IS SUGGESTED BY BEST PRACTICES.

Mayor Wythe commented the concept of the fund is sound and we have one opportunity to spend it, but have many opportunities to reserve it for the future. It would be used in a way that was beneficial to the community long term. Moving it in-house is step one but before disbursement there would be a lot of conversation and a vote from the people.

VOTE: YES. VAN DYKE

VOTE: NO. LEWIS, REYNOLDS, ZAK, ADERHOLD, SMITH

Motion failed.

LEWIS/SMITH - MOVED TO POSTPONE TO OUR FIRST MEETING IN JANUARY.

There was no discussion.

VOTE: (postponement) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- F. **Ordinance 15-44**, An Ordinance of the City Council of Homer, Alaska, Amending the FY 2015 Operating Budget by Making Necessary Adjustments to Certain Revenue and Expenditure Line Items. City Manager/Finance Director. Introduction November 23, 2015, Public Hearing and Second Reading December 7, 2015.

Mayor Wythe opened the public hearing. In the absence of public testimony Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Ordinance 15-44 by reading of title only for second and final reading.

LEWIS/REYNOLDS – SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- G. **Ordinance 15-45**, An Ordinance of the City Council of Homer, Alaska, Amending the FY 2015 Operating Budget by Appropriating Funds in the Amount of \$2,540.30 to Purchase Refurbished Touch Screen Voting Units for the City's Two Precincts. City Manager/City Clerk. Introduction November 23, 2015, Public Hearing and Second Reading December 7, 2015.

Ordinance 15-45(S), An Ordinance of the City Council of Homer, Alaska, Amending the FY 2015 Operating Budget by Appropriating Funds in the Amount of ~~\$2,540.30~~ **\$3,810.45** to Purchase Refurbished Touch Screen Voting Units for the City's Two Precincts. City Manager/City Clerk.

Memorandum 15-198 from City Clerk as backup.

Mayor Wythe opened the public hearing.

Rick Malley, city resident, was not able to vote since he is visually impaired. Although touch screens are not required in borough and city elections it is now being discussed at many

levels. He asked that Council support his right to vote by secret vote. Those are his rights as defined in the United States and Alaska State Constitutions.

Ginny Espenshade, city resident, referenced the low voter turnout rate. She is in favor of the ordinance if it means one more voter.

Mayor Wythe closed the public hearing.

Mayor Wythe called for a motion for the adoption of Ordinance 15-45 by reading of title only for second and final reading.

REYNOLDS/LEWIS - SO MOVED.

Mayor Wythe called for a motion to substitute Ordinance 15-45(S) for Ordinance 15-45.

ADERHOLD/REYNOLDS – SO MOVED.

There was no discussion.

VOTE: (amendment) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Council commented on the poor voter turnout and Venezuela's high voter turnout. A way to increase voter turnout would be to tie voting to qualify for the Permanent Fund Dividend.

VOTE: (main motion as amended) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

ORDINANCE(S)

CITY MANAGER'S REPORT

A. City Manager's Report

1. Memorandum 15-206 from Port and Harbor Director, Re: Alaska Abandoned and Derelict Vessel Task Force Meeting.
2. Memorandum 15-207 from Port and Harbor Director, Re: Cook Inlet Harbor Safety Committee November Meeting.

Proposition 1: Suspension of HART for 3 years

I want to express my gratitude for how everyone has handled a difficult budget process this year. The Mayor and Council demonstrated leadership and courage by proposing Proposition 1 and engaging in difficult revenue conversations with the public. Every Council member went above and beyond participating in educating the public, advertising the special election and talking to their friends and neighbors. The staff has maintained a positive attitude and exemplary work ethic during a time of budget uncertainty. With reduced staff and reduced budgets, Budget A has many cuts that will affect employees' day to day ability to do their jobs, yet staff has stepped up to the plate and is ready to take on the challenges of leaner times. The community has been engaged since this conversation began in July. They have come out in sunshine and snowstorms to share solutions, ideas and give input. They have written emails, participated in online surveys, stopped by my office and attended Council meetings. My faith and appreciation for this community is reinforced with every conversation I have with Council, staff, and the public. I know the work has just begun, but I also know we have a great team and community that is willing to put in the time and effort. Thank you.

Permanent Fund and Investment Policy

The Permanent Fund Committee reviews the permanent fund investment policies during their first meeting of every year. Ordinance 15-43 eliminates the full service broker contract with US Bank and disbands the committee. The investment policy for all City funds is lengthy and could be simplified. The City needs to make sure we are striking the right balance between safety and returns – keeping in mind that government money must be treated differently than other investments. I think with the shift in management of the Permanent Fund the timing is right for a thorough review of the City-wide investment policy. To facilitate that conversation, Finance Director Li will reach out to other municipalities and see what investment policies they have in place and best practices. One recommendation that was brought to us by Time Value Investments, who holds some bonds for the City of Homer, is to invest dollars the City is willing to take a higher risk with (like the Permanent Fund) in index funds that track the market. This will be one, among many, considerations. How involved would Council like to be in looking at the investment policy? Should we schedule a work session in February to get into details or would you like staff to bring forward an ordinance, at which time Council can decide if more hands-on work is warranted?

February 12, 2016 Due Date set for Condominium Natural Gas HSAD

Resolution 15-081(S) delegated authority to the City Manager to set a deadline for the condominium units in the Natural Gas HSAD. The court mandated that the deadline be no more than 90 days after court approval of the assessment roll, November 16. City code requires 60 days' notice before the assessment is due. I have set February 12, 2016 as the due date for the assessments. Statements will be mailed to condominium owners no later than December 11, 2015. Condominium owners all owe a different amount depending on how much their percentage of ownership is in the building. Owners can pay the balance off in full or a minimum of \$405.27 (principal plus interest). According to Resolution 15-081(S) interest will be applied beginning July 1, 2015.

3rd Quarter Sales Tax Returns Up Slightly

Good news - sales tax figures for 3rd quarter were up slightly from 2nd quarter (0.3%). Though this does not represent a significant increase in revenue, it does mean that the estimates we based the 2016 budget on are on track and we are not forced to make up a big hole. We will watch 4th quarter returns closely with hopes that they continue to improve.

Visits from the Attorney

I have been working with Birch Horton Bittner and Cherot on ways we can utilize their services to their maximum capacity. As part of our retainer, the firm has agreed to send an attorney to Homer once a month to meet with staff, participate in committee/commission meetings, and spend more face time in Homer. For example, Attorney Wells will spend all day Thursday with staff working on Lease Committee issues. I think this will be a good use of attorney time and that we will get a lot of value from it.

City Manager Koester reported on the Permanent Fund and the Investment Policy. Council would like to review the Investment Policy to ensure it has the right balance of risk and safety. A Worksession will be scheduled in February.

There have been problems associated with people camping at Seafarer's Memorial. Currently camping is allowed there when all other city camping is closed. A solution to the problem is to open up the campground next to Pier One and charge camping fees with a 14-day maximum stay. An ordinance will be brought forward to fix that element of city code. First it will go through the Port and Harbor Advisory Commission.

Assistant City Manager Patrick Lawrence is leaving Homer to move closer to family. City Manager Koester will be deciding in the next week or so how her office will move forward.

B. Bid Report

CITY ATTORNEY REPORT

City Attorney Klinkner will provide a written report later in the month.

COMMITTEE REPORT

- A. Public Arts Committee
- B. Permanent Fund Committee
- C. Employee Committee Report

Matt Clarke, Deputy Harbormaster, reported on a recent meeting held on December 3rd with ten committee members present to review proposals of healthcare insurance plans. Brandon Nyberg of Wells Fargo Insurance Services advised the committee Premera and Assurant were the low cost proposers. While the committee was informed there would be a 16% or \$230,000 increase from 2015 rates, the City Manager's budget for 2016 contained a 10% increase. The Employee Committee endorsed elimination of hearing exams, limiting spinal manipulations to 12 per year, and switching providers for dental from Premera to Assurant. The changes yielded an 8.77% increase from 2015 rates or \$120,000; it falls \$18,000 under the amount proposed by the City Manager and offers a competitive insurance policy. The committee would like to keep the \$18,000 savings in the health insurance fund rather than putting it in the general fund in anticipation of rate increases in 2016. It is important the City Council understands employees are committed to the costs of health insurance. In 2013 the wellness program began and was administered through Virgin Health. Premera Blue Cross offers its own wellness program with a 5% reduction to 2017 rates if we achieve a minimum of 70% workforce participation. By law employers cannot require the wellness program. The committee proposes using a portion of the 5% to reincentivize the workforce. Not only will it decrease health care costs, it has a long term result of a strong workforce.

D. Public Safety Building Review Committee

Ken Castner, Chairman of the Public Safety Building Review Committee, reported on December 20th the committee will get three options back from the consultants for the new public safety facility. The options will be posted on the City's website. The committee will then start building information on the options and how viable citizens think they are. The committee will meet on January 6th and have a Worksession with Council on January 11th. By February it is hoped that the Council will adopt a procedure to move forward with one of the plans. Each plan had a budget target – low, medium, and full. The committee wanted the general contractor to come back and tell them what we would get with budgets at different levels.

E. Sustainable Animal Control Review Committee

PENDING BUSINESS

A. **Exclusion requests from the Homer Natural Gas Special Assessment District:**

1. Mary Mathes - KPB Parcel 17513222

Council reviewed the new information as provided by Planning. (See Resolution 15-108.)

NEW BUSINESS

RESOLUTIONS

- A. **Resolution 15-104**, A Resolution of the City Council Certifying the Results of the City of Homer Special Election Held December 1, 2015 to Decide Proposition #1 “Shall the Dedication of 0.75% of the City Sales Tax to the Homer Accelerated Roads and Trails (H.A.R.T.) Program be Suspended for a Period of Three Years, to Make Such 0.75% of City Sales Tax Available for General Government Purposes?” City Clerk/Canvass Board.

Resolution 15-104(S), A Resolution of the City Council Certifying the Results of the City of Homer Special Election Held December 1, 2015 to Decide Proposition #1 “Shall the Dedication of 0.75% of the City Sales Tax to the Homer Accelerated Roads and Trails (H.A.R.T.) Program be Suspended for a Period of Three Years, to Make Such 0.75% of City Sales Tax Available for General Government Purposes?” City Clerk/Canvass Board.

Mayor Wythe called for a motion for the adoption of Resolution 15-104 by reading of title only.

ADERHOLD/LEWIS - SO MOVED.

Mayor Wythe called for a motion to substitute Resolution 15-104(S) for Resolution 15-104.

LEWIS/ADERHOLD - SO MOVED.

There was no discussion.

VOTE: (amendment) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VOTE: (main motion as amended) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- B. **Resolution 15-106**, A Resolution of the City Council of Homer, Alaska, Approving a New Two Year Contract in the Amount of \$40,000 Per Year With Anderson Group, LLC for Legislative Consulting and Lobbying Services. City Manager.

Mayor Wythe called for a motion for the adoption of Resolution 15-106 by reading of title only.

LEWIS/REYNOLDS - SO MOVED.

Council discussed the option of amending the contract to one year and then putting it out for RFP.

Attorney Klinkner advised Council the lobbyist contract is subject to termination so they have that option already. The Council can reduce the contract to one year; it is not inconsistent with the terms of the contract.

VAN DYKE/SMITH - MOVED TO AMEND THIS CONTRACT TO A ONE YEAR TERM AS OPPOSED TO A TWO YEAR TERM AND REPLACE ANYTHING IN THE CONTRACT THAT ELUDES TO A TWO YEAR CONTRACT TO MAKE IT A ONE YEAR CONTRACT.

There was no additional discussion.

VOTE: (amendment) YES. VAN DYKE, SMITH, REYNOLDS, LEWIS

VOTE: NO. ZAK, ADERHOLD

Motion carried.

VOTE: (main motion as amended) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

- C. **Resolution 15-108**, A Resolution of the Homer City Council Excluding Certain Properties Not Receiving a Benefit from the Homer Natural Gas Special Assessment District. City Clerk.

Memorandum 15-199 from City Clerk as backup.

Mayor Wythe called for a motion for the adoption of Resolution 15-108 by reading of title only.

LEWIS/REYNOLDS - SO MOVED.

REYNOLDS/LEWIS - MOVED TO AMEND LINE 28 TO INCLUDE KENAI PENINSULA BOROUGH PARCEL 17513222 (MARY MATHES).

There was no discussion.

VOTE: (amendment) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VOTE: (main motion as amended) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

D. **Resolution 15-110**, A Resolution of the City Council of Homer, Alaska, Approving a New One-Year Contract With Premera Blue Cross. City Manager.

Resolution 15-110(S), A Resolution of the City Council of Homer, Alaska, Approving a New One-Year Contract With Premera Blue Cross and Assurant Health. City Manager.

Mayor Wythe called for a motion for the adoption of Resolution 15-110 by reading of title only.

ADERHOLD/REYNOLDS - SO MOVED.

Mayor Wythe called for a motion to substitute Resolution 15-110(S) for Resolution 15-110.

ADERHOLD/REYNOLDS – SO MOVED.

There was no discussion.

VOTE: (amendment) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VOTE: (main motion as amended) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

E. **Resolution 15-111**, A Resolution of the City Council of Homer, Alaska, Requesting That the Alaska State Legislature Amend Alaska Statutes 29.45.0309(e) to Allow Local Municipalities to Determine the Value of Property Tax Exemption for Residents Over the Age of 65. Reynolds.

Mayor Wythe called for a motion for the adoption of Resolution 15-111 by reading of title only.

REYNOLDS/ADERHOLD – SO MOVED.

The resolution was brought forward to allow local municipalities to set their own limit for the senior tax exemption. With the increasing percentage of population over age 65 it is unsustainable for the full exemption. Property exemptions can be evaluated on need instead of age.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

F. **Resolution 15-109**, A Resolution of the Homer City Council to Support the Repair and Reopening of Rocky River State of Alaska Road Easement to the Gulf of Alaska. Mayor.

Mayor Wythe called for a motion for the adoption of Resolution 15-109 by reading of title only.

LEWIS/REYNOLDS - SO MOVED.

Mayor Wythe brought the resolution forward as a courtesy to the surrounding areas. Council expressed reservation with no backup. More information on who will build the road, the type of road, and the intent is needed.

LEWIS/REYNOLDS – MOVED TO POSTPONE TO OUR FIRST JANUARY MEETING WITH THE HOPES THE MAYOR CAN CONTACT HER COUNTERPART AND FIND OUT MORE.

Mayor Wythe agreed to contact Seldovia constituents.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

COMMENTS OF THE AUDIENCE

Ken Castner, city resident, said it is troubling that the HART provisions are not being followed. Either take the process off the books or start following what it is. On the condominium natural gas assessments Council has chipped away at things and is sore about losing and the way the judge ruled on things.

Scott Adams, city resident, recently read the best place to retire in Alaska is Homer. Senior citizens age 65 have the privilege of the property tax exemption. He can see seniors that are hurting financially. He commented about being annexed and still has no city water or sewer. He questioned why Council had not renegotiated the lobbyist contract for a lesser rate.

Linda Anderson, Homer lobbyist, thanked Council for their vote and will work hard to gain their trust. She asked Council to consider legislative conference calls; the more contact the better. Written reports are stale by the time Council receives them.

COMMENTS OF THE CITY ATTORNEY

City Attorney Klinkner congratulated the newly elected council members.

COMMENTS OF THE CITY CLERK

City Clerk Johnson thanked everyone who helped in the three elections this year and wished all Happy Holidays.

COMMENTS OF THE CITY MANAGER

City Manager Koester thanked and congratulated Council for the heavy lifting of the budget process that started in July. She thanked the community for their participation. It is not over, but rather has just begun. It was an educating, enlightening, and enjoyable experience getting involved with the public. She plans to spend the rest of the week parenting instead of working.

COMMENTS OF THE MAYOR

Mayor Wythe agrees with Ken Castner that we must read the policy for HART funds. Tonight was the authorization for considering capital projects and considering the HART funds to pay for them. For the last six months Council has been considering the financial situation of the City. The meetings will continue, but approving the HART reauthorization buys us time. As we walk through the process she challenged the community to trust that the Council and Katie are attending to the business and considering all the alternatives. There may be things that come up that are not understandable, but sometimes to arrive at the resolution of reducing costs you have to spend money to improve the situation you are operating under. It doesn't always make sense to people. Not all dollars in the budget are equal and not all pockets of money are available for all purposes. She urged the public to be prepared to take different paths that have a better outcome for the community in the long run.

COMMENTS OF THE CITY COUNCIL

Councilmember Aderhold thanked everyone who came out and spent the entire long meeting. She appreciates everyone's input and feedback and the concern for where the City is going. On HART fund procedures she appreciates the comments from the community on whether we are following the process. We need to evaluate the process we have outlined. For the people who brought the projects forward, it took them a long time to bring them to Council. They first went before commissions and committees. We need to make sure the process is straightforward, logical, and clear. She appreciates Patrick's service to the City and wished him good luck. She wished everyone Happy Holidays.

Councilmember Reynolds thanked Patrick, who was instrumental in making the town halls and the budget happen. She thanked everyone here tonight and the public comments. She recently did a FOL at the high school to see what it might take to be on a city commission. The students had a lively conversation about beach policy. She thanked Mr. Welsh for sponsoring her. It would be good to clarify HART fund projects. The projects adopted tonight meet the criteria of health, safety, traffic flow, and connection of pathways. She wished all Happy Holidays and is glad we have a budget.

Councilmember Lewis thanked Patrick. The comment made here tonight was not done in the right way. When Mr. Castner mentioned the judge would like another whack at us it made it sound like the judge was not very unbiased in the gas line. It hit the wrong way that we might have not gotten a fair shake.

Councilmember Smith commented it is always not a good idea to tell a judge of that caliber that he is wrong. He thanked the committees and employees and the good work that they do. He said goodbye to Patrick and thanked him for being part of the community. He appreciates Dr. Sarah Spencer and the time she took. Heroin is something that is affecting families in a devastating manner. As a city we need to take some lead in helping alleviate, if not end it. Meth cut a wide and devastating swath through this city and they have found cheaper paths now. He congratulated and thanked Katie for the hard work on the budget. His promise to the citizens is that he will continue to look at things with a close eye and find ways to see if we can become leaner. He wished all a good night, Merry Christmas, and Happy Hanukkah.

Councilmember Van Dyke commented voting machines were good; more voters were better, especially if they get out and vote. He wished all a Merry Christmas and all a good night.

Councilmember Zak thanked the voters, the mayor, and the city manager for getting the word out for the special election approving the HART funds. Without the funds it would have been extremely difficult. We will have to live and operate in the budget. He will miss Patrick Lawrence, as he helped Councilmember Zak and participated on the EDC. He thanked EDC Chairman Pat Brown for his hard work and Matt Clarke for the healthcare report. It is on his radar to think about healthcare. Lastly he thanked the lobbyist for her hard work and Heath

and Donna for attending AML. It is important for Homer to be seen as participating. He thanked the City Clerk and wished everyone Happy Holidays.

ADJOURNMENT

There being no further business to come before the Council, Mayor Wythe adjourned the meeting at 9:16 p.m. The next Regular Meeting is Monday, January 11, 2016 at 6:00 p.m. and Committee of the Whole 5:00 p.m. All meetings scheduled to be held in the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

JO JOHNSON, MMC, CITY CLERK

Approved: _____