

**CALL TO ORDER**

Session 24-03 a Regular Meeting of the Economic Development Advisory Commission was called to order by Chair Karin Marks at 6:02 p.m. on March 12, 2024 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska and via Zoom Webinar, and opened with the Pledge of Allegiance.

PRESENT: COMMISSIONERS MARKS, AREVALO, BRENNAN, HASCHE, KIM & PITZMAN

ABSENT: COMMISSIONER BROWN & STUDENT REPRESENTATIVE PEARSON

STAFF: COMMUNITY DEVELOPMENT DIRECTOR ENGBRETSEN & DEPUTY CITY CLERK PETTIT

**AGENDA APPROVAL**

Chair Marks read the supplemental items into the agenda: **Under Informational Materials Item E. Homer Comprehensive Plan Rewrite Open House Flyer**. She requested a motion and second to approve the agenda as amended.

AREVALO/KIM MOVED TO APPROVE THE AGENDA AS AMENDED.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

**PUBLIC COMMENTS UPON MATTERS ALREADY ON THE AGENDA**

Scott Adams, city resident, thanked Commissioner Pitzman for the information that he included in the packet regarding the pricing of housing in Homer and Alaska in general. He continued, turning his focus to tax assessments for people that live within city limits versus tax assessments for those who do not. He highlighted an example from his own experience, stating that it doesn't sit well with him when he can see his neighbors across the street that have the same view, the same services of utilities, paved roads, and they're getting a better deal on their tax assessment due to the fact that they aren't inside city limits. He reasoned that the higher taxation for Homer residents, when compared to Kenai and Soldotna, may be due to the fact that residents of Homer get a view. His closing thought was that the properties in Homer are assessed in a fashion that drives up the cost of living in Homer.

**RECONSIDERATION**

**CONSENT AGENDA**

A. Unapproved Minutes for the Regular Meeting on February 13, 2024

KIM/HASCHE MOVED TO APPROVE THE REGULAR MEETING MINUTES OF FEBRUARY 13, 2024.

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT.

Motion carried.

**VISITORS/PRESENTATIONS**

## STAFF & COUNCIL REPORT/COMMITTEE REPORTS

### A. EDC Staff Report

Community Development Director Engebretsen stated that she has been in contact with the Chamber of Commerce for the purpose of scheduling an annual work session with them for the last week of April. She added that there is no set topic as of yet, but business licenses among other topics will be suitable for discussion at that point. Ms. Engebretsen noted that the EDC has previously discussed participating in the comprehensive plan work that's taking place and suggested the idea of a mixer or a luncheon to be held at the Chamber of Commerce in late August or early September. Lastly, she briefly spoke about the board retreat that she attended at the Chamber of Commerce.

### B. Chamber Director Report

### C. Homer Marine Trades Association Report

### D. Kenai Peninsula Economic Development District Report

### E. Port Expansion

Ms. Engebretsen informed the group that there is money in the President's budget for continuation of the port expansion study. Mayor Castner added that whatever money the City spends this summer on doing any evaluation will be reimbursable right up to the end of the project. Commissioner Arevalo inquired about how the reimbursement would work. Mayor Castner stated that the money spent would be credited to the entire project. It's being called a 'reimbursement,' but he added that it's what the administration refers to as 'in kind work,' where there's actually not a check made out to the United States Army Corps of Engineers, but rather the City is credited for the work that it's doing.

### F. Guiding Homer's Growth Group

Chair Marks noted that she and Commissioner Kim attended the economic vitality chapter of the 2018 comprehensive plan. Mr. Kim added that the discussions are lively and that it's going well. He claimed there were a lot of shifts in paradigm about how things used to be and how best to move forward from here in terms of economic vitality.

### G. HERC Update

Ms. Engebretsen stated that the City applied for State Department of Environmental Conservation funding and Brownfield funding for the HERC building. The City expects to hear back from the EPA in the next four months or so regarding the Brownfield funding. She added that the State has a funding stream where once they accept your project, they will work with you for years to secure your funding. She concluded her update by stating that it would be great if the City receives funding for either or both of these.

### H. Planning Updates

Commissioner Kim shared that the Comprehensive Steering Plan Committee met last week to work on the plan to make the comprehensive plan as listed out by Agnew::Beck. He added that the firm was very receptive to the Committee's comments and changes. He noted that the open house is at the end of the month for the comprehensive plan, in addition to a website dedicated to the plan that is up and running. He finished his update by informing the Commission that Agnew::Beck will be in town the last week of March conducting public visitations.

## **PUBLIC HEARING**

### **PENDING BUSINESS**

- A. Housing  
Memorandum from Economic Development Manager as backup

Commissioner Pitzman delivered a presentation comparing the value of real estate in Homer versus the rest of Alaska. He disputed a claim from a previous EDC meeting earlier in the year where it was said that Homer has affordable housing, citing that the report was reliant on census data, which he argued provides inaccurate figures based on homeowner estimates rather than actual sales data from the MLS. He demonstrated that the average and median sold prices of homes in Homer for 2022 and 2023 surpass the reported census figures, indicating Homer's higher cost of housing when compared to vast majority of the state. Additionally, Mr. Pitzman suggested that Homer is among the less affordable areas in Alaska, especially when compared to Juneau and the rest of Southeast Alaska where limited space for new construction influences the prices.

Mr. Pitzman continued, highlighting the low inventory of real estate in Homer that tends to hover around 40 single-family units, a significant number of which are either highly-priced or in poor condition. He explained that for 14 straight years builders have been building below the previous 52-year average. That statistic compounded with low interest rates have led to a reluctance among homeowners to sell and move. Mr. Pitzman said that there's no easy fix for the problem, and that it will take time to resolve the issue despite efforts by municipalities across the country.

### **NEW BUSINESS**

- A. City Business License  
Memorandum from Community Development Director as backup

Community Development Director Engebretsen shared with the Commission that the idea of a city business license has been in the works for quite some time, preceding the short-term rental ordinance that came before the Commission earlier in the year. She added that the City plans to move forward with the idea of a city business license via council action in the near future. Chair Marks opened the floor for discussion.

Commissioner Arevalo said that four things came to her mind immediately when she heard about the potential for a city business license: why does Council want this on their plate, what would enforcement for a city business look like, how much does the City plan to generate from it, and what are the foreseen arguments against it?

There was general consensus among the Commissioners that the whereas clauses needed to clearly reflect the reasons for why a city business license is needed, with Commissioners noting that this was one of the major complaints of the short-term rental ordinance.

Mayor Caster explained the need for a city business license, stating it's important for the City to know who is operating businesses and why. He mentioned concerns about businesses operating without paying sales tax, such as charter companies from Ninilchik using the harbor. He emphasized the license isn't about heavy taxation, but rather about understanding local business activity. He shared that he would like to make the license valid for 3-year increments and allow multiple businesses under one license. He noted the challenge of identifying eligible businesses for relief funds during the pandemic without the knowledge of tax collection. Mayor Castner assured the Commission that the focus isn't bureaucracy, but rather ensuring awareness of businesses operating within city limits.

Commissioner Kim inquired about how the implementation and enforcement of a city business license would happen. Mayor Caster answered that the City would strive for a complaint-driven system, meaning that if there was a legitimate complaint, there would be a cease and desist order handed out until the complaint was investigated and resolved. He added that he doesn't plan on hiring any enforcement officers if the city business license is implemented.

- B. City Lands  
Memorandum from Community Development Director as backup

Community Development Director Engebretsen noted that one of the strategic goals of the Commission is to engage in land planning for city property, as well as the larger problems of constraints on the Spit and within the Central Business District. She added that the Commission should think of this as pre-training for the land allocation plan, and also comprehensive plan conversations. She walked the Commission through the various tools that are available on the Kenai Peninsula Borough parcel viewer.

#### **INFORMATIONAL MATERIALS**

- A. City Manager's Report
- B. City of Homer Newsletter
- C. EDC Strategic Plan 2024-2025
- D. EDC Meeting Calendar
- E. Homer Comprehensive Plan Rewrite Open House Flyer

Chair Marks noted the informational materials, and Commissioner Hasche volunteered to deliver the EDC report to Council at Council's March 26<sup>th</sup> meeting.

#### **COMMENTS OF THE AUDIENCE**

Scott Adams, city resident, stated that he's pleased to see the City is going to be able to get some funding for the HERC, but questioned why the facility can't be used for something other than destruction. He spoke briefly on the misconception that people in Homer don't communicate, citing a post on Facebook regarding the short-term rental ordinance that garnered roughly 300 comments from people in or around Homer. Lastly, he shared that he doesn't foresee any pushback from the public on the city business license.

Caroline Venuti, city resident and City Council Member, urged the Commissioners to give Council their feedback regarding the city business license so that Council can get an idea of what the public is saying and thinking. She shared that the City already requires business licenses for food trucks, taxis and itinerant businesses, and that city business licenses have been on the horizon long before short-term rentals came up.

#### **COMMENTS OF THE CITY STAFF**

Community Development Director Engebretsen thanked Commissioner Pitzman for all the information he provided for tonight's meeting and thanked him for the time he served on the EDC.

#### **COMMENTS OF THE MAYOR/COUNCIL MEMBER (If Present)**

Mayor Castner thanked the Commissioners for all the work they've done and thanked Commissioner Pitzman for the information he provided at tonight's meeting. He spoke to the comprehensive plan, stating that the reasons for the rewrite are quality of life, economic vitality of the town and the "peas in the jar," reasoning that Homer has a tremendous amount of physical plant that it has to maintain, in addition to a tremendous amount of services that it needs to deliver.

#### **COMMENTS OF THE COMMISSION**

Commissioner Brennan shared that the next Conversation with a Council Member will be held on April 9<sup>th</sup> at the library with Donna Aderhold. She thanked the Mayor and Council Member Venuti for attending tonight's meeting, and she thanked Mr. Pitzman and Ms. Engebretsen for the tips they shared in regards to using the Kenai Peninsula Borough parcel viewer.

Commissioner Pitzman thanked Mayor Castner for appointing him to the Commission. He stated that he finds himself in a position that he can't commit to the Commission for next year, reasoning that he doesn't want to be a Zoom participant.

Commissioner Kim thanked Mr. Pitzman for his service on the Commission and the information provided at tonight's meeting. He also thanked the Mayor, Council Member Venuti, city staff, and Scott Adams for always attending. He brought up a public safety incident at one of Homer's local stores, The Fringe. He added that his friend who works here regularly deals with safety incidents from people that are either under the influence or showing threatening behavior. Mr. Kim shared that he reached out to the police department to see if they would be on board with hosting a public safety training. The police department said that they are open to hosting the training. He shared that his same friend that owns The Fringe also lives next to a short-term rental and has a lot of noise issues. Mr. Kim said that he believes there are a lot of unreported incidents of frictions with businesses in town.

Commissioner Arevalo said that she was sad to hear that Mr. Pitzman is leaving the Commission, and she thanked him for all the data he provided in preparation of tonight's meeting. She shared that there are an ample amount of workshops for people who want to grow food in their backyard. She also shared that this upcoming weekend kicks off the Kachemak Bay Science Conference.

Commissioner Hasche noted the King Salmon Tournament that will be happening in a few weeks. He also shared that he will be informally asking people what they think of the potential business license to gauge the palatability of that.

Chair Marks noted the second annual Kenai Peninsula Transportation Gaps and Solutions Event. The event will be open for community members on April 16<sup>th</sup> from 10 a.m. – 2 p.m. at the Challenger Learning Center in Kenai, hosted by the Kenai Peninsula Borough.

**ADJOURNMENT**

There being no further business to come before the Commission, Chair Marks adjourned the meeting at 8:25 p.m. The next regular meeting is Tuesday, April 9, 2024 at 6:00 p.m. All meetings are scheduled to be held in the City Hall Cowles Council Chambers and via Zoom Webinar.

  
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ZACH PETTIT, DEPUTY CITY CLERK I

Approved: April 9, 2024