

**NOTICE OF MEETING  
SPECIAL MEETING AGENDA**

- 1. CALL TO ORDER, PLEDGE OF ALLEGIANCE- 6:00 p.m.**
- 2. APPROVAL OF THE AGENDA** **PAGE 1**
- 3. PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA (3 minutes)**
- 4. RECONSIDERATION**
- 5. APPROVAL OF MINUTES** **PAGE 3**
  - A. Regular Meeting Minutes for January 9, 2018
- 6. VISITORS/PRESENTATIONS (10 minutes)**
- 7. REPORTS (5 minute each)** **PAGE 9**
  - A. Marine Trades Association Report
  - B. Chamber Director Report
  - C. Pioneer Avenue Task Force Report
  - D. Staff Report
- 8. PUBLIC HEARING**
- 9. PENDING BUSINESS**
- 10. NEW BUSINESS**
  - A. Moving Forward with BR&E Action Items
    - i. Short Term Items
    - ii. Long Term Items
  - B. Follow- Up with Business Participants
- 11. INFORMATIONAL ITEMS** **PAGE 11**
  - A. City Manager's Report March 12<sup>th</sup> Meeting **PAGE 25**
  - B. Commissioner Attendance at City Council Meetings
- 12. COMMENTS OF THE AUDIENCE(3 minutes)**
- 13. COMMENTS OF THE CITY STAFF**
- 14. COMMENTS OF THE COUNCILMEMBER (*If one is assigned*)**
- 15. COMMENTS OF THE CHAIR**
- 16. COMMENTS OF THE COMMISSION**
- 17. ADJOURNMENT/ NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY APRIL 10, 2018 at 6:00 p.m.** in the City Hall Cowles Council Chambers located at 491 E. Pioneer Ave, Homer, Alaska.



Session 18-01 a Regular Meeting of the Economic Development Advisory Commission was called to order by Chair Karin Marks at 6:01 p.m. on January 9, 2018 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska and opened with the Pledge of Allegiance.

PRESENT: COMMISSIONERS MARKS, EVANS, BROWN, GUSTAFSON, KEISEL, RICHARDSON  
STUDENT REPRESENTATIVE GROVES

ABSENT: COMMISSIONERS SANSOM (EXCUSED)

STAFF: COUNCIL MEMBER SMITH  
DEPUTY CITY CLERK SMITH  
SPECIAL PROJECTS AND COMMUNICATION COORDINATOR CARROLL

### **AGENDA APPROVAL**

GUSTAFSON/KEISEL- MOVED TO APPROVE THE AGENDA

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

### **PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA**

### **RECONSIDERATION**

### **APPROVAL OF MINUTES**

A. November 7, 2017 Regular Meeting Minutes

RISCHARDSON/ GUSTAFSON- MOVED TO APPROVE THE MINUTES.

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT.

Motion carried.

### **VISITORS**

### **REPORTS**

A. Marine Trades Association Report

B. Chamber Director Report

- C. Pioneer Avenue Task Force Report
- D. Staff Report

Jenny Carroll, Special Projects and Communication Coordinator, explained the two laydowns provided; the BR&E Program Overview and the Red Flag Issues. She explained that the final draft of the BR&E Overview will have the Red Flag Issues included where the pale blank space is located, so they will be combined into one document when presented to City Council.

### **PUBLIC HEARINGS**

### **PENDING BUSINESS**

- A. BR&E Survey
  - 1. Finalizing Top Local/Regional Issues
  - 2. Finalizing BR&E-generated Topics

Chair Marks explained that the commission has a 10 minute slot for January 22, 2018 to present their findings of the BR&E Survey.

Ms. Carroll suggest the commission should take a recess to read over the laydowns provided.

Chair Marks called for a recess at 6:07 p.m. and reconvened the meeting at 6:15 p.m.

The commission unanimously agreed to amend the BR&E Program Overview by substituting the Red Flag Issues laydown in place of the blank area.

GUSTAFSON/KEISEL- MOVED TO APPROVE THE 2018 DRAFT PROGRAM OVERVIEW WITH THE AMENDMENT

There was no discussion.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

Motion carried.

Chair Marks thanked the Commission for working countless hours on the BR&E Survey. She also asked the commission if anyone would be able to attend the City Council Meeting on the 22<sup>nd</sup> to present the 2018 BR&E Survey Program Overview.

Commissioner Evans stated that he would be out of town during that time.

Commissioner Gustafson volunteered to be at the meeting and to help Chair Marks present.

B. Land Allocation Plan

1. Memorandum from Deputy City Planner Engebretsen to the EDC Re: 2018 Draft Land Allocation
2. 2018 Draft Land Allocation Plan

Chair Marks wanted to commend the City for making a shift in their scheduling for the Land Allocation Plan to be done earlier in the year.

Commissioner Evans stated that he tried to look over the Land Allocation Plan, but there were so many pages that he wasn't able to make it through the entire plan prior to the meeting. He asked if there was time to postpone the Land Allocation Plan to the next meeting.

Commissioner Gustafson stated that he also was not able to make it through the entire plan and stated that it may be good to have a summary of the plan in the future.

Ms. Carroll explained that the commission was supposed to act on the Land Allocation Plan in December, but the meeting was cancelled due to several of the Commissioners being out of town. The Land Allocation Plan was then moved to the January meeting, which means that the commission is on a shorter timeline and should have a recommendation by the end of this meeting. She explained that the Land Allocation is basically an overview of how the City lands are being allocated. Ms. Carroll stated that most of the City's leasable lands are on the Spit and at the Airport Terminal.

The Commission discussed Lot 12 and its availability.

Commissioner Evans clarified that Section A. is the only properties available for lease, so the City has only six properties for lease.

RICHARDSON/ GUSTAFSON – MOVED TO ACCEPT THE 2018 DRAFT ALLOCATION PLAN

There was no discussion.

VOTE: NON-OBJECTION: UNANIMOUS CONSENT

The Commission discussed items to be put on the next meeting agenda.

**NEW BUSINESS**

**INFORMATIONAL ITEMS**

A. City Managers Report

Chair Marks and Ms. Carroll thanked Deputy City Clerk Smith for adding in the City Managers Report.

Chair Marks is excited that the EDC is getting more integrated with other commissions.

B. Commissioner Attendance at City Council Meetings

Chair Marks and Commissioner Gustafson will be attending the January 22<sup>nd</sup> City Council Meeting to present the BR&E Survey Program Overview.

### **COMMENTS OF THE AUDIENCE**

There were no comments from the audience present.

### **COMMENTS OF CITY STAFF**

Ms. Carroll stated that the data is still here and that it is still intriguing. If anyone has questions as they proceed, or would like to look at the original data again, it is certainly an option. We can always go back and look to get refinements.

### **COMMENTS OF THE COUNCILMEMBER**

Councilmember Smith wanted to commend the EDC for their efforts that they have put into the BR&E Survey. He hopes that it proves to be as productive as everyone hopes. He brought attention to the labor supply shortage topic of the BR&E Survey and strongly suggests that the commission takes action to this topic. One of the main issues brought up is that younger people have been showing to have a poor work ethic. He does not know what this could be derived from, but thinks that it's an important topic to address. We want our younger people to have good work ethics, become employed, and to grow in our community. Councilmember Smith also wanted to address the need of people wanting to retire but not being able to sell their businesses. He witnesses this first hand on a daily basis, and feels like it's a real barrier in our community. He urges the commission to pinpoint actionable items that the City Council can do to help these businesses grow in the future.

Chair Marks stated that she is looking at having the commission come back to City Council with actionable items after their initial report of the BR&E Survey.

### **COMMENTS OF THE CHAIR**

Chair Marks stated she would like to have an item on the agenda for next meeting about Red Flag Items and specifically how the commission will try to address them in the future. She does not want to see the BR&E Survey become something that never has any action taken on it. She explains that the commission is going to have to take some responsibility to address some of these issues brought up in the survey. She also wanted to have an item on the HERC Building on the next agenda. She stated that the City Council just had a work session on the HERC and there were some good points that had been brought up.

Ms. Carroll explained that the topics brought up were selling the property, convention center, recreation facility, and a joint recreation and police station facility. The work session brought up the feasibility study of 2005, studies from around the state about convention centers, and what has changed since 2005. She brought this up to Chair Marks because the EDC could do some of the research

necessary for the City Council in this area and make a recommendation about what Council should do with the HERC in the future.

**COMMENTS OF THE COMMISSION**

Commissioner Gustafson thanked everyone for their hard work during the BR&E Survey. He was here during the first talk of the BR&E Survey and that they knew going into it that it would be a long road. He is hoping that the commission can take action on this and that it doesn't become another piece of paper sitting on a shelf.

Commissioner Richardson is excited to see the results of the survey and is sorry she missed the work session.

Commissioner Keisel thanked everyone for working on the survey and she looks forward to working with everyone in 2018.

Commissioner Brown thanked Ms. Carroll and said she did an amazing job on the survey. She wasn't here in the beginning, but Ms. Carroll and Chair Marks did an awesome job at bringing her up to speed. She is looking forward to the February agenda items discussed.

Commissioner Evans had no comment.

**ADJOURN**

There being no further business to come before the commission the meeting adjourned at 6:52p.m. The **NEXT REGULAR MEETING IS SCHEDULED FOR TUESDAY, FEBRUARY 13, 2018 AT 6:00 p.m.** at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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HAYLEY SMITH, DEPUTY CITY CLERK

Approved: \_\_\_\_\_







# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Administration

491 East Pioneer Avenue  
Homer, Alaska 99603

(p) 907-235-8121 x2222

(f) 907-235-3148

## Memorandum

TO: Economic Development Advisory Commission  
FROM: Jenny Carroll, Special Projects & Communications Coordinator  
DATE: March 14, 2018  
SUBJECT: BR&E Survey Report Follow Up

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Since the EDC published the BR&E Survey Report, I have shared a link to the report with the following people, and told them I am happy to share any comments, suggestions or ideas they have with you as you chart your way forward.

- Mike Navarre, Commissioner, Alaska Department of Commerce, Community and Economic Development.
- Shirley Kelly, Alaska's Economic Development Administration Representative.
- Charlie Pierce, Kenai Peninsula Borough Mayor.
- Kelly Cooper and Willy Dunne, District 8 & 9 Assembly Members, Kenai Peninsula Borough.
- Tim Dillon, Executive Director, Kenai Peninsula Economic Development District (Tim said he would be posting the report on the KPEDD website as well.)
- Carol Swartz, Director, Kenai Peninsula College.
- Debbie Speakman, Executive Director, Homer Chamber of Commerce.

You've already completed step one of charting your way forward: selecting the following short and long term action items:

### Short Term

- ▶ Clarify City regulatory barriers in zoning, permitting, sign ordinance and lease policy
- ▶ Explore public-private partnership to create a master plan for a more vibrant, connected central commercial district
- ▶ Support efforts to develop large vessel haul-out
- ▶ Educate, share information and make connections

### Long Term

- ▶ Explore City participation in coordinated public-private initiatives to recruit workforce
- ▶ Support large vessel harbor expansion with attention to competitive rates and multi-use Spit management.

The next step is for the EDC to decide how you are going to move forward with action items' with a goal of bringing recommendations to Council. There will be an educational component on each of these

issues.....the EDC gaining sufficient knowledge on the issues, as well as understanding more precisely the business owners' perceived and experienced barriers.

After not meeting quorum for the February meeting, you will be taking this topic up at the March 22nd, 2018 EDC Special Meeting. Three Commissioners will address next steps in some of the short term items for discussion. Please bring your ideas.

**Further follow-up with Business Participants:**

I recommend that the EDC Commissioners follow up with the business owners who participated in the interviews by writing and approving a thank you message to send, or to drop off at the business with a hard copy of the report. The thank you message could be emailed to other businesses who shared their contact information in the online survey with a link to the report.

This follow-up contact helps keep the conversation going with the business community, and helps share the information more broadly.

**City of Homer Comprehensive Plan Draft**

The Comprehensive Plan draft has been out for public review and comment this month. The Planning Department is soliciting input through March 31<sup>st</sup>. You can access the draft and an electronic comment form on the mainpage of the City's website.



## City of Homer

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## Office of the City Manager

491 East Pioneer Avenue  
Homer, Alaska 99603

[citymanager@cityofhomer-ak.gov](mailto:citymanager@cityofhomer-ak.gov)

(p) 907-235-8121 x2222

(f) 907-235-3148

# Memorandum

TO: Mayor Zak and Homer City Council  
FROM: Katie Koester, City Manager  
DATE: March 7, 2018  
SUBJECT: **City Manager's Report**

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### Pittman-Robertson Funding

In the last City Manager's Report I mentioned an opportunity for trail/wildlife viewing grants that Representative Seaton brought up during our time in Juneau. Since then, staff has been working with his office on how we would go about advocating for City of Homer projects. However, because the State does not have staff to administer Pittman-Robertson or Dingell-Johnson grants, even if the City proposes to fund the entire required local match, the Federal dollars cannot be attained. Therefore, **Representative Seaton's office has requested from the City a letter advocating for restoring funding** to administer these programs (attached). The State stands to lose \$4 million in Federal grant dollars without this capacity. The City of Homer Load and Launch Ramp was replaced using Dingell-Johnson funds; I don't know of Pittman-Robertson funding we have used in the recent past, but if the program is restored we would work on positing City of Homer projects for funding as the opportunity became available.

### Visit with Candidates Galvin and Dunleavy

When the City receives a request to visit with candidates for higher office, we jump at the opportunity to educate about Homer and our needs. If scheduling allows, the Mayor and/or the Mayor Pro-tem generally meet with City staff. Recently we have been visited by Congressional Candidate Alyse Galvin and Gubernatorial Candidate Mike Dunleavy. With both candidates the conversation centered on our major capital priorities, the Police Station and the Large Vessel Harbor. The Large Vessel Harbor in particular has so many nexuses to Federal infrastructure priorities and economic development it provides a platform for lots of great conversation.

### How to Stay Abreast of the Legislature?

Last year in February the City Council established a standing Legislative Worksession every Tuesday to track issues and provide timely input to the Legislature. The standing worksession was an opportunity for individual members to report on issues they were following and discuss the merits of following up with a formal action on the Council agenda so the City could weigh in on an issue. Following the trip to Juneau in February, the question came up as to whether or not the Council should re-establish such a worksession. As you know, the issue that continues to dominate legislative discourse is the fiscal crisis the state finds itself in. Consensus seemed to be that establishing a regular draw on the Permanent Fund Earnings Reserve through a Percent of Market Value (POMV) formula may pass this year, but that a broad based tax (income, sales, payroll, etc) was unlikely to pass in an election year. This of course

could change and the Legislature can be wildly unpredictable. In lieu of a regularly scheduled worksession, one option could be to commit to continuing to track legislative issues individually and through the Alaska Municipal League and hold a special worksession if it appears something is popping up that needs to be discussed for development of a resolution, letter, position statement, etc. I would like to get your feedback on this at the meeting.

#### Rotary Dinner

As a fundraiser, the Kachemak Bay Rotary Club is hosting small dinner parties to promote informal relationship building among our community leaders and raise funds for scholarships. Last Saturday Mayor Zak and I had the opportunity to dine with Councilmember Aderhold and her spouse Wayne and PARCAC Commissioner Harrald and her partner George at the home of distinguished Rotarians **Vivian Finley and Clyde Boyer**. **These events help promote Rotary's mission of peace through one to one interactions** – and they are lots of fun. Please let me know if you would be interested in participating and I will share your name with the club for the next round.

Enc:

Letter to House Finance advocating for ADF&G staff to administer Pittman Robertson Grant funds  
Letter to Federal Delegation advocating for City of Homer major infrastructure projects  
Letter of Support for Homer Senior Citizens, Inc. re: Adult Day Services  
Council member Aderhold Winter AML Meeting and Legislative Report



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## Homer City Council

491 East Pioneer Avenue  
Homer, Alaska 99603

(p) 907-235-3130

(f) 907-235-3143

March 27, 2018

Alaska State Legislature House Finance Committee,

Alaska's vast land and water resources, and diverse habitats support healthy and abundant fish and wildlife. Our wildlife has a significant positive impact on Alaska residents and communities, and on our economy.

Two Federal programs provide valuable funding to States to assist with projects that restore, conserve and manage wildlife and their habitat, as well as enhance safe public access to these resources. However, due to budget cuts, Alaska will be losing out on these funds for lack of Alaska Division of Fish and Game staff to administer the funds.

We are writing in support of adding funding to the State budget to restore ADF&G staffing to a level at which the division can administer Pittman-Robertson and Dingell-Johnson federal grants. Without it, the State is poised to forfeit millions of dollars in federal funding for habitat protection and public access programs.

Responsible use and development of our lands and waters is important to Alaska's economy and culture in terms of quality of life, money spent in the state and job creation. Over the last thirty years, Dingell-Johnson funds have completed more than 160 capital improvement projects to provide new and improved access to waters throughout the state. Homer's harbor users recently benefitted from the program. Dingell-Johnson funds helped upgrade the load and launch ramp.

Likewise, Pittman-Robertson Wildlife Restoration Program funds have helped rehabilitate and enhance wildlife habitat and populations, and provided public access for hunting and other wildlife-oriented recreation. The City of Homer has Pittman-Robertson eligible trail and wayside projects and a dedicated fund for the required match which would provide public access for wildlife-oriented recreation.

Adjusting funding levels for ADF&G will allow the State to leverage these important Federal dollars which can be put to work for the benefit of Alaska and its communities.

Sincerely,

Mayor Bryan Zak  
On behalf of the Homer City Council



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## Homer City Council

491 East Pioneer Avenue  
Homer, Alaska 99603

(p) 907-235-3130

(f) 907-235-3143

Dear Senator Last Name,

I am writing to make you aware of the City of Homer's Capital Improvement Plan and FY2019 Legislative Request. The CIP was compiled and approved through an extensive public process. The projects selected as Federal priorities are critical for Homer's public safety and economic well-being and contribute to federal goals for infrastructure funding. Thank you for taking a moment to familiarize yourself with Homer's request.

A new police station tops the priority list for the fourth year in a row and after many years on the City's Capital Improvement Plan. Built over thirty years ago, Homer's police station suffers a series of design inadequacies and operational deficiencies that put our public safety officers, victims and the integrity of our justice system at great risk.

The Police Station project aligns with Federal infrastructure priorities in that it addresses an immediate life/safety concern not readily addressable by other means, is nearly shovel ready and is backed by significant local investment. To date, the City has invested \$575,000 in planning, design and public involvement and has secured a building site and an additional \$2,500,000 in local funds. The City is seeking \$5,000,000 in federal funds to help complete construction.

Homer's other two Federal priority projects support Alaska's marine industrial transportation network, an economic driver regionally and nationally and strategic to America's energy security. The Large Vessel Harbor will accommodate current and future demand for large vessel moorage, and relieve moorage pressure in Homer's small boat harbor where large vessels are currently rafted three abreast. It also replaces critical moorage infrastructure that has long served as home port to US Coast Guard cutters, but will not be able to accommodate the new class of Sentinel fast-response cutters being deployed. We are requesting \$10,258,000 to complete design and permitting.

The Barge Mooring/Haul-Out Repair Facility expands Alaska's capacity to meet current demands in the shipping, commercial fishing and resource development industries, particularly the barge fleet, which is essential to developing regional and national economic opportunities such as the Cook Inlet Oil & Gas industry, the Alaskan LNG pipeline and the opening of the Arctic. Homer is strategically positioned to provide this essential infrastructure: it is home to the only ice-free deep water port serving Cook Inlet and the northern Gulf Coast and is home to a nationally recognized, comprehensive marine trades industry.



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(p) 907-235-3130

(f) 907-235-3143

These Federal Priority projects contribute to several federal goals of the infrastructure funding program in that they promote American energy security, help improve the balance of international trade and promote American jobs and economic growth. The shovel-ready Barge Mooring/Haul-Out Repair Facility earned top ranking among Kenai Peninsula projects that were submitted to the Alaska Office of the Economic Development Administration for inclusion in a potential federal infrastructure funding package. Our request is \$4,768,500 to complete construction.

You will find more information about the top three capital improvement priorities for the City of Homer in the enclosed document. Please don't hesitate to contact me with questions.

Sincerely,

Mayor Zak on Behalf of Homer City Council

Enc: City of Homer Capital Improvement Plan FY2019 Federal Request

Cc: Regional Staff, Kenai Regional Director



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[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

491 East Pioneer Avenue  
Homer, Alaska 99603

(p) 907-235-8121

(f) 907-235-3140

March 13, 2018

Grant Administrator  
State of Alaska Health and Human Services  
PO Box 110650  
Juneau, AK 9811-0650

Grant Administration,

I am writing to express the City of Homer's support for the Homer Senior Citizen's grant for the Adult Day Service Program and the meal delivery program.

Homer Senior Citizens, Inc. provides services that are vital to the health of our community including meals, adult day services, independent housing, transportation, and assisted living. The program enables participants to remain in a home, or community based setting reducing long-term care costs. In particular, the Adult Day services assists seniors by providing safe and engaging social activities so that their family/caregivers can remain working during the day.

In closing, the City of Homer encourages your support of a vital program to our community, Adult Day Services and the meal delivery program offered by the Homer Senior center.

Sincerely,

Katie Koester  
City Manager  
907-435-3102



3 March 2018

## **Alaska Municipal League Winter Meeting and Legislative Fly-In, Juneau, 20-24 February 2018**

### **Trip Report**

#### **Councilmember Donna Aderhold**

I had the privilege to travel to Juneau to meet with Homer's state legislators and state and federal agencies, and attend the Alaska Municipal League's winter meeting. These trips are valuable on many fronts, and I appreciate the chance to attend. Important aspects of these trips that are not reflected in my meeting notes below include the opportunity to visit and work informally with the City Manager and fellow elected officials, the opportunity to get "the lay of the land" in Juneau and learn how the state legislature operates, and the opportunity to talk to and learn from other municipalities that are facing similar and different issues from ours in Homer.

#### **Alaska Department of Transportation and Public Facilities**

Councilmember Erickson, City Manager Koester, and I met with Deputy Commissioner Amanda Holland and Central Region managers, engineers, and hydrologists (on the phone) to discuss issues around Sterling Highway drainage at the Baycrest Subdivision. Councilmember Erickson provided an overview of the problem and proposed solutions based on a packet of information the city had provided to the agency. The group discussed the issue: groundwater flows, steep slopes, unstable soils, natural drainage and culverts under the highway, etc. Several action items arose from the meeting:

- DOT&PF will provide DCCED grant information to the City of Homer
- DOT&PF will provide engineering and hydrology expertise to holistically evaluate the problem (Paul Jahnke and Newton Bingham); however, any engineering designs would need to be stamped by on non-DOT&PF engineer
- DOT&PF will evaluate the conceptual idea of how to move drainage from the beehive (page 27 of packet)

#### **Senator Gary Stevens**

Mayor Zak, Councilmember Erickson, City Manager Koester, and I met with Senator Gary Stevens. City Manager Koester presented Senator Stevens with Homer's top 5 capital projects and we discussed the police station and the large vessel harbor, for which the city has reinitiated a feasibility study with the U.S. Army Corps of Engineers. We also discussed the large vessel haulout project that scored well for funding at the federal level. Senator Stevens noted that he had just attended the Boat Show in Seattle and noted the impressive

contingent from Homer promoting Homer marine trades. He noted that although NOAA had declared a fisheries disaster for Alaska, the Trump administration had not yet funded the disaster program.

Senator Stevens raised the issue of state budget, revenues, and the backlog of important capital projects and maintenance of state facilities. He is hoping the legislature can come to agreement on using percent of market value from the permanent fund earnings reserve to fund the state budget, which would solve about 2/3 of the shortfall. He recently met with state troopers who are asking the legislature to change their retirement earnings from a defined contribution to a defined benefit. He noted that the governor did not include municipal revenue sharing in his proposed budget to the legislature, but it's needed and he believes the senate will add it. The Republican caucus wants to cut more from the state budget, but Senator Stevens does not think more cuts are good. He added that it is unlikely that there will be any funds for municipal capital projects, but that we should be prepared just in case. He is working on the senate side on a bill for early funding of education so school districts and teachers know sooner what their budgets will be.

Senator Stevens stated that his district is supportive of an income tax but that other districts are not, and there are not 11 senators who are willing to vote for an income tax, but it's getting closer. In his opinion, it's not a disaster yet, but the legislature will need to do something next year.

Wrapping up, we discussed Homer's resolution requesting the legislature reevaluate municipal recall statute. We discussed the need for the process to be clear and well defined for clerks, city attorneys, elected officials, and the public. He is supportive of considering a bill. Senator Stevens stated that he will visit Homer as soon as the legislative session is over.

### **Representative Paul Seaton**

Representative Seaton raised the issue of Pittman-Robertson (P-R) funds from the Federal government. P-R funds come from excise taxes on hunting goods and are dispersed to the states. They are to be used for wildlife-related projects, including wildlife viewing, and require a 25% non-federal match. State budget cuts mean that Alaska has not had the match to receive P-R funds. Last year the state returned \$1.6 million and this year it may be \$4 million. He suggested that Homer propose potential projects related to wildlife viewing for the federal funding. At this time, neither Alaska Departments of Fish and Game nor Natural Resources have the capacity to administer the funds and he will be adding funds to the budget for one position in each agency to administer the funds. He would appreciate our support for these positions. Representative Seaton will send information on the P-R program to City Manager Koester, and city manager Koester will review Homer's capital

improvement plan for projects that may qualify for the funds and that could have match through the city's HART fund.

We discussed fish taxes and Representative Seaton noted that manipulation of fish on the dock is processing, so even removing cheeks from halibut would be considered processing so that Homer could receive more fish taxes.

Similar to the discussion with Senator Stevens, we discussed Homer's top CIP priorities: police station replacement (possible federal infrastructure funding? May be worth discussing with Murkowski staff), large vessel harbor, and large vessel haulout facility.

Representative Seaton discussed his early funding education bill which will be presented to the Senate on Friday. The group discussed the importance of marine trades in Homer and the pairing of Kate Mitchell and Reba Temple to present marine trades to high school students—a great way to introduce students to trade jobs they may not have known about.

Representative Seaton noted that the budget and revenue are looking pretty good on the house side. He noted that Governor Walker had appointed Mayor Zak to the Workforce Investment Commission.

Wrapping up, we discussed Homer's resolution requesting the legislature revise municipal recall statute. He noted that his office has been working on it and that proposed language for the bill was under review by the legal department. After their review, the bill will be introduced and sent to the House State Affairs Committee. It may not pass this year, but will get good scrutiny from legislators and can be introduced next year in the next session.

### **Alaska Municipal League Meeting**

City Manager Koester, Mayor Zak, Councilmember Erickson, and I attended the Alaska Municipal meeting. Following are brief summaries of presentations made during the 1.5-day meeting.

#### Mike Navarre, DCCED Commissioner

Good news in oil and gas: modest increase in production, federal lands on the North Slope (NPR-A and ANWR), state LNG project. But, from an investor's perspective there are hurdles in the state: over-reliance on oil and gas, deficits, spent savings, competition with other oil and gas basins in the lower 48 (e.g., Bakken, Eagle Ford, and Permian Basin which are all larger than Alaska basins). Oil and gas production in Alaska will never return to what it was in the 1980s. The economy has not dipped as much as it could have in the last few years because the economy has diversified. Alaska has diversified its economy but has not diversified its revenues.

## Leslie Ridle, Department of Administration

PERS/TRS presentation. PERS began in the 1960s. Tiers I, II, and III of PERS were defined benefit plans. Tier IV, the current tier, is a defined contribution plan. TRS began pre-statehood.

## Governor Walker

Governor Walker's cabinet includes many individuals who came from local Alaska municipalities, so he understands what municipalities face in the current economic times.

He is interested in school safety in Alaska and is looking for ideas.

Fiscal situation—the legislature has a decision making crisis and he is hoping the legislature will turn wishbones into backbones. We cannot wish more oil in the pipe and we cannot wish a higher oil prices into being. POMV is in the works in both houses and he is optimistic that it will pass. He left community assistance out of his budget to the legislature, hoping the legislature will include it in the supplemental budget to the full amount.

Infrastructure—community infrastructure requests were sent to the Trump administration. The president's plan came out backwards with the federal government contributing only 20% of funding and relying on state and local governments to pick up 80% of costs.

Economy—The Alaska gasline is unique in that we own the resource and can build our own infrastructure. Compared to the 1980s we have diversified our economy, but we have not diversified our revenues. The state has \$1.8 billion in deferred maintenance—we need to keep up with opportunities, work can be done by local firms, work can be done with the economy is low to give it a boost.

Public safety—Alaskans do not feel safe. Last year's budget cuts were too deep. This year adding officers, VPSOs, etc. back into the budget.

Alaska Education Challenge—plan developed by Education Commissioner, Board of Education, parents, etc.

Alaska gasline—told stories of being in China and being at the signing of the agreement between the US and China. China has its eye on Alaska as a trade partner.

A-Star program—DNR working on year-round roads on the North Slope, working on getting an exemption to the roadless rule in the Tongass National Forest.

Alaska has been eating off a menu with no prices. Now we have the prices. We need to decide what we want as a state and how we are going to pay for it.

## Alaska Oil and Gas Association

5,000 oil and gas workers in Alaska; spent \$6.4 billion with 1,000 Alaska vendors; multiplier effect. Revenues from oil and gas fund state government and the permanent fund dividend. Approx. 540,000 barrels/day production now; unpaid tax credits from state; production increased in the last 2 years and expected to continue; new production requires new investment.

Presentation really about how oil and gas is the 800-lb gorilla and why the state should do whatever the industry asks, because without oil and gas, the state is broke.

## Robert Venables, Southeast Conference—Alaska Marine Highway System Strategic Plan

Revenue analysis—42% non-resident travel; service from Bellingham, WA essential for revenue; \$50 million operating revenue generated, but will always rely on public funds

Operational analysis—complex system; aging fleet; dedicated personnel and vital service

Corporate structure and benefits—analyzed converting AMHS into a public corporation (similar to Alaska Railroad); maintains existing benefits; addresses existing limitations

Public and stakeholder engagement

Doing now—moving to action plan; legislative process; actions to do now; stabilize funding; fleet and terminal standardization; labor relations in how; continue market and revenue analysis

[www.amhsreform.com](http://www.amhsreform.com)

## Ray Gillespie and Diane Blumer, AML Legislative Update

\$2.5 billion deficit—will need to spend permanent fund earnings (POMV); \$2.7 billion available, but dividend checks need to come from this amount; cannot balance budget with POMV alone; potential revenue sources: statewide income tax, education head tax, motor fuel tax, statewide sales tax, payroll tax

Community assistance (revenue sharing)—funding source is currently power cost equalization fund earnings which is not sustainable or predictable

FY19 PERS/TRS—governor's proposed budget short funds PERS and TRS by \$61 million; increase to 22% contribution is likely to be proposed

Future revenue sharing—community dividend from earnings reserve?

Bills on the move—PERS/TRS 22% contribution HB83/SB212; change from defined contribution to defined benefit HB306; small pesky bills: APOC bill would charge \$50 fee to run for municipal office; Quality design bill mandates proposal reviews based on qualifications not price; Timber receipts gone from federal government to communities in national forests (Chugach and Tongass); Statewide building code; Shopping bag tax at state level; Health Care Authority does not identify costs; HB176 ground transport for EMS fees through Medicaid, potentially a good thing; HB123 medical care price transparency

### Alaska Gasline Update

Building coalition of gasline project support. Would AML support the coalition? A statement is available for review.

### Congressman Don Young—Dean of the House

Transportation bill this year—get project requests in early; hoping for bipartisan support; we have to pay for it; \$21 trillion in debt and need to develop resources to pay for transportation; highway transportation fund is not indexed but needs to be, behind the curve.

Deregulating agencies—12 years from concept to initial road construction because of too much regulation and lawsuits.

Taxes are used money not new money—hostile to businesses.

Hydropower all across the state instead of burning fossil fuels—need Su Hydro.

Proud of Zinke and Pruitt; EPA is the villain.

Bipartisan work needed.

### National League of Cities

Federal legislative priorities—budget and appropriations, telecommunications, disaster mitigation recovery, infrastructure

Infrastructure biggest issue—“rebuild with us” Congress work with cities to rebuild and reimagine America’s infrastructure

Bipartisan, centrist, practical, pragmatic, state league partners and municipalities; smart cities, broadband, resiliency, public safety, workforce development and training

Cities need to tell their stories

Representatives Charisse Millett, Gary Knopp, and Dan Ortiz

Updates on budget and revenue; all say the state legislature is working better this year than last year and expressed some level of optimism

AML President's Update

Kathie Wasserman is retiring at the end of May, a search is ongoing for her replacement.

Laurie Wolf, Foraker Group—Alaska Nonprofits Report

Nonprofit sustainability model

4<sup>th</sup> economic sustainability report

Nonprofits play a critical role in the state's economy—1 nonprofit for every 135 Alaskans; support quality of life; partners to industry and municipalities

Nonprofit organizations as an “industry” are the 2<sup>nd</sup> largest non-governmental employer in the state behind oil and gas

22% of Alaskans who itemize contribute financially to nonprofits; Alaskans volunteer more than US as a whole on average—4<sup>th</sup> overall among states; people who give time are more likely to give money

Report available for download from Foraker Group at [www.forakergroup.org](http://www.forakergroup.org)

Senator Lisa Murkowski

Work together on difficult issues

Six continuing resolutions is not the way to pass a budget

Omnibus bill coming out in late March

Congress appropriates—weigh in with delegation on municipal priorities; tell Congress what infrastructure projects are for state; focus on rural Alaska is important

Crime, public safety, and drugs

FEMA—resilient infrastructure in continuing resolution that just passed

University of Alaska resiliency analysis

## **U.S. Coast Guard**

City Manager Koester, Mayor Zak, Councilmember Erickson, and I met with the U.S. Coast Guard to discuss our plan to build a large vessel harbor and receive an update from them on the status of their plans on where to station new fast response cutters (FRCs at ports along the Gulf of Alaska). Other potential ports include Ketchikan (a new FRC is already stationed there), Kodiak, and Seward.

There have been no decisions on port selection by the commandant and there are many levels of input. The FRCs have twice the displacement of the existing 110s (such as the Naushon stationed in Homer). They also have a much larger landside footprint than the existing cutters. Because of this they plan to cluster vessels for greater efficiency of shoreside support. There will be six FRCs based in Alaska covering an operating area from Ketchikan to King Cove. They are looking at 2 to 4 home ports. Vessels would be delivered approximately 2022 to 2023.

The three primary operations criteria **include** offshore fishery enforcement (85% of time offshore), search and rescue, and ports and waterways coastal security (escort of large vessels). The final decision on port locations is weeks to months away. The Coast Guard is currently working with the Congressional Delegation on harbor decisions. Some of the issues they grapple with include housing (each FRC has 24 people onboard and 20 people shoreside; 64 people needed for 2 FRCs) and availability of existing infrastructure (not having existing infrastructure increases risk).

City Manager Koester provided an update of the status of the City of Homer's progress toward a large vessel harbor. The group discussed Homer's great working relationship with the Coast Guard and interest in keeping them in Homer. We also discussed the Coast Guard Auxiliary based in Homer: it is one of the best flotillas but membership is declining as the fleet ages.

The Coast Guard also mentioned its interest in finding a better mooring for the buoy tender Hickory. The current mooring is one of the most challenging in the state.



**2018 HOMER CITY COUNCIL MEETINGS**  
**ADVISORY COMMISSION/ BOARD ATTENDANCE**

Commissions are invited to report to the City Council at the Council's regular meetings under Item 8. Announcements/Presentations/Borough Report/Commission Reports. This is the Commission's opportunity to give Council a brief update on their work. Generally the Commissioner who will be reporting will attend one of the two meetings for the month they are scheduled to attend.

The following Meeting Dates for City Council for 2018 is as follows:

January 8, 22	_____
February 12, 26	_____
March 12, 27	_____
April 9, 23	_____
May 14, 29	_____
June 11, 25	_____
July 23	_____
August 13, 27	_____
September 10, 24	_____
October 8, 22	_____
November 26	_____
December 10	_____