



City of Homer

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Memorandum 17-133

TO: Mayor Zak and Homer City Council
 FROM: Katie Koester, City Manager
 DATE: October 25, 2017
 SUBJECT: Ordinance 17-40 and Resolution 17-092

The purpose of this memo is to explain the parameters outlined in the proposed Ordinance and Resolution for the expenditure of Homer Accelerated Roads and Trails (HART) funds on maintenance of roads and trails.

Ordinance 17-40 in combination with Resolution 17-092 proposes that at a minimum \$550,000 of HART funds collected in any given year be reserved for capital expenditures (\$500,000 for roads and \$50,000 for trails). Resolution 17-092 establishes the same parameters for the HART Trails set aside as Ordinance 17-40 does for roads by amending the HART Policy Manual. Because the 10% dedication for trails is in the Policy Manual and not City Code, the Trails parameters need to be adopted by resolution, not ordinance.

The existing balance of the HART fund (currently approximately \$5.2 million) would remain available for future capital projects.

2017 value of HART (3/4% sales tax): \$1.284m

HART ROADS		HART TRAILS	
Annual amount of HART road (HART – 10% for HART trails)*	\$1.156m	Annual amount of HART trails (10% of HART)*	\$128,400
Anticipated annual draw on HART Roads for capital projects based on historical experience	\$504,306	Recommended minimum annual set aside for HART trails for capital projects	\$50,000
HART road remainder available for road maintenance (operating budget transfer)	\$656,000	HART trails remainder available for maintenance (recommend line item created for this in 2019 budget)	\$78,400
2017 budget for road maintenance (paved roads + gravel roads + winter roads)	\$717,000	2017 budget for trail maintenance	Not currently tracked

*Based on 2017 budget

Logistics. What will using HART for maintenance look like in the 2019 budget?

The 2019 budget will create an operating transfer into General Fund Revenue for HART road maintenance and HART trail maintenance. The HART road maintenance funds will offset expenditures on gravel, paved, and winter road maintenance. Since historically the City has not tracked trail maintenance expenditures, I recommend creating an item in the Parks and Cemetery budget for trail maintenance with a budget directly from HART Trails separately from other parks-related expenditures. The Parks Art Recreation and Culture Advisory Commission could advise on how to best spend these funds to maintain Homer's existing trail infrastructure. This could include purchasing trail maintenance equipment, materials such as gravel, signage and typar; and any associated labor. Any HART funds that are not budgeted and spent on specific maintenance expenditures will lapse into the HART capital funds until appropriated.