



## City of Homer

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## Office of the City Manager

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### Memorandum 21-101

TO: Mayor Castner and Homer City Council  
FROM: Rob Dumouchel, City Manager  
DATE: June 14, 2021  
SUBJECT: FY22/23 Capital Budget

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A preview of the Capital Budget, broken down by funding source, was presented to Council at the May 24<sup>th</sup> meeting. After that meeting I completed one last round of review with staff before finalizing draft for introduction with the Finance Director. At the June 14<sup>th</sup> meeting, Council will be asked to introduce a Capital Budget ordinance which would then be on track for adoption at the June 28<sup>th</sup> meeting.

All capital project funding proposed in FY22/23 is carried by existing funds, no project slated for review and approval exceeds the current balances of the funding sources. The CARMA<sup>1</sup> Funds (152, 156, and 256) have sufficient existing funds to get a meaningful number of projects underway in FY22/23. A major goal of Administration in the project list put forward is to not fall behind in projects, fleet replacements, etc. because it will only exacerbate future needs. A concern is that the CARMA funds do not have new funds slated to refill them in the current draft operating budget, with the exception of approximately \$20,000 for Fleet CARMA. Administration believes that there is a very real chance sales tax revenues will greatly exceed forecasts which could provide surplus operating funds. The staff recommendation would be to prioritize the funding of CARMA accounts (or whatever vehicle Council chooses to use for future project funding) if those surplus funds materialize.

Table 1, at the end of this memo, includes a list of requested projects which were not included in the ordinance up for introduction. Projects were left out for various reasons such as: lack of available funds in the target funding source, a desire to wait and use a different funding source in the future (i.e. ADA projects to be funded via Alaska Community Assistance Program funds to be received in late FY22), or my belief that Council would prefer to handle a request individually instead of including it in the general Capital Budget package (i.e. HERC planning).

Accompanying the Capital Budget ordinance are a series of sheets containing the proposed capital projects which were approved for inclusion by the City Manager. These sheets are broken up by funding source (i.e. CARMA 156, Fleet CARMA 152, Port & Harbor Fleet 452, Port & Harbor Reserve 456, HART, & HAWSP). In the attached sheets you will see the following: current information, open encumbrances, requested projects, future fund activity, and proposed future state. See below for definitions/explanations of each section.

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<sup>1</sup> CARMA = Capital Asset Repair & Maintenance Allowance

- **Current Information** – this section shows the funding source as it stands right now with its current fund balance, open encumbrances, and available balance.
- **Open Encumbrances** – this section shows projects previously approved by Council that still have unspent funds. Each project is shown with the department that requested the project, the ordinance approving the money, the applicable account number, and the amount of funds remaining. In some cases the project has not been started and the full value is remaining, in others the project is at a midway point and some money has been spent but there is more work to do with the remaining funds.
- **Requested Projects** – this section shows projects which have been sent to the City Manager by staff and approved for inclusion into the Capital Budget draft. Each project is shown with the requesting department, applicable account number, fiscal year\*, and requested amount.
- **Future Fund Activity** – this section shows other expected movement within the funding source to include transfers, incoming sales tax, assessment revenue, and debt payments.
- **Proposed Future State** – this section shows how the funding source would shape up financially if all projects presented are approved by the Council and other spending and revenues occur as budgeted.

\*Regarding fiscal years, staff made their requests for either FY22 or FY23. At this time I have chosen to show all requests in FY22. I’m doing this because there are a lot of disruptions in worldwide supply chains which could last months to years depending on the industry. We may find ourselves needing to order materials in FY22 to accomplish projects in FY23. I would like staff to have the flexibility to take advantage of opportunities as they arise to acquire capital items when they are available, which might not perfectly sync up with our fiscal years.

**Table 1: Unfunded Capital Requests**

<b>Requested Source</b>	<b>Project Title</b>	<b>Requested Amount</b>
General CARMA	Smoke Ejector Phase 2	\$14,000
General CARMA	Station 2 Fencing	\$15,000
General CARMA	Hornaday Park Parking Area	\$75,000
General CARMA	Dudiak Fishing Lagoon ADA Ramp & Retaining Wall Design	\$25,000
General CARMA	Dudiak Fishing Lagoon ADA Ramp & Retaining Wall Construction	\$250,000
General CARMA	Mural Program	\$8,000
General CARMA	Picnic Table Replacement Program	\$6,000
General CARMA	Hornaday Park Ballfield Renovation Program	\$20,000
General CARMA	HERC Strategic Plan	\$50,000
General CARMA	Airport Terminal Sidewalk & Other Enhancements	\$44,000
General CARMA	Airport Backup Generator	\$90,000
General CARMA	Airport Terminal Painting (Exterior)	\$21,000
Water CARMA, Sewer CARMA, HART Road	PW Campus Mitigation Plan	\$50,000
Water CARMA, Sewer CARMA, HART Road	PW Campus Mitigation Plan Implementation	\$5,000,000
General CARMA	Ionization Units in City Buildings	\$50,000
General CARMA	Citywide ADA Interior Signage and Restrooms	\$10,000
General CARMA	Parking Lot ADA Regrading Program	\$23,000

<i>General CARMA</i>	Parks ADA Transition Plan	\$30,000
<i>General CARMA</i>	Parks ADA Implementation	\$30,000
<i>Sewer CARMA</i>	Beluga Lift Station Final Design & Construction	\$900,000