



# City of Homer

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Office of the Mayor

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## Memorandum

TO: The Homer City Council

THROUGH: Melissa Jacobsen, City Clerk

FROM: Ken Castner, Mayor

DATE: June 30, 2021

SUBJECT: Ordinance 21-32(S) – Line Item Reductions

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Under authority granted to me by AS 29.20.270, and in accordance with HCC 2.08.070, I am reducing expenditures in the Port and Harbor Fund and the Water and Sewer Fund(s). A summary is attached.

The City is fortunate to have a port facility that brings in \$5 million a year in revenue. The presence of the port also supports hundreds of small businesses that provide a selling point for the collection of sales tax. It would be difficult to find many towns of fewer than 7,000 people that have the economies to support the budgets contained in this Ordinance. Charging the port for every imaginable “share” of the City’s overhead is just shifting money from one department to another. No other departments suffer that indignity, but no other departments bring in that kind of revenue. I have attached my view of a fair apportionment and adjusted the FY 22 and 23 expenses to reflect that appraisal.

The Water and Sewer Fund was designed as a tariff to cover the costs of the delivery of potable water and the reception and processing of sewage. There have been two very intensive rate studies performed in the time I have lived here that carefully examined the costs associated with those two activities. One cost component, expansion and replacement, was not given much weight because the City voters have generously provided a stream of income to fulfill those purposes through a dedicated sales tax.

The tariff is entirely based on the budgets produced by the Council and adding an “administrative fee” above and beyond the examined budgetary cost, is another arbitrary shifting of costs to a fund that has a separate source of revenue. In any event, the Water and Sewer Funds have negative balances which do not fall within the requirements of a balanced budget and I have made a first year reduction that eliminates the negative number and a larger second year reduction. I do not support filling those negatives by raising water and sewer rates.

FY 2022 - Mayor's Budget Reductions					
Budget Line / Code	Page	Proposed	Reduced	Adj. Value	I/E
Reductions					
GF Admin Fees: Water 5541	94	300,383	(75,000)	225,383	E
GF Admin Fees: Sewer 5241	102	287,977	(75,000)	104,585	E
GF Admin Fees: P&H 5241	114	453,392	(186,766)	266,626	E
Offsets					
GF Admin Fees: Water 4981	43	300,383	(75,000)	225,383	I
GF Admin Fees: Sewer 4982	43	287,977	(75,000)	104,585	I
GF Admin Fees: P&H 4983	43	453,392	(186,766)	266,626	I
FY 2023 - Mayor's Budget Reductions					
Reductions					
GF Admin Fees: Water 5541	94	309,228	(200,793)	108,435	E
GF Admin Fees: Sewer 5241	102	296,491	(188,056)	108,435	E
GF Admin Fees: P&H 5241	114	465,339	(190,831)	274,508	E
Offsets					
GF Admin Fees: Water 4981	43	309,228	(200,793)	108,435	I
GF Admin Fees: Sewer 4982	43	296,491	(188,056)	108,435	I
GF Admin Fees: P&H 4983	43	465,339	(190,831)	274,508	I

<b>Port and Harbor</b>		<b>%</b>	<b>2022</b>		<b>2023</b>
Legal	275,000	0.068	18,700	275,000	18,700
Mayor Council	92,625	0	-	89,705	-
City Clerk	401,861	0.16	64,298	411,994	65,919
City Hall Complex	133,618	0	-	132,805	-
City Manager	514,304	0.05	25,715	525,463	26,273
Personnel	210,285	0.16	33,646	213,921	34,227
IT	373,572	0.16	59,772	390,288	62,446
Finance	873,394	0.05	43,670	909,526	45,476
Planning/Zoning	416,528	0.05	20,826	429,315	21,466
New Balance			266,626		274,508
Old Balance			453,392		465,339
Reductions			(186,766)		(190,831)
<b>Fund 200 Water</b>		<b>%</b>	<b>2022</b>		<b>2023</b>
Legal	275,000	0	-	275,000	-
Mayor Council	92,625	0	-	89,705	-
City Clerk	401,861	0.05	20,093	411,994	20,600
City Hall Complex	133,618	0	-	132,805	-
City Manager	514,304	0	-	525,463	-
Personnel	210,285	0.04	8,411	213,921	8,557
IT	373,572	0.04	14,943	390,288	15,612
Finance	873,394	0.07	61,138	909,526	63,667
Planning/Zoning	416,528	0	-	429,315	-
New Balance			104,585		108,435
Old Balance			300,383		309,228
Reductions			(195,798)		(200,793)
<b>Fund 200 Sewer</b>		<b>%</b>	<b>2022</b>		<b>2023</b>
Legal	275,000	0	-	275,000	-
Mayor Council	92,625	0	-	89,705	-
City Clerk	401,861	0.05	20,093	411,994	20,600
City Hall Complex	133,618	0	-	132,805	-
City Manager	514,304	0	-	525,463	-
Personnel	210,285	0.04	8,411	213,921	8,557
IT	373,572	0.04	14,943	390,288	15,612
Finance	873,394	0.07	61,138	909,526	63,667
Planning/Zoning	416,528	0	-	429,315	-
New Balance			104,585		108,435
Old Balance			287,977		296,491
Reductions			(183,392)		(188,056)