



# MEMORANDUM

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**Resolution 24-046, A Resolution of the City Council of Homer Alaska Providing Direction to the Port & Harbor Staff, The Port and Harbor Advisory Commission and The Finance Department regarding the Development of Draft Financial Policies for the Port and Harbor Enterprise Fund. Lord/Davis.**

**Item Type:** Backup Memorandum  
**Prepared For:** Mayor Castner and Homer City Council  
**CC:** Port & Harbor Staff  
Finance Department  
Port and Harbor Advisory Commission (PHAC)  
**Date:** April 22, 2024  
**From:** Councilmembers Lord and Davis  
**Through:** Melissa Jacobsen, Interim City Manager

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Resolution 23-120 provided direction for developing Fund-specific financial policies, using the Utility Fund as an example. We recognize that this resolution did not have sufficient direction for the Port and Harbor Enterprise Fund, and we are bringing forward another resolution that provides a more robust outline for this effort.

As “Finance Champions”, we will be working with City staff to draft a General Fund Financial Policy. There may be overlap between the three City funds in policy directives, and we will lean on staff to help us ensure we are staying on track.

We look forward to discussion with the Port and Harbor Advisory Commission during our joint worksession, and look forward to their feedback on this policy development.

We anticipate the following general schedule, appreciating that we are entering the busy season:

- Monday, April 15 - Joint worksession with City Council, general discussion on the proposed resolution and direction.
- Monday, April 22 - Council considers the financial policy resolution
- If passed, we anticipate staff will begin pulling together the pieces of a financial policy. The PHAC could include the topic at their April 24<sup>th</sup> meeting to provide additional feedback and thoughts to staff to consider in policy drafting.

- After initial feedback from PHAC, staff will draft Enterprise Fund financial policy and bring that complete draft back to the PHAC for their review and feedback (target date is September). Council champions can be available to help answer questions and liaison back to Council during this process, depending on its complexity.
- Once the PHAC has completed their review, the Port & Harbor Enterprise Fund Financial Policy would then come to City Council for review, discussion, and a vote.

Some resources may be helpful in this process, and we encourage everyone involved to review the City's Utility Fund Financial Policy (included) as well as:

MRSC Financial Policies Overview website and examples

<https://mrsc.org/explore-topics/finance/policies/financial-policies-overview>

GFOA Best Practices: Adopting Financial Policies

<https://www.gfoa.org/materials/adopting-financial-policies>

GFOA Best Practices: Working capital targets for enterprise funds

<https://www.gfoa.org/materials/working-capital-targets-for-enterprise-funds>

**Attachments:**

Resolution 23-120

City of Homer Utility Fund Financial Policy