



MEMORANDUM

Ordinance 24-26, An Ordinance of the City Council of Homer, Alaska, Amending the FY24 Capital Budget By Redistributing Funds within the General Fund Capital Asset Repair and Maintenance Allowance (CARMA) Fund and within the General Fund Fleet Capital Asset Repair and Maintenance Allowance (CARMA) Fund To Establish Subaccounts. Lord/Davis.

Item Type: Backup Memorandum
Prepared For: Mayor Castner and Homer City Council
Meeting Date: May 28, 2024
From: Councilmembers Lord and Davis

Background:

In 2021, the Council rolled up all of the GF Fleet CARMA subaccounts into one primary account and GF CARMA subaccounts into one primary account, while also keeping a subaccount open for Seawall, HERC, and Fishing Hole. At the time, there were negative balances in some of the accounts from capital project close-outs and cleanup, and the City Manager and Mayor proposed this solution for clearing that problem. As the Council has allocated funds for different projects, Finance has continued to track those encumbrances by subaccounts internally.

Since the CARMA roll-ups, spending from GF CARMA and Fleet CARMA has been challenging without a transparent understanding of cross-department implications. By re-allocating the available balances out of “General” and into subaccounts that the Council reviews regularly, we have the opportunity to understand what it is we are trying to save for and prioritize across all of the assets and capital needs of the City’s General Fund services.

There has been expressed concern that these subaccounts provide Department Heads with feelings of entitlement to spend all the money. To the extent this has been true in the past, we must remember that the Council holds all powers of appropriation.

How we manage that responsibility is up to us, and expectations around that responsibility is a shared responsibility between the Council and the City Manager.

Through transparency, we can avoid spending down our reserve funds on those that can tell the best story - ALL of the CARMA needs across the City should be necessary and valid. And we know that financial resources are finite. So when we buy item A for Department 1, it means we are either not buying item B for Department 1 or we're not buying item A for Department 6.

Without subaccounts to track this prioritization, we're playing whack-a-mole and spending without an accessible way to assess the implications of our decisions.

The list in this ordinance provides a proposal for allocation. The rationale is taken from the FY24/25 Capital Budget, where longer-term projects are listed out by Department/Division. We encourage the City Manager to work with Department Heads to develop a rolling "Top 10" list for the Council to understand and prioritize Citywide CARMA needs.

The included spreadsheet outlines the existing balances through Council actions, the "General" amounts that we are looking to allocate through this ordinance, and the proposed distribution of those "General" amounts with brief notes from the Capital Budget as justification.

Recommendation:

Adopt Ordinance 24-26

Attachments:

CARMA Reallocation Spreadsheet