



MEMORANDUM

City Council Special Session

Item Type: Informational Memorandum
Prepared For: Mayor and City Council
Date: January 3, 2025
From: Jenny Carroll, Special Projects & Communications Coordinator
Through: Melissa Jacobsen, City Manager

Attached is a compilation of legislative matters and Capital Improvement Plan priority projects adopted by Homer City Council to date.

Attachments include:

- **Resolution 24-079(S)(A)** Regarding the Impacts of Tax Exemptions on Municipalities
- **Resolution 24-103** Supporting Funding for Public Libraries Assistance Grants and Statewide Library Electronic Doorway
- **Resolution 24-114** Calling for the AK Department of Transportation and the United States Army Corps of Engineers to Implement Emergency Repairs and the Cooperative Implementation of a Long-Term Erosion Mitigation and Maintenance Plan to Stabilize Erosion Conditions on the Homer Spit
- **Resolution 24-120** Supporting Fully Funding the State of Alaska Municipal Harbor Facility Grant Program in the FY 2026 State Capital Budget
- **Resolution 24-121** Expressing Support for Raising the Maximum Available Municipal Harbor Facility Grant to \$7,500,000 for Eligible Projects on an Annual Basis.
- **Resolution 24-100** Adopting the 2025-2030 Capital Improvement Plan and Establishing Capital Project Legislative Priorities for Fiscal Year 2026.

The City has not yet submitted its FY26 State Capital requests to our Representative and Senator through CAPSIS, though support will likely be requested for the following projects:

Homer Spit Erosion Mitigation
Homer Harbor Critical Float Replacement Project – design and permitting
A-Frame Water Transmission Project
City Hall ADA Accessibility Project
Homer Harbor Expansion
Karen Hornaday Park Improvements

Other legislation may be forthcoming before and during the upcoming legislative session.

**CITY OF HOMER
HOMER, ALASKA**

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RESOLUTION 24-079(S)(A)

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
PROVIDING COMMENTS TO THE ALASKA STATE LEGISLATURE
REGARDING THE IMPACT OF TAX EXEMPTIONS ON
MUNICIPALITIES

WHEREAS, The Alaska Legislature regularly proposes various exemptions on municipal property and sales taxes and evaluates proposals for statewide sales taxes to generate new state revenues; and

WHEREAS, Article 10 of Alaska's constitution states that "The purpose of this article is to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions. A liberal construction shall be given to the powers of local government units."; and

WHEREAS, The City of Homer relies predominantly on sales and property taxes to fund general services to our residents and visitors; and

WHEREAS, Sales taxes represent 57% of Homer's general fund; and

WHEREAS, Real property taxes represent 23% of Homer's general fund, based on a mil rate of 4.5 mils; and

WHEREAS, An example of a tax exemption that the Alaska Legislature has imposed on municipalities is the \$150,000 senior property tax exemption for primary residences, an exemption that in the past was reimbursed by the State but is now an unfunded mandate; and

WHEREAS, For the City of Homer, the senior property tax exemption represents a 10% reduction in our annual budget, or the portion of revenues that are transferred to other property taxpayers; and

WHEREAS, Homer's sales tax rate is 4.85%, divided among the following specified budget purposes:

- 3.0% for the general fund
- 0.75% dedicated to a program to help expand the city's water and sewer lines
- 0.75% to pave and repair roads and expand sidewalks, and maintain and expand trails
- 0.30% to pay down the bond debt needed to build a police station

- 0.05% to maintain the police station long-term; and

WHEREAS, A statewide sales tax ~~may cause the City of Homer to reduce its sales tax.~~
may force the City to reduce its sales tax with no guarantee of reduced expenses
through increased state services that benefit our local citizens.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, provides the following comments to the Alaska State Legislature regarding mandating real property and sales tax exemptions and the imposition of a statewide sales tax:

- We ask that the Legislature Honor Title 10 of Alaska's constitution and allow for the maintenance of local government control.
- The Legislature and local governments should work as a partnership, and we believe the Legislature should consult with the Alaska Municipal League and municipalities regarding any bills that propose property or sales tax exemptions to understand how those exemptions would impact the ability of municipalities to provide critical public services to residents and visitors, including, but not limited to, providing police and fire services, maintaining local public infrastructure, managing zoning codes, conducting local elections, and responding to public needs.
- We ask that the Legislature recognize that implementing a statewide sales tax would likely force the City of Homer to reduce its sales tax, which would hinder our ability to provide the public services listed above; expand water and sewer infrastructure; maintain, improve, and expand roads, sidewalks, and trails; and pay down bond debt.
- Property tax exemptions on specified classes of property owners shift the burden of funding municipal services on other classes of property owners in ways that may not be fair or equitable.
- The cumulative impacts of multiple Legislatively imposed property tax exemptions and implementation of a statewide sales tax is detrimental to the ability of local governments to provide critical public services.

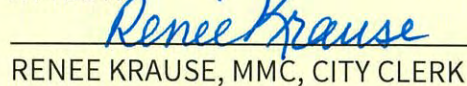
PASSED AND ADOPTED BY THE CITY COUNCIL OF HOMER, ALASKA, THIS 12th day of August, 2024.

CITY OF HOMER

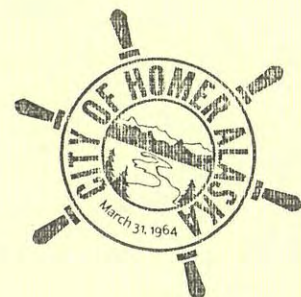


KEN CASTNER, MAYOR

ATTEST:


RENEE KRAUSE, MMC, CITY CLERK

Fiscal Note: N/A



**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Library Director

RESOLUTION 24-103

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
URGING THE STATE OF ALASKA LEGISLATURE TO MAINTAIN
FUNDING FOR THE PUBLIC LIBRARIES ASSISTANCE (PLA) GRANTS
AND THE STATEWIDE LIBRARY ELECTRONIC DOORWAY (SLED) AT
FY 2024 LEVELS.

WHEREAS, For decades the Public Libraries Assistance (PLA) grants have supported libraries across Alaska with \$6,000 to \$7,000 in annual funding, and the Homer Public Library has received many such grants; and

WHEREAS, The Statewide Library Electronic Doorway (SLED) has provided Alaskans with access to online resources that would otherwise be unaffordable for their local libraries, including 60 of the 68 subscription databases currently offered to patrons of the Homer Public Library; and

WHEREAS, The budget for the Division of Libraries, Archives and Museums reduced all PLA grants to \$1,829 before reversing those cuts, while SLED funding has been reduced from \$500,000 to \$369,514; and

WHEREAS, Cuts to the PLA grants would force the Homer Public Library to reduce its purchases of new materials, particularly picture books, foreign languages and medical texts; and

WHEREAS, The Seldovia Library would have to decrease materials purchases and service hours; and

WHEREAS, The Ninilchik Community Library would be forced to close over winter; and

WHEREAS, The reduced PLA grant would only support Anchor Point Public Library's operations for one month; and

WHEREAS, Loss of SLED funding means all public libraries in the state will have to eliminate significant online resources.

41 NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, hereby
42 urges the State of Alaska Legislature to maintain funding for the Public Libraries Assistance
43 grants and the Statewide Library Electronic Doorway at FY 2024 levels.
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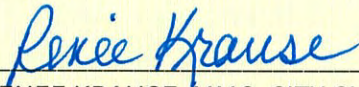
45 PASSED AND ADOPTED by the Homer City Council this 23rd day of September, 2024.
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47 CITY OF HOMER

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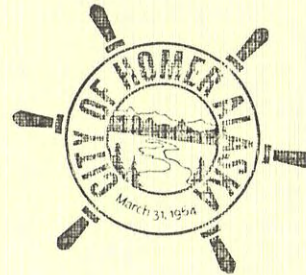
50 KEN CASTNER, MAYOR
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53 ATTEST:

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56 RENEE KRAUSE, MMC, CITY CLERK
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58 Fiscal note: N/A



**CITY OF HOMER
HOMER, ALASKA**

**Mayor/City Manager/
Port Director**

RESOLUTION 24-114

A RESOLUTION OF THE HOMER CITY COUNCIL URGENTLY CALLING FOR THE ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES AND THE UNITED STATES ARMY CORPS OF ENGINEERS TO IMPLEMENT EMERGENCY REPAIRS AND THE COOPERATIVE IMPLEMENTATION OF A LONG-TERM EROSION MITIGATION AND MAINTENANCE PLAN TO STABILIZE EROSION CONDITIONS ON THE HOMER SPIT

WHEREAS, The Homer Spit is a 4.5-mile-long glacial sand and gravel spit extending into Kachemak Bay and the Spit road is a State highway that serves as a critical infrastructure corridor supporting Homer Port and Harbor, a multimodal transportation hub, and essential recreational, commercial, industrial, and residential activities, as well as valuable State of Alaska and Federal assets; and

WHEREAS, The Homer Spit is experiencing accelerated erosion due to changing storm patterns that have disrupted historical sediment movement patterns along the spit, resulting in severe coastal degradation; and

WHEREAS, Previous mitigation efforts, including the United States Army Corps of Engineers' 1992 installation of 1,000 feet of rock revetment and 1998 extension of 3,700 feet, proved insufficient without the recommended beach renourishment, leading to beach lowering and increased erosion south of the protected area; and

WHEREAS, Despite emergency revetment projects by the Alaska Department of Transportation and Public Facilities, unchecked erosion continues to actively undermine the State-owned Sterling Highway, the sole transportation lifeline connecting the Homer Spit to the Kenai Peninsula mainland and a tsunami evacuation route; and

WHEREAS, The City has been monitoring and reporting the intensified erosional damage on the Homer Spit to the State of Alaska through the Alaska Department of Transportation and Public Facilities (ADOT&PF) and the federal government through the United States Army Corps of Engineers (USACE), the two parties responsible for the funding, approval and implementation of State road maintenance, erosion mitigation measures and a long-term maintenance plan to stabilize erosion conditions on the Homer Spit; and

WHEREAS, An October 16, 2024 storm with southwest winds of approximately 25 miles per hour and a 22-foot tide caused significant damage to the road bed in the unprotected section of the road, brought erosion to within two feet of the edge of the pavement and created an immediate public safety concern; and

WHEREAS, Any additional moderate wind and high tide events now threaten to compromise the outbound lane of the Spit Road, risking partial or complete closure of this vital transportation corridor; and

WHEREAS, Multiple technical studies, including the U.S. Army Corps of Engineers' 2017 Dredged Material Management Guidance Manual, their 1989 *Storm Damage Reduction Final Interim Feasibility Report with Engineering Design and Environmental Assessment* report, and HDR, Inc.'s 2019 Coastal Erosion Assessment, have provided detailed erosion management strategies, with the HDR report recommending a traditional revetment coupled with a beach renourishment program and sediment management plan for long term viability of the Spit and maintenance of the Spit Road.

NOW, THEREFORE BE IT RESOLVED, The City of Homer urgently calls upon the ADOT&PF and the USACE to:

1. Immediately implement emergency erosion mitigation measures to protect the threatened Homer Spit Road from imminent failure; and
2. Simultaneously develop and execute a comprehensive, long-term erosion mitigation and stabilization strategy that includes both hardened protection strategies (including perched bench, groin field, offshore breakwater) and sediment management for improving resilience of existing roadway embankment.

BE IT FURTHER RESOLVED, The City of Homer implores the Alaska State Legislature to prioritize this critical infrastructure project by:

1. Allocating necessary state funding to protect this vital transportation and economic corridor; and
2. Advocating for and supporting a long-term Homer Spit erosion mitigation and stabilization project in partnership with the USACE; and

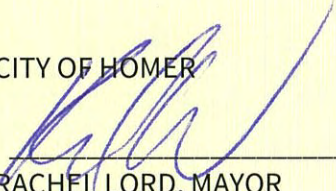
BE IT FURTHER RESOLVED, The City of Homer calls upon Alaska's federal delegation to:

1. Champion the Homer Spit protection project at the federal level; and
2. Secure federal funding required for both immediate emergency measures and long-term stabilization efforts through the USACE.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 28th day of October, 2024.

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CITY OF HOMER



RACHEL LORD, MAYOR

ATTEST:



RENEE KRAUSE, MMC, CITY CLERK



**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Port Director

RESOLUTION 24-120

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
URGING THE GOVERNOR AND ALASKA STATE LEGISLATORS TO
FULLY FUND THE STATE OF ALASKA MUNICIPAL HARBOR FACILITY
GRANT PROGRAM IN THE FY 2026 STATE CAPITAL BUDGET IN
ORDER TO ENSURE ENHANCED SAFETY AND ECONOMIC
PROSPERITY AMONG ALASKAN COASTAL COMMUNITIES.

WHEREAS, The majority of the public boat harbors in Alaska were constructed by the State during the 1960s and 1970s; and

WHEREAS, These harbor facilities represent critical transportation links and are the transportation hubs for waterfront commerce and economic development in Alaskan coastal communities; and

WHEREAS, The harbor facilities in Alaska are ports of refuge for ocean going vessels, serve as essential transportation hubs to coastal Alaskan communities for supplies, trade in goods and services, and as connections to the world market for our exports and imports; and

WHEREAS, The State of Alaska over the past nearly 30 years has transferred ownership of most of these State-owned harbors, many of which were at, or near the end of their service life at the time of transfer, to local municipalities; and

WHEREAS, Municipalities took over this important responsibility even though they knew that these same harbor facilities were in poor condition at the time of transfer due to the state's failure to keep up with deferred maintenance; and

WHEREAS, Consequently, when local municipal harbormasters formulated their annual harbor facility budgets, they inherited a major financial burden that their local municipal governments could not afford; and

WHEREAS, In response to this financial burden, the Governor and the Alaska Legislature passed legislation in 2006, supported by the Alaska Association of Harbormasters and Port Administrators, to create the Municipal Harbor Facility Grant program via Alaska Statute 29.60.800; and

WHEREAS, The Alaska Department of Transportation and Public Facilities (AKDOT/PF) utilizes a beneficial administrative process to review, score and rank applicants to the Municipal Harbor Facility Grant Program, since state funds may be limited; and

WHEREAS, For each harbor facility grant application, municipalities have committed to invest 100% of the design and permitting costs and 50% of the construction cost; and

WHEREAS, The municipalities of Unalaska, Sitka and Juneau have committed to contribute half of their project cost in local match funding for FY2025 towards harbor projects of significant importance locally as required by the Municipal Harbor Facility Grant Program; and

WHEREAS, Completion of these harbor facility projects is dependent on the 50% match from the State of Alaska's Municipal Harbor Facility Grant Program; and

WHEREAS, During the last fifteen years the Municipal Harbor Facility Grant Program has only been fully funded twice; and

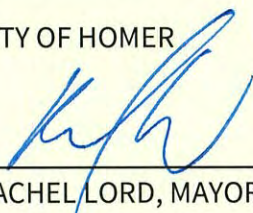
WHEREAS, A survey done by the Alaska Municipal League of Alaska's ports and harbors found that, from the respondents, the backlog of projects necessary to repair and replace former State-owned harbors has increased to at least \$500,000,000; and

WHEREAS, Given that Alaska is a maritime state and that our harbors are foundational to both our way of life and the economy of this great State, it is in the public's best interest to maintain this critical infrastructure by using State, Local and Federal funds to recapitalize the crucial harbor moorage infrastructure statewide.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska hereby urges the Governor and the Alaska Legislature fully fund the State of Alaska's Municipal Harbor Facility Grant Program in the FY 2026 State Capital Budget in order to ensure enhanced safety and economic prosperity among Alaskan coastal communities.


PASSED AND ADOPTED by the Homer City Council this 25th day of November, 2024.

CITY OF HOMER



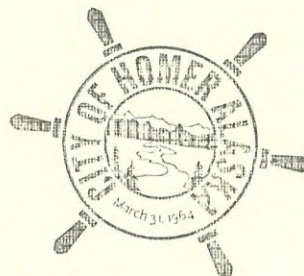
RACHEL LORD, MAYOR

ATTEST:



RENEE KRAUSE, MMC, CITY CLERK

Fiscal Note: NA



**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Port Director

RESOLUTION 24-121

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
EXPRESSING SUPPORT FOR RAISING THE MAXIMUM AVAILABLE
MUNICIPAL HARBOR FACILITY GRANT TO \$7,500,000 FOR
ELIGIBLE PROJECTS ON AN ANNUAL BASIS.

WHEREAS, Senate Bill 291 established the Municipal Harbor Facility Grant Program on July 1, 2006, in which the total amount of grant money made available to a municipality was limited to not exceed \$5,000,000 in a fiscal year; and

WHEREAS, The Municipal Harbor Facility Grant is the single most significant funding tool available to Alaskan Harbormasters to plan, maintain and recapitalize port and harbor infrastructure; and

WHEREAS, Testimony from a legislator advocate stated "*SB291 would establish the municipal harbor facility grant fund to which the Legislature would make an annual appropriation from the watercraft fuel tax account and from the state portion of the fisheries business tax. Both sources come from the marine industry, so harbor users would generate the revenue for the program*"; and

WHEREAS, Senate Bill 291 was envisioned to cap the funds that can be used per community per year at \$5 million so that a large community could not take all the available funds in any given year; and

WHEREAS, The expectation is that communities would establish, maintain, and run an enterprise fund into perpetuity; and

WHEREAS, The State of Alaska over the past nearly 30 years has transferred ownership of most of these State-owned harbors, many of which were at or near the end of their service life at the time of transfer, to local municipalities; and

WHEREAS, These harbor facilities continue to require substantial municipal financial investment to maintain; and

WHEREAS, Construction, shipping and mobilization costs to remote portions of Alaska have outpaced the national consumer price index since the pandemic; and

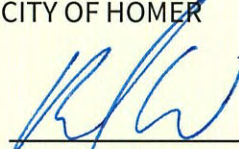
WHEREAS, The United States Bureau of Labor Statistics Consumer Price Index calculator indicates that \$5 million in July 2006 when Senate Bill 291 was enacted would be inflated to \$7,511,000 as of July 2023.

WHEREAS, The City of Homer urges the Governor and Alaska Legislature to Amend Alaska Statutes 29.60.800 raising the maximum Harbor Facility Grant Fund Award to \$7,500,000 per eligible project.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska supports raising the maximum available Municipal Harbor Facility Grant to \$7,500,000 for eligible projects on an annual basis.

PASSED AND ADOPTED by the Homer City Council this 25th day of November, 2024.

CITY OF HOMER



RACHEL LORD, MAYOR

ATTEST:



RENEE KRAUSE, MMC, CITY CLERK

Fiscal Note: NA

