



# MEMORANDUM

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## Homer Accelerated Roads & Trails (HART) Policy Review

**Item Type:** Action Memorandum  
**Prepared For:** Mayor Lord and City Council  
**Date:** January 20, 2025  
**From:** Councilmembers Aderhold and Parsons

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The City Council worksession on January 13 focused on the Homer Accelerated Roads and Trails (HART) Roads fund. We hit the high spots of the HART Roads fund's history, current financial position, and open encumbrances; the current Roads financial plan prepared by the Public Works Department; the future of HART and the need for a ballot measure to be placed on the October 2026 ballot asking voters to renew the 0.75% tax for Homer roads and trails; and ordinances and resolutions that will appear on our upcoming public hearing and regular meeting agendas.

During the worksession, Councilmembers Parsons and Aderhold were tasked with taking a deeper dive into the HART fund and HART policy manual and come back to the full council with suggested updates to be forwarded to the Planning and Parks, Art, Recreation, and Culture (PARCAC) commissions for their review and comment and review of the HART transfer for road and trail maintenance. This memo outlines our understanding of the tasks ahead of us as we work with staff through this process.

### HART Policy Manual:

The HART policy manual was last updated in 2019. It was intended at that time that the Planning Commission would review the criteria for HART annually. The annual review has not happened since the 2019 update. We will explore with staff methods to ensure that annual reviews are scheduled and performed.

Since 2019, the HART Roads fund has been used for a variety of purposes, some explicitly listed in the criteria and some that may be considered marginal uses for the fund. We will work with staff to review the criteria to clarify how the City Council and public believe the fund should be used.

The City's new transportation plan has been approved by Council and adopted by the Kenai Peninsula Borough Assembly. We will work with staff to update the policy manual to appropriately reference the new plan.

In addition, after five years, there are likely other minor revisions to the manual that would be appropriate.

We will bring a recommended draft HART policy manual back to Council with a resolution for its adoption with the recommendation that the plan be sent to the Planning and PARCAC commissions for their review and comment before adoption.

Homer City Code (HCC) and Road Maintenance Transfer:

An October 2017 ballot measure approved by voters allows the 0.75% HART sales tax to be used for road and trail maintenance. Ordinance 17-040(A) amended Homer City Code (HCC) to ensure that a minimum of \$550,000 (\$500K for roads and \$50K for trails) would remain available for capital road and trail projects. HCC 3.05.017 states:

*The annual budget will transfer a minimum of \$550,000 of the three-quarters percent dedicated sales tax levied for Homer Accelerated Roads and Trails exclusively for the purpose of funding street reconstruction improvements and related utilities, construction of new local roads, and construction of new local trails.*

The stipulated \$550,000 is retained annually in the HART fund and this is what has been used in recent years for sidewalks, road reconstruction, etc. However, there are a couple of things related to this code for us to evaluate with staff and return to the full Council with recommendations.

- The HCC language is inconsistent with how the HART fund works. The 0.75% sales tax is deposited into the HART fund as a restricted fund. At the end of each fiscal year, the Finance Department transfers funds out of the HART fund to the general fund for road and trail maintenance, retaining the required \$550K within the fund. Thus, the HCC language needs to be reworded to reflect reality.
- Road and trail maintenance expenses increase each year with inflation and as the city adds new road-related infrastructure, making the minimum remaining in HART for capital projects extremely important as capital project expenses also increase.

Homer's understanding that we need to maintain what we have is incredibly valuable, and using HART funds for road and trail maintenance is very important for the health of the general fund. How do we weigh the need to use HART funds to maintain what we have with the need to rebuild and improve roads, build new sidewalks, etc.?

After our review of the road and trail maintenance transfer and city code, we will come back to Council with a recommendation regarding the road maintenance transfer (maintain as is or change in some way) and an ordinance to revise city code to be consistent with how the Finance Department handles the HART fund and transfer for maintenance.

Our activities during 2025 should set us up well for discussions beginning in January 2026 (see Melissa's memo outlining steps) to place a HART related measure on the October 2026 ballot.