



MEMORANDUM

FY26/27 Capital Budget

Item Type: Informational Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: May 22, 2025
From: Melissa Jacobsen, City Manager

In working through the FY26/27 budget process departments and Commissions have provided approximately 54 capital budget requests for FY26 and 17 requests for FY27.

Fund	FY2026 Requested	FY2026 CM Funded	FY2027 Requested	FY2027 CM Funded
GF CARMA Subaccounts	\$4,099,600	\$340,600	\$2,045,000	\$0
Water/Sewer CARMA	\$189,200	\$189,200	\$446,500	\$326,500
Port & Harbor Reserves	\$897,000	\$260,000	\$0	\$0
HART Trails	\$515,00	\$265,000	\$0	\$0

Of those requests, I've submitted 23 for Council's approval, as follows:

General Fund CARMA		
Item	Amount	Rationale
E-195 Snowplow	\$15,000	Snowplows are necessary for winter road maintenance and public safety. Repair costs for current plow exceed the value. The current PW Fleet CARMA balance covers the expense.
E-268 Stainless Steel Sander	\$17,000	The sand used for winter road is mixed with salt to increase the melt on the roadways. The salt breaks down the metal in the sanders over time. Sanders are necessary for winter road maintenance and public safety. The current PW Fleet CARMA balance covers the expense.
E-283 Stainless Steel Sander	\$17,000	See above.
E-274 Flail Mower Head	\$30,000	The current mower head is in need of repair and it is cost prohibitive to repair in comparison to replacement. This equipment is necessary to for maintaining storm water flow in ditches and right of way clearing. The current PW Fleet CARMA balance covers the expense.
Hickerson Memorial Cemetery Improvements	\$25,000	Public concerns have been raised regarding cemetery grounds maintenance and Council has expressed interest in improvements at the cemetery. The current General CARMA balance covers the expense.
Bayview Park Fence	\$20,000	Bayview Park has been improved with new play equipment and accessibility features. There has been

		interest expressed in replacing the fence for aesthetics and safety. The current PW CARMA balance covers the expense.
Police Laptop Replacement	\$49,000	Officer's computers are critical pieces of equipment that are used in the office and in the field. Current computers have aged out and there are no backup units. All units need to be replaced at the same time for system integration and configuration issues. The current Police CARMA balance covers the expense.
HERC Gym Re-coat	\$7,200	The HERC gym is in high demand and the floor sees a lot of use and has not been re-coated since the City has taken ownership. The current HERC CARMA balance covers the expense.
Server Room Fire Suppression	\$22,000	Sprinkler systems above City electronics with critical data is the current fire suppression at six City locations. This will allow those systems to be replaced with CO2 or other oxygen displacement methods designed for electronics. The current General CARMA balance covers the expense.
Server Room Environmental Controls	\$22,000	Cooling equipment is necessary to maintain City server and network equipment. City Hall suffered a significant event when the cooling unit failed and require significant staff time to ensure continued operation of the equipment until the coolers could be replaced. The current General CARMA balance covers the expense.
Digital Video Recording Servers	\$84,000	Aging and failing hardware impacts continuity of security camera visibility and recording. This addresses a serious deferred maintenance backlog and IT will develop a planned replacement strategy for future needs. The current IT CARMA balance covers the expense.
Water/Sewer CARMA		
Membrane Train Replacement	\$99,200	Council acknowledged the intent to replace one filter per year through FY28 in the FY24/25 budget process. The current Water CARMA balance covers the expense.
WTP Pond Liner Repair	\$25,000	The wastewater treatment pond is critical in the water treatment process. The current Sewer CARMA balance covers the expense.
E-104 ¾ Ton 4x4 Pick-up	\$65,000	This will replace an aged out vehicle. The current Water CARMA and Sewer CARMA balances cover an equal portion of this expense.
Port & Harbor Reserves		
Crane Control Software	\$100,000	The custom software is no longer supported and only a matter of time before it fails. The current Port Reserves balance covers the expense.
Handheld Computer Replacement	\$10,000	These computers are necessary for taking boat inventory and field reads for accurate harbor billing. The current Port Reserves balance covers the expense.
Repairs to Fish Dock Fendering	\$100,000	Some fenders on the Fish Dock are cracked and broken with exposed bolts that catch on lines of vessels tied up

		at the dock. The current Port Reserves balance covers the expense.
High Mast Light Inspection & Service	\$50,000	This will accomplish the repair and inspection of two high mast lights, readying them for another 30 years of service. The current Port Reserves balance covers the expense.
HART Trails		
Trackless MT7 Municipal Sidewalk Tractor	\$250,000	Public Works currently uses a Tool Cat for summer and winter sidewalk and trail maintenance. The Tool Cat is not designed to travel long distances at a time and is wearing out. The trackless municipal sidewalk tractor is designed to be used in this fashion and will improve pedestrian movement year round. The current HART Trails balance covers the expense. This could be split between HART Roads and Trails, however HART Roads has limited availability and there have been instances where Parks Trucks have been purchased with HART Trails dollars despite mixed use of Parks (PW fleet) and trails (HART) (FY22 & FY24)
Trail Improvements	\$15,000	Improvements to Upper Poopdeck, Lower Hornaday, and Calhoun Trails for better pedestrian movement through town. The current HART Trails balance covers the expense.

The remaining general fund capital requests were not funded because there was no transfer to reserves included in the FY26/27 draft budget.

My rationale for not approving the request from the Economic Development Advisory Commission for the AK Small Business Development Advisor position is, I don't feel it's appropriate for me to fund a position outside of the City's realm, when we have positions left unfilled, as we are looking for ways to support current City staff through a COLA, and affordable health care.

Parks, Art, Recreation, and Culture Advisory Commission submitted a request for \$250,000 in HART Trails funding for the Green Timbers Trail Head and construction of a trail connecting it with the nearest existing trail within the Diamond Creek Recreation Area. I did not include this in the Manager's proposed Capital Budget, because it is unclear at this time what the trail plan is for this area, aside from the desire for the pedestrian underpass. The City hasn't been successful in contacting private property owners for trail easements on their property and Alaska Department of Transportation and Public Facilities has not given consent to the notion of using their future maintenance route as an access. Once a plan for this connection is better developed and agreeable to the State and City, the City Council has the ability to appropriate HART Trails funding by ordinance.