



MEMORANDUM

Homer Accelerated Roads and Trails (HART) Policy Manual Review Update

Item Type: Backup Memorandum
Prepared For: Mayor Lord and City Council
Date: June 18, 2025
From: Councilmembers Aderhold and Parsons

Introduction

Councilmembers Aderhold and Parsons met with Melissa Jacobsen, Julie Engebretsen, and Dan Kort on June 17, 2025, to discuss updates needed to the Homer Accelerated Roads and Trails (HART) policy manual. We followed a guiding outline preliminary edits to the HART policy manual Julie had prepared. This memo presents the topics we discussed to provide information and points of discussion for the full city council. The intent is for this group to meet to work through these and additional issues until we have what we believe is a final draft update. We would then present the draft to city council during a worksession for discussion and the draft would be presented to the Planning Commission and Parks, Art, Recreation, and Culture Advisory Commission (PARCAC) for their input before it comes to city council with a resolution for approval.

Policy topics

We are considering several policy topics.

1. Use of HART funds for state road projects:

The HART policy states it explicitly excludes state roads. However, some grant programs require a match, and some municipalities are beginning to offer matches for state progress to leverage road projects in their communities. This is a tool we should consider using on a case by case basis.

Recommendation: Emphasize the funds are for municipal roads and trails but may be used to leverage projects that include state roads with city council approval.

A good example of this approach is the Homer All Ages and Abilities Pathway Project (HAPP loop) that was funded by the Alaska Department of Transportation and Public Facilities with matching funds from the HART Roads fund. The HAPP loop will provide sidewalks and accessibility infrastructure on both state roads and municipal streets.

2. What will HART pay for as far as maintenance and equipment?

HART pays for staff time and materials to maintain roads and trails as called out in Ordinance 17-10(S)(A) and includes the procurement of road and trail maintenance

equipment and tools. In the past, the Council allowed the purchase of a Road Grader using this fund, however due to the cost of this equipment, a more recent attempt to use this fund for this sort of purchase was questioned and denied. Instead, the City is making payments on the grader at a cost to the general fund of \$71,000 interest over the life of the loan. If the HART fund had had enough cash (it may not have at the time) the City could have paid cash, which would have saved money and lessening the burden on the general fund for road obligations. We discussed that the current HART policy manual is unclear on whether equipment, particularly heavy equipment, purchases are allowed and that there was public pushback on the purchase of the grader using HART funds. Further, Ordinance 17-10(S)(A) is vague in its statement of “purchase of road and trail maintenance equipment and tools” as an approved use of HART funds. There is no statement that defines or excludes heavy equipment in this statement, which leads administration to believe HART can be used for this purpose.

Recommendation: Write a new section to spell out maintenance that HART pays for, and equipment eligibility. (Example: If the fund balance is “X”, HART funds may be used to purchase heavy equipment when the fund balance is adequate. Or, fleet reserves are the preferred funding source for rolling stock, but the HART funds may also be used as required to support road and trail maintenance).

This is a conversation for the full city council, including how the funds that are transferred from HART to the general fund for public works road and trail maintenance may be used.

Processes

The HART Policy Manual spells out some review processes, and some decision making processes.

1. When are HART policies reviewed and by whom?

From staff perspective, the historical purpose of reviewing the HART policies was to determine whether the cost share split between the City and landowners was working. At times the cost split has been very generous for landowners, to encourage them to participate in road upgrades. As funds were used and fund balance declined, the City changed the allocation so the landowners paid more and the HART fund less. Staff thinks looking at this cost split every 5-10 years would be more appropriate than annually and should be part of an overall policy on how the City reviews funds, rather than have this level of detail in the policy manual. Currently, the HART policy manual stipulates review by the Planning Commission annually, but that has not happened since the most recent iteration of the policy was adopted. Reviewing the policies annually or frequently just to review them does not serve a purpose and commission and staff time is better spent on other tasks.

Recommendation: Revise the text to state that the city council will review the HART policy manual as needed and may refer it to commissions as appropriate.

2. How do projects get nominated and approved for HART funding?

The current HART policy manual is silent on how the city council decides to fund road, sidewalk, and trail projects. Clarifying a way for projects to get funded would help manage the overall fund and not spend it down to an unhealthy level (see also Fund Management below). Ideas for project prioritization include projects in the Capital Improvement Plan and projects identified by public works in roads and trails financial plan. We also discussed the issue of “shiny objects”, funding the new thing that comes up, potentially to the detriment of valuable projects that have been on the list for a long time. Sometimes the “shiny object” projects are worthy projects, but there should be a way to evaluate these ideas against existing project plans. Another point of discussion included making sure city council is aware of the roads and trails financial plans; we discussed enacting annual presentations to council about roads and trails plans during the budgeting process. We also need to remember that the HART policy manual includes special assessment districts (SAD) and if a group of property owners approves a road improvement SAD, we need to be sure there is funding in HART to pay for the city’s portion of the project.

Recommendation: Add a section to the HART policy manual to provide information about project prioritization.

3. Sidewalk projects are expensive, and prioritization needs to be addressed.

Related to project prioritization in general, sidewalks particularly need a prioritization process. Sidewalks in Homer are expensive because of the need to move stormwater underground rather than have open ditches. Community members are reaching out to city staff asking for their existing street to receive a sidewalk. Where in the city does the city council want to prioritize sidewalks? Our main streets? Sides streets? Cul de sacs? How should this be outlined in the HART policy manual.

Recommendation: Within the project prioritization section of the HART policy manual, include a section on the types of city streets that will be prioritized for sidewalks.

4. Trail prioritization:

Trail projects are particularly prone to the “shiny object” issue. See item 2 above.

Fund management

Council has had general conversation about needing financial policies surrounding funds. The HART fund provides a great opportunity to work on a discreet fund.

1. Should there be a fund balance? If so, how much and how do we ensure cash flow for the annual transfer to the general fund?

The HART fund gained tax revenues for many years without much use. Recently, we have put the fund to great use to upgrade roads, build sidewalks, and improve trails. We have

also needed to tap the fund for emergency road repairs and unforeseen projects (e.g., Highland Drive). While no road SADs have passed recently, one could, and the city would need to set aside HART roads funds for the SAD. We discussed needing to establish a “floor” for the HART roads fund so that we maintain funds for emergency road repairs and future SADs. One method to manage for road SAD funding would be to have a policy to encumber funds as soon as a SAD passes.

Recommendation: Discuss establishing a floor for HART roads spending each year and what that should be.

2. Roads and trails maintenance funds transfer:

The annual transfer from the HART fund to the general fund is set in operating budget at the beginning of the fiscal year but the transfer does not occur until the end of the fiscal year. Current financial reporting does not provide accurate information regarding encumbrances and fund balance which makes it challenging for public works to manage projects.

Recommendation: Discuss methods to improve fund reporting to council and staff to better understand encumbrances and fund balance.

3. Revise city code language related to HART transfer to the general fund:

This is not a HART policy manual topic but is related to HART. The language in code related to the transfer to the general fund is written way that is confusing to staff, city council, and the public. Luckily, our finance director understands what the language means and transfers the funds appropriately, but the language needs to be clarified. This is on our list of things to do related to this process.

Recommendation:

Discuss the memo and provide thoughts and ideas for the HART policy manual review team to consider.