



MEMORANDUM

CC-26-052

HART Policy Manual Update

Item Type: Informational Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: March 2, 2026
From: Julie Engebretsen, Community Development Director
Through: Melissa Jacobsen, City Manager

Purpose of Work Session

The purpose of this work session is to review proposed updates to the Homer Accelerated Roads and Trails (HART) Policy. HART is a voter-approved sales tax used to support local roads and trails, renewed by voters every 20 years. As we prepare for the next reauthorization vote, it is timely to refine the policy to make it more effective, easier to use, and aligned with how the program is functioning today. Councilmembers Aderhold and Parsons worked with staff on the suggested revisions. Following full Council feedback, staff will prepare a resolution to adopt the revised policy.

Next steps:

1. Discuss changes to the HART policy and provide direction to staff.
2. When the draft document is acceptable, refer to the Planning Commission and Parks Art Recreation and Culture Advisory Commission for feedback (March/April)
3. Staff will bring back a Resolution and revised policy for Council adoption (likely in May).

Goals of the Policy Update

The primary goals of this revision are to:

1. Make the policy document clearer and more user-friendly for the public, new Council members, and staff.
2. Provide flexibility to use HART funds to leverage state and federal dollars, especially as match funding for grants.
3. Streamline and modernize the policy by removing outdated processes and references.

Summary of Key Proposed Changes

1. Purpose Section – Allowing Use of HART Funds for State Projects

The current policy prohibits use of HART funds for state projects. In practice, the City has successfully used HART funds as grant matches and leverage for state-related improvements, including:

- The HAAAP (supporting sidewalk improvements on Main Street), and
- Diamond Creek underpass project.

These examples demonstrate that having City match funds makes Homer more competitive for grant funding and enables projects the State would not otherwise pursue. The revised policy formally recognizes this practice.

2. Definitions Section – Removing Outdated Plan References

The update removes references to:

- The Planning Commission’s review role,
- The Homer Non-Motorized Transportation & Trail Plan, and
- The Homer 2005 Transportation Plan.

While these documents were previously incorporated into HART decision-making, they have not meaningfully influenced project selection in recent years (and have been superseded). Their removal simplifies the policy and reflects actual practice.

3. Roads Qualifying and Project Criteria (Section 3)

Proposed updates include:

- Replacing references to older planning documents with **the Roads Financial Plan, Trails Financial Plan, Capital Improvement Plan (CIP), or other adopted City planning documents.**
- This change acknowledges that the City’s more recently adopted Roads and Trails Financial Plans provide clearer, more flexible guidance than the older plans.
- Adding **Section F: Maintenance**, recognizing that HART funds are routinely used for road maintenance and should be acknowledged in policy.

4. Trails Qualifying and Project Selection Criteria (Section 4)

Proposed revisions include:

- Removing references to the non-motorized transportation plan and instead relying on the Roads and Trails Financial Plans, CIP, or other adopted City documents.
- **Deletion of Section B**, which previously required the Planning Commission and Parks, At Recreation and Culture Advisory Commission to participate in an annual trails prioritization process.
 - This process has not worked effectively and has not shaped trail funding decisions.
 - In practice, the Roads and Trails Financial Plans have provided more useful direction. These Plans are presented to Commissions for comment and feedback.
 - Removing this section increases clarity and allows Council to adjust process in the future if needed.

5. Financing (Section 5)

The updated language explicitly states that **Roads HART funds and Trails HART funds are accounted for separately.**

Although this is current practice, it is a frequent question from the public. Adding this clarification supports the goal of making the policy more accessible for citizens and new Council members.

6. Special Provisions (Section 7)

The current policy requires:

- Annual Planning Commission review of HART, and
- City Council review of the fund (not the policy document) during the third quarter.

Neither process has been followed for many years. These types of prescriptive procedural requirements have not proven effective. Instead, the City now reviews reserve funds more regularly under the broader financial policies practiced by Council.

The proposed revision removes the outdated procedural requirements to align the policy with actual budget and reserve review practices.

Conclusion

These revisions are intended to modernize the HART Policy, simplify its use, align it with real-world practice, and strengthen the City's ability to leverage HART funds for external grants. Staff seeks guidance from Council during this work session and will bring forward a resolution adopting the revised policy soon.

RECOMMENDATION:

1. Discuss changes to the HART policy and provide direction to staff.
2. When the draft document is acceptable, refer to the Planning Commission and Parks Art Recreation and Culture Advisory Commission for feedback. (March/April)
3. Staff will bring back a Resolution and revised policy for Council adoption (likely in May).

ATTACHMENT:

Draft HART Policy Revisions

H.A.R.T. POLICY MANUAL

(HOMER ACCELERATED ROADS AND TRAILS PROGRAM)

Adopted by Resolution 19-067

TABLE OF CONTENTS

- I. Purpose
- II. Definitions
- III. Road Qualifying and Project Criteria
- IV. Trails Qualifying and Project Criteria
- V. Financing and Assessments
- VI. Utilities
- VII. Special Provisions
- VIII. History

I. PURPOSE

The purpose of the HART program is to pay for reconstructing substandard city roads, upgrading existing roads, constructing new streets and non-motorized trails and paying for maintenance. The intent of the program is to proactively maintain city roads in good condition, manage long term maintenance costs, improve access, fund emergency road repairs, increase property values and improve the quality of life. State maintained roads are generally not part of this program, but HART funds may be used to leverage State projects. The program is funded by a voter approved dedicated sales tax, and assessments levied on adjacent benefited properties.

II. DEFINITIONS

- A. Sidewalk - a pedestrian facility associated with a road and generally within a street right of way.
- B. Trail – a pedestrian facility detached from a road, or not within a street right of way.
- C. Fund Balance - is the net position, or difference between assets and liabilities, of the fund.
- ~~D. HPC – Homer Planning Commission.~~

III. ROAD QUALIFYING AND PROJECT CRITERIA

To be eligible for HART funds, roads and projects must meet the qualifying criteria below.

- A. Qualifying Criteria for Existing Roads. HART fund may be used on existing roads that meet one or more of the following criteria:
 - 1. Road has been accepted for city maintenance.
 - 2. Right of way was dedicated prior to March 14, 1987 (Ord.87-6(s)).
 - 3. Right of way was dedicated prior to being annexed into the City.

- B. Qualifying Criteria for New Roads. HART funds may be used for new roads when one or both of the following criteria are met:
 1. The City owns the property wherein the road is to be constructed.
 2. The construction project benefits the entire City.

- C. Project Criteria. The following criteria may be considered for using HART funds:
 1. HART funds may be used to pay the developer the cost difference between the required street and the proposed street.
 2. Improves life, safety and traffic flow.
 3. Corrects deficiencies of existing systems.
 4. Completes traffic circulation pattern.
 5. Encourages economic development.
 6. Corrects drainage problems.
 7. Reduces maintenance costs.
 8. Inclusion in Roads Financial plan, CIP or other adopted City document
 9. Other factors deemed appropriate by the City Council.

- D. Use of HART funding for major repairs. HART funds may be used for eligible major road and drainage repairs that are beyond the scope of routine maintenance. The use of the Special Assessment District (SAD) process and property owner participation is preferred. However, there may be situations in which a section of road may be repaired to a reasonable level of service without the expense of a complete rebuild.

- E. Sidewalks. To use HART funds, projects must directly serve the special populations discussed in the Transportation Plan, or forward a goal of that plan. Effort will be made to find grants or non-city funding sources to match city construction funds, whenever possible.

- F. F. Maintenance. Voters have approved the use of HART funds for general maintenance, per HCC 9.16.010(c).

IV. TRAILS QUALIFYING AND PROJECT SELECTION CRITERIA

To be eligible for funding, trails must be located within trail easements or within the boundaries of municipal lands that will be held in perpetuity for public use. The goal is to avoid building trails across lands that could become privatized and result in the loss of public access. An exception to this is the use of trail funds to construct short term trails within platted rights of way. Trails within rights of way should benefit the community circulation system and be low cost, since trails will likely become part of the road when the right of way is developed.

- A. New local non-motorized trails shall be prioritized according to the following:

1. Solves a safety concern
 2. Creates connectivity to existing trail(s), completes a pattern or provides access to a point of interest
 3. Protects an established trail
 4. Creates or improves a trailhead
 5. Has significant scenic or aesthetic value
 6. Existence or potential for contributing funds or volunteer efforts
 7. Property owner participation
 8. Inclusion in Roads or Trails Financial plan, Capital Improvement Plan or other adopted City document
- B. Volunteer or Public Private Partnership Projects. Citizens may work with the City Administration to use HART funds to construct public trails.
- C. Developer Cost Sharing. When a developer builds a trail as part of a new subdivision, HART funds may be used to reimburse up to 25% of trail construction costs, as long as the trail meets criteria listed above.

V. FINANCING and ASSESSMENTS

This program is funded by a portion of dedicated sales tax of up to three quarters of one percent ($\frac{3}{4}\%$) per HCC 3.05.017, and the collection of assessment payments due from completed projects. The tax will be collected for up to twenty years expiring December 31, 2027, as approved by voters. Roads are allocated 90% of the annual revenue, and trails are allocated 10%. Expenditures under the HART program are subject to the availability of fund.

1. Sidewalks shall be paid for out of road funds, and trails shall be paid for out of trail funds.
2. HART funds may be used to leverage outside funds for New Local Roads and Trails.
3. New local trails may be constructed using 100% program funds.
4. When additional right-of-way is required, acquisition costs will be paid by this program, at no additional cost to abutting property owners.
5. This program includes paving driveway aprons on contracts funded by HART.
6. Abutting property owners will share the cost of upgrading a street by paying the cost sharing specified in the fee schedule as adopted in the year the project or special assessment district (SAD) was initiated.
7. Lots having a frontage on two parallel streets, or flag lots having a frontage on two perpendicular streets, are exempt from a double front footage assessment unless actually accessing the lot from both streets either prior to or after reconstruction and/or paving. A delayed payment agreement may be required pursuant to HCC 17.15.010.

8. In a Special Assessment District eligible for HART funding, the City is responsible for 75% and the property owner is responsible for 25% of the cost of the improvement.
10. The City will pay all costs for any additional improvements required when deemed necessary by the City.
11. Other improvements requested by the benefited property owners will be paid by those same property owners.
12. City share can apply to related utilities, sidewalks, street lighting, drainage, paving and/or reconstruction of roads identified on the road maintenance map.

VI. UTILITIES

1. Prior to street reconstruction, necessary related non-existing water and wastewater improvements shall be encouraged whenever possible.
2. Water and wastewater utility extensions necessary to extend the utilities short distances beyond a construction area will be paid for by the program.
3. Water and wastewater utility relocations directly caused by reconstruction will be paid for by HART funds.
4. Water and wastewater utility upgrades necessary for future capacity that are done concurrently with reconstruction and/or paving will be paid for by the utility fund.
5. The City shall recover from the property owner the cost of construction of City-provided wastewater and water service connections by including the cost of construction of such connections in the service connection fee established under HCC 14.04 and 14.08. Costs will be recouped from benefiting property owners through pending assessments. The Finance Department will maintain a listing of these pending wastewater and/or water service connection fees.
6. Whenever practical streetlights shall be included in the construction of new local roads and shall be paid by HART funds. Property owners participating in a road reconstruction and/or paving Special Assessment District may request streetlights. If the project is deemed feasible, the property owners shall be assessed for the installation of the streetlights on an equal share per parcel methodology. Property owner approval of the street light assessment shall follow the process in HCC 17.02. Once constructed, the City will absorb the utility billing for the streetlight(s).

VII. SPECIAL PROVISIONS

1. Pedestrian amenities shall be included in all new road projects unless exempted by the City Council.
2. Funds may be used to finance projects where property owners pay 100% of the costs. Subject to City Council approval.
3. The City Council may exempt lands from assessment if the land will not be developed due to a conservation easement, or if the land is owned by a conservation organization that holds the land for public purpose or for habitat

protection.

VIII. HISTORY

Ordinance 85-14 07/01/85, Ordinance 94-16(A), Ordinance 02-08(A), 04/08/03,
Ordinance 02-23(A), 06/10/02, Ordinance 06-42(S), 08/15/06, Ordinance 12-15, 04/10/12,
Ordinance 19-23(S-2)(A), 09/24/19

Resolution 87-61(S), 08/24/87, Resolution 88-47, 05/09/88, Resolution 88-77(A), 08/22/88,
Resolution 91-48, 07/08/91, Resolution 91-68, 10/07/91, Resolution 94-50, 05/09/94, Resolution
95-97, 11/27/95, Resolution 96-73, 09/09/96, Resolution 03-116, 08/25/03, Resolution 04-41(A),
05/25/04, Resolution 05-50(A), 04/25/05, Resolution 05-70, 06/13/05,
Resolution 07-82, 09/10/07, Resolution 16-041(S-2)(A), 05/09/16, Resolution 17-038, 04/20/17
Resolution 19-067, 09/23/19