



MEMORANDUM

CC-26-116

Ordinance 26-27, An Ordinance of the City Council of Homer, Alaska, Amending the City of Homer Water and Wastewater Rates and Updating the City Fee Schedule Accordingly.

Item Type: Informational Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: May 26, 2026
From: Elizabeth Fischer, Finance Director
Through: Melissa Jacobsen, City Manager

SUMMARY:

The purpose of this memo is to provide supplementary information regarding the water/wastewater rate model and to discuss reasoning for postponement of establishing rates.

BACKGROUND:

A water and wastewater rate model for FY27 was introduced to City Council at the May 11th meeting. A couple changes were made to the rate model inputs and new rates were generated for the meeting tonight (reference Memorandum 26-114 for details on those changes). Upon further internal review, additional questions have been raised that warrant further review.

1. As currently presented, the revenue collected through the minimum usage fee represents the revenue generated by applying the monthly minimum usage fee by those users between 0 – 700 gallons.
 - a. Under the minimum usage fee model, all users would be billed a minimum usage fee and then be billed consumption above 700 gallons. Due to this bill structure, Finance is now analyzing whether this revenue backout should include all users and the consumption volume is adjusted to reflect this change. The same thoughts are being considered for the sewer rate model.

RECOMMENDATION:

Postpone adoption of Ordinance 26-27 until June 8th to allow staff additional time to address the points presented above and to update the rate model accordingly.