



# MEMORANDUM

CC-26-131

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## Resolution 26-044, Providing Comment on Proposed Revisions to the Office of Management And Budget's Uniform Guidance for Federal Grants (2 CFR Part 200) And Directing Transmittal of Comments

**Item Type:** Backup Memorandum  
**Prepared For:** Mayor Lord and Homer City Council  
**Date:** June 17, 2026  
**From:** Jenny Carroll, Special Projects & Communications Coordinator  
**Through:** Melissa Jacobsen, City Manager

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### SUMMARY:

Resolution 26-044 authorizes the submission of public comment on proposed changes to federal regulations (commonly referred to as Uniform Guidance in 2 CFR Part 200) governing the award, administration, and termination of federal grants—regulations that directly affect the City of Homer's ability to plan and deliver major infrastructure projects utilizing federal funds.

### BACKGROUND:

The proposed revisions would allow federal grants to be canceled at will based on undefined "national interest" grounds, without any finding of wrongdoing by the recipient and without a meaningful appeals process. They would also allow funding opportunities to be advertised selectively rather than publicly and diminish the merit-based review process that helps ensure fair and equitable competition for Federal funding.

City staff and resolution sponsors have reviewed these proposed changes and identified significant risks to the City. The greatest potential impact is mid-project grant terminations that could strand local matching funds, disrupt expected funding streams for contracts, leave critical infrastructure incomplete or inoperable, and, in the worst case, threaten the financial stability of the City.

While ideally infrastructure maintenance and replacement reserves could be handled through City's regular budgeting process, federal grants have been essential for completing major capital projects from public safety communications and cybersecurity to water main and harbor float replacement. Approximately \$20.9 million in current and anticipated direct federal, pass-through, and State formula funding could be subject to this discretionary termination risk, including three drinking water system improvements, pedestrian safety upgrades, and two erosion mitigation projects.

The resolution requests that the Office of Management and Budget (OMB) not finalize these provisions and directs that copies of the City's public comment be transmitted to the City's Congressional delegation, requesting their support.

**RECOMMENDATION:**

Adopt Resolution 26-045