

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

Lord/Smith

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4 **RESOLUTION 20-050**

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6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
7 DELAYING CERTAIN NON-CRITICAL CAPITAL PROJECTS AND
8 ENCOURAGING CONSERVATIVE OPERATIONAL SPENDING WITH
9 THE INTENT TO REASSESS CAPITAL AND OPERATING EXPENSES
10 AFTER THE FIRST AND SECOND FISCAL QUARTERS WHILE
11 DEVELOPING FINANCIAL SCENARIOS FOR FY2020 AND FY2021.
12

13 WHEREAS, The Mayor of the City of Homer declared a local emergency in response to
14 the Covid-19 pandemic on March 18, 2020; and
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16 WHEREAS, The Homer City Council ratified the declaration of local emergency and
17 extended it for 90 days; and
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19 WHEREAS, The Honorable Michael Dunleavy, Governor of Alaska, has issued health
20 mandates to respond to the Covid-19 pandemic, which have resulted in tremendous economic
21 strain and hardship on many individuals, families, and businesses in Homer; and
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23 WHEREAS, 44% of City revenue is budgeted from sales taxes, with another 28% of
24 revenue budgeted from property taxes in FY2020; and
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26 WHEREAS, Under Homer City Code 9.16.010, dedicated City sales tax also provides
27 revenue for the police station project, the Homer Accelerated Roads and Trails fund (HART),
28 and the Homer Accelerated Water and Sewer Project fund (HAWSP); and
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30 WHEREAS, The bulk of City sales tax revenues come in during the second and third fiscal
31 quarters of the year, in line with the typically busy Homer tourist season; and
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33 WHEREAS, The City's 2018 audited General Fund balance was \$6,425,584 and beginning
34 in FY20 \$4,153,169 was assigned as an "emergency fund" that is equal to four months' revenue
35 to be maintained by Council for use only in the event of emergencies, with the remaining
36 balance designated as 'Unassigned Fund Balance'; and
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38 WHEREAS, City activities are also tracked within the Water and Sewer Special Revenue
39 Fund, the Harbor Enterprise Fund, Reserve Funds, Debt Service Funds, and Internal Service
40 Funds all of which may be impacted by economic uncertainty associated with Covid-19; and
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42 WHEREAS, The Kenai Peninsula Borough is the tax collection agency for the City of
43 Homer and is on a fiscal year calendar and as such is currently in their budget process through
44 which their Administration, under the “Summary Data – Governmental Functions” section of
45 Mayor Pierce’s proposed FY 21 Annual Budget, has estimated nearly 21% reduction in tax
46 revenues (sales and property taxes) with an estimated 15% reduction in sales tax returns as a
47 result of Covid-19 restrictions; and
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49 WHEREAS, It is in the best interest of the City to act proactively and plan for long-term
50 fiscal responsibility across funds and within operations throughout this crisis to continue
51 providing City services and maintain the City’s workforce through economic uncertainty to the
52 greatest extent possible; and
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54 WHEREAS, The direction provided in this resolution is proactive in nature. Its intent is
55 to protect the fiscal health of the City and the City’s ability to continue providing essential
56 services into what is currently an uncertain future. This direction will be followed with staff
57 reevaluating all capital projects and operational expenses under these new parameters.
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59 NOW, THEREFORE BE IT RESOLVED that the City Manager will work with Departments
60 to assess approved capital projects and will only proceed with projects that are currently
61 underway, have majority of funds from other sources (i.e. state or federal grants), are
62 necessary for public safety and welfare, or are recommended to still occur while delaying other
63 non-critical capital projects.
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65 BE IT FURTHER RESOLVED that the City Manager will work with Departments to stretch
66 operational dollars and spend budgeted funds conservatively and prudently.
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68 BE IF FURTHER RESOLVED that the City Council will reassess guidance on capital and
69 operational spending after the first and second fiscal quarters’ revenue is booked;
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71 BE IT FURTHER RESOLVED that the City Council requests the following information from
72 Administration for a worksession prior to the first meeting in June:

- 73 ○ Updates on all current fund balances and accounts, including reserve accounts,
74 debt service accounts, the General Fund, Enterprise Fund, and Water Sewer
75 Special Revenue Fund.
- 76 ○ An update on the 2019 audit and timeline.
- 77 ○ Modeled projections of City revenues for FY20 and FY21 with sales tax revenues
78 reduced by 15% and 40% and property tax revenues reduced by 10% and 20%.
- 79 ○ Estimates of Fund Balance spending to fill the above projected revenue
80 reductions.
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84 PASSED AND ADOPTED BY THE CITY COUNCIL OF HOMER, ALASKA this 26 day of
85 May, 2020.

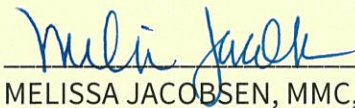
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CITY OF HOMER



KEN CASTNER, MAYOR

ATTEST:



MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal note: N/A

