

**CITY OF HOMER  
HOMER, ALASKA**

Lord/Davis

**ORDINANCE 24-26**

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA  
AMENDING THE FY24 CAPITAL BUDGET BY REDISTRIBUTING  
FUNDS WITHIN THE GENERAL FUND CAPITAL ASSET REPAIR AND  
MAINTENANCE ALLOWANCE (CARMA) FUND AND WITHIN THE  
GENERAL FUND FLEET CAPITAL ASSET REPAIR AND  
MAINTENANCE ALLOWANCE (CARMA) FUND TO ESTABLISH  
SUBACCOUNTS.

WHEREAS, Within the General Fund, the City of Homer maintains a Capital Asset Repair and Maintenance Allowance (CARMA) fund and a CARMA Fleet fund, both of which working as reserve accounts with the stated purpose of “extending the life and use of taxpayer funded assets, facilities and infrastructure” (HCC 03.05.047); and

WHEREAS, In 2021 the City Council passed Ordinance 21-30(S) and Ordinance 21-036(S-2)(A) which rolled up unencumbered funds within subaccounts of the General Fund CARMA Fund and of the General Fund Fleet CARMA Fund; and

WHEREAS, The intention as outlined in Memorandum 21-086 was to fix negative balances in accounts as part of a larger effort to reset capital projects accounting for the City moving forward; and

WHEREAS, CARMA spending should happen based on prioritized and understood asset repair, maintenance, and replacement schedules in addition to a buffer for the unexpected; and

WHEREAS, Each department in the City has various repair, maintenance, and replacement needs that are not easily comparable and understood across the City departments; and

WHEREAS, The City Council has the sole authority and substantial responsibility to authorize spending on behalf of the City; and

WHEREAS, Having two large general accounts for all General Fund departments leaves the Council without adequate information to weigh the relative impacts of CARMA spending across departments; and

WHEREAS, Re-developing CARMA and CARMA Fleet subaccounts will allow the City Council to better track, prioritize, and manage appropriations across the City departments.



NOW, THEREFORE, THE CITY OF HOMER ORDAINS

Section 1. The Homer City Council hereby amends the FY24 Capital Budget by transferring \$561,820 within the General Fund CARMA Fund as follows:

Transfer from:

<u>Fund No.</u>	<u>Description</u>	<u>Amount</u>
156-0375	General Fund CARMA	\$561,820

Transfer to:

<u>Fund No.</u>	<u>Description</u>	<u>Amount</u>
156-0369	Seawall	\$0
156-0372	ADA	\$60,000
156-0375	General	\$0
156-0384	City Hall	\$20,820
156-0385	Recreation	\$0
156-0387	Community Development	\$25,000
156-0388	Airport	\$10,000
156-0390	Library	\$65,000
156-0393	Fire	\$85,000
156-0394	Police	\$60,000
156-0395	Public Works	\$100,000
156-0396	HERC	\$65,000
156-0397	Fishing Hole	\$0
156-0398	IT	\$71,000
156-0399	Sister City	\$0

Section 2. The Homer City Council hereby amends the FY24 Capital Budget by transferring \$279,210 within the General Fund Fleet CARMA Fund as follows:

Transfer from:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
152-0375	General Fund Fleet CARMA	\$279,210

Transfer to:

<u>Fund No.</u>	<u>Description</u>	<u>Amount</u>
152-0380	Administrative	\$20,000
152-0381	Fire	\$100,000
152-0382	Police	\$84,210
152-0383	Public Works	\$75,000



Section 3. This is a budget amendment ordinance only, is not permanent in nature,  
and shall not be codified.

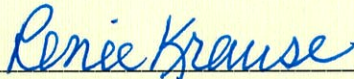
ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 10<sup>th</sup> day of June, 2024.

CITY OF HOMER



KEN CASTNER, MAYOR

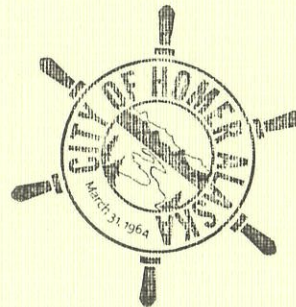
ATTEST:



RENEE KRAUSE, MMC, ACTING CITY CLERK

YES: 4  
NO: 2  
ABSTAIN: 0  
ABSENT: 0

First Reading: 5/28/24  
Public Hearing: 6/10/24  
Second Reading: 6/10/24  
Effective Date: 6/11/24





# MEMORANDUM

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**Ordinance 24-26, An Ordinance of the City Council of Homer, Alaska, Amending the FY24 Capital Budget By Redistributing Funds within the General Fund Capital Asset Repair and Maintenance Allowance (CARMA) Fund and within the General Fund Fleet Capital Asset Repair and Maintenance Allowance (CARMA) Fund To Establish Subaccounts. Lord/Davis.**

**Item Type:** Backup Memorandum  
**Prepared For:** Mayor Castner and Homer City Council  
**Meeting Date:** May 28, 2024  
**From:** Councilmembers Lord and Davis

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**Background:**

In 2021, the Council rolled up all of the GF Fleet CARMA subaccounts into one primary account and GF CARMA subaccounts into one primary account, while also keeping a subaccount open for Seawall, HERC, and Fishing Hole. At the time, there were negative balances in some of the accounts from capital project close-outs and cleanup, and the City Manager and Mayor proposed this solution for clearing that problem. As the Council has allocated funds for different projects, Finance has continued to track those encumbrances by subaccounts internally.

Since the CARMA roll-ups, spending from GF CARMA and Fleet CARMA has been challenging without a transparent understanding of cross-department implications. By re-allocating the available balances out of "General" and into subaccounts that the Council reviews regularly, we have the opportunity to understand what it is we are trying to save for and prioritize across all of the assets and capital needs of the City's General Fund services.

There has been expressed concern that these subaccounts provide Department Heads with feelings of entitlement to spend all the money. To the extent this has been true in the past, we must remember that the Council holds all powers of appropriation.

How we manage that responsibility is up to us, and expectations around that responsibility is a shared responsibility between the Council and the City Manager.

Through transparency, we can avoid spending down our reserve funds on those that can tell the best story - ALL of the CARMA needs across the City should be necessary and valid. And we know that financial resources are finite. So when we buy item A for Department 1, it means we are either not buying item B for Department 1 or we're not buying item A for Department 6.

Without subaccounts to track this prioritization, we're playing whack-a-mole and spending without an accessible way to assess the implications of our decisions.

The list in this ordinance provides a proposal for allocation. The rationale is taken from the FY24/25 Capital Budget, where longer-term projects are listed out by Department/Division. We encourage the City Manager to work with Department Heads to develop a rolling "Top 10" list for the Council to understand and prioritize Citywide CARMA needs.

The included spreadsheet outlines the existing balances through Council actions, the "General" amounts that we are looking to allocate through this ordinance, and the proposed distribution of those "General" amounts with brief notes from the Capital Budget as justification.

**Recommendation:**

Adopt Ordinance 24-26

**Attachments:**

CARMA Reallocation Spreadsheet

General Fund Fleet CARMA		Estimated	Encumbered	Available	the "what are we saving for" columns below are from the FY24/25 capital budget, looking ahead at 26/27 projects		
und # - Account	Account Name	YTD Balance FY 2024			PROPOSED Balances	Difference from what is encumbered	WHAT ARE WE SAVING FOR?
152-0375	General	279,210	0	279,210	\$0	-\$279,210	this is the fund being reallocated to subaccounts
152-0380	Administrative	0	0	0	\$20,000	\$20,000	IT vehicle
152-0381	Fire	189,607	189,607	0	\$289,607	\$100,000	pumper truck, utility vehicles
152-0382	Police	65,910	65,910	0	\$150,120	\$84,210	two patrol vehicles
152-0383	Public Works	135,142	135,142	0	\$210,142	\$75,000	graders, dump trucks, etc.
<b>Total</b>		<b>669,869</b>	<b>390,660</b>	<b>279,210</b>	<b>\$669,869</b>	<b>\$0</b>	
General Fund CARMA		Estimated	Encumbered	Available			
und # - Account	Account Name	Ending Balance FY 2024			PROPOSED Balances	Difference from what is encumbered	WHAT ARE WE SAVING FOR?
156-0369	Seawall	50,730	711	50,019	\$50,730	\$0	same as existing balance
156-0372	ADA	0	0	0	\$60,000	\$60,000	meeting various needs in the ADA transition plans - these cross other areas like PW, but want to highlight and keep separate
156-0375	General	561,820	0	561,820	\$0	-\$561,820	this is the fund being reallocated to subaccounts
156-0384	City Hall	22,350	22,350	0	\$43,170	\$20,820	add offices within existing footprint
156-0385	Recreation	2,720	2,720	0	\$2,720	\$0	same as existing balance, the only thing in the cap budget request is an unfunded \$15k bouncy house
156-0387	Community Development	665,751	665,751	0	\$690,751	\$25,000	subdivision code update
156-0388	Airport	97,175	97,175	0	\$107,175	\$10,000	a little additional on top of the existing
156-0390	Library	17,212	17,212	0	\$82,212	\$65,000	new siding, HVAC, drainage
156-0393	Fire	7,699	7,699	0	\$92,699	\$85,000	start looking at fire hall redevelopment design
156-0394	Police	6,135	6,135	0	\$66,135	\$60,000	noise abatement, body cameras, computer replacements
156-0395	Public Works	50,426	50,426	0	\$150,426	\$100,000	Bishops Beach restrooms, restrooms all around, PW facility design, wayfinding/streetscaping, etc.
156-0396	HERC	219,922	109,651	110,271	\$284,922	\$65,000	We suggest pulling these funds into a separate Capital Projects Fund to seed money for a Community Recreation Center
156-0397	Fishing Hole	91,351	0	91,351	\$91,351	\$0	same as existing balance
156-0398	IT	33,573	33,573	0	\$104,573	\$71,000	citywide cloud productivity upgrade; council chambers tech overhaul, etc
156-0399	Sister City	20,000	20,000	0	\$20,000	\$0	same as existing balance
<b>Total</b>		<b>1,846,863</b>	<b>1,033,402</b>	<b>813,461</b>	<b>\$1,846,863</b>	<b>\$0</b>	