

**CITY OF HOMER
HOMER, ALASKA**

City Manager

ORDINANCE 25-38(S)

AN ORDINANCE OF THE HOMER CITY COUNCIL APPROPRIATING FUNDS FOR THE FISCAL YEARS 2026 and 2027 FOR THE GENERAL FUND, THE WATER FUND, THE SEWER FUND, THE PORT/HARBOR FUND, AND INTERNAL SERVICE FUNDS.

THE CITY OF HOMER ORDAINS:

Section 1. Pursuant to the authority of Alaska Statutes Title 29, the following appropriations are made for the fiscal year ending June 2026:

General Fund	\$16,636,358
Water Fund	\$ 2,522,112
Sewer Fund	\$ 2,157,567
Port/Harbor Fund	<u>\$ 6,287,824</u>
Total Expenditures	\$27,603,861
Internal Service Funds	\$3,126,681

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Total Expenditures	\$28,506,261
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Section 3. The amounts appropriated by this ordinance are appropriated to the objects and purposes stated in the adopted budget.

~~Section 4.~~ ~~Grant funds.~~

~~(a) If grant funds that are received during the fiscal year exceed the amounts of such funds appropriated by this ordinance by not more than \$25,000, the affected appropriation is increased by the amount of the increase in receipts.~~

~~(b) If grant funds that are received during the fiscal year exceed the amounts appropriated by this ordinance by not more than \$25,000, the appropriation from city funds for the affected program may be reduced by the excess if the reduction is consistent with applicable federal and state statutes.~~

~~(c) If grant funds that are received during the fiscal year fall short of the amounts appropriated by this ordinance, the affected appropriation is reduced by the amount of the shortfall in receipts.~~

Section 5. 4 Donations or charitable contributions. If donations or contributions are received during the fiscal year that exceed the amounts of such funds appropriated by this ordinance by not more than \$5,000, the affected appropriation is increased by the amount of the increase in receipts.

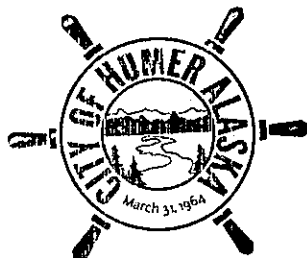
Section 6. 5 A copy of the adopted budget shall be certified by the City Clerk and filed in the office of the City Clerk.

Section 7. 6 The supporting Line Item Budget detail as presented by the Administration and reviewed by the City Council is incorporated as part of this Budget Ordinance.

Section 8. 7 The property tax mill levy is set at 4.5 mills for 2025.

Section 9. 8 This Ordinance is limited to approval of the budget and appropriations for Fiscal Year 2026 and 2027, is a non-code Ordinance and shall become effective July 1, 2025.


ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 9th day of June, 2025.



CITY OF HOMER


RACHEL LORD, MAYOR

ATTEST:


RENEE KRAUSE, MMC, CITY CLERK

83

84 YES: 6

85 NO: 0

86 ABSTAIN: 0

87 ABSENT: 0

88

89 First Reading: 5/12/25

90 Public Hearing: 5/27/25 + 6/9/25

91 Second Reading: 6/9/25

92 Effective Date: 7/01/25



MEMORANDUM

Employee Wage COLA 2025

Item Type: Backup Memorandum
Prepared For: Mayor Lord and City Council
Date: May 12, 2025
From: Aaron Glidden, Chair, Employee Committee
Through: Melissa Jacobsen, City Manager

Summary:

The Employee Committee respectfully requests a 2.2% COLA for upcoming fiscal year.

Background:

The Employee Committee met on March 5, 2025, and several more times since, to discuss the upcoming budget and the feasibility of a COLA. After gathering feedback from all departments, the EC overwhelmingly supports the addition of a 2.2% COLA, to keep pace with inflation.

The Employee Committee recognizes the budgetary hardship caused by the shortfall of sales tax revenue for the upcoming fiscal year, and does not envy the hard decisions that Council will have to make to come up with a balanced budget. We hope that Council understands that not implementing a COLA is essentially a pay cut, as our wages do not have the same buying power that they did a year ago.

We believe that wages that keep up with the Cost of Living go a long way to help with employee morale and retention.

Recommendation:

The Employee Committee recommends that the Council secure the funds to implement a 2.2% COLA for the upcoming year.

Attachments:

AK Department of Labor CPI Tables (2019-present)
COLA comparison across municipalities



Department of Labor and Workforce Development

RESEARCH AND ANALYSIS

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CPI TABLES (2019 - PRESENT)

Urban Alaska

(Index value and 12-month percent change)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.	ANNUAL	HALF 1	HALF 2
2019		227.183 2.5%		228.553 2.7%		234.179 2.5%		230.406 0.7%		227.552 -0.3%		226.527 0.0%	228.676 1.4%	228.858 2.6%	228.495 0.2%
2020		226.51 -0.3%		222.909 -2.5%		225.245 -3.8%		226.984 -1.5%		228.343 0.3%		227.259 0.3%	226.153 -1.1%	225.049 -1.7%	227.258 -0.5%
2021		229.478 1.3%		233.519 4.8%		239.296 6.2%		239.899 5.7%		242.708 6.3%		243.568 7.2%	237.188 4.9%	232.679 3.4%	241.698 6.4%
2022		246.369 7.4%		251.041 7.5%		268.916 12.4%		258.149 7.6%		261.093 7.6%		256.634 5.4%	256.423 8.1%	252.271 8.4%	260.576 7.8%
2023		256.856 4.3%		258.866 3.1%		259.93 -3.3%		263.407 2.0%		263.984 1.1%		261.178 1.8%	260.372 1.5%	257.938 2.2%	262.806 0.9%
2024		261.34 1.7%		267.046 3.2%		267.559 2.9%		267.313 1.5%		269.404 2.1%		267.312 2.3%	266.208 2.2%	264.376 2.5%	268.039 2.0%
2025		269.022 2.9%													

U.S. City Average

(Index value and 12-month percent change)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.	ANNUAL	HALF 1	HALF 2
2019	251.712 1.6%	252.776 1.5%	254.202 1.9%	255.548 2.0%	256.092 1.8%	256.143 1.6%	256.571 1.8%	256.558 1.7%	256.759 1.7%	257.346 1.8%	257.208 2.1%	256.974 2.3%	255.657 1.8%	254.412 1.7%	256.903 1.9%
2020	257.971 2.5%	258.678 2.3%	258.115 1.5%	256.389 0.3%	256.394 0.1%	257.797 0.6%	259.101 1.0%	259.918 1.3%	260.28 1.4%	260.388 1.2%	260.229 1.2%	260.474 1.4%	258.811 1.2%	257.557 1.2%	260.065 1.2%
2021	261.582 1.4%	263.014 1.7%	264.877 2.6%	267.054 4.2%	269.195 5.0%	271.696 5.4%	273.003 5.4%	273.567 5.3%	274.31 5.4%	276.589 6.2%	277.948 6.8%	278.802 7.0%	270.97 4.7%	266.236 3.4%	275.703 6.0%
2022	281.148 7.5%	283.716 7.9%	287.504 8.5%	289.109 8.3%	292.296 8.6%	296.311 9.1%	296.276 8.5%	296.171 8.3%	296.808 8.2%	298.012 7.7%	297.711 7.1%	296.797 6.5%	292.655 8.0%	288.347 8.3%	296.963 7.7%

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Homer	0%	0%	0%	0.0%	2.0%	0.0%	0.0%	1.5%	0.5%	0.5%	3.0%	1.0%	7.0%	1.5%	
Cordova	2%	2%	3%	2.25%	3.10%	3%	1.50%	1.50%	0%	2%	2%	2%	0		3.5%
Kenai	1.10%	1.10%	0.90%	3.60%	2%	3.50%	0	0	0.80%	0.20%	2%	0.22%	4.35%		
Palmer	0	0	0	0	0	3%	0	0	0	0	0	0	0		
Seward	0	1%	1.80%	2.50%	3%	3%	0	0	2.10%	0	0	0	0		
Wasilla	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%		
Kenai Penit	3.00%	2%	4.60%	2.50%	3.50%	2.50%	1%	0.50%	0.50%	0.50%	2.00%	2.00%	1.50%		
Average	1.16%	1.19%	1.76%	1.84%	2.23%	2.43%	0.64%	0.79%	0.84%	0.74%	1.57%	1.03%	2.12%		
CPI	1.80%	3.20%	2.2%	3.1%	1.6%	0.5%	0.4%	0.5%	3.0%	1.4%	-1.1%	4.9%	8.1%	1.5%	2.2%



MEMORANDUM

Budget Follow-up

Item Type: Informational Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: June 5, 2025
From: Melissa Jacobsen, City Manager

This memo is an attempt to respond to questions that have been raised related to the operating and capital budget at and since the last meeting:

Information on the 2016 budget cuts-

In 2008 Homer agreed to participate with the Kenai Peninsula Borough in the seasonal sales tax exemption and as a result Homer does not collect sales tax on non-prepared food September 1st through May 1st. After years of belt tightening the City began taking more impactful measures to balance the budget. In 2015 the City switched from self-funding to a private insurance. This savings was used to balance the operating budget instead of putting it in the health insurance fund to cushion against future increases. On the personnel front, patrol officers were refactored to come closer to wages of neighboring communities.

In 2016, the State reduced the City's contract for providing jail services by 40%. Revenue Sharing was shrinking and scheduled to disappear, so Council removed it from the budget as a revenue source, and declining sales tax revenue, Homer faced a revenue decline by approximately \$900,000 for 2016.

Two budgets were presented to Council, Budget A assumed new revenue in the amount of \$1million, and Budget B was a bare bones budget that included cuts that would be necessary if \$1million was not found. The Council authorized a special election in December 2015 asking the voters to suspend the .75% sales tax that goes to roads and trails for 3 years. The measure passed and budget A was enacted. It was still a minimalist budget that included the reduction of 6.5 positions and non-personnel cuts to a variety of line items. One capital budget request was funded, \$200,000 for the expansion of the Hickerson Cemetery.

Cuts to the 2016 City of Homer 2016 Operating Budget

Department/Division	Reduction	Amount	Impact
Homer Police Department	2 positions- dispatch and jail officer	\$155,000	Less coverage in dispatch & jail. Increased liability
Planning	1 position – code enforcement	\$78,000	Less code enforcement
Library	Books and supplies	\$29,000	Book budget – older circulation

City Manager's Office	4 position – admin assistant	\$28,000	Less responsiveness to public. Less capacity in admin
Finance	One position	\$127,000	Short term impact and ability to produce timely and accurate report
Public Works	two positions one project manager, .5 admin assistant and 0.5 equipment operator	\$154,000	Less ability to take on new projects. Administrative capacity. Less capacity for large snow events. Building maintenance goes to part-time.
Senior Center		\$10,000	2015 one time request
Homer Hockey Association		\$14,000	2015 one time request

Where do we end up with a 2.2 COLA and health?

FY26 Salary and wages		2.2% COLA	2.2 COLA
Budgeted		(Non-exempt 107.5)	(All employees 121.50)
General fund	\$10,843,436	\$124,824	\$182,810
Utility	\$ 1,257,736	\$ 37,953	\$ 41,699
Port	<u>\$ 2,741,007</u>	<u>\$ 44,550</u>	<u>\$ 50,510</u>
	\$14,842,179	\$207,328	\$275,020

Unassigned fund balance (as of April 2025)	\$1,584,557	\$1,584,557
General Fund COLA cost	-\$ 124,824	-\$ 182,810
Health Insurance Fund increase	<u>-\$ 33,736</u>	<u>-\$ 33,736</u>
	\$1,425,997	\$1,368,011

FY26 Salary and wages		1% COLA	1% COLA
Budgeted		(Non-exempt 107.5)	(All employees 121.50)
General fund	\$10,843,436	\$56,738	\$83,096
Utility	\$ 1,257,736	\$17,252	\$18,954
Port	<u>\$ 2,741,007</u>	<u>\$20,250</u>	<u>\$ 22,959</u>
	\$14,842,179	\$94,240	\$125,009

Unassigned fund balance (as of April 2025)	\$1,584,557	\$1,584,557
General Fund COLA cost	-\$ 56,738	-\$ 83,096
Health Insurance Fund increase	<u>-\$ 33,736</u>	<u>-\$ 33,736</u>
	\$1,494,083	\$1,467,725

Why did you support bringing forward the On-call and Shift Differential?

As municipal employees we have a responsibility to provide services to the tax payers in the City, and not all the services we provide run on a regular 8am-5pm Monday through Friday schedule. Rather than having 24/7 staffing in certain departments/divisions the City saves money by utilizing on-call pay and shift differentials to non-exempt employees to cover these after-hours needs.

On-call pay is for employees who are expected to respond to work-related needs and emergencies that happen after hours or on weekends. Typically, one employee for IT, Fire, Ice Plant, Equipment Operator, Water/Wastewater, and Building Maintenance will serve as the on-call person. They don't whoop it up at the Super Bowl party, or go dipnetting, hiking across the bay, camping at Skilak Lake, downhill skiing at Girdwood, or run to Home Depot during their off hours because they have the duty phone and have to pick it up and respond if it rings. The on-call pay is a small compensation for that expectation.

Shift differential pay is for employees who work outside standard business hours. It's compensates them for working the less desirable night shifts that may disrupt their regular schedule.

- Swing shifts are hours worked between 4:00 p.m. and midnight and currently receive 2% additional pay to their hourly rate
- Graveyard shifts are hours worked between midnight and 8:00 a.m. and currently receive 4% additional pay to their hourly rate

Increasing these percentages will help retain our current employees and assist in recruiting folks to work these less desirable night shifts.

We need staff to cover these on-call and night shifts.

What's the status of police station payoff?

We're still projecting to have enough in the Police Service Debt Payment fund to satisfy the debt at the end of FY26 (see page 20 of the FY25 3rd Quarter report from May 12th). We can't pay it off until after May 1, 2030 without prepayment penalty.

What's the status of effort on the emergency fund balance?

At the May 12th Council worksession, Mayor Lord asked members to send the City Manager questions or ideas on changes to the emergency fund. Input so far-

- Tweak wording so there is flexibility if it sometimes goes above or below, rather than always four months as a whole.
- Is economic uncertainty the right term in code or if there's something that offers more flexibility?
- The Unassigned fund balance - I think it is easy to think cost overruns will be covered through this fund. I think we have to make sure that bids are held to the agreed amount. I also think that this is more for the out of budget emergency issues beyond the normal issues.
- I also think on those unassigned balance - should have a line on the sheets with the requests to help us see where it is going and how much we really have left.

I'm happy to take direction from Council on scheduling a worksession for further discussion on this topic.

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HOMER, ALASKA**

City Manager

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CITY OF HOMER

RACHEL LORD, MAYOR

ATTEST:

RENEE KRAUSE, MMC, CITY CLERK

83

84 YES:

85 NO:

86 ABSTAIN:

87 ABSENT:

88

89 First Reading:

90 Public Hearing:

91 Second Reading:

92 Effective Date: