

**CITY OF HOMER
HOMER, ALASKA**

City Manager

RESOLUTION 16-074

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, PLACING A MORATORIUM ON ALL NEW WATER OR SEWER SPECIAL ASSESSMENT DISTRICTS UNTIL THE DEBT SERVICE RATIO FOR THE HOMER ACCELERATED WATER AND SEWER FUND IS ABOVE 1.25 AND DIRECTING THE HOMER ADVISORY PLANNING COMMISSION TO DEVELOP PROCEDURES FOR APPLYING AND LIFTING THE DEBT SERVICE RATIO RESTRICTIONS.

WHEREAS, The Homer Accelerated Water and Sewer (HAWSP) Fund is made up of a combination of special assessment district (SAD) payments and a ¾% dedicated sales tax; and

WHEREAS, The HAWSP Fund is used to pay the City's share of water and sewer improvements and pay back low interest loans for improvements initiated through local special assessment districts; and

WHEREAS, The HAWSP Fund has significant debt burden and Council is concerned with the fund's ability to meet current and future debt obligations; and

WHEREAS, To address fiscal solvency concerns, Council instituted a minimum debt service ratio of 1.25 in Resolution 16-041(S-2)(A) in order to initiate new special assessment districts; and

WHEREAS, The recent approval of Kachemak Drive Phase III and Lillian Walli SADs place the current debt service ratio below 1.25; and

WHEREAS, Procedures must be developed as to how the debt service ratio is applied, when and how it is lifted, and what to do about requests for SADs that come forward during the interim; and

WHEREAS, As an example, Mission Road attempted to initiate a new water special assessment district recently that was denied because of the current debt service ratio and should be first on the list when the moratorium on special assessment districts is lifted.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, places a moratorium on all new water or sewer special assessment districts.

42 BE IT FURTHER RESOLVED that the City Council directs the Homer Advisory Planning
43 Commission to develop a recommendation to Council on procedures for:

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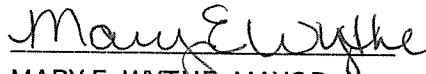
- How the City should apply the debt service ratio
- When the debt service ratio should be calculated
- When pending HAWSP projects should be inputted into the debt service ratio calculation
- A process for keeping track of and prioritizing special assessment district requests that occur while a moratorium on new districts is in effect
- A process for lifting and implementing a moratorium on water and sewer special assessment district projects

55 PASSED AND ADOPTED by the Homer City Council this 27th day of June, 2016.

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CITY OF HOMER

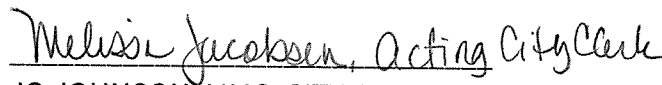
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MARY E. WYTHE, MAYOR

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63 ATTEST:

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JO JOHNSON, MMC, CITY CLERK

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69 Fiscal Note: N/A