

**CITY OF HOMER  
HOMER, ALASKA**

Mayor/Lord

**RESOLUTION 20-012(A)**

A RESOLUTION OF THE CITY COUNCIL OF HOMER ALASKA REOPENING THE HOMER ACCELERATED WATER AND SEWER PROGRAM FOR CITIZEN INITIATED SPECIAL ASSESSMENT DISTRICTS UNDER HCC 17.02.040 AND DIRECTING THE PLANNING COMMISSION TO PROVIDE INPUT ON CRITERIA FOR EVALUATION SADS AND SCHEDULING A WORKSESSION FOR COUNCIL TO PROVIDE INPUT ON APPROPRIATE METRICS FOR THE FISCAL HEALTH OF THE FUND.

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

WHEREAS, The HAWSP fund is used to finance water and sewer improvements, including the build out of water and sewer infrastructure through a SAD; and

WHEREAS, According to the City of Homer 2015 Audited Financial Statements, the HAWSP fund had an ending negative balance of \$4,644,761; and

WHEREAS, In 2016 the Homer City Council expressed concern regarding the debt burden HAWSP and its ability to continue to take on new debt; and

WHEREAS, To address these concerns Resolution 16-041(S-2)(A) instituted a minimum debt service ratio of 1.25 in order to initiate new SADs; and

WHEREAS In June of 2016 Homer City Council placed a moratorium on all new SADs pending improved health of the fund and reduced debt burden; and

WHEREAS, The debt service ratio of 1.25 was found to be a confusing metric that was difficult to track over time; and

WHEREAS, Since June of 2016 three property owners have attempted to initiate a water and sewer SAD assessment district for water and/or sewer improvements; and

WHEREAS, It is in the best interest of the City of Homer to reopen the ability of the HAWSP fund to finance SADs for the growth of water and sewer infrastructure; and

WHEREAS, extensive work was done by the Finance Department, City Manager's office, and the Mayor to establish the history of the HAWSP fund transfers; and

WHEREAS, In 2019 Homer City Council hired an independent third party auditor, Altman & Rogers Company, to study the history of the fund and provide recommendations for improving the fiscal health of HAWSP; and

WHEREAS, ~~In order to eliminate the negative balance of the fund, Altman Rogers and Company recommended a transfer of \$3.5 million dollar from water and sewer operations to the HAWSP fund which was accomplished in Ordinance 19-58~~ **Altman & Rogers Co. found, and management concurred, that when the Water and Sewer Utility Fund was converted from an Enterprise Fund to a Special Revenue Fund in 2010, the beginning balances for the Utility Operations and HAWSP funds were incorrectly reported and recommended a transfer of \$3.1 million from Utility Operations into HAWSP to properly reflect balance, which was accomplished by Ordinance 19-58;** and

WHEREAS, The current unaudited balance of the HASWP is \$1.7 million; and

WHEREAS, There remain a number of policy questions that need to be answered to ensure the long-term health and management of the fund in the best interest of the public.

NOW THEREFORE BE IT RESOLVED that the SAD process for water/sewer projects eligible for HASWP funding be opened to allow for the initiation of districts process under 17.02.040

BE IT FURTHER RESOLVED that the Planning Commission is directed to provide recommendations to City Council on criteria for evaluating SAD applications, including prioritization based on the Comprehensive Plan and long-term community planning.

BE IT FURTHER RESOLVED that the City Council shall hold a work session on March 9, 2020 to develop updates to the HAWSP policy manual that address the following, utilizing the November 30, 2016 Planning Commission memo to Council in addition to other resources:

- What is an appropriate metric to gauge the health of the HASWP fund?
- How often should Council review the health of the HAWSP fund?
- Should pending HAWSP projects be taken into considering when evaluating the health of the fund?
- How should system-wide projects be evaluated and prioritized versus citizen-initiated SADs?
- Should the fees be increased to initiate a SAD?
- ~~Does the first come method work, to be tracked by the Clerk's office?~~ **The current method for establishing HAWSP SADs is first come first served, tracked by the**

**Clerk's office. Is this the most appropriate method or should a different method be employed?**

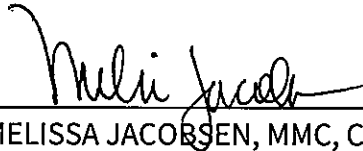
PASSED AND ADOPTED by the City Council this 27<sup>th</sup> day of January, 2020.

CITY OF HOMER



KEN CASTNER, MAYOR

ATTEST:



MELISSA JACOBSEN, MMC, CITY CLERK

