

**NOTICE OF MEETING  
REGULAR AGENDA**

1. CALL TO ORDER/ROLL CALL
2. APPROVAL OF THE AGENDA
3. PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA
4. RECONSIDERATION
5. APPROVAL OF MINUTES of October 12, 2010 p. 1
6. VISITORS
7. STAFF AND COUNCIL REPORT
8. PUBLIC HEARING
9. PENDING BUSINESS
  - A. Comprehensive Economic Development Strategy (new draft) p. 7
10. NEW BUSINESS
  - A. Election of officers p. \_\_\_\_
  - B. New uses for Old Homer Intermediate School p. 63
  - C. 2011 Meeting Schedule Packet Insert
11. INFORMATIONAL MATERIALS (for discussion only)
  - A. EDC memo re Ocean Drive p. 75
  - B. Items of possible interest from recent City Council meeting packets p. 77
  - C. Resolution 10-78(A) Adopting the 2011-2016 Capital Improvement Plan and Establishing Capital Project Legislative Priorities for Fiscal Year 2012 p. 83
  - D. City Attorney OMA information to the Planning Commission p. 85
12. COMMENTS OF THE AUDIENCE
13. COMMENTS OF THE CITY STAFF
14. COMMENTS OF THE COUNCIL MEMBER
15. COMMENTS OF THE CHAIR
16. COMMENTS OF THE COMMISSION MEMBERS
17. ADJOURNMENT/NEXT MEETING DAY AND TIME

Next regular meeting is scheduled for December 14, 2010 at 6 p.m. in the Homer City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

Session 10-06, a Regular Meeting of the Economic Development Advisory Commission was called to order at 6:05 p.m. by Chair Erickson on October 12, 2010 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONER DAUPHINAIS, ERICKSON, RAVIN, SIMPSON

ABSENT: COMMISSIONER FAULKNER, NEECE

COUNCILMEMBER: WYTHE

STAFF: SPECIAL PROJECTS COORDINATOR HOLEN  
DEPUTY CITY CLERK JACOBSEN

#### **APPROVAL OF THE AGENDA**

The agenda was approved by consensus of the Commission.

#### **PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA**

There were no public comments.

#### **RECONSIDERATION**

There were no items for reconsideration.

#### **APPROVAL OF MINUTES**

A. Meeting Minutes of August 10, 2010

The minutes were approved by consensus of the Commission.

#### **VISITORS**

There were no visitors scheduled.

#### **STAFF AND COUNCIL REPORT**

Special Projects Coordinator Holen did not have a staff report for tonight's meeting.

Councilmember Wythe commented that the Council recognized the recommendations on the lease policy and although not all of them were approved, there were quite a few that were incorporated.

#### **PUBLIC HEARING**

There were no items for public hearing.

#### **PENDING BUSINESS**

A. Proposed Organization and Structure for Economic Development

Commissioner Dauphinais reviewed the document that was provided in the packet. He noted that the communities he looked at all had different ways of doing business. He said in his review and consideration for funding a local area economic development program a bed tax was the easiest to estimate, the monies are reasonable, and it could support a program for the short term.

The Commission discussed some advantages and drawbacks of a bed tax:

- Local providers are resistant. We have a strong B&B association and it may be hard to get buy in on the concept.
- The amount of the tax would likely be about \$3 per night, it really isn't that much.
- Could it be Borough wide. Homer might buy into it, but Kachemak City and other outlying areas could say no and leave Homer as the only group providing bed tax funds for the program that could be used area wide.
- Could it be seasonal, or even on busy weekends like July 4<sup>th</sup>.
- How motivated will people be during these economic times.
- Including RV parks as places people stay should be included.

The Commission also considered in the current economic times if it is realistic to do this now, and how to staff the position. Commissioner Dauphinais commented that from his perspective he sees groups trying to get things done and are inadvertently stepping on each other. He doesn't feel that Homer is going to attract smoke stacks, but there are resources here that the area can take advantage of like the deep water dock, harbor, and fish pier. These can lead to interesting developments. He doesn't know if the time is right but working out a strategy should probably come first.

The Commission agreed that this is a concept that can be developed through the CEDS.

#### B. Comprehensive Economic Development Strategy (draft)

The Commission commended Special Projects Coordinator Holen on her work and provided their feedback.

It was noted that there is no implementation plan included.

Chair Erickson noted that it is important to include the word "exporter" in the port section. There are grants and lines of credit available and it would be beneficial to say that we are an exporter of fish, lumber, and what ever else there may be. She also said in the harbor area it would be good for the City to put in the overslope platforms so the City has control of the basic look of the development and would encourage more people to build business out there. She also suggested some sort of section for creative capital which should incorporate areas of arts, films, recycling and the green technologies, and other creative concepts.

Commissioner Dauphinais noted that he would like to put together a service directory of chamber member and include information like "striving for zero percent waste" "we recycle" "we buy locally" and so forth, and include icons in the business directory so interested people can easily identify those businesses.

Commissioner Ravin proposed a tax exemption for locally produced or manufactured agricultural or reclaimed recycled items.

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Suggestions also included a temporary exemption when starting up a business, or doing it through a property tax exemption.

The Commission agreed to review the CEDs at the next meeting.

## NEW BUSINESS

### A. Economic Benefits/Detriments of Cruise Ship Visitors

The Commission discussed feedback from the summers Cruise Ship Visits to Homer. Points included:

- Several complaints dealt with local merchants that they weren't stopping near their place of business.
- In general, the local businesses noticed increased traffic but not an increase in sales, both in town and on the spit.
- Those businesses that had contracts with the cruise ships for tours and so forth did reasonably well in the number of clients, but had to cut their rates such that there wasn't much of a profit.
- The economic benefit was marginal at best.
- The cruise ship dictates what is going to happen.
- They left out of Homer happy with the stop, they felt it worked well and plan to do the same next year.
- We need to do better at the dock. The ground is uneven and not graded. The City is left open to liability by not taking care of the ground.
- Visitors said not to make this a cruise ship town like Southeast. This is a wonderful stop.
- The cruise ship paid for the busses coming in to town and determined where they stopped. It wouldn't be feasible for the city or the gift shops to incur the cost of running the busses. The cruise ship chose not to make arrangement for handicap accessible transportation but advised them they could take taxis, and by the end the taxis weren't showing up.
- The businesses picking up people probably wouldn't be a problem if they were only taking them to their business and not all around town.
- Next year's visits are predominantly scheduled on Saturday's and that will add to the congestion on the already busy summer weekends.
- Safer crossing areas are needed as a cruise ship passenger crossing the street was hit by a car.

City Manager Wrede participated in conversation from the audience. The Commission shared ideas and safety concerns about next years visits relating to traffic near the Farmer's Market, and stop lights at Main Street and Sterling Highway.

RAVIN/SIMPSON MOVED TO FORWARD A MEMO TO COUNCIL ASKING THEM TO EXPLORE A TURN LANE ON OCEAN DRIVE AND POSSIBLY PUTTING THE BIKE TRAIL ON THE NORTH SIDE.

There was discussion about options for the area.

VOTE: NON OBJECTION: UNANIMOUS CONSENT

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Motion carried.

Concerns were raised regarding the need for a light at the bottom of Main Street and the Sterling Highway. Councilmember Wythe commented that they are state roads, there is funding that is available for the project, and the City has been working to get it accomplished with the state.

The Commission also discussed improvements for the Harbor for ease of access for the Cruise Ship and its passengers.

**INFORMATIONAL MATERIALS**

- A. New York Times: "Though Leery of Washington, Alaska Feasts on its Dollars"
- B. Items of possible interest from recent City Council meeting packets
- C. Alaska Economic Development Reports
- D. Resolution 10-77(A) Amending the City of Homer Property Management Policy and Procedures Manual and Minutes Excerpts of Council discussion

Chair Erickson commented that on the Spit Comprehensive Plan it references the other advisory bodies and use the Alaska Economic Development Corporation, but doesn't mention the Economic Advisory Commission once in responsibilities. The EDC would have good input on local business information there.

**COMMENTS OF THE AUDIENCE**

There were no audience comments.

**COMMENTS OF CITY STAFF**

Deputy City Clerk Jacobsen reminded the Commission about the October 13<sup>th</sup> open house for the Spit Comp Plan.

Special Projects Coordinator Holen thanked the Commission for their input tonight.

**COMMENTS OF THE COUNCIL MEMBER**

Councilmember Wythe had no comments.

**COMMENTS OF THE CHAIR**

Chair Erickson noted for the next meeting to include the CEDs and election of officers at the next meeting.

**COMMENTS OF THE COMMISSION MEMBERS**

Commissioner Ravin noted that Mr. Hoppe has resigned and encouraged the group to help recruit a new member.

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Commissioner Dauphinais encourage the group to check out Google Earth and go to the Homer Theatre. There is a person in town that renders buildings in 3D on Google Earth, you can see a 360 degree view of the building and also a view of what you can see from the building. That is a new business that has come to the Chamber.

Commissioner Simpson commented about discussing ideas for people who will be absent to participate. He also commented about the website openoffice.org where there is access to commonly used programs like Microsoft word for free.

Councilmember Wythe asked that that West Campus Utilization be included on the next agendas.

**ADJOURN**

There being no more business to come before the Commission the meeting was adjourned at 7:18 p.m. The next regular meeting is scheduled for November 16, 2010 at 6:00 p.m. in the City Hall Cowles Council Chambers.

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MELISSA JACOBSEN, CMC, DEPUTY CITY CLERK

Approved: \_\_\_\_\_





**CITY OF HOMER  
CITY HALL**

**MEMORANDUM**

To: Economic Development Commission  
 From: Anne Marie Holen, Special Projects Coordinator *amb*  
 Date: November 1, 2010  
 Subject: Staff Report: CEDS draft

I am pleased to present you with a new draft of the Comprehensive Development Strategy (CEDS). This draft includes a new section on Arts and the Creative Class and also an Implementation Plan in table form. I also made a few minor revisions as requested at the last EDC meeting.

Assuming the CEDS is now in final or near-final form (ready to go to the City Council with your endorsement), it will be similar to all the other plans adopted by the City Council - lots of good information and great ideas but with no guarantee that they'll be accomplished. At the same time, plans like this do help set policy and direction and I would expect that this particular plan, if adopted by Council, will have a positive impact.

Although other organizations are mentioned throughout the plan as having an important role to play, my comments which follow relate specifically to the City's role in implementing recommendations of the CEDS.

Those reading the text and implementation plan (table) will note that many of the items fall in the category of "Keep doing what we're doing, but do it better." Other actions would involve little more than expressions of support through City Council resolutions or letters of support.

However, a number of recommendations in the draft CEDS would require significant new initiatives on the part of the City of Homer if they are to be accomplished at all. I have listed below the ones which I see as falling in this category.

NEW INITIATIVE	NOTES
Establish an economic development office within the City of Homer, funded by a modest bed tax. This would be staffed by a single person, the Economic Development Coordinator (new position).	This is a biggie, but would have the potential to help accomplish many other objectives in the CEDS.
Pursue construction of a conference center, also funded by the bed tax.	More work will need to be done to see if this is feasible.
Support development of a new program aimed at helping entrepreneurs identify and secure needed capital.	This has been discussed a lot by the Chamber of Commerce EDC and, if implemented, might be a collaboration between the Chamber and the City.
Support development of a program to provide mentoring and other networking opportunities for local entrepreneurs.	Same as above.

<p>Complete master planning for the Town Center district, including creation of permanent space for the Homer Farmer's Market.</p>	<p>Would focus on downtown development without any big new expensive City building being part of it.</p>
<p>Appoint a Local Food Commission to recommend and facilitate policies and programs designed to increase local agricultural production and consumption.</p>	<p>This recommendation came from Homer Farmers Market folks and Sustainable Homer. This group would advise the Council on measures to promote local agriculture. (Many others are listed in the CEDS and should be discussed further. A task force would provide a forum for this discussion.)</p>
<p>Encourage overslope development through public/private partnership whereby the City of Homer will invest in the necessary platforms and pilings to support further development.</p>	<p>Might involve the sale of revenue bonds? Obviously much more discussion would be needed to move this forward.</p>
<p>Expand and improve the City of Homer Parks and Recreation Program.</p>	<p>Would start with a needs assessment and development of a Parks and Recreation Master Plan.</p>
<p>Form an Affordable Housing Task Force to assess current housing supply, identify needs and barriers, evaluate options, and make recommendations.</p>	<p>Affordable housing is an issue that received a lot of attention when the Homer Comprehensive Plan update was first launched. Since then, housing prices in Homer have hit a plateau or even fallen. This issue may no longer be seen as a pressing problem, but that could change.</p>

Preparing the CEDS has been a mostly enjoyable challenge as I have tried to incorporate information and thoughtful comments from a variety of sources, learning a lot in the process. Your input and efficiency have been appreciated.

**RECOMMENDATION:** Approve the draft CEDS and forward it to the City Council with a recommendation to adopt.



**Homer**  
**Comprehensive**  
**Economic Development**  
**Strategy**

City of Homer  
491 E. Pioneer Avenue  
Homer, Alaska 99603  
**DRAFT – NOVEMBER 4, 2010**

## **ACKNOWLEDGEMENTS**

### ***Economic Development Commission***

Shelly Erickson, Chair  
Dean Ravin, Vice-chair  
Micheal Neece  
Brad Faulkner  
Todd Hoppe  
Paul Dauphinais  
Alexander Simpson

### ***City Staff***

Anne Marie Holen, Special Projects Coordinator  
Additional support provided by City Planner Rick Abboud, Planning Technician Julie Engebretsen,  
Port and Harbor Director Bryan Hawkins, and City Manager Walt Wrede.

### ***Mayor and City Council***

Mayor Jim Hornaday  
Mary E. (Beth) Wythe  
Francie Roberts  
Bryan Zak  
Barbara Howard  
David Lewis  
Kevin Hogan

***We gratefully acknowledge*** the assistance of Carol Bevis, Volunteers In Service to America (VISTA), provided through cooperation with the University of Alaska-Anchorage Center for Economic Development.

***We also acknowledge*** the contributions of past City of Homer Economic Development Commission members, Chamber of Commerce Economic Development Committee members, and other community members who provided many of the ideas and suggestions in this plan.

# Homer Comprehensive Economic Development Strategy

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## INTRODUCTION

### *What Is Economic Development?*

This Comprehensive Economic Development Strategy (CEDS) reflects a fairly broad view of economic development, which in turn reflects many of the comments made by members of the public in the development of this plan.

The following definition is taken from *An Economic Development Toolbox: Strategies and Methods* and is presented here as a useful definition for our purposes:<sup>1</sup>

*Economic development is the process of improving a community's well-being through job creation, business growth, and income growth, as well as through improvements to the wider social and natural environment that strengthen the economy.*

Use of the word "economy" in the definition above necessitates a definition of that word as well. The following is provided as a simple, straight-forward definition of "economy":

*An economy (or "the economy") is a social system that includes the production, exchange, distribution, and consumption of goods and services of a given area.*

A discussion of economic development would not be complete without exploring the concepts of **basic vs. non-basic sectors**. These terms relate to the fact that no economy is self-sufficient. All economies have to buy goods and services that aren't produced locally. If that loss isn't offset by new money flowing in, the local economy will collapse. **Basic sectors** and industries are those which bring new money into the local economy. Examples in Alaska include oil and gas, seafood, minerals, and timber (export commodities) as well as tourism and air cargo (services). Scott Goldsmith of the University of Alaska Institute for Social and Economic Research provides another example of a basic economic sector: "Money also arrives via the mailboxes of retirees, who collect Social Security, federal retirement benefits, and pensions. Other Alaskans collect earnings from investments outside the state. The federal government doesn't produce commodities or services for sale in the market, but it's a basic sector because all federal money coming into Alaska is new money."<sup>2</sup>

Authors of *An Economic Development Toolbox* point out that "in most cases, the retail sector is not a basic one because it primarily serves local residents and therefore exchanges dollars within the community rather than bringing in new dollars. The exceptions are in tourist-serving communities, and in cases of import substitution."<sup>3</sup>

**Non-basic sectors** depend on money generated by the basic sectors, but they are also vital to the economy because they circulate money. As the money circulates, it generates additional jobs and income. This is known

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<sup>1</sup> Terry Moore, S. Meck, and J. Ebenhoh, *An Economic Development Toolbox: Strategies and Methods*. American Planning Association, October 2006, p. 5.

<sup>2</sup> Scott Goldsmith, "What Drives the Alaska Economy?" UA Research Summary No. 13, Institute of Social and Economic Research, University of Alaska Anchorage, December 2008.

<sup>3</sup> Terry Moore, S. Meck, and J. Ebenhoh, *An Economic Development Toolbox: Strategies and Methods*. American Planning Association, October 2006, p. 14.

as the **multiplier effect**. The larger the non-basic sectors are, the more times the money turns over in the economy and the bigger the multiplier effect.

### ***A Vision for Economic Development in Homer***

The following vision statement is taken directly from the Homer Comprehensive Plan, adopted by the Homer City Council in April 2010 following three years of public input, including input from the Economic Development Commission (EDC):

*Homer's economic industries including marine trades, commercial fishing, tourism, education, arts and culture remain strong and show continued growth. Quality of life is preserved as Homer benefits from the creation of more year-round living wage jobs.*

It should be noted that the list of economic sectors in the vision statement is not meant to be all-inclusive. This plan will look beyond the five sectors listed to present a broader picture.

### ***Nexus of the CEDS with Other Plans***

As seen above in the vision statement, this plan is intended to be consistent with other plans already approved by the Homer City Council. Most significantly, it reflects goals and objectives found in Chapter 8 ("Economic Vitality") of the Homer Comprehensive Plan. Other plans that are relevant to the CEDS include the Homer Spit Comprehensive Plan, Town Center Development Plan, Transportation Plan, Non-Motorized Transportation and Trail Plan, Water and Sewer Master Plan, and Climate Action Plan.

This CEDS is technically an update of the City of Homer Overall Economic Development Plan (OEDP) last updated in 1999. The OEDP served as an important resource in the development of the CEDS. By way of explanation, the name was changed from "Overall Economic Development Plan" to "Comprehensive Economic Development Strategy" to reflect the recommendations and terminology used by the U.S. Economic Development Administration for local economic development planning.

### ***Public Participation in this Planning Effort***

The process of incorporating public input in the development of this plan was greatly assisted by the efforts of Carol Bevis, who joined the project as a VISTA (Volunteers in Service to America) in April 2009 and worked full-time for a year, producing a CEDS scoping document before she left. Carol reviewed economic literature as well as previous local plans and surveys, conducted 21 interviews with local citizens from diverse backgrounds, and helped compile the results of 99 interviews that were part of the Southern Kenai Peninsula Communities Project. In addition, Carol organized and facilitated two public forums on behalf of the City of Homer Economic Development Commission and the Chamber of Commerce Economic Development Committee, with the goal of brainstorming ideas and identifying priorities. A diverse group of citizens participated (35 at each meeting) and others contributed their thoughts and ideas via email. Additional public input was received at City of Homer EDC regular meetings and work sessions.

## ***Homer History and Demographics***

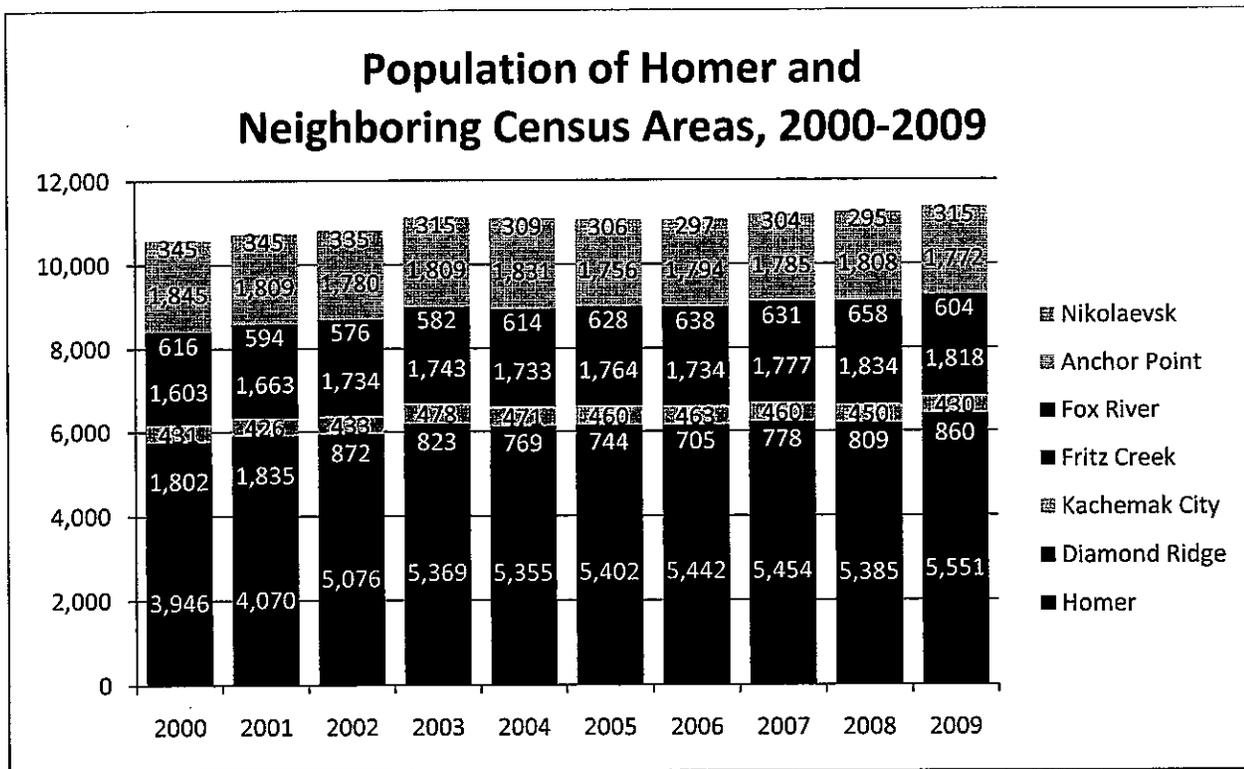
The following timeline is not intended to provide a complete history of Homer but rather to describe a few events which serve to illustrate Homer's development and character as it has evolved over time. Sources include local historians Janet Klein and Dave Brann and the Alaska Department of Fish and Game.

- 6000 BC ..... Native people inhabit the Kachemak Bay area then and now.
- 1896 ..... Con man Homer Pennock promotes gold mining in the Homer area, but coal mining is much more successful.
- 1902 ..... Homer is virtually abandoned between 1902 and 1915 due to lack of coal markets.
- 1915 ..... Charlie Miller winters 95 horses at his homestead (Miller's Landing) for the Alaska Railroad.
- 1917 ..... Delphina Woodard develops a dairy farm in what is now downtown Homer.
- 1919 ..... First school opens at Miller's Landing.
- 1920 ..... 46 people reside in the census area designated as "Homer Spit and Vicinity."
- 1925 ..... A rudimentary telephone system is established.
- 1930-40 ..... Commercial and civic activity increases significantly. By 1938, Homer has an airplane runway, several general stores, two restaurants, and a new dock built by the Homer Civic League. Supply ships now bypass Seldovia to deliver goods directly to Homer. Homer's population in 1940 is pegged at 325.
- 1941-42 ..... Alaska Road Commission creates Beluga Lake by damming the slough.
- 1945 ..... Homer Electric Association is incorporated.
- 1946-47 ..... The coldest winter in history is recorded for North America. Much of inner Kachemak Bay freezes over.
- 1948-51 ..... Construction of the Sterling Highway puts Homer on the road system and fuels growth.
- 1950 ..... Homer's population is 307.
- 1955 ..... South Peninsula Hospital opens.
- 1960 ..... The population of Homer, at 1,247, exceeds that of Seldovia for the first time.
- 1964 ..... The Good Friday earthquake causes much of Homer to subside 2-8 feet, with serious damage to the harbor. Homer incorporates as a city on March 31. The damaged harbor is rebuilt with federal funds.
- 1969 ..... Classes are offered for the first time at the Kachemak Bay Campus of UAA-KPC.
- 1970 ..... Homer's population is 1,803.
- 1971 ..... Kachemak Bay State Park is created, contributing to the growth of tourism in Homer.
- 1976 ..... The state of Alaska sells several oil leases in Kachemak Bay. After the jack-up oil rig *George Ferris* gets stuck in the mud, public outcry persuades the state to buy back the leases.
- 1980 ..... Homer's population is 2,209.

- 1985 ..... Homer gets its first fast-food chain restaurant (McDonalds).
- 1986 ..... The Homer "Bypass" is built, bypassing Pioneer Avenue and creating another commercial corridor.
- 1989 ..... Homer fishermen and others are impacted by the Exxon Valdez oil spill.
- 1990 ..... Homer's population is 3,660.
- 1998 ..... Iccie Seafoods—Homer's only fish-processing plant and the town's largest seasonal employer—burns to the ground.
- 2000 ..... Homer's population is 3,946.
- 2002 ..... Homer annexes 4.6 square miles.
- 2009 ..... Homer's population is estimated at 5,551 (Alaska Dept. of Labor).

Because detailed U.S. Census data for the year 2010 is being compiled as this report is being written, we will leave it for the next update of the CEDS to include the latest demographic information about age, education, employment, and economic characteristics of Homer residents and note significant changes or trends.

The chart below illustrates Homer's population (2000-2009) in relation to the greater Homer area. In general, it is safe to say that the greater community population is at least twice the population of Homer within city limits. Many of those who reside outside city limits commute to Homer for work. Most rely on Homer outlets for groceries and other goods and services.



Notes regarding population chart: Homer annexed part of Diamond Ridge and all of Miller's Landing in April 2002. (Miller's Landing is not shown in this graph. It had a population of 70 before annexation.) Year 2000 population is from the 2000 U.S. Census. Population figures for 2001-2008 are estimates provided by the Alaska Dept. of Labor and Workforce Development.

Data collected by the Kenai Peninsula Borough shows that in 2008, the top ten employers in Homer were:

- Kenai Peninsula Borough Schools
- South Peninsula Hospital
- Safeway
- South Peninsula Behavioral Health Services
- City of Homer
- State of Alaska (not including the University of Alaska)
- Land's End Resort
- Homer Senior Citizens
- Homer Electric Association
- University of Alaska

Only two of the above employers are private corporations. However, Homer is known for its many small, locally-owned businesses that together employ many residents and help create a diversified economy. A 2004 article in *Alaska Economic Trends*, published by the Alaska Department of Labor, noted that "entrepreneurship is a key element in Homer's economic equation" and that Homer has the highest percentage of self-employed workers on the Kenai Peninsula as documented in the 2000 Census.<sup>4</sup>

More information on specific sectors of the Homer economy can be found in other sections of this plan.

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<sup>4</sup> *Alaska Economic Trends*, Alaska Department of Labor and Workforce Development, November 2004, p. 14.

## The Role of Government Policies and Programs in Local Economic Development

Even though government cannot affect all the factors important to economic development, it can have a significant impact through both its traditional role as public service provider and regulator, and its entrepreneurial role as a deal-maker and business recruiter. Of these two roles, the former is essential—government must provide quality basic services and an efficient regulatory environment if it wishes to create economic development. Providing further incentives to businesses is optional—whether it makes sense depends on what government can reasonably offer, the extent to which such offerings are necessary to attract firms, and the cost of those offerings.

Public policy can affect factors that are important to businesses, primarily through regulation, taxes, and incentives.

- **Regulation**—Regulations protect the health and safety of a community and help maintain the quality of life. However, simplified bureaucracies and straightforward regulations can help firms react quickly in a competitive marketplace. Predictability is usually more appreciated by business than a lax regulatory system.
- **Taxes**—Firms tend to seek locations where they can optimize their after-tax profits. But tax rates are not a primary location factor; they usually matter only after corporations have made decisions on labor, transportation, raw material, and capital costs.
- **Financial incentives**—Governments sometimes offer incentives to businesses to encourage growth. Generally economic research has shown that most types of incentives have had little significant effect on firm locations between regions.

To evaluate the comparative advantages a local economy has with respect to government policies and incentives, consider whether government is using the tools above to create a climate for business that is welcoming and supportive but which is also financially and environmentally sustainable. A city with low taxes and an array of financial incentives does not necessarily have an advantage over a city with higher taxes and no financial incentives if it does not provide the infrastructure and services businesses need to thrive.

—from *An Economic Development Toolbox: Strategies and Methods*, pages 8 and 30.

## **THE BIGGER PICTURE: FACTORS THAT INFLUENCE OVERALL ECONOMIC DEVELOPMENT**

In any community, there are certain factors that can either inhibit or encourage economic development. Some of them are reflected in the kinds of questions people ask when they think about moving to a new town: Does it have good schools? Is it attractive? Is it affordable? Will my family feel safe there? Business owners have additional questions: Is there property available in a good location? Can I find skilled workers?

Few would argue that one of Homer's greatest assets is its spectacular natural setting. We all know people who tell the story of driving down over Baycrest Hill and falling in love with the view—and that this is what made them decide to stay. After that, other factors either contributed to or detracted from their initial excitement.

The mountains and bay aren't going away, and for this we can be grateful. This section will explore some of the other "bigger picture" factors over which we, as a community, have more control.

### ***Local Government Policies and Services***

Government policies and programs will be addressed throughout this plan, with specific recommendations to support specific activities. This section will look more broadly at three key areas: Land use policies, infrastructure/services, and taxes.

- A. Land use policies and other regulations should serve the overall public interest without unduly restricting development. Chapter 4 of the Homer Comprehensive Plan provides detailed recommendations on land use which are aimed at finding the right balance between protecting community aesthetics and property values, on the one hand, while providing options and opportunities for both residential housing and business development.
  - 1. The City should aim for fairness, consistency, and predictability in its land use policies (including lease policies) and regulations.
    - a. Speedy processing of permit and lease applications should be emphasized while ensuring that all reasonable conditions are met.
    - b. City employees involved in permitting should project a "How can we help you?" attitude to those navigating the permit process.
    - c. Existing policies and practices should be examined and possibly revised at least every five years with these goals in mind.
  - 2. The increased emphasis on careful mixed-use development in the Comprehensive Plan highlights a welcome trend in land use policies. This trend should be embraced to allow greater latitude in land use, reduce the need to drive, and contribute to a more vibrant community. At the same time, concerns of landowners about aesthetics, noise, and safety need to be taken into consideration.
- B. Government-provided infrastructure and services must be maintained to support and encourage private sector development. In Homer, local government builds and maintains roads, trails, sidewalks, and public parks; maintains and operates the port and harbor facilities; provides clean piped water to homes and businesses; and provides wastewater treatment services. In addition, the City provides police and fire protection, other emergency response services, public library services, an animal shelter, and limited

recreation programs. The importance of these basic services to the overall economic health of the community should not be underestimated or taken for granted.

1. The City should leverage as much assistance as possible—e.g., through grant applications, requests for legislative appropriations, and public/private partnerships—to maximize investment in infrastructure at the lowest cost to local residents.
2. Maintenance of infrastructure should be a priority to protect the public investment and project a positive image of Homer.
3. The City should recognize that many so-called “amenities” are actually vital characteristics of a community that hopes to attract and retain business owners and workers. *See section below on quality of life factors.*

C. Tax rates should be kept as low as possible while still covering the costs of services that meet basic needs and enhance economic development. As noted above, government expenditures are important for creating the kind of community that attracts potential business owners (and workers and retirees); but at the same time, government spending must be kept in check to prevent high taxes from discouraging those same people from living here.

1. Property tax rates should be adjusted downward as property values increase. The City of Homer has done this in the past and should continue to do so if assessed values continue to rise.
2. Financial incentives for businesses should be viewed skeptically, in light of research that shows this is generally not an important factor in business location decisions and because it means that less revenue is available for other projects and programs.

**We baby boomers in America and Western Europe were raised to believe there really was a Tooth Fairy, whose magic would allow conservatives to cut taxes without cutting services and liberals to expand services without raising taxes.**

—Thomas Friedman

**Quality of Life Factors**

The term “quality of life” lacks a precise definition, but when used to describe a town or community, the term typically includes factors such as those listed in the left column below, as compared to the right column.

Desirable Qualities	Undesirable Attributes
Visual impact is <u>pleasing</u> , creating impression of “a nice town.” (For example: Houses and businesses are well-maintained; streets and sidewalks are in good repair; attention is given to landscaping and public art; parks, greenways, and flower gardens are evident.)	Town looks run-down, trashy, uncared-for.
The city has a lively arts and culture scene (e.g., live music and stage productions; one or more movie theaters; a variety of art galleries; one or more museums and library; wide range of offerings for different tastes; opportunities to get involved with local art/music/writing groups or classes).	Very limited opportunities to enjoy art, music, drama or similar activities.
Educational opportunities exist for all ages. Town has a reputation for good public schools and options for private	Town has a reputation for problem schools, delinquency, high teacher turnover, etc.

and/or charter public schools. Area includes one or more local colleges and/or trade schools.	Little or no opportunity for non-traditional or post-secondary education.
Town is "easy to get around in," including being bicycle and pedestrian-friendly. Larger towns have good public transportation system.	Town is plagued by traffic congestion/sprawl. Streets lack sidewalks or bike lanes. Walking is unpleasant and biking feels unsafe.
Diverse recreational/fitness opportunities abound for all ages, year-round.	Recreational opportunities are limited, especially those with outdoor/physical fitness benefits.
The community has one or more hospitals and an array of health care services.	No local hospital and limited health services.
Opportunities for shopping and dining out are enjoyed by residents and visitors alike.	Stores and eating establishments are boring and lack both quality and variety.
Festivals and events create a sense of fun and community spirit.	Not much ever happens that's fun. Little or no sense of community pride.
Town has an appealing, vibrant, well-defined downtown district.	Downtown is dilapidated, not pleasant for walking, or essentially non-existent.

The above examples should make it obvious that no single entity—government, business, or non-profit—can create "quality of life." In many ways quality of life characteristics are synergistic, with different aspects working together to enhance each other and attract further positive development.

Rather than offer specific recommendations to enhance quality of life in Homer, this plan will simply note the importance of these attributes for promoting economic development and urge City Council members, business owners, and private citizens to work together to protect and enhance the qualities that make Homer an appealing place to live.

***Affordable Housing***

Cost of living in general will influence economic development, particularly for those who are not wealthy. Nowhere is this more important than in the housing sector. The Urban Land Institute describes the problem this way:

Housing that is affordable to workers and close to their jobs is essential to the proper functioning of the local economy. Housing costs are one of the determining factors in workers' relocation decisions—and as housing affordability declines, it becomes more difficult to recruit and retain employees. In the tight labor market that results, employers must offer higher salaries in order to attract and retain employees, which increases the cost of doing business. A high cost of doing business, in turn, makes an area less desirable to employers.

—Developing Housing for the Workforce: A Toolkit, Urban Land Institute, 2007, p. 12

Lack of affordable housing is a problem that plagues many resort towns. In Homer, where second-home buyers and wealthy retirees have helped drive up the cost of real estate, less wealthy workers commute from as far away as Ninilchik. For many of them, the main reason they settled so far from town is because that's where they found affordable property. Now with gasoline prices rising, these families are feeling financially stressed in ways they didn't foresee.

Kenai Peninsula Housing Initiatives, a not-for-profit Community Housing Development Organization, manages three housing developments in Homer (18 units), with plans for at least 15 additional units for low income/special needs residents. In a 2004 study commissioned by KPHI, these characteristics were noted in regard to affordable housing in Homer:

- A limited number of 1-2 bedroom affordable apartments (100% occupied) and no affordable 3-4 bedroom apartments.
- A limited number of 3-bedroom market-rate apartments (100% occupied) and no 4-bedroom market-rate apartments.
- Market rates in Homer are higher than the rest of the KPB and often do not include utility costs.
- Vacancy rates are typically low.

The Homer Comprehensive Plan (Chapter 4—Land Use, Goal 5, Objective A) notes the growing problem of affordable housing in Homer and offers several strategies to address the problem. The handbook *Developing Housing for the Workforce: A Toolkit* describes a more focused, comprehensive approach, as outlined below:

#### CREATING A WORKFORCE HOUSING STRATEGY

1. Inventory the current housing supply
2. Inventory public lands and structures
3. Inventory privately held vacant and abandoned properties
4. Assess workforce housing needs
5. Assess current workforce housing programs and policies
6. Assess the barriers to workforce housing production
  - A. Community opposition
  - B. Regulatory barriers
7. Set workforce housing production goals
8. Build a workforce housing coalition
9. Organize for action
10. Identify viable workforce housing tools
11. Create a flexible, multifaceted housing strategy
  - A. Land acquisition and assembly

**A local jurisdiction with a high level of amenity and other quality-of-life factors (e.g., good schools, a clean environment, affordable and appropriate housing, and a diverse and exciting culture) attracts people simply because it is a nice place to be. In particular, it attracts skilled workers, decreasing labor costs for businesses.**

—An Economic Development Toolbox, APA, p. 8

- B. Planning and regulatory approaches
  - C. Financing programs
  - D. Maintaining long-term affordability
12. Assess what is working, and revise what is not

If the City of Homer and others concerned about affordable housing (including student housing) in this community hope to prevent an existing problem from getting much worse, it would be wise to begin working together now to assess the problem and identify and implement solutions. One recommendation would be to appoint a task force with this goal in mind.

### ***A Skilled, Educated Workforce***

For companies and businesses needing to hire skilled workers, lack of workers will be a reason to pass up one community in favor of another. Small towns are at a distinct disadvantage compared to larger cities with one or more universities, other worker-training programs, and a larger pool of prospective workers of all types.

Strategies for addressing the need for skilled workers in Homer include:

- A. Continue to support quality public school programs offered by the Kenai Peninsula Borough School District.
  - 1. Advocate for vocational/technical training programs and basic skills classes as well as college-preparatory curricula.
  - 2. Support efforts to provide students with hands-on learning experiences, including apprenticeship and/or mentoring programs.
- B. Support growth of the UAA-KPC-Kachemak Bay Campus, especially programs that anticipate areas of future job growth and offer classes to provide workers for those jobs.
  - 1. Support efforts to market Homer as a place to go to college.
  - 2. Support KBC goals aimed at adding buildings and facilities to allow for growth and attract students.
  - 3. Support the development of student housing for the local college.
  - 4. Support the development of new college programs to meet existing needs and likely areas of future job growth.
- C. Advocate for new vocational/technical training programs and centers in or near Homer.
  - 1. Support Homer as the location for a Maritime Academy.
  - 2. Support other vocational/technical programs; e.g., those that might be offered locally at the college, high school, through the Alaska Vocational/Technical Center, or by private companies.
- D. Seek to provide and protect the “quality of life” factors that are known to attract skilled workers. *See previous section on this topic.*

**The more a region is able to attract employers on the basis of highly skilled workers, as well as high quality of life, good value-for-money public services, efficient regulations, and well-supported business clusters, the less pressure for a region to have a “low cost” workforce.**

—An Economic Development Toolbox, APA, p. 27

## ***Technical and Financial Assistance for Business Owners***

Building a successful business is a challenging and financially risky proposition, particularly for someone with limited or no previous experience. Chances of success are greater for those who have access to capital as well as technical assistance in business management.

The Economic Development Committee of the Homer Chamber of Commerce has grappled with both of these issues during many of its meetings in 2009 and 2010. The following recommendations reflect input from the Chamber of Commerce EDC:

- A. Continue to support the Small Business Development Center housed within the Chamber of Commerce. This center, which operates with funding from the U.S. Small Business Administration and the University of Alaska, provides free consulting services and low cost educational programs to entrepreneurs. One-to-one

sessions cover areas of management, marketing, sales, finance, accounting and other disciplines required for small business growth, expansion and innovation.

### **The Value of Small Business Assistance Centers**

Small businesses, by definition, do not have as many employees as larger firms, but they are more numerous, so they account for a significant proportion of jobs in a city. Since many large employers are increasingly owned by companies outside a region, small business development is a way of fostering economic benefits that stay within the region. In addition, most large businesses started off as small businesses, so small business development can eventually lead to large local businesses.

Because this strategy focuses on assisting local businesspeople who are likely to have strong ties to the community, the results can be a benefit for the community if the small business hires locally or serves as a role model for other local entrepreneurs. Another advantage is that these programs are usually not as costly as loans, grants, or tax relief.

—An Economic Development Toolbox, APA, p. 41.

- B. Develop and implement a new program aimed at helping entrepreneurs identify and secure needed capital. Possible sources of capital would include a new microloan program, local angel investing network, traditional bank loans, and existing revolving loan programs.

- C. Develop and implement a program to provide mentoring and other networking opportunities for local entrepreneurs.

While the existing Small Business Development Center provides valuable services, its mission is limited and it is not equipped to take on a larger role. Additional activities to assist business owners and promote economic development in other ways could be undertaken by either the City of Homer, the Chamber of Commerce, or a new independent economic development organization. *See the Organizational Structure section of this plan for more discussion on this topic.*

## *The Bigger World*

No economy is an island, and events far outside Homer's borders have influenced and will continue to influence economic prosperity here. Business owners in Homer, particularly in the retail/tourist sectors, experienced serious losses as a result of the global recession sparked in 2008 by the growing trend of securitization of real estate mortgages in the United States—something the average American can scarcely understand.

In the mid-1980s, all of Alaska was hit hard by a drastic drop in the price of oil. In a state where a third of all jobs are tied to the petroleum sector,<sup>5</sup> a large drop in oil prices can be counted on to send shock waves throughout the economy.

Ironically, while rising oil prices are good for the Alaska treasury (because of the royalties collected), they nevertheless hit individual households and businesses hard. Arguably one of the greatest threats to the local economy is the price shocks that will come from declining oil production. Among those who study global oil production, there is a growing consensus that "peak oil" is happening now and that production of all liquid fuels, including oil, will drop within 20 years to half what it is today.<sup>6</sup> With declining production, oil prices will become more volatile and progressively higher when demand increases and supply can't keep up. Instability in oil supply and price has serious potential consequences for virtually all sectors of the global economy, particularly transportation, agriculture, and manufacturing. An example of a local vulnerability can be seen in the following statistic: Alaskan farmers grow only 5%-10% of the produce consumed in the state. For the rest, we rely on produce driven thousands of miles to supermarkets by way of a supply chain heavily dependent on cheap oil.<sup>7</sup>

Other cities have convened task forces to study community vulnerabilities to peak oil and make recommendations on how to prepare and adapt. It would be beyond the scope of this economic development plan to provide

### **Peak Oil and Energy Uncertainty: A Changing World**

"The days of inexpensive, convenient, abundant energy resources are quickly drawing to a close."

—Donald Fournier and Eileen Westervelt, US Army Corps of Engineers, "Energy Trends and Their Implications," September 2005.

"Oil (and natural gas) are the essential components in the fertilizer on which world agriculture depends; oil makes it possible to transport food to the totally non-self-sufficient megacities of the world. Oil also provides the plastics and chemicals that are the bricks and mortar of contemporary civilization."

—Daniel Yergin, in *The Prize: The Epic Quest for Oil, Money, and Power*.

"One of the issues that we keep running into is, oil is the economy."

—Rowan Wolf, sociology professor and member of the Portland, Oregon Peak Oil Task Force

"Identifying and mitigating community vulnerabilities is probably one of the more important—if often unwritten—expectations we have of our local governments."

—Daniel Lerch, *Post Carbon Cities: Planning for Energy and Climate Uncertainty*, 2007.

<sup>5</sup> Scott Goldsmith, "What Drives the Alaska Economy?" UA Research Summary No. 13, Institute of Social and Economic Research, University of Alaska Anchorage, December 2008.

<sup>6</sup> U.S. Department of Energy, "Meeting the World's Demand for Liquid Fuels: A Roundtable Discussion," April 7, 2009.

<sup>7</sup> University of Alaska: [www.alaska.edu/voice/2010/May\\_2010/announcements/local-food/](http://www.alaska.edu/voice/2010/May_2010/announcements/local-food/)

such a detailed analysis. However, the following recommendations are common-sense approaches to building community self-reliance and resilience in the face of a wide array of threats and uncertainties beyond our direct control:

- A. Appoint a Local Food Commission to recommend and facilitate policies and programs designed to increase local agricultural production and consumption.
- B. Continue to support development of renewable energy sources to help reduce dependence on fossil fuels.
- C. At the same time, work to bring natural gas to Homer as a lower-carbon (and possibly lower cost) alternative to fuel oil to meet home and business heating needs. Direct hookups to natural gas may also provide a lower cost alternative to electricity and propane and serve as an important transition energy source.
- D. Support “Smart Growth” principles such as mixed-use development, transportation options, and affordable housing to help reduce the need to drive.
- E. In development decisions, take into account possible future impacts of global greenhouse gas emissions; e.g., sea level rise and ocean acidification (negative impacts) and longer, warmer growing seasons (positive impacts).
- F. Support continued management of Alaska fisheries based on principles of sustainability.
- G. Support programs which help local business owners (as well as homeowners) improve energy efficiency in their buildings and facilities.

## ECONOMIC SECTORS

While Homer's economy is often described as "fishing and tourism," it is actually far more complex and diversified than that description would suggest. This is a good thing. Further diversification is desirable as it will help create more year-round jobs and reduce the economic shock that occurs when one particular sector experiences a significant downturn or collapse.

This section of the Comprehensive Economic Development Strategy is not intended to capture all of the current economic activity in Homer. Many successful enterprises do not fit easily into any particular category. Others span multiple sectors.

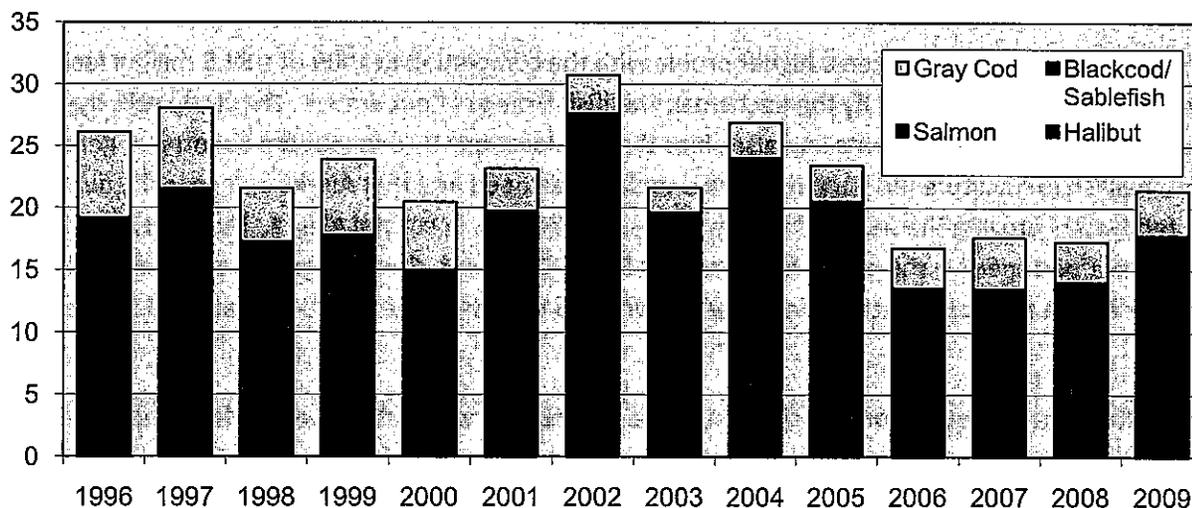
It should also be noted that some of the economic activity described on the following pages takes place outside city limits but nevertheless contributes to Homer's economic health as a result of money spent on goods and services in addition to wages.

### *Commercial Fishing and Mariculture*

Commercial harvest and processing of fish in the region traditionally includes five species of salmon, halibut, three species of crab, shrimp, clams, scallops, herring, and various groundfish. New markets are presenting themselves in farmed oysters, mussels, seaweed, sea urchin, sea anemone, and various other seafood products.<sup>8</sup>

Homer is the number one port in the world for commercial halibut. The graph below illustrates pounds of halibut, salmon, black cod/sablefish, and gray cod landed at the Homer Fish Dock from 1996 to 2009.

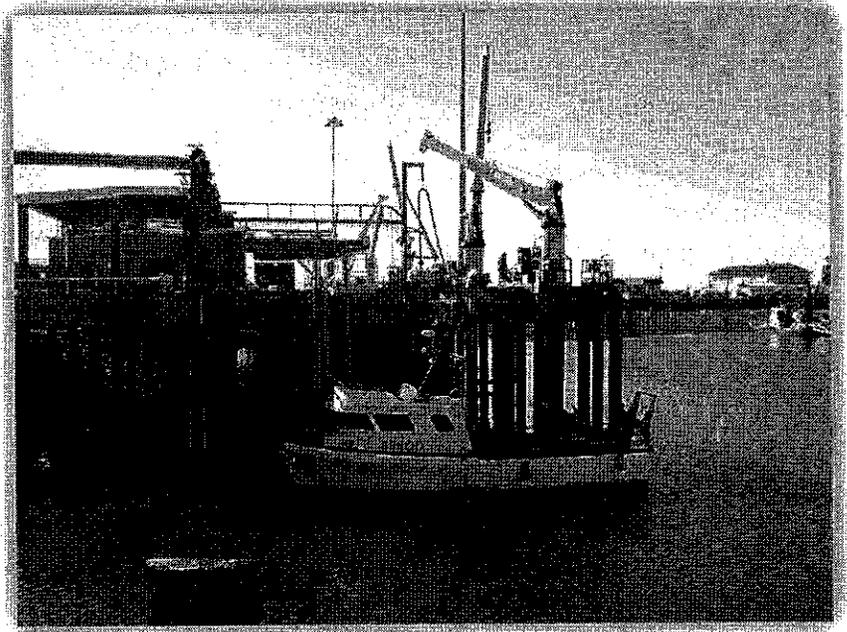
**Commercial fish landings in millions of pounds, 1996-2009,  
Port of Homer**



<sup>8</sup> Kenai Peninsula Borough website, "Our Economy," <http://www.borough.kenai.ak.us/econ01.htm>.

The Homer area has the highest number of local residents in the Kenai Peninsula Borough who depend on commercial fishing as a livelihood. Many fishers participate in multiple fisheries, some of which are far from home. Estimated gross earnings from commercial fishing among Homer permit holders in 2008 were \$68,347,552. A total of 396 Homer fishers utilizing 600 permits landed 90.5 million pounds of fish (including crab) that year.<sup>9</sup>

Eight cranes make it convenient for boats to deliver their catch 24 hours a day to the publicly-owned (municipal) Fish Dock. An ice plant produces and sells high quality flake ice to serve the commercial fishing industry, up to 100 tons per day.



A boat unloads its catch at the Homer Fish Dock.

The State of Alaska collects fisheries-related business taxes, landing taxes, salmon marketing taxes, and other seafood taxes from licensed seafood processors, floating processors, and seafood exporters, and shares fisheries taxes generated within incorporated municipalities. Despite Homer's prominence in Alaska's seafood industry, the City of Homer received only \$98,041 in 2009 from fisheries taxes,<sup>10</sup> because most of what happens to raw fish landed in Homer does not meet the definition of "processing." City of Homer Fish Dock operations cost \$810,594 that same year. While fees for services cover these expenses, they do not cover the costs of equipment and facility replacement.

Mariculture activity in Homer has taken a higher profile with the completion in 2009 of a \$1.5 million facility on the Homer Spit owned and operated by the Kachemak Shellfish Growers Cooperative. The co-op sells oysters to local residents, tourists, and restaurants and also ships them to locations throughout the country. In general, it is felt that the shellfish mariculture industry in Alaska is under-developed and that Alaska's clean, cold, nutrient-rich, protected waters provide the perfect medium for developing jobs in coastal Alaska. Differentiating itself from the other seafood species, the oyster business runs 52 weeks a year. Shellfish growers in Kachemak Bay and throughout Alaska have proved that shellfish grow well and command the loyalty of state and national markets.<sup>11</sup>

Economic development related to commercial fishing and mariculture would likely benefit from the following actions:

<sup>9</sup> Alaska Commercial Fisheries Entry Commission, <http://www.cfec.state.ak.us/gpbycen/2008>.

<sup>10</sup> Alaska Department of Community and Economic Development and City of Homer Port & Harbor Department.

<sup>11</sup> Global Food Cooperative, [www.globalfoodcollaborative.com/articles/kachemak-bay-oysters-coop-growing-and-seeking-new-partnerships](http://www.globalfoodcollaborative.com/articles/kachemak-bay-oysters-coop-growing-and-seeking-new-partnerships).

- A. The City of Homer should continue its unwritten policy of not taking sides in disputes between commercial and sport fishing interests, recognizing that both are vital to the Homer economy. Instead, the emphasis should be on supporting state/federal regulatory measures that help ensure sustainable fisheries to protect this resource for current and future generations.
  - 1. Stay abreast of information related to fisheries health, including possible impacts of ocean acidification caused by the uptake of excess carbon dioxide from the atmosphere.
  - 2. Unless there are clear reasons to doubt the objectivity or veracity of information from regulatory agencies, support proposals aimed at maintaining healthy populations and sustainable harvest levels.
- B. Seek to provide and maintain the infrastructure at the Port of Homer needed to support and grow commercial fishing as an export industry.
  - 1. Seek ways to either redefine “fish processing” at the state level or meet the current definition at the local level to help capture more of the fisheries taxes collected by the Alaska Department of Revenue. These funds could then be used to help build and maintain fisheries-related infrastructure.
  - 2. Continue to seek funding for expansion of the small boat harbor (e.g., construction of the proposed East Boat Harbor) to make room for more commercial fishing vessels.
- C. Encourage development of the local seafood industry beyond traditional products and markets. *See business ideas in sidebar, next page.*
- D. Actively market Homer as a center for commercial fishing and quality seafood products.
  - 1. Develop and promote local product identification.
  - 2. Publicize the advantages of doing fisheries-related business in Homer.

***General Marine Trades/Port and Harbor Development***

Economic clusters are defined as “geographic concentrations of competing, complementary, or interdependent firms and industries that do business with each other and/or have common needs for talent, technology, and infrastructure. The firms included in the cluster may be both competitive and cooperative. They may compete directly with some members of the cluster, purchase inputs from other cluster members, and rely on the services of other cluster firms in the operation of their business.”<sup>12</sup>

Examples of industry clusters include North Carolina's Research Triangle; Hartford, Connecticut's insurance and finance markets; Hollywood's film industry; the carpet industry in Dalton, Georgia; tourism in south Florida; and technology in Silicon Valley, California.

The marine trades in Homer could be thought of as an industry cluster, as could tourism. (The two clusters overlap in the form of the sport fishing, water taxi, and cruise ship industries. These industries will primarily be covered in the Tourism section of the CEDS.)

Businesses which make up the local marine trades cluster include commercial fishing and processing operations; marine electronics; boat storage, maintenance, and repair; suppliers of fishing equipment (nets, brailer bags, etc.); businesses that provide training in marine operations; and marine transportation services (e.g., tug and barge services, oil tanker escort services, marine fuel services). This list is by no means exhaustive. Many of the

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<sup>12</sup> Economic Development Administration, <http://www.eda.gov/Research/ClusterBased.xml>.

small businesses located in the Port & Harbor area play a role in the marine trades. Local operations related to the U.S. Coast Guard, Alaska Marine Highway, National Oceanic and Atmospheric Administration, Kachemak Bay Research Reserve, and Alaska Maritime National Wildlife Refuge will be discussed primarily in the "Government" section of this plan, but the overlap with the marine trades is obvious.

Recommendations to promote growth and vitality of the marine trades in Homer include:

- A. Utilize City of Homer lease policies to help ensure that property needed for marine businesses is available on the Homer Spit at reasonable terms.
- B. Continue to seek funding for capital projects that will benefit the marine trades, such as Deep Water Dock expansion, small boat harbor expansion (East Boat Harbor), a new Port and Harbor building, and new/improved restroom facilities.
- C. Promote Homer as the site for an Alaska Maritime Academy.
- D. Encourage new businesses that will fill unmet needs within the marine trades cluster. *See sidebar for examples.*
- E. Address parking problems on the Spit, as discussed in the Homer Spit Comprehensive Plan.
- F. Encourage overslope development through public/private partnership whereby the City of Homer will invest in the necessary platforms and pilings to support further development.

NEW

*See also recommendations under "Commercial Fishing/Mariculture" in the previous section.*

### Commercial Fishing/ Marine Trades Business Ideas

Following are some of the ideas for new marine trades business activity that have surfaced in discussions about local economic development:

- Boat lift to facilitate work on marine vessels
- Hardware store in the vicinity of the harbor to cater to other businesses in the area
- Another seafood processing plant like Icicle (which burned down in 1998)
- Utilize fish waste to make fertilizer or food for aquaculture
- Value-added seafood products; e.g., smoked oysters
- Harvesting and processing of under or non-utilized seafood resources; e.g., octopus, sandfish, sea urchins, seaweed

## Tourism/Visitor Industry

The economic impact of the visitor industry in Homer is unquestionably large but difficult to quantify. Based on business licenses under "Accommodations/Food Service" and "Art, Entertainment, Recreation," the Alaska Department of Commerce estimates that tourism represented almost 23% of all business activity in Homer in 2008, with over \$28 million in gross sales.<sup>13</sup> Reported information does not include self-employed individuals who are exempt from reporting requirements.

Homer is somewhat unique among popular coastal communities in Alaska in that the visitor industry is not dominated by cruise ships. While Homer typically sees a few cruise ships each year, it is primarily known for its appeal to independent travelers from around the country (as well as from foreign countries) and also as a destination for other Alaskans; e.g., from Anchorage.



The Homer Spit, with its abundance of small shops, restaurants, charter businesses, and scenic views, is one of the most popular tourist destinations in Alaska.

### Encouraging Longer Visits

One economic development strategy is to find ways to encourage visitors to stay in the community longer during their visit, or to visit again in the future... Even staying an hour or two longer in the community may result in visitors eating more meals in local restaurants or spending more money shopping. The City benefits through increased sales tax revenue. To keep Homer an attractive destination requires that the City and private business work in partnership to provide the basic services that visitors and locals expect. These improvements and public expenditures should also benefit local taxpayers.

—Homer Comprehensive Plan, April 2010, p. 8-7, 8-8.

Homer Visitor Center counts have fluctuated from 7,891 in 2001 to 11,215 in 2008 and 8,550 in 2009. The Pratt Museum hosts approximately 35,000 visitors each year from 47 different countries. (Numbers do not include tour groups or school field trips.) The Alaska Department of Commerce estimates that approximately half a million people visit the Kenai Peninsula each year, with at least one-fifth journeying to Homer.

According to the Homer Chamber of Commerce, most visitors to Homer arrive via the Sterling Highway in their own or rented cars and RVs. They are drawn to Homer due to its reputation for spectacular scenery, opportunities for sportfishing and other outdoor recreation, as well as the mix of arts, culture, shopping, and dining experiences.

<sup>13</sup> Reported in Kenai Peninsula Borough *Situations and Prospects for Year Ending December 1, 2008*, p. 234 and 238.

As mentioned previously, tourism falls in the category of a basic economic sector in that it brings new money into a community or region rather than simply circulating money. Homer businesses that benefit most directly from tourism are lodging (including many B&Bs); shops, galleries, and restaurants; charter fishing operations; and sightseeing/wildlife viewing/water taxi businesses. Wages paid to employees in these businesses in turn help support other businesses in town.

The Homer Comprehensive Plan, Economic Vitality chapter, provides a number of recommendations to strengthen Homer as a tourism destination. Three primary objectives are listed:

- A. Invest in local infrastructure, parks, and civic improvements that will serve locals as well as visitors by promoting longer stays, increased expenditures per person, and more repeat visitation as a form of economic development.
- B. Support efforts to improve community attractions, including Town Center, trails, and access to marine activities and the marine environment. Improve links between attractions.
- C. Increase the net benefits that tourism brings to Homer.

Fifteen separate implementation strategies are suggested to accomplish these objectives. Rather than repeat them here, we encourage readers of this economic development plan to read pages 8-7 through 8-10 of the Homer Comprehensive Plan. The discussion below will focus on one particular implementation strategy listed under Objective C. Strategy 6 is to “actively promote Homer to identified target markets, including Alaska residents, out-of-state independent travelers, and small group package tour travelers.” One specific recommended action is that Homer “continue to explore the establishment of conference and convention capabilities in existing and/or new facilities.”

In 2005, the City of Homer commissioned a feasibility study for a potential new conference center. The following table summarizes the findings:<sup>14</sup>

### Tourism promotion suggestions offered by members of the public:

- Sponsor a quilting show event in the shoulder season
- Produce a restaurant guide – online and printed versions
- Promote Homer as an alternative health/healthy recreation destination
- Market Homer as the “Bear Viewing Capital of the World”
- Advertise in birding magazines
- Provide parking for RVs in downtown Homer with signage to make it easy for drivers to locate the parking

—from emails and public meetings, 2009 and 2010

<sup>14</sup> “Feasibility Study for a Potential New Conference Center in Homer, Alaska;” prepared by Conventions, Sports & Leisure International for the City of Homer, July 2005.

**HOMER CONFERENCE CENTER FEASIBILITY STUDY ESTIMATES AND RECOMMENDATIONS**

*Note: Estimate of demand is "moderate." For more detail, see full study.*

Type of facility	Recommended size	Estimated utilization days per year (local & non-local events)	Total economic benefit (annual direct and indirect spending by out-of-towners)	Potential costs (public subsidy)
1. Stand-alone (City owned and managed)	10,000 sf banquet/multipurpose space; 3,000 sf breakout meeting space	113	\$2.62 million	\$203,000 annually (before debt service and reserve funding)
2. Public/ private partnership with hotel	7,500 sf banquet space; 3,000 sf breakout meeting space	114	\$1.754 million	will depend on particular partnership agreement
3. Joint use build-out with another public project	6,000 sf total meeting/banquet space	76	\$847,000	possibly break-even, with staffing and overhead shared with operations of the primary facility (e.g., new City Hall)

The study noted that virtually any conference center that is not part of a hotel business will require a subsidy of public money to support construction and operations. In many cities, bed tax (also known as lodging or accommodations tax) revenues are used for this purpose. (Anchorage, for example, has a 12% bed tax, a portion of which supports the Denaina Convention Center.) No bed tax is levied in Homer despite the prominence of the visitor industry here.

A conference center remains an identified need in Homer. As explained in the Organizational Structure section of this plan, the City of Homer could seek permission from the Kenai Peninsula Borough Assembly and from local voters to enact a bed tax here. A modest 4% tax (less than one-third of the national average) would likely generate enough revenue to support a conference center and an economic development office that would, among other things, market and manage the conference center. This proposal deserves serious consideration.

**Arts and the Creative Class**

*New section*

Few would argue that one of Homer's economic assets is its reputation as an arts community. In 2005, Homer was listed in John Villani's book *The 100 Best Small Art Towns in America* and it is often praised for its many galleries, arts events, and non-profit organizations that help promote the arts.

In 2005, Homer was included in a study sponsored by Americans for the Arts, which assessed the economic impact of non-profit arts organizations and their audiences. The study estimated that non-profit arts organizations in Homer spend \$1.1 million each year, resulting in an additional \$1.6 million spent by arts audiences, which further stimulates the local economy.<sup>15</sup>

“The arts” is a broad term that encompasses traditional visual art (painting, sculpture, photography, fiber art, etc.) as well as music, drama, and dance. “The creative class” is an even broader term popularized by economist Richard Florida that refers to certain scientists and engineers, university professors, poets and architects, and people in design, education, arts, music, and entertainment, whose economic function is to create new ideas, new technology, and/or creative content.<sup>16</sup>

### The Arts, Quality of Place, and the Knowledge Economy

In the past decade, states have begun to realize that their economic fortunes are increasingly tied to the location preferences of highly mobile knowledge-workers who form the intellectual backbone of the new economy. These workers value “quality of life” above nearly all other factors—including job market conditions—in choosing where to locate. According to Professor Richard Florida of Carnegie Mellon University, four factors determine quality of place: lifestyle, environmental quality, a vibrant music and arts scene, and natural and outdoor amenities.

—“The Role of the Arts in Economic Development,” National Governor’s Association Center for Best Practices, June 25, 2001.

In addition to the overlap in terms of occupation, there is another key relationship between members of the traditional arts community and those of the broader “creative class,” which is that the arts help create the type of environment that in turn attracts other creative people, including those in the highly desirable, knowledge-based (“new economy”) industries. The benefits work both ways, since knowledge-based workers tend to be well paid and will spend discretionary income on the arts, which they value.

In discussing arts and the economy with local artists and art advocates during development of this plan, three primary reasons were given to explain why Homer has attracted artists in the past and continues to do so: 1) The natural beauty of the area attracts people who appreciate beauty. 2) The community supports art and provides a nurturing environment for all types of artists. 3) Artists encourage and stimulate each other.

The following strategies have been suggested as ways to attract artists and other members of the creative class and maximize the economic benefit to the community:

- A. Work to enhance and protect the quality of life factors that make Homer attractive to artists and other creative people. *See previous discussion of Quality of Life.*
- B. Support public art above and beyond the existing 1% for the Arts ordinance.
  1. Commission public art for existing parks, buildings, streets/sidewalks, and other facilities.

<sup>15</sup> “The Economic Impact of Nonprofit Arts Organizations and their Audiences in Homer, Alaska,” Americans for the Arts, 2005.

<sup>16</sup> Richard Florida, *The Rise of the Creative Class and How it is Transforming Work, Leisure, Community and Everyday Life*. New York: Perseus Books, 2002, p. 8.

2. Encourage artists to create public art by providing spaces, permanent and temporary, for art installations and music/performance art events.
- C. Publicly recognize the value of art in our lives and in our community.
  - D. Support arts education in the public schools and elsewhere.
  - E. Partner with local arts organizations and businesses to promote art in the community.

### **Health, Wellness, and Recreation**

With a hospital, 20 or so physicians in private practice, at least a dozen dentists, several physical therapists, a large non-profit mental health/ behavioral counseling clinic, other counselors in private practice, numerous alternative health services ranging from chiropractic care to therapeutic massage to acupuncture, a health club and other for-fee exercise facilities, Homer provides a wide range of health and wellness services for residents and visitors. A relatively new addition to the health sector in Homer is the Seldovia Village Tribe Health Center, which provides medical and dental services to both Native and non-Native patients. In addition to these traditional services, other businesses and programs offer opportunities for organized sports, wilderness outings, and other healthy forms of recreation.

The topic of health and wellness is actually much broader than the list in the previous paragraph would suggest. The Southern Kenai Peninsula Communities Project, launched in November 2008 with leadership provided by South Peninsula Hospital, conducted an area-wide health needs assessment that looked at issues ranging from environmental health, access to local foods, a diverse and sustainable small-town economy, and citizen involvement in community affairs.<sup>17</sup> The SKP Communities Project vision is depicted on the next page.

Due to restrictions intended to protect proprietary information, the State of Alaska no longer releases sales data specific to the “Medical-Social Services” NAICS line-of-business category (and many others). Therefore, it is difficult to gauge the economic impact of this sector. However, no one would question that it is significant. In addition to money spent directly on health and

**Rural health services provide benefits additional to improvements in health outcomes. Because the health sector may contribute significantly to job and income generation, particularly in rural communities, it is imperative that rural communities have quality health services that local decision-makers work to evaluate, maintain, and possibly expand.**

—G.A. Doeksen and V. Schott, “Economic importance of the health-care sector in a rural economy,” *Journal of Rural and Remote Health Research, Education, Practice and Policy*, June 2003.

**Ideas suggested by local health professionals for possible new businesses in Homer:**

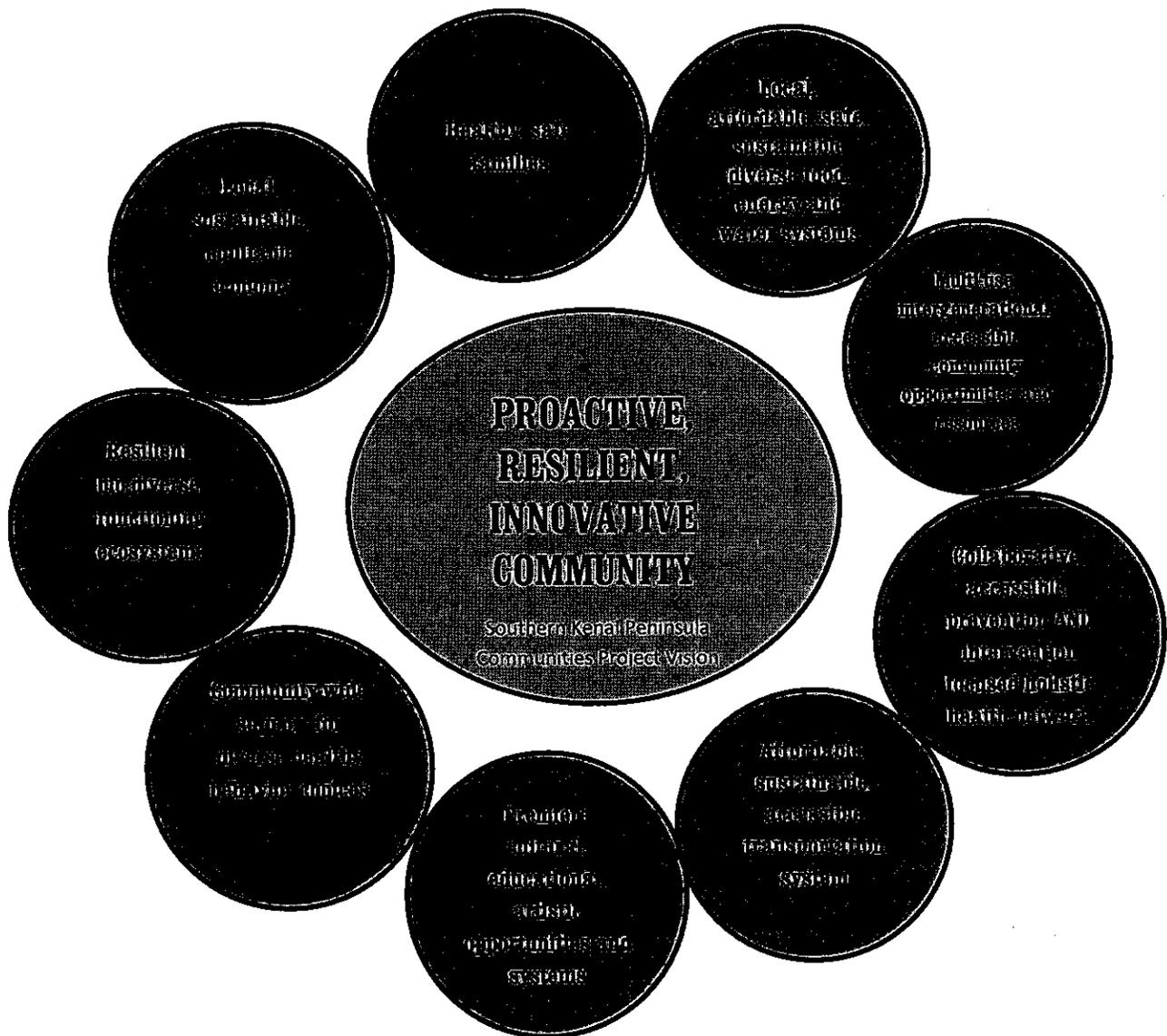
- Joint replacement surgery
- Expanded cancer care
- Pediatric care
- Alzheimer’s care
- Substance addiction treatment
- Dermatology practice

<sup>17</sup> Southern Kenai Peninsula Communities Project, Project Summary, December 2009

wellness services, access to these services in a community is an important quality of life factor that helps make the area an attractive place to live. Recreational opportunities are another important quality of life consideration.

Some of the recommendations in other sections of this plan, most notably in the Agriculture and Tourism sectors, will also enhance the Health, Wellness, and Recreation sector. Additional recommendations are offered below:

- A. Support efforts to provide modern technology in the health care sector; e.g., at South Peninsula Hospital. Advanced technological services will not only help keep local dollars from leaving the community, they will also help attract new residents. Current needs include bariatric equipment to meet the needs of severely overweight patients, an enhanced communication system integrated with an improved electronic record-keeping system, and an electronic asset tracking system.
- B. Support local job training programs in the health care field; e.g., at UAA-KPC-Kachemak Bay Campus.



- C. Seek to attract medical specialists in areas where there is unmet need.
- D. Support growth of services to meet the health care needs of senior citizens; e.g., senior care, chronic illness management, cancer care.
- E. Support necessary steps to comply with the 2010 federal health care reform mandates at the local level.
- F. Publicize Homer’s many health care and wellness options and quality of care; e.g., through a directory of local health and wellness services.
- G. Expand and improve the City of Homer’s Parks and Recreation program.
  - 1. Complete a community recreation needs assessment.
  - 2. Investigate successful models from other towns.
  - 3. Develop a community parks and recreation master plan that describes program elements, staffing needs, and potential funding sources.
  - 4. Seek funding from multiple sources for the Parks and Recreation program.

**Education**

As in the health care sector, education is a major employer in Homer. A key difference is that most health care providers work in the private sector and most educators and support staff are government employees. (See *Government section of this plan for more discussion about this broad sector.*) A key similarity is the critical role that both health care and education play in the decisions of potential residents and business owners about whether to settle in a community or not. The quality of K-12 education is an important consideration for parents of school-age children (an important demographic group), and the presence of local workforce training programs will help to attract potential employers.

Homer schools within the Kenai Peninsula Borough School District are (in alphabetical order): Fireweed Academy (K-6 charter school), Homer Flex High School, Homer High School, Homer Middle School, Paul Banks Elementary School, and West Homer Elementary School.

A total of 1,164 students were enrolled in these schools for the 2008-2009 school year, a slight (2.1%) drop from the previous year. (Fireweed Academy, Homer Flex, and Homer High School experienced losses; Homer Middle, Paul Banks, and West Homer experienced gains.)<sup>18</sup>

The school district also operates the Connections

**While college towns have long been considered recession-resistant, their ability to avoid the depths of the financial crisis shaking the rest of the nation is noteworthy. The ones faring the best right now are not only major education centers; they also are regional health-care hubs that draw people into the city and benefit from a stable, educated, highly skilled work force.**

—Kelly Evans, “Why College Towns are Looking Smart,” *Wall Street Journal*, March 24, 2009.

<sup>18</sup> Kenai Peninsula Borough School District data reported in Kenai Peninsula Borough *Situations and Prospects for Year Ending December 31, 2008*, p. 38.

program to support home-schooling on the Kenai Peninsula. In 2010, approximately 300 students in the Homer area were enrolled in the program.

Early childhood education is provided through the Birth-2-3 program, a non-profit organization. A federally-funded Head Start program operated by Chugachmiut (an Alaska Native health and social service organization), is headquartered in Homer. The economic value of these programs stems from the fact that a child's readiness for school is a strong indicator of how he or she will fare in life in the long term. One analysis found that every dollar spent on high-quality early childhood programs for disadvantaged children results in \$7 to \$9 in future savings to communities.<sup>19</sup>

Kenai Peninsula College's Kachemak Bay Campus serves as the focal point of the University of Alaska's programs and services on the southern Kenai Peninsula. Its value to the community was reflected in the fact that "making Homer more of a college town" and "expanding vocational education" received the most votes in an economic development public forum held in Homer in spring 2009.

KPC offers two-year Associates of Arts and Associates of Applied Science degrees, as well as courses leading to vocational certificates and industry certification. Some programs leading to baccalaureate degrees can be earned at the Kachemak Bay Campus. A number of other four-year degree programs are available through KBC courses and distance delivery from other University of Alaska campuses. Continuing education and professional development programs are provided that include conferences, summer programs, Elderhostel, workshops, classes, and a visiting writers' series.<sup>20</sup>

A 2007 study prepared for the University of Alaska<sup>21</sup> noted the following economic benefits of Alaska's university system:

- In FY 2007, for every dollar of State investment, the University created just over three dollars in total economic activity in the state, a total return on investment of 200%.
- The University of Alaska directly employed a peak of 8,000 workers in Alaska in 2006 (37 in Homer).
- In addition to its direct employment, UA indirectly supports approximately 7,100 jobs in the support sector of the Alaska economy.
- The payroll for the Kachemak Bay Campus in FY 2007 was \$900,000.
- An additional \$1.0 million was spent on goods and services in the Homer community.
- Nationally and in Alaska, 25 percent of all jobs require a 4-year degree or higher.
- As of 2006, two-thirds of the UA graduates from the classes of 1989 to 2006 were still living in Alaska.
- National data indicates that a female UA graduate earns nearly \$16,000 more per year than a female high school graduate while a male UA graduate earns almost 18,000 more than his high school educated peers (2006 dollars).

Specific recommendations for enhancing economic development through the education sector in Homer include:

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<sup>19</sup> Robert Duggar. "Investing in early-childhood programs would yield dividends for Ohio," Cleveland.com, June 14, 2009.

<sup>20</sup> <http://www.homer.alaska.edu/about/index.html>

<sup>21</sup> McDowell Group, "The Economic Impact of the University of Alaska, 2007 Update," February 2008.

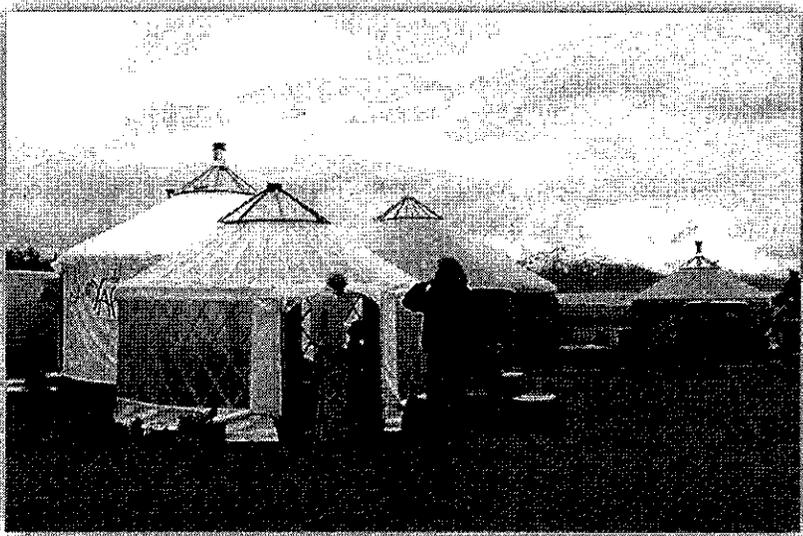
- A. Support early childhood education programs in Homer.
- B. Support adequate funding for Kenai Peninsula School District operations in Homer, with an expansion of vocational-technical education.
- C. Support goals of the Kachemak Bay Campus of UAA-KPC, including consolidation of operations at the East Pioneer campus, expansion of the campus, and provision of student housing.
- D. Support expansion of educational programs to take advantage of emerging economic opportunities and/or to capitalize on Homer's existing strengths and assets, such as:
  - 1. Interest in green technology, local agriculture/sustainability, renewable energy, etc.
  - 2. Proximity to the sea and its resources
  - 3. Arts and culture

*Some recommendations overlap with those involving the benefits of a skilled, educated workforce. See p. 11.*

***Three Broad Sectors:***

***1. Construction and Manufacturing***

The Construction and Manufacturing sectors include traditional building trades (employing architects and engineers, heavy equipment operators, carpenters, plumbers, welders, electricians, etc.) along with light manufacturing enterprises such as Nomar's line of fleece clothing and soft luggage, Alpenglow handmade soaps, and Nomad Shelter yurts (to name a few). Some businesses in the Manufacturing sector overlap with the Marine Trades sector ( e.g., boat building) or with the Arts sector (e.g., locally made jewelry, ceramics, and other art



Nomad Shelter's yurt business is an example of a manufacturing enterprise based in Homer.

gallery items). Stretching the definition of manufacturing further allows us to include locally made beer, wine, and mead.

Many locally manufactured products are sold to individuals or other businesses outside the city, which makes them part of the basic economy that brings new money into the community. New manufacturing/light industry/export businesses should be encouraged for this reason and because they have potential to provide good year-round jobs.

***2. Retail***

A great many retail businesses in Homer do not primarily target tourists nor do they fit neatly into other economic sectors already described in this plan. They range in size from "mom and pop" businesses to much larger outlets such as Spenard Builders Supply, Ulmers, and Safeway. Collectively, they employ hundreds of people and form a vital part of the local economy. Retail goods can be considered part of the basic economy if 1) people from outside the community are buying

the products; or 2) locals are buying the products rather than purchasing similar items from sources outside the community (import substitution).

The latter point raises the topic of larger “big box” retailers, a discussion that has been a source of controversy in Homer since 2002, when the Kroger Company first broached the idea of building a 98,000 square foot Fred Meyer store in the Central Business District. Following a moratorium on construction of any store larger than 20,000 square feet, the footprint size cap was first set at 45,000 sf, then 66,000 sf, and is now at 75,000 sf in Homer’s commercial districts. (By way of comparison, the existing Safeway, including liquor store, is 30,250 sf.) As Homer and the surrounding area continue to grow, the need for a larger Fred Meyer or Wal-Mart type store is likely to become more apparent.

### **3. Services**

Likewise, Homer’s service economy is strong and diverse. In addition to some of the service businesses mentioned elsewhere in this plan (e.g., health services), local businesses meet the needs of Homer residents and visitors in areas ranging from financial services to haircutting to legal assistance.

General recommendations for maximizing the benefits of these sectors (1, 2 and 3 above) include:

- A. Encourage enterprises that will provide jobs and other economic benefits without serious negative side effects; e.g., environmental pollution.
- B. Encourage value-added manufacturing to maximize local resources and provide products for export.
- C. Convey a “How can we help you?” attitude to assist prospective business owners and those seeking to expand existing businesses.
  - 1. Utilize zoning to ensure adequate land for different needs and publicize available land zoned for different purposes.
  - 2. Improve the permitting process to clearly communicate requirements and reduce time and frustration for applicants.
  - 3. Publicize resources provided by other organizations that can assist local business owners; e.g., the Small Business Development Center at the Homer Chamber of Commerce.
- D. Assist with efforts to publicize the availability of locally manufactured goods; promote local procurement of goods and services.

### ***High tech/Internet Businesses***

Many businesses in this sector; for example, Information Technology (IT) support services and website design; can also be classified in the Services sector. Other examples of high tech businesses include modern filmmaking/editing, computer-assisted graphic design/printing, software development, and Geographic Information System (GIS) services used for surveying and mapping. *See also discussion regarding Arts and the Creative Class.*

While most if not all businesses in the 21<sup>st</sup> century utilize computers, Internet-based businesses comprise a special category, wherein the business owner markets and sells a product or service almost solely via the Internet. Because there is no visible retail outlet or office, these businesses may go largely unnoticed by the community at large, yet bring significant money into the community.

The availability of Internet/email service has also made it possible for some individuals to function as “lone eagles,” or as the Homer Comprehensive Plan puts it, “footloose entrepreneurs.” These are the individuals who could live almost anywhere and conduct business via Internet/email. In other words, their choice of where to live is based to a major extent on quality of life factors such as natural beauty, arts and culture, and recreational opportunities rather than factors such as availability of land, labor, or local markets.

## What Can Homer Do To Attract “Lone Eagle” Entrepreneurs?

Comments submitted by two area residents via email during development of the Comprehensive Economic Development Strategy. Comments have been edited for space.

My husband and I are what you would call “knowledge entrepreneurs.” We are a good example of the kind of niche markets that are developing because of the Internet. We have customers from around the globe including Australia, Ireland, Italy, Singapore, Canada, and the U.S.

*[In response to the question: Do you feel like Homer is currently providing the infrastructure your business needs?]* For the most part, yes. We have printers, office supply, Internet, airport, computer folks and supplies etc. DSL needs to be improved in the outlying areas.

*[In response to the question: What could we do to attract more lone eagles?]* Keep the town attractive. Where you find the most migration to smaller towns is in those towns that have some sort of appeal. This cannot be overstated. If you travel around Oregon and Washington, or elsewhere, the small towns that are thriving are those that have appealed to people who can choose to live where they want and bring with them either retirement income or a small or home-based business. These towns survived the loss of the resource-focused boom/bust economies and reinvented themselves with what they had left. What these towns have to offer is predominantly natural beauty and access to outdoor activities or a quaint setting (like the coastal towns of Oregon and Washington). Homer has numerous benefits over some of these other small towns. Those assets should be advertised.

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Your suggestion to promote “lone eagles” to live in Homer has merit. It capitalizes on Homer’s main strength—quality of life. I was a “lone eagle” prior to my retirement. One type of “lone eagle” is the telecommuter. The list of occupations that this would include is almost endless. The following are areas to promote or improve to facilitate getting “lone eagles” to live in Homer:

- 1) For telecommuters it is necessary to have easy access to the fastest Internet and telecommunications networks available. Currently, Homer has no 3G nor do we have the fastest Internet connections.
- 2) For the old-fashioned commuter, easy, reliable, and affordable access to Anchorage is essential.
- 3) The “lone eagle” promotion should be carried out in state with North Slope workers, fishermen, offshore oil field workers, and miners from Red Dog and the potential Pebble project.
- 4) Homer must avoid putting up a negative image by putting up barriers to people and ideas.

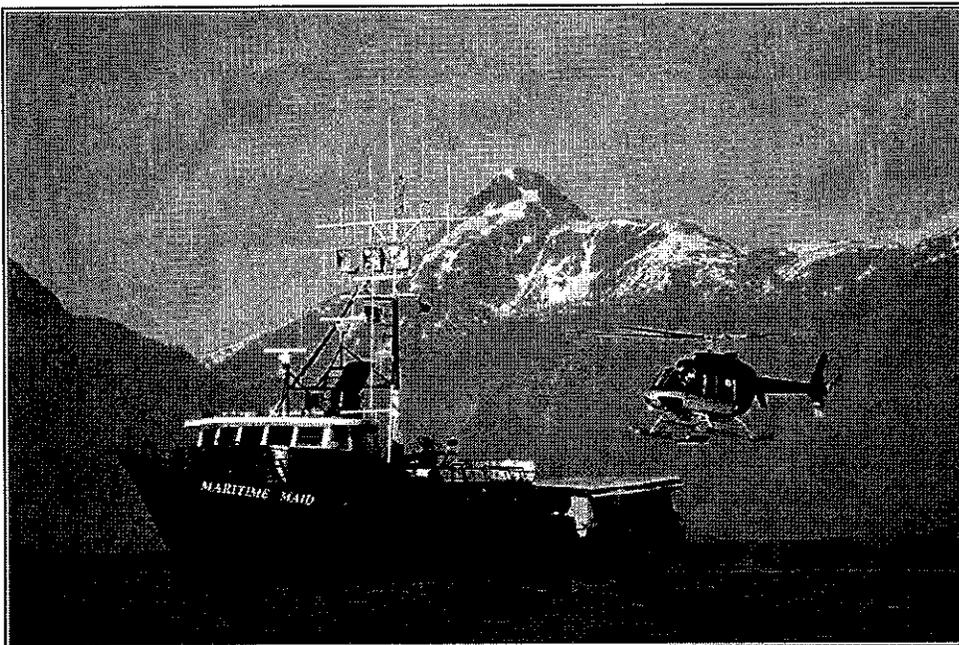
Recommendations for growing the high tech/Internet sectors of the Homer economy include:

- A. Support technical upgrades that benefit individuals and businesses who utilize these services extensively; e.g., high speed broadband Internet, improved cell phone service, and wireless connectivity.
- B. Market Homer's quality of life factors and suitability for high-tech/Internet based operations. Use marketing to counter the image of Homer and Alaska in general as too remote for modern business ventures to succeed.
- C. Support training opportunities for skill development in computer-related fields, including Internet-based commerce.

### ***Transportation and Warehousing***

The Kenai Peninsula Borough includes the following types of businesses under the heading of Transportation and Warehousing: air transportation, water transportation, truck transportation, transit and ground transportation, pipeline, scenic and sightseeing, support activities, postal service, couriers and messengers, and warehousing and storage. (Guiding by land and guiding by water are classified under Tourism.) In 2008, there were 126 businesses licensed in this sector in Homer, with gross sales of \$19.4 million.<sup>22</sup>

Homer benefits economically by having an airport, a float plane lake, a harbor that supports numerous water taxi businesses, and port facilities that include preferential berthing for Alaska Marine Highway vessels. (The Marine Highway can also be classified within the Government sector.) In 2010, Seldovia Village Tribe began offering passenger/light freight ferry service three times a day between Homer and Seldovia, aboard the *Kachemak Voyager*, expanding the options available for getting across the bay.



Maritime Helicopters, based in Homer, has been in business since 1973 supporting marine, petroleum, and construction industries as well as government agencies. In addition to a fleet of helicopters, the company operates the 86-foot vessel *Maritime Maid*, equipped for helicopter operations at sea.

(Photo and information from [maritimehelicopters.com](http://maritimehelicopters.com))

<sup>22</sup>Kenai Peninsula Borough, *Situations and Prospects for Year Ending December 31, 2008*, p. 224.

One of the most significant needs identified in Homer in the transportation sector is to provide containerized cargo handling capability at the Deep Water Dock. It is thought that with this capability, Homer will emerge as a major transportation hub for the Kenai Peninsula. Freight could be landed in Homer and trucked to outlets as far away as Kenai/Soldotna, eliminating the need to truck goods down from Anchorage and thus reducing costs. Dock expansion would also put Homer in a good position to provide staging for barged freight service to the Lake and Peninsula Borough via the Williamsport-Pile Bay Road or other facilities built to meet the needs of future resource development across Cook Inlet. The 30-acre industrial site at the base of the dock would support freight transfer operations.

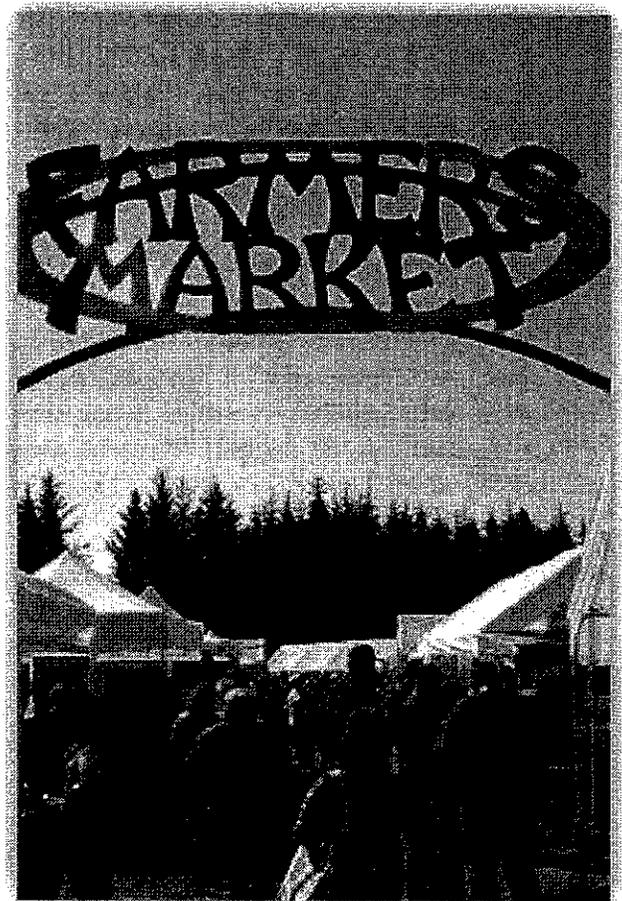
Recommendations to enhance the transportation sector include:

- A. Improve and expand Homer’s Port and Harbor facilities, including expansion of the Deep Water Dock and construction of the proposed East Boat Harbor.
- B. Utilize lease policies to simultaneously benefit the broader community and individual business owners.
- C. Market Homer to attract new transportation-related businesses.
- D. Improve and expand Homer’s overall transportation network in keeping with the goals of the Homer Comprehensive Plan, Transportation Plan, and Non-Motorized Transportation and Trails Plan.
- E. Support the development of a rail line connecting Homer to Anchorage.

### ***Agriculture***

Although agricultural enterprises have been present in the Homer area since Delphina Woodard operated a dairy farm in downtown Homer in 1917, the agricultural sector of the local economy is, at this time, small. However, it is also widely seen as having great potential for growth, given the expected effects of global climate change (warmer temperatures/longer growing seasons), recognition of the need for local self-reliance in the age of dwindling oil supplies, and increasing interest in local/organic food on the part of consumers, including restaurant owners. Growth in local agriculture has the potential to expand the export economy if products are purchased for shipment outside the local area.

Many local growers of produce, livestock, and poultry live outside Homer city limits but contribute to the local economy through sales at local outlets (e.g., the Farmers Market) and by spending money from sales at local stores. Local restaurants also benefit by being able to tout their use of locally-grown produce.



The Homer Farmers Market has become a popular destination in recent years.

## Why “the market” alone can’t save local agriculture

The problem facing local food production isn't lack of demand; it's lack of infrastructure. To boost production, a given area's small-scale farms need access to capital—to invest in farm equipment, composting capacity, washing and cooling facilities, and delivery trucks.

Since small farms generally lose money, they can hardly be counted on to make those investments themselves, and few banks are eager to invest in businesses with negative operating margins. Yet the situation need not be so bleak. The farmers who supply the nation's farmers' markets and CSAs, despite brutal economics, represent a huge asset. Communities, and the nation as a whole, should figure out ways to collectively leverage the passion of these growers. Not through direct payments—as with the current \$14.5 billion per year subsidy boondoggle—but rather through strategic investments in food-production infrastructure.

As for individuals, the way forward is clear: seek out farmers' markets, CSAs, and restaurants that procure locally. And stifle your sticker shock. That two-dollar tomato will likely deliver an experience that can't be bought at any price at a supermarket. The cheap-food regime under which we feed ourselves is really a costly scam.

—Tom Philpott, [www.grist.org/article/local3](http://www.grist.org/article/local3)

In the Homer area, agricultural goods and produce include many vegetables, limited fruits, grass-fed beef, local eggs, and honey. Value-added products include jams, jellies, and mead made with local honey and berries. Some businesses sell nursery plants, seeds, soil, and compost. Recently, cut flowers, particularly peonies, have become a local economic enterprise, since peonies grow well in this climate and bloom at a time when they are not available elsewhere.

The Homer Farmers Market provides a low-cost venue for many local farmers. In operation seasonally since 2000, the Farmers Market attracts locals and visitors twice a week with booths featuring local handicrafts and prepared foods as well as fresh local produce, seedlings, and other agricultural offerings.

Farmers Market spokespeople have noted that local agriculture could benefit significantly through efforts to identify markets and connect producers with those markets. The Homer Farmers Market and Sustainable Homer were successful in obtaining a VISTA (Volunteer in Service to America) to assist in meeting this goal. The VISTA is coordinating a 3-year project launched in November 2010.

Farmer and writer Tom Philpott offers one prescription for helping local agriculture entrepreneurs succeed. (*See sidebar.*) Philpott, Michael Pollan, and other nationally known local food advocates have written extensively on the need for reform of agricultural policy at the federal level to assist smaller-scale farmers, reduce food miles traveled, and provide Americans with healthier food.

Recommendations made by Homer-area growers and advocates include the following:

- A. Provide the Homer Farmers Market with a permanent location; e.g., in the proposed Town Center.
- B. Advocate for a USDA-approved meat processing facility on the southern Kenai Peninsula. (Currently, local farmers who wish to sell their chickens, beef, or pork commercially must first take it to Anchorage to get the USDA stamp.)

- C. Support construction of a community cold storage/freezer facility. Investigate use of a sea water heat-exchange loop in the harbor to help reduce electrical usage of the facility.
- D. Support development of a “kitchen incubator” that provides food producers and processors in start-up and growth phases with access to technical assistance and shared facilities including a commercial kitchen, storage, and offices in a cooperative environment at below market rates. Such a facility would encourage the production of value-added food products for local purchase or export.
- E. Build a new greenhouse for the City to use for its plantings so that Homer High School can have a full year-long curriculum based around the greenhouses there. The new City greenhouse could be built as a demonstration project, easily accessible to the public and full of all the latest power-reducing technology.
- F. Support efforts to encourage local food production, connect local farmers with markets, and publicize the benefits of “eating local.”
- G. Consider land use and/or tax incentives to take full advantage of the fact that the Homer bench is an extremely valuable agricultural microclimate.
- H. To increase the amount of land dedicated to agriculture and help meet local demand, establish a program whereby City crews and equipment will assist in turning lawns into garden plots, at either no or low cost to property owners.
- I. Eliminate the City sales tax on locally grown non-prepared food.
- J. Support changes in borough tax policy to classify greenhouses as “agricultural.” (Currently borough farm tax benefits apply only to fields, not to structures, so greenhouses are not taxed as agricultural but rather at the higher rate applied to any other structure.)
- K. Network and collaborate with University of Alaska–Fairbanks and Cooperative Extension Service personnel regarding research and funding opportunities; e.g., to support local food demonstration projects.
- L. Establish a Local Food Commission to further develop goals and strategies related to local agriculture/sustainability and facilitate achievement of the goals.

### ***Retirees and Second-Home Residents***

Anyone who has lived in Homer 20 years or more cannot fail to have noticed a change in demographics in our community. Not only has the average age of residents increased, but wealth is far more noticeable.

Part of the increase in average age is due to the fact that the American population as a whole is aging and Alaska is aging more than most states. In fact, the number of people age 65 and older grew faster in Alaska than in any other state between 1997 and 2007.<sup>23</sup> Many Alaskans over age 65 have lived in the state for many years, if not their entire lives. Others moved to the state after retirement. Homer has attracted more retirees and second-home/part-time residents than most other destinations in Alaska.

Around the country, local and county governments tend to view retirees as an asset and some engage in active marketing to attract new residents from this demographic group. In truth, such governments are particularly interested in a subset of the senior population: those with enough money to enhance the tax base without placing a heavy burden on local services. Once again, Homer finds itself in an enviable position in this regard. Casual observation and anecdotal reports from local realtors reveal that the Homer area has become

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<sup>23</sup> Alaska Commission on Aging, “We’re #1: Alaska Tops in Senior Population Growth,” Feb. 17, 2009.

increasingly popular as a retirement/second-home location for wealthy or relatively well-off individuals and couples from Anchorage and the Lower 48 states.

As with many other forms of economic development, not all the consequences of senior migration to Homer are positive. Wealth from outside the community has been a factor in driving up real estate prices locally, making it harder for less wealthy individuals to afford housing. By state law, Alaskans age 65 years and older are exempt from property taxes on their primary residence up to the first \$150,000 of assessed value. (Local governments can extend the exemption above this cap if they wish. The City of Homer has not done so; however, the Kenai Peninsula Borough has increased the exemption to include the first \$300,000 of assessed value.) A policy of lower taxes on senior citizens increases the pressure on other residents to cover the costs of services provided by local government.

In a paper titled "**Chasing the Elderly: Can State and Local Governments Attract Recent Retirees?**," the authors looked at a number of studies regarding factors that influence senior migration. They concluded:

...Returning to the question posed in the title of this paper, state and local fiscal policies do appear to influence location decisions, but they represent a secondary consideration in the migration decisions of most households.

What are the policy implications of our findings for policymakers contemplating strategies for attracting elder migrants? Changes in tax burdens and service levels can affect elder location decisions. Of the fiscal variables, inheritance taxes, income taxes, and property taxes have the largest relative effects. However, very large tax reductions would be required to attract even one more elder migrant to a county. Unless these tax breaks could be narrowly targeted to the group of elderly most likely to consider migrating, the revenue losses from such a program are likely to significantly outweigh the economic and fiscal benefits. Our results suggest that states should focus on marketing their amenities, rather than using fiscal policy to recruit retirees.

—William Duncombe, Mark Robins, and Douglas Wolf, "Chasing the Elderly: Can State and Local Governments Attract Recent Retirees?" Center for Policy Research, Maxwell School of Citizenship and Public Affairs, Syracuse University, September 2000, p. 26.

Recommendations for enhancing Homer's economy by attracting retirees and second-home residents include:

- A. Recognize that quality of life factors (an attractive town, arts and culture, walkability, health services, etc.) are the most important in attracting retirees and second-home buyers. Focus on enhancing and marketing these features (which benefit all residents) rather than offering financial incentives to attract retirees.
- B. Support the growth of senior services in Homer; e.g., the programs and facilities of Homer Senior Citizens, Inc. and geriatric health services.
- C. Support efforts that result in vacation travel by seniors to Homer—e.g., through Elderhostel programs or on cruise ships—and seek to create a positive first impression for these visitors to help plant the idea of Homer as a place to retire or purchase a second home.

**Government**

Local, borough, state, and federal government offices and agencies represent a major economic sector in Homer. Looking at state and federal government only, we see the following listed as having offices/operations in Homer:<sup>24</sup>

STATE	FEDERAL
Court System	U.S. Dept. of Agriculture
Fish & Game, including Kachemak Bay National Estuarine Research Reserve	National Marine Fisheries Service
Health and Social Services (several programs)	National Oceanic and Atmospheric Administration
Dept. of Labor (Homer Job Center)	U.S. Coast Guard
Alaska Housing Finance Corp.	U.S. Fish & Wildlife – Alaska Maritime National Wildlife Refuge
Legislative Affairs	U.S. Dept. of the Interior – Indian Affairs
Division of Motor Vehicles	Post Office
Dept. of Natural Resources	Federal Aviation Administration
Alaska Marine Highway	
Homer Airport	
University of Alaska, Kenai Peninsula College, Kachemak Bay Branch	



The Alaska Islands and Ocean Visitor Center serves as headquarters for the Kachemak Bay Research Reserve (a program of the Alaska Department of Fish and Game and the National Oceanic and Atmospheric Administration) and the Alaska Maritime National Wildlife Refuge (part of the U.S. Fish and Wildlife Service). More than 40 people work at the Center, which is also a major tourist destination, attracting 70,000 visitors per year.

Native tribes can also be considered governments. Seldovia Village Tribe and Chugachmiut operate facilities in Homer. Public school teachers are employees of the Kenai Peninsula Borough.

<sup>24</sup> 2010 ACS Yellow Pages, Kenai Peninsula, Government Offices section

In the 2000 Census, 16.9 percent of individuals working in Homer were classified as “government workers.” Many are professionals with college degrees. It can be assumed that their wages, when spent locally, make a significant contribution to the local economy. Other financial benefits come from leased office space, moorage fees, money spent locally on procurement, etc.

The following are general recommendations for maximizing the contributions of government as an economic sector in Homer:

- A. Advocate for expansion of borough, state, federal, and tribal government offices and programs in Homer, as appropriate. (Growth for the sake of growth is not justified.)
- B. Seek to understand the needs of government agencies in Homer and work cooperatively to ensure those needs are met for the mutual benefit of the agencies and the community. Be proactive in recognizing and addressing potential problems.
- C. Respond to requests for letters and resolutions of support by government agencies seeking funding for programs and facilities.
- D. Take advantage of opportunities for networking and collaboration to help foster positive relationships with representatives of government agencies.

## DOWNTOWN VITALIZATION

Homer's first Comprehensive Development Plan (1969) includes this sentence on the first page:

*"This plan outlines objectives for future development, emphasizing the need for a strong centralized downtown and the development of a road system that will encourage the economies of centralization, while providing a bypass route for industrial traffic."*

More than 40 years later, Homer still lacks a strong centralized downtown. This is why the term "vitalization" is used in the section heading above, rather than "revitalization."

"Downtown" is a commonly used word, but what does it mean? Most of us can easily conjure up an image of a vibrant downtown: lots of people on foot in a relatively small, densely developed area; lots of activity; a multitude of shopping and dining options. People walk right by store and café windows and are enticed to go in. Outside, there are opportunities to sit on a park bench, drink a latte, and enjoy the view or people-watching. The best downtowns allow a mix of uses, including retail, office, and residential. Some include a central park, square, or commons.

Interestingly, Homer has many of the characteristics of a vibrant downtown in the area of the small boat harbor on the Homer Spit—at least in the summer. The Spit is characterized by park-and-walk activity and is a magnet for shopping and sightseeing, popular with locals and visitors alike. Can we create a downtown district in the heart of Homer with similar appeal, but with businesses open all year?

This, essentially, is the goal of the Homer Town Center Development Plan, approved by the City Council in April 2006. The plan presents a vision of a

### Some thoughts on "downtown"

**A dense urban center creates a critical mass of people, ideas, products and activities that promote growth and trade... Really good downtowns are congested. Stop worrying about it—pray for it.**

—Alan Jacobs, professor emeritus of city and regional planning, University of California, Berkeley

**Downtown is everyone's neighborhood and the heart of the city.**

—Bernard Lynch, City Manager, Lowell, MA

**Great downtowns fill cities with life, and succeed when people come first. If you plan cities for cars and traffic, you get cars and traffic. If you plan for people and places, you get people and places.**

—Fred Kent, Project for Public Spaces

**Our town looks like a dump! No pride of ownership. No sense of downtown.**

—respondent to City of Homer Citizen Survey, December 2002

**Pioneer Street looks like a crappy jumble of a town according to tourists I've talked to. It's too bad.**

—another respondent to City of Homer Citizen Survey, December 2002

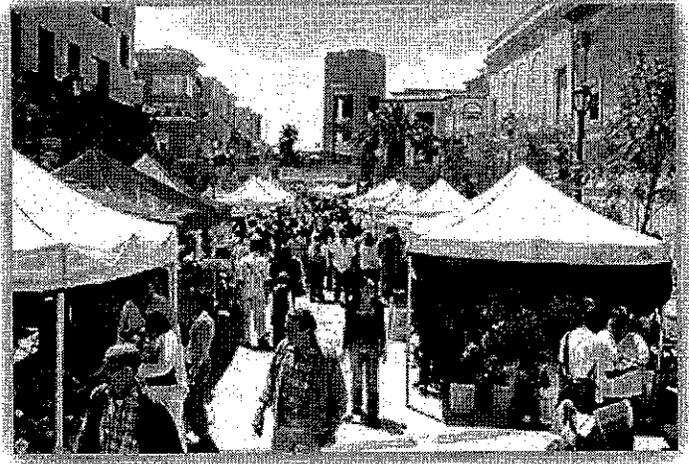
**Town Center will be a community focal point to provide for business development, instill a greater sense of pride in the downtown area, enhance mobility for all forms of transportation, and contribute to a higher quality of life.**

—from the Homer Town Center Development Plan, April 2006

“viable and vibrant Town Center” achieved through a mix of uses including commercial, residential, civic, and outdoor/open space. A 2003 study prepared by economist Steve Colt of the Institute of Social and Economic Research predicted that Town Center development, as envisioned at that time, would lead to 50% higher commercial taxable sales and 35% more revenue from property taxes in a 5-year period within the designated area, and that direct employment in the area would increase by about 33% over the same period.<sup>25</sup>



Downtown Ithaca, New York (population 30,000) includes a “commons” and other features that make it an attractive destination.



Public markets can create a strong draw to a downtown district, as seen here in Fruitvale, California.

Momentum for developing Homer’s Town Center stalled in 2008 after the defeat of a ballot proposition that would have authorized selling bonds for the purpose of building a new city hall and adjacent plaza (“town square”). This project was intended to serve as the civic anchor for Town Center, provide some of the roads, sidewalks, and utilities infrastructure, and thus help attract additional (private) development.

In light of the public rejection of a new city hall/town square, it is recommended that downtown vitalization include the following strategies:

- A. Complete master planning for the Town Center district.
  - 1. Identify preferred routes and design for new roads, trails, sidewalks, parking areas, and community open space. Consider the needs of RV drivers in parking plans.
  - 2. Work with landowners to accomplish land trades or lot line adjustments as needed for roads, trails, etc.
  - 3. Consider a public market as a primary anchor for Town Center development and include space for the market in the master plan. Work with Homer Farmers Market toward this goal.
- B. Emphasize connections to Pioneer Avenue, Main Street, and Old Town to help ensure that Town Center development benefits existing and future businesses in these areas.

<sup>25</sup> Steve Colt, “Fiscal and Economic Analysis of Homer Town Square Proposed Development Alternatives,” Institute of Social and Economic Research, University of Alaska Anchorage, April 10, 2003.

- C. Take steps to make Pioneer Avenue more appealing as a commercial district; e.g., through zoning changes and street improvements that encourage new businesses and help create a more attractive and pedestrian friendly corridor. Support similar improvements on Main Street and Bunnell Street.
- D. Seek funding from public and private sources to build the first roads, sidewalks, parking lots, and trails and provide utilities as outlined in the Town Center master plan. Establish a town square or commons to serve as the location for a public market and other events.
- E. Actively promote Town Center as a location for dense, attractive, mixed-use development in keeping with the overall vision for downtown vitalization.

### Jobs at the Heart and Soul of a Community

All vital cities showcase at least one multi-use destination – an interesting place where people can go for a variety of activities that involve more than shopping. A multi-use destination that is the heart and soul of a community can both create an identity and generate good jobs and economic growth for that city.

A classic example is Granville Island, a tiny (38 acre) patch of waterfront in Vancouver, Canada... It is the most visited destination in British Columbia but has one of the smallest budgets for tourism advertising of any Vancouver destination.

The economic anchor is the Granville Island Market which has 50 full time local vendors that sell from market stalls, including a variety of small eating establishments with many different ethnic foods, and 45 spaces for part time vendors. And there are no chains! About 3,000 people are employed on the Island and it generates over \$215 million in economic activity each year.

More than a picturesque, public-spirited, feel-good trend, markets are potent economic incubators. People go to markets not only because they can buy the fresh food they need at a price they can afford but also because markets are sociable, fun places that make for a rewarding experience.

People often think of these spots as tourist havens, with the usual low-pay, no-future tourist jobs. But a closer look shows that tourists are not the primary force behind the economic success of these places. At the Granville Island Market the highest-performing vendor is the meat market, which shows that it is a major attraction for locals. No one is going to take fresh pork chops home on the airplane or fry sausage in their hotel room. In fact, the market is busiest in the off-season when tourists are more scarce in rainy Vancouver.

—from "Putting Our Jobs Back in Place," Project for Public Spaces, pps.org

## **AN ORGANIZATIONAL STRUCTURE FOR ECONOMIC DEVELOPMENT**

Almost everyone in the Homer community supports the idea of economic development and most would agree that there is room for improvement in that arena in our community. What are the current barriers to making these improvements?

As with many ambitious initiatives, lack of money, lack of time, and lack of organizational focus contribute to lack of progress. This section of the CEDS is intended to address these issues.

### ***Existing structure***

The organizations currently working to promote economic development in Homer are primarily the City of Homer, Homer Chamber of Commerce, Small Business Development Center, Kenai Peninsula Economic Development District (KPEDD), the Kenai Peninsula Tourism Marketing Council (KPTMC).

The KPEDD is an Alaska Regional Development Organization with offices in Kenai. It manages a business incubator on site along with two revolving loan programs and has a contract with the Kenai Peninsula Borough to produce the Kenai Peninsula Comprehensive Economic Development Strategy. The EDD also sponsors annual or semi-annual forums during which economic development topics are presented. The EDD does little to promote individual communities.

Likewise, the Kenai Peninsula Tourism Marketing Council focuses on the entire peninsula. Tourism is the only economic sector that is promoted by KPTMC.

The Homer Chamber of Commerce (“the Chamber”) is a member-based organization whose mission is “to promote cooperative economic development that preserves the essence of the community while enhancing the quality of life.” The Chamber operates a visitor information center, produces an annual visitors guide, sponsors events such as the Homer Halibut Derby and Kachemak Bay Shorebird Festival, and in general works to promote Homer and support local businesses both to the resident population (as with its Buy Local campaign) and to potential visitors. While the Chamber’s structure includes an Economic Development Committee, the all-volunteer nature of the committee and lack of funding limits what it can accomplish.

The Small Business Development Center, housed within the Chamber of Commerce, provides valuable services but, as discussed on p. 12 of this plan, its mission is limited and it is not equipped to take on a larger role.

The City of Homer does not have an economic development department or division. Among its advisory bodies is an Economic Development Commission which has existed off and on since 1993. The commission is currently staffed by the Special Projects Coordinator who has many other responsibilities and no real background in economic development. The City’s economic development activities mostly consist of support and fundraising for specific capital improvement projects aimed at upgrading or expanding public infrastructure and other facilities.

### ***Recommendations for a new structure***

- A. The City of Homer (as opposed to the Chamber of Commerce or a new independent organization) should provide the governing structure for an Office of Economic Development (OED).

While the City would continue to work closely with the Chamber of Commerce to promote Homer, it makes sense that local government should assume a broad economic development role which seeks to benefit the public at large and future generations. Clear lines of authority and an established budget process will facilitate creation and management of the OED.

- B. The geographic reach of the new economic development efforts should be the greater Homer area, to include Homer, Diamond Ridge, Kachemak City, and Fritz Creek.

While an argument could be made for limiting the reach to City of Homer boundaries only, this would greatly reduce the impact of the efforts and would ignore the reality that most of the people in the areas named above consider themselves part of the Homer community. The fact that the City of Homer already allows non-residents to serve on advisory bodies reflects this reality.

- C. The Office of Economic Development should be funded through a modest local bed tax.

While taxes are always a touchy subject, the fact is that the OED will not be effective without funding for a director of some sort and a budget for office expenses and program activities. The money has to come from somewhere. If it comes from existing City revenues, it would be at the expense of other City efforts.

Under state law (As 29.45.700), the Kenai Peninsula Borough could grant permission to the City of Homer to enact a local bed tax, without requiring a vote of the entire KPB electorate. Approval by voters in the affected area would still be needed to enact the tax, which could be dedicated to support the OED and, perhaps, other economic development efforts. (Some cities, for example, use bed tax revenues to finance construction and operation of conference center facilities. *See Tourism/Visitor Industry section.*)

How much revenue would a bed tax raise? If we assume that there are 1,000 rooms in the area's hotels and B&Bs, rented out for 100 nights per year at an average of \$150 per night,<sup>26</sup> a 4% bed tax would mean an extra \$6 per night per room. Multiply this by 100 nights = \$600. Multiply this by 1000 rooms = \$600,000 collected annually. Even after covering the costs of collecting the tax, this should be enough to fund an Office of Economic Development and cover the costs of a conference center—yet the local bed tax rate would be less than one-third of the national average of 12.6%.<sup>27</sup>

The location of the economic development function in a local government sends an important signal to existing and potential businesses as well as the local government's operating departments. For small local governments, it is common to find an economic development coordinator who works for the government's chief executive officer in a staff capacity... This person may be the single point of contact in the organization for handling requests for information about the community, undertaking staff work about tax incentives, and generally seeing that other local government departments are responsive to business needs.

—An Economic Development Toolbox, APA, p. 38.

<sup>26</sup> Estimate provided by Paul Dauphinais, Executive Director, Homer Chamber of Commerce.

<sup>27</sup> Reported by American Hotel and Lodging Association, June 2008.

Specific activities and programs of an Office of Economic Development might include:

- Serve as the primary point of contact for individuals seeking information on starting or relocating a business in Homer.
- Guide those seeking assistance to other appropriate resources, such as the Small Business Development Center, Planning and Public Works staff, the Chamber of Commerce, or the Kenai Peninsula Economic Development District.
- Serve as liaison with the Planning and Public Works departments to help business owners understand relevant City codes and navigate the permitting process as efficiently as possible.
- Maintain the Economic Development section of the City of Homer website.
- Provide staff support to the Economic Development Commission. Assist with updates of the Comprehensive Economic Development Strategy.
- Facilitate development of a local angel investing network.
- Serve on economic development related task forces and committees, as requested.
- Help coordinate local economic development forums and events.
- If a conference center is built as a City facility, market and manage the facility for maximum community benefit.
- In general, work with other groups and individuals to identify and implement specific strategies for enhancing economic development in the Homer area.

## **CONCLUSION**

Homer is fortunate to have earned a reputation for its beautiful setting, abundance of outdoor recreation activities, arts and culture, and unique small town charm. The economy is also reasonably diversified and healthy. However, as Homer grows, it would benefit from more focused attention on economic development to attract and retain the types of enterprises that provide good jobs and contribute to the overall vibrancy and long-term well-being of the community. This plan provides concrete recommendations which build on Homer's existing assets and, if implemented, will promote business and commerce while preserving and enhancing the quality-of-life characteristics that are so valued by residents and visitors.

# NEW SECTION

## IMPLEMENTATION PLAN

Successful implementation of the CEDS will depend on a collaboration of local government with members of Homer's business and non-profit communities. Many activities will be ongoing in nature. Others will set the stage for additional progress.

STRATEGY	RESPONSIBILITIES
<b>"BIGGER PICTURE" FACTORS</b>	
<b>LOCAL GOVERNMENT POLICIES &amp; SERVICES</b>	
Goal: Local government will provide quality basic services and infrastructure needed to support and encourage private sector economic activity for the benefit of current and future generations.	
A: Utilize land use policies and other regulations to serve the overall public interest without unduly restricting development.	Planning Dept., Port & Harbor Dept., Public Works Dept.
1. Process permit and lease applications more efficiently/quickly.	
2. Project "How can we help you?" attitude in permitting process.	
3. Review policies and practices at least every 5 years.	
B. Provide high-quality public services and infrastructure.	
1. Maximize outside investment in City infrastructure to reduce burden on local taxpayers.	City Manager's Office, Public Works Dept., Port & Harbor Dept.
2. Make maintenance of infrastructure a priority.	City Council
3. Support "quality of life" through City services and infrastructure.	City Council
<b>QUALITY-OF-LIFE FACTORS</b>	
Goals include enhancing /protecting Homer's visual impact, arts and culture scene, educational opportunities, ease of transportation including walking and biking, recreation and fitness opportunities, health services, festivals and special events, and vitality of the downtown district.	City Council and all departments, in collaboration with other community groups.
<b>AFFORDABLE HOUSING</b>	
Goal: Assess options to meet current and future needs for affordable housing.	
A. Form task force to assess current housing supply, identify needs and barriers, evaluate options, and make recommendations.	City Council/Kenai Peninsula Housing Initiatives
<b>A SKILLED, EDUCATED WORKFORCE</b>	
Goal: Ensure quality life-long learning opportunities in Homer.	
A. Support quality public school programs.	City Council
1. Advocate for vocational/technical programs and basic skills classes as well as college-preparatory curricula.	
2. Support efforts to provide students with hands-on learning experiences.	
B. Support growth of UAA-KPC-Kachemak Bay Campus.	City Council
1. Support efforts to market Homer as a place to go to college.	

2. Support KBC goals aimed at expanding the campus with new buildings and facilities.	
3. Support the development of student housing.	
4. Support the development of new college programs to meet existing needs and likely areas of future job growth.	
C. Advocate for new vocational/technical training programs and centers in or near Homer.	City Council
1. Support Homer as the location for a Maritime Academy.	
2. Support vocational/technical programs offered at the college, high school, Alaska Vocational/Technical Center, and private companies or non-profit organizations	
D. Provide and protect the quality-of-life attributes known to attract skilled workers.	City Council and all departments in collaboration with other community groups
<b>TECHNICAL AND FINANCIAL ASSISTANCE FOR BUSINESS OWNERS</b>	
Goal: Improve chances of success for local entrepreneurs seeking to start or expand a business.	
A. Continue to support the Small Business Development Center housed at the Chamber of Commerce.	City Council
B. Support development of a new program aimed at helping entrepreneurs identify and secure needed capital.	Chamber of Commerce, City of Homer Economic Development Coordinator <sup>28</sup>
C. Support development of a program to provide mentoring and other networking opportunities for local entrepreneurs.	Chamber of Commerce, Economic Development Coordinator
<b>THE BIGGER WORLD</b>	
Goal: Help create a community that is resilient to adverse economic impacts related to such things as global financial crises, climate change, and escalating fossil fuel prices.	
A. Appoint a Local Food Commission to recommend and facilitate policies and programs designed to increase local agricultural production and consumption.	City Council
B. Continue to support development of renewable energy sources to help reduce dependence on fossil fuels.	City Council
C. Continue to work to bring natural gas to Homer.	City Council
D. Support Smart Growth principals such as mixed-use development, transportation options, and affordable housing.	City Council, Planning Commission, Planning Department
E. In development decisions, take into account possible future impacts of global greenhouse gas emissions such as sea level rise and ocean acidification, as well as potential positive effects such as longer, warmer growing seasons.	City Council, City departments
F. Support continued management of Alaska fisheries based on principles of sustainability.	City Council

<sup>28</sup> Economic Development Coordinator refers to a new position. See recommendations for "An Organizational Structure for Economic Development."

G. Support programs which help local business owners and homeowners improve energy efficiency in their buildings and facilities.	City Council
<b>ECONOMIC SECTORS</b>	
<b>COMMERCIAL FISHING AND MARICULTURE</b>	
Goal: Protect and enhance commercial fishing and mariculture as a key element in Homer's basic (export) economy.	
A. Support state/federal regulatory measures that help ensure sustainable fisheries.	City Council
1. Keep abreast of information related to fisheries health.	
2. Support regulatory proposals aimed at maintaining healthy populations and sustainable harvest levels.	
B. Provide and maintain infrastructure at the Port of Homer needed to support and grow the local fishing industry.	City Council, City Manager, Port & Harbor Director
1. Seek ways to either redefine "fish processing" at the state level or meet the current definition at the local level to help capture more of the fisheries taxes collected by the Alaska Dept. of Revenue.	
2. Continue to seek funding for expansion of the small boat harbor to make room for more commercial fishing vessels.	
C. Encourage development of the local seafood industry beyond traditional products and markets.	City of Homer Economic Development Coordinator, Small Business Development Center, Kenai Peninsula Economic Development District
D. Market Homer as a center for commercial fishing and quality seafood products.	Chamber of Commerce, industry groups, City Council
1. Develop and promote local product identification.	
2. Publicize the advantages of doing fisheries-related business in Homer.	
<b>GENERAL MARINE TRADES/PORT &amp; HARBOR DEVELOPMENT</b>	
Goal: Promote growth and vitality of the marine trades as an economic cluster in Homer.	
A. Utilize City lease policies to help ensure that property needed for marine businesses is available on the Homer Spit at reasonable terms.	City Council, City Manager, Lease Committee
B. Continue to seek funding for capital projects that will benefit the marine trades, such as Deep Water Dock expansion and expansion of the Small Boat Harbor.	City Council, Special Projects Coordinator, Port & Harbor Director
C. Promote Homer as the site for an Alaska Maritime Academy.	City Council
D. Encourage new businesses that will fill unmet needs within the marine trades cluster.	Economic Development Coordinator, Chamber of Commerce
E. Address parking problems on the Spit	City Council
F. Encourage overslope development through public/private partnership whereby the City of Homer will invest in the necessary platforms and pilings to support further development.	City Council

<b>TOURISM/VISITOR INDUSTRY</b>	
Goal: Increase the net benefits that tourism brings to Homer. <i>Note: The following objectives (A, B, and C) are taken from the Homer Comprehensive Plan, Economic Vitality Chapter. For more information including proposed strategies, see the Homer Comprehensive Plan, Chapter 8.</i>	
A. Invest in local infrastructure, parks, and civic improvements that will serve locals as well as visitors.	City Council
B. Support efforts to improve community attractions, including access to attractions and links between them.	City Council, Parks and Recreation Division, partner organizations such as Pratt Museum
C. Increase the net benefits that tourism brings to Homer. <i>The following strategy is one of those listed in the Homer Comprehensive Plan for achieving this objective: "Continue to explore the establishment of conference and convention capabilities in existing and/or new facilities."</i>	City Council, City Manager
1. (EDC recommendation): Pursue enactment of a modest local bed tax to support a conference center and other economic development activities.	
<b>ARTS AND THE CREATIVE CLASS</b>	
Goal: Continue to attract artists and other members of the creative class to Homer and maximize economic benefit to the community.	
A. Work to enhance and protect the quality of life factors that make Homer attractive to artists and other creative people.	City Council
B. Support public art above and beyond the existing 1% for Arts ordinance.	City Council and all departments, in collaboration with other community groups and businesses.
1. Commission public art for existing parks, buildings, streets/sidewalks, and other facilities.	
2. Provide spaces, permanent and temporary, for art installations and music/performance art events.	
C. Publicly recognize the value of art in our lives and in our community.	City Council, Chamber of Commerce, other organizations
D. Support arts education in the public schools and elsewhere.	Kenai Peninsula Borough School District, City of Homer
E. Partner with local arts organizations and businesses to promote art in the community.	City Council, Chamber of Commerce
<b>HEALTH, WELLNESS, AND RECREATION</b>	
Goal: Enhance the economic benefits to Homer from health, wellness, and recreation programs and providers.	
A. Support efforts to provide modern technology in the health care sector; e.g., at South Peninsula Hospital.	South Peninsula Hospital, City Council
B. Support local job training programs in the health care field.	City Council, UAA-KPC-Kachemak Bay Campus

C. Seek to attract medical specialists in areas where there is unmet need.	Medical community, social service agencies
D. Support growth of services to meet the needs of senior citizens.	Homer Senior Citizens, other social service agencies, City Council
E. Support necessary steps to comply with federal health care reform mandates at the local level.	South Peninsula Hospital, other health providers, City Council
F. Publicize Homer's many health care and wellness options through a directory of local health and wellness services.	Chamber of Commerce, Economic Development Coordinator
G. Expand and improve the City of Homer's Parks and Recreation Program.	City Council, Parks and Recreation Commission, Community Recreation Coordinator
1. Complete a community recreation needs assessment.	
2. Investigate successful models from other towns.	
3. Develop a community parks and recreation master plan that describes program elements, staffing needs, and potential funding sources.	
4. Seek funding from multiple sources for the Parks and Recreation Program.	
<b>EDUCATION</b>	
Goal: Enhance economic development in Homer through the education sector.	
A. Support early childhood education programs in Homer.	City Council
B. Support adequate funding for Kenai Peninsula School District operations in Homer, with an expansion of vocational-technical education.	City Council
C. Support goals of the Kachemak Bay Campus of UAA-KPC including expansion of the campus and provision of student housing.	City Council
D. Support expansion of educational programs to take advantage of emerging economic opportunities and/or to capitalize on Homer's existing strengths and assets, such as interest in sustainability, proximity to ocean resources, and arts/culture.	City Council, local college, local arts organizations and other non-profits
<b>THREE BROAD SECTORS: CONSTRUCTION &amp; MANUFACTURING, RETAIL, SERVICES</b>	
Goal: Increase the contribution these sectors make to Homer's overall economic health.	
A. Encourage enterprises that will provide jobs and other economic benefits without serious negative side effects.	City Council, Economic Development Commission, Economic Development Coordinator, Chamber of Commerce
B. Encourage value-added manufacturing to maximize local resources and provide products for export.	City Council, Economic Development Commission, Economic Development Coordinator, Chamber of Commerce
C. Convey a "How can we help you?" attitude to assist prospective business owners and those seeking to expand existing businesses.	City Council, Planning Commission, Planning Department
1. Utilize zoning to ensure adequate land for different needs and publicize available land zoned for different purposes.	

2. Improve the permitting process to clearly communicate requirements and reduce time and frustration for applicants.	
3. Publicize resources provided by other organizations that can assist local business owners.	
<b>HIGH TECH/INTERNET BUSINESSES</b>	
Goal: Support the growth of the high tech sector in Homer, including Internet-based businesses.	
A. Support technical upgrades that benefit individuals and businesses who utilize these services extensively; e.g., high speed broadband Internet, improved cell phone service, and wireless connectivity.	City Council, Economic Development Coordinator, Chamber of Commerce
B. Market Homer's quality of life factors and suitability for high-tech/Internet-based operations.	City Council, Economic Development Coordinator, Chamber of Commerce
C. Support training opportunities for skill development in computer-related fields, including Internet-based commerce.	UAA-KPC-Kachemak Bay Campus, local high schools
<b>TRANSPORTATION AND WAREHOUSING</b>	
Goal: Increase the role of transportation and warehousing in Homer's economy.	
A. Improve and expand Homer's Port and Harbor facilities, including expansion of the Deep Water Dock and construction of the proposed East Boat Harbor.	City Council, City Manager, Port and Harbor Dept.
B. Utilize lease policies to simultaneously benefit the broader community and individual business owners.	City Council, City Manager, Lease Committee
C. Market Homer to attract new transportation-related businesses.	City Council, Chamber of Commerce
D. Improve and expand Homer's overall transportation network in keeping with the goals of the Homer Comprehensive Plan, Transportation Plan, and Non-Motorized Transportation and Trail Plan.	City Council, Planning Commission, Planning Dept., Public Works Dept.
E. Support the development of a rail line connecting Homer to Anchorage.	City Council
<b>AGRICULTURE</b>	
Goal: Support expansion of local agricultural enterprises in the Homer area.	
A. Provide the Homer Farmers Market with a permanent location; e.g., in the proposed Town Center.	City Council
B. Advocate for a USDA-approved meat processing facility on the southern Kenai Peninsula.	City Council, Homer Farmers Market
C. Support construction of a community cold storage/freezer facility.	City Council, Homer Farmers Market
D. Support development of a "kitchen incubator" that provides food producers and processors in start-up and growth phases with access to technical assistance and shared facilities.	City Council, Homer Farmers Market

E. Build a new greenhouse for the City to use and donate existing greenhouses to Homer High School for use in a full year-long agriculture curriculum.	City Council, Kenai Peninsula Borough School District
F. Support efforts to encourage local food production, connect local farmers with markets, and publicize the benefits of “eating local.”	Homer Farmers Market, Sustainable Homer, City Council, Chamber of Commerce
G. Consider land use and/or tax incentives to take full advantage of the fact that the Homer bench is an extremely valuable agricultural microclimate.	City Council
H. Establish a program whereby City crews and equipment will assist in turning lawns into garden plots, at either no or low cost to property owners.	City Council, Public Works Dept.
I. Eliminate the City sales tax on locally grown non-prepared food.	City Council
J. Support changes in borough tax policy to classify greenhouses as “agricultural.”	City Council
K. Network and collaborate with University of Alaska-Fairbanks and Cooperative Extension Service personnel regarding research and funding opportunities.	Homer Farmers Market, City Council
L. Establish a Local Food Commission to further develop goals and strategies related to local agriculture/sustainability and facilitate achievement of the goals.	City Council
<b>RETIREES AND SECOND-HOME RESIDENTS</b>	
Goal: Maximize the benefits of retirees and second-home residents to the local economy.	
A. Focus on enhancing and marketing quality of life factors rather than offering financial incentives to attract retirees.	City Council
B. Support the growth of senior services in Homer, including health services.	Homer Senior Citizens, South Peninsula Hospital, and other health and social service agencies
C. Support efforts that result in vacation travel by seniors to Homer and seek to create a positive first impression for these visitors.	City Council, Chamber of Commerce
<b>GOVERNMENT</b>	
Goal: Without advocating unnecessary growth of government, maximize the contributions of government (especially borough, state, and federal) as an economic sector in Homer.	
A. Advocate for expansion of borough, state, federal, and tribal government offices and programs in Homer, as appropriate.	City Council
B. Seek to understand the needs of government agencies in Homer and work cooperatively to ensure those needs are met.	City Council
C. Respond to requests for letters and resolutions of support by government agencies, as appropriate.	City Council, City Manager
D. Take advantage of opportunities for networking and collaboration to help foster positive relationships with representatives of government agencies.	City Council, City departments

<b>DOWNTOWN VITALIZATION</b>	
Goal: Enhance downtown Homer as a magnet for business development, a destination for residents and visitors, and a recognized asset contributing to Homer's quality of life.	
A. Complete master planning for the Town Center district.	City Council, possibly working with task force
1. Identify preferred routes and design for new roads, trails, sidewalks, parking areas, and community open space.	
2. Work with landowners to accomplish land trades or lot lines adjustments as needed.	
3. Consider a public market as a primary anchor for Town Center development and include space for the market in the master plan. Work with Homer Farmers Market toward this goal.	
B. Emphasize connections to Pioneer Avenue, Main Street, and Old Town to help ensure that Town Center development benefits existing and future businesses in these areas.	City Council, Planning Department, Public Works Department
C. Take steps to make Pioneer Avenue more appealing as a commercial district. Support similar improvements on Main Street and Bunnell Street.	City Council, Planning Department, Chamber of Commerce
D. Seek funding from public and private sources to build the first roads, sidewalks, parking lots, and trails and provide utilities as outlined in the Town Center master plan.	City Council, City Manager, Special Projects Coordinator
E. Actively promote Town Center as a location for dense, attractive, mixed-use development.	City Council, Economic Development Coordinator, Chamber of Commerce
<b>AN ORGANIZATIONAL STRUCTURE FOR ECONOMIC DEVELOPMENT</b>	
Goal: Greatly increase the chances that other goals in this plan will be accomplished by providing funding and staffing for an economic development office.	
A. Seek permission from the Kenai Peninsula Borough and from voters to enact a modest local bed tax to provide a revenue stream to support economic development activities, possibly including construction and operation of a conference center.	City Council
B. Establish the economic development office as a City division (or initially, a single full-time position).	City Council
C. Establish the geographic reach of the new program as the greater Homer area, to include Homer, Diamond Ridge, Kachemak City, and Fritz Creek.	City Council

**CITY OF HOMER  
HOMER, ALASKA**

Zak

**RESOLUTION 10-86(A)**

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, DIRECTING THE ECONOMIC DEVELOPMENT ADVISORY COMMISSION (EDC) TO CONSIDER OPTIONS FOR THE REUSE OF THE OLD HOMER INTERMEDIATE SCHOOL.

WHEREAS, The Old Homer Intermediate School property is owned by the City of Homer and is presently occupied by the Kenai Peninsula College, Kachemak Bay Campus, and the Homer Boys and Girls Club; and

WHEREAS, It is anticipated that both occupants of the facility will vacate it as early as the end of January, 2011 and not later than July 1, 2011; and

WHEREAS, It is in the City's interest to plan now for the future use of the property and the Council has discussed the potential benefits of forming a reuse task force to explore possible options.

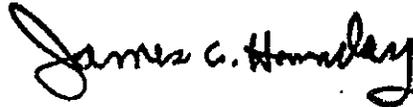
NOW, THEREFORE, BE IT RESOLVED that the Homer City Council directs the EDC to explore options regarding future uses of the property within the scope of the property use restrictions.

BE IT FURTHER RESOLVED that the duties of the EDC shall include advising the City Manager and the City Council on future reuse options with emphasis on cost benefit analysis and potential social and economic benefits to the community at large.

BE IT FURTHER RESOLVED that the EDC shall make a final report with recommendations to the City Council prior to January 31, 2011.

PASSED AND ADOPTED by the Homer City Council this 25<sup>th</sup> day of October, 2010.

CITY OF HOMER



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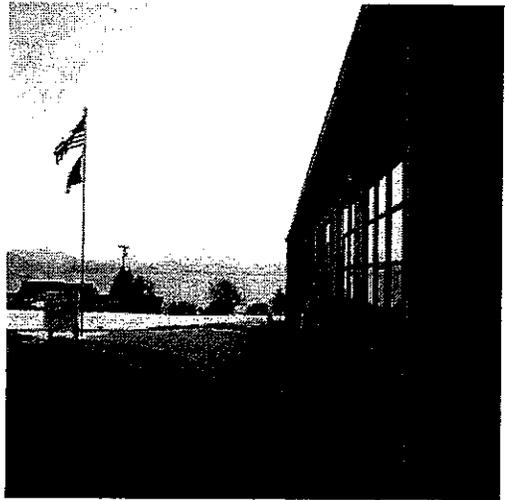
JAMES C. HORNADAY, MAYOR

ATTEST:

  
JO JOHNSON, CMC, CITY CLERK

Fiscal Note: Staff time.

**Homer Secondary School  
Condition Overview**



ECI/Hyer, Inc.  
April 3, 2007

### **Acknowledgements**

**Architectural Review:**

ECI/Hyer, Inc.  
101 West Benson Blvd  
Anchorage, AK 99503  
907-561-5543

**Structural Review:**

Wm. J. Nelson & Associates  
155 Bidarka St.  
Kenai, Alaska 99611  
907-283-3583

**Mechanical/Electrical Systems Review:**

Richard S. Armstrong, PE, LLC  
2321 Merrill Field Drive C-6  
Anchorage, AK 99501  
907-222-3000

### **Executive Summary**

On February 26, 2007 a team of architects and engineers visited the old Homer Secondary School. The purpose of the visit was to assess the general condition of the building and determine what upgrades would be required to convert the building to house City government functions.

The building currently provides classroom and office space to the Kachemak Campus of the University of Alaska and to the Homer Boys and Girls Club. As-built drawings for the building, provided by the City of Homer, were reviewed to determine the type of systems present in the building. These were confirmed, in part, by a field visit to the facility. Conclusions and recommendations included in this report are contingent upon limited investigation.

In general, it was determined that renovations and upgrades needed to make the old School an appropriate location for Civic Offices and an Assembly Hall would be approximately the same as construction of a new building on a site with reasonably good soils. Total project cost for upgrades is estimated at \$478 per square foot in 2007 dollars (corresponding to a construction cost of \$359 per square foot). Please refer to the cost analysis included at the end of this report.

It should be noted that the existing facility provides an excellent home for the Boys and Girls Club, and the classrooms on the upper level function very well as classrooms. The costs of relocating these functions should be taken into consideration when determining the future of the building.

## Introduction

Originally constructed in 1956 as the Homer High School, the two-story structure is located at the corner of Pioneer Avenue and Stirling Highway. Neighboring land is occupied by the middle school, a veterinary clinic, a hotel and other small businesses.

Since approximately 1998 the upper level has been occupied by an extension of the Kachemak Bay Campus of the Kenai Peninsula College. The lower level is occupied by the Homer Clubhouse, a program administered by the Boys and Girls Club of the Kenai Peninsula.

## Exterior Enclosure

The exterior wall and window assemblies appear to be original.

Windows are wood-framed with ½" insulating units consisting of 2 layers of 1/8" glass separated by a ¼" airspace. Operable lower and upper windows are provided at classrooms, most of which appear to be functioning.

The typical exterior wall assembly is comprised of the following layers:

- heavy-gage galvanized/painted metal siding (composite siding with battens surrounding major areas of glazing)
- kraft paper
- 5/8" plywood sheathing
- 2x6 wood studs at 16" o.c. (2x8 wood studs at gymnasium)
- 2" batt insulation
- vapor retarder
- ½" finish plywood or marlite sheathing

The typical low-slope roof assembly is comprised of the following layers:

- built-up roof membrane
- 2" rigid insulation
- vapor retarder (assumed to be present but not confirmed)
- tongue-and-groove decking
- structural members (glulams at classroom areas and long-span steel joists at gym)

In general the exterior enclosure is in very good condition considering its age. The roof membrane appears to be due for refurbishment, but we were not made aware of any roof leaks and none were immediately evident. The primary concern with the roof is a lack of overflow drains. Under current code requirements overflow drains are required to prevent overloading the roof structure in case of drain blockage. Considerable amounts of water could potentially build up on the roof if the roof drain system were to fail. This would add significant stress to the roof structure.

The metal siding has been dented in multiple locations, particularly at the south side of the building, but appears to be performing well in terms of weather protection for the building. Paint is beginning to chip and peel off the siding in multiple locations, particularly at the base of walls and where damage has occurred. This situation is most prevalent along the eastern wall base where soil and lawn is up against the material. In general the paint is tired and faded. The composite siding also appears to be in good condition, but is in need of a coat of paint.

Concrete retaining walls are present along several portions of the building. In discussions with City staff, we learned that these walls have been the source of moisture migration into the first level of the building, particularly along the east wall where the water service enters the building and along the north wall of the lower level classroom. The adjacent grade slopes towards both of these locations causing ponding during break-up.

While the exterior enclosure is in surprisingly good condition, it performs very poorly in terms of energy efficiency. Existing insulation in exterior stud walls can be expected to provide an overall R-value of no more than R-5. Insulation at the roof can be expected to provide an overall R-value of no more than R-7, assuming the insulation has retained some of its original thermal properties. The national energy code recommends a minimum value of R-13 at walls and R-15 at roofs for wood framed commercial structures in our region. The existing windows can be expected to allow more than twice the heat loss and three times the solar gain of modern glazed units. Making matters worse, cantilevered roof decking along the entire building perimeter creates a continuous thermal bridge at the eave level. Considerable heat loss is likely at this location.

#### **Interior Finishes**

In general, interior finishes are in very good condition. A large number of wall finishes are original including plywood wall cladding and wood doors in all classroom areas. Flooring and a number of common space wall finishes were upgraded when the Kachemak Bay Campus moved into the building approximately eight years ago. Wood windows are showing deterioration in some locations but are in surprisingly good condition considering their age.

Asbestos containing materials were not specifically identified, but should be anticipated throughout the building due to its age. Materials of concern may include flooring and other adhesives, resilient floor tiles that may be present under newer carpet and sheet vinyl, wall joint compounds, mechanical insulation, roofing materials, and other areas to be determined. A complete hazmat survey is recommended before any major renovations are undertaken.

#### **Structural: Existing Conditions**

The building consists of three distinct structural areas: The Classroom Wing; the Central Core and the Gymnasium.

##### Classroom Wing Structural Systems

The one story classroom wing measures approximately 99 feet x 63 feet. The structure is of wood construction with a concrete slab on grade floor and poured concrete foundation walls on continuous concrete footings. Gravity loads, including snow load and building dead load are supported by perimeter and interior post and beams and interior bearing walls. The roof is sheathed with structural tongue and groove planks applied diagonally to the roof beams. Beam spans and column grids vary from 24 feet to 36 feet along the longitudinal axis of the classroom wing. The beam span and column grid coincide with the original classroom partition walls, although subsequent remodeling of a portion of the classroom area has resulted in the construction of additional non-bearing partition walls. Beams are spaced at approximately 8 feet on center.

Two interior bearing walls, with 2x6 studs spaced at 16" form the corridor along the building's central axis. The notes on the structural drawings state that lateral loads are transferred to braced interior partitions, although no bracing details for the partitions were found on the drawings. Section details for the walls indicate that the walls are sheathed with 5/8" gypsum wallboard. Plywood sheathing is not indicated for the interior corridor walls.

Non-bearing end walls are framed with 2x wood studs with plywood sheathing.

A concrete utilidor around the perimeter of the classroom wing provides access to under floor mechanical systems.

##### Central Core Structural Systems

The central core measures approximately 25 feet x 111 feet. A two story section of the central cores, measuring 63 feet x 25 feet aligns with the classroom wing and gymnasium. A one story section of the central core extends to the north approximately 48 feet. The central core structure consists of poured. Reinforced concrete walls with continuous concrete footings. The ground floor is a concrete slab on grade and is located one story below the main floor of the classroom addition. The second floor structure consists of steel bar joists with a steel deck sheathing and concrete topping slab. The steel joists are supported by the concrete bearing walls and steel beam headers.

##### Gymnasium Structural Systems

The gymnasium measures approximately 97 feet x 63 feet. The roof structure consists of steel joists spanning across the 63 foot dimension with nominal two inch thick tongue and groove plank sheathing. The steel joists are supported by 8x8 wood columns. The walls are formed by 2x8 wood studs spaced at 16" o/c and spanning full height from floor to roof deck. The perimeter columns and wall studs are supported on reinforced concrete foundation walls and continuous concrete footings.

The gymnasium structural floor consists of a concrete slab on grade. The finish floor is hardwood planks set on sleepers over the structural slab.

### **Structural: General Building Condition**

#### Roof Structure

The underside of the roof structure was observed at one location from the existing science lab in the classroom wing.

### **Structural: Loading**

Notes contained on the original drawings indicate the criteria used to design structural systems and are summarized as follows:

Floor Live Load (Classrooms/Offices):	50 psf
Floor Live Load: (Entrances/stairs)	100 psf
Design Snow Load:	30 psf
Wind Load:	30 psf
Seismic Coefficient:	C=0.133

#### Snow Loads

Ground snow loads have exceeded 30 psf during the life of the structure and will probably have and will continue to reach the current Homer design snow load of 50 psf. It is likely that the roof structure has not been subjected to loads in excess of the 30 psf design due to the unventilated 'hot roof' design of the thermal envelope. Poorly insulated hot roof systems typically lose enough heat to melt snow and to prevent accumulation of deep snow pack. Increasing the thermal resistance of the roof in order to reduce future energy costs would increase the effective snow load on the structure.

#### Floor Live Loads

The slab on grade in the gymnasium, classroom wing and ground floor of the central core would be adequate for proposed office use. The second floor of the central core area may be adequate for 50 psf office floor live load, although further investigation would be warranted to determine if the floor is capable of supporting the design live load plus a Code prescribed allowance of 20 psf for interior partitions.

#### Wind Loads

The 30 psf wind load used for design of the original building appear to be adequate to meet wind horizontal wind load requirements of 2003 IBC. Further investigation would be required to determine if the structure could meet current wind uplift requirements.

#### Seismic Loads

Seismic Loads are determined as the product of the building's dead weight plus a percentage of design snow load, multiplied by the seismic coefficient. Increased building dead load that would result from the addition of roof insulation, along with the increased design snow load and increased seismic coefficient would result in the structure being subjected to seismic loads significantly larger than assumed for the original design.

### **Structural: Potential Upgrade Requirements**

The increased snow load requirement and provision of an improved thermal envelope will result in the need to increase the structural capacity of the roof framing.

#### Class Room Wing

In the classroom area, this could be accomplished by either adding columns to shorten the span of existing beams, or by adding additional lines of beams and columns to reduce the tributary load area for existing beams or, by some combination of these two options. It may be necessary to provide additional lines of beams if the roof decking is incapable of supporting the increased snow load.

In either case, it would be necessary to cut the existing floor slab to provide additional footings under new columns or to increase the load carrying capacity of footings at existing columns.

New columns could most likely be located to coincide with new partitions required for the change of use from classroom space to office space. Existing suspended ceiling grids, lighting and wiring would need to be removed and replaced in order to add new beams.

The structural capacity of the roof diaphragm will need to be augmented by adding a layer of plywood sheathing over the existing tongue and groove sheathing. Existing roofing materials and roof insulation will need to be removed in order to apply the new plywood sheathing directly to the existing decking.

The shear capacity of the existing interior corridor bearing walls will need to be increased in order to handle the increased seismic loading. Gypsum wallboard will need to be removed in order to expose the wood framing and to apply plywood sheathing and seismic hold downs.

#### Central Core

The snow load capacity of the roof in the central core area will need to be increased. The most practical way to provide additional capacity may be to add a vaulted roof over the central core. The roof could be vaulted with wood trusses designed to span across the 25 foot dimension of the core. The trusses would be supported on existing concrete walls.

The lateral load shear capacity of the existing concrete walls is adequate, although the connection between the roof diaphragm and the walls may need to be strengthened to meet current codes.

#### Gymnasium

The load capacity of the gymnasium roof could be increased by adding a line of structural columns at midspan of the roof trusses. The truss bearing points would need to be reinforced and it would be necessary to either overlay the existing decking with another layer of diagonal decking to increase the snow load capacity. The new columns would be supported by new square concrete pad footings cut into the existing floor slab.

The lateral load capacity of the existing walls is probably adequate to meet current codes.

#### **Structural: Site Conditions**

The exterior grading around the school appears to be fine with the exception of the north wind of the central core area. This portion of the building is partially underground. Floor level at one side is at grade level and at the opposite side floor level is about 5 or 6 feet below grade. Reportedly, groundwater has leaked into the floor along the sub-grade wall in the past. The leak is probably the result of groundwater flowing down gradient and accumulating against the subgrade wall. The situation could be corrected by installing a sub surface drain along the wall and extending it to daylight in the drainage swale lying north of the building. The ground surface should also be regarded to direct surface water away from this area.

#### **Structural: Summary**

The old Homer High School could be converted to offices with the following upgrades:

1. Increased snow load will require structural upgrades to roof framing.  
Snow Load:            30psf-Original Design            50 psf Current City of Homer Code
2. Increased Seismic load requirements will require upgrades to interior shear walls in the classroom wing.  
Seismic Coefficient: C=0.133-Original Design            C=0.154- 2003 IBC
3. Diagonal T&G Roof Diaphragm may not provide adequate capacity to resist lateral loads.
4. Drawings refer to 'braced' interior shear walls but bracing is not detailed on the drawings. Interior shear walls will likely need to be reinforced with plywood sheathing to meet seismic requirements.
5. Site should be re-graded in wing area of central core to direct surface flow away from structure.
6. Subdrain should be installed on uphill side of 'wing' to intercept groundwater flow and direct it towards drainage swale.

### Mechanical systems

#### 1. Fire protection system

- a. Sprinkler system: There was no fire suppression system observed at the school. It is possible that the Fire Marshal could construe a requirement for fire suppression at the building because an A-3 occupancy over 12,000 SF requires fire suppression. The gym downstairs is an A-3 occupancy, and if a court room is put in the building, it too would be an A-3. The International Building Code defines civic administration as well as education occupancies beyond 12<sup>th</sup> grade as a B occupancy, so while the upstairs occupancy may not change occupancy classifications, the remodel may create a need for compliance with current code

#### 2. Fuel system

- a. Fuel tank: There is an above grade steel fuel tank in the rear of the building. The age and size of the tank are unknown, but the tank visually appears to be in good condition.

#### 3. Roof drains

- a. The roof is relatively flat, with a designed slope of 4" from the edge of the roof to the center. There is also a 3" cant strip edge around the perimeter, which could create a 7" deep pond (worse case in the center) if the main roof drains were to clog. The original design shows four main roof drains, with no overflow drains, all piped to a main 6" rain leader leaving the building with no relief drain. The IBC requires that overflow roof drains be installed with an inlet weir 2" above the main drain, but no overflow drains are installed. Either overflow drains with independent piping out of the building need to be installed, or structural calcs need to be prepared to show that the roof can support the total possible amount of water that can collect on the roof in the event of a blockage of the main roof drains.

#### 4. Heat generation

- a. The building is heated using a 1958 vintage cast iron boiler that was originally steam, but now is converted to a hydronic boiler. The interior of the boiler has some loose fire brick, but the unit appears in relatively good condition for its age. The useful life of the boiler has been exceeded, and so it is recommended that the boiler be replaced with a new, more energy efficient unit if the building is to remain in service for any length of time. The boiler most likely has asbestos insulation around the outside and asbestos rope between the castings.
- b. The condition of the boiler flue is unknown. It is recommended that a chimney expert be employed to examine the chimney to avoid a potential fire or blockage. As viewed from the outside, the masonry chimney has rust stains, indicating possible corrosion of the rebar in the concrete. This could have caused internal sloughing of concrete into the chimney, potentially blocking the flue.
- c. The burner for the boiler is in good condition, as it was apparently replaced at some point during the last 10 years. The burner is rated at 12 gallons per hour, and it appears to be sized adequately

to heat the building. Unless a city hall occupancy requires significantly more outside air ventilation, the boiler sizing should be adequate for an occupancy change.

**5. Heat distribution**

- a. There was a conversion from steam to hydronic around 1996 based on the age of the water heater. The conversion appears to be in good condition, with relatively new pumps, expansion tanks, and specialties. The age and condition of the piping within the building is unknown, however. According to the original plans, there is a perimeter utilidor under the floor that carries the heating piping around the edge of the building that can then be routed up to each classroom ventilator. We could not get access to the utilidor during the visit, so the condition of this area is unknown.

**6. System controls**

- a. The building heating and ventilation systems are controlled using the original pneumatic controls, with a upgraded compressor and air dryer. The upstairs classrooms are controlled using original or replacement pneumatic thermostats that are apparently still in operational condition. In order to achieve energy savings, a new direct digital control system should be considered.

**7. Combustion air**

- a. Combustion air for the boiler is ducted down directly from above the room into the mechanical room. The system appears to be adequate based on 50 years of performance, and no observed sooting in the boiler room.

**8. Cooling and Ventilation**

- a. Air handling: There are no air handlers in the building. Each of the classrooms is heated and ventilated using a Nesbitt classroom ventilator located under the windows. The device is designed to take outside air from below the unit at the outside wall, and duct air up into the bottom of the ventilator, where it can also be mixed with return air from the classroom itself using mixing dampers. When one enters the building, a musty smell is evident. This suggests that the classroom ventilators are not taking in any outside air, so the same room air is recirculating. While there are operable windows in the classrooms, it is not likely that they are opened or effective during cold, windy winter months. If the owner wishes to convert the classrooms to more of an office environment as expected in a city hall, than it is probable that the rooms will overheat due to the additional heat load generated by the electronic equipment typical of any office. The original construction, which appears to be still in place, has a design for fixed exhaust air coming out of each classroom totaling 4,525 CFM for all classrooms. The multipurpose room has an exhaust fan sized at 4,300 CFM. The toilet rooms exhaust 1,410 CFM, and the kitchen exhausted 1,900 CFM by design. The amount of actual exhaust air is unknown, although one of the exhaust fans was visited and it was operational. The system has been maintained amazingly well for its age, but it is not at all efficient.
- b. VAV option: If a more responsive centralized air handling system is desired, such that it can satisfy different and varying cooling loads to different spaces, than a medium pressure variable air volume (VAV) system should be considered. This type of system would require a more sophisticated control system, a new air handler and duct system, with VAV boxes for each space served that will vary the amount of cooling air depending on each space need. If this type of system is desired, than a split system air conditioner is also recommended, with the direct expansion compressor or chiller located outside. A reheat coil could be placed in each zone served, and the main supply air would be kept to 55 degrees (with a cold deck reset) with the amount of cooling air varied according to demand. Alternatively, separate unit ventilators could be installed at each space with cooling capability that would eliminate the need for a new ducted system centralized.

**9. Plumbing fixtures**

- a. Lavs: The restrooms are all equipped with china lay-in lavs that appear to be ADA compliant and in good condition. No changes are recommended for the lavs, except for replacement of the faucets with automatic closure, motion detector activated faucets that will save water. Metered

faucets are code required for occupancies serving a transient public, such as an airport, but they are not a code requirement for this or a city hall occupancy per UPC 402.4, so this is just a water saving suggestion.

- b. The urinals in the men's room appear to be in good condition, and would work well for present or future occupancies.
- c. Water closets: The toilets appear to be in good condition, and would work well for present or future occupancies. There is also an ADA unisex toilet room on the second floor that appears to be in good condition, and would work well for a city hall environment serving the public.
- d. Sinks; There is a three compartment sink in the old kitchen downstairs.

#### 10. Kitchen Facility

- a. Ranges: Ductwork in the old kitchen adjacent to the MPR has been capped off, and any ranges have been removed.
- b. Convection ovens: There remains only two convection ovens that are ducted to the existing ductwork. It appears that the facility once had a full commercial kitchen that has been removed now, and that no food preparation is presently being done with the possible exception of some heating of food in the convection ovens.

#### Electrical systems

##### 1. Electrical service

- a. Size: The original design requirement for the electrical service was 120/208 volts, three phase, and 800 amps capacity. This size of service should be adequate for both the existing occupancy as well as any planned conversion to a city hall.
- b. Age/condition: The main distribution panel is original equipment, as well as panels in the upstairs hallway. The main service should be replaced due to obsolesce and unreliability of the old service equipment.

##### 2. Power distribution

- a. Type: All power is distributed throughout the building through a main distribution panel.
- b. Condition: Power distribution that was visible is in conduit, and appears to be done professionally.
- c. Panels: Panels located in the boiler room are of a newer vintage than the remaining panels observed in the upstairs corridors. It is likely that parts are no longer available for the original electrical equipment, so all original panels should be replaced. It is not possible to determine the condition of the existing wiring, because the relative age of the wiring is not known. Original wiring is most likely at the end of its useful life and should be replaced, especially if the occupancy changes to a more energy intensive city hall environment.

##### 3. Electrical devices

- a. Interior outlets: The interior outlets appeared to be in good condition, although continuity and polarity testing was not done on the outlets to confirm proper wiring. The upstairs classrooms have had additional outlets installed, piped with surface conduit. With the additional receptacles, there are now four receptacles per classroom. This will not be adequate for a city hall office environment, so significant electrical upgrades will be necessary.

##### 4. Lighting systems

- a. Exterior Lighting: There are exterior lights on the front and sides of the building.
- b. Interior lighting: The classroom lighting, and hall lighting uses 4' T-12 fluorescent lamps, with magnetic ballasts. These fixtures can all be replaced with newer technology T-8 lamps with matching electronic ballasts. A lighting retrofit could save up to 50% of lighting energy is the proper ballast/lamp combination is selected. There is a definite opportunity for energy savings with a lighting upgrade, regardless of the intended occupancy.
- c. Light switching: Lights are switched off and on manually. Dual technology occupancy sensors can automatically shut off lighting in classrooms, restrooms, janitor closets, offices, and other places,

resulting in huge potential energy savings. Many of the classrooms were vacant during our visit, but most of the lights were on.

- d. Emergency egress lighting: The emergency egress lighting system needs to be checked when it is dark outside to determine if adequate light is available along the egress path. Also, current codes require that emergency egress lighting in places that require two exits (this is the case here) require that the lighting continues to the outside. This means that remote emergency heads need to be installed outside each exit as well as along the egress path.

#### 5. Signage

- a. Exit signs: There are a few exit signs, however there needs to be a survey of all signage, and an upgrade of the exit signs throughout the facility to bring it up to code. A person should be able to see two exit signs from any place he is standing.

# Office of the City Clerk

Jo Johnson, CMC, City Clerk  
Melissa Jacobsen, CMC, Deputy City Clerk II  
Renee Krause, CMC, Deputy City Clerk I



491 E. Pioneer Avenue  
Homer, Alaska 99603  
(907) 235-3130  
(907) 235-8121  
ext: 2224, 2226, or 2227  
Fax: (907) 235-3143  
Email: [clerk@ci.homer.ak.us](mailto:clerk@ci.homer.ak.us)

## MEMORANDUM

TO: COUNCIL'S ADVISORY BODIES  
FROM: JO JOHNSON, CMC, CITY CLERK  
DATE: OCTOBER 21, 2010  
SUBJECT: 2011 MEETING SCHEDULE

A handwritten signature in black ink, appearing to read "Jo Johnson", is written over the "FROM:" line of the memorandum.

Please review the 2011 meeting schedule and approve, making amendments if needed. The entire 2011 meeting schedule is included in the Draft Resolution. The Resolution will be presented to Council on December 13, 2010 for adoption.

You should prepare a memorandum indicating the action taken, or an excerpt of the minutes. Please return to the City Clerk prior to December 3, 2010.

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"WHERE THE LAND ENDS AND THE SEA BEGINS"

To access City Clerk's Home Page on the Internet: <http://clerk.ci.homer.ak.us>

**CITY OF HOMER  
HOMER, ALASKA**

City Clerk

**DRAFT RESOLUTION 10-XXX**

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, ESTABLISHING THE 2011 REGULAR MEETING SCHEDULE FOR THE CITY COUNCIL, ECONOMIC DEVELOPMENT ADVISORY COMMISSION, LIBRARY ADVISORY BOARD, PARKS AND RECREATION ADVISORY COMMISSION, ADVISORY PLANNING COMMISSION, PORT AND HARBOR ADVISORY COMMISSION, LEASE COMMITTEE, PERMANENT FUND COMMITTEE, PUBLIC ARTS COMMITTEE AND TRANSPORTATION ADVISORY COMMITTEE.

WHEREAS, Pursuant to Homer City Code Section 1.14.020, the City Council annually sets the schedule for regular and some special meetings, noting the dates, times and places of the City Council, Advisory Commissions, and the Library Advisory Board meetings; and

WHEREAS, The public is informed of such meetings through the kiosks located at Captain's Coffee, Harbormaster's Office, Redden Marine Services of Homer, and the City Clerk's Office, Clerk's Calendar on KBBI, the City Clerk's Home Page on the Internet, and postings at the Clerk's Office at City Hall, and the Public Library; and

WHEREAS, HCC 1.14.020 - 040 states that meetings may be advertised in a local paper of general circulation at least three days before the date of the meeting and that special meetings should be advertised in the same manner or may be broadcast by local radio at least twice a day for three consecutive days or two consecutive days before the day of the meeting plus the day of the meeting; and

WHEREAS, HCC 1.14.010 notes that the notice of meetings applies to the City Council and all commissions, boards, committees, subcommittees, task forces and any sub-unit of the foregoing public bodies of the City, whether meeting in a formal or informal meeting; that the failure to give the notice provided for under this chapter does not invalidate or otherwise affect any action or decision of a public body of the City; however, this sentence does not change the consequences of failing to give the minimum notice required under State Statute; that notice will ordinarily be given by the City Clerk; and that the presiding officer or the person or persons calling a meeting are responsible for notifying the City Clerk of meetings in sufficient time for the Clerk to publish notice in a newspaper of general circulation in the City; and

WHEREAS, This Resolution does not preclude additional meetings such as emergency meetings, special meetings, worksessions, and the like; and

WHEREAS, Council adopted Resolution 06-144 on October 9, 2006 establishing the Regular Meeting site for all bodies to be the City Hall Cowles Council Chambers.

NOW, THEREFORE, BE IT RESOLVED by the Homer City Council, that the 2011 meeting schedule is established for the City Council, Economic Development Advisory Commission, Library Advisory Board, Parks and Recreation Advisory Commission, Advisory Planning Commission, Port and Harbor Advisory Commission, Lease Committee, Permanent Fund Committee, Public Arts Committee and Transportation Advisory Committee of the City of Homer, Alaska, as follows:

Holidays - City Offices closed:

January 1*, New Year's Day, Saturday so will be observed on Friday, December 31, 2010	February 21*, Presidents' Day, the third Monday	March 28*, Seward's Day, last Monday	May 30*, Memorial Day, last Monday	July 4**, Independence Day, Monday	September 5*, Labor Day, first Monday
October 18*, Alaska Day, Tuesday	November 11*, Veterans Day, Friday	November 24* Thanksgiving Day, Thursday	November 25*, Friday, the day after Thanksgiving	December 25**, Christmas, Sunday so will be observed on Monday, December 26	

\*Indicates holidays - City offices closed.

\*\*If on a Sunday, the following Monday is observed as the legal holiday; if on a Saturday, the preceding Friday is observed as the legal holiday pursuant to the City of Homer Personnel Rules and Regulations.

CITY COUNCIL (CC)

January 10, 24	February 14, 28	March 14, 28	April 11, 25	May 9, 23****	June 13, 27
July 11**, 25	August 8, 22	September 12, 26	October 4 Election	October 10, 24, for Oath of Office, 17	Canvass Board October 7 or 10
November 1 Run- Off Election	November 14**, 28	December 12****	December 19***** if needed		

City Council's Regular Committee of the Whole Meetings at 5:00 p.m. to no later than 5:50 p.m. prior to every Regular Meeting which are held the second and fourth Monday of each month at 6:00 p.m. \*\*\* The City Council traditionally reschedules regular meetings that fall on holidays or High School Graduation days, for the following Tuesday. Council will not conduct a First Regular Meeting in July.

AML Annual Conference Week is tentatively scheduled for November 7 - 11, 2011.

\*\*There will be no First Regular Meeting in July or November.

\*\*\*\* The City Council traditionally cancels the last regular meeting in December and holds the first regular meeting and one to two Special Meetings as needed. Generally the second Special Meeting the third week of December, will not be held.

**ECONOMIC DEVELOPMENT ADVISORY COMMISSION (EDC)**

January 11	February 8	March 8	April 12	May 10	June 14
July 12	August 9	September 13	October 11	November 8	December 13

Economic Development Advisory Commission Regular Meetings are held on the Second Tuesday of each Month at 6:00 p.m.

**LIBRARY ADVISORY BOARD (LAB)**

January 4	February 1	March 1	April 5	May 3	June 7
July 5	August 2	September 6	October 4	November 1	December 6

Library Advisory Board Regular Meetings are held on the first Tuesday of each month at 6:00 p.m.

**PARKS AND RECREATION ADVISORY COMMISSION (P/R)**

January 20	March 17	May 19	June 16
July 21	August 18	September 15	November 17

Parks and Recreation Advisory Commission Regular Meetings are held on the third Thursday of the months of January, March, May, June, July, August, September, and November at 6:30 p.m.

**PLANNING COMMISSION (P/C)**

January 5, 19	February 2, 16	March 2, 16	April 6, 20	May 4, 18	June 1, 15
July 20**	August 3, 17	September 7, 21	October 5, 19	November 2, 16	December 7**

Advisory Planning Commission Regular Meetings are held on the first and third Wednesday of each month at 7:00 p.m. \*\*There will be no First Regular Meeting in July or Second Regular Meeting in December.

**PORT AND HARBOR ADVISORY COMMISSION (P/H)**

January 26	February 23	March 23	April 27	May 25	June 22
July 27	August 24	September 28	October 26	November 16	December 21

Port and Harbor Advisory Commission Regular Meetings are held on the fourth Wednesday of each month at 5:00 p.m. The Regular Meetings in the months of November and December are traditionally scheduled for the third Wednesday of the month.

LEASE COMMITTEE (LC)

January 13	April 14	July 14	October 13
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Lease Committee Regular Meetings are held quarterly on the second Thursday of each month at 3:00 p.m.

PERMANENT FUND COMMITTEE (PFC)

January 13	April 14	July 14	October 13
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Permanent Fund Committee Regular Meetings are held quarterly on the second Thursday of the month at 5:15 p.m.

PUBLIC ARTS COMMITTEE (PAC)

February 17	May 19	August 18	November 17
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Public Arts Committee Regular Meetings are held quarterly on the third Thursday of the months of February, May, August, and November at 11:00 a.m.

TRANSPORTATION ADVISORY COMMITTEE (TAC)

February 15	May 17	August 16	November 15
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Transportation Advisory Committee Regular Meetings are held quarterly on the third Tuesday of the months of February, May, August, and November at 5:30 p.m.

PASSED AND ADOPTED by the Homer City Council this \_\_\_\_\_ day of December, 2010.

CITY OF HOMER

\_\_\_\_\_  
JAMES C. HORNADAY, MAYOR

ATTEST:

\_\_\_\_\_  
JO JOHNSON, CMC, CITY CLERK

Fiscal Impact: Adverting of meetings in regular weekly meeting ad and advertising of any additional meetings.



**CITY OF HOMER  
CITY HALL**

**MEMORANDUM**

To: Mayor and Council  
Through: Walt Wrede, City Manager  
From: Economic Development Advisory Commission  
Date: October 13, 2010  
Subject: Recommendations regarding Ocean Drive

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At its meeting of October 11, the Economic Development Advisory Commission (EDC) approved a motion to recommend that the Homer City Council advocate for modifications to Ocean Drive to create a center turn lane and move the bike lane to the north side of the street. This modification will relieve traffic congestion, improve safety, and improve access to businesses along Ocean Drive.





## *City of Homer*

*City Manager*

*491 East Pioneer Avenue  
Homer, Alaska 99603  
907-235-8121, X-2222*

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*Fax: 907) 235-3148 E-mail: [wwrede@ci.homer.ak.us](mailto:wwrede@ci.homer.ak.us) Web Site: [www.ci.homer.ak.us](http://www.ci.homer.ak.us)*

### **MANAGER'S REPORT October 11, 2010**

#### **MEMORANDUM**

#### **FY 2011 DRAFT BUDGET SUMMARY**

**TO:** Mayor Hornaday and Homer City Council

**DATE:** October 4, 2010

This Memorandum contains an outline and summary of the Draft FY 2011 Operating Budget. The draft budget was placed in your mail boxes on October 4, 2010. The budget will be posted on line and will be available in hard copy for public review at the Clerk's office. The Council is scheduled to receive a full briefing on the budget at the Committee of the Whole meeting on October 11. There is a public hearing scheduled on the draft at the regular meeting the same night. The budget ordinance along with all of the associated resolutions is scheduled to be introduced at the regular meeting on October 25. At that point, the Council will be able to make amendments as it sees necessary and appropriate.

Following is a summary of the draft budget for the General Fund and the two Enterprise Funds.

#### ***General Fund***

At the regular meeting on September 27, I reported to the Council that revenues were projected to be down from 2010. The primary reasons for that included reduced property taxes, loss of rent for the old intermediate school, and a reduction in the special services contract with the Alaska State Troopers. In

addition, revenue from sales taxes did not appear to be up as some had predicted. This reduction in revenue coupled with an increase in some fixed costs created an initial budget deficit of approximately \$300,000 before equipment and personnel requests were considered. By meeting time, the deficit had been reduced to just over \$200,000 but much work remained to be done.

The draft budget before you is balanced in the sense that expenditures do not exceed revenues. We were able to balance the budget by making additional cuts, slightly adjusting revenues based upon new information, and minimally raising fees (airport parking and administration overhead). We were very fortunate this year that insurance costs went down significantly. Property, auto, and liability insurance costs were reduced by \$70,000 in the General Fund alone because each department participated in AML/JIA risk reduction training. We were also able to reduce the contribution to the internal service fund by close to \$90,000 because the fund balance has grown to a comfortable level. These are one time reductions though and likely cannot be repeated next year.

Following is a outline of where the cuts were made, significant budget highlights, and some thoughts about the future.

#### The Additional Cuts / Where Did They Come From?

- 5% cut on average to each department budget
- A reduction in the contribution to the Internal Service Fund (self insured health plan)
- Funding for two parks seasonal employee positions
- Funding for one seasonal beach patrol / parking enforcement aid
- Deeper cuts in training, travel, and professional services line items across the board
- Reduction in snow removal budget
- Cuts to Council travel, subsistence, lobbying, and training budgets
- A myriad of additional cuts to supplies, materials
- Additional cuts to overtime budgets

#### Anticipated Impacts

The budget reductions noted above may not be too noticeable to the general public in the short term but the impacts will be felt over time, especially when you consider that many of these same areas have been already cut substantially over the past two years. For example, this budget reduces training funds to levels that should concern us all. For the City to provide a high level of service, it must have highly trained and professional employees. Eliminating training options for the Police, Fire, and Public Works Departments in particular can lead to unwanted costs and consequences later on.

The two seasonal parks positions are responsible for a wide variety of things including cleaning bathrooms and collecting trash. This will mean that the work will be spread to other employees and a reduced level of service overall can be expected for parks maintenance, camp fee collection, landscaping and beautification projects (especially on Pioneer Ave.) and public education on beach policies. The loss of a seasonal parking aid will mean elimination of beach patrols and a reduced parking enforcement presence at a time when the City is considering taking over parking responsibility for the entire Spit. Cuts to professional services means that we will likely have to seek a separate budget ordinance every time we need a surveyor or an assessor in the course of conducting normal City business.

Cuts to overtime budgets do not mean that there is less work to do. It just means that employees will pile up more compensation time. Although that does not cost the City cash, it does lower productivity because employees spend less time in the office. This is a particular problem for Planning and the Clerk's office as the number of committees continues to expand. Finally, there is only so much that you can reduce material and supply budgets before employees cannot do their jobs. We are getting very close to that now.

### Draft Budget Highlights

- Operating Budget reduced by \$264,704 or about 2.8%
- No Employee COLA (2<sup>nd</sup> year in a row)
- No contributions to depreciation reserves
- No contributions to fleet reserves
- Vacant positions at Police, Fire, Public Works, Finance, and Clerks remain unfilled
- No vehicle or equipment purchases (with exception of a few computers, \$36,000 in fire department equipment, and new sliding glass doors at airport terminal)
- Fund Balance Grows very slightly
- 5% reduction in non-profit contribution

### Discussion

My goal in preparing the budget this year was to come up with a short term, transitional budget that would for the most part avoid additional service cutbacks and cause as little turmoil in the community as possible. The idea was to prepare a budget that would provide the Council and the community with a little breathing room to thoughtfully discuss the level of services it is willing to pay for going forward. I think this budget does that but it is not sustainable for long. My hope is that this budget and budget message will serve as a wake-up call and will lead to good community dialog without the pressure of an immediate budget axe hovering overhead.

Unless the economy rebounds significantly or new revenue sources are identified, the budget problem is likely to be worse next year. The City cannot continue to defer transfers to its depreciation accounts or investments in its infrastructure. Sooner or later, the bill will come due. Additional cuts can be made to employee compensation packages and staffing levels but they must be weighed against reduced productivity, lowered qualifications and skill sets, and deteriorating morale. We have basically reached the bottom when it comes to cuts in supplies, materials, training, travel, overtime, and other "low hanging fruit".

In short, the City can no longer simply "cut the fat". Staffing levels are about as low as they can go and still provide something that resembles the same level of service. We continue to look for ways to operate more efficiently (energy consumption and procurement for example) but there are limits to how far that can take you. Future budget reductions will necessarily include elimination of entire programs or services. The Council will have to consider structural changes that fundamentally change the level and type of services provided. In addition to eliminating programs and services, these changes may include some of the things we see taking place in the Lower 48 (and Anchorage for that matter) such as reduced hours of operations, furloughs, layoffs, and outsourcing some functions.

### ***Port and Harbor Enterprise Fund***

The Port and Harbor Enterprise Fund is in relatively good shape, at least with respect to the short term and this year's budget. The Port and Harbor has no outstanding debt with the exception of a small equipment loan. Revenues are projected to increase slightly next year and will increase by over \$100,000 if a recommendation to increase fees by 3% is approved. Operating expenses are down from last year by over \$100,000, mostly due to decreases in insurance costs. The draft budget proposes that \$500,000 be transferred to depreciation and fleet reserves.

The draft budget contains no new employees and no COLA for existing employees. The same reductions in contributions to the internal service fund were applied. No new vehicles are included except for a ½ ton pick-up for Port Maintenance. Fortunately, the Port and Harbor is in a position to make some targeted investments in its infrastructure. The draft budget contains \$160,000 in capital improvements that includes upgrades to the harbor tug, a crane rebuild on the Fish Dock, an electrical conduit overhaul on the Fish Dock, upgrades to the ice delivery system, and replacement of the Wiggins forklift.

### Discussion

As noted above, the Port and Harbor Enterprise Fund is in good shape overall, especially if the planning horizon is short term. However, the auditors have reminded us again this year that the fund needs to improve its cash balance situation and significantly enlarge its reserves. As many have noted, the port and harbor facilities are probably the most important economic engine we have in this community. The City should take a long term view in terms of investing in existing infrastructure there. The port and harbor contains upward of \$70 Million dollars of infrastructure but the City only has just over \$1 Million in reserves. Much of this infrastructure, such as the ice plant and the Fish Dock cranes is 25 years old. We have been trading water but not really maintaining and investing as we should. One large breakdown could wipe out the reserves in short order.

To that end, the administration is recommending a 3% increase in most fees. Fees have not been raised for several years and they remain low for the most part compared to other comparable harbors. The extra revenue would be used to grow the reserves and maintain the facilities that we have. Adequate reserves and a healthy revenue stream are also vital if bond sales or grant matching funds are needed in the future.

### ***Water and Sewer Fund***

As you know, the Council has decided to set water and sewer rates every other year at mid-year. Council will revisit the water and sewer budget and water and sewer rates later this spring. However, in the meantime, a water and sewer budget must be approved along with the rest of the operating budget so that operations can continue through the first part of FY 2011.

The Water and Sewer Enterprise Fund is in pretty good shape overall considering the fundamental problems it must overcome. Those problems include a very expensive and far flung infrastructure and relatively few customers to pay for it. The overall picture becomes more tenuous when debt is considered. Although debt payments are made by the Homer Accelerated Water and Sewer Program Fund, a separate fund supported by sales tax revenues, this still remains water and sewer debt and it is close to \$14 Million. When the two funds are combined, like the auditors like to do, the overall picture suggests caution and close monitoring.

This discussion is limited to the Water and Sewer Enterprise Fund. Total water and sewer fund

revenues were down this year and are projected to be down next year as well. The dip in revenues was mostly on the water side and it has been suggested that it is due in part to a very wet summer season and to conservation efforts on the part of consumers. The draft budget contains operating expenses that are essentially flat. There are no COLAs for employees and contributions to the internal service fund were reduced similar to the other funds. The budget contains no new employees, no new vehicles, and transfers \$500,000 into the reserves. The Water and Sewer Fund has just under \$4 Million in reserves. The draft budget contains sewer capital project funding for polymer feed equipment replacement and a bio-solids treatment feasibility study. The purpose of the study is to increase efficiency, reduce energy costs, and prepare for the day that the Borough closes the landfill.

### Discussion

Discussion this spring will likely center on several key topics:

- How do we promote in-filling, increase customers, and increase revenues so that the cost of maintenance and operations can be shouldered by more people?
- Should the Water and Sewer Enterprise Fund be subsidized in order to keep rates down? If so, how?
- Is the present fee schedule and cost apportionment between residential, commercial and bulk carrier classes fair and equitable? If not, how should it be adjusted?
- Are there ways to reduce costs we have not thought of yet?



**CITY OF HOMER  
HOMER, ALASKA**

Mayor/City Council

**RESOLUTION 10-78(A)**

A RESOLUTION OF THE HOMER CITY COUNCIL ADOPTING THE 2011-2016 CAPITAL IMPROVEMENT PLAN AND ESTABLISHING CAPITAL PROJECT LEGISLATIVE PRIORITIES FOR FISCAL YEAR 2012.

WHEREAS, A duly published hearing was held on September 27, 2010 in order to obtain public comments on capital improvement projects and legislative priorities; and

WHEREAS, It is the intent of the City Council to provide the Governor, the State Legislature, State agencies, the Alaska Congressional Delegation, and other potential funding sources with adequate information regarding the City's capital project funding needs.

NOW, THEREFORE BE IT RESOLVED by the City Council of Homer, Alaska, that the "City of Homer Capital Improvement Plan 2011-2016" is hereby adopted as the official 6-year capital improvement plan for the City of Homer.

BE IT FURTHER RESOLVED that the following capital improvement projects are identified as priorities for the FY 2012 State Legislative Request:

1. Sewer Treatment Plant Bio-solids Treatment Improvements
2. Skyline Fire Station
3. Harbor Float Replacement/Ramp 3 Gangway & Approach Replacement
4. Port & Harbor Building
5. Fire Engine 4 Refurbishment
6. Natural Gas Pipeline Anchor Point to Homer
7. Alternative Water Source
8. Deep Water Dock Expansion, Phase 1
9. Karen Hornaday Park Improvements, Phase 1
10. Homer Intersection Improvements
11. Deep Water Dock Upland Improvements
12. Mariner Park Improvements, Phase 1
13. Fishing Lagoon Improvements
14. Upgrade System 5: Vessel Shore Power and Water
15. Kachemak Bay Tidal Power Feasibility and Conceptual Design

BE IT FURTHER RESOLVED that projects for the FY 2012 Federal Legislative Request will be selected from this list.

BE IT FINALLY RESOLVED that the City Manager is hereby instructed to advise appropriate state and federal representatives and personnel of the City's FY 2012 capital project priorities and take appropriate steps to provide necessary background information.

PASSED AND ADOPTED by a duly constituted quorum of the City Council for the City of Homer on this 11<sup>th</sup> day of October, 2010.

CITY OF HOMER

  
\_\_\_\_\_  
MARY E. WYTHE, MAYOR PRO TEMPORE

  
ATTEST

  
\_\_\_\_\_  
JO JOHNSON, CMC, CITY CLERK

Fiscal Note: N/A

SECTION 4

**THE OPEN MEETINGS ACT AS IT  
APPLIES TO PLANNING COMMISSIONS**



## **I. WHAT IS THE PURPOSE BEHIND THE OPEN MEETINGS ACT?**

The Open Meetings Act (“OMA”), AS 44.62.310-312, mandates that meetings held by a governmental body be open to the public and properly noticed. The OMA is narrowly construed to prevent unnecessary executive sessions and exemptions from the Act. *See* AS 44.62.312. According to AS 44.62.312, while a governmental unit’s purpose is to “aid in the conduct of the people’s business,” this purpose does not result in a forfeiture of the people’s sovereignty or right to determine what information they can access. Further, the people have a right to be informed so that they have the power to “control ... the instruments they have created.” *See* AS 44.62.312.

## **II. HOW DOES THE OPEN MEETINGS ACT APPLY TO A PLANNING COMMISSION?**

The OMA applies to every “governmental body.” A “governmental body” includes “an assembly, council, board, commission, committee, or other similar body of a public entity” that has the authority to either develop policies and make decisions for a public entity or to advise or make recommendations to the public entity. The definition of “governmental body” includes subcommittee members and subordinate units of a governmental body with two or more members. Although both decision-making bodies and advisory bodies are included under the OMA, the repercussions for violations of the OMA differ depending on the nature of the body.

## **III. A BOARD’S QUASI-JUDICIAL V. LEGISLATIVE CAPACITY**

The first step in ensuring compliance with the OMA is being aware of when the Homer Advisory Planning Commission (“Commission”) is and when it is not subject to the OMA. The following types of functions performed by the Commission are *not* subject to the OMA: (1) meetings held to make a decision in its performance of a quasi-judicial function; (2) staff and/or employee meetings; and (3) national, state or regional membership organization meetings where no business of the Commission is discussed (commonly known as the “AML exception”). AS 44.62.310(d)(1), (6) and (7).

### **A. Quasi-Judicial Decision Meetings**

The Commission performs legislative as well as quasi-judicial functions. A function is “quasi-judicial” when it directly affects an individual or a small identifiable group in his/her or its private capacity rather than the community at large. *See Cabana v. Kenai Peninsula Borough*, 21 P.3d 833, 835-836 (Alaska 2001). The Commission may make quasi-judicial decisions that include, but are not limited to, whether or not to grant a variance or approve a conditional use permit or whether to uphold the City Planner’s denial of a zoning permit. While deliberations during a quasi-judicial

proceeding are not subject to the OMA, the meeting in which arguments are presented and evidence is introduced must still be conducted before the public.

## **B. Legislative Decisions and Application of the OMA to These Decisions**

When the Commission is called upon to institute or remark upon policy and procedure it is acting in its legislative capacity and is subject to the OMA. The Commission is acting legislatively when it conducts such acts as recommending changes to the Homer City Zoning Ordinance as authorized under HCC 1.76.050(a)(3), developing and/or revising a master plan for City development as authorized under HCC 1.76.030(a) or drafting an official city map under HCC 1.76.030(c). *See Friends of Cooper Landing v. Kenai Peninsula Borough*, 79 P.3d 643, 644 (Alaska 2003).

While it can be difficult to determine when the Commission is acting legislatively rather than quasi-judicially, a good rule of thumb is anytime it takes action for the community as a whole and not for or against a single individual or small group, the Commission is acting legislatively.

## **IV. WHAT IS A “MEETING?”**

Once you have determined that the Commission is acting legislatively and not deliberating in its quasi-judicial capacity and thus is subject to the OMA, the next step is to determine whether or not the gathering at issue is a “meeting” for purposes of the OMA. Despite its name, the Commission is a decision-making body and not an advisory-only body. However, Commission members may also sit on an advisory-only body and thus should be aware of the differences between the two for purposes of the OMA.

### **A. Policy- and/or Decision-Making Body**

A policy- and/or decision-making body has a “meeting” when (1) “more than three members or a majority of the members, whichever is less, are present” and (2) “a matter upon which the governmental body is empowered to act is considered by the members collectively.” AS 44.62.310(h)(2)(A).

### **B. Advisory-Only Body**

Many Alaska municipalities create commissions whose purpose is advisory-only. For example, Homer’s Parks and Recreation Advisory Commission advises the City Council and the City Manager regarding problems with and development of the parks and recreation facilities within the City. A body with only the power to advise or

make recommendations has a “meeting” when (1) there is a gathering of governmental body members and (2) this gathering is “prearranged for the purpose of considering a matter upon which the governmental body is empowered to act.” AS 44.62.310(h)(2)(b).

The following chart provides a glimpse at how the requirements for policy and/or decision-making meetings compare to those for advisory-only meetings.

DECISION-MAKING BODIES	ADVISORY-ONLY BODIES
As long as a sufficient number of members are present, <i>any</i> gathering can be considered a meeting, whether it takes place in a meeting hall or a restaurant.	Meeting must be prearranged for the purpose of considering matter upon which the body is empowered to act. Chance encounters will not constitute a meeting, even if the members discuss a matter on which they could advise or make a recommendation.
A matter on which the body is permitted to act includes <i>every</i> step of the deliberative process, from brainstorm sessions to fine tuning a proposal. <i>See Brookwood Homeowners Ass’n</i> , 702 P.2d 1317, 1323 (Alaska 1985).	Also includes every step of the deliberative process. <i>See Brookwood</i> , 702 P.2d 1317 at 1323.
Need at least four members or a majority of members present, whichever is a smaller amount, for a meeting to occur.	There is no requirement as to how many members must be present for a meeting to occur. Just two members could have a meeting.
A social gathering arranged for a given social purpose and not to discuss matters on which the body can act is not a meeting under the OMA. However, any attempt to hold a social gathering as a pretext for a discussion on body matters will probably be a meeting under the OMA. Moreover, if at a social gathering, the members do discuss a matter upon which they are empowered to act collectively, a violation of the OMA could occur. <i>See, e.g., Att’y Gen. Op.</i> , 1993 WL 393353 (July 6, 1993).	Same.

### C. Teleconference Meetings

In today’s technological age, Commission members must also be aware of how the OMA applies to “virtual” meetings such as teleconferences, video meetings, etc. The OMA expressly permits meetings via teleconference. When voting in a

teleconference meeting, all votes should be taken via roll call so the public can identify how each member voted. AS 44.62.310(a). When providing notice of a teleconference meeting, the Commission must include the locations of all teleconference sites. AS 44.62.310(e).

An issue that arises from this language is whether allowing members to participate in meetings by phone would violate the OMA if the place from which they call in has not been designated as a teleconference site and the other requirements have not been satisfied. The Supreme Court has held that members of the public may participate in meetings via phone without complying with such requirements. *See Hickel v. Southeast Conference*, 868 P.2d 919, 929 (Alaska 1994). It has not yet opined on whether members of the body may participate by telephone without following the teleconferencing procedures of the OMA. However, the Attorney General interpreted the teleconference procedures to excuse members from providing notice of and access to their locations when attending a public meeting via telephone. *See* 1994 Alaska Op. Att’y Gen. 367 (November 30, 1994). In this opinion, the Attorney General interprets the reference in AS 44.62.310(e) to “teleconference sites” as applying only to “those official teleconference facilities at which the public may participate,” and not to the telephone location of a member. 1994 AG’s Op. 367. Additionally, the City permits Council members to attend City Council meetings by telephone under certain situations from a nonpublic location. *See* HCC 1.24.100-1.24.120. The City Code provisions regarding teleconference participation only apply to City Council members. However, in the absence of any provision in the City Code, the OMA is sufficient authority for Commission members to be granted the same convenience.

#### **D. Serial Communications**

At first glance, it seems odd that a “meeting” for purposes of the OMA could include an email or telephone call from one person to another, or that a series of such conversations could constitute a meeting. However, in the case of a decision-making body such as the Commission, if four of the members email each other about a matter that the Commission can collectively act on, a meeting could occur. Similarly, if a majority of the members of a subcommittee that consists of two or more members email each other about the same kind of matter, a meeting could occur. *See* AS 44.62.310(h)(2)(A).

The Alaska Supreme Court has not directly addressed the matter. However, it has hinted that emails and telephone conversations can constitute meetings and violate the OMA. *See Hickel*, 868 P.2d 919 at 929-930 (one-on-one conversations between reapportionment board members along with a “dearth” of discussion of substantive issues during the public meeting was sufficient evidence to prove a violation of the OMA); *In re 2001 Redistricting Cases*, 44 P.3d 141, 147 (Alaska 2002) (assuming the superior court correctly found that a violation of the OMA occurred when a majority

of the redistricting board members emailed one another regarding a substantive matter, the court correctly held that such a violation should not void the redistricting plan altogether).

Given the case law in this area, the Commission should avoid all discussions outside of the context of a properly noticed meeting where such discussions, whether by email, phone, during meeting breaks or otherwise, could be characterized as “important decision making and substantive discussion [that] took place outside the public eye ....” *See Hickel*, 868 P.2d 919 at 930.

## V. REQUIRED NOTICE FOR MEETINGS

According to AS 44.62.310(e), reasonable public notice is required and such notice “must include the date, time, and place of the meeting and if, the meeting is by teleconference, the location of any teleconferencing facilities that will be used.” The most important factor in determining if adequate notice has been provided is whether or not the method used is consistent with the procedures of the Commission. The amount of notice required may also be influenced by the nature of the issues to be discussed. While in an emergency the required time might be short, in a situation involving a matter of public concern, the required time could be much longer. *See Tunley v. Municipality of Anchorage School District*, 631 P.2d 67 (Alaska 1981).

Whether or not the minimum notice times included in a municipal code comply with the OMA reasonableness requirement ultimately depends on the “complexity and importance of the issue involved.” *Anchorage Independent Longshore Union Local 1 v. Municipality of Anchorage*, 672 P.2d 891, 895 (Alaska 1983). The Code provisions of a municipality must be consistent with AS 44.62.310 or they are preempted. *Walleri v. City of Fairbanks*, 964 P.2d 463, 468 (Alaska 1998). The Homer City Code requires that the Commission hold a monthly meeting but does not state on what day of the month this meeting will be held. *See* HCC 1.76.060. However, HCC 1.14.020 states that a commission may provide notice to the public of a regular meeting by publishing notice of the meeting in a newspaper of general circulation at least three days before the date of the meeting. Therefore, the Commission chairperson should work with the City Clerk to make sure that public notice is given for all meetings and that this notice complies not only with state law, but also the Homer City Code.

Finally, although the OMA does not provide the public with the right to be heard at meetings, Title 29 does provide a “reasonable opportunity” to be heard at meetings. *See* AS 29.20.020(a).

## VI. EXECUTIVE SESSIONS

### A. When is an Executive Session Warranted?

An executive session occurs when a public body determines that a particular issue should be discussed in private and thus takes time out from a public meeting to discuss this issue outside the public's purview. The subjects that may be discussed in executive session are limited to the following:

- matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the public entity. AS 44.62.310(c)(1).
- subjects that tend to prejudice the reputation and character of any person, provided the person may request a public discussion. AS 44.62.310(c)(2).
- matters which by law, municipal charter, or ordinance are required to be confidential. AS 44.62.310(c)(3).
- matters involving consideration of government records that by law are not subject to public disclosure. AS 44.62.310(c)(4).
- Additionally, AS 44.62.310(b) provides that an executive session is appropriate to give direction to an attorney (or labor negotiator) regarding a specific legal matter or pending labor negotiations.

The court construes these exceptions very narrowly. AS 44.62.310(h)(1). In this manual, we discuss each one of these potential subjects for executive session. In addition to the purposes enumerated in the Alaska statutes, Commission members may also question whether an executive session may be used to make quasi-judicial decisions during the course of a public meeting. As discussed earlier, when a commission deliberates for solely quasi-judicial purposes the OMA is inapplicable and the commission can comfortably make its decisions outside the public purview.

#### 1. Subjects Leading to Adverse Effects on the City's Finances

A commission may be tempted to use financial impact as justification for entering executive session. However, this justification should be used sparingly. The court has placed strict limits on what qualifies as a matter having adverse financial impact for purposes of allowing an executive session. A commission must demonstrate that the public's immediate knowledge of a given matter will clearly have an adverse effect on the City's finances. There must be more than just the potential for adverse impact, it has to be *immediate* and *clear*. See AS 44.62.310(b).

While it may be difficult to determine what issues will clearly impact a City's finances, there has been some guidance from the Alaska court. The court has recognized that settlement offers are a proper topic for executive sessions. Where discussions surrounding settlements are required to be conducted in public, the government body loses its bargaining power because everyone, including the other side, has access to the body's weaknesses, its strengths and its limitations. While this does not guarantee that the settlement will be adverse to the body's financial interest, it is "clear" any strain on the body's bargaining power has an adverse impact on the body's finances immediately after such information is divulged. *Anchorage School Dist. v. Anchorage Daily News*, 779 P.2d 1191 (Alaska 1989).

## **2. Subjects Tending to Prejudice the Reputation and Character of an Individual**

This justification often arises where a commission is considering employing an individual and is reluctant to discuss the applicant in public. However, a commission cannot presume that any discussion of an applicant's qualifications, strengths, and/or weaknesses justifies an executive session. The Alaska court has stated that a discussion of "qualifications relating to experience, education, and background" or even a comparison of these qualifications with those of other candidates does not generally justify an executive session. However, executive session may be justified where the discussion involves the employee's "personal characteristics," since discussions of these characteristics may tarnish the applicant's reputation. *See City of Kenai v. Kenai Peninsula Newspapers, Inc.*, 642 P.2d 1316, 1326 (Alaska 1982). While in theory the difference between qualifications and personal characteristics makes sense, it is much more difficult to distinguish between the two in practice. For example, an executive session held by a university tenure committee to consider granting a professor tenure was upheld by the court under this personal character justification. *See University of Alaska v. Geistauts*, 666 P.2d 424 (Alaska 1983). The court determined that an executive session was justified because the committee's meeting would likely focus on a tenure candidate's deficiencies. However, it is arguable that such deficiencies would also involve a professor's characteristics relating to background and experience.

Where an executive session is called for the above purpose, the individual to be discussed has a right to require a public discussion rather than an executive session on the subject. In order to ensure the individual is able to exercise this right, the Alaska Supreme Court has implied that the governmental body at issue has a duty to give notice to the individual whose character is the basis for executive session. *See generally Geistauts*, 666 P.2d 424. Along with such notice, the individual must be notified of his or her right to require that any meeting adversely affecting his or her character be public.

### **3. Matters Required to be Kept Confidential**

Allowance for executive sessions to discuss confidential matters includes all topics involving subjects that a law, municipal charter, or ordinance *requires* to be confidential. This allowance does not comment on whether laws, charters, or ordinances that allow for rather than require confidentiality also warrant an executive session.

### **4. Confidential Records**

It is unlikely that a commission will be faced with entering executive session to discuss records required to be kept confidential by law. However, where a commission member believes that the records to be considered are of such a nature, an executive session would be warranted.

### **5. Attorney-Client Privilege**

The Alaska court has found that certain communications between a government body and its lawyer may be held in executive session. This justification is applied very narrowly. It is only available where divulging the attorney-client communications goes against the public interest or there is another identifiable reason for keeping the communications between attorney and client. General legal advice or simply being involved in pending litigation does not justify a body's use of an executive session to meet with its attorney. *See Cool Homes, Inc. v. Fairbanks North Star Borough*, 860 P.2d 1248 (Alaska 1993). The Alaska court has identified the following topics as appropriate for executive sessions for attorney-client discussions: (1) discussions regarding the facts of a particular case and potential litigation strategies, and (2) meeting to determine whether or not to appeal, settle or avoid an action against the body.

## **B. Calling an Executive Session**

A valid executive session takes place during a public meeting that is properly noticed. After the public meeting begins, a motion for executive session must be proposed and approved by vote. A motion for executive session must clearly and specifically describe the subject of the executive session without nullifying the need to address the given subject privately. AS 44.62.310(b).

### **1. The Motion for Executive Session**

When a Commission member makes a motion for executive session, that member should be as specific as possible when identifying the justification for the session. Under AS 44.62.312(b), the law governing executive sessions is construed narrowly

to prevent unnecessary executive sessions. Thus, it is important that any motion made by a Commission member is as explicit as possible. For example, terms such as "executive session to discuss financial matters" or "executive session to address pending litigation" are probably too vague to give a court sufficient evidence to conclude that there is justification for an executive session. Simply restating the statutory language describing the topics that warrant executive sessions may not withstand a court's scrutiny.

## 2. Subjects for Consideration in Executive Session

The only subjects that can be discussed in executive session are those mentioned in the motion and "auxiliary" issues to the main issue. The court has applied the term "auxiliary" fairly narrowly. While it has not yet defined this term, it determined that where personal characteristics were at issue, only these characteristics could be discussed in executive session while the individual's experience, education, and background should be discussed in public. *City of Kenai v. Kenai Peninsula Newspapers, Inc.*, 642 P.2d 1316 at 1326. In *Cool Homes, Inc.*, the court found that a general litigation status report could not be discussed in executive session even where legal advice on avoiding liability in the same case did warrant an executive session. *Cool Homes, Inc.*, 860 P.2d 1248 at 1261.

A commission cannot, for the most part, take action during the executive session. Instead, a commission must reconvene a public meeting to make a decision regarding the topics discussed in executive session. AS 44.62.310(b). This requires that a commission's decision actually be made before the public rather than decided in executive session and merely announced in public. However, a commission may take action in executive session to tell its attorney how to handle a particular legal issue or to advise a labor negotiator regarding points for negotiation and/or bargaining.

## 3. Recording the Executive Session

Currently, there is no statute or case requiring that an executive session be audio recorded or that minutes be taken. However, a superior court has opined that since there were no records of what was said in an executive session, he was unable to determine if the executive session was legal. *See Pioneer Printing Co. v. Skannes*, 1KE-86-494 Civil (Alaska Sup. Ct., Dec. 19, 1986) (Memorandum of Decision). In determining whether to record an executive session, there are differing opinions in the legal world and no definitive answers.

## VII. ENFORCEMENT OF OMA VIOLATIONS

In determining how violations of the OMA will be treated, the first question is what type of governmental body is involved. Where a policy and/or decision-making body

is involved, the unlawful action is voidable, which means the court can, but is not required to, consider the action void. *See* AS 44.62.310(f). Where an advisory-only body that does not make decisions or policy is involved, the voidability provision does not apply. *See* AS 44.62.310(g). Since the Commission is a decision-making body, the discussion below addresses only violations by such bodies.

A court may void an action that either takes place at a secret or unlawfully closed meeting or an action that took place in an open meeting but was based upon fact-finding and deliberations that took place during an earlier secret or unlawfully closed meeting. *See generally Brookwood*, 702 P.2d 1317. An individual or entity can file a lawsuit to void the body's action within 180 days after the date of the action. AS 44.62.310(g).

Before declaring an action void, the court must determine that "considering all of the circumstances, the public interest in compliance with [the OMA] outweighs the harm that would be caused to the public interest and to the public entity by voiding the action." AS 44.62.310(f). In applying this balancing test, the court is required to consider the following:

- (1) the expense that may be incurred by the public entity, other governmental bodies, and individuals if the action is voided;
- (2) the disruption that may be caused to the affairs of the public entity, other governmental bodies, and individuals if the action is voided;
- (3) the degree to which the public entity, other governmental bodies, and individuals may be exposed to additional litigation if the action is voided;
- (4) the extent to which the governing body, in meetings held in compliance with this section, has previously considered the subject;
- (5) the amount of time that has passed since the action was taken;
- (6) the degree to which the public entity, other governmental bodies, or individuals have come to rely on the action;
- (7) whether and to what extent the governmental body has, before or after the lawsuit was filed to void the action, engaged in or attempted to engage in the public reconsideration of matters originally considered in violation of this section;
- (8) the degree to which violations of this section were willful, flagrant, or obvious; and

(9) the degree to which the governing body failed to adhere to the policy under AS 44.62.312(a).

A body can attempt to cure the violation by holding a meeting in compliance with the OMA where it conducts a “substantial and public reconsideration” of the matters considered at the earlier unlawful meeting. AS 44.62.310(f). In a situation where an action is held void by the court, the body can still act on the matter at a later meeting that complies with the OMA. AS 44.62.310(f).

