

Memorandum

To: Recipients of City of Homer Annexation Petition
From: Ron Drathman, City Manager
CC: File
Date: May 31, 2000
Re: ERRATA

The Kenai Peninsula Borough recently contacted the City of Homer to update reported sales tax revenues for 1999 and to give us revised numbers for taxable values for real property located in the proposed annexation area. These changes are as follows:

1. Page 7, Section 13, and Section 14. The changes are in ***bold italic*** type.
2. Page 37, last paragraph of Section 3. The changes are in ***bold italic*** type.
3. Page 38, the chart in Section 4. The changes are in ***bold italic*** type. Please note that the original "Total Property & Sales Tax Within New Boundary" figure was already in ***bold italic*** type, as is the correction.

On page 12 there was a program/printing error which understated the value of the Port & Harbor's Assets which, in turn, caused an understatement of the total value of the City of Homer's Assets. The changes are in ***bold italic*** type.

If there are any questions concerning these changes, please call me at 235-8121.

RECEIVED

JUN 05 2000

Local Boundary Commission
MRAD

Within area proposed for annexation			
real property	\$118,527,557	-	\$ 651,902
personal property	6,921,501	-	38,068
Total	\$125,449,058	-	\$ 689,970
Total Within New Boundary:	\$360,094,012	-	\$1,964,964

Section 14. VALUE OF TAXABLE SALES. The value of sales that would be subject to City sales taxes upon annexation is estimated to be **\$16,217,868**. At the current sales tax levy, this would generate an estimated **\$324,357** General Fund, **\$121,634** Water & Sewer Fund and **\$121,634** Road Fund [1½ % sales tax is dedicated to W&S and Homer Accelerated Roads].

Section 15. OTHER REVENUES. It is estimated that annexation will result in the following additional revenues to the City.

Federal and State of Alaska Revenue sharing and Safe Communities funding if provided.

Section 16. EXPENSES.

It is estimated that annexation will result in the following additional operating and capital expenses to the City.

It is anticipated that expense increases, both operational and capital, will be spread over a three to five year period.

Operating Expenses

Administration

Administration Services

No additional operating expenses anticipated because of annexation. \$000

Finance

No additional operating expenses anticipated because of annexation. 000

- As additional water and sewer connections come on line billing assistance may be needed.

Library Services

No additional operating expenses anticipated because of annexation. 000

- Annexation will require no additional operating expense because the Library is presently serving residents of the annexation area.

Planning and Zoning

Increase employee positions by one planning technician 36,000

Supplies, etc. 3,000

Animal Control

Mobile Services

+This year the City will acquire ownership from the Kenai Peninsula Borough of the former Homer Intermediate School which will be used as a temporary branch campus for the University of Alaska and a City gym which will be operated by the Boy's & Girl's Club through the City of Homer.

+Pier One Theater, amateur theater productions and drama camps, is housed in a City facility on the Homer Spit.

- **Animal Control services** are provided to residents of the annexation area which includes animal control officers, vehicle and operation of a City animal shelter.
- **Port and Harbor facilities** are provided to residents of the annexation area on the same fee basis as present residents of the City. These facilities included over 700 boat slips, two large vessel docks, a fish dock & icehouse, Harbormaster and Harbor Officer staff, boat launch ramp and a log and timber chip loading facility.
- **Voter's services** are provided by the City Clerk's Office. Additionally, the Clerk provides all types of informational assistance including contact information for City, Borough, State and Federal Offices and Officials.

All of the above services are presently being provided by the City of Homer and paid for by its residents - - and the simple truth is that the City of Homer cannot continue to provide these services, outside City Limits, without an expanded tax base. Annexation is the only way these services can continue to be provided, and improved, to the territory residents.

Annexation will provide the City of Homer with approximately **\$689,970** in new property tax revenues plus **\$567,625** sales tax revenues, for a total of **\$1,257,595** in new revenues. This will permit improvements in all services to the area, including funding and additional \$1.2 million dollars in new capital acquisitions for the new area. Ultimately, these revenues may permit mill rate and sales tax rate reduction.

Section 3. The territory proposed for annexation is compatible in character with the area inside the current boundaries of the City as required by 3 AAC 110.100.

All lands within the existing City and in the territory proposed for annexation is governed by the Kenai Peninsula Borough. That area of the territory proposed for annexation nearest the existing City is already populated to a density comparable to the City, and the farther areas are experiencing increasing population and development. The residential and commercial areas of the City flow smoothly into the territory proposed for annexation with no significant geographic, cultural, or socio-economic differences.

Residential development in the City is similar to that outside only usually with smaller parcels. Land use regulations and platting requirements are comparable. There are no characteristics of the territory or its inhabitants that are distinguishable from the City or its residents that should be considered as an impediment to annexation.

Section 4. The area within the proposed post-annexation boundaries of the City (i.e., the territory proposed for annexation and the area within the existing boundaries of the City)

includes the human and financial resources needed to provide essential city services on an efficient, cost-effective level as required by 3 AAC 110.110.

Within current City boundaries	Taxable Value	Tax Revenue
real property	\$218,639,912 -	\$1,186,966
personal property	16,005,042 -	88,028
Total	\$234,644,954 -	\$1,274,994
Within area proposed for annexation		
real property	<i>\$118,527,557 -</i>	<i>\$ 651,902</i>
personal property	6,921,501 -	38,068
Total	<i>\$125,449,058 -</i>	<i>\$ 689,970</i>
Total Within New Boundary:	<i>\$360,094,012 -</i>	<i>\$1,964,964</i>
Sales tax revenues		
From present city		\$1,953,752
From annexation area		567,625
Total Sales Tax Within New Boundary:		\$2,521,377
Total Property & Sales Tax Within New Boundary:		\$4,486,341

The human resources necessary to provide essential city services will continue to be the present City of Homer work force. The work force is presently made up of nearly equal numbers of City residents and non-residents. Residency is not presently required for City employment. The City of Homer workforce will be expanded as needed.

Section 5. The population within the proposed post-annexation boundaries of the City is sufficiently large and stable to support the extension of city government as required by 3 AAC 110.120.

The population within the current boundaries of the City is estimated to be: 4,154. The population of the territory proposed for annexation is estimated to be: 2,687. The total population of the City of Homer, should annexation be granted, would be 6,841. A large proportion of the homes are single-family owner-occupied dwellings on large lots, representing a highly stable population. Such rental units as exist are in the middle to upper prices ranges, again representing a stable population.

Section 6. The proposed post-annexation boundaries of the City encompass all land and water necessary to provide the full development of essential city services on an efficient, cost-effective level as required by 3 AAC 110.130(a).

Improvements	7,816,434	7,816,434
Vehicles & Equipment	434,133	434,133
Construction in Progress	108,349	108,349
Sub total	<u>\$28,684,992</u>	<u>\$9,763,316</u>

Port & Harbor Fund

Land	\$10,485,399		\$10,485,399
Harbor Office	108,900	\$153,882	262,782
Ice Plant	1,531,800	1,636,361	3,168,161
Maintenance Building	632,520		632,520
Fish Dock Facility	8,255,230		8,255,230
Other Facilities	1,756,798		1,756,798
Docks & Improvements		16,588,645	16,588,645
Vehicles & Equipment		2,217,207	2,217,207
Construction in Progress		270,724	270,724
Sub total	<u>\$22,770,647</u>	<u>\$20,866,819</u>	<u>\$43,637,466</u>

Total \$69,905,055 \$52,886,746 \$122,791,801

[December 31, 1999 Unaudited Fixed Assets List]

City services not to be extended to the annexed area:

- All City services will be extended into the annexation area.

Section 18. EXTRATERRITORIAL POWERS. The City currently exercises the following powers within the territory proposed for annexation under authority of AS 29.35.020.

The City of Homer was granted extraterritorial powers for the purpose of protecting its water supply and watershed, pursuant to Kenai Peninsula Borough Ordinance 99-47 which was enacted on September 7, 1999 pursuant to AS 29.35.020. A copy of the Ordinance is attached as **EXHIBIT K** and the maps filed with this Petition identify the watershed.

Section 19. BONDED INDEBTEDNESS. The following is a summary of the current bonded indebtedness of the City.

<u>Bond Issue</u>	<u>Balance</u>	<u>Annual</u>	<u>When Paid</u>
Revenue – '98 Water	\$225,000	\$ 55,000	2003
Revenue – '98 Sewer	625,000	70,000	2007
Revenue – '89 Sewer	3,581,379	227,619	2011
Revenue – '98 Port	1,555,000	130,000	2009
General Obligation – Streets/Side	3,060,000	300,000	2008
Special Assessment – '87 Streets	42,200	5,280	2007
Special Assessment – '90 Streets	16,250	16,250	2000
Loan – City Hall	264,461	112,718	2003
Loan – '99 HVFD equipment	327,465	47,099	2009