



City of Homer

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January 14, 2010

Mr. Craig Chapman
Finance Director
Kenai Peninsula Borough
144 N. Binkley St.
Soldotna, AK. 99669

SUBJECT: 2008 Commercial Vessel Tax

Dear Craig:

I am writing to confirm our phone conversation regarding the Commercial Vessel Tax receipts for 2008. It is my understanding that the Borough Finance Department is proposing to distribute the Borough's portion of the tax receipts attributable to Homer cruise ship landings in 2008 (\$2,800) to the City. I understand further that the question of whether to appropriate these receipts will be before the Borough Assembly at its next regularly scheduled meeting.

The City of Homer very much appreciates this recommendation and hopes that the Assembly will agree. The City understands that there are restrictions upon the use of this money under State law. This is to confirm that the City has segregated all Commercial Vessel Tax receipts into a separate account and has established a tracking system to document expenditures. It is the City's intent to use the funds to cover expenses or capital improvements directly related to impacts associated with cruise ship landings. If the Assembly approves this recommendation, the 2008 receipts will be used to improve required security equipment and training, and to cover the cost of things like trash disposal and signage. This money will come in handy since the City is expecting eleven cruise ship landing in 2010.

Thanks again for this recommendation. Please do not hesitate to contact me if you have any further questions.

Sincerely,

Walt Wrede
City Manager