



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

## Office of the City Clerk

491 East Pioneer Avenue  
Homer, Alaska 99603

[clerk@cityofhomer-ak.gov](mailto:clerk@cityofhomer-ak.gov)

(p) 907-235-3130

(f) 907-235-3143

May 12, 2021

Dear Property Owner,

At their May 10, 2021 Regular Meeting, the Homer City Council adopted Resolution 21-030 initiating the Bunnell Avenue/Charles Way Water & Sewer Improvements Special Assessment District (SAD) for Water and Sewer improvements in your area. You are receiving this notice because you're a record owner of real property in the proposed district.

Pursuant to HCC 17.04.040(b) a meeting of record owners of real property in the proposed district, more commonly referred to as a neighborhood meeting, is scheduled for **Thursday, May 27, 2021 at 5:30 p.m.** and will be held virtually through Zoom from the City Hall Cowles Council Chambers at 491 E. Pioneer Avenue.

To join the Zoom meeting on your device, go to [www.zoom.us](http://www.zoom.us) and select Join A Meeting. From there follow the prompts to enter the meeting ID and password below. If you prefer to participate by phone only, you may dial any of the numbers below and enter the same meeting ID and password.

Meeting ID: 975 4202 5902 Password: 475776

By Phone- 1-669-900-6833, 1-253-215-8782 or Toll Free 888-788-0099 or 877-853-5247

I will open the meeting by 5:20 p.m. so attendees will have time to log in and test audio before the start time. Please email me at [rkrause@ci.homer.ak.us](mailto:rkrause@ci.homer.ak.us) if you'd like an email link to the meeting information.

The proposed improvement plan is included for your review prior to the meeting. City staff will be available at the neighborhood meeting to answer questions on the proposed project, so please plan to attend. Please contact the City Clerk's Office at 235-3130 if you have questions.

Sincerely,

Renee Krause, MMC  
Deputy City Clerk

Enclosures: Resolution 21-030 and Memorandum 21-070  
Conceptual Cost Estimates - Water & Sewer  
Proposed Water & Sewer Improvement District Maps  
Property Owner Assessment Projections - Water & Sewer  
Resolution 21-023 and Memorandum 21-052



1 **CITY OF**  
2 **HOMER, ALASKA**

3 City Manager/  
4 Public Works Director

5 **RESOLUTION 21-030**

6  
7 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA  
8 INITIATING A SPECIAL ASSESSMENT DISTRICT FOR THE CHARLES  
9 WAY/BUNNELL AVENUE WATER AND SEWER IMPROVEMENTS.

10  
11 WHEREAS, A Property owner on Charles Way/Bunnell Avenue filed a Special Assessment  
12 Petition Application with the City Clerk in February 2021 with the prescribed filing fee; and

13  
14 WHEREAS, The City reviewed the application and notified the applicant in writing that  
15 the application was sufficient; and

16  
17 WHEREAS, The City Clerk prepared a petition and distributed it by certified mail to all  
18 record owners of property in the proposed district no more than 30 days after the petition  
19 application was approved; and

20  
21 WHEREAS, The City investigated the feasibility of extending water to the neighborhood  
22 and distributed information regarding possible assessment district boundaries to the property  
23 owners; and

24  
25 WHEREAS, Signatures from 11 of the 21 property owners were required to initiate the  
26 districts and signatures were received from 10 of the property owners; and

27  
28 WHEREAS, One petition signature was receive late for a parcel held by a trust where the  
29 letter was mailed to a trustee who had passed and the beneficiary of the property didn't see  
30 the information until the deadline passed; and

31  
32 WHEREAS, There are compelling public health reasons for serving this neighborhood  
33 with City water and sewer; and

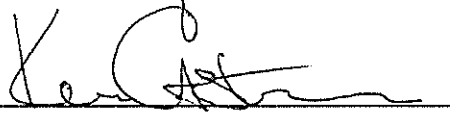
34  
35 WHEREAS, The AK Department of Environmental Conservation (ADEC) has notified the  
36 City that the water project would be eligible for a \$225,000 grant; and

37  
38 WHEREAS, The next step in the process involves the City hosting a neighborhood  
39 meeting at which the City will provide more information that may secure more support for the  
40 water and sewer districts.

41 NOW THEREFORE BE IT RESOLVED that the City Council of Homer, Alaska hereby  
42 initiates a Special Assessment District for the Charles Way/Bunnell Avenue water and sewer  
43 improvements.  
44

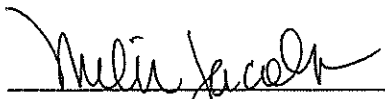
45 PASSED AND ADOPTED by the Homer City Council this 10<sup>th</sup> day of May, 2021.  
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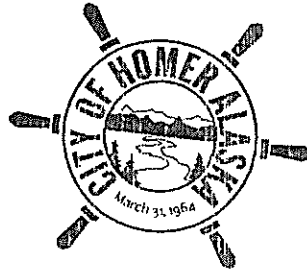
47 CITY OF HOMER

48   
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50

51 KEN CASTNER, MAYOR

52  
53 ATTEST:

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55  
56 \_\_\_\_\_  
57 MELISSA JACOBSEN, MMC, CITY CLERK



58  
59 Fiscal note: Staff time and advertising costs



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

## Public Works

3575 Heath Street  
Homer, AK 99603

[publicworks@cityofhomer-ak.gov](mailto:publicworks@cityofhomer-ak.gov)

(p) 907- 235-3170

(f) 907-235-3145

## Memorandum 21-070

TO: City Council  
THROUGH: Rob Dumouchel, City Manager  
FROM: Janette Keiser, PE, Director of Public Works  
DATE: May 3, 2021  
SUBJECT: Charles Street/Bunnell Ave Water & Sewer Special Assessment Districts

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**Issue:** We received an application from a property owner in the Charles St/ Bunnell Ave neighborhood for Special Assessment Districts for City water and sewer. The deadline to respond was April 19<sup>th</sup> and the petition process was one signature short. On Thursday, April 29<sup>th</sup> City Clerk Jacobsen received a call from Kathrin Pereira, a trustee of the Mary Joanne Hillstrand Living Trust, who explained Ms. Hillstrand had passed in November and in dealing with the estate she had just read the petition information. Ms. Pereira is interested in the property improvements and asked if there was a way her signature could be accepted. City Clerk Jacobsen suggested that she sign and submit the petition with an explanation of the situation, which is included with this memorandum for Council's consideration with the resolution to initiate the district.

We recommend the City Council initiate the districts so we can go to the next step; hosting a neighborhood meeting to provide information and hopefully, gain support.

### **Background:**

The properties involved in the proposed special assessment districts currently rely on on-site sewage disposal systems, hauled water and/or spaghetti lines. There are 27 properties, owned by 21 different property owners. One of the property owners filed a petition to create special assessment districts. The process involves collecting signatures from the property owners; to move the process forward, signatures of at least 50% of the properties (11 signatures) are required. We received 10 signatures by the April 19<sup>th</sup> deadline and one was received after the deadline.

The City Council can initiate the special assessment district process and has done so before, such as the pending Tasmania Court Sewer Assessment District. We recommend the City take this step with the Charles Street/Bunnell Ave. water/sewer districts for multiple reasons:

- a. We've received word from the AK Dept. of Environmental Conservation (ADEC) that the water project is eligible for "Principal Forgiveness"; that is, a grant in the amount of \$225,000.

- b. This neighborhood is partially developed with businesses and residents, most of whom don't have access to water or sewer service. This raises serious concerns about the public health risks.
- c. This district would serve Bishop's Beach, allowing new plumbed restroom to be built. The benefit of this to the district is that the City would, as a property owner, pay an assessment fee, defraying a portion of the cost to the other property owners.

**Action Recommended:** Adopt the resolution initiating the Special Assessment District process for the Charles Street/Bunnell Avenue neighborhood for the purpose of extending City water and sewer service.

Concept Cost Estimate

**BUNNELL/CHARLES WAY SAD WATER IMPROVEMENT**

2/23/2021

Construction Cost

|                     | quantity | unit | unit price | cost      |
|---------------------|----------|------|------------|-----------|
| Mobilization        | 1        | LS   | \$11,000   | \$11,000  |
| Clearing/Grubbing   | 1        | LS   | \$1,900    | \$1,900   |
| 8" HDPE Main        | 2100     | LF   | \$90       | \$189,000 |
| 8" Valve            | 8        | EA   | \$5,000    | \$40,000  |
| Fire Hydrant        | 5        | EA   | \$7,500    | \$37,500  |
| 1" water service    | 27       | EA   | \$1,750    | \$47,250  |
| Connect to Existing | 2        | EA   | \$1,750    | \$3,500   |
| Type II Gravel      | 1000     | CY   | \$30       | \$30,000  |
| Pipe Bedding        | 100      | CY   | \$27       | \$2,700   |
| Seeding             | 200      | MSF  | \$70       | \$14,000  |
| Construction Survey | 1        | LS   | \$4,500    | \$4,500   |
| SWPP Plan           | 1        | LS   | \$2,000    | \$2,000   |
| Geotextile Fabric   | 3500     | SY   | \$8        | \$28,000  |
| Utility Relocation  | 1        | LS   | \$6,000    | \$6,000   |

\$417,350

|                          |           |
|--------------------------|-----------|
| Construction             | \$417,350 |
| Design (10%)             | \$41,735  |
| Inspection (4%)          | \$16,694  |
| City Administration (3%) | \$12,521  |
| Contingency (5%)         | \$20,868  |

**Subtotal Project Cost \$509,167**

Less: ADEC Principal Forgiveness \$225,690

**Total Project Cost \$283,477**

Property Owner Share \$212,608

City (HAWSP) Share \$70,869

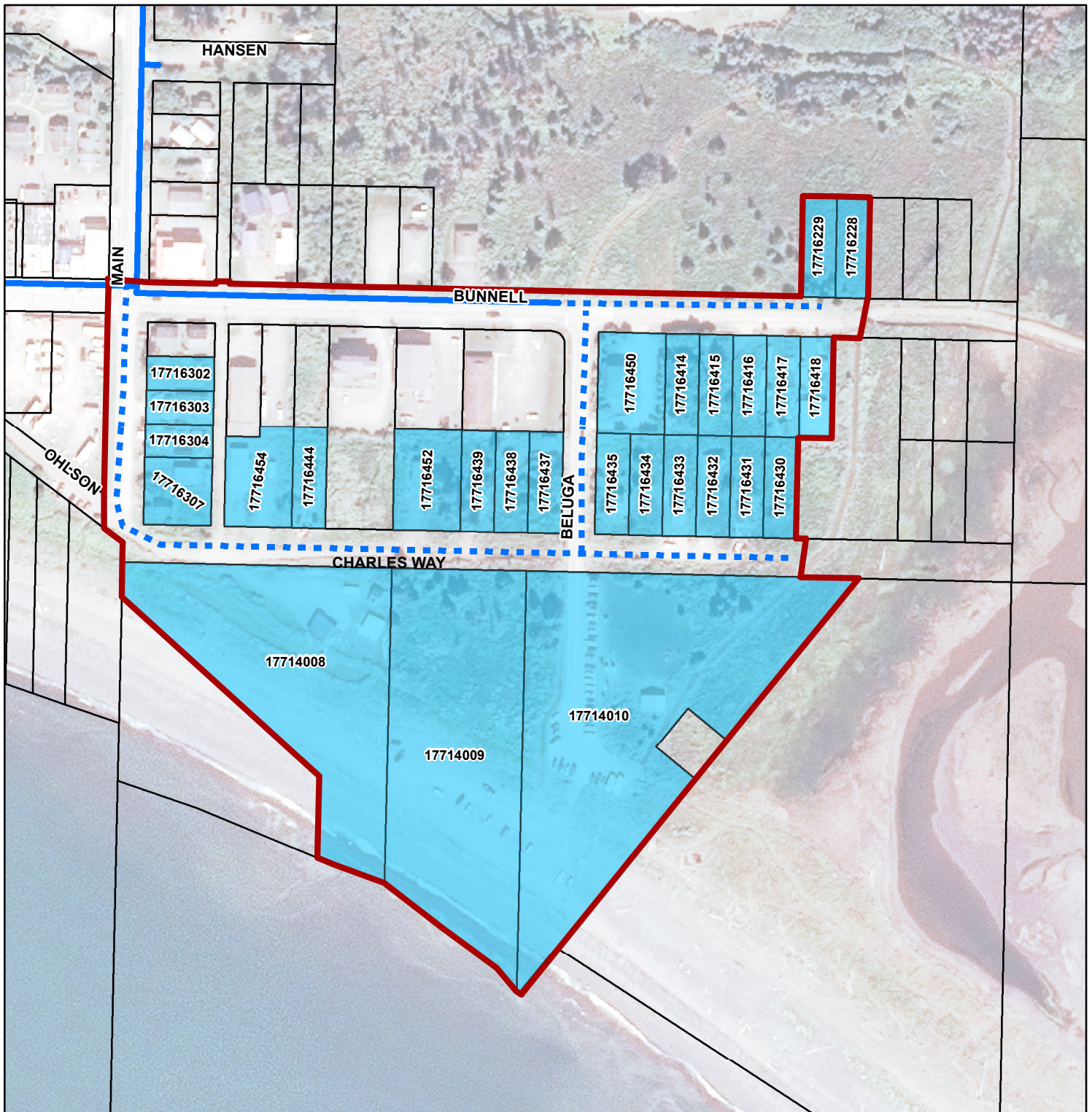
Property Owner Share                    \$212,608  
City (HAWSP) Share                        \$70,869

|    |  |                 |                                |               |               |                  | Proposed Assessment Based On<br>Assessment Method |               |                 |
|----|--|-----------------|--------------------------------|---------------|---------------|------------------|---|---------------|-----------------|
|    | Legal Description                            | KPB Parcel ID # | Owner                          | Frontage (ft) | Lot Area (SF) | Benefitted Area* | Equal Share                                       | Frontage Foot | Benefitted Area |
| 1  | WR Benson Subd Amended, Lot 131              | 17716229        | US Fish & Wildlife             | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 2  | WR Benson Subd Amended, Lot 132              | 17716228        | US Fish & Wildlife             | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 3  | WR Benson Subd Amended, Lot 154              | 17716418        | Dam Revocable Trust            | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 4  | WR Benson Subd Amended, Lot 153              | 17716417        | Guetschow                      | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 5  | WR Benson Subd Amended, Lot 152              | 17716416        | Logan                          | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 6  | WR Benson Subd Amended, Lot 151              | 17716415        | Long                           | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 7  | WR Benson Subd Amended, Lot 150              | 17716414        | Connolly                       | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 8  | WR Benson Subd, Soul Sisters Addn, Lot 148-B | 17716450        | Soul Sisters Inc.              | 100           | 15000         | 15000            | \$7,874   | \$8,525       | \$9,629         |
| 9  | WR Benson Subd Amended, Lot 5                | 17716302        | Sonneborn                      | 50            | 5000          | 5000             | \$7,874   | \$4,262       | \$3,210         |
| 10 | WR Benson Subd Amended, Lot 4                | 17716303        | Spencer                        | 50            | 5000          | 5000             | \$7,874   | \$4,262       | \$3,210         |
| 11 | WR Benson Subd Amended, Lot 3                | 17716304        | Spencer                        | 50            | 5000          | 5000             | \$7,874   | \$4,262       | \$3,210         |
| 12 | WR Benson Subd, 2006 Replat, Lot 1-A         | 17716307        | Miller                         | 100           | 10000         | 10000            | \$7,874   | \$8,525       | \$6,419         |
| 13 | WR Benson Subd, 2006 , Lot 161-A             | 17716454        | Porter                         | 100           | 14164         | 14164            | \$7,874   | \$8,525       | \$9,092         |
| 14 | WR Benson Subd Amended, Lot 162              | 17716444        | Lindsey/Savidge                | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 15 | WR Benson Subd, 2008 Replat, Lot 165-A       | 17716452        | Mary J Hillstrand Living Trust | 100           | 15000         | 15000            | \$7,874   | \$8,525       | \$9,629         |
| 16 | WR Benson Subd Amended, Lot 167              | 17716439        | Larson/Raupp                   | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 17 | WR Benson Subd Amended, Lot 168              | 17716438        | Baugher                        | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 18 | WR Benson Subd Amended, Lot 169              | 17716437        | Baugher                        | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 19 | WR Benson Subd Amended, Lot 171              | 17716435        | Vernon                         | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 20 | WR Benson Subd Amended, Lot 172              | 17716434        | Vernon                         | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 21 | WR Benson Subd Amended, Lot 173              | 17716433        | Logan IRA LLC                  | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 22 | WR Benson Subd Amended, Lot 174              | 17716432        | Logan IRA LLC                  | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 23 | WR Benson Subd Amended, Lot 175              | 17716431        | Hillstrand                     | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 24 | WR Benson Subd Amended, Lot 176              | 17716430        | Hillstrand                     | 50            | 7500          | 7500             | \$7,874   | \$4,262       | \$4,814         |
| 25 | Bishop's Beach Park                          | 17714010        | City of Homer                  | 494           | 150718        | 65340            | \$7,874   | \$42,112      | \$41,943        |
| 26 | Portion of Government Lot 2, T 6S R 13W S 20 | 17714009        | Mary J Hillstrand Living Trust | 200           | 108464        | 30000            | \$7,874   | \$17,050      | \$19,257        |
| 27 | Portion of Government Lot 2, T 6S R 13W S 20 | 17714008        | Vann Revocable Trust           | 400           | 54450         | 39204            | \$7,874   | \$34,099      | \$25,166        |
|    |  |                 |                                | 2494          | 510296        | 331208           | \$212,608   | \$212,608     | \$212,608       |





\* benefitted area is the usable front 150 feet of the lot.

20 yr financing, interest rate 2%,  
Equal Share annual payments =                    \$482





**Legend**


-  Water SAD
-  Water Parcels Concerned
-  Existing Water
-  Proposed Water


Coordinate System: NAD 1983 StatePlane Alaska 4 FIPS 5004 Feet  
 Projection: Transverse Mercator  
 Datum: North American 1983  
 False Easting: 1,640,416.6667  
 False Northing: 0.0000  
 Central Meridian: -150.0000  
 Scale Factor: 0.9999  
 Latitude Of Origin: 54.0000  
 Units: Foot US

**CHARLES WAY/EAST BUNNELL  
 WATER EXTENSION  
 SPECIAL ASSESSMENT DISTRICT**

N

200 100 0 200 Feet





DEPT. OF PUBLIC WORKS  
 JANUARY 27, 2021

Disclaimer:  
 It is expressly understood the City of Homer, its council, board, departments, employees and agents are not responsible for any errors or omissions contained herein, or deductions, interpretations or conclusions drawn therefrom.



**Conceptual Cost Estimate****BUNNELL/CHARLES WAY SAD SEWER IMPROVEMENT**

2/23/2020

**Construction Cost**

|                                       | <b>quantity</b> | <b>unit</b> | <b>unit price</b> | <b>cost</b> |
|---------------------------------------|-----------------|-------------|-------------------|-------------|
| Mobilization                          | 1               | LS          | \$9,500           | \$9,500     |
| Clearing/Grubbing                     | 1               | LS          | \$1,900           | \$1,900     |
| 8" Ductile Iron Main                  | 1555            | LF          | \$85              | \$132,175   |
| 3" HDPE Force Main (in exist. trench) | 280             | LF          | \$80              | \$22,400    |
| 3" HDPE Force Main (in new trench)    | 365             | LF          | \$50              | \$18,250    |
| Sanitary Sewer Manhole                | 7               | EA          | \$6,500           | \$45,500    |
| 4" sewer service                      | 23              | EA          | \$1,900           | \$43,700    |
| Connect to Existing                   | 1               | EA          | \$750             | \$750       |
| Sewer Lift Station                    | 1               | EA          | \$155,000         | \$155,000   |
| Lift Station Telemetry                | 1               | EA          | \$30,000          | \$30,000    |
| Type II Gravel                        | 500             | CY          | \$30              | \$15,000    |
| Pipe Bedding                          | 100             | CY          | \$27              | \$2,700     |
| Seeding                               | 75              | MSF         | \$70              | \$5,250     |
| AC Removal/Disposal                   | 1067            | SY          | \$3               | \$3,200     |
| 2" AC Pavement                        | 1067            | SY          | \$22              | \$23,467    |
| 2" Leveling Course                    | 119             | TON         | \$49              | \$5,807     |
| Traffic Control                       | 1               | LS          | \$8,000           | \$8,000     |
| Construction Survey                   | 1               | LS          | \$4,500           | \$4,500     |
| SWPP Plan                             | 1               | LS          | \$1,800           | \$1,800     |
| Geotextile Fabric                     | 400             | SY          | \$8               | \$3,200     |
| Exist. Utility Protection             | 1               | LS          | \$4,500           | \$4,500     |

\$536,599

|                          |           |
|--------------------------|-----------|
| Construction             | \$536,599 |
| Design (8%)              | \$42,928  |
| Inspection (3%)          | \$16,098  |
| City Administration (5%) | \$9,379   |
| Contingency (5%)         | \$26,830  |

**Total Project Cost** **\$631,834**

|                      |           |
|----------------------|-----------|
| Property Owner Share | \$473,875 |
| City (HAWSP) Share   | \$157,958 |

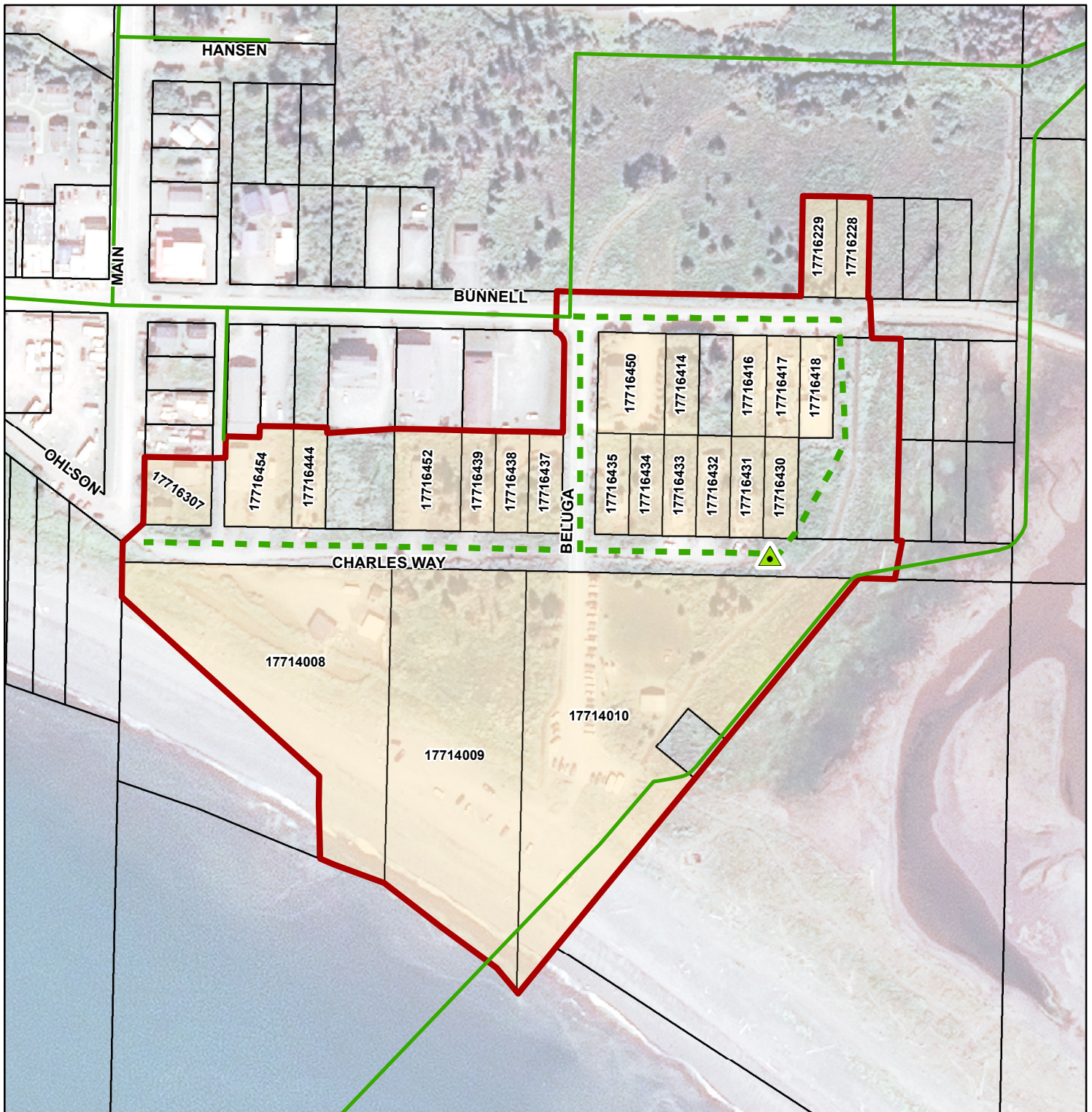
|    | Legal Description                            | KPB Parcel ID # | Owner                          | Frontage (ft) | Lot Area (SF) | Benefitted Area* (acres) | Equal Share | Frontage Foot | Benefitted Area |
|----|--|-----------------|--------------------------------|---------------|---------------|--------------------------|-------------|---------------|-----------------|
| 1  | WR Benson Subd Amended, Lot 131              | 17716229        | US Fish & Wildlife             | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 2  | WR Benson Subd Amended, Lot 132              | 17716228        | US Fish & Wildlife             | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 3  | WR Benson Subd Amended, Lot 154              | 17716418        | Dam Revocable Trust            | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 4  | WR Benson Subd Amended, Lot 153              | 17716417        | Guetschow                      | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 5  | WR Benson Subd Amended, Lot 152              | 17716416        | Logan                          | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 6  | WR Benson Subd Amended, Lot 150              | 17716414        | Connolly                       | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 7  | WR Benson Subd, Soul Sisters Addn, Lot 148-B | 17716450        | Soul Sisters Inc.              | 100           | 15000         | 15000                    | \$20,603    | \$20,657      | \$23,025        |
| 8  | WR Benson Subd, 2006 Replat, Lot 1-A         | 17716307        | Miller                         | 100           | 10000         | 10000                    | \$20,603    | \$20,657      | \$15,350        |
| 9  | WR Benson Subd, 2006 , Lot 161-A             | 17716454        | Porter                         | 100           | 14164         | 14164                    | \$20,603    | \$20,657      | \$21,742        |
| 10 | WR Benson Subd Amended, Lot 162              | 17716444        | Lindsey/Savidge                | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 11 | WR Benson Subd, 2008 Replat, Lot 165-A       | 17716452        | Mary J Hillstrand Living Trust | 100           | 15000         | 15000                    | \$20,603    | \$20,657      | \$23,025        |
| 12 | WR Benson Subd Amended, Lot 167              | 17716439        | Larson/Raupp                   | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 13 | WR Benson Subd Amended, Lot 168              | 17716438        | Baugher                        | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 14 | WR Benson Subd Amended, Lot 169              | 17716437        | Baugher                        | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 15 | WR Benson Subd Amended, Lot 171              | 17716435        | Vernon                         | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 16 | WR Benson Subd Amended, Lot 172              | 17716434        | Vernon                         | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 17 | WR Benson Subd Amended, Lot 173              | 17716433        | Logan IRA LLC                  | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 18 | WR Benson Subd Amended, Lot 174              | 17716432        | Logan IRA LLC                  | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 19 | WR Benson Subd Amended, Lot 175              | 17716431        | Hillstrand                     | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 20 | WR Benson Subd Amended, Lot 176              | 17716430        | Hillstrand                     | 50            | 7500          | 7500                     | \$20,603    | \$10,329      | \$11,513        |
| 21 | Bishop's Beach Park                          | 17714010        | City of Homer                  | 494           | 150718        | 65340                    | \$20,603    | \$102,046     | \$100,299       |
| 22 | Portion of Government Lot 2, T 6S R 13W S 20 | 17714009        | Mary J Hillstrand Living Trust | 200           | 108464        | 30000                    | \$20,603    | \$41,314      | \$46,051        |
| 23 | Portion of Government Lot 2, T 6S R 13W S 20 | 17714008        | Vann Revocable Trust           | 400           | 54450         | 39204                    | \$20,603    | \$82,629      | \$60,179        |
|    |  |                 |                                | 2294          | 487796        | 308708                   | \$473,875   | \$473,875     | \$473,875       |

\* benefitted area is the usable front 150 feet of the lot.






20 yr financing, interest rate 2%,

Equal Share annual payments = \$1,260





**Legend**


-  Sewer SAD
-  Sewer Parcels Concerned
-  Existing Sewer
-  Proposed Sewer
-  Proposed Lift Station


Coordinate System: NAD 1983 StatePlane Alaska 4 FIPS 5004 Feet  
 Projection: Transverse Mercator  
 Datum: North American 1983  
 False Easting: 1,640,416.6667  
 False Northing: 0.0000  
 Central Meridian: -150.0000  
 Scale Factor: 0.9999  
 Latitude Of Origin: 54.0000  
 Units: Foot US

**CHARLES WAY/EAST BUNNELL  
SEWER EXTENSION  
SPECIAL ASSESSMENT DISTRICT**

N

200 100 0 200 Feet





DEPT. OF PUBLIC WORKS  
JANUARY 27, 2021

Disclaimer:  
 It is expressly understood the City of Homer, its council, board, departments, employees and agents are not responsible for any errors or omissions contained herein, or deductions, interpretations or conclusions drawn therefrom.





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**CITY OF HOMER  
HOMER, ALASKA**

City Manager/  
Public Works Director

**RESOLUTION 21-023**

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA  
DECLARING THE CITY'S INTENDED DISTRIBUTION OF A FEDERAL  
CAPITALIZATION GRANT IN THE AMOUNT OF \$500,000 FROM  
ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION FOR  
PRINCIPAL FORGIVENESS OF WATER MAIN EXTENSIONS.

WHEREAS, The City has been notified by the Alaska Department of Environmental  
Conservation (ADEC) that three of our water main Special Assessment Districts qualify for  
"principal forgiveness" from a Federal Capitalization Grant in the amount of \$500,000; and

WHEREAS, This is a competitive process in which the ADEC ranks projects based on  
information submitted on a questionnaire and they're ranked using pre-established criteria;  
and

WHEREAS, The City received notification of this opportunity March 15<sup>th</sup> and ADEC asked  
for a declaration of intended distribution within 7 to 10 days; and

WHEREAS, The City could qualify for up to \$500,000 in grant funds through this Federal  
Capitalization Grant.

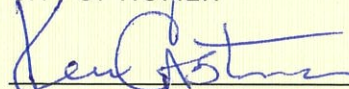
NOW THEREFORE BE IT RESOLVED that the Homer City Council approves the City  
submitting a questionnaire regarding projects to be considered for a Federal Capitalization  
Grant.

BE IT FURTHER RESOLVED the distribution of funds is proposed as follows:

|  |              |                  |
|--|--------------|------------------|
| • Tasmania Court Water District            | 24.6%        | \$122,822        |
| • Tasmania Court Water District Betterment | 7.9%         | \$ 39,259        |
| • Alder Lane Water District                | 22.4%        | \$112,229        |
| • Charles/Bunnell Water District           | <u>45.1%</u> | <u>\$225,690</u> |
|  | 100 %        | \$500,000        |

PASSED AND ADOPTED by the Homer City Council this 22<sup>nd</sup> day of March, 2021.

CITY OF HOMER

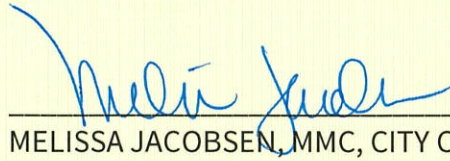


KEN CASTNER, MAYOR



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ATTEST:

  
\_\_\_\_\_

MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal note: NA







# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Public Works

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(p) 907- 235-3170

(f) 907-235-3145

## Memorandum 21-052

Through: Robert Dumouchel, City Manager  
FROM: Janette Keiser, PE, Director of Public Works  
DATE: March 16, 2021  
SUBJECT: “Principal Forgiveness” Grant from ADEC for water main extensions

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**Issue:** We have been notified by the ADEC that three of our water main Special Assessment Districts qualify for “principal forgiveness”, for a total of \$500,000, from a Federal Capitalization Grant program. We need to tell the ADEC how we want to distribute the money no later than March 23. The purpose of this memorandum is to make a recommendation about this.

### Background:

We are working on multiple Special Assessment Districts to extend water and sewer mains to neighborhoods, which have requested them. The City typically finances such work through the AK Dept. of Environmental Conservation (ADEC), which administers loan funds from the Environmental Protection Agency. In this competitive process, we submit a questionnaire, which the ADEC ranks using pre-established criteria. The ADEC uses this ranking to develop a prioritized list of eligible projects, for which the ADEC recommends loan funding. Thus, getting “in line” for this funding starts with the initial questionnaire.

We submitted questionnaires for the following Special Assessment Districts;

- Tasmania Court Water District including the Betterment – Fully Formed
- Tasmania Court Sewer District – Held Neighborhood Meeting – no objections
- Alder Lane Water District – Fully Formed
- Charles/Bunnell Street Water District – Initiating petition still being collected.
- Charles/Bunnell Street Sewer District – Initiating petition still being collected.

The ADEC notified us today that not only will our projects be listed as potential loan recipients, the water main extension projects are eligible for something called “Principal Forgiveness”, as part of the Federal Capitalization Grant program, up to \$500,000. We are being offered a grant of \$500,000, for water projects!

There are some strings attached to this money:

1. It can only be spent on water main extension projects.

2. Each project may receive a maximum of 50% of the anticipated water infrastructure costs in loan forgiveness.
3. The money may only be directed to projects, currently in the ADEC loan program queue.

The question now is this: How do we want to distribute these funds? There is no prescribed formula – we can spread the money between the various water projects as we see fit. We recommend the grant be applied to each project in proportion to the project’s share of the overall program costs. For example, costs for the Tasmania Water District, \$277,090, not including the 12-inch Betterment, comprise 24.6% of the total program costs of \$1,128,019. We recommend applying 24.6% of the \$500,000 grant to the Tasmania Water District. A chart illustrating the impact of the recommended distribution is shown below.

The ADEC asked that we declare our intended distribution with 7-10 days, from today. They would probably be willing to wait until March 23, so we would have an opportunity to address this at the March 22 Council meeting.

**Recommendation:**

We recommend asking the ADEC to distribute the \$500,000 as follows:

|  |              |                  |
|--|--------------|------------------|
| • Tasmania Court Water District            | 24.6%        | \$122,822        |
| • Tasmania Court Water District Betterment | 7.9%         | \$ 39,259        |
| • Alder Lane Water District                | 22.4%        | \$112,229        |
| • Charles/Bunnell Water District           | <u>45.1%</u> | <u>\$225,690</u> |
|  | 100 %        | \$500,000        |

The chart below illustrates the impact of this:

| Project                   | Cost of Project        | % Share of Total Project Costs | Share of Grant \$    | Remaining Project Costs | City Share - 25%     | Property Owner Share - 75% |
|---------------------------|------------------------|--------------------------------|----------------------|-------------------------|----------------------|----------------------------|
| Tasmania Water            | \$ 277,090.00          | 24.6%                          | \$ 122,821.51        | \$ 154,268.49           | \$ 38,567.12         | \$ 115,701.37              |
| Tasmania Water Betterment | \$ 88,569.00           | 7.9%                           | \$ 39,258.65         | \$ 49,310.35            | \$ 88,569.00         | \$ -                       |
| Alder Water               | \$ 253,193.00          | 22.4%                          | \$ 112,229.05        | \$ 140,963.95           | \$ 35,240.99         | \$ 105,722.96              |
| Charles / Bunnell Water   | \$ 509,167.00          | 45.1%                          | \$ 225,690.79        | \$ 283,476.21           | \$ 70,869.05         | \$ 212,607.16              |
| <b>Totals</b>             | <b>\$ 1,128,019.00</b> | <b>100.0%</b>                  | <b>\$ 500,000.00</b> | <b>\$ 628,019.00</b>    | <b>\$ 233,246.16</b> | <b>\$ 434,031.49</b>       |