



# City of Homer

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## Office of the City Manager

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### MANAGER'S REPORT

July 28, 2014

**TO:** MAYOR WYTHER / HOMER CITY COUNCIL

**FROM:** WALT WREDE

#### UPDATES / FOLLOW-UP

NOTE: Some of these items appeared in the last report. I have updated them and brought them back in case the Council wanted to discuss.

1. Kachemak City Sewer: Mayor Morris has provided a new proposal for addressing the Kachemak City sewer charges dispute. Phil's idea is basically a hybrid system which combines elements of various approaches which have received support. Essentially, Phil's proposal is that customers in Kachemak City would have a choice of either continuing to pay the fee at the assumed average gallonage of 3,500 gallons or, they could install a water meter to measure the amount of water that goes into the house and pay by the gallon. If they choose that option, they would have to pay a service charge for the meter and its maintenance and would need to become a direct customer of the City of Homer. The Mayor likes this idea because it becomes an economic decision for the customer rather than a political one. Carey, Dan Gardner, and I went to Kachemak City to discuss this with the Mayor last week. Dan brought up some practical problems with meters which we discussed in some detail. Everyone in the room agreed once again that the easiest way to resolve this is to reduce the assumed gallonage because the administrative headaches associated with meters seems to outweigh the benefits. The Mayor also mentioned that the Kachemak City Council remains interested in a committee which has two members from both Councils. They have already picked their two members. Please let me know if you wish to talk about this in more detail. In the meantime, Tom and I are working on a new contract.
2. Hoka Hey: Hoka Hey is returning to Homer this summer. A headquarters will be established the week of July 28 and riders are expected to start arriving shortly thereafter. The organizers have been coordinating with the City, especially HPD, the Port and Harbor, and the City Manager's office. The City is renting the Old Alaska Ferry Service Building to the organization for two weeks. A Special Events Permit is being reviewed as this report was being drafted for a main event at the Down East Saloon.
3. Ocean Drive Paving and Striping: Community discussion is starting to ramp up a little regarding ADOT/PF's plans for Ocean Drive. As you know, ADOT/PF is planning to repave the Sterling Highway from its intersection with Pioneer Ave. to the end of the Spit. Part of the paving job includes striping and signage related biker and pedestrian safety. Some of this work is part of the MOU between the City and DOT/PF whereby the City assumes responsibility for managing speeds, parking, pedestrian safety, and signage in the business area at the end of the Spit. On Ocean Drive, DOT/PF is planning to restripe the road so that instead of one large bike lane on one

side of the road, there is a six foot bike lane on both sides of the road. DOT/PF planners thought this was a good idea because having bike lanes on both sides of the road makes it easier to make the transition from the bike lane on the causeway to the bike lane on the Spit, which are on opposite sides of the road. Also, some local bikers have indicated that they like the idea of lanes on both sides of the road because they can travel with the traffic and not run into bikers going in the opposite direction. The City provided comments in favor of this idea. However, the wide bike lane that currently exists is popular and there are people in the community who fought hard to get it established. It was a big victory and major improvement. The wider bike lane improves safety and it is used by many including people pushing baby strollers. You may hear more about this in the future. In the meantime, the City will look for solutions that might address everyone's concerns. Narrowing the driving lanes to 10 feet and putting 8 foot lanes on either side is one idea that Carey mentioned yesterday. This would slow traffic and improve pedestrian safety even more. DOT/PF is proposing exactly that for Pioneer Ave. and for the End of the Spit.

4. Joint Work Session / Planning Commission and Council: In the past, the Council has indicated that it would like to have a joint workshop with the Planning Commission at least once a year. It has been a long time since we did that. The idea is to communicate about issues of common concern and discuss planning policy matters that affect the future of the City. There are several issues that come to mind right now that are crying out for discussion. One is whether and to what degree to regulate communication towers. This is a very complicated issue and the planning staff and Planning Commission could spend a huge amount of time and resources on it. Even if an ordinance were drafted and adopted, the City does not have the resources or the expertise to implement and enforce it. We don't have a building inspector which would be very helpful. All of this does not make much sense if it turns out that the Council and the Community at large is really not interested in regulating towers, which are popping up around town faster than dandelions. This is one example of the type of discussion that could be useful. Let me know if you would like to schedule a workshop. I will ask Rick to come up with an agenda.

## **ATTACHMENTS**

1. Memorandum 14-116 from City Planner, Re: Proposal for Joint Work Session Between City Council and Homer Advisory Planning Commission
2. Memorandum 14-117 from City Planner, Re: Update on Review of Comprehensive Plan Recommendation on East End Road Zoning
3. Memorandum 14-118 from Community and Economic Development Coordinator, Re: Green Dot Training for City Employees

## GAS DISTRIBUTION SYSTEM REPORT

July 28, 2014

### Construction Status

The construction companies (UTI and CMI) took advantage of a warm winter and spring and as a result, are significantly ahead of the initial schedule. As of July 16, there was only 4.5 miles of pipe remaining to be installed. Most of that (3 miles) is on Kachemak Drive. The remainder is at the top of West Hill Road and the Whispering Meadows-Fireweed connection. Kachemak Drive construction was delayed because it took time to obtain the necessary easements. DOT/PF does not have a Right of Way for large sections of Kachemak Drive and therefore, individual utility easements had to be secured. All necessary easements on Kachemak Drive and elsewhere in the community have been obtained.

The contractors estimate that it will take about four more weeks to complete construction of the distribution system. In addition to the work mentioned above, there are still tie-ins to do and clean-up work including the removal of waddles, restoration and re-vegetation work. Work on service lines will continue into the fall but that is not part of the City project and the cost for that work will be paid directly by the customers.

Enstar reports that there are presently about 1,400 service lines that have been ordered and paid for and approximately 1,000 service lines installed. There were between 800 and 900 "meters spinning" as of July 16.

The City cannot say enough about the quality of the work performed by the contractors so far. Considering the size, scope, and complexity of this project, it is simply amazing that we have not experienced more problems and complaints than we have. The problems have been minimal. You will recall that we went into project this last year preparing for the worst and anticipating problems related to traffic disruptions, road closures, dust, utility conflicts, vegetation and landscaping destruction, and other headaches and inconveniences for the community.

Very few problems occurred to the relief of all concerned. This is in large part due to the professional and responsible work of the contractors and the close cooperation between the contractors, Enstar, and the City. It is still too early to say job well done but so far, so good. This job will likely be completed on-time, something many people had doubts about going in. Enstar representatives are planning to visit with the City Council sometime in September or October, after the project is closed out, to provide a final recap and assessment of the project.

### Project Cost / Budget:

The City signed a “not to exceed” construction contract with Enstar in the amount of \$12,160,632. At the end of June, the City had paid Enstar invoices totaling \$10,623,886. We still have invoices for July and August that will have to be paid. However, the costs for those months should be significantly reduced from prior months. Since the amount of construction work left on the distribution system is relatively small, the number of crews working has been reduced. Costs for inventory and supplies should be significantly reduced or eliminated. Enstar is now taking stock of all excess inventory paid for by the project and providing the City with a credit. There should also be less overhead charges as the project winds down on things like inventory management, transportation, Enstar labor costs, etc.

It is anticipated that project charges will continue to trickle in through the end of August. The City and Enstar will meet in early September to go over the budget and the final project costs. The final project costs will of course, have an impact on what the property assessment will ultimately be. The City staff and the Enstar Engineers will compare notes and maps to be certain that everyone is on the same page in terms of which properties got served and will therefore be included in the Assessment District.

There are many variables that will be factored in when calculating the assessment amount. As you know, the City Council has already made several adjustments to the Preliminary Assessment Roll and exempted certain properties for a variety of reasons. Based upon adjustments made in the field, Enstar engineers and City staff made decisions that resulted in 17,000 feet or about 3 miles less of pipe being installed than was originally shown in the engineered plans. This will result in fewer properties being served and therefore being assessed. On the other hand, 17,000 feet of pipe not being installed means that the project costs may have been reduced by up to \$500,000. Finally, the condo issue will have to be resolved and we are working on that now. We are doing research and looking at assessment alternatives that take into consideration the law, the recent judge’s decision, precedent, and fairness to all property owners in the district. How this issue is addressed could mean a \$300,000 swing in assessment revenues and impact the assessments of the other property owners.

In short, we are cautiously optimistic at this time, that the final project costs will be on or under budget . What that might mean for property assessments will not be known until we have final project costs and a final number of properties to be assessed.

You might recall that early on, we had discussions about a rebate called the Free Main Allowance \$12.that could be used to lower assessments further or help the City make its loan payments to the Borough. In basic terms, the Free Main Allowance is a rebate that the City will receive from Enstar for each customer that hooks up to gas. Those rebates will start coming in on a quarterly basis after the City has approved the final assessment roll. The purpose of the rebate is to partially reimburse the City for the investment it made in getting the distribution built; an investment that Enstar certainly benefits from. Enstar estimated that the Free Main Allowance could total in the neighborhood of \$1.2 million by the end of the repayment period. The Council should discuss soon how it wants to use the Free Main Allowance. Several ideas have been kicked around but nothing definitive has

been decided. It would be good to have a final decision on that before the final assessment roll is approved.

### Next Steps

Following is a summary and projected timetable for major steps in the process as we move into the fall:

<u>Task</u>	<u>Target Completion Date</u>
Calculate Final Project Costs	September 30, 2014
Reconcile Properties Served	September 30, 2014
Council Decision on Condo Assessments	September 8 Meeting
Council Decision on Free Main Allowance	September 8 Meeting
Set Up and Test New SAD Assessment Software	October 30, 2014
Final Assessment Roll Introduced (HCC 17.04.070)	October 27 Meeting
Assessment Roll Approval Process (HCC 17.04.070-090)	Nov.-Jan. 2015
Assessments Mailed to Property Owners	March 2015