



City of Homer

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Memorandum 17-010

TO: Mary K. Koester – City Manager
FROM: Carey Meyer – Public Works Director
DATE: December 30, 2016
SUBJECT: **Shellfish Avenue/South Slope Drive Water Main Extension Project
Formal Council Action - Final Project Cost**

The Shellfish Avenue/South Slope Drive Water Main Extension Project was completed in December. The project has been approved by ADEC and an “Approval to Operate” has been secured. The City Council in September passed Resolution 16-078 which established conditions under which adjacent and benefited properties can connect to the Shellfish Avenue/South Slope Drive Water Main project. Specifics of the policy are contained in Memorandum 16-120 referenced in the Resolution.

The main policy provision requires that a property owner shall pay their “share” in full or execute an agreement between the City and the property owner that permits connection and promises to pay their “share”. This “share” amount shall be formally established by City Council action when actual costs are known. This project was initiated by the City. 55% of the cost of design and 70% of the cost of construction will be covered by grants obtained by the City. The remaining costs shall be divided equally between the benefitted property owners fronting the main.

Below is a summary of how the share was originally calculated (based on estimates) and what the share will be (based on actual project costs):

Property Owner "Share" Calculations

	Original Estimated Costs	Actual Project Costs
Total Project Costs	\$726,740	\$590,314
Project Costs to be Shared*	\$238,974	\$191,961
Number of Lots	17	17
"Share" per lot	\$14,057	\$11,292

* - State grant pays for 70% of construction and 55% of design

Based on the actual cost of water main/PRV construction (\$590,314) and the number of lots fronting the main (17), the per lot actual cost attributable to each lot is \$11,292. This amount should be formally established by City Council action.

Recommendation: The City Council approve a Resolution establishing the final cost of the Shellfish Avenue/South Slope Drive Water Main Extension Project to be \$590,314 and the per lot “fair share” cost to be \$11,292.