



City of Homer

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Memorandum 21-085

TO: Mayor Castner and City Council
Through: Robert Dumouchel, City Manager
FROM: Janette Keiser, PE, Director of Public Works/Acting City Engineer
DATE: May 18, 2021
SUBJECT: Tasmania Court Water and Sewer Improvement Projects

Issue: The time has come to hold a public hearing on the Tasmania Court Sewer Special Assessment District according to the process set forth in City Code. The City Clerk's office has received objections from over 51% of the property owners. The property owners who submitted objections asked the City to increase the City's share of the costs. The purpose of this memorandum is to offer a potential solution.

Background:

A. Water Main Extension.

The Water Special Assessment District was created via Ordinance 20-083, the design is complete and the loan application for financing from the AK Dept. of Environmental Conservation (ADEC) has been submitted. The ADEC notified us that the Tasmania Court water project qualifies for "Principal Forgiveness", along with several other City water projects. The money can only be used for water projects. The City Council approved distribution of the Principal Forgiveness, with \$122,822 directed to the Tasmania Court Water Project, via Resolution 21-023. Application of these funds to the Tasmania Court Water Project means that the property owners would be paying for 41% of the cost of the water improvements, rather than 75%, which is the norm pursuant to the HAWSP Policy Manual. This is a significant discount, which is not likely to come around again any time soon.

We are waiting for final approval on the Principal Forgiveness paperwork and the outcome of the Sewer Assessment District process before we start preparing bid packages. We'd still have time to bid the project and get it constructed this year.

B. Sewer Main Extension

The City Council, via Ordinance 20-091(A), dated September 28, 2020, initiated the process of creating a Special Assessment District that would extend the sewer mains so the properties, which

would be receiving City water service, could also be served with City sewer service. We created several alternative sewer extension configurations, with a cost estimate and preliminary assessment roll for each alternative. We then held a neighborhood meeting, as provided in the Homer City Code, to discuss the various alternatives with the property owners. Many of the property owners told horror stories about the problems they've been having with their septic tank/leachfield systems. Most of them wanted nothing more to do with septic tanks! It was clear to me from this meeting, that bringing City sewer to this neighborhood would benefit the property owners.

The neighbors were understandably concerned about cost. They suggested some design accommodations to reduce the cost, which we agreed to. These modifications decreased the estimated annual assessment to about \$977 per property, assuming we acquired financing through a 20-year, low interest ADEC loan.

They also asked if the City could pay a larger share than the 25%, which is stipulated in the HAWSP Policy Manual. I told the property owners this decision was up to the City Council. I also told them they would have multiple opportunities to voice their opinions as the process moved forward. Now, we have received objections from over 50% of the property owners, which, under current City Code, means the Sewer Special Assessment District can't move forward, unless we can satisfactorily address the objections.

The irony is that the neighbors had already agreed to the water assessment district even before the ADEC's offered Principal Forgiveness. Had the Principal Forgiveness been applied to the sewer line, rather than the water line, the property owners would probably not be objecting now, as the cost of the sewer line would have been cut almost in half.

Recommendation: Postpone action on the Tasmania Court Sewer Special Assessment District to June 14, 2021, to allow for the City to hold a neighborhood meeting with property owners and then allow an opportunity for property owners to withdraw their objections. This strategy will give us an opportunity to explain the design accommodations we made to reduce the cost and the impact of the ADEC's Principal Forgiveness offer on the total costs of the water/sewer package, as a whole. If they still don't want the sewer project, we still have time to cancel the water district, reject the Principal Forgiveness offer, and move on to another neighborhood.