



Memorandum 21-100

TO: City Council
Through: Rob Dumouchel, City Manager
FROM: Janette Keiser, Director of Public Works
DATE: June 6, 2021
SUBJECT: Tasmania Court Sewer Assessment District

Issue: A petition was initiated by Homer City Council within Tasmania Court to form a sewer improvement special assessment district (SAD) by Resolution 21-091(A), following the same boundaries of the Tasmania Court Water SAD. The purpose of this Memorandum is to recommend that the Sewer Special Assessment District be formed.

Background: Pursuant to HCC 17.02.050 (b) if owners of real property that would bear 50 percent or more of the assessed cost of the improvement file timely written objections, the Council may not proceed with the improvement unless it revises the improvement plan to reduce the objections. The estimated cost of the sewer improvements is \$287,692 with property owners paying 75% (\$215,769) and the Homer Accelerated Water and Sewer Program (HAWSP) paying 25% (\$71,923) of the costs. When the deadline to receive written objections, May 23, 2021, passed, five of the seven property owners in the proposed sewer district, representing 72% of the assessed cost of the improvements, submitted written objections.

A Public Hearing was held on May 24, 2021, where multiple property owners testified, before the City Council, they objected to the project because the proposed assessments were too costly. We asked Council to postpone action on May 24th to allow time for another neighborhood meeting. We wanted an opportunity to inform property owners of an Alaska Department of Environmental Conservation Principal Forgiveness subsidy that would create a savings in the Tasmania Court Water SAD thereby reducing the costs for the package of water and sewer improvements.

A second neighborhood meeting was held on June 3rd. Property owners were advised they have until June 13th to consider the new information and to change their minds by withdrawing their objections. The new information included:

1. In the original improvement plan, a sewer main spur was extended north from Tasmania Court to the intersection of Shellfish. The purpose of this spur was to position the sewer main to serve a neighborhood to the north at some future time. This spur has been eliminated from the Tasmania Court design, which reduces the Tasmania Court assessments.

2. The new estimated costs assume each sewer service line will be installed from the main to the house. Typically, the assessment district installs the service line from the main to the curb box at the property line and the property owner is responsible for taking it from the curb box to the home. However, in the Tasmania Court neighborhood, we will need to work around, and properly decommission, existing septic tanks. This work would be probably be done best by the City's contractor, to ensure it is done consistently. Thus, the costs of this on-site work have been added to the proposed assessments.
3. The cost of the 12-inch water main, which will serve a future water storage tank, planned to be installed on Shellfish, has not been included in the water district assessments. This will be the City's cost and thus, is not part of the water/sewer assessment district package.
4. The AK Dept. of Environmental Conservation notified us the Tasmania Court Water Project qualifies for grant funding in the amount of \$122,822. This special program is only available for drinking water projects, so similar funding is not available for the sewer project. However, it reduces the projected assessments for the water project by almost 50%, thereby reducing the overall cost of the water/sewer assessment district package.
5. An Estimated Assessment Roll was developed based on these developments. The new calculations show the estimated assessment for each property for water and sewer, including the cost of the on-site connection for the sewer service, would be about \$155 per month.
6. Property owners who wished to proceed with the water and sewer project should withdraw their objections.
7. At this point, City code would not allow the water project to proceed without the sewer project.

The property owners made the following comments at the June 3 Neighborhood Meeting:

- a. Almost every property owner said that while they believed the sewer project was a good idea for the neighborhood, the water project should have been allowed to proceed without forcing the sewer project on them. I apologized for the timing of the subject legislation, which put this mandate in place.
- b. Two property owners owned two lots and didn't want to be responsible for paying assessments on both lots, when only one was developed. They wanted to know if the assessment on the undeveloped lot could be deferred. I told them the City had a process, which allowed deferrals in some circumstances. Further, it was up to the City Council to approve the Final Assessment Roll.

After the June 3 Neighborhood Meeting, three property owners, who had previously objected, withdrew their objections. This reduced the percentage of remaining objections to properties representing 27% of the assessed costs. Thus, the criteria for determining the sufficiency of the sewer Special Assessment District has been met.

We had earlier commissioned Bishop Engineering to design the water project. He is in the best position to expeditiously design the sewer project, which should make it possible to build the water and sewer projects at the same time.

Recommendations: We recommend the Homer City Council of Homer take the following actions:

1. Acknowledge the sufficiency of the Tasmania Court Sewer SAD; and
2. Approve the proposed Improvement Plan, estimated cost of the improvements of \$287,692, and the Equal Share methodology for computing assessment; and
3. Authorize the City Manager to apply for a loan, not to exceed \$287,692, from the Alaska Department of Environmental Conservation Clean Water fund to finance the project; and
4. Authorize the City Manager to execute a design contract with Bishop Engineering in an amount of \$11,700.