



City of Homer

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Memorandum 21-208

TO: Rob Dumouchel, City Manager
FROM: Janette Keiser, PE, Director of Public Works
DATE: December 1, 2021
SUBJECT: Lot 34 and the Seawall Armor Rock Revetment Project

Issue: The purpose of this Memorandum is to recommend that Oscar Munson Subdivision Lot 34, currently owned by Martin and Heather Renner, be returned to the Ocean Drive Loop Special Service District.

Background:

Question: What is the Ocean Drive Loop Special Service District?

Answer: The Ocean Drive Loop Special Service District was established by Ordinance 11-49(S) for the purpose of *“providing special services to the properties in the Ocean Drive Loop Bluff Erosion Control Improvement District that are not provided elsewhere in the City...”* Specifically, the district was established for the purpose of collecting funds to pay for the costs of repairing the seawall until either the property owners *“determined among themselves what collective arrangements, if any, to make for funding the operation of the seawall...”* or *“until the issue of the City’s obligations under the Corps permit”* could be resolved.

Question: Was Lot 34 excluded from the Ocean Drive Loop Special Service District?

Answer: Yes. The Homer City Council adopted Ordinance 12-29 excluding Lot 34 from the Special Service District.

Q: Why was Lot 34 excluded?

A: According to the *“whereas”* statements in Ordinance 12-29, the former owners of Lot 34 had *“operated and maintained”* the part of the seawall in front of their property at their own expense and *“represented to the Army Corps of Engineers and the City that they intend to continue to do so...”*.

Q. Were the owners able to construct their own revetment?

A. No. They applied for a Corps of Engineers permit to do this, but the Corp would not issue a permit to a private property owner. The Corps took the position that since the permit for the original seawall had been issued to the City, the City was the party responsible for maintenance and the Corps would only issue the permit to the City.

Q. Was the Renners' property included in the Seawall Armor Rock Revetment Special Assessment District?

A. Yes. The Renners' agreed to be included in the Armor Rock SAD if they were given a credit to their assessment for the value of the rock they had acquired.

Q: What was the value of this rock?

A: The Renners' purchased \$21,630.25 worth of armor rock, from Dibble Creek, for which they submitted a receipt. Their intent was to use this armor rock to create a revetment in front of their property. Further, they said they paid the former owners \$10,000 for expenses those people had incurred trying to protect their portion of the seawall. While we don't have documentation of the \$10,000 expense, we were able to compute a value of \$2,052 for what we referred to as "pre-existing" rock. We proposed to credit the Renners' assessment in the amount of \$23,682.25 for the value of the rock that was on their property.

Q. Did the City Council accept the computation and application of the credit to the Renners' assessment?

A. Yes. The City Council accepted this value when it adopted Resolution 21-078 establishing the Final Assessment Roll.

Q. What happened to the rock the owners purchased?

A. The rocks were originally placed on the beach in front of their property, but not as part of a designed revetment. Later, when the City's contractor built the revetment as part of the 2021 project, we issued a Change Order in the amount of \$3,000 to integrate the rocks into the design revetment. The rocks by Lot 34 were larger than the rock specified in the City's bid documents, so not all of them fit into the design cross-section. The contractor had to juggle the rocks to get them to fit, which meant that some rocks were not placed as part of the revetment in front of Lot 34.

Q. Did the amount credited to the Renners affect the assessments to the other property owners?

A. Yes. The amount credited was allocated to the other property owners.

Q. Will the amount credited to the Renners affect the ADEC loan, which is financing the project?

A. Yes. The ADEC will only allow us to include documentable costs as part of the costs of the project, which are eligible for ADEC financing. The ADEC has accepted the \$23,682.25 we've been able to document for the value of the credit. Any additional monies paid to the Renners would not be part of the financing.

Q. Will we still need a Special Service District to fund maintenance?

A. Yes. Some maintenance is still required, to reposition rocks back onto the revetment as they shift over time. Because this work is done a nominal expense, we will be recommending a downward adjustment to the mil rate for the Special Service District.

Q. Why should Lot 34 be included in the Special Service District for maintenance?

A. Lot 34 is benefitting from the new armor rock revetment. The basis for excluding Lot 34 originally was that the owners would build their own revetment. They were not able to do so; the City had to build the revetment. So, the basis for excluding Lot 34 became moot.

Q. How would Lot 34 be re-included?

A. Lot 34 was originally excluded by Ordinance. The City Council could pass a new Ordinance to re-include Lot 34 in the Ocean Drive Loop Special Service District.

Recommendation: The City Council adopt an ordinance to re-include Oscar Munson Subdivision lot 34 in the Ocean Drive Loop Special Service District.