Memorandum 22-064

TO: Mayor Castner and Homer City Council
THROUGH: Rob Dumouchel, City Manager
FROM: Jan Keiser, Public Works Director
DATE: April 7, 2022
SUBJECT: Appropriation for Charles Street/Bunnell Ave Water & Sewer Special Assessment Districts for City’s Share of Costs

I. Issue: The purpose of this Memorandum is to request funding for the Charles Street/Bunnell Avenue Water & Sewer Special Assessment Districts for the City’s share of the total project costs.

II. Background

The City Council created the Charles Way/Bunnell Avenue Water and Sewer Special Assessment Districts (SAD) with the passage of Resolution 22-023 on March 29, 2022. The estimated costs of the work are:

<table>
<thead>
<tr>
<th>SAD</th>
<th>Estimated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water SAD</td>
<td>$525,637</td>
</tr>
<tr>
<td>Sewer SAD</td>
<td>$418,221</td>
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<tr>
<td>Total</td>
<td>$943,858</td>
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</tbody>
</table>

The City’s portion of costs are:

a. City’s 25% of Total Estimated Project Costs:
   - Water: $74,987
   - Sewer: $104,555
   - Subtotal: $179,542

b. City’s 75% Estimated Property Owner Assessment Share:
   - Water: $116,644
   - Sewer: $165,260
   - Subtotal: $281,904

Grand Total: $461,446
The finances for these SADs are complex. First, the City will receive a Principal Forgiveness Subsidy from the AK Department of Conservation for the water project in the amount of $225,690. Next, the City will pay cash from the HAWSP Fund, for its 25% contribution as well as a share of the assessments as a property owner. All these factors will be reconciled in the Final Assessment Rolls, which will be computed and submitted for public comment and City Council consideration, probably in early 2023. In the meantime, the City must first pay the total expenses of the improvement projects and a total appropriation of $943,858 will be needed from the HAWSP Fund for this purpose.

As of the last report, dated July 21, 2021, there was expected to be an ending balance FY22 ending balance of $3,211,857 in the HAWSP Account, which took into account the City’s obligations for the Alder Lane Water and Tasmania Court Water/Sewer Special Assessment Districts.

III. Recommendation

That the City Council appropriate $461,446 from the HAWSP Fund for the City’s portion of the Bunnell Avenue/Charles Way Water and Sewer Special Assessment Districts. An additional appropriation of $482,412 to make up the balance of the $943,858 in total costs, will be needed soon.
The City Council created the Charles Way/Bunnell Avenue Water and Sewer Special Assessment Districts (SAD) with the passage of Resolution 22-017(A). The City’s portion of the SAD are as follows:

City’s 25% of Total: $74,987 (water)
Estimated Project Cost: $104,550 (sewer)
City’s 75% Estimated Property: $116,644 (water)
Owner Assessment Share: $165,290 (sewer)
Total: $461,446

<table>
<thead>
<tr>
<th>FUNDING SOURCE(S)</th>
<th>OPERATING</th>
<th>GF CARMA</th>
<th>GF FLEET CARMA</th>
<th>PORT RESERVES</th>
<th>WATER CARMA</th>
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<tr>
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**FUNDING SOURCE 1: HAWSP**

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<tr>
<th>Description</th>
<th>Current Balance</th>
<th>Encumbered</th>
<th>Requested Amount</th>
<th>Other Items on Current Agenda</th>
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<td>Remaining Balance</td>
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**FUNDING SOURCE 2:**

Current Balance: Current Balance
Encumbered: Encumbered
Requested Amount: Requested Amount
Other Items on Current Agenda: Other Items on Current Agenda
Remaining Balance: Remaining Balance

**FUNDING SOURCE 3:**

Current Balance: Current Balance
Encumbered: Encumbered
Requested Amount: Requested Amount
Other Items on Current Agenda: Other Items on Current Agenda
Remaining Balance: Remaining Balance