



MEMORANDUM

Ordinance 23-41, An Ordinance of the City Council of Homer, Alaska Amending the FY24 Capital Budget by Appropriating \$600,000 from the Land Reserves to Purchase Tietjen Subdivision Tract D with the Intent of Developing the Parcel into the Site of the Future Public Works Campus. Venuti/Aderhold.

Item Type: Backup Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: June 13, 2023
From: Rob Dumouchel, City Manager

After much time and effort, Council has before them a land purchase to consider for the home of a future Public Works Campus. Campus development was envisioned to be a long-term phased project, and one of the first steps was securing a location. If Council approves this purchase, staff will be able to begin watching for funding opportunities through FEMA and others that would possibly fund the movement of critical infrastructure and services out of the tsunami inundation zone.

Background

In November 2020, Council passed resolution 20-125 which approved the creation of a Public Works Task Force with the direction to evaluate the City's options for relocating all, or part, of the existing Public Works Campus which is currently located within the tsunami inundation zone. Additionally, much of the heavy equipment used to run Public Works is outgrowing the existing facilities of the current campus.

The Task Force met throughout 2021 and published a final recommendation August 23, 2021. The Task Force recommended a phased approach to moving part of the Public Works Campus out of the tsunami zone. An early step to the plan was the acquisition of a parcel(s) for the Campus and a rough estimate of the cost was up to \$1.2 million.

Working with the City's contracted real estate agent (Resolution 22-059), Angie Newby at Homer Real Estate, we conducted a lot of outreach to individuals holding parcels that could meet the future needs of the Public Works Department. We've had difficulty finding parcels owned by willing sellers which would meet our needs and had desired sale prices that could be supported by an appraisal.

Earlier this year, we initiated communication with the owners of an undeveloped 8.63-acre parcel in the East End Mixed Use Zone District (EEMU). The parcel is relatively flat, has access to utilities, and is

near a major roadway. The Public Works Director indicated a strong interest in the site and the City Manager and Economic Development Manager worked with the City’s Real Estate Agent to see if we could work out a deal. At this time, we have found a price at which the seller is happy, I believe Council should be satisfied, and an appraisal will back up as being reasonable.

Site Overview

The subject parcel is located just off of East End Road, a little more than 2 ½ miles from City Hall. The parcel is 8.63 acres bounded by Eagle Pl. to the west, Ternview Pl. to the east, and an undeveloped segment of Little Fireweed Ln. to the north. The southern boundary is in line with Kilokak Ave. The parcel is undeveloped and the zone district is favorable for the development of a Public Works Campus. The EEMU District “is primarily intended to provide sites for businesses that require direct motor vehicle access and may require larger land area. The district is meant to accommodate a mixture of existing and accessory residential with nonresidential uses. When a conflict exists between residential and nonresidential uses, conflicts shall be resolved in favor of nonresidential uses” (Homer City Code § 21.27.010)



Costs, Contingencies, and Funding

The property owner has agreed to sell the property for \$525,000, which is same value determined by the property's appraisal. The ordinance funding this purchase will be requesting \$600,000 to cover commissions, closing costs, and any other small unforeseen costs that may be required to complete the deal. The offer that was made on behalf of the City is contingent upon a favorable phase 1 environmental study and, of course, approval by the City Council. The phase 1 environment is expected to be underway at the time the funding ordinance is introduced and completed by the time the ordinance comes back for adoption in late July.

The proposed funding source for this parcel is the Land Reserves fund. Council may remember that Ordinance 22-09 transferred \$1M into the Land Reserves. I noted in memo 22-020 which accompanied the ordinance that "having these funds available will help me to negotiate potential options for projects like the Public Works campus relocation." At this time, there is over \$900k in the Land Reserves fund, and this is the only "planned" land purchase we have on deck at this time. Most other land reserve purchases made by the City are small dollar opportunity-based and targeted at protecting the Bridge Creek Watershed. We also have plans to acquire property as part of the green infrastructure program, however, much of that will either be grant funded or come out of a different fund (i.e., HART).

Timeline to Development

As noted earlier, the Public Works Task Force envisioned a phased approach to development of a new campus. It may be a number of years before we are ready to develop this parcel. In the near term, we may want to consider a short term lease on the parcel to generate revenue while we seek grant, or other, funding for a Public Works Campus. In the longer term, once we've designed the campus, we may also want to consider subdividing the property if we don't anticipate filling out the full 8.63 acres with City needs.

Staff Recommendation: Introduce and adopt Ordinance 23-41 funding the purchase of Tietjen Subdivision Tract D, KPB 179-280-06.

**CITY OF HOMER
FINANCIAL SUPPLEMENT**

PROJECT NAME	<u>Purchase Parcel for Future Public Works Campus</u>	DATE	<u>06/20/2023</u>
DEPARTMENT	<u>City Council</u>	SPONSOR	<u>Aderhold/Venuti</u>
REQUESTED AMOUNT	<u>\$ 600,000</u>		

DESCRIPTION	<p>The Public Works Department's equipment and operations are outgrowing many of the current Public Works facilities located at 3575 Heath Street and the facility is located within the tsunami inundation zone.</p> <p>Resolution 20-125 approved the creation of a Public Works Task Force with direction to evaluate the City's options for relocating all, or part, of the existing Public Works Campus out of the tsunami inundation zone. The Public Works Task Force's final recommendations included a phased approach to moving the Public Works Campus out of the tsunami zone. The first step of the staged approach is the acquisition of land which is appropriately suited to be the site of the future Public Works Campus.</p> <p>The City has identified an 8.63 acre parcel in the East End Mixed Use District as an appropriate location for a future Public Works Campus. The owner has agreed to sell the property to the City contingent upon a favorable phase 1 environment study and approval by the City Council.</p>
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FUNDING SOURCE(S)	LAND RESERVES	GF CARMA	GF FLEET CARMA	PORT RESERVES	WATER CARMA
	100%	0%	0%	0%	0%
	HAWSP	HART-ROADS	HART-TRAILS	PORT FLEET RESERVES	SEWER CARMA
	0%	0%	0%	0%	0%

FUNDING SOURCE 1: LAND RESERVES	FUNDING SOURCE 2:	FUNDING SOURCE 3:
Current Balance <u>\$ 971,753</u>	Current Balance _____	Current Balance _____
Encumbered <u>\$ 62,488</u>	Encumbered _____	Encumbered _____
Requested Amount <u>\$ 600,000</u>	Requested Amount _____	Requested Amount _____
Other Items on Current Agenda <u>\$ 0</u>	Other Items on Current Agenda _____	Other Items on Current Agenda _____
Remaining Balance <u>\$ 309,264</u>	Remaining Balance _____	Remaining Balance _____
FUNDING SOURCE 4:	FUNDING SOURCE 5:	FUNDING SOURCE 6:
Current Balance _____	Current Balance _____	Current Balance _____
Encumbered _____	Encumbered _____	Encumbered _____
Requested Amount _____	Requested Amount _____	Requested Amount _____
Remaining Balance _____	Remaining Balance _____	Remaining Balance _____