

# Public Hearing re: Tasmania Court Water and Sewer Special Assessment District Final Assessment Rolls

**Item Type:** Backup Memorandum

**Prepared For:** Mayor Castner and Homer City Council

**Date:** 5 September 2023

**From:** Melissa Jacobsen, City Clerk

City Council approved the creation of the Tasmania Court Water Improvement Special Assessment District with the adoption of Resolution 20-083 on September 28, 2020, and the creation of the Tasmania Court Sewer Improvement Special Assessment District with the adoption of Resolution 21-045(A) on June 14, 2021.

On May 24, 2021 a public hearing was held to hear objections on the creation of the Tasmania Court Sewer Improvement Special Assessment District and five property owners of 9 lots objected to the creation of the district. It was requested by the Public Works Director in Memorandum 21-085 that the action on this district be postponed to allow time to hold a neighborhood meeting and allow property owners the opportunity to withdraw their objections. Following that meeting three property owners of 6 lots withdrew their objections, and the district was created by Resolution 21-045(A).

After the districts were created by resolution, property owner Evans with two lots finalized the vacation of a lot line combining two lots into one large lot. The preliminary plat proposing the vacation was submitted to the Planning Department on July 10, 2021 and the Planning Commission recommended approval of the plat on August 4, 2021. The plat vacating the lot line was approved by the Kenai Peninsula Borough and recorded on June 30, 2022. The Evans objection letter from the May 24, 2021 public hearing did not indicate the intent to vacate their lot line.

Homer City Code 17.02.080 provides Council with the ability to correct errors or inequalities in an assessment roll and provides that if an assessment is increased, a new hearing shall be set and noticed. If all of the property owners consent in writing to the increase, the hearing may be waived.

Alaska Statutes 29.46.010 (a) reads that a municipality may assess against private real property to be benefitted by an improvement all or a portion of the cost of acquiring, installing or constructing capital improvements.

#### **Attachments:**

Agenda Item Report CC-23-210

City Council September 5, 2023

- Resolution 20-083
- Resolution 21-045(A)
- Memorandum 21-085
- Memorandum 21-100
- Evans objection received April 14, 2021
- Lot line vacation plat received July 10, 2021

### **Recommendation:**

Informational Only.

1 **CITY OF HOMER** 2 HOMER, ALASKA 3 City Clerk 4 **RESOLUTION 20-083** 5 6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA 7 ACKNOWLEDGING THE SUFFICIENCY OF THE TASMANIA COURT 8 WATER IMPROVEMENT SPECIAL ASSESSMENT DISTRICT AND 9 APPROVING THE IMPROVEMENT PLAN, ESTIMATED COST OF IMPROVEMENT AND ASSESSMENT METHODOLOGY. 10 11 WHEREAS, A petition was initiated by property owners within Tasmania Court to form 12 a water improvement special assessment district; and 13 14 WHEREAS, The Tasmania Court Special Assessment District boundary includes 15 16 property fronting Tasmania Court and a portion of South Slope Drive; and 17 WHEREAS, The estimated cost of the water improvements is \$234,105 with property 18 owners paying 75% and the Homer Accelerated Water and Sewer Program (HAWSP) paying 19 25% of the costs; and 20 21 22 WHEREAS, A Public Hearing was held on September 14, 2020 and two property owners in the district commented in support of the project; and 23 24 25 WHEREAS, The deadline to receive written objections was September 13, 2020 and one 26 written objection was received; and 27 28 WHEREAS, The objecting property owner of Barnett's South Slope Subdivision Lot 1 29 Block 2 has an existing water service connection from South Slope; and 30 31 WHEREAS, Five property owners provided written support of an amended boundary 32 that excludes the objecting property owner and includes one additional property that 33 requested to be added to the originally proposed district boundary; and 34 35 WHEREAS, Council finds the petition bears sufficient support and that the water improvement is necessary and to the benefit the following eleven properties that shall be 36 37 included in the Tasmania Court Water Improvement Special Assessment District: 38 Barnett's South Slope Subd Lot 2, Blk 2 Evans (New Owner) KPB#17702045 Barnett's South Slope Subd Lot 4 Blk 2 Evans (New Owner) KPB#17702044

Crandall

KPB# 17702082

KPB# 17702083

Crandall Addn No 2 Lot 6-A-1

Lot 5-A-1

Barnett's South Slope Subd Crandall Addn No 2 Crandall

Barnett's S Slope Subd Lot 11, Blk 1	Sjostedt	KPB# 17702040
Barnett's South Slope Subd Lot 12, Blk 1	Marley	KPB# 17702039
Barnett's South Slope Subd Lot 13, Blk 1	Marley	KPB# 17702038
Barnett's South Slope Subd Lot 14, Blk 1	O'Neill	KPB# 17702037
Barnett's South Slope Subd Lot 15, Blk 1	Fell	KPB# 17702036
Barnett's South Slope Subd Fell Addn Lot 16-A	Fell	KPB# 17702095
Barnett's South Slope Subd Lot 17, Blk 1	Sumption	KPB# 17702034

WHEREAS, The eleven properties will be assessed through an equal shares methodology estimated at \$15,962 per lot.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska acknowledges the sufficiency of the Tasmania Court Water Improvement Special Assessment and approves the improvement plan, estimated cost of improvement, and assessment methodology.

PASSED AND ADOPTED by the Homer City Council this 28th day of September, 2020.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal Note: HAWSP \$58,526



1 **CITY OF HOMER** 2 HOMER, ALASKA 3 City Manager/ Public Works Director 4 5 **RESOLUTION 21-045(A)** 6 7 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA 8 ACKNOWLEDGING THE SUFFICIENCY OF THE TASMANIA COURT 9 SEWER IMPROVEMENT SPECIAL ASSESSMENT DISTRICT, APPROVING THE IMPROVEMENT PLAN, ESTIMATED COST OF 10 IMPROVEMENT AND ASSESSMENT METHODOLOGY. 11 AUTHORIZING THE CITY MANAGER TO APPLY FOR A LOAN FROM 12 THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION 13 14 CLEAN WATER FUND TO FINANCE THE PROJECT, AND AUTHORIZING THE CITY MANAGER TO ENTER INTO A SOLE-15 SOURCE CONTRACT WITH BISHOP ENGINEERING FOR THE 16 17 DESIGN OF THE SEWER PROJECT. 18 WHEREAS, A petition was initiated by Homer City Council within Tasmania Court to 19 form a sewer improvement special assessment district (SAD) by Resolution 21-091(A); and 20 21 22 WHEREAS, 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 23 Council may not proceed with the improvement unless it revises the improvement plan to 24 reduce the assessed cost to less than 50% of the assessed cost of the improvement; and 25 26 27 WHEREAS, The Tasmania Court Sewer SAD is made up of the same boundary as the Tasmania Court Water SAD that was approved by Resolution 20-083; and 28 29 30 WHEREAS, 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) 31 paying 25% (\$71,923) of the costs; 32 33 WHEREAS, The deadline to receive written objections was May 23, 2021 and five written 34 objection(s) were received, which equaled more than 50% of the property owners in the 35 district; and 36 37 WHEREAS, The value of the proposed assessments related to these objecting property 38 owners estimated was \$98,075 (5 times \$19,615), which is 34% of the estimated cost of the 39 40 sewer project; and 41 42 WHEREAS, A Public Hearing was held on May 24, 2021; and

 WHEREAS, Council postponed action on May 24<sup>th</sup> at the request of Public Works in Memorandum 21-085 to allow time for a neighborhood meeting to inform property owners of an Alaska Department of Environmental Conservation Principal Forgiveness subsidy that creates a savings in the Tasmania Court Water SAD thereby reducing the overall cost to property owners for water and sewer improvements; and

WHEREAS, A neighborhood meeting was held on June 3<sup>rd</sup> and property owners were advised they have until June 13<sup>th</sup> to consider the new information and provide written withdrawal of their objections; and

WHEREAS, As of June 7, 2021, three property owners have withdrawn their objections, reducing the objections to properties representing 14% of the proposed costs; and

WHEREAS, Council finds the petition bears sufficient support and that the water <a href="mailto:sewer">sewer</a> improvement is necessary and to the benefit the following eleven properties that shall be included in the Tasmania Court Sewer Improvement Special Assessment District:

Legal Description	Record Owner	Estimated
		Assessment
Barnett's South Slope Sub. Lot 2 Block 2	Evans	\$20,200
Barnett's South Slope Sub. Lot 2 Block 2	Evans	\$20,200
Crandall Addn. No. 2 Lot 5-A-1	Crandall	\$20,200
Crandall Addn. No. 2 Lot 6-A-1	Crandall	\$20,200
Barnett's South Slope Sub. Lot 11 Block 1	Sjostedt	\$20,200
Barnett's South Slope Sub. Lot 12 Block 1	Marley	\$20,200
Barnett's South Slope Sub. Lot 13 Block 1	Marley	\$20,200
Barnett's South Slope Sub. Lot 14 Block 1	O'Neill	\$20,200
Barnett's South Slope Sub. Lot 15 Block 1	Fell	\$20,200
Fell Addn Lot 16-A	Fell	\$20,200
Barnett's South Slope Sub. Lot 17 Block 1	Sumption	\$20,200

WHEREAS, The eleven properties will be assessed through an equal share methodology as identified in the table above.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska does hereby:

1. Acknowledge the sufficiency of the Tasmania Court Sewer SAD; and

2. Approve the proposed Improvement Plan, estimated cost of the improvements 84 of \$287,692, and the Equal Share methodology for computing assessment; and 85 86 3. Authorize the City Manager to apply for a loan, not to exceed \$287,692, from the 87 Alaska Department of Environmental Conservation Clean Water fund to finance 88 89 the project; 90 Authorize the City Manager to initiate a sole source contract in the amount of 4. 91 92 \$11,700, for the design of the sewer project to Bishop Engineering, which 93 performed the design work for the water portion of the project and is in the best position to expedite the sewer design work so the sewer project can be built at 94 the same time as the water project. 95 96 PASSED AND ADOPTED by the Homer City Council this 14th day of June, 2021. 97 98 99 CITY OF HOMER 100 101 102 103 KEN CASTNER, MAYOR 104 105 106 ATTEST: 107 108 109 110 111 MELISSA JACQBSEN, MMC, CITY CLERK 112 113 Fiscal Note: N/A



Public Works

3575 Heath Street Homer, AK 99603

publicworks@cityofhomer-ak.gov (p) 907-235-3170 (f) 907-235-3145

## Memorandum 21-085

TO: Mayor Castner and City Council

Through: Robert Dumouchel, City Manager

Janette Keiser, PE, Director of Public Works/Acting City Engineer FROM:

DATE: May 18, 2021

SUBJECT: Tasmania Court Water and Sewer Improvement Projects

**City of Homer** 

www.cityofhomer-ak.gov

**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.





publicworks@cityofhomer-ak.gov (p) 907- 235-3170 (f) 907-235-3145

### 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 24<sup>th</sup> 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 3<sup>rd.</sup>. Property owners were advised they have until June 13<sup>th</sup> 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.

# STATEMENT OF OBJECTION

TO SPECIAL ASSESSMENT DISTRICT

SPECIAL ASSESSMENT DISTRICT: Tasmania Court Sewer Improvement Special Assessment District

I/we affirm that I/we are the own (give legal description):	er(s) of the following lots in the Special Assessi	ment District
We object to the Tasmania Court S	ewer Improvement Special Assessment District.	
Reasons/Comments:	Printed letter	
lots 2 .	+4 of BUX 2	
PROPERTY OWNER'S PRINTED NAME	, SIGNATURE, AND DATE:)	
Bryan Evans	d	13 APRZ
(Print Name)	(Signature)	(Date)
GinniEvans		4/13/2021
(Print Name)	(Signature)	(Date)
(Drint Nama)		
(Print Name)	(Signature)	(Date)

NOTE: PLEASE MAKE SURE THAT ALL THE PROPERTY OWNERS OF RECORD PRINT, SIGN, AND DATE THIS DOCUMENT. IF YOU HAVE MORE THAN ONE LOT PLEASE NOTE THIS ON THIS FORM WHEN YOU RETURN IT. OBJECTIONS WILL APPLY ONLY TO THOSE LOTS NAMED ON THIS FORM.

TO FILE AN OBJECTION COMPLETE THIS FORM AND RETURN IT TO THE OFFICE OF THE CITY CLERK NO LATER THAN THE DAY BEFORE THE DATE OF THE SCHEDULED PUBLIC HEARING.

City of Homer Office of the City Clerk 491 E. Pioneer Avenue Homer, Alaska 99603

#### **Bryan and Ginny Evans**

4526 S. Slope Drive Homer, AK 99603 (231) 631-1787

April 13, 2021

#### **City Council Members**

Re: Tasmania Court Sewer Improvement Special Assessment District City of Homer 491 East Pioneer Ave. Homer, AK 99603

Dear City Council Members,

We are writing in objection to the Tasmania Court Sewer Improvement Special Assessment District. We recently purchased our home Sept 2020. We were made aware that city water in our area would happen more likely than not. The sewer improvement project was later added by the city. With the addition of the city pursuing sewer improvements along with the cost share of both water and the sewer that falls on the property owners, the end price is not justified. Having property owners pay 75% (city pay 25%) puts a large financial burden on many. With more funds coming into the city with Covid relief stimulus funding, we would like to respectfully request the city pick up a larger portion of 75% of the costs and property owners 25%, as it has been done in the past. With significant hardships right now during the COVID pandemic, the financial strain could be detrimental and a negative impact on property owner budgets.

In addition, when we purchased our home in Sept 2020, it included a brand new septic installed right before closing, hence we would not have the need for sewer to be installed. While we understand that it would be beneficial for the city to do both water and sewer improvements at the same, we simply can not justify the cost that falls on property owners, especially those with additional lots who have no plans to develop in the immediate future. Consideration of a deferment program for lots that have no immediate need for water and sewer would be greatly appreciated as well.

In conclusion, we object to this project and the burden of the cost share that falls onto the property owners. We appreciate your time that you have given us.

Sincerely,

Bryan and Ginny Evans

South Slope SUB LOT 2 BLKZ 4 South Slope SUB LOT 4 BUX 2

