



MEMORANDUM

To: Mayor Lord and City Council
Through: Melissa Jacobsen, City Manager
From: Daniel Kort, Public Works Director
Date: July 16, 2025
Subject: Diamond Creek Recreation Area Trail

Background:

On June 30, 2025, City Staff met with members of the Homer Trail Alliance and City Councilors Aderhold and Parsons to discuss the proposed Diamond Creek Recreation Area trails and the proposed Alaska Department of Transportation Pedestrian Tunnel. From this meeting, I was tasked with reaching out to the Kenai Peninsula Borough (KPB) to introduce the Conceptual Trail Plan to them and determine their willingness to participate in the proposed plan by allowing the use of KPB property.

Discussion:

On July 1st, I sent an introductory email to the Planning Department Director, Robert Ruffner and the Land Management Officer, Aaron Hughes to introduce them to the conceptual trail project. I provided them the overall conceptual drawing of the proposed trails from the Happy Trails Study shown as Figure 1 below. In this introduction, I explained that the conceptual plans included several phases, of which the first Phase is to build the Green Timbers Trailhead parking lot and a trail leading to, and passing through their 40-acre parcel with the Tax ID of 17316054. I further explained that a parallel but separate effort is to build a trail connection through the proposed Alaska Department of Transportation (ADOT) Pedestrian Tunnel connecting the Green Timbers Trailhead to the Diamond Creek State Recreation Site (DCSRS). This Pedestrian Tunnel trail segment would cross KPB property with the Tax ID of 17302115 on the western side of the Sterling Highway. Phase II of the project would build a trail segment across two additional contiguous KPB parcels with tax ID's of 17316007 and 17316045 with the intention to build a trail to a proposed trailhead on KPB property and called out as KPB Trailhead on the conceptual plan.

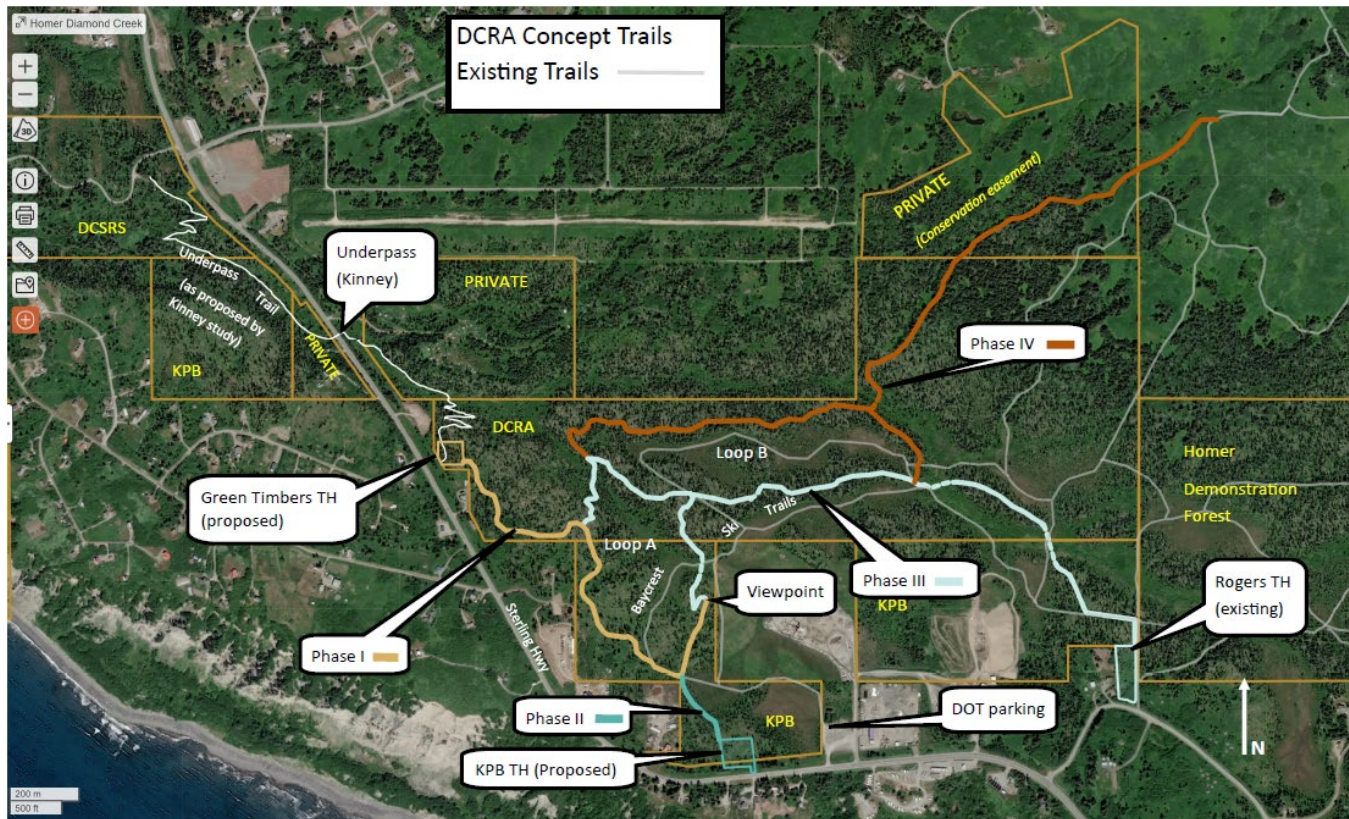


Figure 1 – Happy Trails Study Conceptual Trail Network

On July 2nd, the KPB responded and thanked us for reaching out to include them in the proposed plans. They indicated that the KPB doesn't have any initial concerns with the proposed trail on the parcel west of the Sterling Highway, and would like to be a participant to the design to ensure it conforms to their planned development of that property. They further expressed the KPB has "several concerns" about the conceptual plan on KPB parcels on the east side of the Sterling Highway.

This conversation was followed up by a zoom call on July 15th that was arranged with the intention of the City gaining an understanding of the KPB's perspective on the conceptual design, so staff could take these concerns back to the City Council. I did express that there is current pending legislation for \$250,000 intended as matching money towards a potential Rasmussen Grant to design and construct Phase I of the conceptual planned project. Information from this discussion will help shape the City Council discussion and decisions. Below is a description of topics covered during the discussion. Figure 2 below was created to simplify the conversation by highlighting the KPB owned parcels by color rather than by parcel ID.



Figure 2 – KPB Property Ownership

RED Parcel

The “pedestrian tunnel” portion of trail would cross this property. The KPB indicated that they recognize the housing shortage in Homer and the southern peninsula and this property is planned for subdivision to support residential development. The KPB feels that the proposed trail would work with their development plans and they are generally supportive of this concept, however it was expressed that the KPB would like a “seat at the table” and participate in the design of this trail to ensure their interests are protected. The KPB would also like to reserve the right to construct a trail connection(s) from the proposed subdivision to the proposed trail. Both the City and KPB recognize that the likely residential development will occur on the level land above Diamond Creek, and the proposed trail is planned to follow the creek in the valley.

BLUE, PURPLE, and GREEN Parcels

The Phase I trail from the Happy Trails Study includes the construction of the Green Timbers Trailhead parking lot on City owned property and a trail leading too, and upon the KPB’s 40-acre BLUE parcel as shown in Figure 1 ending at a high point on this parcel labeled View Point. Phase II includes the

construction of a trail from the southern portion of the BLUE parcel, through the PURPLE parcel and a Trailhead Parking Lot to be constructed upon the PURPLE and GREEN parcels. Phase III includes the construction of a trail from the View Point on the BLUE parcel going back onto the DCRA property. While not totally opposed to the concept, the KPB expressed concerns related to the construction of trails and a Trailhead Parking Lot on the BLUE, PURPLE, and GREEN parcels. The KPB expressed their intention of subdividing the BLUE 40-acre parcel into residential lots to support the initiative to provide more housing supply in Homer and the southern peninsula. The KPB views the PURPLE and GREEN parcels as holding high commercial value and have intentions of subdividing these lots into commercial property. They indicated the eastern portion of the PURPLE lot was intended for recreation as the peatland is not conducive to development. The KPB indicated their willingness to work together towards a plan that may satisfy both entities goals.

On July 23rd, the KPB sent a conceptual plan for how these lots could theoretically be subdivided, allowing for the planned commercial and residential development as well as leaving some property for a trail as well as a Trailhead Parking Lot. The KPB conceptual plan is provided below as Figure 3. It was expressed, that this is purely a concept for discussion at this time. The Green portion of the parcels would be dedicated for trail and Trailhead use. They assumed that the View Point was an important feature for the trail, so they tried to preserve this and saw that the high point could also function for the residential development as a buffer between the material processing site to the east and the residential subdivision.

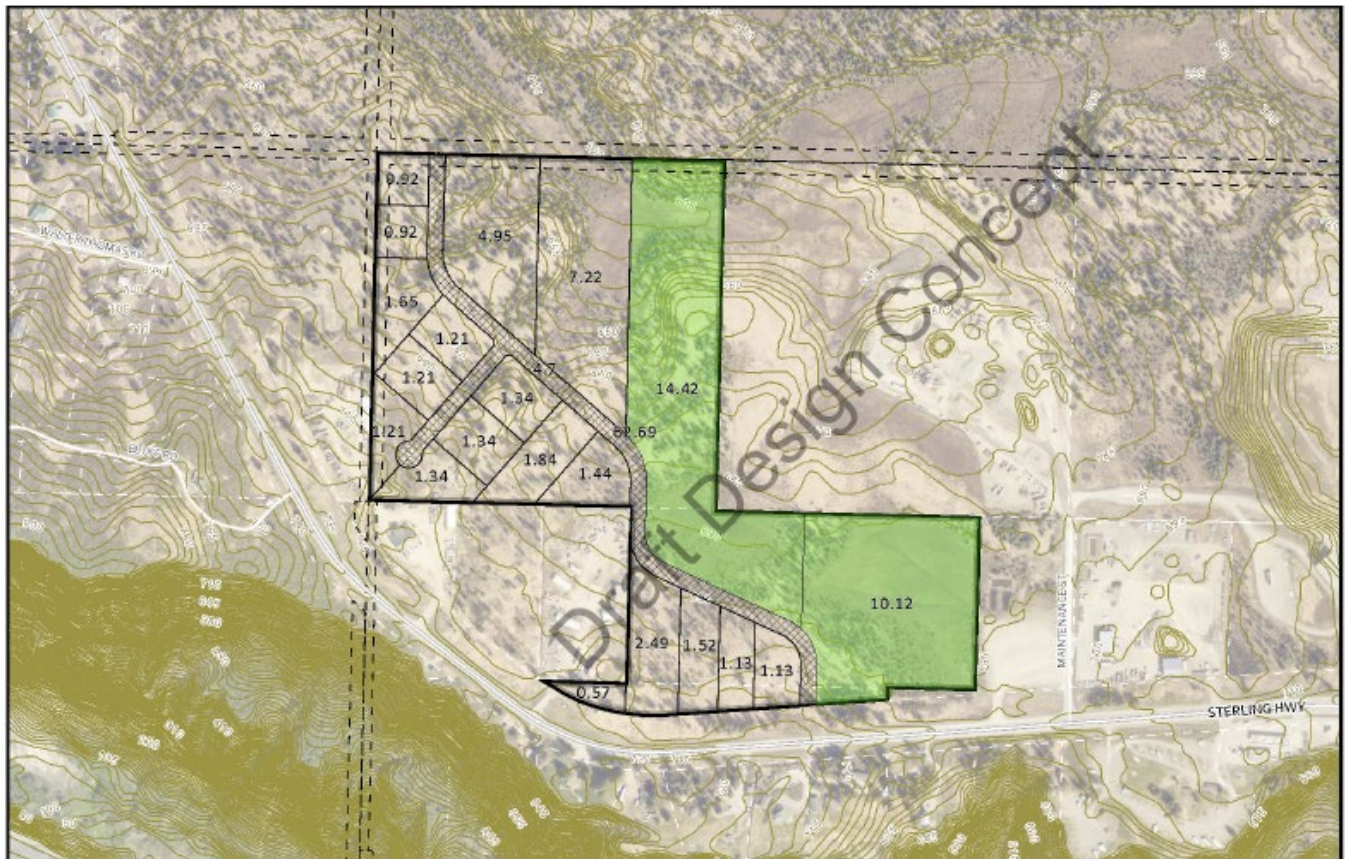


Figure 3 – KPB Conceptual Subdivision of KPB lands

It appears as though the KPB's conceptual plan includes a large enough space to construct a Trailhead Parking Lot off of the beginning of the proposed road without being upon peatland. If a concept like this is agreed upon between the City and the KPB, a revised conceptual trail plan would need to be developed. Further, it appears as though the trail may have some additional boardwalk that may have not been previously planned for in the original conceptual plan and cost estimate.

Summary:

My take away from the KPB conversations is the KPB is receptive to the plan for trail crossing their RED parcel on the western side of the Sterling Highway. However, they would like some changes to the conceptual trail plan for Phase's I, II, and III to accommodate their plans for the subdivision and sales of KPB properties. They seem open to the concept and welcome discussions to find a mutually beneficial plan.