



MEMORANDUM

Resolution 26-037, A Resolution of the City Council of Homer, Alaska Establishing a 2025 Mil Rate of 1 Mil for the Ocean Drive Loop Special Service District. City Manager.

Item Type: Backup Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: May 19, 2026
From: Melissa Jacobsen, City Manager

Situation: Homer City Code 9.04.040 Annual Tax Levy states that by June 15th of each year the City Council shall establish, by budget ordinance or resolution, the annual property tax levy rate and notify the Kenai Peninsula Borough Assembly of said rate.

History: The Ocean Drive Loop Special Service District was established by Ordinance 11-49(S) and in 2012 a Mil Rate of 9.6283 was established to raise \$30,000 from property taxes based on seawall experience. The City fell short of their goal by raising only \$19,166 because senior property tax exemptions were not considered.

In 2013, the Mil Rate was increased to 9.962541 through Resolution 13-049, and remained unchanged until 2022, when an Armor Toe Improvements project, funded by a special assessment district, was completed. Resolution 22-050 reduced the Ocean Drive Loop Special Service District mill rate to 1.0 mil. The change was based on the recommendation in Memorandum 22-104 that the armor rock placed at the toe would be sufficient and inspection, replacing rock, and top of wall replenishment would be the only necessary ongoing maintenance.

Discussion: I've shared this summary of the ODL Special Service Mil Rate because there has been a request to further reduce the mil rate from a property owner on the seawall. Public Works Director Kort, Finance Director Fischer, and I have met to evaluate this request and have concluded that it is in the best interest of both the City and the seawall property owners to retain the current 1.0 mill rate.

This conclusion is based on the structure of the seawall, which consists of two primary components. The first is the sheet pile wall, which serves as the main structural reinforcement. The second is the armor stone placed at the toe of the sheet pile wall. While the armor stone has been effective in reducing wave energy from storm surges, it does not eliminate wave impact entirely.

Research on sheet pile walls in Alaska's coastal environments suggests a typical lifespan of 20 to 30 years in aggressive marine conditions without additional protection. The seawall was originally constructed in 2003 and has been reconstructed and reinforced over several different attempts, which is evident by the variety of building materials used. The 2022 armor toe improvement has been successful to date and may aid in the structure's longevity, however additional repair and reconstruction will be inevitable.

The 1 mil contribution from the property owners in the ODL Special Service District for FY25 was \$4,520, and the current balance of the district account is roughly \$56,000. The City as a property owner along the seawall transfers \$10,000 annually into the Seawall CARMA account. The current balance of the Seawall CARMA account is just over \$69,000. Expenses for Seawall repairs are split between the two accounts with 82% coming from the district account and 12% coming from the CARMA account.

In sifting through ordinances it appears that the last major repair occurred in 2018 and \$102,125 was appropriated by Ordinance 18-05(S) to fund the emergency repair.

Recommendation: No changes are proposed to the current Ocean Drive Loop Special Service District mil rate. Adopt a resolution setting the ODL Special Service District Mil Rate at 1 Mil.



This photo shows a larger sheet pile repair that was done to strengthen up a sheet pile wall failure.



This photo shows a panel that exhibits some failure at the toe and will need reinforcing at some point. Public Works have been observing little change over the last 2 years now, however a storm that removes some of the armor rock could change things in a hurry.

Attachments:

- Letter from property owner
- Memorandum 22-104
- Ordinance 18-05(S)

John Szajkowski

[REDACTED]

I am part of the ODLSA, special service tax area for seawall maintenance.

We have been paying 1.0 mil rate for a few years now. The armor rock is working far beyond anyone's expectation, and has only required a few trips from East Road Services to come in and relocate some of the run-away rocks. The maintenance account has paid for this, and I am assuming is building a surplus of funds.

Given all of that, from the City's point of view, would it be a possibility

to reduce that annual mil rate to something less, perhaps .5 mils?

Please check with Public Works, and your accounting office and consider this.

I can come in to talk with you or a return phone call could suffice.

Thanks,

John Szajkowski

[REDACTED]



City of Homer

www.cityofhomer-ak.gov

Public Works

3575 Heath Street
Homer, AK 99603

publicworks@cityofhomer-ak.gov

(p) 907- 235-3170

(f) 907-235-3145

Memorandum 22-104

TO: Rob Dumouchel, City Manager
FROM: Janette Keiser, PE, Director of Public Works
DATE: May 31, 2022
SUBJECT: Ocean Drive Loop Special Service District

Issue: The purpose of this Memorandum is to recommend a maintenance budget and mil rate for the Ocean Drive Loop Special Service District.

Background:

The armor rock revetment project was completed on March 28, 2021. Since then, very little maintenance has been required. In late April, 2021, East Road Services did some maintenance work – picking up rocks that had slid off the revetment and tucking them back in place. This work cost under \$2,000. We anticipate this kind of minimal maintenance work will be required from time to time, possibly annually.

Before the armor rock project was constructed, we used the Special Service District account to buy some shot rock and dredge spoils to fill sinkholes that had formed behind the wall. This work cost \$29,073 for labor and \$34,300 for materials, for a total of \$63,373. We do not believe this level of effort will be needed anymore. A small contingency of \$5,000 a year should cover minor issues at the top of the wall.

The annual maintenance requirements are projected to be:

• Inspections – twice/year at \$500 each inspection	\$1,000
• Replacing rock on revetment	\$2,000
• Top of wall replenishment	<u>\$5,000</u>
Total Estimated Annual Maintenance Costs	\$9,000

There is currently \$40,000 in the Special Service District Account, enough to cover over 4 years of maintenance costs at the current estimated rate. One mil generates just over \$3,200, according to the Kenai Borough, which is more than enough to keep up with inflation. We do not need to collect more, at this time. If, after a couple of years, the situation changes and we're spending more on maintenance than what we've projected, we can adjust the rate accordingly.

Recommendation: We recommend a new assessment of 1 mil.

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**CITY OF HOMER
HOMER, ALASKA**

City Manager

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ORDINANCE 18-05(S)

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
AMENDING THE FY 2017 OPERATING BUDGET TO FUND
NECESSARY REPAIRS TO SEAWALL BY APPROPRIATING \$83,743
FROM THE OCEAN DRIVE LOOP SPECIAL SERVICE DISTRICT AND
\$18,382 FROM THE SEAWALL RESERVE ACCOUNT FOR THE
PURPOSE OF FUNDING EMERGENCY REPAIRS TO THE SEAWALL.

WHEREAS, The Homer City Council adopted Emergency Ordinance 11-49(S) which
created the Ocean Drive Loop Special Service District; and

WHEREAS, The Special Service District was created to raise tax revenues from
benefitted property owners to support maintenance and repair of the seawall they own which
is located on their properties; and

WHEREAS, In addition, the City contributes \$10,000 annually to a Seawall Reserve
Account for the City's portion of repairs to the seawall; and

WHEREAS, Repairs to the seawall have to be performed on an emergency basis in order
to prevent further damage and remain in compliance with the Army Corps of Engineers permit
for the seawall; and

WHEREAS, A number of winter storm events in 2017 caused damage to the seawall
totaling \$102,125; and

WHEREAS, The assessment methodology for funding the construction of the seawall
was based on linear footage. Based on this established methodology, property owners are
responsible for 82% of the cost of repair, and the City as a property owner is responsible for
\$18,382.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends the FY 2017 Operating Budget by
appropriating \$102,125 from the Seawall Maintenance Reserve and Ocean Drive Loop Special
Service District for the purpose of repairing and maintaining the seawall as follows:

Appropriation/Transfer From:

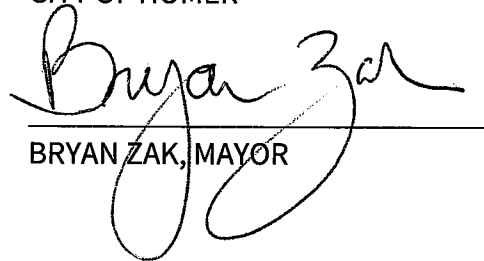
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43	<u>Account</u>	<u>Description</u>	<u>Amount</u>
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45	808-0375	Ocean Drive Loop Special Service District	\$83,743
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47	156-0369	Seawall Maintenance Reserve	\$18,382
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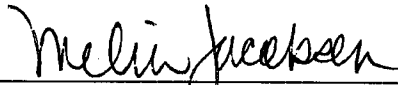
49 Section 2. This ordinance is a budget amendment ordinance only, is not permanent in
50 nature, shall not be codified, and shall become effective January 1, 2017.

51
52 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 22 day of January 2018.

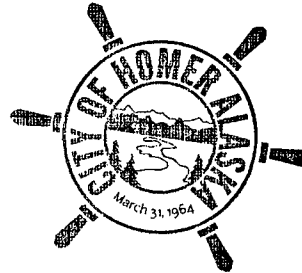
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54 CITY OF HOMER

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58 BRYAN ZAK, MAYOR

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60 ATTEST:

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64 MELISSA JACOBSEN, MMC, CITY CLERK



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67 YES: 6

68 NO: 0

69 ABSTAIN: 0

70 ABSENT: 0

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72 First Reading: 01.08.18

73 Public Hearing: 01.22.18

74 Second Reading: 01.22.18

75 Effective Date: 01.23.18

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77 Reviewed and approved as to form.

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80 Mary K. Koester, City Manager

81 
82 Holly C. Wells, City Attorney

83 Date: 1.30.18

84 Date: 1.31.18