



MEMORANDUM

CC-26-147

Ordinance 26-38, an Ordinance of the City Council of Homer, Alaska, Amending the FY27 Capital Budget by Appropriating an Additional \$5,000 from the Water CARMA Fund and an Additional \$5,000 from the Sewer CARMA Fund to the 2025 Water and Wastewater Master Plan Projects.

Item Type: Backup Memorandum
Prepared For: Mayor Lord and Homer City Council
Date: June 11, 2026
From: Daniel Kort, Public Works Director
Through: Melissa Jacobsen, City Manager

SUMMARY:

Appropriation of \$5,000 from the Water CARMA Fund and \$5,000 from the Sewer CARMA Fund to the 2025 Water and Sewer Master Plan Project.

BACKGROUND:

The City of Homer (City) hired Bristol Engineering (Bristol) to update the City's expired Water and Wastewater Master Plan (WWMP). These plans have a 20-year planning window, and the expired plan covered the period of 2006 through 2025.

The City submitted questionnaires to receive two loans from the Alaska Department of Environmental Conservation's (ADEC) State Revolving fund. One application was for the water portion of the master plan and the other for the wastewater portion. The State Revolving Fund doesn't technically issue grants, but they can issue loans and then forgive a portion of the principal, which they call principal forgiveness. In total, the two loans have \$150,000 in principal forgiveness attached, which is the full value of the loans.

ISSUE:

The City issued an Request for Proposals (RFP) to update the two Master Plans as part of a combined RFP. The City received 3 proposals and awarded the contract to the highest scoring proposal which was Bristol for \$149,987.

While Bristol's cost is under \$150,000 in principal forgiveness from ADEC, one of the terms of the two loan agreements is that the City shall pay an administrative fee equal to 0.5% of the amount each loan disbursement request. The total of the administrative fees for the full contract value will total \$750,

essentially reducing the amount of principal forgiveness to \$149,250 and leaving total project funding \$737 short of Bristol's proposal price.

RECOMMENDATION:

The Public Works Department is requesting an appropriation of \$5,000 for the Water CARMA Fund and \$5,000 from the Sewer CARMA Fund to provide necessary funds to cover the budget shortfall related to the ADEC's Loan administrative fees. Public Works rounded up the shortfall of \$750 to a total of \$10,000 to provide a modest contingency for the project.