



AGENDA ITEM REPORT

Ordinance 23-10, An Ordinance of the City Council of Homer, Alaska Amending the FY23 Capital Budget by Authorizing an Expenditure of \$482,412 from the Homer Accelerated Water and Sewer Program (HAWSP) Fund to Provide Interim Financing to Complete the East Bunnell Ave./Charles Way Water and Sewer Improvement Projects. City Manager/Public Works Director.

Item Type: Ordinance
Prepared For: Mayor & City Council
Meeting Date: 27 Feb 2023
Staff Contact: Jan Keiser, Public Works Director
Through: Rob Dumouchel, City Manager

Issue:

The purpose of this Memorandum is to request funding for the East Bunnell Ave./Charles Way Water & Sewer Special Assessment Districts.

Background:

The City Council created the East Bunnell Ave./Charles Way Water and Sewer Special Assessment Districts (SAD) with the passage of Resolution 22-017(A). The estimated costs of the work are:

Water SAD	\$525,637
Sewer SAD	<u>\$418,221</u>
Total	\$943,858

Bids were opened on January 19, 2023. The apparent low bid is \$822,846.

The City will pay cash from the HAWSP Fund, for its 25% contribution as well as a share of the assessments as a property owner, \$461,446, which has already been appropriated in Ord 22.18(S). When I got that appropriation, I neglected to get an appropriation for the part of the project that will be financed, which is \$482,412.

Staff Recommendation:

Conduct public hearing and move to adopt Ordinance 23-10 by reading of title only for second and final reading.

Attachments:

[Ordinance 23-10](#)

[Ordinance 22-18\(S\)](#)

[Resolution 22-017\(A\)](#)

[Financial Supplement](#)

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Public Works Director

ORDINANCE 23-10

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA AMENDING THE FY 23 CAPITAL BUDGET AND AUTHORIZING THE EXPENDITURE OF \$482,412 FROM THE HOMER ACCELERATED WATER AND SEWER PROGRAM (HAWSP) FUND TO PROVIDE INTERIM FINANCING TO COMPLETE THE EAST BUNNELL AVE./CHARLES WAY WATER AND SEWER IMPROVEMENT PROJECTS.

WHEREAS, The City Council created the East Bunnell Ave./Charles Way Water and Sewer Special Assessment Districts (SAD), and

WHEREAS, The City has already adopted Ordinance 22-18(S), which authorized payment of \$461,446 from the HAWSP Fund to pay for the City’s share of these projects, including its 25% contribution as well as its assessments as a property owner; and

WHEREAS, In order to finance the other property owners’ share of the costs of construction, the City must pay for construction and other eligible costs first and the ADEC loan/subsidy reimburses the City for the eligible costs, meaning the City needs construction financing for the other property owners’ share; and

WHEREAS, The City Council needs to appropriate additional funds from the HAWSP Fund, in the amount of \$482,412, to finance the other property owners’ share.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends the FY23 Capital Budget by appropriating \$482,412 from the HAWSP Fund to provide financing for the East Bunnell Ave./Charles Way Avenue Water and Sewer Special Assessment Districts, as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
205	East Bunnell Ave./Charles Way Water & Sewer Projects	\$482,412

Section 2. This is a budget amendment ordinance only, is not permanent in nature, and shall not be codified.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this ___th day of February 2023.

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CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

MELISSA JACOBSEN, MMC, CITY CLERK

YES:

NO:

ABSTAIN:

ABSENT:

First Reading:

Public Reading:

Second Reading:

Effective Date:

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Public Works Director

ORDINANCE 22-18(S)

AN ORDINANCE OF THE CITY COUNCIL OF HOMER ALASKA AMENDING THE FY22 CAPITAL BUDGET BY APPROPRIATING \$461,446 FROM THE HOMER ACCELERATED WATER AND SEWER PROJECT (HAWSP) FUND TO FUND THE CITY'S PORTION OF COSTS FOR THE BUNNELL AVE/CHARLES WAY WATER AND SEWER SPECIAL ASSESSMENT DISTRICT.

WHEREAS, The Bunnell Ave/Charles Way Water and Sewer Special Assessment District (SAD) was created with Resolution 22-023; and

WHEREAS, The City is responsible for 25% of the cost of the improvement pursuant to Resolution 01-21; and

WHEREAS, The City is a property owner in the Bunnell Ave/Charles Way Water and Sewer SAD and is responsible for their 75% portion of the property owners assessment.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends the FY22 Capital Budget by appropriating \$461,446 from the HAWSP Fund to fund the City's portions of the Bunnell Ave/Charles Way Water and Sewer SAD as follows:


<u>Account</u>	<u>Description</u>	<u>Amount</u>
205-xxx	City's 25% of Total Estimated Project Cost	\$74,987 (water) \$104,555 (sewer)
205-xxx	City's 75% Estimated Property Owner Assessment Share	\$116,644 (water) <u>\$165,260</u> (sewer)
	Total	\$461,446

Section 2. This is a budget amendment ordinance only, is not permanent in nature, and shall not be codified.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 11th day of April, 2022.

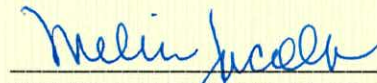
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CITY OF HOMER



KEN CASTNER, MAYOR

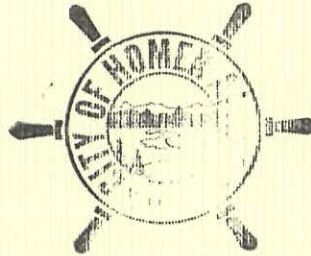
ATTEST:



MELISSA JACOBSEN, MMC, CITY CLERK

YES: 5
NO: 0
ABSTAIN: 0
ABSENT: 1

First Reading: 3-29-22
Public Reading: 4-11-22
Second Reading: 4-11-22
Effective Date: 4-12-22



**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Public Works Director

RESOLUTION 22-017(A)

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
ACKNOWLEDGING THE SUFFICIENCY OF THE BUNNELL
AVENUE/CHARLES WAY WATER AND SEWER IMPROVEMENT
SPECIAL ASSESSMENT DISTRICTS AND APPROVING THE
IMPROVEMENT PLAN, ESTIMATED COST OF IMPROVEMENTS AND
ASSESSMENT METHODOLOGY.

WHEREAS, The Homer City Council adopted Resolution 21-030 initiating the process to form the Bunnell Avenue/Charles Way Water and Sewer Special Improvement Districts (Bunnell Avenue/Charles Way SAD); and

WHEREAS, The Bunnell Avenue/Charles Way Water and Sewer SAD boundaries includes property fronting Bunnell Avenue and Charles Way; and

WHEREAS, A neighborhood meeting was held on May 27, 2021 where property owners were provided conceptual cost estimates for water and sewer, proposed district maps, and property owner assessment projections; and

WHEREAS, A Notice of Public Hearing for August 9, 2021 and Notice of Right to Object and was mailed to property owners on June 4, 2021 in accordance with Homer City Code 17.02.050; and

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 Council may not proceed with the improvement unless it revises the improvement plan to reduce the assessed cost to less than 50% of the assessed cost of the improvement; and

WHEREAS, The deadline to receive written objections was August 8, 2021 and two written objections were received, with one additional object coming in after the deadline; and

WHEREAS, Following the public hearing at the August 9, 2021 regular City Council meeting Council postponed action on Resolution 21-057 to provide the Public Works Director the opportunity to consider amending the boundaries and assessment methodology, and consider existing service through spaghetti for some properties; and

42 WHEREAS, Action on this matter was further postponed to provide written public notice
43 on different iterations of assessment methodologies for property owner consideration; and
44

45 WHEREAS, On February 10, 2022 the City Clerk's Office mailed notice to property owners
46 in the Bunnell Avenue/Charles Way SAD of a proposed hybrid method of assessment, an
47 informational memorandum from the Public Works Director, preliminary assessment roll, and
48 a statement of objection to special assessment district with a deadline of 5:00 p.m. March 14,
49 2022 to object; and
50

51 WHEREAS, To date, one objection has been received; and
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53 WHEREAS, Resolution 21-057(S-2) proposing a benefitted method of assessment was
54 voted down on March 14, 2022 to take up this resolution recommending the hybrid method of
55 assessment.
56

57 NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska
58 acknowledges the sufficiency of the Bunnell Avenue/Charles Way SAD **and the petition bears**
59 **sufficient support that the improvements are necessary and benefit the properties**
60 **included in attachment A.**
61

62 BE IT FURTHER RESOLVED that the City Council hereby approves the improvement
63 plan, estimated costs of improvement as follows:
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- 65 • The estimated cost of the sewer improvements is \$514,153 with property owners paying
66 75% (\$385,615) and the Homer Accelerated Water and Sewer Program (HAWSP) paying
67 25% (\$128,538) of the costs; and
- 68 • The estimated cost of the water improvements, including the \$225,097 Principal
69 Forgiveness Subsidy, is \$248,097, with property owners paying 75% (\$186,073) and the
70 Homer Accelerated Water and Sewer Program (HAWSP) paying 25% (\$62,024) of the
71 costs.
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73 BE IT FURTHER RESOLVED the assessment method will be a hybrid method based on
74 the following findings of the Public Work Director:
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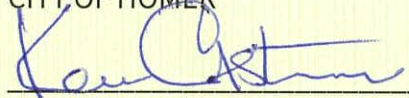
76 **Finding #1** – The Hybrid Method results in the fairest distribution of costs among the
77 private property owners. We did some sensitivity analysis to find the fairest distribution
78 of costs. We computed what the assessments would be using Equal Share Method and
79 the Benefitted Area Method, limiting the application of the Benefitted Area Method to
80 the Developable Area, as provided in HCC 17.01.010. Then, we created a Proposed
81 Assessment Roll, which applies the lesser computation for a particular property. For
82 the smaller lots, the lesser computation is the Benefitted Area Method. For the larger

83 lots, the lesser computation is the Equal Share Method. The Benefitted Area Method
84 penalizes the larger lots who will receive no greater benefit for their higher assessment.

85
86 **Finding #2** – The Hybrid Method does not unreasonably penalize the City as the owner
87 of Bishop’s Beach Park. The Hybrid Method results in a proposed assessment for the
88 City, which is about 15% higher than what it would be under the Benefitted Area
89 Method. This is appropriate as this park, one of Homer’s most popular, provides
90 community-wide benefit.

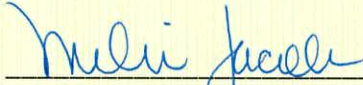
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92 PASSED AND ADOPTED by the Homer City Council this 14th day of March, 2022.

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95 CITY OF HOMER

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98 KEN CASTNER, MAYOR

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100 ATTEST:

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103 _____

104 MELISSA JACOBSEN, MMC, CITY CLERK

105
106 Fiscal Note: HAWSP ~~\$128,538~~ – Sewer and ~~\$62,024~~ - Water
\$104,555 *74,987*



CITY OF HOMER
FINANCIAL SUPPLEMENT

PROJECT NAME	E. Bunnell Avenue/Charles Way Interim Financing	DATE	02/10/2023
DEPARTMENT	Public Works	SPONSOR	City Manager/PW Director
REQUESTED AMOUNT	\$ 482,412		

DESCRIPTION	<p>The City has already adopted Ordinance 22-18(S), which authorized payment of \$461,446 from the HAWSP Fund to pay for the City's share of these projects, including its 25% contribution as well as its assessments as a property owner.</p> <p>In order to finance the other property owners' share of the costs of construction, the City must pay for construction and other eligible costs first and the ADEC loan/subsidy reimburses the City for the eligible costs, meaning the City needs construction financing for the other property owners' share.</p> <p>The City Council needs to appropriate additional funds from the HAWSP Fund, in the amount of \$482,412, to finance the other property owners' share.</p>
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FUNDING SOURCE(S)	OPERATING	GF CARMA	GF FLEET CARMA	PORT RESERVES	WATER CARMA
	0%	0%	0%	0%	0%
	HAWSP	HART-ROADS	HART-TRAILS	PORT FLEET RESERVES	SEWER CARMA
	100%	0%	0%	0%	0%

FUNDING SOURCE 1: HAWSP	FUNDING SOURCE 2:	FUNDING SOURCE 3:
Current Balance \$ 3,676,328	Current Balance _____	Current Balance _____
Encumbered \$ 791,730	Encumbered _____	Encumbered _____
Requested Amount \$ 482,412	Requested Amount _____	Requested Amount _____
Other Items on Current Agenda \$ 0	Other Items on Current Agenda _____	Other Items on Current Agenda _____
Remaining Balance <u>\$ 2,402,186</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 _____

Approvals

Requesting Department/Project Manager	Date
Finance Department	02/10/23
City Manager	Date