



**Section 1.** The Council hereby authorizes the City to borrow funds from the Alaska Department of Environmental Conservation ("ADEC"), in an amount not to exceed Four Hundred Ninety-One Thousand Four Hundred and No/100 Dollars (\$491,400.00), subject to repayment of such funds being fully forgiven by an ADEC subsidy. Such funds are being secured by the City to pay costs of the Project (as defined above).

**Section 2.** The Council hereby approves and authorizes the negotiation, execution and delivery by the City Manager of the Loan Agreement ("Loan Agreement") by and between the City and ADEC, in substantially the draft form presented to Council at this meeting, with such changes deemed by the City Manager to be appropriate and in the best interest of the City. The City Manager is further authorized to delegate responsibility to appropriate City of Homer staff to carry out technical, financial, and administrative activities in connection with the Loan Agreement.

**Section 3.** That this Resolution shall take effect immediately upon passage.

PASSED AND ADOPTED by the Homer City Council this 28th of July, 2025.

CITY OF HOMER

  
RACHEL LORD, MAYOR

ATTEST:

  
RENEE KRAUSE, MMC, CITY CLERK

Fiscal Note: See Memorandum CC-25-132(A)





# MEMORANDUM

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**Resolution 25-047(S), A Resolution of the City Council of Homer, Alaska, Authorizing the Execution and Delivery of a Loan Agreement Required by the State of Alaska Department of Environmental Conservation under its Drinking Water Revolving Loan Program in Connection with a Fully Forgiven Loan in an Amount Not to Exceed \$491,400 to Assist in Financing the Ohlson Lane and West Bunnell Avenue Water Main Replacement Project.**  
**City Manager/Public Works Director.**

**Item Type:** Backup Memorandum  
**Prepared For:** City Council  
**Date:** May 1, 2025  
**From:** Daniel Kort, Public Works Director  
**Through:** Melissa Jacobsen, City Manager

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**I. Issue:** The purpose of this Memorandum is to request authorization for the City Manager to execute and deliver a loan agreement to secure financing from the Alaska Department of Environmental Conservation ("ADEC") for the Ohlson Ln. and W. Bunnell Ave. Water Main Replacement Project.

**II. Background:**

This project is to replace the 60-year old, cast iron water main on Ohlson Ln. and W. Bunnell Ave., which is at the end of its useful life. On April 14, 2025, Resolution 25-031 authorized the City Manager to negotiate and execute a contract with East Road Services, Inc. for the construction of the Improvement and a notice to proceed was issued on April 28, 2025.

Much of the Funding for this project is coming from a loan that the City applied for from the ADEC's State Revolving fund. The State Revolving Fund doesn't technically issue grants, but they can issue loans and then forgive a portion of the loan, which they call principal forgiveness. The loan for the Ohlson Ln. and W. Bunnell Ave. Water Main Replacement Project has \$491,400 in principal forgiveness attached. The rest of the project funding is coming from the Water CARMA Fund.

Two resolutions are required before the City can fully execute a loan agreement with the ADEC. First, a resolution is needed to apply for the loan. Resolution 23-070 authorized the City to apply for a loan for this project. Second a resolution is needed to execute the loan agreement.

**RECOMMENDATIONS:**

That the City Council authorize the City Manager to execute and deliver a loan agreement to secure funds from ADEC (100 percent forgiven through use of an ADEC subsidy) under its Drinking Water Revolving Loan Program, in the amount not to exceed \$491,400 for the Ohlson Ln. and W. Bunnell Water Main Replacement.



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**CITY OF HOMER  
HOMER, ALASKA**

City Manager/  
Public Works Director

**RESOLUTION 23-070**

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA  
AUTHORIZING THE CITY MANAGER TO APPLY FOR DRINKING  
WATER STATE REVOLVING LOAN FUNDS FROM THE ALASKA  
DEPARTMENT OF ENVIRONMENTAL CONSERVATION IN THE  
AMOUNT OF \$491,400 TO REPLACE THE EIGHT INCH WATER  
DISTRIBUTION LINE IN OHLSON LANE AND BUNNELL AVENUE.

WHEREAS, Nelson Engineering (Nelson) was commissioned to design the Ohlson  
Lane/Bunnell Avenue Pavement Restoration Project, which did not include the replacement of  
the waterline in the roads; and

WHEREAS, During the course of investigating the condition of the existing infrastructure  
in the roads, it was determined the existing water line was old, fragile cast iron pipe, which  
needed to be replaced; and

WHEREAS, The estimated cost of the water line replacement is \$540,000; and

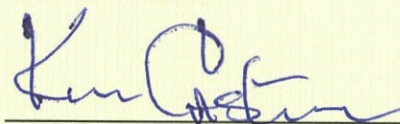
WHEREAS, the water line replacement project is listed on the Alaska Department of  
Environmental Conservation's FY24 Intended Use Plan for Drinking Water State Revolving Loan  
Funds and the City is eligible for a Principal Forgiveness Subsidy in the amount of \$491,400;  
and

WHEREAS, In order to receive this subsidy, the City must apply for the loan funds.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska hereby  
authorizes the City Manager to apply for Drinking Water State Revolving Loan Funds in the  
amount of \$491,400 to replace the cast iron water line in Ohlson Lane and Bunnell Avenue as  
part of the pavement restoration project and to execute the necessary documents.

PASSED AND ADOPTED by the Homer City Council this 24<sup>th</sup> day of July, 2023.

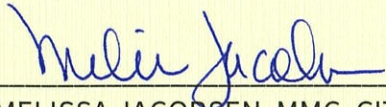
CITY OF HOMER



KEN CASTNER, MAYOR



ATTEST:



MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal Note: N/A





# MEMORANDUM

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## Resolutions 23-068, 23-069, 23-070, and 23-071

**Item Type:** Backup Memorandum  
**Prepared For:** Mayor Castner and Homer City Council  
**Date:** July 13, 2023  
**From:** Janette Keiser, PE, Public Works Director/City Engineer  
**Through:** Rob Dumouchel, City Manager

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**Issue:** The purpose of this Memorandum is to update the Council on the Ohlson Lane/Bunnell Avenue Pavement Restoration Project and recommend new strategies.

**Background:** One of the projects in the Pavement Restoration Program established by Ordinance 22-26 was the Ohlson Lane/Bunnell Avenue Project. Resolution 22-052 authorized issuance of a Task Order, in the not to exceed amount of \$55,518, to Nelson Engineering to design the project. In the course of the design work, we learned that Ohlson Lane and Bunnell Avenue have an old 8" cast iron water distribution line, which is subject to cracking and should be replaced before the roads are repaved. The estimated cost for the water line replacement is \$540,000, as a stand-alone project. We submitted a Questionnaire for an Alaska Department of Environmental (ADEC) State Revolving Loan (SRF) for the water line replacement. The project is now listed on the ADEC's Intended Use Plan for SRF Drinking Water monies in the amount of \$491,400. Further, we've been offered a Principal Forgiveness Subsidy in the amount of \$491,400. The remaining costs will be requested from the Water CARMA Fund at later date.

Also, in the course of the design work, we learned that more comprehensive storm drain improvements are needed to address long-standing problems on Bunnell Avenue. The estimated cost is \$324,491 as a stand-alone project. Storm drain projects qualify for ADEC SRF Clean Water monies, so we submitted a Questionnaire for this project as well. This project is now listed on the ADEC's Intended Use Plan in the amount of \$324,000. Further, we've been offered a Principal Forgiveness Subsidy in the amount of \$324,000.

The ADEC's Intended Use Plan is good for three years, after which the City must re-apply for eligibility and there is no guarantee we will be offered new subsidies. In order to lock in the subsidies, we must apply for the loans.

The City needs to decide how it wants to proceed. We recommend moving forward with the road project by adding the water line replacement component and the upgraded storm drain improvements. This will give us a fully-functional road system, with a rehabilitated road bed, new pavement, a sidewalk on the south side of the road, a new water line and comprehensive storm water improvements. The cost estimates for the three elements of the project were developed as if each project were built separately. It is highly likely we will achieve some economies of scale if we build all three elements at the same time; for example, we will only need to pay for one SWPPP plan, one traffic control plan, one set of mobilization costs, etc. The estimated total cost of the entire project are:

<b>Component of Project</b>	<b>Funding Source</b>	<b>Est. Cost</b>	<b>Subsidy</b>
• Road restoration project	HART Road	\$1,171,292	\$0
• Storm drain improvements	HART Road	\$ 342,491	\$324,000
• Water line replacement	Water CARMA	<u>\$ 540,000</u>	\$491,400
Total Project Cost		\$2,053,783	

The design for the road work was funded, a contract was issued to Nelson Engineering and the work is almost complete. That contract did not include design of a water line. Nelson's proposal to design the water line is estimated to be \$55,867. The contract did include most of the storm water work, but some additional effort is necessary. Nelson's proposal to provide this additional effort is estimated to be \$11,634. Both costs will be covered by the ADEC Principal Forgiveness Subsidies. The FY24 Capital Project includes \$90,000 design work related to Ohlson Lane/Bunnell Avenue.

#### **RECOMMENDATIONS:**

That the City Council adopt Resolutions authorizing the City Manager to apply for ADEC SRF loan funds, in order to lock in Principal Forgiveness Subsidies:

Ohlson Lane/Bunnell Avenue Water Line Replacement	\$491,400
Ohlson Lane/Bunnell Avenue Storm Drain	\$324,000

That the City Council authorize a new Task Order to Nelson Engineering for the design of a water line replacement in the Not to Exceed amount of \$55,867.

That the City Council authorize a new Task Order to Nelson Engineering to design more comprehensive storm drain improvements in Bunnell Avenue for the Not To Exceed amount of \$11,634.





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**Section 3.** That this Resolution shall take effect immediately upon passage.

PASSED AND ADOPTED by the Homer City Council this 12<sup>th</sup> of May, 2025.

CITY OF HOMER

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RACHEL LORD, MAYOR

ATTEST:

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RENEE KRAUSE, MMC, CITY CLERK

Fiscal Note: See Memorandum CC-25-132



# MEMORANDUM

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**From:** Daniel Kort, Public Works Director  
**Through:** Melissa Jacobsen, City Manager

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CITY OF HOMER

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RACHEL LORD, MAYOR

ATTEST:

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RENEE KRAUSE, MMC, CITY CLERK

Fiscal Note: See Memorandum CC-25-132(A)