



"Village with a Past, City with a Future"

210 Fidalgo Avenue, Kenai, Alaska 99611-7794
Telephone: 907-283-7535 / FAX: 907-283-3014



July 24, 2008

OFFICE OF THE GOVERNOR
MAIL ROOM
JUL 25 2008

The Honorable Sarah Palin
Governor, State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

Subject: SFY 2010 Capital Budget Request

Dear Governor Palin:

Thank you for your time and that of your staff in reviewing this request from the City of Kenai. For many years, the number **one capital priority for the City of Kenai has been the construction of an erosion control project along one-mile of the north shore of the Kenai River.**

In the 2007 municipal election, the voters of Kenai approved the issuance of general obligation bonds in the amount of \$ 2,000,000 to support the construction of this project. Those bonds have not yet been issued as we attempt to secure the remainder of the project funding.

The U.S. Army Corp of Engineers (COE) has determined that a project to halt the ongoing erosion is feasible. To date, the COE has accomplished the preliminary/conceptual design and approximately fifty-percent of the required NEPA documentation. If full project funding was secured in the SFY budget, construction could begin during the 2010 construction season.

This important project can only be undertaken with the assistance of the state and federal governments. The congressional delegation has been able to appropriate approximately \$ 1.5 million over the preceding four years to forward the project through scoping, planning, preliminary design and NEPA documentation.

The cost estimate for this project is approximately \$ 20,000,000. The City of Kenai has project funding in the amount of \$ 2,000,000 for this project and **respectfully requests that you place an appropriation in your SFY 2010 capital budget in the amount of \$ 18,000,000 for this project.**



The Honorable Governor Palin
July 23, 2008
Page 2 of 2

The cost benefit ratio is over 2:1 for this project and does not include any analysis of increased revenues to local businesses which will be located on the bluffs above the mouth of the Kenai River.

The City of Kenai does not have budget resources available to undertake a project of this magnitude and must look to the State for assistance. Fortunately, the design solution to the ongoing erosion is one that will solve the problem and not require continual remedial construction and funding, as is the case in many of our coastal communities.

In closing, I repeat, this is and has been the City of Kenai's number one capital priority for many years. Buildings and infrastructure have been lost as a result of the erosion, and capital investment in an area, which would otherwise be significant, is negligible. This project would immediately create increased property values and investment in a unique area.

Again, thank you. If you or your staff have any questions, please contact me at your earliest convenience.

Sincerely,

CITY OF KENAI



Rick Koch
City Manager



Rick R. Koch
City Manager

210 Fidalgo Avenue
Kenai, Alaska 99611-7794

City Hall: (907) 283-7535, ext. 222

Cell: (907) 398-0190

Fax: (907) 283-3014

Email: rkoch@ci.kenai.ak.us

<http://www.ci.kenai.ak.us>

Introduced by:	Mayor
Date:	07/08/08
Action:	Adopted
Vote:	9 Yes, 0 No, 0 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2008-060**

A RESOLUTION SUPPORTING STATE AND FEDERAL FUNDING IN THE AMOUNT OF SIXTEEN MILLION DOLLARS (\$16,000,000) FOR THE KENAI RIVER BLUFF EROSION PROJECT AT THE MOUTH OF THE KENAI RIVER

- WHEREAS,** the United States Army Corps of Engineers (USACE) has completed several studies of bluff erosion at the mouth of the Kenai River; and
- WHEREAS,** USACE studies indicate that the bluff approximately one-mile in length along the north shore of the mouth of the Kenai River exhibits an erosion rate of up to three feet per year; and
- WHEREAS,** erosion to date has resulted in the loss of buildings, roads and utilities causing significant public and private economic losses; and
- WHEREAS,** continued erosion will likely result in the loss of other improvements both public and private; and
- WHEREAS,** continued erosion will likely negatively impact the development of otherwise valuable upland properties; and
- WHEREAS,** USACE has identified several alternatives that would eliminate or reduce continued erosion; and
- WHEREAS,** in the October 2006 municipal election the voters of the City of Kenai approved the issuance of debt in the amount of \$2 million to contribute to a bluff erosion project; and
- WHEREAS,** the total cost estimate for a bluff erosion project in 2010 is estimated to be \$18 million;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the assembly hereby supports state or federal funding in the amount of \$16 million for the Kenai River Bluff Erosion project at the mouth of the Kenai River.

SECTION 2. This resolution shall become effective immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 8TH DAY OF JULY, 2008.

Grace Merkes
Grace Merkes, Assembly President

ATTEST:

Johni Blankenship
Johni Blankenship, Borough Clerk



Yes: Fischer, Gilman, Knopp, Long, Martin, Smith, Sprague, Superman, Merkes
No: None
Absent: None

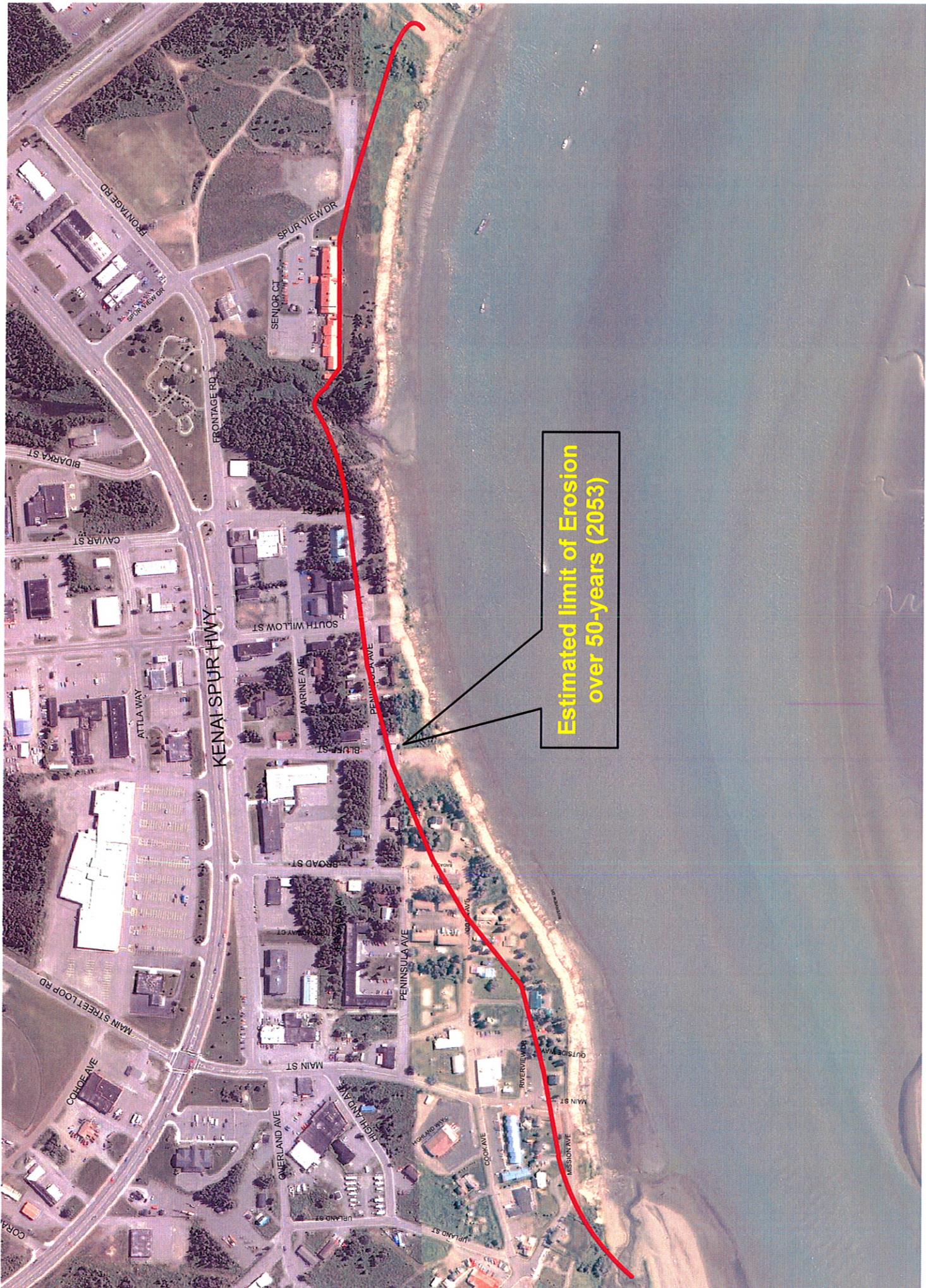
TABLE OF CONTENTS

TABLE OF CONTENTS

I.	Slide Showing Estimated Erosion 2003 – 2053	1 Page
II.	Slides of PowerPoint Presentation Showing Existing Condition of Erosion Along Kenai River Bluff	14 Pages
III.	Worksheet Estimating Value of Property and Improvements Lost over 50 Years (2006-2056) & Present De-Valuation of Properties	1 Page
IV.	Correspondence Between U.S. Army Corp of Engineers and the City of Kenai Regarding Future Project Funding	2 Pages
V.	U.S. Army Corp of Engineers, Section 905(b) (WRDA 86) Analysis, Kenai River Bluff Erosion, Alaska	8 Pages
VI.	U.S. Army Corp of Engineers, Kenai River Bank Erosion Technical Report – Kenai, Alaska (Summary)	3 Pages
VII.	U.S. Army Corp of Engineers, Geotechnical Investigation and Site Conditions Report, Kenai River Bluff Erosion (Preliminary)	5 Pages
VIII.	Letter of Support from Kenaitze Indian Tribe I.R.A.	2 Pages
IX.	Cost Estimate	1 Page

I.

**Estimated limit of Erosion
over 50-years (2053)**



II.

Photo's in
physical File.

TOO Big to Pdf.

III.

KENAI RIVER BLUFF EROSION

WORKSHEET ESTIMATING VALUE OF IMPROVEMENTS AND PROPERTY LOST OVER 50 YEARS (2008-2058) & PRESENT DE- VALUATION OF PROPERTIES

Description of Loss Property/Improvement	Estimated Value (2008)
Real Estate, Property & Improvements	\$ 22,453,690.00
Roadways	\$ 450,000.00
Curb & Gutter	\$ 50,000.00
Storm Drains & Culverts	\$ 40,000.00
Street Lights	\$ 35,000.00
Road Signage	\$ 20,000.00
Water mains	\$ 350,000.00
Fire Hydrants & Water Valves	\$ 45,000.00
Sewer Mains	\$ 250,000.00
Manholes	\$ 50,000.00
Lift Stations	\$ 350,000.00
New Sewer Main Required	\$ 80,000.00
New Manholes Required	\$ 12,000.00
GCI Telecommunications Improvements	\$ 40,000.00
Homer Electric Improvements	\$ 450,000.00
Enstar Natural Gas Improvements	\$ 350,000.00
ACS Telecommunication Improvements	\$ 70,000.00
Total Loss of Property & Improvements in 2008 Dollars	\$ 25,095,690.00
Present De-Valuation of Properties due to Proximity to Eroding Bluff. Analysis of One Mile Long, by 300 feet Wide Area, Suffering Devaluation of Property Estimated to be \$ 200,000 per Acre. (5,280 x 300/43,560 x \$ 200,000)	\$ 7,272,727.00
Total of Present Property De-Valuation and Loss of Property & Improvements Over Fifty Year Period (In 2008 Dollars)	\$ 32,368,417.00

IV.

Rick Koch

From: Martinson, David A POA [David.A.Martinson@poa02.usace.army.mil]
Sent: Monday, August 27, 2007 4:16 PM
To: Rick Koch
Cc: Fitzgerald, Patrick S POA
Subject: RE: Kenai Bluff Erosion



RE: Kenai Bluff
Stabilization ...

Hi Rick,

I attached the email from the last time we discussed the language issue and you discussed this with the delegation. As we discussed because of the status of WRDA and the appropriations bills the language below should fit what you were looking for. I modified it a bit to account for the cost sharing the City intends to provide for the project. Also the answer to your question you brought up during our meeting with you last friday, yes, this could be inserted in the appropriations bill or omnibus bill Congress is working on.

"\$20,000,000 is provided and the Secretary of the Army, acting through the Chief of Engineers, is authorized and directed to design and construct a project for the reduction of erosion and coastal storm damage at Kenai, Alaska. Section 117 of Public Law 108-447 will apply to this project. The non-Federal sponsors cost share shall be \$2,000,000 toward the total cost of the project. "

Hope this answers your questions,
Let me know if you need any additional information,
Dave

-----Original Message-----

From: Rick Koch [mailto:rkoch@ci.kenai.ak.us]
Sent: Monday, August 27, 2007 11:53 AM
To: Martinson, David A POA
Subject: Kenai Bluff Erosion

Dave,

This is the reminder e-mail to supply me the specific language I need Sen. Murkowski/Sen.Stevens/Rep. Young to insert in an appropriations bill.

Thanks

Rick Koch
City Manager
City of Kenai
210 Fidalgo Avenue
Kenai, AK 99611
(907) 283-6222 Office
(907) 283-3014 Fax
(907) 398-0190 Cell

3-19-07 e-mail Martinson COE.txt

From: Martinson, David A POA [David.A.Martinson@poa02.usace.army.mil]
Sent: Monday, March 19, 2007 10:01 AM
To: Rick Koch
Cc: Boardman, Stephen C POA
Subject: Kenai River Bluff Erosion project

Hi Rick,

Just thought I would touch base on what is happening with regard to the authorization request you made. We will start with the current version of the Water Resources Development Act (WRDA). The house has released its version and I could not find anything in it for your project. Not sure what the Senate plans to do or what will happen in the Conference Committee.

I did get a call from our HQ. They were contacted by a staffer from Sen. Murkowski's office, Arne Fuglvog. They discussed the issue of further authorization. Our HQ is evaluating whether our current authority could be used to develop designs as well as conduct our NEPA requirements. I will consider that to be permissible and scope to that end. HQ also thought we might be able to use the Section 117 authority for construction. This was the one I sent you information about that is at 100% Federal.

There are two (2) ways to pursue this authority. First is for use to do our current study and to recommend to the Assistant Secretary of the Army for Civil Works (ASACW) construction using this authority. At this point the ASACW may or may not approve the project. Most likely not approving based on financial capability of Kenai compared to other smaller more remote communities in Alaska.

The second way would be for the Senator to name the project in some bill using Section 117 directing the ASACW to construct it. This tips the scales to authorize the project. The best timing for this would be when we have a better idea of the costs and benefits of the project as you mentioned to aide Congress to support the project.

Regardless, we are working to get that information ASAP and hope to have significant numbers by the end of this summer in an effort to assist you in asking lawmakers in making those decisions though the report will not be done till spring 2008. The timing of the authorization, this year vs. next year or later, is a matter of stop gap authority to proceed to construction ASAP and receiving all the approvals for NEPA, the report, Project Cooperation Agreement (PCA), Real Estate Acquisition, etc. before we can solicit bids or proposals for construction.

Our HQ offered Arne the COE's Legislative Drafting Service for language for authorization. However, our HQ also recommended waiting for the report to be complete.

Feel free to contact me if you would like to discuss this further

Dave