June 16, 2025

Attn: Mayor Micciche
Kenai Peninsula Borough
144 N. Brinkley St.
Soldotna, AK 99669

SUBJECT: Ordinance 2025-10: An Ordinance Authorizing the Sale of Certain Parcels Owned by the Kenai Peninsula Borough via a Live Public Outcry/Simulcast Online Auction Followed by a Secondary Online-Only Auction (Mayor)

Dear Mayor and KPB Assembly,

On behalf of the Kachemak Bay National Estuarine Research Reserve (KBNERR), I am writing to clarify the role of KBNERR in the Kachemak Drive Peatlands Water Quality Improvement Project (aka 'Kachemak Sponge'), and to clarify the intended outcome of the land acquisition component of this project.

KBNERR, as part of the Alaska Center for Conservation Science (ACCS), University of Alaska Anchorage (UAA), received a grant from the National Oceanic and Atmospheric Administration (NOAA) Office of Coastal Management, to pass through funding to the City of Homer to 1) design a stormwater infrastructure project; 2) acquire lands in the Kachemak Drive area for conservation purposes; 3) monitor the health of the peatlands/wetlands; and 4) establish a platform for educational programming that incorporates the peatlands/wetlands.

This project is complex and involves multiple landowners and parcel acquisitions. Kachemak Heritage Land Trust is contracted by the City of Homer to manage the landowner negotiations. The original intent of the Kachemak Sponge Project was for all eight Kenai Peninsula Borough (KPB) parcels in the area to be acquired, some for conservation only and purchased with NOAA grant funding, and some KPB parcels purchased by the City of Homer to install stormwater infrastructure. In February 2025 the Homer City Council decided the stormwater infrastructure design was too expensive to pursue ([Resolution 24-124(s)](#)), but that the City should move forward with purchasing lands for conservation, given the many public benefits listed below.

In the meantime, the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) appraisal received approval by NOAA through its review appraisal process. The appraised value of the eight KPB parcels came out well below the KPB assessed value. In recent negotiations between the City of Homer

and the Kenai Peninsula Borough, they determined that purchasing **five parcels for conservation,** while the KPB auctions the remaining three parcels, is an appropriate course of action for the City, Borough, and the constituents they serve.

Acquiring these lands for conservation still benefits the local and broader public by:

- **Avoiding increased costs, damages, and erosion** due to the wetlands' ability to mitigate flooding along Kachemak Drive – especially given the lack of stormwater infrastructure. If this land is developed, flooding & erosion will get worse.
- **Protecting the water quality of Kachemak Bay** because the wetlands absorb stormwater & sediment in the natural 'sponge' of the landscape. This protects the fisheries, shellfish harvests, mariculture, and local economies that depend on healthy water in Kachemak Bay.
- **Prime moose calving and resting habitat is protected**, which supports moose populations on the southern Kenai Peninsula.

As Principal Investigator of the grant award, the Kachemak Bay National Estuarine Research Reserve, ACCS UAA supports this deal, and considers the five KPB parcels being purchased with grant funds for conservation a success, especially given the additional private properties in the area under negotiation for acquisition.

KBNERR's long-term role in this project is to assist the City in monitoring the health of the wetlands over time, as resources/capacity allow, and to utilize these public wetlands for training and educational programming.

Sincerely,

Matthew L. Carlson, Director
Alaska Center for Conservation Science

Katherine Schake, Reserve Manager
Kachemak Bay National Estuarine Research Reserve

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Dear Mayor and KPB Assembly,

The City of Homer was awarded grant funds to purchase land for conservation in the area east of the Homer Airport. This area has long been known to support moose habitat, as well as natural storm water retention and protects the water quality of Kachemak Bay. This effort was through a partnership with Kachemak Bay National Estuarine Research Reserve (KBNERR), as part of the Alaska Center for Conservation Science, University of Alaska Anchorage (UAA), and Kachemak Heritage Land Trust. In total, the project was planned to conserve approximately 51 acres through the purchase of private and public lands from willing sellers.

Through the initial grant application process in 2022 and 2023, the Borough indicated willingness to explore the idea of selling the eight Borough owned parcels in the area to the City for conservation purposes. Some of the grant requirements included a third party real estate appraisal to determine fair market value, and that grant funds can only be used to purchase lands within a range of that appraised value. In 2024, the third party appraised fair market value of the eight KPB parcels was much less than the KPB tax assessed value. While the City would like to purchase all eight lots, it is understandable that the Borough has a responsibility to dispose of lands in a way that benefit all the interests of the Borough and its residents. One possible outcome recently discussed by the City and Borough was to auction some lots and sell the remainder for conservation. From the City of Homer's perspective, purchasing the majority of these KPB parcels for conservation will still be considered a success, and the City supports the decisions of the Borough that result in at least five of these parcels being conserved.

Sincerely,

Melissa Jacobsen, City Manager
City of Homer