Resolution 12-044 Expressing Intent to Initiate a Broad and Inclusive Community Review Process on the Merits of Public Financing for Construction of a Natural Gas Distribution System Within the City

Resolution ID: 12-044
Resolution Status: Adopted

Resolution Effective Date: Mon May 14th, 2012

Resolution Summary:

A Resolution of the City Council of Homer, Alaska, Expressing Its Intent to Initiate a Broad and Inclusive Community Review Process on the Merits of Public Financing for Construction of a Natural Gas Distribution System Within the City and Setting a Workshop Date for June 4, 2012 to Begin the Process. Burgess.

CITY OF HOMER HOMER, ALASKA

Burgess

RESOLUTION 12-044

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, EXPRESSING ITS INTENT TO INITIATE A BROAD AND INCLUSIVE COMMUNITY REVIEW PROCESS ON THE MERITS OF PUBLIC FINANCING FOR CONSTRUCTION OF A NATURAL GAS DISTRIBUTION SYSTEM WITHIN THE CITY AND SETTING A WORKSHOP DATE FOR JUNE 4, 2012 TO BEGIN THE PROCESS.

WHEREAS, Funding to construct a natural gas transmission line from Anchor Point to Homer is included in the FY 2013 State Capital Budget recently approved by the Legislature; and

WHEREAS, If the Governor does not veto this line item, funding for the project will be available after July 1, 2012; and

WHEREAS, It is anticipated that the City will receive a grant agreement in mid-July and that the Council will have an ordinance before it to accept and appropriate the funds in August; and

WHEREAS, Enstar Natural Gas Company has stated that if funding for the project is approved, construction of the transmission line could begin this fall and construction of distribution system main extensions within the City could commence as early as next Spring; and

WHEREAS, The City Council has discussed the merits of providing public financing for construction of the natural gas distribution system in general terms over the past few years but has not gotten specific or into great detail; and

WHEREAS, Public financing for construction of the natural gas distribution system can be seen as a long term investment in the economic vitality of the community and may have many advantages which include, but are not limited to:

- Small business owners, small property owners, senior citizens, and people on limited or fixed incomes could afford to hook up quicker and lower their energy costs.
- Economic benefits including a lower cost of living, lower fixed costs and increased competitiveness for local businesses, and job creation would accrue at an accelerated pace.
- Increasing the number of gas customers will result in the \$1.00 per Mcf tariff increase being removed more quickly.
- Environmental benefits such as cleaner air, less green house emissions, and fewer fuel spills will occur more rapidly.

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• Costs to residents associated with extending mains would be more fair and equitable.

WHEREAS, There is an urgent need to begin a detailed review, public dialog, and decision making process as soon as possible so that if the Council decides to move ahead with public financing, everything could be in place by the fall or early winter of this year; and

WHEREAS, The advantages to having the financing mechanisms, including LID boundaries and loan agreements or a bond sale in place by this fall include:

- Enstar would know exactly what it would be constructing next summer and it would have adequate time to order materials and let contracts.
- The community could lock in construction cost estimates (good for 2 years) and the current low interest rates.

NOW, THEREFORE, BE IT RESOLVED that the Homer City Council finds that it is in the public interest to quickly begin a focused and detailed review and public dialog regarding the merits of providing public financing for construction of the natural gas distribution system within the City.

BE IT FURTHER RESOLVED that the Council establishes June 4, 2012 as a workshop date to begin the process and requests that the Administration provide relevant information and a list of options regarding financing mechanisms and invite interested stakeholders to participate including, but not limited to, representatives from Kachemak City, Enstar Natural Gas Company, and the Borough.

PASSED AND ADOPTED by the Homer City Council this 14th day of May, 2012.

JAMES C. HORNADAY, MAYOR
ATTEST:

JO JOHNSON, CMC, CITY CLERK

Fiscal Note: N/A

Resolution Files Resolution 12-044

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