

MANAGERS REPORT

June 25, 2012

TO: MAYOR HORNADAY / HOMER CITY COUNCIL

FROM: WALT WREDE

UPDATES / FOLLOW-UP

Natural Gas Update

1. The Legislative Grant: This agenda contains an ordinance accepting and appropriating the legislative grant in the amount of \$8.16 Million for construction of the large transfer pipeline from Anchor Point to Homer and Kachemak City. I am bringing this to you a little early in order to make sure we can move as quickly as possible. The funds are not available until after July 1 and we do not yet have the grant agreement. We expect to have the grant agreement in hand before second reading on July 23. Katie has been working with the State Department of Commerce and we already have preclearance and approval on the items both the State and the Council were concerned about last time. You may recall that those issues included ownership of the improvements, liability, Davis-Bacon wages ETC. We are currently working with Enstar on a Main Extension Contribution In Aid of Construction Agreement and also on making sure everyone is on the same page with respect to the documentation that will be needed for reimbursements. We expect to have a contract completed for review and approval on July 23 also.
2. Distribution System LID: At the Council's most recent workshop on the gas distribution system, I came away with the impression that there was general agreement that the City should initiate a Special Assessment District that encompassed the entire City. I wanted to take a moment to touch base with you again on that. I also wanted to confirm that unless I hear something different from Council, it is my intention now to prepare a resolution initiating the district with all of the supporting documentation attached at either the July 23 or August 13 meeting. Please let me know if Council has any misgivings about this because putting this package together will involve a huge amount of work and staff time. If Council wants us to go in a different direction, it would be good to know that now.
3. Communication Plan: Council has spoken often about engaging the public in a conversation about the distribution system and the pros and cons of the City providing low interest loans to property owners to finance construction of the mains. If Council wants me to move ahead with drafting a resolution initiating the Assessment District, we could use the time between now and then providing information to the public and soliciting comment. In addition to the usual methods of getting info out there and soliciting comment, I am thinking about an informal, non-binding, advisory poll that could be done on-line and through paper surveys provided at strategic locations. This might provide Council with an indication of the level of support that might exist for the City helping property owners get

access to gas through attractive financing. I am interested in hearing what you think about that idea.

ATTACHMENTS

1. Memorandum from Harbormaster Hawkins on Daniel D Incident