

MANAGERS REPORT
January 14, 2013

TO: MAYOR HORNADAY / HOMER CITY COUNCIL

FROM: WALT WREDE

UPDATES / FOLLOW-UP

1. HSAD Financing: At the last meeting I reported on a trip to the Borough to discuss possible financing for the proposed natural gas distribution system HSAD. On Tuesday night, January 8, Mayor Navarre introduced an ordinance that would amend the Borough Code and allow the Borough to loan money to Homer for this purpose. I attended the Finance Committee meeting and the regular Assembly meeting at which this ordinance was discussed. There were some comments and concerns expressed (very limited and fully addressed) which I will discuss at the meeting if you are interested. The ordinance was introduced at the regular meeting after a brief explanation by the Committee Chair. Public Hearing and Second Reading is scheduled for February 5. A loan agreement will need to be approved by both the Assembly and the Council and we are working on a draft now. I anticipate bringing an ordinance on the loan to Council at its meeting on the 28th for introduction. If Council approves the HSAD on the 28th, second reading and public hearing would occur on February 11. In the meantime, Regina is researching possibilities from commercial lenders.
2. Emergency Operations Plan Update: Chief Bob Painter is leading an effort to update the City's Emergency Operations Plan. He is forming a working group that includes department representatives initially and will later include other affected and interested parties such as the hospital, HEA, the School District, Churches, etc. Bob would like the Mayor to appoint somebody from Council to serve on the committee.
3. Endeavor Drill Rig Update: The company managing the rig has changed from Apache to Spartan. Bryan Hawkins met with representatives of the new management firm last week to establish contacts and lines of communication. The company still has work to do before it can obtain the Coast Guard certifications needed to leave the dock. It is likely to be there for a while longer. Since the rig was at the dock on January 1, the City will receive a significant amount of oil and gas property tax revenues in 2013. The amount will depend upon how the State assesses the rig's value but the revenue could be several hundred thousand dollars. Work has begun on an assessment regarding disturbance to the seafloor associated with the "Soft Pin". A before and after departure assessment will be conducted to determine impacts. We can discuss that in more detail if Council wishes. We have informed Buccaneer that the rig needs to be off the face of the dock by March so that we can proceed with scheduled fender replacement work.
4. 2013 Operating Budget: The Finance Department has amended the 2013 budget document to reflect all of the changes and amendments adopted by the Council in December. The 2013 Operating Budget is now available on-line if the public

wishes to access it. We decided to hold off on printing the budget though until it is clear what will happen with the possible reconsideration of Ordinance 12-53 (S). We did not think it wise to use a lot of paper and printing time until it was known if that ordinance will ultimately pass. If it passed, it would change the budget significantly and a reprint would be necessary.

ATTACHMENTS

1. Memorandum 13-004 from City Planner re: Gas Distribution System Assessment Roll
2. Employee Anniversaries
3. Letter to Mayor Navarre re: HSAD Financing