



City of Homer

www.cityofhomer-ak.gov

Office of the City Manager

491 East Pioneer Avenue
Homer, Alaska 99603

citymanager@cityofhomer-ak.gov

(p) 907-235-8121 x2222

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Memorandum 19-021

TO: Mayor Castner and Homer City Council
FROM: Katie Koester, City Manager
DATE: February 6, 2019
SUBJECT: Legislative Priorities

The purpose of this memo is to review the legislative priorities the City of Homer has taken a position on in order to inform discussion during the worksession on items to bring to the attention of legislators and members of the administration during the upcoming trip to Juneau for the 2019 Alaska Municipal League Winter Conference in Juneau.

Pertinent Resolutions passed since 2016:

-Resolution 18-088: A Resolution of the City Council of Homer, Alaska, Supporting Full Funding (\$7,409,439) for the State of Alaska Municipal Harbor Facility Grant Program in the FY 2020 State Capital Budget.

Governor **Walker's** budget included \$5 million for the program, which was maintained in the first draft release of Governor **Dunleavy's** budget. However, **a final budget won't be released until February 13.**

-Resolution 18-070(A): A Resolution of the Homer City Council Adopting the 2019-2024 Capital Improvement Plan (CIP) and Establishing Capital Project Legislative Priorities for Fiscal Year 2020.

Homer's CIP book has been mailed to legislators, however we will hand-deliver the legislative priorities again during our meetings in Juneau. Though there continues to be fiscal uncertainty that will likely constrain any capital budget, it is important for our delegation to know **the City's** priorities so they can be on the lookout for any and all opportunities. These meetings will also be a good chance to update legislators on the Large Vessel Moorage Facility project.

-Resolution 16-017: A Resolution of the City Council of Homer, Alaska, Expressing a Deep Sense of Urgency for the Alaska State Legislature to Take Immediate and Decisive Action During the 2016 Legislative Session to Enact a Complete Package of Initiatives to Provide for a Balanced, Sustainable, and Predictable State Budget for the Foreseeable Future.

-March 13, 2017 Letter from Homer City Council to Governor Walker regarding the impact of proposed budget cuts and revenue measures.

Fiscal issues continue to be the largest challenge the state faces. Stay tuned for how these issues will be addressed by the current administration. We will know more once the final budget is released on the 13th,

but it is clear that cuts will continue to be part of the conversation. Municipalities need to stay alert and watch out for the downstream effect of state budget cuts.

-July 15, 2016 Letter to Governor Walker regarding importance of sales tax revenue to the City of Homer.

In 2018, the Supreme Court ruled in *South Dakota v. Wayfair Inc.* that states can mandate online retailers to collect sales tax. The landscape on sales tax has thus changed since the Wayfair decision and municipalities are struggling to interpret how to take advantage of opportunities the decision provides for expanding the local sales tax base and putting online companies on an even playing field with local retailers. It is possible the state will reopen the topic of a statewide sales tax given the increased revenue to be captured with online sales. The City of Homer contributed \$4,500 to the Alaska Municipal League's (AML) efforts to investigate a municipality-based tax alternative to the state sales tax collection. AML will provide updates to the participating municipalities while we are in Juneau.

-Resolution 18-091: A Resolution of the City Council of Homer, Alaska, Supporting the Siting of the Alaska **Gasline Development Corporation's** (AGDC) Alaska LNG Liquefaction Plant and Marine Terminal in Nikiski, Alaska.

After speaking with ADGC, staff told me that they think a different location for the terminus of the project at this point is very unlikely. They explained that the rigorous review process that went into site selection, along with the funds and time that have been invested thus far in Nikiski as the terminus, make it unlikely for the location to change. The bigger question is how committed the current administration and the Alaska State Legislature are to the project.

- Resolution 19-008 (yet to be adopted, on agenda for February 11 meeting): A Resolution of the City Council of Homer, Alaska, Opposing the \$20 Million Dollar Repeal of the K-12 State Aide to School Districts for the Fiscal Year Ending June 30, 2019.

Issues/ Legislation to Watch:

Comprehensive reform to Title IV: Stakeholders have been working on sweeping changes to Title IV, the statutes that govern alcohol in the State of Alaska. Though the City of Homer has not taken any official stance on this very large and evolving piece of legislation (SB76 during the previous legislature: <http://www.legis.state.ak.us/PDF/30/Bills/SB0076F.PDF>), we have been following this issue due to the economic impact beverage and restaurant establishments have in our area. As an FYI, the Alcoholic Beverage Control Board will be having a meeting at the Alaska State Library while we are in Juneau this month (February 19-20).

Senate Bill 5: Senator Stevens has introduced a bill that would allow municipalities to invest in the Alaska Permanent Fund. With an excellent track record for protecting capital and rate of return, this could be an interesting opportunity for municipalities looking to increase the value of their savings. This would be a good issue to ask the Senator about during our visit.

State Budget items that pertain to the City:

- Funding for Alaska Land Mobile Radio
- Winter maintenance contract with Department of Transportation (DOT)
- Contract with State Troopers for use of Police Station
- Contract with Department of Corrections for use of Community Jail
- Maintaining the municipal PERS contribution rate at 22%
- Health of the Community Assistance Program

- Online With Libraries (OWL) grant funding for Library programming
- Number of State Troopers in our region
- Number of DOT regional staff
- Alaska Marine Highway funding
- Code Blue (emergency services grant program)

Visit <http://www.akleg.gov/basis/Home/BillsandLaws> for complete information on introduced legislation.

Enc:

Draft schedule for Juneau
Resolution 18-088
Resolution 18-070(A)
Resolution 16-017
March 13, 2017 Letter to Governor Walker
July 15, 2016 Letter to Governor Walker
Resolution 18-091
KTUU Post on AKLNG
Resolution 19-008



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2019 Alaska Municipal League Winter Legislative Conference Schedule

In attendance:

City Manager Koester

Councilmember Lord

Councilmember Smith

Councilmember Aderhold

Monday, February 18, 2019

Time	Location	Who	Topic
3:30PM-4:00PM	State Capitol, Room 505	Representative Sarah Vance	COH priorities
4:00PM-4:30PM	State Capitol, Room 429	Senator Gary Stevens	COH priorities
7pm	TBD	TBD	AMMA Dinner

Tuesday, February 19, 2019

Time	Location	Who	Topic
8:00AM	Treadwell Room, Baranof Hotel	AML	Breakfast (included)
9:00AM-11:30AM	Treadwell Room, Baranof Hotel	AML	Legislative Review: Review status and analysis of all current legislation
11:30AM	Treadwell Room, Baranof Hotel	AML	Lunch (included)
1:00PM	Treadwell Room, Baranof Hotel	AML	Federal issues update
3:15PM-4:00PM	Federal Building	USCG members Admiral Matt Bell, Lieutenant Ray Reichl, Chief of Staff Captain Melissa Rivera, Chief of Prevention Captain Pat Hilbert, Chief of Waterways Lieutenant Commander Mike Newell; Port and Harbor Director Bryan Hawkins	

Tuesday, February 19, 2019 (continued)

Time	Location	Who	Topic
4:30PM-5:00PM	DOT headquarters, 3 rd Floor, 3132 Channel Drive	DOT&PF Deputy Commissioner Mary Siroky and Special Assistant to the Commissioner Mike Lesmann	Baycrest Subdivision and rip-rap on the Homer Spit
5:30PM	Governor's Mansion	Governor/AML	Governor's Reception
6:30PM	TBD	UAS Professor Kathy DiLorenzo + City Manager Katie Koester	Meeting with Professor regarding UAS coursework

Wednesday, February 20, 2019

Time	Location	Who	Topic
8:00AM	Treadwell Room, Baranof Hotel	AML	Breakfast
9:00AM-9:30AM	State Health and Social Services Building, 350 Main Street	Commissioner of the Department of Health and Social Services Adam Crum	General check-in
10:00AM-10:30AM	State Office Building, 333 Willoughby Ave, 9 th Floor	Department of Commerce, Community and Economic Development Legislative Liaison Fred Parady	Interpretation of CPV funds moving forward in light of recent court decision
10:30AM-12:00PM	TBD	TBD	COH Delegation continues Agency/Administration meetings (AML budgeted time)
12:00PM-1:00PM	Treadwell Room, Baranof Hotel	AML	Lunch (included) - Invited speakers
1:00PM-4:00PM	Treadwell Room, Baranof Hotel	AML	Invited speakers and roundtable discussions
4:00PM	TBD	AML	Online Sales Tax meeting
5:30PM	TBD	AML	AML legislative reception

Thursday, February 21, 2019 - Back in Homer

11am-5pm Senior Executive training

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 City Manager/Port Director

4 **RESOLUTION 18-088**

5
6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, IN
7 SUPPORT OF FULL FUNDING (\$7,409,439) FOR THE STATE OF
8 ALASKA MUNICIPAL HARBOR FACILITY GRANT PROGRAM IN THE FY
9 2020 STATE CAPITAL BUDGET.

10
11 WHEREAS, The majority of the public boat harbors in Alaska where constructed by the
12 State during the 1960s and 1970s; and

13
14 WHEREAS, These harbor facilities represent critical transportation links and are the
15 transportation hubs for waterfront commerce and economic development in Alaskan coastal
16 communities; and

17
18 WHEREAS, These harbor facilities are ports of refuge and areas for protection for ocean-
19 going vessels and fishermen throughout the State of Alaska, especially in coastal Alaskan
20 communities; and

21
22 WHEREAS, The State of Alaska over the past nearly 30 years has transferred ownership
23 of most of these State-owned harbors, many of which were at or near the end of their service
24 life at the time of transfer, to local municipalities; and

25
26 WHEREAS, The municipalities took over this important responsibility even though they
27 knew that these same harbor facilities were in poor condition at the time of transfer due to the
28 state's failure to keep up with deferred maintenance; and

29
30 WHEREAS, Consequently, when local municipal harbormasters formulated their annual
31 harbor facility budgets, they inherited a major financial burden that their local municipal
32 governments could not afford; and

33
34 WHEREAS, In response to this financial burden, the Governor and the Alaska Legislature
35 passed legislation in 2006, supported by the Alaska Association of Harbormasters and Port
36 Administrators, to create the Municipal Harbor Facility Grant program, AS 29.60.800; and

37
38 WHEREAS, The Alaska Association of Harbormasters and Port Administrators, is
39 pleased with the Department of Transportation and Public Facilities administrative process to
40 review, score and rank applicants to the Municipal Harbor Facility Grant Program, since state
41 funds may be limited; and
42

43 WHEREAS, For each harbor facility grant application, these municipalities have
44 committed to invest 100% of the design and permitting costs and 50% of the construction cost;
45 and

46
47 WHEREAS, The municipalities of the City of Anchorage, the City and Borough of Juneau,
48 City of Ketchikan, City and Borough of Sitka, City of Whale Pass, and the City of Whittier have
49 offered to contribute \$7,409,439 in local match funding for FY 2020 towards eight harbor
50 projects of significant importance locally as required in the Harbor Facility Grant Program; and
51

52 WHEREAS, Completion of these harbor facility projects is all dependent on the 50%
53 match from the State of Alaska's Municipal Harbor Facility Grant Program; and
54

55 WHEREAS, During the last ten years the Municipal Harbor Facility Grant Program has
56 only been fully funded twice; and
57

58 WHEREAS, During the last ten years the backlog of projects necessary to repair and
59 replace these former State owned harbors has increased to over \$100,000,000.
60

61 NOW, THEREFORE, BE IT RESOLVED that City Council of Homer, Alaska, urges full
62 funding in the amount of \$7,409,439 by the Governor and the Alaska Legislature for the State
63 of Alaska's Municipal Harbor Facility Grant Program in the FY 2020 State Capital Budget in
64 order to ensure enhanced safety and economic prosperity among Alaskan coastal
65 communities.
66

67 PASSED AND ADOPTED by the City Council of Homer, Alaska, this 26th day of November,
68 2018.
69

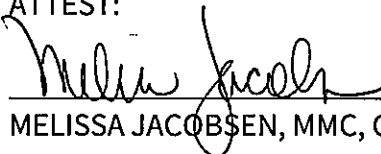


CITY OF HOMER



KEN CASTNER, MAYOR

77 ATTEST:

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79 
80 MELISSA JACOBSEN, MMC, CITY CLERK

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82 Fiscal Note: N/A

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2 **CITY OF HOMER**
3 **HOMER, ALASKA**

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Mayor/City Council

RESOLUTION 18-070(A)

A RESOLUTION OF THE HOMER CITY COUNCIL ADOPTING THE 2019-2024 CAPITAL IMPROVEMENT PLAN AND ESTABLISHING CAPITAL PROJECT LEGISLATIVE PRIORITIES FOR FISCAL YEAR 2020.

WHEREAS, Duly published hearings were held on September 10 and September 24, 2018 to introduce the final draft of the 2019-2024 CIP and to obtain public comments on capital improvement projects and legislative priorities; and

WHEREAS, The Council received comments from all of the City of Homer Advisory Commissions and held a CIP worksession on August 27, 2018; and

WHEREAS, It is the intent of the City Council to provide the Governor, the State Legislature, State agencies, the Alaska Congressional Delegation, and other potential funding sources with adequate information regarding the City's capital project funding needs.

NOW, THEREFORE BE IT RESOLVED by the City Council of Homer, Alaska, that the "City of Homer Capital Improvement Plan 2019-2024" is hereby adopted as the official 6-year capital improvement plan for the City of Homer.

BE IT FURTHER RESOLVED that the following capital improvement projects are identified as priorities for the FY 2020 State Legislative Request:

1. Homer Port & Harbor: New Large Vessel Moorage Facility
2. Homer Barge Mooring & Large Vessel Haul Out Repair Facility
3. Storm Water Master Plan
4. Main Street Sidewalk North
5. Fire Department Fleet Management

BE IT FURTHER RESOLVED that projects for the FY 2020 Federal Legislative Request will be:

1. Homer Port & Harbor: New Large Vessel Moorage Facility
2. Homer Barge Mooring & Large Vessel Haul Out Repair Facility

BE IT FURTHER RESOLVED that the City Manager is hereby instructed to advise appropriate State and Federal representatives and personnel of the City's FY 2020 capital

43 project priorities and take appropriate steps to provide necessary background
44 information.

45

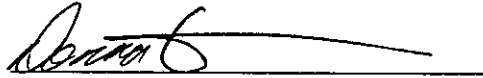
46 PASSED AND ADOPTED by the City Council for the City of Homer on this 24nd day of
47 September 2018.

48

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CITY OF HOMER

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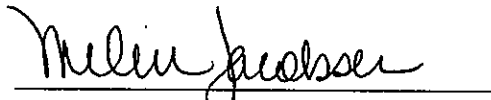
DONNA ADERHOLD, MAYOR PRO TEMPORE

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54 ATTEST:

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MELISSA JACOBSEN, CITY CLERK

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Fiscal Note: N/A



1 **CITY OF HOMER**
2 **HOMER, ALASKA**

Mayor

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4 **RESOLUTION 16-017**

5
6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
7 EXPRESSING A DEEP SENSE OF URGENCY FOR THE ALASKA
8 STATE LEGISLATURE TO TAKE IMMEDIATE AND DECISIVE ACTION
9 DURING THE 2016 LEGISLATIVE SESSION TO ENACT A COMPLETE
10 PACKAGE OF INITIATIVES TO PROVIDE FOR A BALANCED,
11 SUSTAINABLE, AND PREDICTABLE STATE BUDGET FOR THE
12 FORESEEABLE FUTURE.

13
14 WHEREAS, Alaska is an 'owner state' who has developed its natural resources as the
15 primary means to fund essential/desired public services offered by the state; and

16
17 WHEREAS, Alaska has relied predominately on the development of its vast oil reserves
18 to fund the majority of state government expenditures over the past 35 years; and

19
20 WHEREAS, Production of Alaskan North Slope crude oil has steadily decreased over
21 the past 25 years; and

22
23 WHEREAS, Global oil prices have remained highly volatile over recent decades, but
24 until recently, have trended higher over time, masking the effect of decreasing oil production;
25 and

26
27 WHEREAS, Global oil prices have dropped significantly over the past two years and are
28 projected to remain relatively low for the foreseeable future; and

29
30 WHEREAS, The combination of reduced oil production, reduced oil prices, and an
31 overreliance on oil as the primary source of funding for state government has resulted in a
32 massive state fiscal deficit; and

33
34 WHEREAS, Cash reserves currently being used to cover the existing deficit will be
35 depleted in just a few years, threatening the state's annual dividend program and potentially
36 the state's Permanent Fund itself; and

37
38 WHEREAS, The State of Alaska has been duly warned by Standard & Poors that due to
39 the current fiscal imbalance, its credit rating will continue to be downgraded if the Legislature
40 fails to take appropriate action in 2016; and

41

42 WHEREAS, Major business leaders in the state have warned that they would be
43 unlikely to continue making significant commercial investments in Alaska if the Legislature
44 fails to address the fiscal deficit during the 2016 legislative session; and
45

46 WHEREAS, Governor Walker has introduced a complete fiscal plan to provide a
47 sustainable and predictable balanced budget, using the strength of our existing financial
48 assets, and a balanced blend of spending reductions and additional new revenues; and
49

50 WHEREAS, While spending reductions must be a part of any balanced fiscal solution,
51 extreme care must be exercised to not inadvertently cut our way into an economic recession
52 as was done in the 1980's; and
53

54 WHEREAS, Every dollar of cash reserves spent now to fund one-time budget shortfalls,
55 is then unavailable to continue working for the state as an ongoing income producing asset
56 into the future; and
57

58 WHEREAS, Continuing to spend down cash reserves in the short-term, will reduce the
59 amount of sustainable revenue we can plan to generate from our current financial assets in
60 the future, resulting in the necessity to increase other sources of revenue (taxes) in the future
61 to compensate; and
62

63 WHEREAS, Now more than ever is the time for statesmanship, not provincial politics or
64 electioneering rhetoric. Politically difficult decisions are required this year.
65

66 NOW, THEREFORE, BE IT RESOLVED by the City Council of Homer, Alaska that:
67

68 Section 1. The City Council of Homer, Alaska, calls upon the Alaska State Legislature
69 to take affirmative and immediate action this year to enact a comprehensive package of
70 initiatives that will provide for a sustainable and predictable balanced state budget for the
71 foreseeable future.
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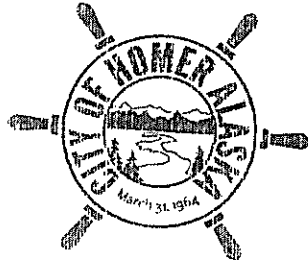
73 Section 2. The City Council of Homer, Alaska, appreciates the difficult work of the
74 Administration to put forth one possible comprehensive fiscal solution; and while the
75 (Community Name) may not support every aspect of this plan, does recognize it as an
76 appropriate starting point for legislative deliberation.
77

78 Section 3. The City Council of Homer, Alaska, insists that the Alaska State Legislature
79 engage in meaningful discussions of all fiscal options without regard to perceived negative
80 political fallout.
81

82 Section 4. The Homer City Clerk is instructed to transmit a copy of this resolution to
83 every member of the Alaska State Legislature, the Governor, and all local and statewide
84 media outlets.

85
86 PASSED AND ADOPTED by the City Council of Homer, Alaska, this 25th day of January,
87 2016.

CITY OF HOMER



Mary E. Wythe
MARY E. WYTHE, MAYOR

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94 ATTEST:

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96 *Jo Johnson*
97 _____
98 JO JOHNSON, MMC, CITY CLERK
99

100 Fiscal Note: N/A



City of Homer

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Homer City Council

491 East Pioneer Avenue
Homer, Alaska 99603

(p) 907-235-3130

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March 13, 2017

Governor Walker
Alaska State Legislature
State Capitol
Juneau, Alaska 99801

Governor Walker and Legislators of the great State of Alaska,

The Homer City Council continues to recognize our ongoing state fiscal crisis. During our recent visit to the state capitol we were encouraged by the attention being given to this serious matter by legislators. However, we found it disconcerting to find the House and Senate so far apart on the solution to the crisis. We reaffirm Homer City Council's position submitted to you during the last legislative session via Resolution 16-017 (see attached). Producing an ongoing balanced, sustainable, and predictable budget brings confidence to Alaskan residents, investors, and the economy as a whole. We support new measures that will create a balanced and fair revenue stream to offset oil revenue losses.

The Homer City Council evaluated proposals being discussed by the legislature for balancing the state budget and has developed positions as follows:

REVENUE

- Homer City Council recognizes the need to use our largest asset – the Permanent Fund – as part of the solution and supports a percent of market value (POMV) approach that funds government while protecting the principal of the fund.
- Potential mechanisms to fill the remaining gap include an income tax, a statewide sales tax, and a variety of taxes on specific goods (such as studded tires and motor fuels). Sales taxes and taxes on specific goods may have direct impacts on municipalities such as the City of Homer.
 - Sales Tax: Over 50% of general fund revenue for the City of Homer comes from sales tax, making it an important part of how government is funded in a small town that serves as a hub community for a much greater area. Combined with the Kenai Peninsula Borough sales tax, Homer shoppers pay 7.5% sales tax. Any state-wide sales tax MUST consider the impact to local communities and not simply add a new sales tax on top of what local municipalities charge.
 - Taxes on Specific Goods: Specific taxes on goods (such as studded tires or motor fuels) hit rural areas harder than urban areas because the cost of these items is already higher. Multiple taxes on specific goods results in “death by a thousand taxes” to municipalities and local residents.

BUDGET CUTS

- The Homer City Council understands that budget cuts will continue to be considered as the state struggles to make ends meet. The community of Homer has suffered from cuts to state government during the past several years. As cuts are made, problems in our municipality, ranging from drug violence to heavy snow loads, do not go away. Below are examples of past and proposed state budget cuts that have direct or indirect impacts on the City of Homer.
 - Community Jails—the City of Homer contracts with the Department of Corrections to help fund our jail. Alaska State Troopers house prisoners at the Homer Community jail from well outside City limits. Past

cuts to our contract have affected our ability to staff the jail and future cuts would be highly detrimental.

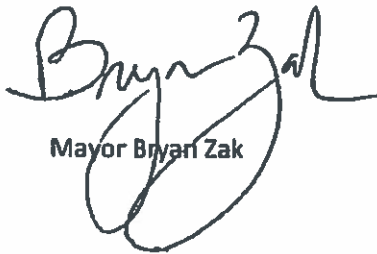
- State Troopers—the Homer police department partners with the Alaska State Troopers on law enforcement. Reductions in coverage on the lower Kenai Peninsula affects the ability of the Homer police to do their jobs and compromises the safety of the greater Homer area.
- Transportation—Homer is criss-crossed with state maintained roads and our community has one highway linking us to the central peninsula and Anchorage. We depend on the Alaska Department of Transportation and Public Facilities (ADOT&PF) to perform year-round maintenance on the state highway and state roads within Homer. We also have agreements with ADOT&PF for winter maintenance that would be jeopardized with further cuts to the agency. In addition, as the home port of the M/V Tustumena and the Alaska Marine Highway System (AMHS) link to Seldovia, Kodiak, and southwest Alaska, Homer City Council recognizes the importance and value of the AMHS. We are concerned about the economic impact further cuts to the AMHS would have on coastal municipalities.
- K-12 Education—While K-12 education is a function of the Kenai Peninsula Borough, cuts to the school district's budget result in changes that directly affect our community's economy.
- University—Homer is home to the Kachemak Bay Campus (KBC) of the Kenai Peninsula College. KBC is at the heart of Homer, providing classes our community members depend on to seek undergraduate and graduate degrees, learn trades, and continue their educations. KBC is a direct positive for our economy and its loss or diminishment would leave a deep hole.
- Community Assistance—The City of Homer no longer includes Community Assistance (formerly known as Revenue Sharing) in our annual operating budget due to its uncertain nature. However, we use the funds for capital projects in the community and appreciate that it offsets the unfunded mandate of the senior property tax exemption.
- PERS/TRS—Homer City Council appreciates the state legislature honoring the existing agreement with municipalities on funding rates for PERS (Public Employees' Retirement System) and TRS (Teachers' Retirement System).

We applaud your diligence in working to resolving this crisis. As you work to balance the state budget for a sustainable future for our state, we encourage you to fully weigh the ramifications cuts and taxes have on municipalities.

Thank you again for your willingness to serve the residents of this state and your work to secure a stable future for generations to come.

Sincerely,

Homer City Council



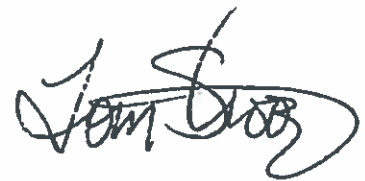
Mayor Bryan Zak



Donna Aderhold



Heath Smith



Tom Stroozas



Shelly Erickson



David Lewis



Catriona Reynolds



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July 15, 2016

Governor Bill Walker
State of Alaska
PO Box 110001
Juneau, AK 99801

RE: State Sales Tax

Dear Governor Walker,

The City of Homer would like to take this opportunity to express how important sales tax revenue is to our community. Homer shoppers pay 7.5% sales tax (4.5% City of Homer and 3% Kenai Peninsula Borough) making Homer one of the highest sales tax rates in the State. Sales tax makes up over 70% of our tax revenue. The City of Homer's population is a little over 5,000. However, we serve as the hub for over a 30 mile radius. The City could not provide the services it does without contributions from non-residents through sales tax. These area residents use our roads, library, parks, and many other services. For the most part, they are happy to contribute their share to the services they enjoy. The City does not tax non-prepared food year round; only during the peak summer months (June-August).

The City understands the need to take immediate and decisive action to solve the state's fiscal crisis and was one of the first municipalities to pass a resolution to the Alaska State Legislature to pass a balanced, sustainable, and predictable state budget for the future (Resolution 16-007). However, when weighing fiscal options, please consider the impact of state sales tax on smaller communities who have a reduced tax base and depend on sales tax dollars to provide essential services.

Sincerely,

Katie Koester
City Manager

CC:

John Hozey, Deputy Chief of Staff Office of the Governor
Senator Gary Stevens
Representative Paul Seaton

1 **CITY OF HOMER**
2 **HOMER, ALASKA**

3 Stroozas

4 **RESOLUTION 18-091**

5
6 A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
7 SUPPORTING THE SITING OF THE ALASKA GASLINE
8 DEVELOPMENT CORPORATION'S ALASKA LNG LIQUEFACTION
9 PLANT AND MARINE TERMINAL IN NIKISKI, ALASKA.
10

11 WHEREAS, The history of Alaska Gasline Development Corporation (AGDC) dates to
12 2009 when declining Cook Inlet gas supplies caused concern in communities throughout
13 Southcentral Alaska; and
14

15 WHEREAS, In 2013 the Alaska State Legislature formally established AGDC to advance
16 an in-state natural gas pipeline; and
17

18 WHEREAS, In 2014 the mission and authority of AGDC expanded to include having
19 primary responsibility for developing an Alaska liquefied natural gas (LNG) project on the
20 State's behalf; and
21

22 WHEREAS, In April 2014 AGDC joined with ExxonMobil, BP, and ConocoPhillips to
23 become a twenty-five (25) percent owner in the AK LNG Project; and
24

25 WHEREAS, In December 2016 AGDC assumed 100 percent of the responsibility to
26 progress an Alaska LNG project to build the infrastructure necessary to monetize North Slope
27 natural gas resources; and
28

29 WHEREAS, In April 2017 AGDC filed its application with the Federal Energy Regulatory
30 Commission (FERC) to construct and operate the Alaska LNG project; and
31

32 WHEREAS, In May 2017 FERC deemed the application complete; and
33

34 WHEREAS, The application submitted to FERC identifies Nikiski, Alaska, as the preferred
35 location for the LNG plant and marine terminal; and
36

37 WHEREAS, In March 2018 FERC issued the Notice of Schedule for the Alaska LNG project;
38 and
39

40 WHEREAS, The Alaska LNG project will bring great benefits to the people of Alaska in
41 revenues to the state and municipalities, guaranteed supplies of gas for in-state use, jobs for

42 Alaskans and Alaska business through construction and operation, and continued in-state
43 exploration for natural gas; and

44

45 WHEREAS, The Alaska LNG project will increase trade for Alaska businesses around the
46 world; and

47

48 WHEREAS, Public ownership of a natural gas pipeline offers certain advantages over
49 private ownership including exemption from Federal income taxes that improve project
50 economics.

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52 NOW THEREFORE BE IT RESOLVED that the City Council of Homer, Alaska, supports
53 AGDC's application to FERC with the siting of the LNG plant and marine terminal in Nikiski,
54 Alaska.

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56 BE IT FURTHER RESOLVED that copies of this resolution be sent to U.S. Senator Lisa
57 Murkowski, U.S. Senator Dan Sullivan, U.S. Congressman Don Young, Alaska Governor Bill
58 Walker, Alaska Senator Peter Micciche, Alaska Representative Mike Chenault, Alaska
59 Representative Gary Knopp, and Kenai Peninsula Borough Mayor Charlie Pierce.

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61 PASSED AND ADOPTED by the Homer City Council on this 26th day of November, 2018.


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CITY OF HOMER

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KEN CASTNER, MAYOR

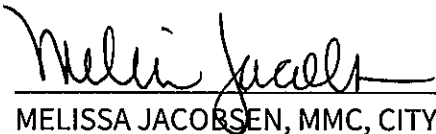
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69 ATTEST:

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MELISSA JACOBSEN, MMC, CITY CLERK

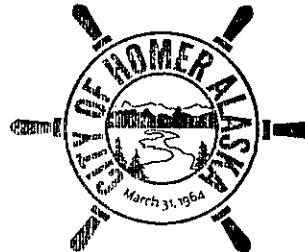
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Fiscal Note: N/A



'The information and the data is based on economics, it shouldn't be based on politics'—Former Gov. Sean Parnell examines AKLNG



By Rebecca Palsha | Posted: Tue 4:57 PM, Nov 13, 2018


ANCHORAGE, Alaska (KTUU) — Former Governor Sean Parnell has started the long process of reviewing and being briefed on everything regarding the multi-billion dollar trans Alaska natural gas pipeline project.

"The public needs the confidence that everything that's happening is in the state's best interest, and in their interests," Parnell said. "So the governor-elect has tasked me to help get that information for him, and then he gets to make the decision on a path forward as the new governor."

Gov.-elect Mike Dunleavy has been skeptical about Gov. Bill Walker's deal with China to build a natural gas pipeline off the North Slope. And, for his own part, Parnell's own plan for an AKLNG project was vastly different from Walker's, with Walker having the state in the lead role versus private industry being in the lead.

The dream of building a gasline goes back several years. Before Walker's plan there was Parnell's, and before his, Sarah Palin's. The idea has existed in some form since the Trans Alaska Pipeline system began shipping crude oil in 1977.

The AKLNG project would cost \$43 billion to construct an 807-mile pipeline, as well as a liquefaction and gas treatment facility. After all the bills are paid off, the state would be the majority owner of the infrastructure.

The financing structure is still in flux, but would most likely be paid for through the partnerships in the Bank of China and Goldman Sachs. 

All the other details about what has happened since Parnell was running the state will be revealed to him over the next few weeks, which he will then report on to Dunleavy.

"My job is to get Gov.-elect Dunleavy the best information I can get him so that he can make the decision based on where he's coming from," Parnell said. "The information and the data is based on economics, it shouldn't be based on politics, so it kind of drives a person in his shoes to a decision, in the sense that the data will demonstrate what's in Alaska's best interests from an economic perspective, from a social perspective, and then he gets to make that decision."

Industry expert and co-publisher of the Alaska Legislative Digest, Tim Bradner says Parnell was a good pick to examine the project. He says Dunleavy's comments during the election show he might have "philosophical" problems with the plan.

"During the campaign, several times, he said he felt they (the state) should step back and invite the companies (the producers) back in to lead the project again," Bradner said. "Now I'm not really sure the companies want to lead the project at this point. In fact, they're supporting the state in its efforts to continue work."

Previously, Dunleavy has said he'd like to see the confidentiality agreements regarding the project.

"As I mentioned on the campaign trail, once we get in there and have that conversation, take a look at those confidentiality agreements, we'll have a better idea and we'll report out to you guys as soon as we understand more about the pipeline process," Dunleavy said during the campaign.

Austin Baird, a spokesperson for Walker sent this statement: "Developing the North Slope's vast proven natural gas reserves has been a priority of the State of Alaska for generations, regardless of who occupies the Office of the Governor. The Parnell Administration and the Legislature created the necessary framework for the Walker Administration to make historic progress on the Alaska LNG Project over the past four years. Now, we hope to have a collaborative transition to ensure continuity for the project as Governor-elect Mike Dunleavy prepares to take office."

Parnell says he's met once with AGDC for an update and he plans to meet with them twice this week as well.

"I'd like to be able to say at the end of this, and have the governor elect be able to say, that there is a way forward, there is a way to maximize this gas in Alaska's interest," Parnell said. "That remains to be seen, in our time, and in this point in our history, but I think Alaskans can help make this happen."

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CITY OF HOMER
HOMER, ALASKA

Aderhold

RESOLUTION 19-008

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA,
OPPOSING THE \$20 MILLION DOLLAR REPEAL OF K-12 STATE AID
TO SCHOOL DISTRICTS FOR THE FISCAL YEAR ENDING JUNE 30,
2019.

WHEREAS, The State of Alaska appropriated \$20,000,000 dollars from the general fund to the Department of Education and Early Development to be distributed as grants to school districts for the fiscal year ending June 30, 2019 through Senate Bill 142; and

WHEREAS, On June 4th, 2018 the Kenai Peninsula Borough School District held a Board of Education Work Session and determined the district could reinstate 11.5 staff positions, have three days per week of support staff, and purchase school instructional and curriculum supplies as a result of the \$1,405,145 dollar one-time grant proposed by the State of Alaska through Senate Bill 142; and

WHEREAS, When the State of Alaska enacted Senate Bill 142 into law, the Kenai Peninsula Borough School District determined the \$1,405,145 dollar grant would be made available to the district **based on the district's experience receiving other one-time grants** distributed by the State of Alaska in the past; and

WHEREAS, The Kenai Peninsula Borough School District proceeded to keep 11.5 staff positions, have three days per week of support staff, and purchase supplies before officially receiving the State of Alaska appropriation; and

WHEREAS, The repeal of this one-time grant issued to the Kenai Peninsula Borough School District will detrimentally increase the **district's deficit**; and

WHEREAS, The District may have to invoke year-end staff cuts, apply fund balance to cover this funding shortfall, **or reduce next year's budget by \$1,405,145 dollars** and impact the **district's long range fiscal plans**; and

WHEREAS, Homer schools, teachers, and students may be impacted by these unanticipated reductions if the Kenai Peninsula School District incurs this state-initiated fiscal shortfall.

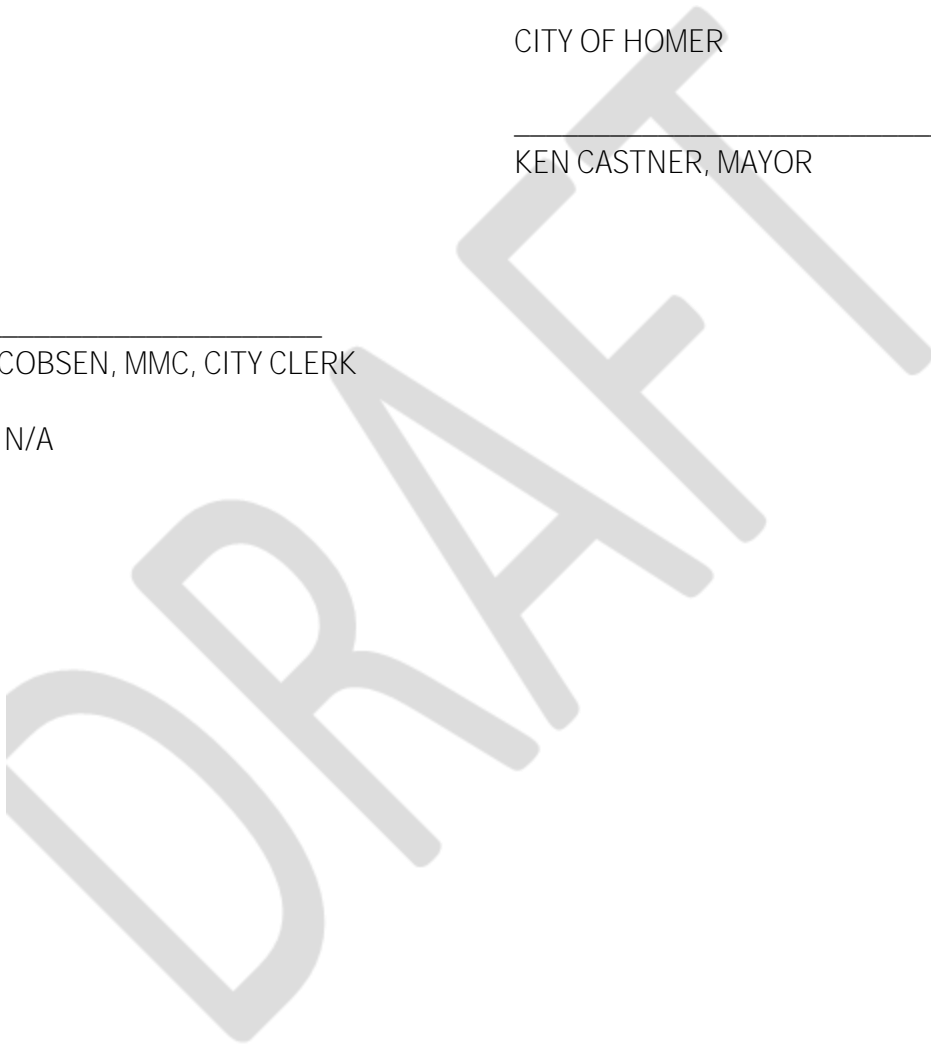
41 NOW, THEREFORE, BE IT RESOLVED that the Homer City Council hereby opposes the
42 \$20 million dollar repeal of K-12 state aid to school districts for the fiscal year ending June 30,
43 2019 and requests the State of Alaska release the funds appropriated by this one-time grant.

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45 PASSED AND ADOPTED by the Homer City Council on this ____ day of _____, 2019.

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47 CITY OF HOMER
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49 _____
50 KEN CASTNER, MAYOR

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52 ATTEST:
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54 _____
55 MELISSA JACOBSEN, MMC, CITY CLERK

56
57 Fiscal Note: N/A



SENATE BILL NO. 5

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FIRST LEGISLATURE - FIRST SESSION

BY SENATOR STEVENS

Introduced: 1/16/19

Referred: Community and Regional Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to management of certain municipal assets by the Alaska Permanent**
2 **Fund Corporation."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 *** Section 1.** AS 37.13 is amended by adding a new section to article 2 to read:

5 **Sec. 37.13.310. Management of municipal assets.** (a) The corporation shall
6 manage the assets in an account of a municipality if

7 (1) the governing body of the municipality directs the corporation by
8 resolution to manage the assets; and

9 (2) the account

10 (A) was established by the municipality under an ordinance or
11 charter provision;

12 (B) is a savings or investment account for the municipality;

13 (C) consists of only cash or other financial assets belonging to
14 the municipality; and

1 (D) has an asset value of at least \$50,000,000.

2 (b) In managing the assets of a municipality under (a) of this section, the
3 corporation shall

4 (1) hold and invest the assets subject to AS 37.13.120;

5 (2) at least quarterly, prepare, publish, and distribute to the governing
6 body of the municipality a financial report showing investment revenue and
7 expenditures, including the allocation of the assets in the account among investments;

8 (3) annually prepare, publish, and distribute to the governing body of
9 the municipality financial statements prepared in accordance with generally accepted
10 accounting principles consistently applied and an audit report prepared by a certified
11 public accountant;

12 (4) periodically advise the governing body of the municipality when
13 revisions to long-range investment policy, including asset allocation changes, are
14 contemplated and provide an opportunity for consultation and comment on the
15 changes before they are implemented; and

16 (5) if the governing body of the municipality requests by resolution
17 that the corporation transfer funds from the account to the municipality, transfer the
18 amount requested by the resolution, not to exceed the total value of the assets that the
19 corporation is managing for the municipality.

20 (c) A municipality with assets managed by the corporation under this section
21 shall pay to the corporation the amount determined by the corporation to be sufficient
22 to reimburse the corporation for the costs of managing the assets.

23 (d) Net income from assets managed by the corporation for a municipality
24 under this section may not be included in the computation of net income or market
25 value available for distribution or appropriation under AS 37.13.140.