

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

Burgess

3
4 **RESOLUTION 12-044**

5
6 A RESOLUTION OF THE CITY COUNCIL OF HOMER,
7 ALASKA, EXPRESSING ITS INTENT TO INITIATE A
8 BROAD AND INCLUSIVE COMMUNITY REVIEW PROCESS
9 ON THE MERITS OF PUBLIC FINANCING FOR
10 CONSTRUCTION OF A NATURAL GAS DISTRIBUTION
11 SYSTEM WITHIN THE CITY AND SETTING A WORKSHOP
12 DATE FOR JUNE 4, 2012 TO BEGIN THE PROCESS.
13

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

17 WHEREAS, If the Governor does not veto this line item, funding for the project will be
18 available after July 1, 2012; and
19

20 WHEREAS, It is anticipated that the City will receive a grant agreement in mid-July and
21 that the Council will have an ordinance before it to accept and appropriate the funds in August;
22 and
23

24 WHEREAS, Enstar Natural Gas Company has stated that if funding for the project is
25 approved, construction of the transmission line could begin this fall and construction of
26 distribution system main extensions within the City could commence as early as next Spring; and
27

28 WHEREAS, The City Council has discussed the merits of providing public financing for
29 construction of the natural gas distribution system in general terms over the past few years but
30 has not gotten specific or into great detail; and
31

32 WHEREAS, Public financing for construction of the natural gas distribution system can
33 be seen as a long term investment in the economic vitality of the community and may have many
34 advantages which include, but are not limited to:
35

- 36 • Small business owners, small property owners, senior citizens, and people on limited or
37 fixed incomes could afford to hook up quicker and lower their energy costs.
- 38 • Economic benefits including a lower cost of living, lower fixed costs and increased
39 competitiveness for local businesses, and job creation would accrue at an accelerated
40 pace.

- 41 • Increasing the number of gas customers will result in the \$1.00 per Mcf tariff increase
42 being removed more quickly.
- 43 • Environmental benefits such as cleaner air, less green house emissions, and fewer fuel
44 spills will occur more rapidly.
- 45 • Costs to residents associated with extending mains would be more fair and equitable.

46
47 WHEREAS, There is an urgent need to begin a detailed review, public dialog, and
48 decision making process as soon as possible so that if the Council decides to move ahead with
49 public financing, everything could be in place by the fall or early winter of this year; and
50

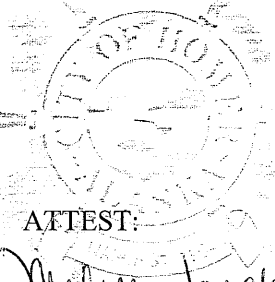
51 WHEREAS, The advantages to having the financing mechanisms, including LID
52 boundaries and loan agreements or a bond sale in place by this fall include:
53

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

58
59 NOW, THEREFORE, BE IT RESOLVED that the Homer City Council finds that it is in
60 the public interest to quickly begin a focused and detailed review and public dialog regarding the
61 merits of providing public financing for construction of the natural gas distribution system within
62 the City.
63

64 BE IT FURTHER RESOLVED that the Council establishes June 4, 2012 as a workshop
65 date to begin the process and requests that the Administration provide relevant information and a
66 list of options regarding financing mechanisms and invite interested stakeholders to participate
67 including, but not limited to, representatives from Kachemak City, Enstar Natural Gas Company,
68 and the Borough.
69

70 PASSED AND ADOPTED by the Homer City Council this 14th day of May, 2012.
71



72
73
74
75
76 ATTEST:

77 *Melissa Jacobsen Acting City Clerk*
78 _____
79 JO JOHNSON, CMC, CITY CLERK
80

CITY OF HOMER

James C. Hornaday

JAMES C. HORNADAY, MAYOR

81 Fiscal Note: N/A