

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION NO. 2020-38

A RESOLUTION OF THE UNALASKA CITY COUNCIL RENEWING THE CITY'S POLICY ON PARTICIPATION IN FUNDING ELECTRIC PRIMARY AND SECONDARY UTILITY LINE EXTENSIONS FOR A FOUR-YEAR PERIOD STARTING FISCAL YEAR 2022 AND ENDING FISCAL YEAR 2025.

WHEREAS, there exists in the community the need for industrial, commercial and residential construction; and

WHEREAS, the costs of extension of electric utilities is often the deciding factor when determining the feasibility of a construction project; and

WHEREAS, the Unalaska City Council wishes to provide financial participation for each customer class at a level that makes the extension affordable for the customer, but also allows a reasonable return on investment for the utility; and

WHEREAS, the Unalaska City Council wishes to participate in funding of Industrial, Large General and Small General primary electrical line extensions; and

WHEREAS, the Unalaska City Council wishes to participate in funding of Residential primary and secondary electrical line extensions; and

WHEREAS, it is reasonable for the electric utility to invest in a service if the annual revenue raised from that service is equal to or greater than the City's investment; and

WHEREAS, the Unalaska City Council has determined that City funding shall be on a case by case basis and City funding shall not, in any event, exceed seventy-five percent (75%) of the cost of extension of primary and secondary electric lines and shall not exceed the following:

Industrial Primary Line Extension:	\$90,000.00
Large General Primary Line Extension:	\$36,000.00
Small General Primary Line Extension:	\$5,300.00
Residential Primary and Secondary Line Extension:	\$14,000.00
Subdivisions and Line Extensions:	Provide section cans and transformers free of charge

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council approves the renewal of the City's policy on participation in funding electric primary and secondary utility line extensions for a four year period starting July 1, 2021; and


BE IT FURTHER RESOLVED that this policy of funding utility extensions will continue until June 30, 2025, at which time the Unalaska City Council will reconsider whether to continue such funding.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on June 8, 2021.



Vincent M. Tutiakoff, Sr.
Mayor

ATTEST:



Marjie Veeder, CMC
City Clerk



MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Dan Winters, Director of Public Utilities
Through: Erin Reinders, City Manager
Date: June 8, 2021

Re: Resolution No. 2021-38 Renewing the City's policy on participation in funding electric primary and secondary utility line extensions for a four-year period starting July 1, 2021 and ending July 1, 2025

Resolution No. 2021-39 Renewing the City's policy on participation in funding water and sewer utility extension costs for primary and secondary line extension for a four-year period starting July 1, 2021 and ending July 1, 2025

SUMMARY: Resolutions 2021-38 and 2021-39 authorize continuation of the City's policy of financial participation in utility service extensions. The resolutions define the City's policy on participation in the cost of the extension of primary Electric, Water and Sewer services for Industrial ratepayers, and for the extension of primary and secondary Electric, Water and Sewer lines for Residential ratepayers. In FY 2020, the City reimbursed four residential customers for utility line installations for a total amount of \$6,626.35. If adopted, these resolutions will expire on July 1, 2025.

PREVIOUS COUNCIL ACTION: Council first enacted the policy of financial participation in Water and Wastewater primary lines in FY1991.

In FY2000, Council expanded the policy to include Residential, Small General, Large General, and Industrial Electric primary line extensions.

Each year since their inception, Council has approved resolutions allowing the City to participate financially in Utility line extension.

At the May 26, 2020 Council Meeting, Council adopted Resolutions 2020-31 and Resolution 2020-32, renewing the City's policy on participation in the cost of the extension of Electric, Water and Sewer services for residential and Industrial ratepayers. At this meeting, Council's general consensus was to explore ways to lengthen the time period of this program so the policy need not be revisited on an annual basis.

BACKGROUND: The City recognized that the extensions of primary line utilities are very expensive for property owners in Unalaska. These programs were designed to help defray these costs, and wanted to encourage development.

DISCUSSION: These resolutions are brought forward for Council's consideration each Fiscal Year to identify the City's policy on financial participation in Water, Sewer and Electric utility extension costs. These resolutions, if approved, will expire June 30, 2025. In keeping with

Council's wishes to extend this policy out more, this expiration date coincides with the end of the recent rates study implementation.

Through these resolutions, Council is approving financial participation in the funding of Electric, Water and Wastewater utilities extension costs for primary lines for Industrial, Large General, and Small General ratepayers, and primary and secondary electrical service line extensions, for Residential ratepayers, and for Water and Wastewater primary and secondary services.

The total reimbursement shall not exceed 75% of the cost for residential primary and secondary line extensions for electrical and 75% or \$75 per linear foot for primary and secondary water and sewer line extensions.

In any event, the total reimbursement for electrical line extension shall not exceed the following:

Industrial Primary Line Extension:	\$90,000.00
Large General Primary Line Extension:	\$36,000.00
Small General Primary Line Extension:	\$5,300.00
Residential Primary and Secondary Line Extension:	\$14,000.00

For all line extensions including subdivisions, the City will provide section cans and transformers free of charge.

ALTERNATIVES: Council could choose to not renew either or both of the policies, and allow them to expire on June 30, 2020. Council could also choose to amend the policy end date, or funding amount.

FINANCIAL IMPLICATIONS: In Fiscal Year 2021, the City reimbursed two customers for extensions for the cost of installing utilities. The total cost of FY2021 reimbursements for utility installation is \$6,626.35, as Table 1 below depicts.

Table 1 FY2020 Utility Reimbursements		
Customer Name	Reimbursement Amount	Utility Dept.
McCracken	\$455.08	Electric
Optimera	\$6,171.27	Electric
Total	\$6,626.35	

LEGAL: Not applicable.

STAFF RECOMMENDATION: Staff recommends adopting Resolutions 2020-38 and 2020-39.

PROPOSED MOTION: Move to adopt Resolution 2020-38 and Resolution 2020-39.

CITY MANAGER'S COMMENTS: I support staff's recommendation.