

Kenai Peninsula Borough

Assessing Department

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Peter A. Micciche, Mayor *PM*
Adeena Wilcox, Borough Assessor *aw*

FROM: Marie Payfer, Special Assessment Coordinator *MP*

DATE: August 3, 2023

RE: Resolution 2023-052, Forming the Oxford Avenue Utility Special Assessment District and Proceeding with the Improvement of a Natural Gas Main Line Extension (Mayor)

MAYOR'S REPORT

Property owners in the proposed Oxford Avenue Utility Special Assessment District (USAD) have worked with the borough administration to form the proposed USAD. Pursuant to the requirements of KPB 5.35.105, on June 20, 2023, the mayor approved the administrative review of the petition report, approving the petition for formation of this USAD prior to its circulation among benefited property owners (see Exhibit 1, pages 1 - 4).

This resolution to form the Oxford Avenue USAD and proceed with the improvement approves the formation of the USAD and authorizes the mayor to proceed with the construction of the improvement. This is the first step in a three-step process requiring assembly action for the Oxford Avenue USAD: 1) resolution to form the district and proceed with the improvement; 2) ordinance of appropriation of funds; and, 3) ordinance of assessment.

KPB 5.35.107(C) requires the petition must contain the signatures of (a) the owners of record of at least 60% of the total number of parcels subject to assessment within the proposed district, and (b) the owners of at least 60% in value of the property to be benefited, in order to be considered by the assembly for formation. A completed petition for the formation of the Oxford Avenue USAD was received by the Assessing Department on June 29, 2023. On June 30, 2023, the borough clerk certified the petition with 3 of 4 property owners, 75%, supporting the proposed district (see Exhibit 2, Certification of Petition), and with 98.41% of the value of the district (see Exhibit 1, estimate assessment roll, page 17). Additionally, the borough clerk sent all required notices to the property owners and published the required information concerning the proposed district as required by borough code.

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The resolution is supported by the exhibits listed herein which provide the documentation required by code to support forming this USAD and proceeding with construction.

Pursuant to KPB 5.35.110(A), the mayor shall prepare for the assembly consideration a resolution to form the special assessment district and proceed with the improvement. The mayor shall submit to the assembly with the resolution the following information, all of which is detailed in the referenced Exhibits 1 and 2 to this memo:

- 1) The administrative review of the petition report prepared by borough staff under KPB 5.35.105, updated to account for any change in information. The administrative review of the petition report (Exhibit 1) includes the following exhibits:
 - a) Administrative Review Memo (Exhibit 1, pages 1 - 4)
 - b) Petition Signature Page (Exhibit 1, pages 5 & 6)
 - c) Petition Report (Exhibit 1, page 7)
 - d) The Petition Information Sheet which provided a description of the proposed improvement, and a description of the limitations on withdrawing a petition signature under KPB 5.35.107(E) (Exhibit 1, pages 9 to 12);
 - e) Enstar's letter of commitment to support the 2023 construction of the extension and a written estimate of the total cost of construction, with attached engineer's map, dated August 15, 2022 (Exhibit 1, pages 13 & 14);
 - f) A map of the proposed USAD district and boundaries (Exhibit 1, page 15);
 - g) The estimate assessment roll spreadsheet which provides the total estimated cost of the improvement, the name of the record owner of each parcel, the tax parcel number of each parcel, the legal description of each parcel, the assessed valuation of each parcel, the estimate of the amount to be assessed to each parcel, the status of tax payments, if there are other special assessment liens against any of the parcels in the proposed district, and the description of any benefited parcel that exceed the assessment-to-value ratio set forth in KPB 5.35.070(C). Additionally, the description of one (1) parcel which has been excluded by the mayor, and is not included in the calculation for petition signature threshold percentages or the assessment, and therefore will not receive the benefit from the improvement. (Exhibit 1, pages 17);
 - h) A memorandum from the Finance Director stating the method of financing, interest rate to be paid, and setting forth the number and frequency of payments (Exhibit 1, pages 19 & 20);
 - i) Written comments timely received per KPB 5.35.030(E)(5), including any objections from parcel owners regarding inclusion of their property district. (Exhibit 1, pages 21 to 26);

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2) Certification of Petition, Oxford Avenue USAD, dated June 30, 2023.

PROJECT BACKGROUND:

The total project is estimated to cost is ¹\$47,987.00. This includes direct costs of \$41,707.00 and indirect administrative costs of ²\$6,280.00. There are a total of 4 benefited parcels within this district.

KPB 5.35.090 requires the method of assessment shall be an allocation of costs on a per parcel basis so that each benefited parcel is charged an equal amount. The per-parcel cost is estimated to be ³\$11,996.75. Equal allocation is reasonable because the immediate benefit of being able to connect a service line to the main line is the same for all parcels.

Pursuant to KPB 5.35.070(C), in no case may a property be assessed an amount in excess of 50% of the fair market value of the property. Within this project there is one (1) property that exceeds the 50% limitation. Prepayment of assessment was paid in full on June 29, 2023, and a small remaining amount was applied on a second parcel. See Exhibit 1, page 17.

Per KPB 5.35.070(D), a special assessment district may not be approved where properties which will bear more than 10% of the estimated costs of the improvement are delinquent in payment of borough property taxes. There are zero (0) properties, within this proposed district which are delinquent in payment of real property taxes. Additionally, pursuant to KPB 5.35.105(A)(4)(g), there no other special assessment liens against any of the parcels in the proposed district.

Pursuant to KPB 5.35.105(B), the mayor shall exclude from the proposed district any real property, or any interest in real property, that is not directly benefited by the improvement. If the physical characteristics of a benefited property make it legally impermissible, physically impossible, or financially infeasible to develop or improve the property in a manner that would enable the property to benefit from the proposed utility improvement. Pursuant to KPB 5.35.107(C)(7) and 5.35.110(E)(4), any property excluded from a USAD district will not be included in the calculation of the signature thresholds, as those parcels will not receive the benefit of the improvement and will not be subject to the assessment. For this district, there was one (1) property whose owners requested consideration to exclude their respective property from the assessment, and the mayor has determined that this property will not directly benefit from the improvement, therefore the request was approved. See Exhibit 1, Estimate Assessment Roll, page 17, and Public Comments & Exclusion Request, see pages 25 & 26.

Pursuant to KPB 5.35.030(E), the legal description of parcels within the proposed district as of the date the mayor approves the petition report will be used to determine assessments per KPB 5.35.070(B). Any action to replat parcels within the proposed district shall be completed and

¹ Corrected amount provided in Final Petition, originally noted as \$48,057.00;

² Corrected amount provided in Final Petition, originally noted as \$6,350.00;

³ Corrected amount provided in Final Petition, originally noted as \$12,014.25 per parcel.

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recorded before the date the mayor approves the petition report. Additionally, per KPB 5.35.070(A), in the event a property owner seeks to subdivide a benefited parcel after the date of the mayor's approval of the petition report, the property owner shall be required to prepay estimated costs if the final assessment has not been determined, prior to approval of the final plat pursuant to KPB 20.60.030.

Per KPB 5.35.107(C)(6): the mayor shall be the designee for signing any petition when borough land is part of the proposed district. There are zero (0) parcels within this district currently owned by the Kenai Peninsula Borough.

This matter is now presented to the assembly for approval to proceed with the project. Any objections received will be provided to the assembly on the hearing date.

Your consideration is appreciated.