

Kenai Peninsula Borough

Assessing Department

MEMORANDUM

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

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

FROM: Marie Payfer, Special Assessment Coordinator *mp*

DATE: April 25, 2024

RE: Resolution 2024-009, Forming the Princess Lake Estates Utility Special Assessment District (USAD) and Proceeding with the Improvement of a Natural Gas Main Line Extension (Mayor)

MAYOR'S REPORT

Property owners in the proposed Princess Lake Estates Utility Special Assessment District (USAD), located in the Salamatof area, have worked with the KPB administration to form the proposed USAD. Pursuant to the requirements of KPB 5.35.105, on November 16, 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 Mayor's Report Attachment 1).

This resolution to form the Princess Lake Estates 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 Princess Lake Estates 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 Princess Lake Estates USAD was received by the Assessing Department on February 15, 2024. On February 21, 2024, the KPB Clerk certified the petition with 92 of 132 property owners, 69.70 percent, supporting the proposed district (see Mayor's Report Attachment 3, Certification of Petition), and with 74.39 percent of the value of the district (see Mayor's Report Attachment 2, Estimated Assessment Roll, pages 15 to 18). Additionally, the KPB Clerk sent all required notices to the property owners and published the required information concerning the proposed district as required by KPB code.

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The Resolution is supported by the attachments 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 will prepare for the assembly consideration a resolution to form the special assessment district and proceed with the improvement. The Mayor will submit to the assembly with the resolution the following information, all of which is detailed in the referenced attachments to this memo.

- 1) Attachment #1: The administrative review of the petition report memo prepared by KPB staff under KPB 5.35.105, updated to account for any change in information.
 - 2) Attachment #2: The petition report prepared by KPB staff under KPB 5.35.105, updated to account for any changes in information. The petition report includes the following Petition Report Exhibits:
 - a) Petition Signature Page, see Attachment 2, pages 1 & 2
 - b) The Petition Information Sheet (*Petition Report Exhibit 1*) 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), see Attachment 2, pages 5 to 8;
 - c) Enstar Natural Gas Company's letter of commitment (*Petition Report Exhibit 2*) to support the 2024 construction of the natural gas main line extension and a written estimate of the total cost of construction, with attached engineer's map, dated August 29, 2023, see Attachment 2, pages 9 - 11;
 - d) A map (*Petition Report Exhibit 3*) of the proposed USAD district and boundaries, see Attachment 2, page 13;
 - e) The estimate assessment roll spreadsheet (*Petition Report Exhibit 4*) 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), see Attachment 2, pages 15 to 18;
 - f) A memorandum (*Petition Report Exhibit 5*) from the Finance Director stating the method of financing, interest rate to be paid, and setting forth the number and frequency of payments, see Attachment 2, pages 19 & 20;
 - g) Written comments (*Petition Report Public Comment*) timely received per KPB 5.35.030(E)(5), including any objections from parcel owners regarding inclusion of their property district, see Attachment 2, pages 21 - 23;
 - 3) Attachment #3: Certification of Petition, Princess Lake Estates USAD, dated February 21, 2024.
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PROJECT BACKGROUND:

The total project is estimated to cost is \$627,435.60. This includes direct costs of \$612,196.00 and indirect administrative costs of \$15,239.60. There are a total of 132 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 \$4,753.30. 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 percent of the fair market value of the property. Within this project there are two (2) properties that exceed the 50 percent limitation. Prepayments of assessments, totaling \$5,206.60, were paid in full on March 8, 2024. See Mayor's Report Attachment 2, page 16, Estimated Assessment Roll.

Per KPB 5.35.070(D), a special assessment district may not be approved where properties which will bear more than 10 percent of the estimated costs of the improvement are delinquent in payment of KPB property taxes. There are eight (8) properties within this proposed district that are delinquent in payment of real property taxes, or 6.06% of parcels. 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.

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.