

Kenai Peninsula Borough

Finance Department

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PM*
Adeena Wilcox, Borough Assessor *aw*
Brandi Harbaugh, Finance Director *BH*

FROM: Nolan Scarlett, Property Tax & Collections Manager *NS*

DATE: May 9, 2024

RE: Ordinance 2023-19-53, Appropriating an Additional \$4,031 to the Special Assessment Fund for the Jubilee Street Utility Special Assessment District (Mayor)

On March 19, 2024, the Assembly enacted Ordinance 2023-19-37 appropriating \$42,562 to the special assessment fund for the Jubilee Street Utility Special Assessment District ("USAD"). On April 22, 2024, the utility company, Enstar Natural Gas Company, provided KPB a revised estimate of construction costs. The revised estimated cost of construction is \$46,593, an 8.65% increase in total cost. In order for the utility company to meet tariff requirements, the main line extension on Jubilee Street will need to be extended an additional 145 lineal feet, at \$27.80 per LF, for an additional amount of \$4,031.

This ordinance would appropriate an additional \$4,031 to the assessment fund. The increase in cost for the USAD will change the per lot assessments from \$4,256.20 to \$4,659.30, an increase of \$403.10 per parcel.

Additionally, per 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. Due to the increase in project costs, this restriction affected two benefited properties. The total amount of prepayment of assessments is \$618.60 (or \$309.30 each). The prepayments of assessment must be paid in full at least 15 days prior to the date of the Assembly hearing of June 4, 2024. The prepayments of assessment were due to be paid in full by May 20, 2024.

The revised total cost of the Jubilee Street USAD is estimated to be \$46,593. The loan will be repaid through assessments levied on property located within the USAD which may be paid in 10 annual installments. Billings will include an interest charge equal to the published prime rate in effect at the time of the loan plus 2.00%. The prime rate is currently 10.5%. If it remains unchanged through project completion, residents of the USAD will be charged an interest rate of 10.5% (8.5%

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+ 2.00%). This is the same formula used to determine the rate of interest to finance the other USAD projects. Early payments can be made without penalty.

If for any reason the USAD is not formed, the loan will not be made and the General Fund will absorb any administrative costs that exceed the \$1,000 filing fee received with the petition.

Your consideration is appreciated.

**FINANCE DEPARTMENT
ACCOUNT / FUNDS VERIFIED**

Acct. No. 100.27910

Amount: \$4,031

By: CSJ Date: 5/8/2024