



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

TO: Blaine Gilman, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Mike Navarre, Mayor *MN*
Tom Anderson, Director of Assessing *DM for TA*

FROM: Marie Payfer, Special Assessment Coordinator *MP*

DATE: June 9, 2016

SUBJECT: Resolution 2016-032, A Resolution To Form the Funny River East Utility Special Assessment District and Proceed with the Improvement of a Natural Gas Main Line (Mayor)

MAYOR'S REPORT

Property owners in the proposed Funny River East 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 December 31, 2015, 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 1-6).

This resolution to form the Funny River East 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 Funny River East 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 percent of the total number of parcels subject to assessment within the proposed district, and (b) the owners of at least 60 percent 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 Funny River East USAD was received by the Assessing Department on May 9, 2016. On May 16, 2016, the borough clerk certified the petition with 186 of 309 property owners, 60.19 percent, supporting the proposed district (see Exhibit 2, Certification of Petition), and with 70.91 percent of the value of the district (see Exhibit 1, estimate assessment roll, page 24). 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.

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 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 referenced Exhibits 1 and 2 to this memo:

- 1) The Petition Report, titled "Administrative Review of Petition Report for the Funny River East Utility Special Assessment District" prepared by borough staff under KPB 5.35.105, updated to account for any change in information, see Exhibit 1. The Petition Report includes the following:
 - a) Petition Signature Page (see Exhibit 1, pages 7 - 8)
 - b) 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) (see Exhibit 1, pages 9 - 11);
 - c) A map of the proposed USAD district and boundaries (see Exhibit 1, page 12);
 - d) Enstar's letter of commitment to support the 2016 construction of the extension and a written estimate of the total cost of construction, with attached engineer's map, dated July 21, 2015 (see Exhibit 1, pages 13 - 23);
 - e) The estimate assessment roll spreadsheet which provides the legal description of the benefited parcels, the name of the record owner, the total estimated cost of the project, an 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 a description of any benefited parcels that exceed the assessment-to-value ratio set forth in KPB 5.35.070(C) (see Exhibit 1, pages 24 - 40); and
 - f) 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 (see Exhibit 1, pages 41 - 42).
- 2) Certification of Petition, Funny River East USAD, dated May 16, 2016, see Exhibit 2.

PROJECT BACKGROUND:

The total project is estimated to cost \$1,041,200.22. This includes direct costs of \$1,013,572.51 and indirect administrative costs of \$27,627.71. There are 309 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 \$3,369.58. 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 12 parcels that exceed the 50 percent limitation and require pre-payments of the estimated amount of assessment to reduce the liens to the allowable amount of \$3,369.58 per parcel. A total of \$5,084.96 in prepayments was received at least 15 days prior to the date the assembly was

scheduled to act on the resolution to form the district and proceed with the improvement per code requirement.

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 borough property taxes. There is one property within this proposed district delinquent in payment of real property taxes, or .32 percent, which meets code restriction. 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. Per KPB 5.35.107(C)(7), any property excluded from a USAD district will not be included in the calculation of the signature thresholds, and will not receive the benefit of the improvement or be subject to the assessment. For this district, there are two properties (parcel numbers 066-170-15 and 066-370-45) whose owners have requested consideration to exclude their respective properties from the assessment, and the mayor has determined both properties do not directly benefit from the improvement due to the properties' physical characteristics. Accordingly, these parcels were not included in the assessment roll.

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 two parcels within this district (parcel numbers 066-090-09 & 066-170-31) which are currently owned by the Kenai Peninsula Borough. The mayor elected not to abstain from the petition signature process, therefore, the borough-owned parcels were included in the calculation for the signature thresholds, and the mayor voted in favor of the project for both parcels.

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