



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

TO: Kelly Cooper, Assembly President
Members, Kenai Peninsula Borough Assembly

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

FROM: Marie Payfer, Special Assessment Coordinator *MP*

DATE: August 24, 2017

SUBJECT: Resolution 2017-051, to Form the South Kasilof Utility Special Assessment District and Proceed with the Improvement of a Natural Gas Main Line (Mayor)

Property owners in the proposed South Kasilof 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 July 3, 2017, 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.

This resolution to form the South Kasilof 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 South Kasilof USAD: 1) resolution to form the district and proceed with the improvement; 2) ordinance of appropriation of funds; and, 3) ordinance of assessment.

A completed petition for the formation of the South Kasilof USAD was received by the Assessing Department on July 21, 2017. On July 24, 2017, the borough clerk certified the petition with 31 of 39 property owners, 79.49 percent, supporting the proposed district and with 89.80 percent of the value of the district. 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.

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 exhibits to the resolution:

- 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 includes the following exhibits:
 - a) Petition Signature Page;
 - b) Petition Report;
 - c) 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);
 - d) Enstar's letter of commitment to support the 2017 construction of the extension and a written estimate of the total cost of construction, with attached engineer's map, dated May 19, 2017;
 - e) A map of the proposed USAD district and boundaries;
 - f) 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 parcel within the boundary which has been excluded from the district, which will not receive the benefit of the improvement and will not be subject to the assessment;
 - g) 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; and,
 - h) Attachment #1 to Administrative Review of Petition Report, dated June 30, 2017
- 2) Certification of Petition, South Kasilof USAD, dated July 24, 2017.

PROJECT BACKGROUND:

The total project is estimated to cost \$222,098.76. This includes direct costs of \$213,369.00 and indirect administrative costs of \$8,729.76. There are 39 benefited parcel 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 \$5,694.84. 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 no (zero) properties that exceed the 50 percent limitation.

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 are no (zero) properties within this proposed district 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 is one property (parcel number 133-281-01) whose owners have requested consideration to exclude their respective property from the assessment per requirements of KPB 5.35.105(B), and the mayor has determined this property as not directly benefiting from the improvement due to the property's physical characteristics (see Exhibit 1, pages 1 to 5). The legal description and the names of record owners are included in the estimate assessment roll (see Exhibit 1, page 20).

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 no (zero) parcels within this district which are 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.