

SUBJECT: Administrative report relating to the creation of and improvements to Forest Lake Subdivision Natural Gas Local Improvement District No. 619; and consideration of said creation.

AGENDA OF: February 1, 2022

ASSEMBLY ACTION:
*Adopted with Assembly members
 Nowers, McKee & Gundt opposed
 3-15-22*

MANAGER RECOMMENDATION: Introduce and set for public hearing on March 15, 2022.

APPROVED BY MICHAEL BROWN, BOROUGH MANAGER: *MB*

| Route To: | Department/Individual | Initials | Remarks |
|-----------|-----------------------|--------------------|--------------------|
| | Originator | MVE | 1-5-2022 |
| | Finance Director | <i>MB</i> | |
| | Borough Attorney | NS | |
| | Borough Clerk | <i>Sam 1/24/22</i> | <i>[Signature]</i> |

ATTACHMENT (S) : Fiscal Note: YES NO X
 Ordinance Serial No. 22-010 (5 pp)
 Exhibit A (1 p)
 Map (1 p)
 Ballot Tally (1 p)

SUMMARY STATEMENT:

A petition has been filed by the record owners of 71 percent in value of the property and signatures of 74 percent of property owners within the proposed Forest Lake Subdivision Natural Gas Local Improvement District. The petition has been certified by the borough clerk. The proposed Forest Lake Subdivision Natural Gas Local Improvement District is located in Assembly District #7.

As addressed in Section 8 of the manager's administrative report (listed below) there are six properties that do not conform to MSB 3.28.080 (B).

MANAGER'S ADMINISTRATIVE REPORT

(MSB 3.28.040)

1. Description of properties to be benefited by the improvement:
SEE ORDINANCE SERIAL NO. 22-010

2. Evaluation of need and benefit of improvement and proposed allocation of special assessments:

The installation of natural gas distribution lines, per the highlighted portion of the attached map, makes available to the property owners within the Forest Lake Subdivision natural gas local improvement district a clean energy source that is substantially lower in cost than any other source available. Properties, including vacant properties, served by natural gas have a tendency to sell more rapidly when placed on the market than similar properties in areas not served by natural gas. It is believed that the benefits will accrue about equally to each property in the local improvement district. Therefore, it is proposed that the entire cost of the improvement to be allocated equally to each property within the district, without regard to the front footage, the size of the property, the value of the property or other measures.

3. Estimated total cost of improvement:

The estimated cost of the installation by ENSTAR is \$177,854.00 if done during the 2022 construction season. It is estimated that administrative costs will amount to approximately \$10,964.00 and the delinquency reserve will be \$16,480.00. The estimated total cost of the improvement as of this date is \$205,298.00. It is recommended that the project be financed by a revolving loan from the local improvement district internal service fund, which will be reimbursed from the special assessments on the properties to be benefited. It is anticipated that interest on the loan will be recovered through the interest that will be paid on special assessment installments.

4. Current mill rate: The Fiscal Year 2022 mill rate for the improvement district is 16.0544 mills consisting of 9.942 mills (areawide) plus .432 mills (non-areawide) plus 2.20 mills (FSA#136) plus 3.48 mills (RSA#27).

Taxable Property Values for Real Property: \$4,340,800.00

5. Ownership of distribution lines: Enstar Natural Gas Co. is a division of Semco Energy Inc. It will own and be wholly responsible for the service and maintenance of the natural gas lines.

6. Profile of proposed properties in local improvement district:

Total Number of Lots: 33
Ownership type of properties: Private: 33
Bank: 0
Public: 0
MSB: 0
"Tax" status of properties: Number Current: 33
Number Delinquent: 0
Number in Foreclosure: 0
Number in Bankruptcy: 0
Population Estimate: 51
Estimated Area (Acres): 38.27

* This estimate is based on information collected during the 2020 census and current assessment records.

7. Other special assessments effecting this local improvement district: NONE .

8. Properties not conforming to MSB 3.28.080(B) "...An assessment may not exceed 25 percent of the assessed value for real property taxation of the property assessed": 6

9. Method of collecting assessments: Semi-annual due dates will be established, with billings sent to each property owner 30-45 days before each due date. Delinquent accounts will be acted upon in the same manner as delinquent tax accounts, including annual foreclosure action.

IMPROVEMENT PLAN (MSB 3.28.050B)

The improvement is the installation of approximately 5,300 linear feet of natural gas distribution lines by ENSTAR to serve and benefit 33 properties within the Forest Lake Subdivision Natural Gas Local Improvement District as described in Ordinance Serial No. 22-010. The current ENSTAR tariff sets the cost of gas lines at \$28.46 per foot for a cost of \$150,838.00.

The improvement will be funded by a revolving loan from the local improvement district internal service fund. Only the proceeds of the special assessments and interest will be pledged as security for payment. The special assessments may be paid by the property owners in semi-annual installments over a ten-year period.

ENSTAR will engineer, own, install, and maintain the line under an agreement with the borough.

The estimated total cost is \$205,298.00. The estimated cost elements are installation costs of \$150,838.00, road bore \$22,528.00, SWEPP of 4,488.00 delinquency reserve of \$16,480.00, and administrative costs of \$10,964.00.

The estimated total cost is to be equally assessed against the properties within the improvement district, including those properties not meeting the MSB 3.28.080(B) criteria.

The estimated special assessment against the 33 lots is \$6,221.15 per lot.

LEGAL DESCRIPTION FOR
FOREST LAKE SUBDIVISION LID#619

6121

Lots Sixteen (16) through Twenty-Seven (27), Block Two (2), Lots Fourteen (14) through Sixteen (16), Block Four (4), Lots One (1) through Four (4) and Lots Twenty-Five (25) and Twenty-Six (26), Block Five (5), Lots Eleven (11) and Twelve (12), and Lots Eighteen (18) through Twenty-Three (23), Block Six (6), FOREST LK, according to recorded Plat 1972-6; and

6568

Lots Thirteen A (13A), Seventeen A (17A), and Twenty-Four A (24A), Block Six (6), FOREST LK RSB, according to recorded Plat 1975-25; and

7976

Lot Fourteen A (14A), FOREST LK RSB B/6 L14-16, according to recorded Plat 2020-15.

THE ABOVE IS RECORDED IN THE PALMER RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA.

BALLOT TALLY

| | |
|-----------------------------------|-------------------------|
| LID NUMBER | 619 |
| LOCAL IMPROVEMENT NAME | Forest Lake Subdivision |
| LID TYPE | NATURAL GAS |
| LOAN AMOUNT | 206,000.00 |
| CONSTRUCTION COSTS | 177,854.00 |
| NUMBER OF LOTS | 33 |
| PER LOT COST (FULL AMOUNT) | 6,221.15 |
| ESTIMATED SEMI-ANNUAL PAYMENT | 311.06 |
| REFUNDABLE OR CONTRIBUTION IN AID | CIA |

| | | |
|---|-----------|--------------|
| NUMBER OF BALLOTS MAILED | <u>33</u> | |
| NUMBER AND PERCENTAGE OF BALLOTS RETURNED MARKED "YES" | <u>20</u> | <u>(61%)</u> |
| NUMBER OF BALLOTS RETURNED MARKED "NO" | <u>6</u> | (18%) |
| NUMBER OF BALLOTS RETURNED UNMARKED, INCORRECT PAPERWORK AND/OR SIGNATURE OR NOT RETURNED | <u>7</u> | (21%) |
| TOTAL NUMBER AND PERCENTAGE OF BALLOTS RETURNED MARKED "NO", UNMARKED OR NOT RETURNED | <u>13</u> | <u>(39%)</u> |

| | | |
|------------------------------|----------|---------------|
| NUMBER OF BOROUGH OWNED LOTS | <u>0</u> | |
| NUMBER OF STATE OWNED LOTS | <u>0</u> | |
| NUMBER OF LOTS LESS THAN 4X1 | <u>6</u> | |
| LETTERS NOT RECEIVED | <u>1</u> | (1 unclaimed) |

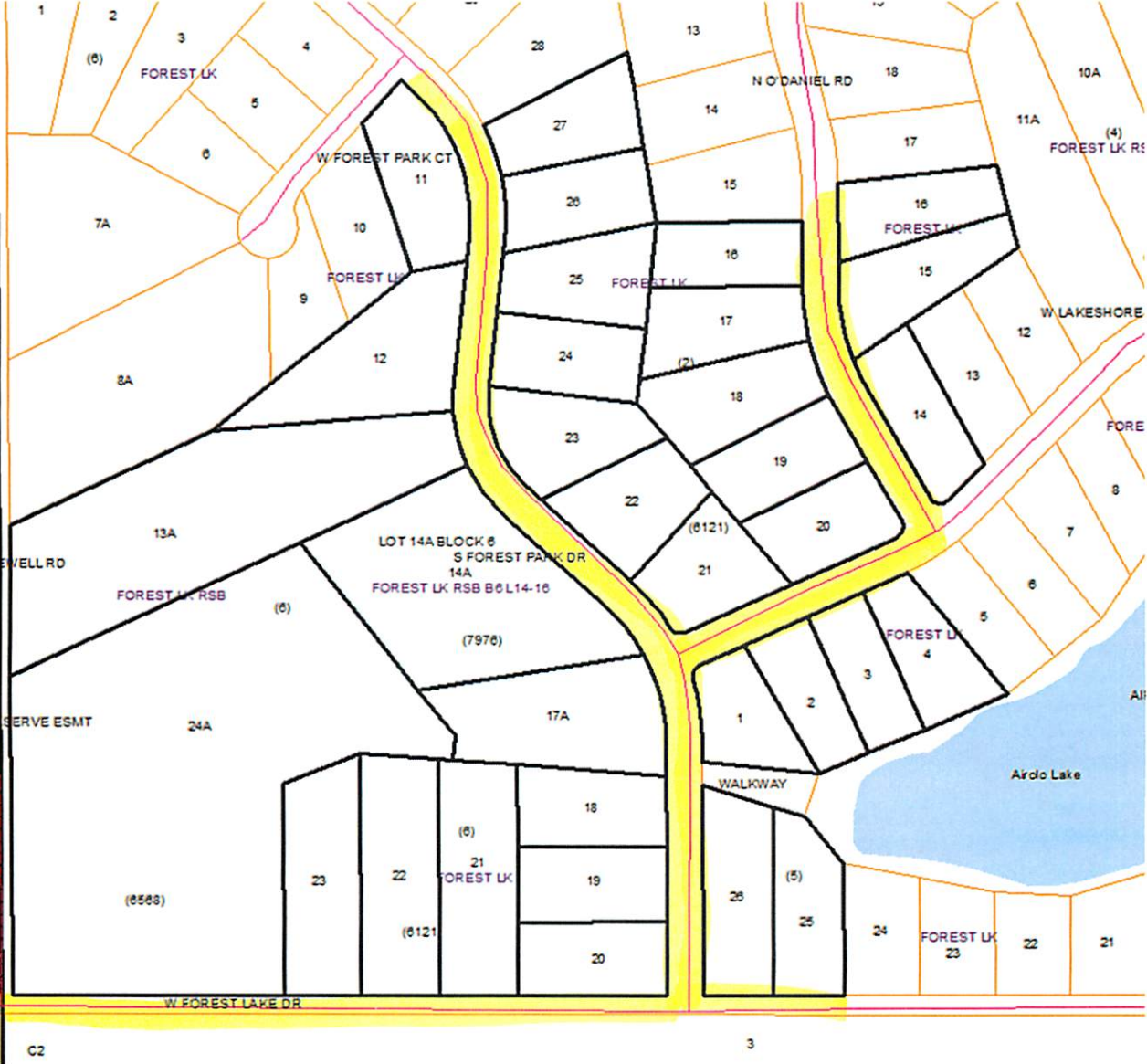
COMMENTS:

As provided in MSB 3.28.062(B), the assembly may not proceed with the improvement unless ballots approving the local improvement district are timely filed by owners of property bearing more than 50 percent of the estimated cost of the improvement.

Administration recommends adoption of Ordinance Serial No. 22-010.

*OR 22-010
\$m 22-018*

LID619 Forest Lake Subdivision



IM 22-018
 OR 22-010