

SUBJECT: Administrative report relating to the creation of and improvements to Echo Lake Drive & Necrason Drive Natural Gas Local Improvement District No. 663; and consideration of said creation.

AGENDA OF: May 7, 2024

ASSEMBLY ACTION:

Adopted without objection. 06/18/24 - *emw*

AGENDA ACTION REQUESTED: Introduce and set for public hearing on June 18, 2024.

Route To	Signatures
Originator	Marcia vonEhr
Finance Director	<div style="text-align: right;">4 / 22 / 2024</div> <div>X C h e y e n n e H e i n d e l</div> <div>Signed by: Cheyenne Heindel</div>
Borough Attorney	<div style="text-align: right;">4 / 22 / 2024</div> <div>X N i c h o l a s S p i r o p o u l o s</div> <div>Signed by: Nicholas Spiropoulos</div>
Borough Manager	<div style="text-align: right;">4 / 22 / 2024</div> <div>X M i c h a e l B r o w n</div> <div>Signed by: Michael Brown</div>
Borough Clerk	<div style="text-align: right;">4 / 25 / 2024</div> <div>X L o n n i e M c K e c h n i e</div> <div>Signed by: Lonnie McKechnie</div>

ATTACHMENT (S) : Fiscal Note: YES _____ NO X
 Ordinance Serial No. 24-051 (5 pp)
 Exhibit A (2 p)
 Map (1 p)
 Ballot Tally (1 p) to be presented at Public Hearing

SUMMARY STATEMENT:

A petition has been filed by the record owners of 63 percent in value of the property and signatures of 56 percent of property owners within the proposed Echo Lake Drive & Necrason Drive Natural Gas Local Improvement District. The petition has been certified by the borough clerk. The proposed Echo Lake Drive & Necrason Drive Natural Gas Local Improvement District is located in Assembly District #5.

As addressed in Section 8 of the manager's administrative report, (listed below) there are sixteen 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 EXHIBIT A, ORDINANCE SERIAL NO. 24-051
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 Echo Lake Drive & Necrason Drive 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 \$198,723 if done during the 2024 construction season. It is estimated that administrative costs will amount to approximately \$12,212 and the delinquency reserve will be \$18,344. The estimated total cost of the improvement as of this date is \$229,279. 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 2024 mill rate for the improvement district is 13.249 mills consisting of 8.396 mills (areawide) plus 0.387 mills (non-areawide) plus 2.000 mills (FSA#136) plus 2.466 mills (RSA#21).

Taxable Property Values for Real Property: \$4,348,200

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:	41
Ownership type of properties:	Private:	<u>40</u>
	Bank:	<u>0</u>
	Public:	<u>0</u>
	MSB:	<u>1</u>
"Tax" status of properties:	Number Current:	<u>41</u>
	Number Delinquent:	<u>0</u>
	Number in Foreclosure:	<u>0</u>
	Number in Bankruptcy:	<u>0</u>
	Population Estimate:	<u>41</u>
	Estimated Area (Acres):	<u>177.48</u>

* 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": 16 parcels.
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 6,975 linear feet of natural gas distribution lines by ENSTAR to serve and benefit 41 properties within the Echo Lake Drive & Necrason Drive Natural Gas Local Improvement District as described in Ordinance Serial No. 24-051. The current ENSTAR tariff sets the cost of gas lines at \$27.80 per foot for a cost of \$193,905.

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 \$229,279. The estimated cost elements are installation costs of \$193,905, road bore \$0, delinquency reserve of \$18,344, and administrative costs of \$12,212.

The estimated total cost is to be equally assessed against the properties within the improvement district.

The estimated special assessment against the 41 lots is \$5,592.17 per lot.

LEGAL DESCRIPTION FOR
ECHO LAKE DRIVE & NECRASON DRIVE LID 663

17N03W33B003

A portion of the Northwest one-quarter (NW1/4) of Section 33, Township 17 North, Range 3 West, Seward Meridian, Alaska, described as follows:

Commencing at the southwest corner of the Northwest one-quarter (NW 1/4) of Section 33, which is the point of beginning of the tract to be described, which corner is also the quarter section corner of said section; thence East along the quarter section line dividing the Northwest quarter and the Southwest quarter of said section, for a distance of 275 feet to a point; thence North along a line parallel to the West line of said section a distance of 275 feet to a point; thence West along a line parallel to the said quarter section line a distance of 275 feet to a point on the West line of said section thence South along the West line of said section for a distance of 275 feet to the point of beginning.

SUBJECT to reservations in U.S. Patent.

17N03W33C004

A portion of Section 33, Township 17 North, Range 3 West, Seward Meridian, Alaska, described as follows:

The Northwest quarter of the Northwest quarter of the Northwest quarter of the Northwest quarter of the Southwest quarter (NW ¼ NW ¼ NW ¼ NW ¼ SW ¼), Northeast quarter of the Northwest quarter of the Northwest quarter of the Northwest quarter of the Southwest quarter (NE ¼ NW ¼ NW ¼ NW ¼ SW ¼), Northwest quarter of the Northeast quarter of the Northwest quarter of the Northwest quarter of the Southwest quarter (NW ¼ NE ¼ NW ¼ NW ¼ SW ¼), Northeast quarter of the Northeast quarter of the Northwest quarter of the Northwest quarter of the Southwest quarter (NE ¼ NE ¼ NW ¼ NW ¼ SW ¼), Northwest quarter of the Northwest quarter of the Northeast quarter of the Northwest quarter of the Southwest quarter (NW ¼ NW ¼ NE ¼ NW ¼ SW ¼), West One-half of the Northeast quarter of the Northwest quarter of the Northeast quarter of the Northwest quarter of the Southwest quarter (W ½ NE ¼ NW ¼ NE ¼ NW ¼ SW ¼), Northwest quarter of the Southwest quarter of the Northwest quarter of the Northwest quarter of the Southwest quarter (NW ¼ SW ¼ NW ¼ NW ¼ NW ¼ SW ¼), Northeast quarter of the Southwest quarter of the Northwest quarter of the Northwest quarter of the Southwest quarter (NE ¼ SW ¼ NW ¼ NW ¼ NW ¼ SW ¼), Northwest quarter of the Southeast quarter of the Northwest quarter of the Northwest quarter of the Southwest quarter (NW ¼ SE ¼ NW ¼ NW ¼ NW ¼ SW ¼), Northeast quarter of the Southeast quarter of the Northwest quarter of the Northwest quarter of the Southwest quarter (NE ¼ SE ¼ NW ¼ NW ¼ NW ¼ SW ¼), Northwest quarter of the Southwest quarter of the Northeast quarter of the Northwest quarter of the Southwest quarter (NW ¼ SW ¼ NE ¼ NW ¼ NW ¼ SW ¼), Northeast quarter of the Southwest quarter of the Northeast quarter of the Northwest quarter of the Southwest quarter (NE ¼ SW ¼ NE ¼ NW ¼ NW ¼ SW ¼), Northeast quarter of the Southeast quarter of the Northeast quarter of the Northwest quarter of the Northwest quarter of the Southwest quarter (NE ¼ SE ¼ NE ¼ NW ¼ NW ¼ SW ¼), Northwest quarter of the Southeast quarter of the Northeast quarter of the Northwest quarter of the Northwest quarter of the Southwest quarter (NW ¼ SE ¼ NE ¼ NW ¼ NW ¼ SW ¼), Northwest quarter of

Ordinance Serial No.24-051

the Southwest quarter of the Northwest quarter of the Northeast quarter of the Northwest quarter of the Southwest quarter (NW ¼ SW ¼ NW ¼ NE ¼ NW ¼ SW ¼), Northeast quarter of the Southwest quarter of the Northwest quarter of the Northeast quarter of the Northwest quarter of the Southwest quarter (NE ¼ SW ¼ NW ¼ NE ¼ NW ¼ SW ¼) and Northwest quarter of the Southeast quarter of the Northwest quarter of the Northeast quarter of the Northwest quarter of the Southwest quarter (NW ¼ SE ¼ NW ¼ NE ¼ NW ¼ SW ¼).

6101

Tracts D & E, Lot One (1), Lots Five (5) through Eight (8), Block One (1), Lot One (1), Block Two (2), Lots One (1) through Five (5), Block Three (3), Lots One (1) through Five (5), Block Four, according to RECORDED PLAT 72-18;

7139

Tracts B, D & E, Lot Three (3), Block Two (2), according to RECORDED PLAT 2012-85;

7621

Lots One (1) through Eight (8), Block One (1), Lots Four (4) and Five (5), Block Two (2), according to RECORDED PLAT 2017-18;

7990

Lots Nine (9) through Twelve (12), Block One (1), Lots Six (6) through Eight (8), Block Two (2), according to RECORDED PLAT 2020-25.

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

LID663 Map

