

SUBJECT: Administrative report relating to the creation of and improvements to West Angel Drive Noncontiguous Natural Gas Local Improvement District No. 597; and consideration of said creation.

AGENDA OF: August 1, 2017

ASSEMBLY ACTION:

Defeated without objection 9-5-17

(Signature)

MANAGER RECOMMENDATION: Introduce and set for public hearing on September 5, 2017.

APPROVED BY JOHN MOOSEY, BOROUGH MANAGER: _____

Route To:	Department/Individual	Initials	Remarks
	Originator	mve	7/6/2017
	Finance Director	ox	
	Borough Attorney (also reviewed by bond counsel)	A/NS	
	Borough Clerk	ym	7/24/17

ATTACHMENT (S): Fiscal Note: YES _____ NO X
Ordinance Serial No. 17-098 (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 100 percent in value of the property and signatures of 100 percent of property owners within the proposed West Angel Drive Noncontiguous Natural Gas Local Improvement District. The petition has been certified by the borough clerk. The proposed West Angel Drive Noncontiguous 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 zero 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. 17-098

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

The installation of natural gas distribution lines makes available to the property owners within the noncontiguous 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 \$26,647 if done during the 2017 construction season. It is estimated that administrative costs will amount to approximately \$2,784 and the delinquency reserve will be \$1,600. The estimated total cost of the improvement as of this date is \$31,031. It is recommended that the project be financed by a special assessment bond or bank loan, 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 2018 mill rate for the improvement district is 16.56 mills consisting of 10.332 mills (areawide) plus .548 mills (non-areawide) plus 2.20 mills (FSA# 136) plus 3.48 mills (RSA# 27).

Taxable Property Values:	Real Property:	\$547,000
	Personal Property:	0
	Total:	\$547,000

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:	<u>9</u>
Ownership type of properties:	Private:	<u>9</u>
	Bank:	<u>0</u>
	Public:	<u>0</u>
	MSB:	<u>0</u>
"Tax" status of properties:	Number Current:	<u>4</u>
	Number Delinquent:	<u>4</u>
	Number in Foreclosure:	<u>1</u>
	Number in Bankruptcy:	<u>0</u>
	Population Estimate:	<u>20</u>
	Estimated Area (Acres):	<u>21.24</u>

* This estimate is based on information collected during the 2010 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": 0

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 1,370 linear feet of natural gas distribution lines by ENSTAR to serve and benefit 9 properties within the West Angel Drive Noncontiguous Natural Gas Local Improvement District as described in Ordinance Serial No. 17-098. The current ENSTAR tariff sets the cost of gas lines at \$19.45 per linear foot for a total cost of \$26,647.

The improvement funding will be obtained by selling a special assessment bond to a bank. 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 \$31,031. The estimated cost elements are installation costs of \$26,647, delinquency reserve of \$1,600, and administrative costs of \$2,784.

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

The estimated special assessment against the 9 lots is \$3,447.89 per lot.

BALLOT TALLY

LID NUMBER	597
LOCAL IMPROVEMENT NAME	West Angel Drive (non-contiguous)
LOAN AMOUNT	32,000.00
CONSTRUCTION COSTS	26,647.00
NUMBER OF LOTS	9
PER LOT COST (FULL AMOUNT)	3,447.89
ESTIMATED SEMI-ANNUAL PAYMENT	172.39
REFUNDABLE OR CONTRIBUTION IN AID	CIA

NUMBER OF BALLOTS MAILED	<u>9</u>	
NUMBER AND PERCENTAGE OF BALLOTS RETURNED MARKED "YES"	<u>6</u>	<u>(67%)</u>
NUMBER OF BALLOTS RETURNED MARKED "NO"	<u>0</u>	(0%)
NUMBER OF BALLOTS RETURNED UNMARKED, INCORRECT PAPERWORK AND/OR SIGNATURE OR NOT RETURNED	<u>3</u>	(33%)
TOTAL NUMBER AND PERCENTAGE OF BALLOTS RETURNED MARKED "NO", UNMARKED OR NOT RETURNED	<u>3</u>	<u>(33%)</u>

NUMBER OF BOROUGH OWNED LOTS	<u>0</u>	
NUMBER OF STATE OWNED LOTS	<u>0</u>	
NUMBER OF LOTS LESS THAN 4X1	<u>0</u>	
LETTERS NOT RECEIVED	<u>0</u>	(0 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 one hundred percent of the estimated cost of the improvement.

Administration recommends denial of Ordinance Serial No. 17-098.



LEGAL DESCRIPTION FOR
WEST ANGEL DRIVE LID597

3209

Lot Two (2), and Lots Seven (7) through Ten (10), Block Nine (9), and Lots One (1) through Three (3) and Lot Six (6), Block Ten (10), POTTER PL ADD #1, according to Plat #86-31.

THE ABOVE ARE RECORDED IN THE PALMER RECORDING DISTRICT, THIRD JUCICIAL DISTRICT, STATE OF ALASKA.