

SUBJECT: Administrative report relating to the creation of and improvements to West Phalarope & West Cormorant Natural Gas Local Improvement District No. 616; and consideration of said creation.

AGENDA OF: June 15, 2021

ASSEMBLY ACTION:

Defeated Unanimously 7-20-21
(1500)

MANAGER RECOMMENDATION: Introduce and set for public hearing on July 20, 2021.

APPROVED BY MICHAEL BROWN, BOROUGH MANAGER:

UMB

Route To:	Department/Individual	Initials	Remarks
	Originator	MVE	5-28-2021
	Finance Director	Cy	
	Borough Attorney		
	Borough Clerk	Sam 6/7/21	KBS

ATTACHMENT (S) : Fiscal Note: YES _____ NO X
Ordinance Serial No. 21-056 (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 90 percent in value of the property and signatures of 74 percent of property owners within the proposed West Phalarope & West Cormorant Natural Gas Local Improvement District. The petition has been certified by the borough clerk. The proposed West Phalarope & West Cormorant 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 2 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. 21-056
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 West Phalarope & West Cormorant 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 \$81,232.00 if done during the 2021 construction season. It is estimated that administrative costs will amount to approximately \$6,254.00 and the delinquency reserve will be \$7,680.00. The estimated total cost of the improvement as of this date is \$95,166.00. 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 15.444 mills consisting of 9.942 mills (areawide) plus .432 mills (non-areawide) plus 2.15 mills (FSA#130) plus 2.92 mills (RSA#17).

Taxable Property Values for Real Property: \$1,899,900.00

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: 19

Ownership type of properties: Private: 0

Bank: 0

Public: 0

MSB: 0

"Tax" status of properties: Number Current: 19

Number Delinquent: 0

Number in Foreclosure: 0

Number in Bankruptcy: 0

Population Estimate: 39

Estimated Area (Acres): 28.19

* 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": 2

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 3,140 linear feet of natural gas distribution lines by ENSTAR to serve and benefit 19 properties within the West Phalarope & West Cormorant Natural Gas Local Improvement District as described in Ordinance Serial No. 21-056. The current ENSTAR tariff sets the cost of gas lines at \$25.87 per foot for a cost of \$81,232.00.

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 \$95,166.00. The estimated cost elements are installation costs of \$81,232.00, delinquency reserve of \$7,680.00, and administrative costs of \$6,254.00.

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 19 lots is \$5,008.74 per lot.

LEGAL DESCRIPTION FOR
West Phalarope & West Cormorant LID#616

6254

Lots One (1) and Four (4), Block One (1), and Lots One (1) through Five (5), Block Two (2), and Lots One (1) through Nine (9), Block Three (3), PTARMIGAN VLG # 1, according to Recorded Plat # 1972-20; and

6385

Lots One (1) and Two (2), Block Five (5), PTARMIGAN VLG # 2, according to Recorded Plat #1972-100; and

7692

Lot Five A (5A), Block One (1), BOXER HAVEN AC, according to Recorded Plat #2017-120.

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

IM No. 21-106
Ordinance Serial 21-056

FAILED OR 21-056

BALLOT TALLY

LID NUMBER	616
LOCAL IMPROVEMENT NAME	West Phalarope & West Cormorant
LID TYPE	NATURAL GAS
LOAN AMOUNT	87,000.00
CONSTRUCTION COSTS	81,232.00
NUMBER OF LOTS	19
PER LOT COST (FULL AMOUNT)	5,008.74
ESTIMATED SEMI-ANNUAL PAYMENT	250.44
REFUNDABLE OR CONTRIBUTION IN AID	CIA

NUMBER OF BALLOTS MAILED	<u>19</u>	
NUMBER AND PERCENTAGE OF BALLOTS RETURNED MARKED "YES"	<u>10</u>	<u>(53%)</u>
NUMBER OF BALLOTS RETURNED MARKED "NO"	<u>2</u>	(10%)
NUMBER OF BALLOTS RETURNED UNMARKED, INCORRECT PAPERWORK AND/OR SIGNATURE OR NOT RETURNED	<u>7</u>	(37%)
TOTAL NUMBER AND PERCENTAGE OF BALLOTS RETURNED MARKED "NO", UNMARKED OR NOT RETURNED	<u>9</u>	<u>(47%)</u>

NUMBER OF BOROUGH OWNED LOTS	<u>0</u>	
NUMBER OF STATE OWNED LOTS	<u>0</u>	
NUMBER OF LOTS LESS THAN 4X1	<u>2</u>	
LETTERS NOT RECEIVED	<u>1</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 more than 70 percent of the estimated cost of the improvement.

Administration recommends denial of Ordinance Serial No. 21-056.

Im 21-106