

	Presented
Date Action Taken:	6/23/14
Other:	
Verified By:	<i>K. Smith</i>

CITY COUNCIL INFORMATIONAL MEMORANDUM

IM No. 14-11: Century Park Subdivision Water System

Originator: Public Works Director

Date: June 11, 2014

Agenda of: June 23, 2014

Route to:	Department Head	Signature	Date
X	Public Works Director	<i>[Signature]</i>	6/11/14
X	Finance Director	<i>[Signature]</i>	6-11-14
X	Deputy Administrator	<i>[Signature]</i>	6-11-14
X	City Clerk	<i>[Signature]</i>	6.11.14

Reviewed by Mayor Verne E. Rupright: *[Signature]*

Attachments: File information (31 pages)

Summary Statement: Attached is file information from 1998 that includes correspondence, costs, and conditions with which the Century Park water system was transferred to the City of Wasilla and the improvements that were performed during that time. A summary of the costs are listed below with a comparison of the types of costs associated with the Kendall Ford project:

Century Park Off-Site Assessment Charge per lot; (between \$806 and \$1,610 based on lot size)
paid for by Century Park property owners = \$11.45 per month

Century Park Fire Hydrants (8) - paid for by Century Park LID = \$52,168

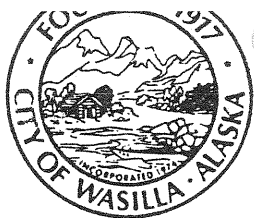
Century Park Water System Purchase - paid for by City of Wasilla = \$75,000

Century Park Enter Way water main extension,
and connection to City water main in KGB Rd - paid for by City of Wasilla = \$32,708

Kendal Ford Off-Site Assessment Charge = \$7,839

Kendal Ford Fire Hydrants (2) - paid for by Kendall Ford = \$11,725

Kendal Ford Oversizing Costs - paid for by City of Wasilla = \$76,000



CITY OF WASILLA

290 E. HERNING AVE.

WASILLA, ALASKA 99654-7091

PHONE: (907) 373-9050

FAX: (907) 373-9085

RECEIVED
A.P.U.C.

98 FEB 13 PM 4:07

February 13, 1998

RE: Century Park Subdivision
Water Utility Up-grade

Dear Property Owner

The City of Wasilla has applied to the Alaska Public Utilities Commission (APUC) for approval of transfer of the Matanuska Utility Company (MUC) assets. As a property owner and a client of MUC, we would like to up-date you on our progress toward:

- I Transfer of ownership of MUC to the City of Wasilla,
- II Activation of the fire hydrant system, and
- III Costs and Assessments

I TRANSFER of OWNERSHIP of MUC

The application was finalized and transmitted to the APUC on today, February 13, 1998. According to estimates given by APUC staff, ownership should transfer within 180 days. This will allow time to evaluate City tariff schedules and other pertinent factors. Please continue paying your monthly MUC bills until notified otherwise.

II ACTIVATION of the FIRE HYDRANT SYSTEM

The purchase and up-grade of MUC was paid for by the City of Wasilla as a Capital Improvement Project (CIP). Installation of the hydrant system as well as water and sewer service lines to undeveloped properties was authorized in conjunction with the road paving paid for by property owners (33% of total) through a Local Improvement District (LID). The hydrant system will be activated once APUC finalizes the transfer of MUC to the City of Wasilla.

III COSTS and ASSESSMENTS

All Century Park Subdivision properties with water service will be required to install water meters. Once property owners are notified that the APUC has approved the transfer of MUC to the City of Wasilla, all developed properties will have 60 days for meter installation. The meters will be supplied by Public Works at cost. Inspection of meter installation is required. Please call to schedule inspections on completion of work. (Contact Doug Abbas 373-9095)

Meter installation and inspection is your responsibility as a property owner. It is important to note that water service to individual parcels will be shut off IF a meter is not installed at the time of the switch to City water. Estimated date is August 1, 1998.

All property owners with water service will be required to pay an off-site assessment to the City. This cost is based on a formula ¹ for lot size and is a standard fee to pay for infrastructure in wells, tanks, mainlines, pumps and fire hydrants.

Properties which did not have MUC water service will have an additional on-site assessment to pay for "mainline to keybox" service installation. On-site assessments for new water service will be payable when service is initiated. Developed properties have already paid this fee to MUC. This will protect the paving from being cut and patched with every new service hook-up.

Property owners are responsible for the cost of water service line installation from the keybox to the house or commercial structure.

Property owners will decide on the monthly water rate schedule for the subdivision. If 51% of the owners establish an assessment district as prescribed in Wasilla Municipal Code² the monthly minimum rate for water service can be \$15.30 (5,000 gallons @ \$3/1000 + sales tax). If the majority of property owners chose not to form an assessment district, the off-site costs can be paid by retaining the MUC rate (\$26.75) and applying the difference (\$11.75) to the individual property assessments.

Thirteen undeveloped properties do not have sewer service at this time. Owners elected not to have stub-outs to the sewer mainline constructed when the subdivision was built. City Code³ requires connection to the sewer mainline. There will be an on-site assessment for new sewer connection (\$2,144) payable at the time service is initiated. The pre-paving installation of stub-outs will result in a savings to property owners when compared with the normal costs associated with construction in a paved road.

The APUC approval of the sale of the MUC utility to the City of Wasilla is not impacted by the concurrent resolution of the paving LID. The Finance Department will compute the costs per property owner of the paving up-grades completed in October 1997. Assessment letters are expected to go out this spring, once the construction costs are certified.

Public Works Department will hold a briefing on March ____, 1998 at City Hall to answer any questions. The City of Wasilla is very pleased to bring this opportunity for quality utility service to Century Park Subdivision. We look forward to working with you.

Sincerely,



Cindy Roberts, Director
Public Works Department

Enclosures: Correspondence: Mayor Palin to APUC
Tariff Schedule

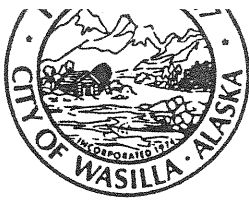
cc: Alaska Public Utilities Commission

CR/bjb

¹ WMC 5.10.190C / Resolution W82-S-3 4/26/82 Off-site water assessments shall be at the rate of \$0.05361746 per square foot of property, measured by (lot) width times depth to a maximum of 150 feet.

² WMC 2.60 Special Assessment Districts

³ WMC 5.20.020 Use of Public Sewer Required.



CITY OF WASILLA

290 E. HERNING AVE.

WASILLA, ALASKA 99654-7091

PHONE: (907) 373-9050

FAX: (907) 373-9085

CENTURY PARK SUBDIVISION TARIFF SCHEDULE

51% of the property owners in Century Park Subdivision will decide which option to implement payment of water system off-site assessments prior to the switch to City water.

Option I

If the property owners form an assessment district to pay off-site costs, the City of Wasilla water service will be at the standard rate of \$3.00/1,000 gallons for a minimum of 5,000 gallons. This will reduce the monthly water rate from \$ 26.75 to \$15.30. (Includes City sales tax) Water consumed in excess of the 5,000 gallons minimum is billed at the rate of \$.30 per 100 gallons.

Option II

Owners may elect to retain the MUC rate to pay the off-site costs. Monthly minimum rate will remain at \$26.75 and the difference above the City rate will be applied to the off-site costs until the assessment is paid. This amount will be based on the size of the lot.

COST SUMMARY

1. MUC up-grade: water

- a. All properties must install meters in order to receive City water service. Prices depend on the size of the service line to the property keybox. Quotes include freight and are current 1/20/98 and are subject to change 6/1/98.
- Price schedule:
- | | |
|--------|-----------|
| 3/4" | \$ 72.76 |
| 1" | \$ 116.43 |
| 1 1/2" | \$ 364.70 |

The meter inspection fee of \$25 is waived unless the property owner creates the need for more than one inspection service call.

The normal 25% fee for stocking meters is waived for this project provided the orders are placed by the deadline (to be established) by Public Works.



- b. off-site water assessment \$ 804 to \$1,610
based on lot size
- c. on-site assessment for undeveloped properties (37) and new services
Payable when service is initiated.
based on pipe size
- Price schedule:
- | | |
|-----------|---------|
| 3/4" line | \$1,580 |
| 1" line | \$1,630 |
| 1 1/2" | \$1,720 |

2. Sewer improvements

- a. on-site assessment for undeveloped properties (13)
Payable when service is initiated. \$2,1444
- b. off-site assessment (paid earlier) 00

3. IF a water assessment district is formed, costs of meters as well as on-site and off-site assessments can be converted into an annual payment plus interest, repaid over 10 years.

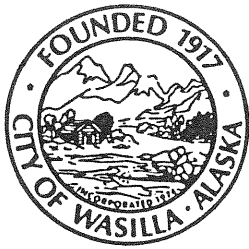
MEMORANDUM

TO Wasilla City Council
THROUGH Sarah Palin, Mayor 
FROM Cindy Roberts, Director Public Works 
RE Alaska Public Utilities Commission (APUC)
review of the joint application for transfer of ownership of
Matanuska Utility Company (MUC) to the City of Wasilla
DATE July 27, 1998

On February 13, 1998, the City filed certain documents with the APUC regarding the proposed fee structure for clients of MUC following the (proposed) sale and transfer of ownership of the utility to the City. It is anticipated that the Commissioners will hear APUC Docket # U98-28 during their August or September meeting.

THERE IS NO ACTION ITEM BEFORE YOU RE: THE SALE OF MUC.
THE DISCUSSION DURING THE PUBLIC HEARING TONIGHT RE: THE CENTURY PARK SUBDIVISION WATER/SEWER LID (Local Assessment District No. 98 WS-1) WILL TOUCH ON SOME RELATED ISSUES (Off-site water assessments, on-site assessments for work done prior to paving for the LID.)

This packet of information was delivered to the APUC this morning to respond to questions raised regarding the pending sale of MUC to the City.



CITY OF WASILLA

290 E. HERNING AVE.
WASILLA, ALASKA 99654-7091

Area Code (907)

Administration
Ph: 373-9055
Fx: 373-9092

Clerks Office
Ph: 373-9090
Fx: 373-9092

Finance
Ph: 373-9070
Fx: 373-9085

Library
Ph: 376-5913
Fx: 376-2347

Museum
Ph: 373-9071
Fx: 373-9072

Parks &
Recreation
Ph: 373-9053
Fx: 373-9072

Planning
Ph: 373-9094
Fx: 373-9092

Police
Ph: 373-9077
Fx: 373-9051

Public Works
Ph: 373-9095
Fx: 373-9054

Ph: _____
Fx: _____

July 24, 1998

Mark J. Welker
APUC
1016 West 6th Avenue
Anchorage, AK 99501

RE APUC Docket # U 98-28
City of Wasilla purchase of Matanuska Utility Company
Clarification of Citizen Concerns (6/10/98 and 6/30/98)

Dear Mr. Welker:

Thank you for your time and attention to the pending *joint application for approval of sale* of the Matanuska Utility Company to the City of Wasilla . Thank you for copying this office the June 10 correspondence which you have received regarding our application. Some of the issues raised need response:

1. This office prepared an explanatory flier regarding Local Improvement District formation. This office recently added informal informational owners' meetings to the LID process as well as complying with the process which is spelled out in Wasilla Municipal Code. The City is required to comply with formal code only.
2. The May 18, 1998 correspondence to the property owners had an attached request to submit questions in writing or bring them to the informational meeting June 4. After twenty minutes of discussion both in person and on the telephone, Ms Kilkeny was asked to send her questions in writing so we could prepare responses at the meeting. Her letter and the stated concerns were addressed at that meeting. (See enclosed: *Century Park Subdivision Property owners' Meeting June 4*) Prior to receiving the June 30 letter to her neighbors (Attached), we were unaware of her additional issues and concerns.
3. Does APUC require a utility owner to inform its customers individually of the intent to sell? We received a copy of your 3/7/98 Affidavit of Publication of Notice of Utility Application

4. The City's May 18 letter to the Century Park property owners addresses questions regarding the activation of fire hydrant system; costs and assessments for City water service and improvements to undeveloped properties; and the transfer of ownership of MUC under review by the APUC.
5. The owners of the MUC and the City of Wasilla have submitted a joint application for approval of sale to the Commission. The owners have been discussing the sale of MUC to the City since at least April 1993.
6. The costs of installation of sewer and water connections to mainline are borne by the property owner receiving service.
7. The City's base rate of \$36.55 for metered residential sewer and water service calculated on 5,000 gallons per month.

On July 7, this office received a copy of the enclosed letter of June 30 being circulated by Ms Kilkenny. The major concerns of the attached letter are answered below.

1. Wasilla Municipal Code facilitates Local Improvement District (LID) formation provided owners of 51% of the value of the improvements to property do not PROTEST the LID. The rationale of the City offering this LID is tied to the Paving LID that the Subdivision has just completed. As utilities (MUC water lines and City sewer) were bedded in the roads, any future utility connections would require cutting the asphalt, excavation and repaving of the streets. Therefore, sewer stub-outs and water keyboxes were installed to previously unimproved properties prior to paving in order to protect the investment of the property owners in the asphalt and road structure.
2. Negotiations have taken place on and off for years, and last summer, the utility owners asked the City to purchase MUC. The "terms of the takeover" of MUC by the City include a purchase price of \$75,000 and transfer of water service to the 22 current MUC clients in the Century Park Subdivision from MUC to the City, pending APUC approval of the sale.
3. The "up-grades to the sewer system" consisted of 13 taps of the mainline and sewer stub-outs to the property. Future improvement of properties will be less expensive for the property owner as the asphalt will not need to be cut and repaired at the time new utility services are connected. These costs are attributed to the individual property owners reflecting only the on-site improvements to the parcel.

4. The 22 customers of the MUC system are not paying the \$362,658 which the City invested in the extension of the water mainline. The extension will supply the Subdivision as well as other development to the south.
5. The City doesn't pretend to MAKE water. We have invested in the acquisition, distribution, and quality control of water within the City limits.
6. City of Wasilla has 558 commercial and residential water customers. The June monthly billings reflect that 34% of accounts were billed the minimum \$15.30. This indicates that metered consumption was less than 5,000 gallons. Minimum sewer for non-metered residential is \$27.44. Metered sewer service has a minimum charge of \$21.25. Some single family residences will have higher bills, reflecting family size and irrigation of yards and gardens. The City does provide the option of a "subtracting" water meter to quantify water that is purchased that does not go through the sewer system.
7. Off-site water assessments are described in Wasilla Municipal Code (WMC 5.10.190C and Resolution No. W82-S-3: 4/26/82) to prorate the City's investment in wells, tanks, distribution system, fire hydrants, over-sizing of lines, and quality control. The 22 clients of MUC are receiving services, but are not in an ownership position. MUC is owned by a corporation of private investors.
8. The "better deal" for the property owners is not tied to the negotiation of the amount of the assessments. That is consistent and established in code. The proposed water/sewer LID will allow the property owners to essentially borrow the amount of the assessments and repay this loan INTEREST FREE over ten years. Owners retain the option of paying the assessment in full within the twelve months following the confirmation of the property owners roll for the LID.
9. If the property is not developed at this time, there is a valid trade-off that may affect the individual property owners. The ten-year payment schedule will begin ahead of service connection and actual use of the utilities. To the positive side of this equation, the assessment will be repayable without interest. The current norm for City of Wasilla LIDs is approximately 8% interest.

10. If the LID is protested, the cost of improvements on each parcel will be collected as a differential rate or surcharge over metered water / sewer fees until the costs are paid in full.

11. (See No. 2 above.)

NOTE: The fire hydrant installation in the subdivision has impacted the fire insurance of property owners, depending on the individual insurance carrier. The hydrants are not operational at this time, but will be once the LID / surcharge question is resolved.

Thank you for your time and diligence on this case. Please contact me if there are points needing further clarification or if we can be of further assistance.

Sincerely,



Cindy Roberts
Director

Cc: Sarah Palin, Mayor
Erling Nelson, Director of Dept. of Finance
Ken Jacobus, City Attorney
Robert Thompson, President Matanuska Utility Company
Anne Kilkenny, Property Owner

Enclosures: -1/14/98	How to Form an LID
5/18/98	letter to Century Park Property Owners
5/26/98	letter from A. Kilkenny to C. Roberts
6/4/98	Century Park Subdivision Property Owners' Meeting
6/10/98	A. Kilkenny to APUC
6/30/98	A. Kilkenny to Neighbors



CITY OF WASILLA

290 E. HERNING AVE.

WASILLA, ALASKA 99654-7091

PHONE: (907) 373-9050

FAX: (907) 373-9085

Time Line LOCAL IMPROVEMENT DISTRICT ("LID")

Informal Process

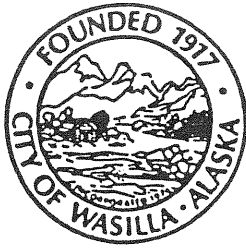
1. Administration acts on communication from property owners regarding formation of LID.
2. DPW contracts with engineer for preliminary design and cost estimates.
3. Preliminary cost estimates determined on a per lot basis.
4. Briefing meeting held for property owners.
5. 51%+ of property owners must return petition or letter supporting formation of LID.
6. **DECISION:** If there is insufficient support at the deadline for preliminary response, a mailing will go out to petition signatories informing them of the decision NOT to proceed. IF there is sufficient level of interest, the following steps take place:

Formal Process

7. City Council directs the DPW to prepare cost estimates for proposed LID. Property owners via certified mail receive information regarding intent to form an LID; cost estimates; public hearing date before City Council; and a protest card to express opposition to the LID.
8. A legally advertised public hearing is conducted by the City Council, in conjunction with a regular meeting. Protest cards are received until the conclusion of the public hearing.
9. At the conclusion of the public hearing, Council shall be presented with the protest cards and consider a resolution to form the LID.
10. **DECISION:** IF 51% of the property owners support (or fail to protest) the LID formation, the Council may pass a resolution which authorizes DPW to prepare an RFP for final engineering design and contract management.
11. Engineering firm prepares design and contract documents. DPW issues a Request for Bid to construction companies. Advertising and public notices are done and the bids are analyzed.
12. **DECISION:** City Council acts on recommendation of DPW. Council awards the contract.
NOTE: IF the bid exceeds 10% over estimated cost, property owners must REAPPROVE the LID.
13. A Notice to Proceed is issued to the contractor and work is scheduled.
14. Upon completion of all work and payment of final fees, the LID costs and the LID property owner roll is determined. City Council confirms the roll and payment schedules are finalized.
15. Property owners determine if the assessment is to be a prepayment or financed over ten years. Assessment billing statements are sent on an annual basis.

1/14/98

000001



CITY OF WASILLA

290 E. HERNING AVE.
WASILLA, ALASKA 99654-7091

Area Code (907)

Administration
Ph: 373-9055
Fcx 373-9092

Clerks Office
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Fcx 373-9051

Public Works
Ph: 373-9095
Fcx 373-9054

Ph: _____
Fcx: _____

May 18, 1998

RE: Century Park Subdivision
Water Utility Up-grade

Dear Property Owner:

The City of Wasilla has applied to the Alaska Public Utilities Commission (APUC) for approval of transfer of the Matanuska Utility Company (MUC) assets. Negotiations have been conducted directly with MUC owners. As a property owner and a client of MUC, we would like to up-date you on our progress toward:

- I Transfer of ownership of MUC to the City of Wasilla,
- II Activation of the fire hydrant system, and
- III Costs and Assessments

I TRANSFER of OWNERSHIP of MUC

The application was finalized and transmitted to the APUC on February 13, 1998. According to estimates given by APUC staff, ownership should transfer within 180 days. This will allow time for property owners to determine which billing option to implement as MUC ownership/operation transfers to the City of Wasilla. Please continue paying your monthly MUC bills until notified otherwise.

II ACTIVATION of the FIRE HYDRANT SYSTEM

The purchase and up-grade of MUC was paid for by the City of Wasilla as a Capital Improvement Project (CIP). Installation of the hydrant system as well as water and sewer service lines to undeveloped properties was authorized in conjunction with the road paving paid for by property owners (33% of total) through a Local Improvement District (LID). The hydrant system will be activated once APUC finalizes the transfer of MUC, and IF property owners form a water assessment district.

III COSTS and ASSESSMENTS

All Century Park Subdivision properties with water service will be required to install water meters. Once property owners are notified that the APUC has approved the transfer of MUC, all developed properties will have 60 days for meter installation. The meters can be purchased from Public Works at cost. Inspection of meter installation is required. Please call to schedule inspections once installation is completed. (Contact Doug Abbas 373-9095)

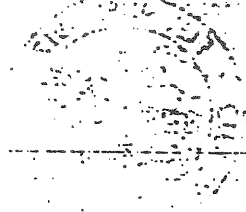
Meter installation and inspection is your responsibility as a property owner. It is important to note that water service to individual parcels will be shut off IF a meter is not installed at the time of the switch to City water. Estimated date is August 1, 1998.

All property owners with water service will be required to pay an off-site assessment to the City. This cost is based on a formula ¹ for lot size and is a standard fee to pay for infrastructure in wells, tanks, mainlines, pumps and fire hydrants.

Properties which did not have MUC water service will have an additional on-site assessment to pay for "mainline to keybox" service installation. Developed properties have already paid this

000002

ALASKA PUBLIC UTILITIES COMMISSION



fee to MUC. This will protect the paving from being cut and patched with every new service hook-up and will save the property owner installation costs. Property owners are responsible for the cost of water service line installation from the keybox to the house or commercial structure.

Property owners will decide on the monthly water rate schedule for the subdivision. If 51% of the owners establish an assessment district as prescribed in Wasilla Municipal Code ² the monthly minimum rate for water service can be \$15.30 (5,000 gallons @ \$3/1000 + sales tax). This decision will activate the hydrant system. If the majority of property owners chose not to form an assessment district, the off-site costs can be paid by retaining the MUC rate (\$26.75) and applying the difference (\$11.75) to the individual property assessments.

Thirteen properties elected not to install sewer stub outs during the original construction of the sewer drain line. City Code ³ requires connection to the sewer mainline. There will be an on-site assessment for new sewer connection (\$2,144). The pre-paving installation of stub-outs will result in a savings to property owners when compared with the normal costs associated with construction in a paved road.

The APUC approval of the sale of the MUC utility to the City of Wasilla is not impacted by the concurrent resolution of the paving LID. The Finance Department will compute the costs per property owner of the paving up-grades completed in October 1997. Those cost have been certified.

Public Works Department will hold a briefing on June 4, 1998 at 7:00 p.m. in the Council Chambers at City Hall to answer any questions about the Century Park subdivision Paving L.I.D. as well as a sewer/water assessment district. The City of Wasilla is very pleased to bring this opportunity for quality utility service to Century Park Subdivision. We look forward to working with you.

Sincerely,

Cindy Roberts, Director
Public Works Department

Enclosures: Correspondence: Mayor Palin to APUC
Assessment Schedule

cc: Alaska Public Utilities Commission

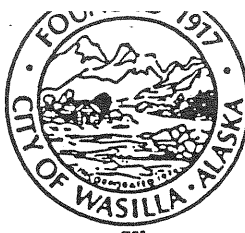
CR/bjb

¹ WMC 5.10.190C / Resolution W82-S-3 4/26/82 Off-site water assessments shall be at the rate of \$0.05361748 per square foot of property, measured by (lot) width times depth to a maximum of 150 feet.

² WMC 2.60 Special Assessment Districts

³ WMC 5.20.020 Use of Public Sewer Required.

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CENTURY PARK SUBDIVISION TARIFF SCHEDULE

51% of the property owners in Century Park Subdivision will decide which option to implement payment of water system off-site assessments prior to the switch to City water.

Option I

If the property owners form an assessment district to pay off-site costs, the City of Wasilla water service will be at the standard rate of \$3.00/1,000 gallons for a minimum of 5,000 gallons. This will reduce the monthly water rate from \$ 26.75 to \$15.30. (Includes City sales tax) Water consumed in excess of the 5,000 gallons minimum is billed at the rate of \$.30 per 100 gallons. This option has the added benefit of activating the fire hydrant system. Property owners may see a savings in fire insurance, depending on the insurance carrier.

Option II

Owners may elect to retain the MUC rate to pay the off-site costs. Monthly minimum rate will remain at \$26.75 and the difference above the City rate will be applied to the off-site costs until the assessment is paid. This amount will be based on the size of the lot.

COST SUMMARY

1. MUC up-grade: water

- a. All properties must install meters in order to receive City water service. Prices depend on the size of the service line to the property keybox. Quotes include freight and are current 1/20/98 and are subject to change 6/1/98.

Price schedule:	3/4"	\$ 72.76
	1"	\$ 116.43
	1 1/2"	\$ 364.70

The meter inspection fee of \$25 is waived unless the property owner creates the need for more than one inspection service call.

The normal 25% fee for stocking meters is waived for this project provided the orders are placed by the deadline (to be established) by Public Works.

- b. off-site water assessment \$ 804 to \$1,610
- based on lot size

- c. on-site assessment for undeveloped properties (37) and new services
Payable when service is initiated.

based on pipe size		
Price schedule:	3/4" line	\$1,580
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2. Sewer improvements

- a. on-site assessment for undeveloped properties (13)
Payable when service is initiated. \$2,1444

- b. off-site assessment (paid earlier) 00

3. IF a water assessment district is formed, costs of meters as well as on-site and off-site assessments can be converted into an annual payment plus interest, repaid over 10 years.

P. O. Box 870163
Wasilla, AK 99687-0163

May 26, 1998

City of Wasilla
290 E. Herning Avenue
Wasilla, AK 99654-7091

Attn: Cindy Roberts
Public Works Director

Re: Century Park Subdivision
Water Utility Upgrade

Dear Ms. Roberts:

I have read your letter dated May 18, 1998, and have some questions regarding your proposals.

1. Why will the hydrant system be activated only IF property owners form a water assessment district?

2. Why must we install water meters?

3. The letter states, "If the majority of the property owners chose not to form an assessment district, the off-site costs can be paid by retaining the MUC rate (\$26.75) and applying the difference (\$11.75) to the individual property assessments." I have several questions about this statement:

--I am paying MUC \$26.00, not \$26.75. With taxes and surcharges the monthly bill comes to \$26.67.

--MUC provides us with unlimited water for \$26.00. Is that what you are proposing?

--Or, are you proposing \$26.75 as the minimum rate (as opposed to the City's current minimum rate of \$15.00).

--What would be the charge for water usage in excess of the minimum amount of 5,000 gallons/month? Would that be the City's current rate of \$3/1000 gallons, or would that be \$26.00/5,000 gallons?

RECEIVED

MAY 28 1998

CITY OF WASILLA, ALASKA

000005

--What would the sewer rate be if the property owners opt not to form a LID?

--Would we continue to be charged the flat rate for sewer?

--Or would ~~we~~ sewer bills be based on water usage?

--Would there be interest charged on the unpaid balance of the off-site assessment? At what rate?

4. How many gallons does the average residential Wasilla City Water customer use per month? APUC suggests that 15,000 gallons/month is about average residential usage; do you agree?

5. If the majority of the property owners choose not to form an assessment district when would the hydrant system be activated?

6. I have been told that the City Water System is a higher pressure system than MUC.

--How much pressure is there in the MUC system?

--How much pressure is there in the City system?

--What effect will the increase in pressure have on:

--water supply? (I've never noticed any problem with water pressure.)

--our plumbing systems?

--If we develop all sorts of leaks in our household plumbing due to increased pressure, will the City pay for damages and repairs?

7. Some people have told me that City water is not the best water. A dentist told me that the bacteria counts were so high in the City water that it was ruining his equipment.

--How often is City water tested?

--How hard is City water?

--Is City water chlorinated?

--Is City water fluoridated?

--Is City water filtered?

I believe we discussed all these questions in person at your office on the day I received your certified letter. I am hoping that having discussed them with you in person and having responded in writing as per your request, you will have answers for us at the June 4th meeting.

000006

Sincerely,

Pat Johnson

Anne Kilkenny

Anne Kilkenny
Patrick C. Johnson
Lot 15, Block 1
1131 Century Drive

cc: APUC

066667

Century Park Subdivision Property Owners' Meeting June 4, 1998

Subjects: Sale of Matanuska Utility Company to City of Wasilla
Tariff (monthly rate) Options
Costs to Property Owners
Road Paving Completion
Misc. Questions

SALE OF THE MATANUSKA UTILITY COMPANY TO THE CITY OF WASILLA

The Alaska Public Utilities Commission is reviewing the City's application to purchase MUC. Expected approval date is August 1, 1998.

COSTS TO PROPERTY OWNERS RELATED TO THE SALE

In addition to the monthly charge for water, there are on-site and off-site assessments.

Monthly Water Rate

The City charges a minimum fee of \$15.30 for residential service. This provides 5,000 gallons per month at \$3.00 per gallon plus City sales tax. If additional water is used (as indicated by the on-site water meter), it is billed at \$3.00 per 1,000 gallons.

The charge will depend on whether or not a LID is formed to repay assessments.

Water Assessments

MUC customers have already paid an on-site assessment (to hook-up to the mainline) as part of their contract for service. New (not MUC) service hook-ups to residential customers will be billed according to the size of the pipe making the hook-up. This fee covers connecting pipes and the installation of the service "key-box" on the property. Each property owner will have additional construction costs associated with bringing the water to the house. The City has made this less expensive as the key boxes were installed prior to paving, thereby saving construction and paving costs.

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City Code (WMC 5.10.190C) states that off-site assessments shall be determined at a rate of \$0.5361746 per square foot of property measured by lot width times depth to a maximum of 150 feet. This is a standard fee to all service subscribers and pays the property owner's share of the City investment in wells, tanks, hydrants, and transmission lines as well as maintenance.

There are two options to pay the off-site water assessments:

1. Form a Water LID: Each property will have an assessment based on lot size. This amount is amortized over 10 years and paid on an annual basis. (Interest rate is the City's loan interest plus 1%.) There is no City financial share in this type LID, other than administrative services.
2. Continue THE MARGIN of the MUC rate (over the current City minimum rate of \$15.30) and apply balance ($\$26.75 - \$15.30 = \$11.75$) to assessment charge until the individual property's off-site assessment is paid. Undeveloped properties will pay the full amount at the time of service hook-up. This is complex due to timing differences and the fact that the City water is billed for water used with a minimum charge of \$15.30 for 5,000 gallons per month. (Additional is billed at \$3 per 1,000 gallons.)

WATER METERS

All properties are required to install water meters. From the time of transfer of MUC ownership, property owners will have 60 days to install meters and have them inspected by City water division staff. There will be no charge for this service, IF it is done in this time frame. The cost of the meter depends on the size of the pipe. This cost can be financed if the LID is formed.

FIRE HYDRANTS

The fire hydrant system was not part of MUC. It was installed prior to paving to reduce damage to the road surface which would occur if hydrants were installed at a later date. The hydran

rates. Activation of the hydrants will follow approval of the APUC sale of MUC to the City of Wasilla and determination of the method of payment of off-site water assessments.

SEWER CUSTOMERS

13 subdivision properties (which did not have sewer stub-outs to the property line under the original installation) will now have an on-site assessment fee of \$2,144 payable at time service or over 10 years if a Local Improvement District is formed in the subdivision. If a water LID is formed, sewer assessments could be combined with it and made into one payment schedule.

Off-site sewer assessments were paid earlier as part of the purchase of the property. There should be NO individual septic systems operating in the subdivision.

IMPACT ON SEWER RATES

Monthly sewer service will continue to be billed at a rate of \$4.23 per 1,000 gallons per month with a \$21.25 minimum. During MUC ownership of the water system, the sewer use was billed at a flat rate. Some bills may go up, depending on metered water consumption.

MISC. WATER QUESTIONS:

1. Is the off-site water assessment standard procedure when the City purchases a water system? YES

Spirit Ridge, Mission Hills, Indian Hills, Bridgestone, Lakeside Terrace, and many commercial developments have used this system to acquire City water service.

2. What other costs are involved in a new service hook-up?

The property owner is responsible for all materials and labor to connect to the water mainline. See Water Service Application for details.

3. What is the pressure of the City system? Approximately 45 psi Of MUC? ?

4. Will increased water pressure impact water supply? NO

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5. Is the City liable if leaks occur in household plumbing? NO

6. How often is the City water tested?

ADEC requires bi-weekly (coliform) and annual (nitrates) testing for a Class A water system. The City is in compliance with all requirements.

7. What is the Ph of the City water? Unknown

8. Is City water chlorinated? Yes

9. Is City water fluoridated? NO

10. Is City water filtered? NO City water is drawn from a 250 foot well which taps an aquifer.

ROAD QUESTIONS

1. When will the ditches be completed?

Wilder will recontour certain banks in June and the areas will be hydroseeded.

2. If I want to avoid hydroseeding, is that possible? Yes.

Please print your name and address on the clipboard being circulated by City staff.

STREET LIGHTS

A light will be replaced at the intersection of Enter Way and KGB.

There has been a request to install street lights on Century Drive at Quincy Circle, near the north curve, and at the Check Street intersection.

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These questions were submitted by property owners.



Cindy Roberts June 4, 1998
Director

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RECEIVED
A.P.U.C.

98 JUN 19 PM 3:06

P.O. Box 870163
Wasilla, Alaska 99687-0163

U-98-28
DUPLICATE

MJW

June 10, 1998

Re: Case U98-28

Dear Sirs:

I am presently a water customer of the Matanuska Utility Company (MUC) in Wasilla.

I am writing to protest the terms and conditions, and the schedule of rates and assessments being proposed by the City of Wasilla (COW) with regard to their purchase of MUC.

I am most appreciative of your willingness to consider my protest. I am very distressed that I missed the deadline for the close of the comment period.

I respectfully request that you require COW to re-submit ~~the~~ proposal after completing ALL the steps in the COW LID formation process and with further clarification and in more detail.

Attached is a city-prepared synopsis of the COW LID formation process. You will note that the informal stage^① of the process assures that there is sufficient neighborhood interest in forming an LID. The formal stage of the process is biased in favor of passage in that a non-response is counted as a favorable vote. To be fair to both those encouraging the formation of an LID and those opposed to it, the entire process must be followed.

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2.

The City seems to be proposing to by-pass the informal steps in the LID process and to begin with the formal steps. This is the equivalent of dealing from a stacked deck and is, in my mind, tantamount to a forced annexation of the utility customers of MUC.

I respectfully suggest that in the interest of fairness the City should demonstrate that 51% of MUC's customers are in favor of formation of an LID, not just that 51% or more are not opposed. Non-respondents to the poll should not be considered votes in support of LID formation.

I have been trying to get clarification of many points in the COW proposal. Please see my letter to the City, attached. I have been largely unsuccessful in this effort. ② Can you answer my questions? Could & would you elicit from the City answers to them in writing? I would be most appreciative.

I would like to call the Commissions attention to the fact that MUC customers were not notified by MUC^③ that the City had filed a proposal with you. The City notified us by certified mail on May 18, 1998, ④ 7 weeks after the closure of the period for public comment. How were we to know what was afoot? (The city's letter dated February 13, 1998, was what we were finally sent on May 18th.) 000014

Staff at APUC promised me that I would be notified when the City made its filing, but for some reason this did not happen either.

Having finally obtained a copy of the City's filing I would like to make several observations:

1) there has NEVER been any finding of a public safety or health hazard existing in the MUC system.

2) Contrary to the Mayor's statement in her letter to Commissioner Cotton of February 13, 1998, the City was NOT asked (5) (by a majority of MUC customers) to acquire MUC. There has never been any complaint about the quality of the water MUC's system delivered.

3) Prior to paving the neighborhood streets the City would have had to do many sewer stub outs; it wasn't just the water hook-ups that were lacking.

4) No curbing was ever proposed or installed when the neighborhood streets were paved. 15 feet of unimproved, vacant right-of-way exists on both sides of the streets.

Finally, I'd like to ask the Commission to NOT approve the City's proposed schedule of rates and assessments.

I've already established that MUC was providing its customers with good water and that the City was NOT asked to purchase MUC. (5)

It was to our benefit that the City opted to put in the sewer hook-ups and that these and the water hook-ups were done prior to paving, but as the City states in its filing this

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4.

• was also a wise move from the City's point of view because these installations would have been more costly if done after the paving. (6)

• MUC provides its customers with unlimited (un-metered) water at a flat rate set by the Commission, a rate presumably which covers the cost of extraction, delivery, and system maintenance and also provides a margin for depreciation and amortization and profit. The City is, it appears, proposing a metered rate. How does the City's proposal effect the water & sewer bills of MUC customers?

	existing MUC rate	proposed City rate
No water usage	\$ 54.11	\$46.55 (7)
5,000 gallons/mo	54.11	46.55
10,000 gallons/mo	54.11	73.80
15,000 gallons/mo	54.11	109.65
20,000 gallons/mo	54.11	146.20 WOW!

based on sewer rate of \$4.25/1,000 gal + minimum of 5,000 gal or \$21.44 for unmetered sewer

Water is not a manufactured product. It is free. The cost is in the extraction, treatment and delivery. And, in actuality, the major cost is in the delivery. The pipe to deliver 15,000 gal/mo costs no more than the pipe to deliver 5,000 or 20,000 gals/mo. So, basically speaking, the costs involved are relative to the size of the

system, not the quantity delivered. Right?
SO WHY METERED RATES?

How will MUC customers benefit from the City's proposed metered water & sewer rate schedule? NONE, that I can see.

The City is also proposing that MUC's customers pay an off-site assessment of \$804.11 to \$1600. I object to this as well.

MUC customers, through payment of the APUC-set water rate to MUC for 22 years have accumulated equity in the MUC system.

(APUC's rate providing for amortization & depreciation leads to the growth of equity).

The 22 years of equity ^{in MUC} that the customers of MUC have should be acknowledged by the commission and transferred to the City.

MUC customers should not be asked to buy into the city's system since we've already bought into one system - MUC. We should not be assessed for off-site costs as this amounts to asking us to buy a second water system.

In sum, I am requesting that APUC require

- 1) COMPLETE clarification of the City's proposal
- 2) the city demonstrate that 51% of MUC's customers are in favor of forming an LID - that non-respondents cannot be considered to be favorable votes
- 3) re-submission of the filing by the City
- 4) re-opening of the public comment period after appropriate notification of MUC customers
- 5) denial of the City's proposed metered water rate schedule and imposition

of a flat-rate fee schedule
c) denial of the off-site assessments
the city proposes to levy.

The city is not proposing any improvement in service. Most of the subdivision is already close enough to pre-existing fire hydrants to qualify for the lowest fire insurance rates.

The City's proposal does not constitute a net benefit to MUC customers.

It is my fervent hope that you will continue to do what you've always done: look out for the best interest of the little guy and deny this proposal.

Sincerely,

Anne Kilkenny
1131 Century Drive
Lot 15, Block 1 Century Park

P.S. Attached to this letter is a short list of MUC customers who wish to register with the Commission their agreement with the positions taken in this letter.

June 30, 1998

Anne Kilkenny

P.O. Box 870163

Wasilla, AK 99687-0163

Lot 15, Block 1

1131 Century Drive

Dear Neighbors,

I urge you to protest the formation of the water/sewer LID being proposed by the City^③, by filing the protest form you were recently sent. Remember, if you don't file a protest you've voted for the City's proposal.

I think that the terms of the City's proposed take-over of MUC^② are outrageous. Consider this:

- the City wanted to do the up-grades to the sewer^③ system prior to the paving because it saved them money.
- the City wants to buy MUC because it wants MUC^④ customers to pay for the extension of the water main to the Senior's. The water utility is a money-maker for the City. (They don't make water, God does!)^⑤

- Can you afford to pay \$50-100 more per month for^⑥ water & sewer? AFUC estimates that the average residential customer uses 15,000 gal/mo. For 15,000 gal/mo the City would charge \$109.65 for water & sewer. For 20,000 gal/mo the charge would be \$146.20. WOW!

- ① Why should we be forced to pay off-site assessments.
Why should we be buying into the City system when it's the City who's buying us? We've got a 22-year investment in the MUC system. The MUC system and its customers are an asset that the City wants - so we shouldn't be paying them!

By protesting we acquire the power to bargain for a better deal, like:

- ⑧ - getting the City to pay for the water meters & their installation and inspection
- getting the off-site assessments dropped. PERIOD.
- getting payment of on-site assessments delayed

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until the property is sold or disposed. (9)

To get a better deal we have to:

- (10) 1) file a protest to the LID formation with the City
- 2) write the Alaska Public Utilities Commission (APUC)

They can modify the City's proposal, but they won't UNLESS they hear from a bunch of us. Tell them what you think would be a fairer deal. Remind them that this was the City's idea and that we should not have to pay for the City to acquire our assets.

(11) Write ASAP. They will be reviewing this case soon. Write to:

Alaska Public Utilities Commission

1016 West 6th Avenue, Suite 400

Anchorage, AK 99501-1963

Attn: Mark Welker

Re: Case U98-28

If you have any thoughts or questions, don't hesitate to call me (7am - 9:30 pm) at 376-6225.

Sincerely,

Anne Kennedy

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MEMO

DATE: October 28, 1998

TO: John Cramer

FROM: Doug Abbas 

Here are the water usage figures for single family residences, averaging monthly for calendar year 1997.

<u>Ave. Monthly Use</u>	<u>No. of Customers</u>
5,000 Gal. Or less	160
5,000 – 9,000 Gal.	119
9,000 or more	24

Approximately 8.6% of single family residences would use more than the Century Park MUC monthly billing of \$27.00.

Total fire hydrant installation costs. \$52,168.00

Total off-site charges to owners. \$55,918.99

There was other mainline extension costs specific to Century Park, such as the mainline down enter way and main line valves. \$32,708.00

NOTE: Due to insufficient funds for Century Park Water Upgrade Account, the \$32,708.00 was taken out of funds originally appropriated for Knik Goose Bay Water Mainline.

PURCHASE AGREEMENT
FOR FACILITIES, REALTY, AND ASSETS OF
MATANUSKA UTILITY COMPANY

This Agreement is made between Matanuska Utility Company, Inc. (hereinafter "Matanuska" or "Seller"), whose mailing address is C/O Robert Thompson, P.O. Box 1288, Wasilla, AK 99687, and the City of Wasilla (hereinafter "City" or "Buyer"), whose mailing address is 290 E. Herning Avenue, Wasilla, AK 99654. The purpose of this Agreement is to describe the understandings of Buyer and Seller regarding the purchase of the facilities, assets, and realty of Seller by Buyer in the event that certain contingencies, described below, are accomplished.

PREMISES

WHEREAS, Seller owns certain real property, assets, and facilities utilized to operate the Century Park Subdivision water system, and Seller operates the water system as a private utility pursuant to a Certificate of Authority issued by the Alaska Public Utilities Commission (hereinafter "APUC"); and

WHEREAS, Buyer is willing to purchase the assets, facilities, and realty from Seller so long as certain contingencies are accomplished prior to the conveyance of such assets, facilities, and realty; and

WHEREAS, Seller is willing to attempt good faith efforts to accomplish the contingencies to precede the conveyance described above and is further willing to, upon accomplishment of the contingencies, convey the assets, facilities, and realty for a designated purchase price; and

WHEREAS, before Seller initiates the efforts related to accomplishment of the contingencies preceding conveyance, Seller desires a written commitment from Buyer as to Buyer's intentions concerning the completion of the sale/conveyance and payment of an earnest money amount to be applied to the purchase price; and

WHEREAS, between the time of the execution of this agreement and the actual

conveyance of the assets at closing the parties want to agree to allow Buyer to perform certain designated improvements to the water facilities in conjunction with a street paving project;

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

RESOLUTIONS

1. **Purchase.** Subject to the provisions of this Agreement, Seller agrees to sell the assets, facilities, and right of way/easement rights of Seller (hereinafter referred to as "Property") to Buyer and Buyer agrees to purchase the Property from Seller.
2. **Purchase Price.** The total purchase price for the Property shall be the sum of Seventy-Five Thousand Dollars (\$75,000).
3. **Payment of the Purchase Price.** As of the execution of this Agreement, earnest money in the amount of Twenty-Five Thousand Dollars (\$25,000.00) is being paid by Buyer to Seller, receipt of which is acknowledged.¹ The amount of Twenty-Five Thousand Dollars (\$25,000.00) shall be paid at the time of the closing of the conveyance of the Property from Seller to Buyer. The time of closing is established by the terms of this Agreement below. The remaining balance of Twenty-Five Thousand Dollars (\$25,000.00) shall be paid upon 60 (sixty) days following the closing date. Payment of these amounts shall be made by check payable to Matanuska Utility Company, Inc. In addition, the mutual promises and understandings set forth herein comprise the consideration entered into between Buyer and Seller for the further terms of this Agreement.

4. **Title.**

4.A. Real Property Interests. The real property rights of way and easement rights of the Seller, conveyed to Buyer, are identified by Exhibit A, attached

¹
The \$25,000.00 earnest money shall be paid to the trust account of the attorney for Seller with the understanding that the money shall not be paid to the Seller until proper corporate resolutions have been completed by Seller authorizing this Agreement.