



KENAI PENINSULA BOROUGH

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DAVID R. CAREY
BOROUGH MAYOR

MEMORANDUM

TO: Gary Knopp, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: David R. Carey, Mayor *Dr. Carey*

FROM: Craig Chapman, Finance Director *C. Chapman*

DATE: April 21, 2011

SUBJECT: Ordinance 2010-19-46, appropriating funds for the Poppy Ridge Road Improvement Assessment District ("RIAD")

A petition has been received requesting the formation of a special assessment district in the College Estates and Fern Forest Subdivisions for improving and paving Poppy Ridge Road and Franke Road within the subdivisions. The petition process is the first step of this process. A resolution is scheduled to be heard at the May 17, 2011 assembly meeting to authorize the formation of the Poppy Ridge Road Improvement Assessment District.

The second step in the process is this ordinance that will appropriate the necessary funds should the assembly approve the project with adoption of the Resolution to Proceed and Form the District. The resolution must be adopted prior to the hearing on the ordinance. The third and final step of the process will be the Ordinance of Assessment following the completion of the project.

KPB 14.31.070(C)(1) & (2) require signatures of the owners of more than 70 percent of the parcels and 70 percent of the total assessments within the proposed district sign the petition, and 76.4 percent of the parcel owners and 76.4 percent of the total assessment owners have signed the petition.

The total cost of the Poppy Ridge RIAD is estimated to be \$348,257.00. This ordinance appropriates \$348,257.00 to the assessment fund with 50 percent or \$174,128.50 provided as an interfund loan from the Borough General Fund and 50 percent or \$174,128.50 match from the Road Service Area RIAD Match Fund.

On September 14, 2010, the Road Service Area board adopted resolution 2010-11 to fund the 50 percent match. The loan will be repaid through 10 annual assessments levied on property located within the RIAD. Billings will include an interest charge equal to the published prime rate in

effect at the time of the loan plus 2%. The prime rate is currently 3.25%. If it remains unchanged through project completion, residents of the RIAD will be charged an interest rate of 5.25% (3.25% + 2%). This is the same formula used to determine the rate of interest on the interfund loans used to finance the other USAD and RIAD projects. Early payments can be made without penalty.

If for any reason the RIAD is not formed, the loan will not be made and the General Fund will absorb any administrative costs that exceed the \$3,000 filing fee received with the petition.

Hearing on shortened time is requested in order that the road improvement is constructed within this construction season.

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No.	<u>238.33960.POPPY.50895</u>
Amount	<u>\$174,128.50</u>
By: <u>C. Chapman</u>	Date: <u>4/21/2011</u>