



KENAI PENINSULA BOROUGH

Assessing Department

144 North Binkley Street • Soldotna, Alaska 99669-7520

Toll-free within the Borough: 1-800-478-4441, Ext. 2230

PHONE: (907) 714-2230 • FAX: (907) 714-2393

www.borough.kenai.ak.us

DAVID R. CAREY
BOROUGH MAYOR

MEMORANDUM

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

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

FROM: Craig Chapman, Finance Director *C Chapman*

DATE: August 22, 2011

SUBJECT: Ordinance 2011-¹⁹⁻¹⁸, appropriating \$723,410 to the special assessment fund for the Anchor Point Utility Special Assessment District

With passage of the resolution to form the district and proceed with the improvement through Resolution 2011-090, the next step in the Utility Special Assessment District (USAD) process is assembly consideration of the appropriating ordinance. The attached ordinance appropriates the estimated project costs and authorizes an interfund loan from the General Fund to finance the USAD.

The total cost of the gas line project is estimated at \$723,410.00. This includes direct cost of \$698,720.00 and indirect administrative costs of \$24,690.00. Funding for the project will be provided through an interfund loan from the borough's General Fund. The loan will be repaid through 10 annual assessments levied on properties located within the USAD. Billings will include an interest charge equal to the published prime rate in effect at the time of the loan plus 2 percent. The prime rate is currently 3.25 percent. If it remains unchanged through project completion residents of the USAD will be charged an interest rate of 5.25 percent (3.25 + 2 percent). This is the same formula used to determine the rate of interest on the interfund loans used to finance other USAD projects. Penalties are not imposed for accelerated payments.

If for any reason the USAD is not formed, the loan will not be made and the General Fund will absorb any administrative costs that exceed the \$1,000 filing fee received with the petition.

In order to begin construction of the gas line during the 2011 construction season our office is requesting a shortened hearing on the attached ordinance to appropriate the funds.

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No. <u>100.27900 FB</u>	
Amount <u>\$723,410.00</u>	
By: <u><i>CBCW</i></u> <u><i>C Chapman</i></u>	Date: <u>8/23/11</u>