



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

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

THRU: Mike Navarre, Mayor *MN*

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

DATE: August 23, 2012

SUBJECT: Ordinance 2012-19-27, appropriating \$162,444.80 to the special assessment fund for the Anchor View Estates natural gas line utility special assessment district

With passage of the resolution to form the district and proceed with the improvement through resolution 2012-072 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 \$162,444.80. This includes direct cost of \$153,015.00 and indirect administrative cost of \$9,429.80. 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 property 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). This is the same formula used to determine the rate of interest on the interfund loans used to finance the 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.

To begin construction of the gas line during the 2012 construction season a shortened hearing on the attached ordinance to appropriate the funds is requested.

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No.	<u>100.27910</u>
Amount	<u>\$162,444.80</u>
By:	<u>BH</u> Date: <u>8/22/12</u>