



KENAI PENINSULA BOROUGH

144 North Binkley Street • Soldotna, Alaska 99669-7520

Toll-free within the Borough: 1-800-478-4441

PHONE: (907) 262-4441 • **FAX:** (907) 262-1892

www.borough.kenai.ak.us

**MIKE NAVARRE
BOROUGH MAYOR**

MEMORANDUM

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

THRU: Mike Navarre, Mayor *M.N.*

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

DATE: October 11, 2012

SUBJECT: Ordinance 2012-19-34, appropriating funds for the Woods Drive Road Improvement Assessment District

A petition has been received requesting the formation of a special assessment district for improving and paving a portion of Woods Drive and Memory Circle. These roads are located off of Ciechanski Road. This petition process is the first step of the process. A resolution is scheduled to be heard at the November 20, 2012 assembly meeting to authorize the formation of the Woods Drive Road Improvement Assessment District (RIAD).

The second step in the process is consideration of 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 third and final step of the process will be the ordinance of assessment following 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 72.2 percent of the parcel owners and 72.2 percent of the total assessment owners have signed the petition.

The total cost of the Woods Drive RIAD is estimated to be \$293,069.52. This ordinance appropriates \$293,069.52 to the assessment fund with 50 percent or \$146,534.76 provided as an interfund loan from the borough General Fund and 50 percent or \$146,534.76 match from the Road Service Area RIAD Match Fund.

On September 9, 2012, the Road Service Area board adopted resolution 2012-14 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 utility special assessment district 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 \$4,600 filing fee received with the petition.

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No.	<u>100. 27910</u> \$146,534.76
Amount	<u>238. 27910</u> \$146,534.76
By: _____	Date: <u>10/8/12</u>