



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>

Introduced by: Mayor
Date: 05/03/11
Shortened Hearing: 05/17/11
Action:
Vote:

**KENAI PENINSULA BOROUGH
ORDINANCE 2010-19-46**

**AN ORDINANCE APPROPRIATING \$348,257 TO THE SPECIAL ASSESSMENT
FUND FOR THE POPPY RIDGE ROAD IMPROVEMENT
SPECIAL ASSESSMENT DISTRICT**

1 **WHEREAS**, KPB Chapter 14.31 provides authority for creating and financing road improvement
2 assessment districts for improvements to roads in public rights-of-way; and

3 **WHEREAS**, a petition has been received requesting the formation of a special assessment district
4 in the College Estates and Fern Forest Subdivisions for improving and paving Poppy
5 Ridge Road and Franke Road within the subdivisions; and

6 **WHEREAS**, the assembly adopted Resolution 2011-033 on _____, 2011 to form the Poppy
7 Ridge Road Improvement Assessment District and proceed with the improvement;
8 and

9 **WHEREAS**, KPB 14.31.070(C)(1) requires signatures of the owners of more than 70 percent of
10 the parcels within the proposed district sign the petition, and 76.4 percent have
11 signed the petition; and

12 **WHEREAS**, KPB 14.31.070(C)(2) requires signatures of the owners that would bear more than 70
13 percent of the total assessments in the proposed district, and 76.4 percent have signed
14 the petition; and

15 **WHEREAS**, the Road Service Area Board adopted resolution 2010-11 to fund a 50 percent match
16 (\$174,128.50) from the RIAD Match Fund; and

1 **WHEREAS**, financing is necessary to complete the administrative requirements of the ordinance
2 and regulations; and

3 **WHEREAS**, pursuant to KPB 5.10.040(A)(13) the borough may invest in special assessment
4 districts; and

5 **WHEREAS**, the estimated total cost of the project of \$348,257.00 less the 50% Road Service Area
6 match (\$174,128.50) is to be provided as an investment by the general fund which
7 will be repaid with interest by assessments on the parcels within the district;

8 **NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI**
9 **PENINSULA BOROUGH:**

10 **SECTION 1.** That the amount of \$174,128.50 is authorized to be advanced to the assessment fund
11 from the general fund and appropriated into Account No. 895.92035.POPPY.49999.

12 **SECTION 2.** That the special assessment fund shall repay to the General Fund the full amount
13 invested by the General Fund with interest though payments made on the special
14 assessments levied.

15 **SECTION 3.** That the amount of \$174,128.50 is authorized to be transferred from the road service
16 area RIAD match fund Account No. 238.33960.POPPY.50895 to the assessment
17 fund and appropriated into Account No. 895.92035.POPPY.49999.

18 **SECTION 4.** That this ordinance shall take effect immediately upon its enactment.

1 **ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY**
2 **OF * 2011.**

Gary Knopp, Assembly President

ATTEST:

Johani Blankenship, Borough Clerk

Yes:

No:

Absent: