



## **KENAI PENINSULA BOROUGH**

### **Solid Waste Department**

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**MIKE NAVARRE**  
**BOROUGH MAYOR**

### **MEMORANDUM**

**TO:** Blaine Gilman, Assembly President  
Members, Kenai Peninsula Borough Assembly

**THRU:** Mike Navarre, Mayor *MN*

**FROM:** Craig Chapman, Finance Director *BC*  
Jack Maryott, Solid Waste Director *A.P. for Jack*

**DATE:** May 5, 2016

**SUBJECT:** Ordinance 2016-14, An Ordinance Providing for the Submission to the Qualified Voters of the Kenai Peninsula Borough, Alaska, the Question of Authorizing the Issuance of General Obligation Bonds Not To Exceed Ten Million Six Hundred Thousand Dollars (\$10,600,000) of the Kenai Peninsula Borough to Pay Costs of Planning, Design, Construction, and Equipping of Solid Waste Disposal Facilities, at an Election in and for the Kenai Peninsula Borough On October 4, 2016 (Mayor)

Capital funds are needed for planning, design, construction and equipping the regional solid waste facility near Soldotna. Ten-year landfill capital costs are estimated at \$10,600,000 and include long-term planning, construction of two lined landfill cells, leachate collection and treatment system, gas collection and treatment, landfill equipment, and related improvements at the Central Peninsula Landfill (CPL) to meet stringent federal and state requirements. Each landfill cell is expected to have a useable life of approximately five years.

The attached ordinance requests approval to place a \$10,600,000 Solid Waste General Obligation Bond proposition before borough voters as part of the October 4, 2016 election. If borough voters approve this proposition, it is currently anticipated that the bond funding would be generated through two separate sales. The first would occur in late 2016 or early 2017 and would provide sufficient funding for construction of cell three and related equipment at CPL. The second would occur approximately five years later in 2022 and would provide sufficient funding for construction of cell four. Both bond sales would provide funding for planning, design, leachate and gas related facilities, equipment and other related improvements.

#### **Background**

In FY2002, Ordinance 2002-26 authorized the placement of a bond ballot proposition to borough voters requesting \$12,000,000 in capital funds for planning design, construction and equipping the CPL part of the October 1, 2002, borough elections. This ballot proposition was approved by borough voters.

The bond funds were authorized to be used for long-term planning, construction of two lined landfill cells, leachate collection and treatment system, gas collection and treatment, landfill equipment and related improvements at the CPL to meet federal and state requirements. It should be noted that each landfill cell is designed to have a useable life of approximately five years. The bonds were sold through two separate sales based upon the expected lives of the cells.

As part of the project, cell 1 was constructed in 2004 and cell 2 design and construction started in 2010. Cell 2 is expected to be full in 2019. We are now at a point that additional funds are needed to design and develop a new cell at CPL, allowing for waste to be accepted after cell 2 is full.

#### Planned Improvements

The development and operations of one main landfill is the most efficient and cost effective method for waste management. CPL will continue to be developed to manage waste generated on the peninsula. It should be noted that with the closure of the Homer Landfill to municipal waste, CPL accepts approximately 98 percent of the waste that is generated in the borough. The remaining 2 percent is served by rural/remote landfills located across Cook Inlet and Kachemak Bay.

Planned improvements needed at CPL include the design of additional cells, construction of lined cells and equipment to operate the landfill. The necessary improvements would be funded through general obligation bonds. The estimated 10 year capital cost for designing, construction of two lined landfill cells and equipping CPL, not including equipment provided by the equipment replacement fund, are estimated at \$10,600,000.

The issuance of \$5,300,000 of general obligation bonds and related equipment for cell 3 will impact the annual tax levy by approximately \$14 per \$100,000 of assessed taxable property value (based on the estimated total FY2017 assessed valuation, a 1.8 percent average rate of interest, and a 5-year payback period). Landfill operating and maintenance costs are not expected to be impacted by this project.