

Kenai Peninsula Borough

Finance Department

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PM*
Brandi Harbaugh, Finance Director *BH*
Adeena Wilcox, Assessing Director *aw*

FROM: Nolan Scarlett, Property Tax & Collections Manager *NS*

DATE: April 4, 2024

RE: Ordinance 2023-19-45, Appropriating \$627,435.60 to the Special Assessment Fund for the Princess Lake Estates Utility Special Assessment District (Mayor)

A petition has been received requesting the formation of a utility special assessment district ("USAD") for installing a natural gas mainline improvement in the north Kenai area. The petition and subsequent resolution to form the USAD is the first step of the process. A resolution is scheduled to be heard at the May 7, 2024, Assembly meeting to authorize the formation of the Princess Lake Estates USAD.

The second step in the process is this Ordinance, appropriating the necessary funds should the Assembly approve the project with adoption of the resolution to form the USAD and proceed with the improvement. The third and final step of the process will be an ordinance of assessment following the completion of the project.

KPB 14.31.070(D) requires the petition to contain signatures of the owners of record of at least 60% of the total number of parcels subject to assessment and owners of record of at least 60% in value of the property to be benefited in order to be considered by the Assembly for formation. Owners of record of 69.70% of the parcels and owners of record of 74.39% in value of the property to be benefited within this proposed USAD have signed the petition.

The total cost of the Princess Lake Estates USAD is estimated to be \$627,435.60. The loan will be repaid through assessments levied on property located within the USAD which may be paid in ten annual installments. Billings will include an interest charge equal to the published prime rate in effect at the time of the loan plus 2.00%. The prime rate is currently 8.5%. If it remains unchanged through project completion, residents of the USAD will be charged an interest rate of 10.5% (8.5% + 2.00%). This is the same formula used to determine the rate of interest to finance the other USAD projects. Early payments can be made without penalty.

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Re: O2023-19- 45


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.

Your consideration is appreciated.

**FINANCE DEPARTMENT
ACCOUNT / FUNDS VERIFIED**

Acct. No. 100.27910

Amount: \$627,435.60

By  Date: 4/2/2024