

**KENAI PENINSULA BOROUGH
PROPOSITION NO. 4**

CENTRAL EMERGENCY SERVICE AREA BONDS

(To be voted on by all borough voters residing in the Central Emergency Service Area)

Ordinance 2015-21 entitled, "An Ordinance Providing for Submission to the Qualified Voters of the Central Emergency Service Area in the Kenai Peninsula Borough, Alaska, the Question of Authorizing the Issuance of General Obligation Bonds of the Central Emergency Service Area not to Exceed Four Million Four Hundred Thousand Dollars (\$4,400,000) for the Purchase of Emergency Response Vehicles for the Central Emergency Service Area, at an Election in and for the Service Area on October 6, 2015," sponsored by Mayor Mike Navarre was enacted on July 28, 2015.

Central Emergency Service Area (CESA) has experienced multi-year flattening of its revenue and an increase in call volume and operational costs. Funds available for contributions to the capital fund to purchase the necessary items for fire suppression, rescue, and emergency medical services have become insufficient.

Starting in FY2014, after many years of substantial increases in assessed values, these values decreased slightly. In FY2015, there was an additional decrease in values. Much of this decrease was also due to increasing the personal exemption on residential property from \$20,000 to \$50,000. This decrease was partially offset by an increase in AS 43.56 (oil and gas) property.

A number of CESA emergency response vehicles (ambulances, engines, and support) are nearing the end of their useful lives and will need to be replaced in the next few years.

Cost saving measures such as consolidating single function specialized apparatus into multi-function vehicles have been adopted. Replacing only the ambulance chassis under the existing ambulance patient care compartments cuts the cost of replacement of an ambulance by half.

Commercial growth in the service area has rendered some apparatus incapable of meeting required fire flows, and building height increases have exceeded the reach of CESA's 75-foot aerial ladder truck. New National Fire Protection Association recommendations and OSHA requirements will make current firefighter self-contained breathing apparatus parts and features obsolete in the next three years. Replacement for this equipment alone is estimated at \$900,000.

This proposal is for the replacement or consolidation of existing vehicles only. These are not additions to the current fleet. CESA has eliminated several vehicles from its fleet in the last two years.

The CESA Board is proposing that debt be issued for the purchase of these vehicles. The debt is proposed to be issued in two or more phases, with phase I issued in 2016 in an estimated amount of \$2,100,000 and phase II issued in 2018 in an estimated amount of \$2,300,000. The estimated annual debt service is approximately \$440,000, an amount equal to roughly .17 mills in CESA based upon FY2016 assessed values.

BALLOT LANGUAGE

"Shall the Kenai Peninsula Borough borrow up to \$4,400,000 through the issuance of general obligation bonds for the purchase of emergency response vehicles in the Central Emergency Service Area?"

The indebtedness will be repaid from ad valorem taxes levied on all taxable property located within the Central Emergency Service Area. The Central Emergency Service Area will pledge its full faith and credit for repayment of the indebtedness.

Voter approval for this proposition authorizes for each \$100,000 of assessed real and personal property value in the Central Emergency Service Area (based on the estimated FY2016 assessed valuation) an annual tax of approximately \$17 to retire the proposed indebtedness.

YES *[A "Yes" vote approves the sale of the bonds.]*

NO *[A "No" vote opposes the sale of the bonds.]*