

# Kenai Peninsula Borough

## Finance Department

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### MEMORANDUM

**TO:** Brent Johnson, Assembly President  
Members, Kenai Peninsula Borough Assembly

**THRU:** Peter A. Micciche, Mayor *PMM*

**FROM:** Brandi Harbaugh, Finance Director *BH*

**DATE:** July 20, 2023

**RE:** Ordinance 2023-19-0 *CJ* Appropriating \$47,987.00 to the Special Assessment Fund for the Oxford Avenue Utility Special Assessment District (Mayor)

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A petition has been received requesting the formation of a utility special assessment district ("USAD") for installing a natural gas mainline improvement in the Kalifornsky area. This petition process is the first step of the process. It is currently anticipated that a resolution to authorize the formation of the Oxford Avenue USAD will be introduced and heard at the Assembly's August 15, 2023 regular meeting.

The second step in the process is this Ordinance appropriating the necessary funds should the Assembly approve the resolution forming 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(C)(a)-(b) require signatures of the owners of at least 60 percent of the total number of parcels and owners of record of at least 60 percent in value of the property to be benefited within the proposed district sign the petition. For the proposed Oxford Avenue USAD, owners of 75 percent of the parcels and owners of record of 98.41 percent in value of the property to be benefited within the proposed district have signed the petition.

The total cost of the Oxford Avenue USAD is estimated to be \$47,987.00. The loan will be repaid through assessments levied on property located within the USAD which may be paid in 10 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 8.25%. If it remains unchanged through project completion, residents of the USAD will be charged an interest rate of 10.25% (8.25% + 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.

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.

<b>FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED</b>	
Acct. No.	<u>100.27910</u>
Amount:	<u>\$47,987.00</u>
By: <i>CJ</i>	Date: <u>7/19/2023</u>