



Kenai Peninsula Borough
Finance Department

MEMORANDUM

TO: Wayne Ogle, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Charlie Pierce, Borough Mayor 

FROM: Brandi Harbaugh, Finance Director 

DATE: June 4, 2019

RE: Ordinance 2019-19-01 Appropriating \$106,674 to the Special Assessment Fund for the Rustic Avenue Road Improvement Special Assessment District (Mayor)

A petition has been received requesting the formation of a special assessment district for a gravel road improvement on Rustic Avenue. This road is located off Echo Lake Road. The petition is the first step of the process. A resolution will be scheduled to be heard at the June 18, 2019, assembly meeting to authorize the formation of the Rustic Avenue Road Improvement Assessment District ("RIAD").

This ordinance will be introduced on June 4, 2019, with a requested hearing date for June 18, 2019. This ordinance is for an appropriation of the necessary funds should the assembly approve the project with enactment of the resolution to form the RIAD and proceed with the improvement. The 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 the signatures of the owners of record of at least 60 percent of the total number of parcels subject to assessment in the proposed RIAD and the owners' signatures of at least 60 percent in value of the property to be benefited in order for the assembly to be able to consider the formation. Owners of more than 60 percent of the parcels within the proposed district and owners of 64 percent in value of the benefitted property have signed the petition.

The total cost of the Rustic Avenue RIAD is estimated to be \$106,674. This ordinance appropriates \$106,674 to the assessment fund with 50 percent or

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\$53,337 provided as an interfund loan from the Borough General Fund and 50 percent or \$53,337 match from the Road Service Area RIAD Match Fund.

On March 12, 2018, the Road Service Area board adopted Resolution 2019-04 to fund the 50 percent match. The loan will be repaid through assessments levied on property located within the RIAD 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 percent. The prime rate is currently 5.50 percent. If it remains unchanged through project completion, residents of the RIAD will be charged an interest rate of 7.50 percent (5.50 percent + 2 percent). This is the same formula used to determine the rate of interest on the interfund loans used to finance 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 \$1,000 filing fee received with the petition.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED		
Acct. No.	<u>100.29710</u>	<u>\$53,337</u>
	<u>238.27910</u>	<u>\$53,337</u>
Amount:	<u>\$ 106,674</u>	
By:	<u>pp</u>	Date: <u>5/20/19</u>