

Kenai Peninsula Borough
Finance Department

MEMORANDUM

TO: Kelly Cooper, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Charlie Pierce, Borough Mayor *CP*

FROM: Brandi Harbaugh, Finance Director *BH*

DATE: April 9, 2020

RE: Ordinance 2019-19-35 Appropriating \$1,031,035 to the Special Assessment Fund for the South Kalifornsky Beach Road 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 South Kalifornsky Beach Road area. This petition process is the first step of the process. A resolution will be scheduled to be heard at the May 5, 2020 assembly meeting to authorize the formation of the South Kalifornsky Beach Road USAD.

The second step in the process is this ordinance that will appropriate the necessary funds should the assembly approve the project with adoption of the Resolution to Form the District and Proceed with the Improvement. The third and final step of the process will be the Ordinance of Assessment following the completion of the project.

KPB 14.31.070(D)(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, and owners of 62.57 percent of the parcels and owners of record of 73.63 percent in value of the property to be benefited within the proposed district have signed the petition.

The total cost of the South Kalifornsky Beach Road USAD is estimated to be \$1,031,035. 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

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of the loan plus 2%. The prime rate is currently 3.25%. If it remains unchanged through project completion, residents of the USAD will be charged an interest rate of 5.25% (3.25% + 2%). 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.

**FINANCE DEPARTMENT
ACCOUNT / FUNDS VERIFIED**

Acct. No. 100-27910 FB

Amount: \$ 1,031,035

By: PP Date: 4/9/2020