



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

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

THRU: Mike Navarre, Mayor *MD*

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

DATE: August 3, 2107

SUBJECT: Ordinance 2017-19-05, Appropriating \$222,098.76 to the Special Assessment Fund for the South Kasilof Utility Special Assessment District (Mayor)

Forming a utility special assessment district ("USAD") in the borough is a four step process. The first step is approval of the petition application, which took place on July 3, 2017, when Mayor Navarre approved the petition application for the South Kasilof USAD. Step two is passage of the resolution to form the district and proceed with the improvement, and is scheduled for assembly action at the September 5, 2017 assembly meeting. The third step in the legislative process, addressed in this memo and proposed ordinance, is assembly action on the appropriation of funds. The attached ordinance appropriates the estimated project costs and authorizes an interfund loan from the General Fund to finance the USAD. The fourth and final step in the legislative process will be the ordinance of assessment following completion of the project.

The total cost of the gas line project is estimated at \$222,098.76. Funding for the project will be provided through an interfund loan from the borough's General Fund. The loan will be repaid through 10 annual assessments levied on property located within the USAD. 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 4.25 percent. If it remains unchanged through project completion, residents of the USAD will be charged an interest rate of 6.25 percent (4.25 percent plus 2 percent). This is the same formula used to determine the rate of interest on the interfund loans used to finance other USAD projects. Penalties are not imposed for accelerated payments.

The resolution number in the third whereas is blank as it will be numbered after the August 24, 2017 packet deadline.

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 FUNDS VERIFIED	
Acct. No.	<u>100.27910.FB</u>
Amount	<u>\$222,098.76</u>
By: <u>pp</u>	Date: <u>8/2/17</u>