



## **KENAI PENINSULA BOROUGH**

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**MIKE NAVARRE  
BOROUGH MAYOR**

### **MEMORANDUM**

**TO:** Blaine Gilman, Assembly President  
Members of the Kenai Peninsula Borough Assembly

**THRU:** Mike Navarre, Borough Mayor *MN*

**FROM:** Craig Chapman, Finance Director *BA gm ccc*

**DATE:** May 5, 2016

**SUBJECT:** Ordinance 2015-19-31, An Ordinance Appropriating \$637,988.40 to the Special Assessment Fund for the Eddy Hill Drive Road Improvement Assessment District (Mayor)

A petition has been received requesting the formation of a special assessment district for improving and paving Eddy Hill Drive, Haleys Way and Kylee Court. These roads are located in the Ridgeway area. This petition process is the first step of the process. A resolution is scheduled to be heard at the June 21, 2016 assembly meeting to authorize the formation of the Eddy Hill Drive Road Improvement Assessment District (“RIAD”).

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 Proceed and Form the District. The third and final step of the process will be the Ordinance of Assessment following completion of the project.

In order for the Assembly to consider a proposed RIAD, KP.B 14.31.070(D) requires the RIAD petition contain signatures of the owners of at least 60 percent of the parcels and signatures of the owners of at least 60 percent in value of the property to be benefited within the proposed district. The Eddy Hill Drive RIAD petition satisfies both of these requirements – with signatures from 77.14 percent of the parcel owners and signatures from owners of 79.47 percent in value of the property to be benefited.

The total cost of the Eddy Hill Drive RIAD is estimated to be \$637,988.40 including the 10 percent contingency required by KP.B 14.31.095(A). This ordinance appropriates \$637,988.40 to the assessment fund with 50 percent or \$318,994.20 provided as an interfund loan from the Borough General Fund and 50 percent or \$318,994.20 match from the Road Service Area RIAD Match Fund.

On March 22, 2016, the Road Service Area board adopted resolution 2016-03 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 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 percent. The prime rate is currently 3.50 percent. If it remains unchanged through project completion, residents of the RIAD will be charged an interest rate of 5.50 percent (3.50 percent + 2 percent). This is the same formula used to determine the rate of interest on the interfund loans used to finance the 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 \$3,400 filing fee received with the petition.

FINANCE DEPARTMENT	
ACCOUNT / FUNDS VERIFIED	
Acct. No. <u>100.27910</u>	\$ <u>318,994.20</u>
Amount <u>238.27910</u>	\$ <u>318,994.20</u>
By: <u>pp</u>	Date: <u>5/5/16</u>