



## NORTH PENINSULA RECREATION SERVICE AREA

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February 26, 2018

**Subject: Resolution 2018-010: A resolution authorizing the reestablishment of a cost allocation plan for service area operating funds and certain funds**

Dear Mayor Pierce,

First, our North Peninsula Recreation Service Area Board would like to commend your administrative leadership, working with the departments and services areas toward shortening the Kenai Peninsula Borough budget gap. Our Service Area is pleased to support the administration's budgetary goals, the objective of implementing changes in process and procedures, as well as the charge for innovative and creative thinking to deliver the best possible services to the residents of the Kenai Peninsula Borough.

The vision of the North Peninsula Recreation Service Area is to provide and develop a high level of opportunities for safe recreation for Nikiski residents and of the greater Kenai Peninsula. It is a foremost goal to be creative and innovative in our programs offered within the NPRSA. As our Service Area priority is to provide a wide array of high quality opportunities, it is with concern, that we express our apprehension with the implementation of administration fees in this year's budget. Our service area board understands that the perspective of the Mayor's office is that it is considered a fair approach for each outlying service area to pay 2.5% of their operating budget toward administration fees as proposed.

Please note that our Service Area did not forecast an annual administration fee within our previous year budget, nor have the effects of the diminished funds in our budget been reflected in our master plan. Therefore, we are concerned at the possible negative effect that immediate implementation of fees will have on our ability to provide the highest level of services to our community. Our Board would offer that the Mayor support a "phased-in" approach to the proposed fees over the next 2 or 3 budget cycles to soften the impact of expected diminished services, or our ability to fulfill planned maintenance and repairs. The NPRSA prides itself on a fiscally conservative approach to operations, and the loss of 2.5% or \$47,893 of our annual budget will likely come at the expense of needed community programs to serve youth and adults of the Nikiski service area, as well as our ability to fund maintenance and repairs for existing infrastructure.

Additionally, the recent de-valued property assessments for the Service Area will have a substantial impact on revenue. This along with the 2.5% administrative fee will require the Service Area to use significant fund balance to balance the FY19 budget.

Thank you again for your sincere desire to provide the highest level of services to Borough residents. We appreciate the leadership view of using the taxpayer's money responsibly, and with accountability, as the taxpayers are the shareholders of this Borough. We believe that your leadership will indeed provide the needed guidance to successfully fulfill that goal.

Sincerely,

Stacy A. Oliva  
Board Chair

North Peninsula Recreation Service Area Board of Directors

Cc: KPB Assembly