



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

TO: Dale Bagley, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Mike Navarre, Mayor *MP*

FROM: Craig Chapman, Director of Finance *C Chapman*

DATE: April 9, 2015

SUBJECT: Ordinance 2015-19-52 An Ordinance Appropriating \$223,558.56 to the Special Assessment Fund for the Winridge Avenue - Eagle Ridge Court Road Improvement Special Assessment District

A petition has been received requesting the formation of a special assessment district for improving and paving a portion of Winridge Avenue and Eagle Ridge Court. These roads are located off of Ciechanski Road. This petition process is the first step of the process. A resolution is scheduled to be heard at the May 5, 2015 assembly meeting to authorize the formation of the Winridge Avenue - Eagle Ridge Court Road Improvement Assessment District.

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.

KPB 14.31.070(C)(1) & (2) require signatures of the owners of more than 70 percent of the parcels and 70 percent of the total assessments within the proposed district sign the petition, and 70.83 percent of the parcel owners and 70.83 percent of the total assessment owners have signed the petition.

The total cost of the Winridge Avenue - Eagle Ridge Court RIAD is estimated to be \$223,558.56. This ordinance appropriates \$223,558.56 to the assessment fund with 50 percent or \$111,779.28 provided as an interfund loan from the borough General Fund and 50 percent or \$111,779.28 match from the Road Service Area RIAD Match Fund.

On February 17, 2015, the Road Service Area board adopted resolution 2015-01 to fund the 50 percent match. The loan will be repaid through 10 annual assessments levied on property located within the RIAD. 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 3.25 percent. If it remains unchanged through project completion, residents of the RIAD will be charged an interest

rate of 5.25 percent (3.25% + 2%). This is the same formula used to determine the rate of interest on the interfund loans used to finance the other utility special assessment district 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 \$3,800 filing fee received with the petition.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No. <u>100.27910</u>	\$ <u>111,779.28</u>
Amount <u>238.27910</u>	\$ <u>111,779.28</u>
By: <u>PP</u>	Date: <u>4/8/15</u>