

Kenai Peninsula Borough

Finance Department

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Mike Navarre, Borough Mayor *MN*

FROM: Brandi Harbaugh, Finance Director *BH*

DATE: February 9, 2023

RE: Ordinance 2022-19-46, Appropriating \$249,000.38 to the Special Assessment Fund for the Whale-of-a-Tail Avenue Utility Special Assessment District (Mayor)

The Borough received a petition requesting the formation of a utility special assessment district (“USAD”) for installing a natural gas mainline improvement in Sterling area. The petition and resolution to form the USAD is the first step of the process. A resolution is scheduled to be heard at the March 14, 2023 assembly meeting to authorize the formation of the Whale-of-a-Tail Avenue USAD.

The second step in the process is this Ordinance, appropriating the necessary funds should the Assembly approve 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) 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 66.67 percent of the parcels and owners of record of 88.18 percent in value of the property to be benefited within the proposed district have signed the petition.

The total cost of the Whale-of-a-Tail Avenue USAD is estimated to be \$249,000.38. 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 of the loan plus 2.00%. The prime rate is currently 7.75%. If it remains unchanged through project completion, residents of the USAD will be charged an interest rate of 9.75% (7.75% + 2.00%). 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.

Your consideration is appreciated.

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| FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED | |
| Acct. No. | <u>100.27910</u> |
| Amount: | <u>\$249,000.38</u> |
| By: <i>CJ</i> | Date: <u>2/8/2023</u> |