

Kenai Peninsula Borough
Finance Department

MEMORANDUM

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

THRU: Charlie Pierce, Borough Mayor CP

FROM: Brandi Harbaugh, Finance Director BH

DATE: November 23, 2021

RE: Ordinance 2021-19 31 Appropriating \$770,164 to the South Bend Bluff Estates Road Improvement Special Assessment District (Mayor)

A petition has been received requesting the formation of a special assessment district for paving improvements for South Bend Bluff Estates located off Ciechanski Road. The petition process is the first step to establish a road improvement special assessment district. A resolution to authorize the formation of the South Bend Bluff Estates Road Improvement Assessment District ("RIAD") is scheduled to come before the assembly on January 4, 2022.

The second step in the process is this ordinance that will appropriate the necessary funds should the assembly adopt the resolution to form the RIAD. The hearing on this ordinance is scheduled for the January 4, 2022 assembly meeting to coincide with the formation resolution.

The final step of this process will be an ordinance of assessment following the completion of the project.

In order for the assembly to consider the formation, KPB 14.31.070(D) requires petition signatures of at least 60% of the owners of record of the parcels subject to assessment in the proposed RIAD; and, the signatures of owners of at least 60% in value of the property to be benefited. Owners of 78.43% of the parcels within the proposed RIAD and owners of record of 84.15% in value of the property to be benefited have signed the petition.

The total cost of the South Bend Bluff Estates RIAD is estimated to be \$770,164. This ordinance appropriates \$770,164 to the assessment fund with 50% (\$385,082)

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provided as an interfund loan from the borough General Fund and a 50% match of \$385,082 from the Road Service Area RIAD Match Fund.

On September 14, 2021, the Road Service Area board adopted Resolution 2021-06 to fund the 50% match. The loan will be repaid through assessments levied on property located within the RIAD that may be paid in ten annual installments. Billings will include an interest charge equal to the published prime rate in effect at the time of the loan plus 2%. The prime rate is currently 3.25%. If it remains unchanged through project completion, residents of the RIAD will be charged an interest rate of 5.25% (3.25% + 2%). 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 \$1,000 filing fee received with the petition.

| FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED | |
|--|-------------------------|
| Acct. No. | <u>100.27910</u> |
| Amount: | <u>\$385,082</u> |
| Acct. No. | <u>238.27910</u> |
| Amount | <u>\$385,082</u> |
| By: <u>CJ</u> | Date: <u>11/22/2021</u> |