



KENAI PENINSULA BOROUGH

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

TO: Kelly Cooper, Assembly President
Members of the Kenai Peninsula Borough Assembly

THRU: Mike Navarre, Borough Mayor *MN*

FROM: Craig Chapman, Finance Director *C Chapman*

DATE: February 23, 2017

SUBJECT: Ordinance 2016-19-*26* Appropriating \$396,978.60 to the Special Assessment Fund for Clarence Drive Road Improvement Special Assessment District (Mayor)

A petition has been received requesting the formation of a special assessment district for improving and paving a portion of Clarence Drive, Anna Leah Avenue, and Philosopher Court. These roads are located off of Community College Drive near Soldotna.

A resolution will be presented at the March 21, 2017 assembly meeting to authorize the formation of the Clarence Drive Road Improvement Assessment District ("RIAD"). KPB 14.31.095(A) requires an ordinance of appropriation be scheduled for action at the same assembly meeting. This is that ordinance of appropriation.¹

For the assembly to consider a proposed RIAD, KPB 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 Clarence Drive RIAD petition satisfies both of these requirements – with signatures from 63.33 percent of the parcel owners and signatures from owners of 65.64 percent in value of the property to be benefited.

¹ The final step of the process will be an ordinance of assessment following the completion of the project.

The total cost of the Clarence Drive RIAD is estimated to be \$396,978.60. This ordinance appropriates \$396,978.60 to the assessment fund with 50 percent or \$198,489.30 provided as an interfund loan from the Borough General Fund and 50 percent or \$198,489.30 match from the Road Service Area RIAD Match Fund.

On November 15, 2016, the Road Service Area board adopted resolution 2016-11 to fund the 50 percent match. The loan from the Borough General Fund will be repaid through assessments levied on property located within the RIAD which may be paid through 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%. The prime rate is currently 3.75%. If it remains unchanged through project completion, residents of the RIAD will be charged an interest rate of 5.75% (3.75% + 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 \$3,400 filing fee received with the petition.

Your approval of this ordinance would be appreciated.

FINANCE DEPARTMENT
FUNDS/ACCOUNT VERIFIED

Acct. No: 100.27910 Amount: \$198,489.30

Acct. No: 238.27910 Amount: \$198,489.30

By: pp

Date: 2/22/17