



KENAI PENINSULA BOROUGH

Finance Department

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MIKE NAVARRE
BOROUGH MAYOR

MEMORANDUM

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

THRU: Mike Navarre, Mayor *MN*

FROM: Brandi Harbaugh, Acting Finance Director *BH*

DATE: July 6, 2017

SUBJECT: Ordinance 2017-*16*, Providing for Submission to the Qualified Voters of the Kenai Peninsula Borough, Alaska, the Question of Authorizing the Issuance of General Obligation Debt not to Exceed Five Million Dollars (\$5,000,000) of the Kenai Peninsula Borough to Pay Costs of Planning, Designing, Constructing and Equipping the George A. Navarre Kenai Peninsula Borough Administration Building's Heating, Ventilation and Air Conditioning Mechanical System Replacement and Other Necessary Code-Required Components, at an Election in and for the Kenai Peninsula Borough on October 3, 2017 (Mayor)

Capital funds are needed for planning, design, construction and equipping the borough administration building's heating, ventilation and air conditioning ("HVAC") system replacement and other code required mechanical components. Total capital costs are estimated at \$5,000,000, with construction phased in over three years.

The attached ordinance requests assembly approval to place a proposition before borough voters as part of the October 3, 2017, election for a \$5,000,000 general government general obligation bond or other debt obligation. If borough voters approve this proposition, it is currently anticipated that the bond issuance or other debt mechanism would be provided through three separate transactions. The first could occur as soon as late 2017; the second would occur approximately one year later, in late 2018; and, the third transaction would occur approximately one year after that, in late 2019. In total, the three-phase debt transaction would coincide with plans for the three-phased design, planning, constructing and equipping the HVAC mechanical system to serve all three floors of the borough building.

As an example, the cost to the borough general fund of repaying \$5,000,000 of general obligation bonds or other debt for the project would equal approximately \$7.28 a year per \$100,000 of assessed taxable property value, based on the borough's total FY2018 assessed property valuation and financing the \$5,000,000 at a 3.5 percent average rate of interest with a 15-year payback period.