

**KENAI PENINSULA BOROUGH
INITIATIVE ORDINANCE 2004-03**

**An Ordinance Reducing the Cost of Capital Improvement Projects
Requiring Voter Approval from \$1,500,000 to \$500,000 for Projects
Funded by the North Peninsula Recreation Service Area**

WHEREAS, voter approval of large capital projects insures voter support of such projects; and

WHEREAS, the limit of capital improvement project funding allowed without voter approval by the Kenai Peninsula Borough was raised to a maximum amount of \$1,500,000 in 1998; and

WHEREAS, the North Peninsula Recreation Service Area's tax receipts are less than one percent of the tax receipts of the Kenai Peninsula Borough; and

WHEREAS, KPB 5.04.110 was written to require that public approval of major capital projects be obtained before public funds are expended; and

WHEREAS, an expenditure of \$500,000 represents approximately 40% of the total annual tax receipts received by the North Peninsula Recreation Service Area; and

WHEREAS, an expenditure of \$1,500,000 represents less than 2% of the total annual tax receipts received by the Kenai Peninsula Borough; and

WHEREAS, such a large boroughwide ceiling for voter approval of capital improvement projects does not provide North Peninsula Recreation Service Area taxpayers with adequate protection nor a meaningful opportunity to determine the financial obligations that are assumed for them by their Service Area Board; and

WHEREAS, due to reduced revenue protections for the state; and

WHEREAS, the future tax base of the North Peninsula Recreation Service Area could be greatly reduced due to a shrinking industrial base, requiring much higher property tax rates from residents within the area needed to support growing obligations to support capital projects currently proposed by the North Peninsula Recreation Service Area Board; and

WHEREAS, gaining voter approval of large capital projects insures that the public has an opportunity to approve or reject such proposals and is final authority in important projects that will be ultimately paid for by the taxpayers of the service area;

NOW, THEREFORE, BE IT ORDAINED BY THE VOTERS OF THE NORTH PENINSULA RECREATION SERVICE AREA:

SECTION 1. That KPB 16.16 is amended by adding a new section to read as follows::

16.16.085. Major Capital Improvement Projects - Referendum Required.

All major capital improvement projects to be constructed for the North Peninsula Recreation Service Area must be approved by the voters residing within the service area at a regular or special election. For the purposes of this section, a major capital improvement project is one whose total project cost is more than \$500,000, including architectural, engineering, inspection, design, administration and other costs. This section applies to all proposed capital improvement projects. This section does not apply to insurance proceeds covering the repair or replacement of damaged North Peninsula Recreation Service Area capital improvements.

SECTION 2. If approved by the voters, this ordinance shall take effect upon certification of the election at which it is approved.

ENACTED BY THE VOTERS OF THE NORTH PENINSULA RECREATION SERVICE AREA AT AN ELECTION HELD ON THE 5TH DAY OF OCTOBER, 2004.

Effective Date of Ordinance: October 12, 2004.