



KENAI PENINSULA BOROUGH

Public Works / Major Projects Division
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MEMORANDUM

TO: Ron Long, Assembly President
Kenai Peninsula Borough Assembly Members

THRU: John J. Williams, Mayor
Craig Chapman, Finance Director

FROM: Kevin Lyon, Major Projects Director

DATE: August 21, 2007

SUBJECT: Ordinance 2007-19-21, an ordinance appropriating \$106,000 in interest income from the 2006 Central Emergency Service Area bonds.

Kenai Peninsula Borough Ordinance 2005-19-54 appropriated \$2,500,000 in Central Emergency Service Area bonds to pay the cost of capital improvements related to constructing a new fire station in Kasilof and renovating the fire station at Funny River.

The total cost of the Kasilof Fire Station including site development and construction was \$2,286,578. This included change orders for additional cold weather protection of the septic system, additional well depth and equipment required by Central Emergency Services. This fire station has been completed and was opened this July.

The Funny River Fire Station upgrades consist of completing the existing septic system, excavation to provide for all-season gravel access for fire trucks, and providing for living quarters. A portion of the funds budgeted for these upgrades were used to support the increased cost of constructing the Kasilof Fire Station. Additional funds are needed to complete the final phase of this project, the living quarters for the Funny River Station. In-station alternatives were evaluated for providing housing for the CES employees and were not found feasible. Plans have been made for a 1,100 square foot detached living quarters.

During the course of this project, interest income of approximately \$106,000 has been earned on the bond proceeds. These funds are available to support expenditures associated with the renovation of the Funny River station including construction of the Funny River station living quarters.

The Funny River Living Quarters portion of this project was planned to begin as soon as the Kasilof station was completed. As bids were opened on August 23, 2007, the contract to begin construction on the living quarters cannot be issued without the interest funds being appropriated. ISO requirements for this station; due to lack of on call responders and the distance between stations, requires manning of this station as soon as possible to maintain the current ISO rating. Due to these circumstances and the upcoming weather, time is of the essence and a shortened hearing is requested, so construction can begin prior to winter setting in.

This ordinance would appropriate the interest income to support expenditures associated with this project.