



KENAI PENINSULA BOROUGH

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**JOHN J. WILLIAMS
BOROUGH MAYOR**

MEMORANDUM

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

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

FROM: Gary Davis, Road Service Director

DATE: June 27, 2007

SUBJECT: Ordinance 2007-27, Chinulna Road Improvement Assessment District

This ordinance appropriates additional funds allowing the borough to award the Chinulna Point Subdivision Road Improvement Assessment District (RIAD) project. The Assembly previously appropriated \$190,269.42 toward the Borough's share of this project based on a preliminary estimate received in the spring of 2006. However, recent increases in construction costs have significantly impacted the original estimates, and an additional \$111,324 is needed for this project.

In 2006, after receiving a preliminary project cost estimate of \$180,000, the petitioners agreed to proceed. The borough then contracted with an engineering firm to design the project and provide an engineer's estimate. This estimate for total project costs came in at \$260,000, not including administrative expenses of the Planning Department or the inter-departmental charges. Because of this significant increase, borough representatives met with the petitioners, who agreed to proceed with soliciting bids, even with these higher estimates. These estimates did not include administrative expenses of the Planning Department or the inter-departmental charges.

The timeline for RIAD's is not normally this lengthy, but due to the additional expenses, the borough extended the timeline to consult with the petitioners. Additionally, the engineering time was extended due to the holidays and the desire to delay until after spring breakup to assist contractors in bidding the project by observing actual ground conditions.

The RSA bid the project on June 19, 2007. It received two bids, with the low bid at \$234,538, and project costs totaling \$301,593.42. This ordinance appropriates sufficient funding to award this project, and to pay all administrative fees and charges.

KPB 14.31.090(G) requires further assembly approval of a RIAD when the lowest qualified bid exceeds the estimate by more than 10 percent. Clearly that is the case here. The code also requires the clerk to publish notice and provide notice by regular mail to the affected property owners stating the time and place when property owners may be heard on this issue.

If the assembly does not receive written objections from owners of property bearing at least one-half the cost of the improvement, then the assembly may approve the contract. Prior to hearing the ordinance, the assembly will be informed of objections received.