



KENAI PENINSULA BOROUGH

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JOHN J. WILLIAMS
BOROUGH MAYOR

MEMORANDUM

TO: Grace Merkes, Assembly President
Kenai Peninsula Borough Assembly Members

THRU: John J. Williams, Mayor
Craig Chapman, Finance Director
Max Best, Planning Director
Marcus A Mueller, Land Management Officer

FROM: John Miller, Land & Resource Coordinator

DATE: January 10, 2008

SUBJECT: Ordinance 2008-04 Amending KPB Chapter 5.12.340(G) regarding the Land Trust Fund

The attached Ordinance amending KPB 5.12.340(G) would provide that excess proceeds that are obtained from tax foreclosure land sales be deposited in the Land Trust Fund instead of the General Fund.

The Land Trust Fund, under KPB 5.20.080(A), is financed strictly through land revenues without taxpayer funding and is used to fund the management of borough lands and resources through the Land Management Division. Land Trust Funds are also utilized for the costs associated with retaining foreclosed properties for general public purposes, which includes the payment of taxes, fees, and interest. Since 2003, the borough has retained 40 properties for public purposes at a Land Trust Fund cost of \$23,615.

The Land Management Division also incurs a significant financial expense to prepare and administer the annual tax foreclosure outcry auction. Although the Division does attach a fee for hard costs related to tax foreclosure, including costs for the auctioneer, printing, and public notices, it does not include personnel time, estimated to be approximately 400 hours per auction.

Transferring excess proceeds from tax foreclosure land sales to the Land Trust Fund would provide some reimbursement to the Land Trust Fund for the payment of taxes on foreclosed properties held for general public purposes, and would help defray costs related to managing tax foreclosed properties.

The Finance Department and Land Management are jointly reviewing the cost associated fees that attach to tax foreclosed properties. This is expected to lead to a fee increase for future tax foreclosed land sales, providing a more accurate cost recovery for the General Fund.