

MEMORANDUM

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

FROM: Gary Superman, Assembly Member
John J. Williams, Borough Mayor

DATE: June 5, 2008

SUBJECT: Ordinance 2008-17, amending KPB 5.04.110 to exclude grant funds from the amounts considered in determining whether a capital improvement project cost is more than \$1,000,000

Before the initiative ordinance 2005-01 was enacted in 2005, borough code required voter approval for major capital improvement projects costing greater than \$1.5 million in borough funds. Grant funds were not included as borough funds. The initiative approved by the voters in October of 2005 reduced the total amount that could be spent without voter approval to \$1 million and required that grant funds be counted towards the \$1 million cap.

As more than two years have passed since the initiative was enacted, the borough assembly has the legal authority to modify this code section. Placing this voter approval requirement on the expenditure of not just borough tax funds but funds raised through grants significantly impairs the borough's ability to receive grant funds for capital improvement projects. These include bridges, road improvements, fire stations, school projects, hospital improvements, solid waste projects, and many other important public projects.

Requiring a vote to spend grant funds will delay such projects increasing the project cost. It also would cost the borough money if a special election were required. Further, this requirement influences the legislators' and congress' decision as to whether or not to grant any such funds to the borough. Further, requiring voter approval In my view, the best interests of the borough would be served by excluding grant funds from the code provision. Should the assembly choose to submit grant funded projects to the voters for approval, they could still do so; they just would not be required by the code to do so.