



## **KENAI PENINSULA BOROUGH**

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**DAVE CAREY  
BOROUGH MAYOR**

### **MEMORANDUM**

**TO:** Milli Martin, Assembly President  
Members of the Kenai Peninsula Borough Assembly

**THRU:** David R. Carey, Borough Mayor

**FROM:** Craig Chapman, Finance Director

**DATE:** November 19, 2008

**SUBJECT:** Ordinance 2008-19-36 Cardwell Subdivision Utility Special Assessment Fund

With passage of the Resolution of Necessity, scheduled for consideration on December 2, 2008, the next step in the USAD process is assembly consideration of the appropriating ordinance. The attached ordinance appropriates the estimated project costs and authorizes an interfund loan from the General Fund to finance the USAD.

The total cost of the gas line project is estimated at \$80,392.00. This includes direct cost of \$72,992.00 and indirect administrative cost of \$7,400.00. Funding for the project will be provided through an interfund loan from the Borough General Fund. The assessment per lot is estimated to be \$4,019.60.

For those property owners not paying the assessment in full within 15 days after adoption of the ordinance, the Borough will finance the assessment. The loan will be repaid through 10 annual assessments levied on property located within the USAD. Billings will include an interest charge equal to the published prime rate in effect at the time of the loan plus 2%. The prime rate is currently 4.00%. If it remains unchanged through project completion, residents of the USAD will be charged an interest rate of 6.00% (4.00% + 2%). This is the same formula used to determine the rate of interest on the interfund loans used to finance other USAD projects. Early payments can be made without penalty.

If for any reason the USAD is not formed, the loan will not be made and the General Fund will absorb any administrative costs that exceed the \$1,000 filing fee received with the petition.