



KENAI PENINSULA BOROUGH

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DAVE CAREY
BOROUGH MAYOR

MEMORANDUM

TO: Pete Sprague, Assembly President
Members of the Kenai Peninsula Borough Assembly

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

FROM: Craig Chapman, Finance Director *C Chapman*

DATE: April 8, 2010

SUBJECT: Ordinance 2009-19-30 appropriating funds for the Ashton Park/Brumlow Park Subdivision Road Improvement Assessment District ("RIAD")

FINANCE DEPARTMENT FUNDS VERIFIED	
238,279.00FB \$168,048.62	
ACT #	100,279.00FB \$168,048.62
BY:	CBCW
DATE	4/8/10

A petition has been received requesting the formation of a special assessment district in the Ashton Park/Brumlow Park Subdivision for improving and paving the roadways within the subdivision.

This petition process is the first step of the process and will be followed up with the Resolution to Proceed and Form the District at the May 18, 2010 assembly meeting. This ordinance is the second step in the process and will appropriate the necessary funds should the assembly approve the project with enactment of the Resolution to Proceed and Form the District. The third and final step of the process will be the Ordinance of Assessment following the completion of the project.

KPB 14.31.070(C)(1) & (2) require signatures of the owners of more than 70 percent of the parcels and 70 percent of the total assessments within the proposed district sign the petition, and 72.4 percent of the parcel owners and 72.4 percent of total assessment owners have signed the petition.

The total cost of the Ashton Park/Brumlow Park Subdivision RIAD is estimated to \$336,097.24. This ordinance appropriates \$336,097.24 to the assessment fund with 50 percent or \$168,048.62 provided as an interfund loan from the Borough General Fund and 50 percent or \$168,048.62 match from the Road Service Area RIAD Match Fund.

On January 12, 2010, the Road Service Area board adopted resolution 2010-01 to fund the 50 percent match. The loan will be repaid through 10 annual assessments levied on property located within the RIAD. Billings will include an interest charge equal to the published prime rate in effect at the time of the loan plus 2 percent. The prime rate is currently 3.25 percent. If it remains unchanged through project completion, residents of the RIAD will be charged an interest rate of 5.25 percent (3.25% + 2%). This is the same formula used to determine the rate of interest on the interfund loans used to finance the other USAD and RIAD projects. Early payments can be made without penalty.

If for any reason the RIAD 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.