



KENAI PENINSULA BOROUGH

144 North Binkley Street • Soldotna, Alaska 99669-7520

Toll-free within the Borough: 1-800-478-4441

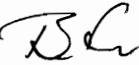
PHONE: (907) 262-4441 • FAX: (907) 262-1892

www.borough.kenai.ak.us

DAVE CAREY
BOROUGH MAYOR

MEMORANDUM

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

FROM: Bill Smith, Assembly Member 

DATE: April 6, 2010

SUBJECT: Ordinance 2010-15, amending KPB 5.04.110 to increase the amount that the assembly may spend on capital improvement projects without voter approval

In 2009 the superior court held that the initiative requiring advance voter approval to spend more than \$1 million on a capital improvement project was illegal. Before that initiative was approved by the voters in 2005, the maximum amount that could be spent without voter approval was \$1.5 million. Based on the court's conclusion, and taking into account inflation from the dollar amount as it existed prior to the initiative of \$1.5 million, I propose that Ordinance 2010-15 be amended as follows, and postponed until May 4 in order to give the public an opportunity to comment on the revisions.

➤ Add new fourth and fifth whereas clauses as follows:

WHEREAS, before the initiative was approved by the voters in 2005, the code provided that the maximum amount that could be spent without voter approval was \$1,500,000; and

WHEREAS, increasing the base amount from \$1,500,000 to \$2,000,000 more readily accounts for inflation in the cost of construction from 2005 to 2010; and

➤ Amend Section 1 as follows:

5.04.110. Major capital improvement projects—Referendum required.

- A. All capital improvement projects to be constructed or acquired by the Borough must be approved by the voters of the borough at a regular or special election, before the project is constructed or acquired if the total project cost is more than [\$1,000,000.00] ~~\$1,200,000~~ **the expenditure threshold amount of \$2,000,000**, including architectural, engineering, inspection, design, administration or any other

cost. Beginning July 1, 2010, the expenditure threshold amount is increased by \$50,000 on July 1 of each year. This section applies to all proposed capital improvement projects to be financed with borough funds which are not the proceeds of a bond issue approved by voters. This section does not apply to insurance covering the repair or replacement of damaged Borough capital improvements, to grants for capital improvement projects, private gifts, or to expenditures from the plant expansion and replacement funds of the Central Peninsula Hospital and South Peninsula Hospital. A capital improvement project that is proposed to be built in phases shall include the projected cost of all phases as the total project cost for purposes of this ordinance.

- B. When the total projected cost of a capital improvement project as defined in this section is more than [\$1,000,000.00] the threshold expenditure determined pursuant to subsection (A) of this section, it must receive an affirmative vote by no less than a simple majority of the affected voters at a Borough election for such a project to be approved.