



KENAI PENINSULA BOROUGH

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**DAVE CAREY
BOROUGH MAYOR**

MEMORANDUM

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

FROM: Bill Smith, Assembly Member *Bill Smith*

DATE: February 18, 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 order to account for increasing costs of construction

In 2005 the voters approved an initiative that required voter approval before the borough could purchase or construct a capital improvement project costing more than \$1 million. In the years since approval of that initiative, the cost of construction has significantly increased and the value of \$1 million has accordingly decreased. As more than two years have passed since the voters approved that initiative, the assembly may legally amend its terms.

This ordinance would retain a spending limit but would also recognize the significant increases in construction costs that have occurred since 2005. It also anticipates continuing cost increases.

By increasing the \$1 million to \$1.2 million, it is my intent to recognize the inflation and attendant cost increase that have occurred since enactment of the initiative. Beginning July 1, 2010, the cap would increase by \$50,000 annually before voter approval would be required. The flat rate of \$50,000 is used to avoid uncertainty and the complexity that a price index or other inflation factor would generate. Your support of this ordinance would be appreciated.