

# KETCHIKAN CHARTER COMMISSION

## AGENDA STATEMENT

NO   G-1  

MEETING OF **February 27, 2004**

ITEM TITLE Review and acceptance of the Articles VIII and IX of the City of Ketchikan's Charter of 2001 SUBMITTED BY John Harrington
---

### SUMMARY STATEMENT

At the last regular meeting, the Commission amended and voted on Articles III, IV, V and Article VI for the Ketchikan 2004 DRAFT Charter, utilizing a comparison document between the Ketchikan 2001 Charter and the Haines, Sitka, Juneau successfully adopted charters.

Articles VIII and IX of the Charters to be reviewed, amended as needed, and accepted as part of the Ketchikan 2004 Draft Charter are included in this agenda item.

Also attached to this agenda item are the two articles that will begin review at the Commission's next regular meeting of March 5, 2004, Article X and Article XI.

### RECOMMENDED ACTION:

"I move to approve Articles VIII and IX of the Ketchikan 2004 DRAFT Charter in the first reading."

## ARTICLE VIII MUNICIPAL UTILITIES

### Section 8.01 Municipal Utilities.

The electric, telephone, and water services previously owned and operated by the City of Ketchikan d/b/a Ketchikan Public Utilities are municipal utilities and shall be operated in a business-like manner in accordance with this Article and other applicable provisions of this Charter provided, however, that the Assembly may, by ordinance, remove water service from the municipal utilities governed under this Article. Except as limited by this Charter or by other applicable law, the Assembly may designate other utilities as municipal utilities to be operated in the same manner as the electric, telephone, and water utilities. Water service areas shall not be considered to be municipal utilities under this Article unless both terminated as provided for in Section 12.04(e) of this Charter and designated by the Assembly as municipal utilities. The Assembly may, under Section 12.06(b) of this Charter, delegate to the municipal utility the supervision of water service areas.

### Section 8.02 Management.

(a) **Powers.** The Assembly shall exercise all powers necessary or convenient for the management, operation, regulation, and use of the municipal utilities unless, by ordinance, it creates a municipal utility board appointed by the mayor and confirmed by the Assembly and delegates to such board some or all such powers except those powers designated in (c) below.

(b) **General Manager.** The Assembly or municipal utility board may appoint a general manager who shall serve at the Assembly's or board's pleasure. The general manager may be delegated such duties and responsibilities for the municipal utilities as the Assembly or board may determine.

(c) **Acts Requiring Assembly Approval.** The following acts may not be delegated by the Assembly and shall not become effective until approved by the Assembly:

(1) The adoption of capital and annual budgets in accordance with Section 8.03;

(2) The establishment and adjustment of utility rates and charges to customers, unless those rates and charges have been approved by or determined by a state or federal agency having jurisdiction. However, the Assembly may, by ordinance, authorize the general manager or a municipal utility board to establish and adjust rates and charges for goods and services for which a local competitive market exists; and to establish interim rates and charges to be effective until approved or rejected by the Assembly;

(3) The issuance of bonds, notes, or other evidence of indebtedness, any encumbrance of utility property, or the creation of any indebtedness;

(4) The establishment and adjustment of salaries and benefits for utility board members and for employees of the utility who are not represented by a union.

The Assembly may, by ordinance, prescribe that some functions of the municipal utilities, such as finance, personnel, and legal, be provided in part or in whole by municipal departments or be otherwise shared. The Municipality shall be reasonably compensated by the municipal utilities for providing such services to the municipal utilities.

### Section 8.03 Utility Budget, Rates, and Borrowing.

(a) **Utility Budget.** The municipal utilities' fiscal year shall run concurrently with the Municipality's fiscal year. Not later than May 1 of each year, a budget for the next fiscal year shall be submitted to the Assembly. Such budget shall include a program of capital expenditures for the year. The budget shall contain detailed estimates of anticipated revenues and proposed expenditures for the year and shall be in such form and have such contents as the Assembly may require. Proposed expenditures shall not exceed total estimated revenues, including bond proceeds and reserves. Revenues, other than restricted bond proceeds, from any one of the municipal utilities may be used to pay the expenses of any other municipal utility. In the event that the Assembly does not approve a budget by the beginning of the fiscal year, the Assembly shall adopt an interim budget which maintains rates, expenditures, and appropriations at the same levels as provided in the previous year's budget. The interim budget shall remain in effect until an annual budget has been approved by the Assembly.

(b) **Use of Utility Assets.** Except as provided in this Article, none of the assets, income, or property of the municipal utilities shall be placed in the Municipality's general fund or used for

Articles VIII & IX

any purpose other than for the municipal utilities unless reasonable compensation is received by the municipal utilities.

(c) **Lapse of Appropriations.** At the close of the fiscal year, an unencumbered appropriation shall lapse into the fund from which appropriated. An appropriation for capital improvements, or in connection with requirements of federal and state grants, shall not lapse until the purpose of the appropriation has been accomplished or abandoned.

(d) **Borrowing.** Except as otherwise provided in this subsection, the municipal utilities may borrow money and issue bonds or other evidences of indebtedness in the manner provided by Article XI. No borrowing and no issuance of bonds or other evidence of indebtedness for the municipal utilities shall occur unless approved by the Assembly and, to the extent required under Article XI, a majority of the qualified voters of the Municipality who vote on the question of approving the borrowing, bonds, or other evidences of indebtedness.

(e) **Payment in Lieu of Taxes.** The Assembly shall require the municipal utilities to annually pay to the Municipality an amount reasonably estimated to be not more than the amount which said utilities would pay in taxes, assessments, or charges if subject to all such taxes, assessments, or charges. The minimum amount paid shall be based on the mill rate that would have been required to balance the budget, without the use of reserves, of the former City of Ketchikan in effect at the time of consolidation. The mill rate used to determine the minimum payment may be decreased proportionately to any decreases approved by the Assembly from the areawide mill rate adopted by the Assembly for the first year following consolidation.

(f) **Audit.** An annual independent audit of all municipal utility accounts shall be performed as required by Section 10.13.

(g) **Sale of Municipal Utility.** The Municipality owned electric, telephone, and water services may not be sold or leased except by authority of an ordinance approved or enacted at an election by an affirmative vote of a majority of the qualified voters of the Municipality who vote on the question of approving the ordinance.

*[Sitka Alternative]* ARTICLE IX MUNICIPAL UTILITIES

Section 9.01 Operating Standards

Each municipal utility shall be operated in accordance with the general standards common to utilities providing the same utility service.

Section 9.02 Accounting

Each municipal utility shall have a separate budget within the annual municipal budget and the accounts of the utilities shall be separately kept and classified in accordance with the uniform accounts generally prescribed for public utilities providing the same utilities service.

Section 9.03 Management

The operating and administrative manager of each municipal utility shall be chosen solely on the basis of demonstrated training and experience in utility operations. The administrator shall insure that the utilities are operated in accordance with rules and regulations approved by the Assembly.

*[Juneau Alternative]* No sections regarding Utilities

**[Haines Alternative]** ARTICLE XV UTILITIES

*The water and sewer utility services previously owned and operated by the City of Haines as enterprise fund projects are municipal utilities.*

Section 15.01 Designating Utilities

*The assembly may, by ordinance ratified by the voters areawide, designate other utilities as municipal utilities to be operated in the same manner as water and sewer utilities.*

Section 15.02 Operating Standards

Articles VIII & IX

*Municipal utilities shall be operated in a business-like manner in accordance with general standards for utilities providing the same services.*

*Section 15.03 Management*

*Municipal utilities may be operated and administered by the assembly or by one or more utility boards. The assembly shall prescribe by ordinance the rules and procedures for the convenient management, operation, regulation, and use of municipal utilities.*

*Section 15.04 Accounting*

*Each borough utility shall have a separate budget within the annual borough budget. The accounts of utilities shall be kept separately and classified in accordance with uniform accounting standards prescribed for public utilities providing the same services.*

*Section 15.05 Selling or Leasing*

*The assembly may, by ordinance ratified by a majority vote of areawide voters, sell or lease any utility service.*

**ARTICLE IX EDUCATION**

**Section 9.01 Public School System.**

**There shall be a system of public education for the Municipality as prescribed by Alaska statutes. It shall be operated by a school board of seven persons elected at large.**

**Section 9.02 Membership, Qualification, and Term.**

**A candidate for school board shall be a qualified municipal voter. A school board member shall serve a three (3) year term and shall remain a resident of the Municipality while in office.**

**The Assembly may provide that ordinances generally applicable to municipal officials, including provisions regarding open meetings, public records, and conflicts of interest apply to school board members. The provisions of this Charter applicable to elected municipal officials apply to school board members to the extent permitted by state law.**

**Section 9.03 Powers and Duties of the School Board.**

**The school board has the powers provided by law, including, but not limited to, the power to:**  
**Formulate policy for the operation of the schools;**  
**Appoint and provide for suspension and removal of school personnel, including the superintendent;**  
**Generally supervise school district fiscal affairs, including preparation and submission of the annual budget and six-year plan.**

**Section 9.04**

**Joint Meetings**

**The Assembly and school board shall meet at least twice yearly in public session to discuss and coordinate financial planning, capital improvement needs, comprehensive plans for education, and other matters of concern.**

**Section 9.05 Budget and Six-Year Plan**

**I. The Superintendent of Schools shall submit to the school board at such time as the board directs a proposed budget for the next fiscal year and a proposed six-year program for capital improvements and fiscal policies. The board shall hold at least one public hearing on the proposed budget and program before they are submitted to the Assembly, and at least one public hearing after Assembly action if the total amount is different. The proposed budget and program shall be approved and submitted to the Assembly by May 1 or as otherwise required by law.**

**II. The Assembly may increase or decrease the budget of the school district only as to total amount. The school district may not appropriate or otherwise incur the expenditure of any funds, regardless of the source, in excess of the total amount of the budget, as approved by the Assembly, without prior approval of the Assembly.**

**III. The Assembly shall determine the total amount of the budget of the school district and**

Articles VIII & IX

**appropriate the necessary funds before May 31 or such other deadline as required by law. If the Assembly fails to determine the total amount of the school district budget and make the necessary appropriation within the time stated, the budget proposal shall become the budget and appropriation for the fiscal year of the school district without further Assembly action.**

**[Sitka Alternative]** ARTICLE X EDUCATION

Section 10.01 Public School System

There shall be a system of public education for the municipality conducted in a manner prescribed by Title 14 "Education" of the Alaska Statutes. It shall be operated by a school board of five elected members or such a number required of home rule municipalities by law.

Section 10.02 School Board

(a) Qualifications. To be eligible for nomination for the office of school board member and to serve in that capacity, a person shall have the qualifications of municipal voter under Section 2.04 of this Charter and shall reside in the municipality.

(b) Term. The term of a school board member shall be three years, and said terms shall be staggered to allow for the uninterrupted continuation of the school board functions.

(c) Continuity. School board terms shall expire in the same sequence as those of the Greater Sitka Borough School Board in office at the time of unification. Board members in office at the time of unification may continue to hold office until expiration of the term for which they were elected.

(d) Vacancies. The office of school board member shall become vacant upon death, resignation, or removal from office in any manner authorized by law or by this Charter, or by forfeiture of office as prescribed for Assembly member in Section 2.05 of the Charter. Vacancies shall be filled in a manner prescribed by Title 14 of the Alaska Statutes.

(e) Powers and Duties. The powers and duties of the school board shall be those set forth in Title 14 "Education" of the Alaska Statutes.

Section 10.03 Budget

The superintendent of schools shall submit an annual budget which shall first be approved by the School Board; and public hearings shall be held prior to the submission of said budget to the Assembly. The budget shall be submitted to the Assembly at a date no later than that prescribed by State law, in order for the Assembly to determine the amount to be made available from local sources for school purposes.

**[Juneau Alternative]** ARTICLE XIII — PUBLIC SCHOOLS

*Section 13.1. PUBLIC SCHOOL SYSTEM. The system of public schools for the municipality shall be operated by a board of education, pursuant to law, except as otherwise provided by the Charter.*

*Section 13.2. BOARD OF EDUCATION. (a) The board of education shall be composed of seven members or such number required of home rule municipalities by law.*

*(b) Board members shall be elected at large by the qualified voters of the municipality at regular municipal elections.*

*(c) The term of office of board members shall begin immediately following certification of the election.*

*Section 13.3. VACANCIES. The office of a board member shall become vacant upon the member's death, resignation, removal from office for cause by a vote of two-thirds of the members of the board, or upon forfeiture of office.*

*(a) "Cause" means:*

*(1) Incompetency which is the unintentional or intentional failure to perform the duties of a board member; or*  
*(2) Conviction of a felony involving moral turpitude, and the board determines that the crime or circumstances of its commission are of sufficient magnitude for the board member to have been shown to be unfit to hold office.*

*(b) A board member shall forfeit office if the board member:*

*(1) Lacks any qualification prescribed by law; or*

*(2) Fails to attend three consecutive regular meetings of the board without being excused by the board.*

## Articles VIII & IX

(c) *The board shall conduct hearings and appeals under this section in the same manner as provided for the assembly in Sections 3.7(b) through (e) of this Charter. (As amended by Serial No. 90-30 § 11, 1990).*

*Section 13.4. POWERS. The board shall have all powers and duties provided by Title XIV, Alaska Statutes, consistent with this Charter, including but not limited to the following:*

*(a) Set the broad, general policy for the operation of public schools in the municipality;*

*(b) Establish the educational policy including but not limited to approval of curriculum study guides, curriculum materials and textbooks;*

*(c) Serve as a board of appeals for certificated education personnel appealing decisions of the superintendent;*

*(d) Be responsible for the appointment, promotion, demotion, suspension, removal, compensation, and control of all school employees and administrators and hear and determine grievances related thereto. For these purposes, the board shall be controlled by and derive its powers, duties and guidelines from the following sources, which are listed in direct order of priorities should any inconsistencies arise in the provisions thereof:*

*(1) The provisions of this Charter.*

*(2) Title XIV, Alaska Statutes.*

*(3) The provisions of the municipality's comprehensive personnel system plan, enacted pursuant to Section 3.14 of this Charter.*

*(e) Meet at least once a month with meetings open to the public.*

*Section 13.5. PUBLIC MEETINGS. All meetings shall be conducted as provided for the assembly in Section 3.12(d) of this Charter.*

*Section 13.6. BUDGET. (a) Upon submission to the board by the superintendent, the school budget shall be a public record available for public inspection and for distribution at such reasonable price as the board may direct. The board shall hold a public hearing on the school board budget before approval and submission to the assembly for final action.*

*(b) The board shall submit the annual budget for the following school year to the assembly by April 5 of the current year for approval of the total amount. Within 30 days after receipt of the budget, the assembly shall determine the amount to be made available from local sources for school purposes, and shall furnish the board with a statement of the sum to be made available. If the assembly does not, within 30 days, furnish the board with a statement of the sum to be made available, the amount requested in the budget is automatically approved. By May 31, the assembly shall appropriate the amount to be made available from local sources from money available for the purpose. (Serial No. 93-22am § 5, 1993).*

*Section 13.7. ADMINISTRATION OF BUDGET. No payment may be made and no obligation incurred except in accordance with appropriations duly made. No payment may be made and no obligation incurred against any appropriation unless the superintendent ascertains that there is a sufficient unencumbered balance in the appropriation and that sufficient funds are or will be available to cover the obligation. After adoption of the school budget by the assembly, the board shall not exceed the total budget without assembly approval.*

*Section 13.8. CAPITAL IMPROVEMENTS. (a) The board shall make recommendations to the assembly concerning the necessity for school construction and other capital improvements, site selection, employment of architects, and building plans. The board shall submit preliminary plans to the assembly for suggestions before recommending final plans.*

*(b) Decisions by the assembly shall be final in all matters concerning school construction and other capital improvements, site selection, employment of architects, and building plans.*

*(c) The assembly shall appoint a four-man committee from its membership which shall deliberate with the board in formulating all plans to be recommended under Section 13.8(a) of this Charter.*

*Section 13.9. SCHOOL MAINTENANCE. The board, unless specifically transferring such responsibilities to the assembly, shall provide custodial services and routine maintenance for school buildings and shall provide employees for these purposes. The assembly shall provide major maintenance and all rehabilitation, repair and construction of school buildings.*

*Section 13.10. JOINT CONFERENCE. The assembly and board shall meet jointly at least twice a year at public meetings to deliberate upon matters of mutual interest. Minutes of the board shall reflect the business carried on at such meetings.*

Articles VIII & IX

**[Haines Alternative]** ARTICLE VII EDUCATION

*Section 7.01 Public School System*

*The Haines Borough School District shall provide areawide public education in accordance with Alaska Statutes.*

*Section 7.02 School Board Membership*

*(A) Composition. The school district is operated by a school board of seven persons elected at large to staggered terms.*

*(B) Qualifications. A candidate for school board shall be a resident qualified to vote in the Haines Borough. A school board member shall remain a resident of Haines Borough while in office.*

*(C) Terms. The terms of all seats are for three years, except for the first school board elected, according to the procedures described in Article XIX regarding transition.*

*(D) Compensation. The compensation for school board members shall be fixed by resolution adopted by the assembly.*

*Section 7.03 Powers of the School Board*

*The school board has the powers provided by Alaska Statute and borough code to carry out its duties, some of which are formulating a six-year capital improvement plan, managing school personnel and facilities, supervising school district fiscal affairs, and implementing and maintaining a five-year curriculum and instruction plan.*

*Section 7.04 Relationship of the Borough School Board and Borough Assembly*

*(A) Joint meeting. The borough assembly and school board shall meet jointly at least once yearly in public session to discuss and coordinate financial planning, capital improvement needs, the six-year capital improvement plan, and other matters of mutual concern.*

*(B) Administrative procedures. The borough assembly shall by ordinance establish procedures for administration of school district finances and buildings, and which allow for the greatest possible autonomy of the school board within the limitations of this charter.*

## ARTICLE X FINANCE

### Section 10.01 Fiscal Year.

The fiscal year of the Municipality shall begin on the first day of July and shall end on the last day of June, unless otherwise provided by ordinance.

### Section 10.02 Budget

(a) At least 60 days before the beginning of the fiscal year, the manager shall prepare and submit to the Assembly a proposed budget for the next fiscal year which shall contain detailed estimates of anticipated revenues and proposed expenditures for the year. Such budget shall include a program of capital expenditures for the year. The total of such proposed expenditures shall not exceed the total of anticipated revenues, including bond proceeds, and reserves. The budget shall be in such form and have such contents as the Assembly may require. The budget shall be approved as provided for in this Charter.

(b) The budget and any budget message accompanying it shall be a public record in the office of the municipal clerk and shall be open to the public. Sufficient copies of the budget and any budget message shall be made for distribution to persons on request.

(c) The Assembly shall hold a public hearing on the proposed budget at least one week after notice of the time of the hearing has been published; and any interested person shall have an opportunity to be heard for or against the estimates or any item thereof. The Assembly may continue the hearing at later meetings.

(d) The Assembly may amend the budget and shall approve the budget, by ordinance or resolution, not later than the third day before the beginning of the fiscal year. If the Assembly fails to adopt the budget and make the appropriations on or before that day, the budget as submitted or as amended shall go into effect and be deemed to be finally adopted by the Assembly and the expenditures shall become the appropriations for the next fiscal year. The appropriations, when made by the Assembly by resolution or ordinance separate from the budget document, need not be in as great detail as the proposed expenditures in the budget.

(e) The budget shall include budgets for the general fund, and for other funds which are deemed to require formal budgeting.

### Section 10.03 Supplemental and Emergency Appropriations And Transfer of Appropriated Reserves

Supplemental and Emergency Appropriations and transfer of appropriated balances may be made from available reserves by resolution or ordinance approved by a majority of the Assembly. The Assembly may transfer unencumbered balances or parts thereof from any item of appropriation to any other item of appropriation, including new items, whether or not such other item is within the same department, office or agency.

### Section 10.04 Taxation: Powers.

The Municipality shall have all powers of taxation which home rule boroughs may have under the state constitution and law.

### Section 10.05 Taxation: Sales and Use Taxes; Ratification of Sales or Use Tax Rate Increases.

(a) The Municipality may, by ordinance, levy sales or use taxes on an areawide basis, a non-areawide basis, and a service area basis.

(b) No increase in the rate of levy of a sales or use tax generally applied on an areawide, non-areawide, or service area basis shall become effective except by an ordinance adopted by the Assembly and ratified by a majority of the qualified voters who vote on the ordinance at a general or special election. If the increase in the rate of levy of the general sales or use tax is limited to a service area or is non-areawide, the vote is limited to those qualified to vote in the area. The Assembly may, by ordinance, but without ratification by the voters, increase the rate of transient occupancy taxes, create or terminate exemptions to the sales tax, change administrative procedures or fees, and increase the rate of levy of sales or use taxes on specifically designated goods or services.

### Section 10.06 Taxation: Assessment, Levy and Collection of Property Taxes -- Exemptions.

The Municipality shall provide for the annual assessment, levy, and collection of taxes on property. No exemptions from taxation except those expressly provided by law or ordinance

shall be allowed.

**Section 10.07 Taxation: Private Interests in Public Property and Payments in Lieu of Taxation**

(a) **Taxation of Private Interests.** Private leaseholds, contracts, or interests in land or property owned or held by the United States, the state, or its political subdivisions shall be taxable to the extent of the private interests.

(b) **Port Payments in Lieu of Taxation.** The Assembly shall require the municipally-owned port to annually pay to the Municipality an amount reasonably estimated to be not more than the amount which said municipally-owned port would pay in taxes, assessments, or charges if subject to all such taxes, without the use of reserves, of the former City of Ketchikan in effect at the time of consolidation. The mill rate used to determine the minimum payment may be decreased proportionately to any decreases approved by the Assembly from the areawide mill rate adopted by the Assembly for the first year following consolidation.

**Section 10.08 Taxation: Assessment -- Equalization.**

The taxable status of property shall, for purposes of property taxes, be determined as of the first day of January, or such other date as may hereafter be prescribed by law, which is called the assessment day. Values on the assessment rolls shall be determined by the full and true value according to the facts existing on the assessment day for the year for which the assessment is made, and no change in the status of property after that day shall be considered in determining its value. In determining such values, any standards of appraisal established by law or ordinance shall be followed. The Assembly, acting as the Board of Equalization, shall equalize valuations of property assessed; provided that the Assembly, by ordinance, may delegate this power to a board created by ordinance when not prohibited by law.

**Section 10.09 Taxation: Lien on Real Property.**

The Municipality shall have a first lien on all real property and personal property against which municipal taxes are assessed, for the taxes and any collection charges, penalties, and interest which may accumulate thereto; and the lien shall continue until the taxes and any such charges, penalties, and interest are paid.

**Section 10.10 Taxation: Protection of Lien on Property.**

The Municipality may protect its lien for taxes on real property by sale at tax sale, or by purchasing the real property at any tax sale or other public sale, or by direct negotiation with the owner, or in any other legal manner. Any such procedure shall be deemed to be for a public purpose. When the Municipality has acquired an interest in real property to protect a tax lien thereon, the owner of any interest in such real property may, within such time as provided by law, redeem the same by paying the delinquent municipal taxes and all accrued charges, penalties, and interest thereon, as provided by law or ordinance. After the Municipality has held any tax-delinquent real property for such time as required by law, it may hold the same for public use or may sell it as provided by state law.

Municipal taxes on personal property shall be a debt to the Municipality from the persons to whom they are assessed. If any person to whom such taxes are assessed fails or refuses to pay the taxes, such taxes and accrued charges, penalties, and interest may be collected by a personal action in the name of the Municipality against the person to whom assessed in a court of competent jurisdiction, or by distraint and sale of any personal property of the person assessed. Neither of the remedies herein given shall be exclusive of the other or of any remedy provided by law.

**Section 10.11 Disbursements: Authority - Method.**

Disbursements of municipal funds shall be made only in accordance with appropriations made as provided in this Charter, or, in case of funds which are not formally appropriated, then by authority granted by the Assembly or by the qualified voters of the Municipality. The Assembly shall prescribe the method or methods of disbursing municipal funds.

**Section 10.12 Lapse of Appropriations.**

At the close of the fiscal year, an unencumbered appropriation shall lapse into the fund from which appropriated. An appropriation for capital improvements, or in connection with

Articles X & XI

requirements of federal or state grants,  
shall not lapse until the purpose of the appropriation has been accomplished or abandoned.

**Section 10.13 Annual Audit.**

The Assembly shall provide for an annual independent audit of all Municipality and municipal utility accounts. The audit shall be performed by a certified public accountant designated by the Assembly and shall be completed within 120 days following the close of the fiscal year.

**Section 10.14 Deposit and Investments of Funds.**

The Assembly shall regulate the deposit and investment of municipal funds, and shall determine what funds of the Municipality may be invested. Municipal funds may be invested only in the following: General-obligation bonds and other general-obligation evidences of indebtedness of the United States, of the State of Alaska, of other states of the United States, of this Municipality, and of other municipalities of this state; and such other securities as may be authorized by ordinance.

**Section 10.15 Purchases and Sales.**

The Assembly shall, by ordinance, establish procedures for purchases and sales. Such procedures may include procedures for competitive bidding to the extent and subject to such exceptions established by the Assembly.

**Section 10.16 Public Improvements.**

Public improvements, including local improvements, may be made by the municipal government itself or by contract. Except as provided in Section 8.02(a) or as otherwise provided by law, the Assembly shall award all contracts for such improvements; provided that the Assembly may, by ordinance, authorize the municipal manager or other authority to award such contracts not exceeding an amount to be determined by the Assembly and subject to such regulations as the Assembly may, by ordinance, prescribe. The Assembly may, by ordinance, establish regulations and procedures for competitive bidding or solicitations of quotations and awards of contracts and providing for rejection of all bids.

*[Sitka Alternative]* ARTICLE XI FINANCE

Section 11.01 Fiscal Year

The fiscal year of the municipality shall begin on the first day of July and end on the thirtieth day of June of the following year. The Assembly may change the fiscal year provided that the ordinance doing so is adopted not less than one year before the beginning of the first fiscal year affected.

Section 11.02 Submission of Budget, Capital Improvements Program and Message  
Not later than 60 days before the end of the current fiscal year, the Administrator shall submit to the Assembly a budget for the following fiscal year, a capital improvements program and an accompanying explanatory message of both. The Assembly may grant an extension of not to exceed 30 days if compelling reasons exist.

Section 11.03 Scope of Budget

(a) Complete Financial Plan. The budget shall be a complete financial plan for all the operations of the municipality, showing all reserves, all estimated revenues from all sources, and all proposed expenditures for all purposes.

(b) Form. The budget shall contain at least the following:

(1) A comparative statement of actual expenditures and actual revenues for the preceding fiscal year for each fund excluding capital project funds.

(2) Estimated expenditures and estimated revenues for the current fiscal year for each fund excluding capital project funds.

(3) A brief explanation of each item.

(4) An analysis of working capital, excluding capital project funds.

(c) Balanced Budget. Proposed expenditures shall not exceed total estimated revenues and reserves.

## Articles X & XI

### Section 11.04 Scope of Capital Improvements Program

The Capital Improvements Program shall be a plan for capital improvements proposed for the following six fiscal years, together with the estimated cost of each improvement and the proposed method of financing it. It shall contain at least the following:

- (1) A summary of current capital improvements which are unfinished.
- (2) A simple, clear summary of the detailed contents of the detailed contents of the program, separating all proposed acquisitions of new fixed assets from repairs, maintenance, upgrades, and replacements of existing assets.
- (3) Capital improvements pending or proposed to be undertaken within the ensuing fiscal year, together with the estimated cost of each improvement and the proposed method of financing it. Capital improvements to be financed in the following fiscal year shall be included in the budget as well as in the capital improvements program.
- (4) A summary of needed capital improvements which are deferred.

### Section 11.05 Scope of Message

The administrator's message shall contain an explanation of the budget both in fiscal terms and in terms of work to be done, a description of the important features of the budget, an outline of the proposed financial policy of the municipality for the following fiscal year, and an explanation of each capital improvement to be undertaken within the following six fiscal years.

### Section 11.06 Hearing

Not later than 15 days before the end of the current fiscal year, a public hearing shall be held on the budget and capital improvements program. All persons interested shall have an opportunity to be heard. At least 10 days prior to the hearing the Assembly shall:

- (1) Publish in a newspaper of general circulation in the municipality a summary of the budget and capital improvements program and a notice setting out the time for a public hearing.
- (2) Make the budget, the capital improvements program and message a public record available for public inspection and for distribution at such reasonable price as the Assembly may direct.
- (3) Deliver copies of the notice and summary of the budget and capital improvements program and the message to newspapers of general circulation in the municipality and to the commercial radio and television stations operating in the municipality.

### Section 11.07 Assembly Action on Budget

(a) Budget Adoption. The Assembly by ordinance shall adopt a budget not later than 10 days before the end of the current fiscal year. If it fails to do so, the budget submitted by the administrator shall be deemed adopted by the Assembly as the budget for the following year.

(b) Tax Levies. Prior to the end of the current fiscal year, the Assembly shall make the tax levies deemed necessary to finance the budget for the ensuing fiscal year. Shall it fail to do so the expenditures proposed in the budget shall become the appropriations for that year.

### Section 11.08 Assembly Action on Capital Improvements Program

The Assembly by resolution shall adopt a capital improvements program not later than 10 days before the end of the current fiscal year. If it fails to do so, the capital improvements program submitted by the administrator shall be deemed adopted by the Assembly.

### Section 11.09 Certification and Distribution

(a) Certification. The budget and capital improvements program as adopted shall be certified by the Mayor and Clerk and shall be a public record.

## Articles X & XI

(b) Distribution. Copies of the budget and capital improvements program as so certified shall be made available at the clerk's office for distribution to the public at such reasonable process as the Assembly may direct.

### Section 11.10 Supplemental and Emergency Appropriations

(a) Supplemental Appropriations. If during any fiscal year there are available revenues received from sources not anticipated in the budget for that year or revenues received in excess of budget estimates, the Assembly by ordinance may make supplemental appropriations for the year up to the amount of the additional revenues.

(b) Emergency Appropriations. Upon declaration by the Assembly that a public emergency exists and describing the emergency in clear and specific terms, the Assembly may make emergency appropriations. Such appropriations may be made by emergency ordinance. If there are no available funds to meet such appropriations the Assembly may provide for supplemental tax levies by an ordinance which shall be introduced at the same meeting at which the emergency appropriations is approved and enacted under the procedures outlined in Section 3.02 of this Charter.

### Section 11.11 Reduction and Transfer of Appropriations

(a) Reduction of Appropriations. If during the fiscal year it appears that revenues available will be insufficient to meet the amount appropriated, the administrator shall report to the Assembly without delay. The Assembly by resolution may reduce any appropriation, except for debt service. No appropriation may be reduced by more than the amount of the unencumbered balance.

(b) Transfer of Appropriations. The administrator may transfer part or all of any unencumbered balance between classification of expenditures within a department, subdepartment, internal service fund, or enterprise fund except for:

1. Transfer of appropriations for debt service, support payments, fixed assets, or transfers to other funds.
2. Transfer of appropriations to or from personnel costs and travel/training costs. All transfers of appropriations will be documented and submitted to the Assembly by the next regular Assembly meeting. The Assembly by ordinance may transfer part or all of any unencumbered balance from one division, department, or sub-department to another. No transfer may be made from appropriations for debt service.

### Section 11.12 Lapse of Appropriations and Surpluses

Every unencumbered surplus of the general fund or a service area shall lapse at the close of the fiscal year to the general fund or service area, respectively. An appropriation for a capital improvement shall not lapse until its purpose has been accomplished or abandoned.

### Section 11.13 Administration of Budget

(a) Budget Authority. The administrator shall be responsible for execution of the budget, with oversight by the assembly. No monies shall be spent other than as authorized by the budget or in excess of budgeted amounts unless specifically authorized by the assembly. The administrator shall provide the assembly with detailed information on budget execution and the assembly shall have the power to change or revoke any authorization.

(b) Signatures Required. All checks and orders, except for those concerned with administration of the school budget, shall be signed by the Mayor or other elected officer designated by the Assembly, and the administrator, finance officer or other administrative officer designated by the Assembly.

(c) Appropriations and Unencumbered Balance Required. No payment may be made and no obligation incurred against the municipality except in accordance with appropriations duly made. No payment may be made and no obligations incurred

## Articles X & XI

against any appropriation unless the administrator ascertains that there is a sufficient unencumbered balance in the appropriation and that sufficient funds are or will be available to cover the obligation.

(d) **Illegal Acts.** Every obligation incurred and every authorization of payment in violation of this Charter shall be void. Every payment made in violation of the provisions of this Charter shall be illegal. All officers or employees of the municipality who authorize or make such payments shall be jointly and severally liable to the municipality for the full amount so paid. The administrator shall proceed forthwith to collect the indebtedness unless otherwise directed by the Assembly.

(e) Notwithstanding Section 11.13(c) of this Charter, the Assembly by ordinance may authorize payment of funds in later fiscal years for a contract, lease or federal or state program or grant that the municipality might not otherwise be able to participate in.

(f) **Central Treasury.** Except as otherwise provided by the Assembly by ordinance, the Assembly shall provide that all funds of the municipality from whatever source shall be deposited in a central treasury.

**(g) Centralized Accounting.** Except for the school accounting system and the Community Hospital accounting system, the assembly shall provide for centralized accounting for the municipality. However, at the request of the school board, the assembly shall incorporate the school accounts in the centralized system. The assembly may choose, upon request of the hospital board or upon its own motion to incorporate hospital accounts in the centralized system.

(h) **Centralized Purchasing.** The Assembly may provide for centralized purchasing, storage, and distribution of any supplies, materials, and equipment for the municipality and its departments if the associated costs and related benefits warrant such procedures.

### Section 11.14 Competitive Bidding

The Assembly by ordinance shall provide for competitive bidding.

(a) **Purchases.** Contracts for public improvements and whenever practicable other purchase of supplies, materials, equipment and services, except professional services and services of officers and employees of the municipality, shall be by competitive bid and awarded to the lowest qualified bidder. All contracts and purchases exceeding an amount to be established by ordinance shall require prior assembly approval.

(b) **Disposals.** The municipality may sell, lease, or otherwise dispose of municipal property. Such disposal shall be by competitive bid and awarded to the highest qualified bidder, unless the Assembly finds that competitive bidding is inappropriate due to the nature of the property or the circumstances surrounding its disposal, to include possible unjust results with regard to adjacent or neighboring property owners. The Assembly shall enact ordinances governing property disposals.

### Section 11.15 Enterprise Funds

Revenues from a municipal enterprise whether established before or after the ratification of this Charter shall be first used for debt retirement, construction, acquisition, operation, maintenance, repair and capital improvement of the enterprise. Other uses of such revenues shall be only as authorized by ordinance or by budgetary action.

### Section 11.16 Sitka Permanent Fund

(a) **Purpose.** A permanent fund is hereby created from appropriations to be made by Assembly by ordinance. The permanent fund shall be maintained separate and apart from all other funds and accounts of the City and Borough. The purpose is to grow the principal of the permanent fund to provide an ever-increasing income stream to the Sitka General Fund in perpetuity. The intent of the income stream is to reduce the tax burden on the citizens of Sitka.

## Articles X & XI

(b) Flow of Money into the Sitka Permanent Fund. The net proceeds from the sale of any municipal real property shall be deposited into the Sitka Permanent Fund. If the property was an active lease immediately prior to its sale by the City and Borough, for the next three years immediately after the sale the proceeds of the sale shall not be used in the distribution calculation described in subsection (c) of this section. For those properties described in the previous sentence, the value used for the distribution calculation shall for those first three years immediately after the sale be the amount of the lease payment that the sold property generated during the last year that the City and Borough owned the property.

(c) Appropriations from the Sitka Permanent Fund to the Sitka General Fund. The Assembly shall annually appropriate to the Sitka General Fund six percent of the average market value of the Sitka Permanent Fund for the past three years. Such appropriation shall occur on July 1st of each year. The market value of the Sitka Permanent Fund for each year shall be that value as of December 31. Notwithstanding the first sentence of this subsection, the dollar amount appropriated each year shall not be greater than one hundred fifteen percent nor less than ninety percent of the previous year's appropriation from the Sitka Permanent Fund. No funds in excess of the three-year average described in this subsection's first sentence shall be distributed out of or appropriated from the Sitka Permanent Fund's income or principal unless that distribution or appropriation is specifically authorized by a majority of the qualified voters voting at a general or special election. Nothing in the previous sentence shall affect the obligations of the City and Borough under any present or future bond covenants.

(d) Management of Sitka Permanent Fund. The Sitka Permanent Fund shall be managed on a total rate of return basis, with all dividends and capital gains reinvested into the Sitka Permanent Fund. The Assembly shall adopt an ordinance setting out an investment policy governing the management of the Sitka Permanent Fund. (Amended 10-3-00) (Ord 00-1578).

### **[Juneau Alternative] ARTICLE IX — FINANCIAL PROCEDURES**

*Section 9.1. FISCAL YEAR. The fiscal year of the municipality shall begin on the first day of July and end on the last day of June.*

*Section 9.2. SUBMISSION OF BUDGET, CAPITAL IMPROVEMENTS PROGRAM, AND MESSAGE. (a) By April 5, the manager shall submit to the assembly a budget for the following fiscal year, a capital improvements program, and an accompanying explanatory message of both.*

*(b) Upon submission, the budget, the capital improvements program, and the message shall be a public record available for public inspection and for distribution at such reasonable price as the assembly may direct. (Serial No. 93-22am § 2, 1993).*

*Section 9.3. SCOPE OF BUDGET. (a) The budget shall be a complete financial plan for all the operations of the municipality, including the education function, showing all reserves, all estimated revenues from all sources, and all proposed expenditures for all purposes.*

*(b) The budget shall include a comparative statement of actual expenditures and actual revenues for the preceding fiscal year and estimated expenditures and estimated revenues for the current fiscal year.*

*(c) Proposed expenditures shall not exceed total estimated revenues and reserves.*

*(d) The assembly by ordinance shall provide for the form of all budgets.*

*Section 9.4. SCOPE OF CAPITAL IMPROVEMENTS PROGRAM. (a) The capital improvements program shall be a plan for capital improvements proposed for the following six fiscal years, together with the estimated cost of each improvement and the proposed method of financing it. It shall contain at least the following:*

*(1) A summary of current capital improvements which are unfinished;*

*(2) A simple, clear summary of the detailed contents of the program;*

*(3) Capital improvements pending or proposed to be undertaken within the ensuing fiscal year, together with the estimated cost of each improvement and the proposed method of financing it.*

## Articles X & XI

*the capital improvements program.*

*(c) The assembly by ordinance shall provide for the form of all capital improvements programs.*

*Section 9.5. SCOPE OF MESSAGE. The manager's message shall contain an explanation of the budget both in fiscal terms and in terms of work to be done, a description of the important features of the budget, an outline of the proposed financial policy of the municipality for the following fiscal year, and an explanation of each capital improvement to be undertaken within the following six fiscal years.*

*Section 9.6. HEARING ON BUDGET AND CAPITAL IMPROVEMENTS PROGRAM. By May 1 a public hearing shall be held on the budget and capital improvements program. All persons interested shall have an opportunity to be heard. At least two weeks prior to the hearing the assembly shall:*

*(a) Publish in a newspaper of general circulation in the municipality a summary of the budget and capital improvements program and a notice setting out the time and place for a public hearing;*

*(b) Deliver copies of the notice and summary of the budget and capital improvements program and the message to newspapers of general circulation in the municipality and to the commercial radio and television stations operating in the municipality.*

*Section 9.7. ASSEMBLY ACTION ON BUDGET. (a) The assembly by ordinance shall adopt a budget by June 15. If it fails to do so, the budget submitted by the manager shall be deemed adopted by the assembly as the budget for the following year.*

*(b) The assembly by ordinance adopted before June 15 shall provide for the tax levies required in the budget. If it fails to do so, the tax levies required in the budget shall be deemed adopted by the assembly.*

*(c) Except as provided in this section, the assembly shall not levy on real or personal property any tax exceeding the total of 12 mills plus that additional millage required to service general obligation indebtedness. The assembly may levy a tax exceeding this total only after seeking and securing voter approval by a majority of those voting on the question at a general or special election. (Adopted by the voters on October 3, 1995, regular election; Serial No. 93-22am § 3, 1993).*

*Section 9.8. ASSEMBLY ACTION ON CAPITAL IMPROVEMENTS PROGRAM. The assembly by resolution shall adopt a capital improvements program by June 15. If it fails to do so, the capital improvements program submitted by the manager shall be deemed adopted by the assembly. (Serial No. 93-22am § 4, 1993).*

*Section 9.9. CERTIFICATION AND PUBLIC RECORDS. (a) The budget and capital improvements program as adopted shall be certified by the manager and the clerk, and shall be a public record.*

*(b) Copies of the budget and capital improvements program as so certified shall be made available at the clerk's office for distribution to the public at such reasonable price as the assembly may direct.*

*Section 9.10. SUPPLEMENTAL AND EMERGENCY APPROPRIATIONS. (a) If during any fiscal year there are available revenues received from sources not anticipated in the budget for that year or revenues received in excess of budget estimates, the assembly by ordinance may make supplemental appropriations for the year up to the amount of the additional revenues.*

*(b) Upon declaration by the assembly that a public emergency exists and describing the emergency in clear and specific terms, the assembly may make emergency appropriations. Such appropriations may be made by resolution and shall be approved by all assembly members present or by seven of its membership, whichever is the lesser number. If there are no available funds to meet such appropriations, the assembly by resolution may authorize the issuance of emergency notes. These notes shall be paid not later than the last day of the fiscal year following that in which the emergency appropriation was made.*

*Section 9.11. REDUCTION AND TRANSFER OF APPROPRIATIONS. (a) If during the fiscal year it appears that revenues available will be insufficient to meet the amount appropriated, the manager shall report to the assembly without delay. The assembly by resolution may reduce any appropriation, except for debt service or for cash deficit; no appropriation may be reduced by more than the amount of the unencumbered balance.*

*(b) The manager may transfer part or all of any unencumbered balance between classification of expenditures within a department, office, or agency, excluding the education function. The assembly by ordinance may transfer part or all of any unencumbered balance from one department, office, or agency to another. No transfer may be made from appropriations for debt service or for cash deficit.*

*Section 9.12. LAPSE OF APPROPRIATIONS AND SURPLUSES. Every unencumbered surplus of the general fund*

## Articles X & XI

*appropriation for a capital improvement shall not lapse until its purpose has been accomplished or abandoned.*

*Section 9.13. ADMINISTRATION OF BUDGET. (a) No payment may be made and no obligation incurred against the municipality except in accordance with appropriations duly made.*

*No payment may be made and no obligation incurred against any appropriation unless the manager ascertains that there is a sufficient unencumbered balance in the appropriation and that sufficient funds are or will be available to cover the obligation.*

*(b) Every obligation incurred and every authorization of payment in violation of this Charter shall be void.*

*Every payment made in violation of the provisions of this Charter shall be illegal. All officers or employees of the municipality who knowingly authorize or make such payment shall be jointly and severally liable to the municipality for the full amount so paid. The manager shall proceed forthwith to collect the indebtedness unless otherwise directed by the assembly.*

*(c) Notwithstanding Section 9.13(a) of this Charter, the assembly by ordinance may require payment of funds from appropriations of a later fiscal year or of more than one year for any contract, lease or note or bond obligation, or federal or state grant, or any other federal or state program that the municipality may not otherwise participate in.*

*(d) Except as otherwise provided by the assembly by ordinance, the assembly shall provide that all funds of the municipality from whatever source, including the education function, shall be deposited in a central treasury.*

*(e) Except as otherwise provided by the assembly by ordinance, the assembly shall provide for centralized accounting of all accounting functions of the municipality.*

*(f) Except as otherwise provided by the assembly by ordinance, the assembly shall provide for centralized purchasing of supplies, material, and equipment for the municipality and its departments, offices, and agencies. (As amended by Serial No. 74-34 § 4, 1974; Serial No. 74-33 § 4, 1974; Serial No. 74-32 § 4, 1974).*

*Section 9.14. COMPETITIVE BIDDING. (a) The assembly by ordinance shall provide for competitive bidding and procedures for competitive bidding.*

*(b) Contracts for public improvements and, whenever practicable, other purchases of supplies, materials, equipment, and services, shall be by competitive bid and awarded to the lowest qualified bidder. This subsection (b) shall not apply to purchases of:*

*(1) professional services,*

*(2) services of officers and employees of the municipality acting within the scope of their office or employment,*

*(3) services of officers and employees of the state of Alaska or the federal government if such services are provided pursuant to a written agreement with the employer,*

*(4) services of students and members of the faculty of an accredited high school, college, or university if such services are provided pursuant to a written agreement with the school, or*

*(5) services of members and employees of a nonprofit corporation registered as such with the state of Alaska, if:*

*(A) the services are provided pursuant to a written agreement with the corporation, and*

*(B) the total amount paid by the municipality divided by the number of hours of service provided by the members and employees of the corporation does not exceed double the minimum hourly wage established by the Alaska Wage and Hour Act.*

*(c) All contracts and purchases exceeding an amount to be established by ordinance shall require prior assembly approval. (As amended by Serial No. 98-28 § 2, 1998).*

*Section 9.15. ASSESSMENTS. All real property to be taxed shall be assessed for tax purposes at full and true market value.*

*Section 9.16. ENTERPRISE FUNDS. Revenues from an enterprise, whether established before or after July 1, 1970, shall be first used for debt retirement, construction, acquisition, operation, maintenance, repair, and capital improvement of the enterprise.*

*Section 9.17. SALES AND USE TAX. Any sales or use tax or change in rate thereof shall be by ordinance ratified by a majority of the qualified voters voting on the questions in the affected areas.*

*Section 9.18. AUDITS. The assembly shall provide annually for an independent audit of the accounts of the municipality. The audit shall be made by a certified public accountant designated by the assembly.*

## Articles X & XI

### Section 9.01 Annual Budget and Capital Improvements Program

The operating budget shall be a complete and balanced financial plan for all operations of the borough, showing all reserves, estimated revenues from all sources, and the proposed expenditures for all purposes in the upcoming fiscal year. It shall also include a comparative statement of actual expenditures and revenues for the preceding year and a projection for the current year.

The capital budget shall be the portion of the annual budget detailing the planned capital improvements for the upcoming fiscal year and their source of funding.

The capital improvements program (CIP) shall be a plan detailing expected capital improvements for the next six fiscal years, the predicted costs, and proposed method of financing them.

Upon adoption by ordinance, the operating budget, capital budget, and CIP shall be the appropriations that govern all spending by the borough.

(A) Fiscal year. The fiscal year of the borough shall begin on the first day of July and end on the last day of June the following year.

(B) Submission and presentation. No later than April 1 of the current fiscal year, the manager shall present to the assembly the six-year CIP and the proposed operating and capital budget for the following fiscal year. The presentation shall include a written explanation of the budget and CIP focusing on the work to be done and the financial policies that will direct the funding of that work.

(C) Hearing and assembly action. The assembly shall hold at least two public hearings on the proposed annual budget no later than June 1. At least ten days prior to each hearing, the assembly shall publish in a general circulation newspaper a summary of the budget and notice of public hearing. Copies of the proposed budget shall be made available to the public.

(D) Assembly action and executive certification of budget. The assembly by ordinance shall adopt a budget and establish tax levies not later than June 15. If it fails to do so, the budget and tax levies submitted by the manager shall be deemed adopted by the assembly as the annual budget. The assembly by ordinance may provide for additional procedures regarding submission.

The manager shall certify the annual budget and CIP, making them part of the public record.

### Section 9.02 Altering and Transferring Appropriations

If the manager determines that revenues will be insufficient to meet the amount appropriated, he shall report to the assembly, and the assembly by ordinance and according to borough code may reduce as necessary any appropriation except for debt service.

The manager may transfer part or all of any unencumbered balance to another classification within a department, office, or agency.

The manager may transfer balances from one department to another only with the approval of the assembly through a re-appropriation.

### Section 9.03 Enterprise Funds

Revenues from a municipal enterprise activity shall be used for the direct operating expenses and other expenses of the enterprise, such as debt retirement and providing for the establishment of an enterprise fund replacement reserve account for major maintenance and repairs. Any other use of enterprise fund revenues shall be made as authorized by ordinance or by budgetary action. If any general funds are used for enterprise fund projects, the amount will be repaid by enterprise activity according to procedures set forth in borough code.

### Section 9.04 Emergency and Supplemental Appropriations

Surplus revenues from unexpected sources may be used to fund supplemental appropriations and emergency appropriations, in accordance with borough code.

### Section 9.05 Lapse of Appropriations

Every unencumbered surplus of the general fund or special revenue fund shall lapse at the close of the fiscal year to the general fund or service area, respectively. An appropriation for capital improvement, or to meet requirements of federal or state grants, shall not lapse until the project is complete or abandoned.

## Articles X & XI

### Section 9.06 Administration of the Budget

(A) *Centralized accounting.* Except as otherwise provided by ordinance, the assembly shall provide for centralized accounting for all functions of the borough.

Except as otherwise provided by ordinance, the assembly shall provide for centralized purchasing and specifically designate the officers who shall write checks and place orders.

(B) *Appropriations.* Payments must be made by appropriation only. No payment may be made and no obligation incurred against any appropriation unless the manager ascertains that sufficient funds are or will be made available.

(C) *Payments.* The assembly shall by ordinance establish bylaws and procedures for making payments and recovering amounts expended without authorization.

### Section 9.07 Competitive Bidding and Contract Approval

The assembly by ordinance shall hold competitive bidding for the sales of borough property and the purchasing of goods and services.

The sale shall be offered to the highest bidder; the contract shall be awarded to the lowest qualified responsive bidder, excepting only contracts with officers and employees of the borough and professional services.

### Section 9.08 Audits

The assembly shall provide for an annual independent audit of the accounts of the borough. The audit shall be made by a certified public accountant designated by the assembly.

### Section 9.09 Permanent Fund

(A) *Purpose.* The Haines Permanent Fund holds and invests income from land sales and other sources identified by ordinance of the borough assembly. The permanent fund shall be maintained in perpetuity as a separate fund, apart from all other funds and accounts of the borough.

(B) *Principal.* The principal of the fund shall be invested in such types of income producing investments specifically designated by ordinance. Any use of principal other than reinvestment shall be made by ordinance ratified by the voters of the borough.

(C) *Interest income.* Only interest and dividends on the fund shall be spent. After a portion or all of the dividend and interest is returned to the fund principal as inflation proofing, surplus may be used for borough expenses.

## ARTICLE X TAXATION

### Section 10.01 Taxing Authority

The assembly shall always be the sole taxing authority in the borough.

### Section 10.02 Kinds of Taxes

The assembly by ordinance may levy any tax and fee allowed by law to pay for borough services and capital improvements.

### Section 10.03 Sales Tax Ratification

All sales tax ordinances shall be subject to ratification of the electorate within the area in which the tax will be in effect.

### Section 10.04 Tax Procedures

The assembly by ordinance shall prescribe the procedures for tax assessment, levy, and collection.

The procedures shall provide for assessment of property at full and true value, except as otherwise provided by law, and for notice of assessment, appeal, and judicial review.

Property taxes, with collection charges, penalties, and interest are first liens upon the property.

## ARTICLE XI – BORROWING

### Section 11.01 General-Obligation Bonds, and Revenue Bonds.

(a) **Power to Borrow.** The Municipality shall have power to borrow money and to issue its general-obligation bonds, revenue bonds, or other such evidences of indebtedness therefor, but only when authorized by the Assembly for capital improvements and ratified at an election by a majority of those qualified to vote and voting on the question.

(b) **Areawide, Non-areawide, and Service Area Indebtedness.** The Municipality may incur indebtedness:

- (1) On an areawide basis when exercising powers on an areawide basis;
- (2) On a service area basis when exercising powers through a service area;
- (3) On a non-areawide basis when exercising powers on a non-areawide basis.

Indebtedness incurred on a service area basis shall be repaid from revenues and taxes received from the service area and indebtedness incurred on a non-areawide basis shall be repaid from revenues and taxes received from the affected area. The full faith and credit of the Municipality may, however, be pledged to guarantee repayment of indebtedness incurred on a service area basis or on a non-areawide basis if the indebtedness has been approved as required by this subsection. If the indebtedness is incurred for the exercise of areawide powers, the election approving the indebtedness shall be areawide. If the indebtedness is incurred on a service area basis and is to be repaid solely from revenues and taxes received from the service area, the election approving the indebtedness shall be among the voters of the service area. If the indebtedness is incurred on a non-areawide basis and is to be repaid solely from revenues and taxes received from the affected area, the election approving the indebtedness shall be among the voters of the affected area. If the full faith and credit of the entire Municipality is pledged for the payment of indebtedness incurred on a service area or non-areawide basis, then the indebtedness must be approved on an areawide and on a service area or non-areawide basis.

(c) **General-obligation evidences of indebtedness** may also be secured by revenues from a revenue-producing utility or enterprise when they are issued for the acquisition, construction, reconstruction, repair, improvement, extension, enlargement, and/or equipment of the said utility or enterprise, and/or by other designated funds or revenues specifically pledged for payment of principal and interest thereon. Capital improvements as used hereinabove may also include a part of all of the Municipality's share of the cost of public improvement of which a part is to be paid by benefitted property. Construction warrants may be issued following bond issue approval, and pending sale of the bonds.

(d) The requirement for ratification does not apply to borrowing money to meet appropriations for a particular fiscal year, nor to indebtedness to be paid from special assessments to be made on benefitted property, nor to refunding indebtedness.

### Section 11.02 Notice of Bond Election.

(a) Before holding any election required by this article, the Assembly shall cause a notice of election to be published once a week for three consecutive weeks in a newspaper of general circulation in the Municipality. The first publication shall be at least twenty (20) days prior to the date of election. For elections approving the issuance of general-obligation bonds or revenue bonds the notice shall contain the following information:

- (1) The amount of the bonds, purposes of issuance, and length of time within which the bonds shall mature;
- (2) The amount of the estimated annual debt service on the proposed bonds based upon an estimate of the anticipated interest rate;
- (3) The amount of the current total general obligation indebtedness of the Municipality including authorized but unsold bonds;

Articles X & XI

**Municipality;**

(5) The current total assessed valuation within the Municipality.

(b) For bonds secured by a pledge of taxes to be levied in a service area or on a non-areawide basis, the notice shall also contain the information required in (3), (4), and (5) relative to the service area or other area. For bonds secured by a pledge of the municipal utilities' revenues, the notice

shall contain the information required in (3) and (4) relative to the affected municipal utilities.

(c) Omissions of information required by (2), (3), and (4) or errors in such information shall not invalidate any election.

**Section 11.03 Borrowing to Meet Appropriations.**

The Municipality shall have power to borrow money to meet appropriations for any fiscal year in anticipation of the collection of revenues for that year, when authorized by the Assembly, and without submitting the question to the voters. The total of such indebtedness shall never exceed 25% of anticipated revenues of that year. All debts so contracted shall be paid before the end of the next fiscal year.

**Section 11.04 Revenue Bonds and Borrowing.**

The Municipality shall have power to borrow money and to issue revenue bonds or other such evidences of indebtedness therefor, the principal and interest of which are payable solely out of, and the only security of which is, the revenues of a revenue-producing municipal utility or enterprise; but only when authorized by the Assembly and ratified by the voters for the acquisition, construction, reconstruction, repair, improvement, extension, enlargement, and/or equipment of the said utility or enterprise, for refunding or for purposes authorized by Section 11.03 of this Charter. Construction warrants may be issued following the ratification of a bond issue and pending sale of the bonds.

**Section 11.05 Economic Development Financing**

The Municipality may enact ordinances authorizing the issuance of non-recourse revenue bonds or other non-recourse revenue obligations and the application of the proceeds thereof for economic development purposes, subject to the following limitations:

(a) Non-recourse revenue bonds and other non-recourse revenue obligations issued pursuant to this section shall be payable only from money or other property received as a result of projects financed by the non-recourse revenue bonds, or other non-recourse revenue obligations, and from money or other property received from private sources.

(b) Non-recourse revenue bonds and other non-recourse revenue obligations issued pursuant this section shall not be payable from, or secured by, any municipal assets, tax funds, or governmental revenue, or by all or part of the faith and credit of the Municipality.

(c) Non-recourse revenue bonds or other non-recourse revenue obligations may only be used to finance economic development projects, as defined by ordinance.

The restrictions of Articles VIII, X, and XI of this Charter shall not be construed as limitations upon the authority granted by this section. Non-recourse bonds and other non-recourse revenue obligations may be issued pursuant to this section without ratification at an election.

**Section 11.06 Unexpended and Unencumbered Balances.**

Every bond or other evidence of indebtedness shall contain a statement of the purpose for which it is issued, and the proceeds thereof shall not be used for any other purpose, except that, whenever any proceeds of an issue remain unexpended and unencumbered for the purpose for which issued, the Assembly shall authorize the use of such unexpended and unencumbered funds only for the following purposes, which are listed in descending order of priority:

(a) For the retirement of such issue;

(b) If such issue has been fully retired, then for the retirement of other bonds or obligations issued on the same areawide, service area, or non-areawide basis;

(c) If there are no such other bonds or obligations of the Assembly outstanding, then for any purpose related to the same areawide, service area, or non-areawide purpose.

**Section 11.07 Voiding Authorization of Bonds.**

Articles X & XI

other evidences of indebtedness at any time. Every obligation shall be sold within the ten years following the adoption of the ordinance authorizing its issuance or the ratification of such issuance by the qualified voters of the Municipality, whichever is later, except when such sale has been delayed by an action to determine the validity of the proceedings authorizing the issuance of such obligations, in which case the period of such delay may be added to the said ten years. Authorization of obligations not sold within the time limits provided shall lapse unless otherwise voided at an earlier date by the Assembly.

**Section 11.08 Assembly to Have Power to Regulate.**

The Assembly shall have power to regulate the indebtedness of the Municipality and the issuance of bonds and other evidences of indebtedness, regardless of type or purpose, including general-obligation, revenue, special-assessment, refunding, and other, subject only to the limitations imposed by the state constitution and law and this Charter.

**[Haines Alternative] ARTICLE XI BORROWING**

**Section 11.01 Municipal Debt**

*The borough may borrow money for any public purpose, and issue its evidences of indebtedness for obligations which include*

- (A) general obligation bonds;*
- (B) special assessment bonds;*
- (C) service area bonds;*
- (D) revenue bonds;*
- (E) refunding bonds;*
- (F) bond anticipation notes; and*
- (G) revenue anticipation notes.*

**Section 11.02 Limitations**

**(A) General obligations of the municipality.** *No general obligation bonded indebtedness may be incurred unless authorized by the assembly for capital improvements and ratified by a majority vote of those in the borough voting on the question, except that refunding bonds may be issued without an election and bond anticipation notes may be issued once the bond issue has been ratified.*

**(B) General obligations of service areas.** *No obligation by pledge of taxes to be levied in a service area may be issued unless authorized by the assembly for capital improvements and ratified by a majority vote from voters within the service area. Service area obligations may be additionally secured by a pledge of the municipality if the assembly authorizes and the areawide voters ratify the arrangement.*

**(C) Time limit on notes.** *Tax or revenue anticipation notes shall be repaid within twelve months from their date of issuance. When the taxes or revenues anticipated are not received within this time, the assembly may renew the notes for a period not to exceed six months.*

**(D) Limitations of sale.** *The Assembly by ordinance shall provide for the form and manner of sale of bonds and notes including reasonable limitation upon the sale of bonds and notes to financial consultants of the borough.*

**Section 11.03 Notice of Bond Election**

**(A) Before holding any election** *required by this article, the assembly shall have a notice of election published once a week for three consecutive weeks. The first publication shall be at least 20 days prior to the date of election. For elections ratifying the issuance of general obligation bonds of the municipality or service area obligations additionally secured by a pledge of the full faith and credit of the municipality, the notice shall contain:*

*(1) the amount of the bonds, purposes of issuance, length of time for the bonds to mature, and the maximum interest rate the bonds will bear;*

*(2) the amount of the estimated annual debt service on the proposed bonds;*

*(3) the amount of the current total general obligation debt;*

Articles X & XI

obligation bonds; and

(5) the current total assessed valuation within the municipality.

**(B) For bonds secured by a pledge of taxes to be levied in a service area, the notice shall contain the same information listed above, but in regard to the service area.**

#### **Section 11.04 Actions Challenging the Validity of Obligations**

*Minor errors in the published notice shall not invalidate any subsequent election.*

*Challenges to the sufficiency of any notice must be made no later than 30 days after the ordinance becomes effective.*

*An action challenging the validity of obligations of the borough or of an election or tax levy with respect to an obligation may be instituted only within thirty days after the adoption of the ordinance or resolution or certification of the election results, as the case may be.*

#### **Section 11.05 Proceeds From Sale of Obligations**

*Proceeds derived from the sale of obligations shall be used solely for the purposes for which the obligations were issued, or for payment of principal or interest or other charges with respect to the obligations.*

### **[Juneau Alternative] ARTICLE X — MUNICIPAL BORROWING**

*Section 10.1. TYPES OF OBLIGATIONS AUTHORIZED. Except as prohibited by law and this Charter, the municipality may borrow money and issue such evidence thereof (herein called "obligations") as the assembly may determine, including but not limited to the following:*

- (a) General Obligation Bonds*
- (b) Special Assessment Bonds*
- (c) Service Area Bonds*
- (d) Revenue Bonds*
- (e) Refunding Bonds*
- (f) Bond Anticipation Notes*
- (g) Revenue Anticipation Notes.*

*Section 10.2. TERMS OF OBLIGATIONS. (a) The assembly shall by ordinance prescribe the purposes, form, terms, conditions, contents, denominations, maturities, manner of execution, covenants, security, options of redemption, and such other matters relating to the issuance and sale of obligations as are deemed necessary and advisable by the assembly.*

*(b) The assembly shall by resolution prescribe the date, rate or rates of interest, and place or places of payment as related to the issuance and sale of obligations. (As amended by Serial No. 74-36 § 4, 1974).*

*Section 10.3. GENERAL OBLIGATIONS OF MUNICIPALITY. No general obligation indebtedness of the municipality may be incurred unless authorized for capital improvements by the assembly and ratified by a majority of the qualified voters voting on the question; provided however, that the assembly by ordinance may issue notes in anticipation of the issuance of general obligation bonds without a vote when such bonds have been so ratified.*

*Section 10.4. GENERAL OBLIGATIONS OF SERVICE AREAS. No obligation secured by a pledge of taxes to be levied in a service area may be issued unless authorized for capital improvements by the assembly and ratified by a majority of the qualified voters in the service area voting on the question; provided however, that the assembly by ordinance may issue notes in anticipation of the issuance of bonds so secured without a vote when such bonds have been ratified by the voters. In a service area where there are no qualified voters to vote on the question, voter ratification shall not be required. Obligations secured by a pledge of taxes to be levied in a service area may be additionally secured by a pledge of the full faith and credit of the municipality when so provided by the assembly and ratified by a majority of the qualified voters voting on the question.*

*Section 10.5. NOTICE OF BOND ELECTION. (a) Before holding any election required by this article the assembly shall cause a notice of election to be published once a week for three consecutive weeks in a newspaper of general circulation in the municipality. The first publication shall be at least twenty (20) days prior to the date*

## Articles X & XI

contain the following information:

- (1) The amount of the bonds, purposes of issuance, length of time within which the bonds shall mature and the maximum interest rate the bonds shall bear;
  - (2) The amount of the estimated annual debt service on the proposed bonds;
  - (3) The amount of the current total general obligation indebtedness of the municipality including authorized but unsold general obligation bonds;
  - (4) The amount of the current year's debt service on the outstanding general obligation bonds of the municipality;
  - (5) The current total assessed valuation within the municipality.
- (b) For bonds secured by a pledge of taxes to be levied in a service area the notice shall also contain the information required in (3), (4), and (5) relative to the service area.
- (c) Errors contained in information required in (2), (3), (4), and (5) with regard to the municipality or a service area shall not invalidate any election unless such errors are substantial. Actions challenging the sufficiency of any notice of election must be brought within the time provided in Section 10.11 of this Charter.

*Section 10.6. MANNER OF SALE.* All obligations may be sold in the manner directed or authorized by the assembly. (Adopted by the voters on October 4, 1983, regular election).

*Section 10.7. SALE PRICE.* All obligations other than revenue bonds shall be sold at a price of not less than par plus accrued interest to the date of delivery. Revenue bonds shall be sold at a price of not less than \$96 per \$100 par value.

*Section 10.8. SALE TO FINANCIAL CONSULTANTS.* No person who is retained by the municipality to perform services relating to financial programming or marketing assistance in connection with the issuance and sale of obligations may negotiate with the municipality directly or indirectly for the purchase and sale of such obligations at private sale. In the event any such person violates this provision the contract for such services shall be null and void and the person shall not be entitled to any compensation for services rendered and in addition the person shall be liable for any damages sustained by the municipality in connection with such purchase and sale. Violation of the provisions of this section shall not invalidate the obligations. (As amended by Serial No. 90-30 § 10, 1990).

*Section 10.9. LAPSE OF AUTHORIZATION.* Every obligation shall be sold within the ten years next following the adoption of the ordinance authorizing its issuance or the ratification of such issuance by the qualified voters of the municipality, whichever is later, except when such sale has been delayed by an action to determine the validity of the proceedings authorizing the issuance of such obligation, in which case the period of such delay may be added to said ten years. Authorization for obligations not sold within the time limits provided shall lapse.

*Section 10.10. USE OF PROCEEDS OF SALE.* Each obligation shall contain on its face a general statement of the purpose for which it is issued. No officer of the municipality may use the proceeds thereof for any other purpose, except that whenever the proceeds of any obligation or part thereof remain unexpended and unencumbered for the purpose for which the indebtedness was incurred, the assembly shall authorize the use of such unexpended and unencumbered funds only in accordance with the following order of priority unless the particular obligations have been fully retired or provision is made for payment thereof and a different order of priority is approved at a municipal election:

- (a) For retirement of such obligations.
- (b) If such obligations have been fully retired or provision has been made for the retirement thereof, then for the retirement of other obligations of the municipality.
- (c) For any other public improvement purpose or purposes of a like nature to the purpose for which the obligations were issued.
- (d) If such proceeds cannot be used as provided in paragraphs (a), (b), and (c) of this section, then in any other manner determined by the assembly.

*Section 10.11. ACTIONS CHALLENGING THE VALIDITY OF OBLIGATIONS.* No action challenging the validity of any obligation may be maintained unless instituted within thirty days from the date of certification of the results of the election ratifying the issuance of such obligation or thirty days from the effective date of the ordinance authorizing the issuance of such obligation when ratification is not required.

## Articles X & XI

*following general obligation bonds or notes without requiring ratification of the qualified voters:*

*(a) Disaster bonds or notes to be issued in case of calamity which has caused great loss for the preservation, rehabilitation, or reconstruction of municipal capital improvements;*

*(b) Notes for loans from accumulated reserves of the municipality on a definite plan for the repayment thereof and of interest thereon as provided by ordinance.*

**Section 10.13. INTEREST AND PROFITS FROM INVESTMENTS. All interest earned on and profits derived from the investment of the proceeds of the sale of any obligations shall be used solely for the purposes for which such obligations were issued.**

### **[Sitka Alternative] ARTICLE XII BORROWING**

#### Section 12.01 Authority

The municipality may borrow money and issue such evidence thereof (herein called "obligation") as the Assembly may determine necessary.

#### Section 12.02 Restrictions on Borrowing

(a) General Obligations of the Municipality. No general obligation bonded indebtedness may be incurred unless authorized for capital improvements by the Assembly and ratified by a majority vote of those in the municipality voting on the question.

(b) General Obligations of Service Areas. No obligation secured by a pledge of taxes to be levied in a service area may be issued unless authorized for capital improvements by the Assembly and ratified by a majority of the qualified voters in the service area voting on the question. In a service area where there are no qualified voters to vote on the question, voter ratification shall not be required. Obligations secured by a pledge of taxes to be levied in a service area may be additionally secured by a pledge of the full faith and credit of the municipality when so provided by the Assembly and ratified by a majority of the qualified voters voting on the question.

#### Section 12.03 Notice of Bond Election

In calling any election required by this article, the Assembly shall cause a notice to be published at least once a week for at least three consecutive weeks in a newspaper of general circulation in the municipality. The notice shall contain the following information:

- (1) The amount of the bonds, purpose of their issuance, and length of time within which the bonds shall mature.
- (2) The estimated annual debt service on the proposed bonds.
- (3) The current total general obligation indebtedness of the municipality, including authorized but unsold general obligation bonds.
- (4) The current year's debt service on the outstanding general obligation bonds of the municipality.
- (5) The current total assessed valuation within the municipality.

For bonds secured by a pledge of taxes to be levied in a service area the notice shall also contain the information required in (3), (4) and (5) relative to the service area. Errors contained in information required in (2), (3), (4) and (5) with regard to the municipality or a service area shall not invalidate any election unless such errors are substantial. Actions challenging the sufficiency of any notice of election must be brought within the time provided in Section 12.06 of this Charter.

#### Section 12.04 Manner of Sale

General obligation bonds and bonds secured by a pledge of taxes to be levied in a service area must be sold at public sale. Notice of the public sale shall be given at such time and in such manner as the Assembly shall prescribe. All other obligations may be sold in such manner as the Assembly shall provide. Nothing in this section shall be construed to prevent a

## Articles X & XI

notes, provided that the fact of the negotiation is made public; and nothing in this section shall be construed to prohibit the negotiated sale to private parties in the event that a public sale produces no bids acceptable to the Assembly.

### Section 12.05 Sale to Financial Consultants Prohibited

No person retained by the municipality to perform services relating to financial programming or the issuance and sale of obligations may bid on such obligations, directly or indirectly. Violation of the provisions of this section shall not invalidate the obligations.

### Section 12.06 Actions Challenging the Validity of Obligations

No action challenging the authority or proceedings for or the validity of, the issuance of obligations, a bond ratification election, or the levy of taxes to pay obligations, may be commenced or maintained unless instituted within thirty days from the date of certification of the results of the election ratifying the issuance, or of the adoption of the ordinance or resolution authorizing the issuance when ratification is not required.

### Section 12.07 Interest and Profits from Investments

All interest and profits derived from the investment of the proceeds from the sale of any obligations shall be used solely for the purposes for which such obligations were issued, or for their retirement.