

**KETCHIKAN CHARTER COMMISSION**  
AGENDA STATEMENT

NO   F-1  

MEETING OF **March 5, 2004**

ITEM TITLE Review and acceptance of the Article VIII, Municipal Utilities, of the Ketchikan 2004 DRAFT Charter SUBMITTED BY John Harrington
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SUMMARY STATEMENT

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

[Formatting note: Wording added to the Charter is underlined. Deleted items are smaller font, bracketed and bolded. Areas of concern or questions are highlighted and marked with asterisks.]

RECOMMENDED ACTION:

"I move to approve Article VIII of the Ketchikan 2004 DRAFT Charter in the second reading."

KETCHIKAN CHARTER COMMISSION  
KETCHIKAN 2004 DRAFT CHARTER

**ARTICLE VIII MUNICIPAL UTILITIES**

**Section 8.01Municipal 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 8.02Management.**

(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;

KETCHIKAN CHARTER COMMISSION  
KETCHIKAN 2004 DRAFT CHARTER

(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 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

KETCHIKAN CHARTER COMMISSION  
KETCHIKAN 2004 DRAFT CHARTER

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 may **[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 municipally owned electric, telephone, or **[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.