

KETCHIKAN CHARTER COMMISSION

AGENDA STATEMENT

NO G-1 & G-2

MEETING OF April 21, 2004

ITEM TITLE 2004 Draft Consolidation Petition for Discussion Purposes SUBMITTED BY Glen Thompson

SUMMARY STATEMENT

In its' efforts to complete a viable Consolidation Petition for submittal to the Local Boundary Commission by September 30, 2004, the Ketchikan Charter Commission adopted as a working draft the City of Ketchikan's 2001 Charter. Similarly, the Commission intends to review and modify the City of Ketchikan's 2001 Consolidation Petition.

This document has been reformatted for this purpose by removing the attachments that included the metes and bounds, maps, referenced newspaper articles, and other additional items that, while similar sections will exist in the 2004 submitted Petition, will not require language modification as will the attached documents.

During this weeks' meeting, the Commission will recess into work session to the review of the attached document, which includes the Petition and Attachments A, A5, D, & E3. Once the review is completed, the sections will revert to a working Draft document that will only be finalized at the time of submittal to the LBC.

RECOMMENDED ACTION:

G-1 "I move to recess into work session to complete a page-by-page review of the attached document."

G-1 "I move to reconvene into regular session to consider changes to the attached document."

PETITION FOR CONSOLIDATION OF THE KETCHIKAN GATEWAY BOROUGH AND THE CITY OF KETCHIKAN TO THE MUNICIPALITY OF KETCHIKAN, A HOME RULE BOROUGH

To: The State Of Alaska, Local Boundary Commission:

The Petitioner hereby requests that the Local Boundary Commission grant this petition for consolidation resulting in the dissolution of the home rule city and general law borough described herein and the incorporation of a home rule borough under the provisions of Article X, Sections 1, 3, and 5 of Alaska=s constitution; AS 29.06.090 - AS 29.06.170; 3 AAC 110.240 - 3AAC 110.250; 3 AAC 110.400 - 3 AAC 110.660; and 3 AAC 110.900 - 3 AAC 110.990.

1. CONSOLIDATION PROPOSAL. The Petitioner, the City of Ketchikan, a political subdivision of the State of Alaska, hereby petitions to dissolve the municipalities named below and to incorporate, through consolidation, the home rule borough named below and described in this petition:

Municipalities to be Dissolved by Consolidation:

Name: City of Ketchikan (hereafter City).

Class: home rule.

Name: Ketchikan Gateway Borough (hereafter Borough).

Class: second class borough.

Home Rule Borough to be Incorporated by Consolidation:

Name: Ketchikan (hereafter Ketchikan).

Class: home rule.

2. POPULATION. The population of the municipalities proposed for consolidation are estimated to be as follows:

City of Ketchikan: 8,460 ²

Ketchikan Gateway Borough (including City): 14,231 ³

3. REASONS FOR CONSOLIDATION.

A summary of the principal reasons for the consolidation proposal is provided as **Exhibit A**.

¹ This petition, including the Charter, transition plan, proposed taxes and budget are subject to amendment by the Petitioner in accordance with 3 AAC 110.540 or, after submittal, by the Local Boundary Commission.

2 former Department of Community and Regional Affairs, December, 1998.

3 former Department of Community and Regional Affairs, December, 1998.

4. LEGAL DESCRIPTION AND MAP OF BOUNDARIES OF PROPOSED HOME RULE BOROUGH TO BE INCORPORATED THROUGH CONSOLIDATION:

A written metes and bounds legal description of the boundaries of the home rule borough proposed to be incorporated by consolidation is presented as **Exhibit B-1**.

A map showing the boundaries of the home rule borough proposed to be incorporated by consolidation is presented as **Exhibit B-2**. The boundaries described and shown on the map are identical to the existing boundaries of the Ketchikan Gateway Borough.

5. LEGAL DESCRIPTION AND MAP OF BOUNDARIES OF EXISTING MUNICIPALITIES PROPOSED TO BE DISSOLVED THROUGH CONSOLIDATION:

Exhibit C-1A provides a written metes and bounds legal description of the existing boundaries of the City of Ketchikan which would be dissolved through consolidation. It is noted that there are two petitions currently pending before the Local Boundary Commission for the annexation of lands to the City of Ketchikan. The first is for the annexation of 1.2 square miles, including the entire Shoreline Service Area (referred to as the Shoreline annexation). That annexation, if approved, is expected to take effect in March 2000, prior to consolidation.

Exhibit C-1B provides a written metes and bounds legal description of the proposed expanded boundaries of the City of Ketchikan which would be dissolved through consolidation. The second is for the annexation of 0.4 square miles of low-density residential and commercial property west of the City limits (referred to as the Lybrand annexation). That annexation, if approved, is expected to take effect in late 2000, prior to consolidation. **Exhibit C-1C** provides a written metes and bounds legal description of the proposed expanded boundaries of the City of Ketchikan resulting from both the Shoreline and Lybrand annexations, which would be dissolved through consolidation.

Exhibit C-2A provides a map showing the existing boundaries of the City of Ketchikan.

Exhibit C-2B provides a map showing the proposed expanded boundaries of the City of Ketchikan incorporating the Shoreline annexation.

Exhibit C-2C provides a map showing the proposed expanded boundaries of the City of Ketchikan incorporating both the Shoreline and Lybrand annexations.

A written metes and bounds description and map of the boundaries of the Ketchikan Gateway Borough, which would also be dissolved through consolidation, is provided as **Exhibits B-1 and B-2**.

6. COMPOSITION AND APPORTIONMENT OF THE ASSEMBLY.

Exhibit D presents the proposed apportionment and composition of the Assembly for the proposed home rule borough to be incorporated through consolidation. The proposed apportionment and composition is consistent with the equal representation standards of the Constitution of the United States and complies with AS 29.20.060. Unless modified by the Local Boundary Commission on a reasonable basis following hearings on the consolidation proposal, the Assembly will be comprised of the number of members and apportioned as set out in **Exhibit D** until the composition or apportionment of the Assembly is lawfully changed.

7. AREAWIDE AND NON-AREAWIDE POWERS AND SERVICES.

Listed below are the proposed services to be provided and the powers proposed to be exercised by the home rule borough on an areawide and non-areawide basis. To the extent that voter approval is required to grant the powers and authority for areawide or non-areawide services listed in this petition, as may be amended on a reasonable basis by the Local Boundary Commission following a public hearing on this petition, voter approval will be deemed to have been granted upon voter approval of the consolidation.

Areawide Powers Required by Statute:

1. Education
2. Assessment and Collection of Property, Sales and Transient Occupancy Taxes
3. Platting, Planning, and Land Use Regulation

Areawide Powers and Services Required by Charter: 4

1. Parks and Recreation
2. Transportation
3. Animal Control
4. Economic Development
5. Emergency 911 Dispatch
6. Library
7. Museum

- 8. Civic Center
- 9. Mental Health and Substance Abuse
- 10. Hospital

4 As a second class borough, the Ketchikan Gateway Borough has also adopted the following general government services as permissive areawide powers: voter services, alcoholic beverage hours, emergency disaster planning, emergency communications and tax increment financing. Upon consolidation, it is anticipated that such powers will continue to be exercised on an areawide basis until such time as the Assembly determines otherwise.

- 11. Public Health
- 12. Cemetery
- 13. Solid Waste Disposal
- 14. Port and Harbors

Utility Powers Required by Charter:

- 1. Electricity (borough-owned Utility)
- 2. Telecommunications (borough-owned Utility)
- 3. Water Service (borough-owned Utility initially to Ketchikan Service Area only)

Non-areawide Powers and Services Required by Charter:

None

8. AREAWIDE AND NON-AREAWIDE TAXES.

The type and rate of each areawide and non-areawide tax proposed to be initially levied by the home rule borough is listed below. To the extent that voter approval is required to grant authority to levy proposed areawide and non-areawide taxes listed in this petition, as may be amended on a reasonable basis by the Local Boundary Commission following a public hearing on this petition, it will be deemed to have been granted upon voter approval of the consolidation.

AREAWIDE:

Tax Type	Tax Rate
Borough Areawide Real and Personal Property	9.2 mills
Sales	3.0%
Areawide Transient Occupancy	6.0%

Services Paid for by User Fees:

Residential Electric	\$.0875/kwh \$6.00 Electric Customer Fee/month
Residential Telephone	Basic Tariff @ \$18.30/month
Residential Solid Waste Disposal	\$15.00/month

NON-AREAWIDE:

Tax Type/Tax Rate

None

Services Paid for by User Fees:

See Exhibit E-3

SERVICE AREAS AND SERVICE AREA TAXES.

Service areas may be established to exercise powers and provide services that will not be exercised or provided on an areawide or non-areawide basis or those that will be provided or exercised on a higher, lower, or otherwise different level than on an areawide or non-areawide basis.

A written metes and bounds legal description of the boundaries of each proposed initial service area of the borough is presented as **Exhibit E-1A**. It is noted that there are petitions currently pending before the Local Boundary Commission for the annexation of lands to the City of Ketchikan.

The first is for the annexation of 1.2 square miles, including the entire Shoreline

Service Area (referred to as the Shoreline Annexation). That annexation, if approved, is expected to take effect in March 2000 prior to consolidation. **Exhibit E-1B** provides a written metes and bounds legal description of the proposed expanded boundaries of the Ketchikan Service Area should the annexation be approved. The second is for the annexation of 0.4 square miles of low density residential and commercial property west of the City limits (referred to as the Lybrand annexation). That annexation, if approved, is expected to take effect in late 2000, prior to consolidation. **Exhibit E-1C** provides a written metes and bounds legal description of the proposed expanded boundaries of the Ketchikan Service Area should the Shoreline and Lybrand annexations be approved.

The Lybrand annexation would also increase the proposed boundaries of the Greater Ketchikan EMS Service Area. **Exhibit E-1D** provides a written metes and bounds legal description of the proposed expanded boundaries of the Greater Ketchikan EMS Service Area should the annexation be approved by the Local Boundary Commission.

A map showing the boundaries of each proposed initial service area is presented as **Exhibit E-2A**. It is noted that there are two petitions currently pending before the Local Boundary Commission for the annexation of lands to the City of Ketchikan.

The first is for the annexation of 1.2 square miles, including the entire Shoreline Service Area (referred to as the Shoreline Annexation). That annexation, if approved, is expected to take effect in March 2000 prior to consolidation. **Exhibit E-2B** provides a map showing the proposed expanded boundaries of the Ketchikan Service Area should the annexation be approved. The second is for the annexation of 0.4 square miles of low density residential and commercial property west of the City limits (referred to as the Lybrand annexation).

That annexation, if approved, is expected to take effect in late 2000, prior to consolidation. **Exhibit E-2C** provides a map showing the proposed expanded boundaries of the Ketchikan Service Area should the Shoreline and Lybrand annexations be approved.

The Lybrand annexation would also increase the proposed boundaries of the Greater Ketchikan EMS Service Area. **Exhibit E-2D** provides a map showing the proposed expanded boundaries of the Greater Ketchikan EMS Service Area should the annexation be approved by the Local Boundary Commission.

A statement of the proposed powers to be exercised, services to be provided and taxes to be levied within each of the proposed service areas is presented as **Exhibit E-3**. To the extent that voter approval is required to establish service areas listed in **Exhibit E-1**, to authorize the exercise of service area powers listed in **Exhibit E-3** and to authorize the levy of service area taxes listed in **Exhibit E-3**, as may be amended on a reasonable basis by the Local Boundary Commission following a public hearing on

this petition, voter approval will be deemed to have been granted upon voter approval of the consolidation.

10. TAXABLE VALUE OF REAL AND PERSONAL PROPERTY. [NOTE: CORRECTED Figures and/or corrections in bold as of 4/17/04]

The following is the assessed or estimated value of taxable property in the territory proposed for consolidation:

AREAWIDE:

As of January 1, 1999 (**January 1, 2004**) the **preliminary** areawide assessed value of taxable property in the territory proposed for consolidation, net of Senior Citizen/Disabled Veteran properties valued at ~~\$61,331,200~~ is ~~\$949,128,700~~. **\$71,700,000, is \$914,040,000**

NON-AREAWIDE:

As of January 1, 1999(**January 1, 2004**) the **preliminary** non-areawide assessed value of taxable property in the territory proposed for consolidation (i.e., the area of the proposed municipality exclusive of the City of Saxman), net of Senior Citizen/Disabled Veteran properties valued at ~~\$60,365,500~~, is ~~\$936,994,200~~. **\$69,900,000, is \$901,930,000.**

SERVICE AREAS:

1. Ketchikan Service Area (former City): As of January 1, 1999 (**January 1, 2004**) the **preliminary** assessed value of taxable property in the territory proposed as the Ketchikan Service Area, net of Senior Citizen/Disabled Veteran properties valued at ~~\$37,439,500~~, is ~~\$491,550,200~~. **\$42,500,000, is 539,980,000.**

2. Greater Ketchikan EMS Service Area: **5** As of January 1, 1999 the assessed value of taxable property in the territory proposed as the Greater Ketchikan Borough Emergency Medical Services and Dispatch Service Area, net of Senior Citizen/Disabled Veteran properties valued at \$49,541,700, is \$668,594,800. **Not Calculated**

3. Shoreline Service Area:⁶ As of January 1, 1999 the assessed value of taxable property in the territory proposed as the Shoreline Service Area, as modified to exclude that portion of the service area that will remain a part of Ketchikan Service Area upon consolidation, net of Senior Citizen/Disabled Veteran properties valued at \$3,187,600, is \$37,207,100. **Eliminated**

5 It is noted that a petition is currently pending before the Local Boundary Commission for the annexation to the City of Ketchikan of 0.4 square miles of low density residential and commercial property west of the City. That annexation, if approved, is expected to take effect in late 2000, prior to consolidation and will affect the boundaries of the Greater Ketchikan EMS Service Area as originally proposed. Descriptions of the proposed and increased boundaries of the Greater Ketchikan EMS Service Area are included within this petition as Exhibits E-1A and E-1D.

6 It is noted that a petition is currently pending before the Local Boundary commission for the annexation to the City of Ketchikan of 1.2 square miles, including the entire Shoreline Service Area. That annexation, if approved, is expected to take effect in March 2000, prior to consolidation. If the annexation proposal takes effect, the Shoreline Service Area would not exist in the consolidated borough.

4. Forest Park Service Area: As of January 1, 1999 (**January 1, 2004**) the **preliminary** assessed value of taxable property in the Forest Park Service Area, net of Senior Citizen/Disabled Veteran properties valued at ~~\$852,800, is \$20,948,400.~~ **\$1,050,000, is 20,680,000.**

5. Gold Nugget Service Area: As of January 1, 1999 (**January 1, 2004**) the **preliminary** assessed value of taxable property in the Gold Nugget Service Area, net of Senior Citizen/Disabled Veteran properties valued at ~~\$750,000, is \$6,917,100.~~ **\$600,000, is \$7,360,000.**

6. Mountain Point Service Area: As of January 1, 1999 the **preliminary** assessed value of taxable property in the Mountain Point Service Area, net of Senior Citizen/Disabled Veteran properties valued at \$3,484,100, is \$30,449,500. **Eliminated**

7. Mud Bight Service Area: As of January 1, 1999 (**January 1, 2004**) the **preliminary** assessed value of taxable property in the Mud Bight Service Area, net of Senior Citizen/Disabled Veteran properties valued at ~~\$0, is \$960,200.~~ **\$0, is \$2,000,000**

8. Shoup Street Service Area: .As of January 1, 1999 the **preliminary** assessed value of taxable property in the Shoup Street Service Area, net of Senior Citizen/Disabled Veteran properties valued at \$835,500, is \$10,133,700. **Eliminated**

9. South Tongass ~~Volunteer Fire Department~~ Service Area: As of January 1, 1999 (**January 1, 2004**) the **preliminary** assessed value of taxable property in the South Tongass ~~Volunteer Fire Department~~ Service Area, net of Senior Citizen/Disabled Veteran properties valued at ~~\$7,901,700 is \$102,129,700.~~ **\$10,000,000, is 107,170,000.** The South Tongass ~~Volunteer Fire Department~~ Service Area includes five three other service areas.

10. Waterfall Creek Service Area: As of January 1, 1999 (**January 1, 2004**) the **preliminary** assessed value of taxable property in the Waterfall Creek Service Area, net of Senior Citizen/Disabled Veteran properties valued at ~~\$123,900, is \$8,529,300.~~ **\$700,000, is 9,450,000.**

11. Nichols View Service Area: As of January 1, 1999 (**January 1, 2004**) the **preliminary** assessed value of taxable property in the Nichols View Service Area, net of Senior Citizen/Disabled Veteran properties valued at ~~\$0, is \$75,400.~~ **\$ 0, \$75,000.**

12. Deep Bay Service Area: As of January 1, 1999 (**January 1, 2004**) the **preliminary** assessed value of taxable property in the Deep Bay Service Area, net of Senior Citizen/Disabled Veteran properties valued at ~~\$0, is \$203,500.~~ **\$0, \$206,000.**

13. Long Arm Service Area: As of January 1, 1999 (**January 1, 2004**) the **preliminary** assessed value of taxable property in the Long Arm Service Area, net of Senior Citizen/Disabled Veteran properties valued at ~~\$0, is \$739,200.~~ **\$150,000, is \$843,000.**

14. Vallenar Bay Service Area: As of January 1, 1999 (**January 1, 2004**) the **preliminary** assessed value of taxable property in the Vallenar Service Area, net of Senior Citizen/Disabled Veteran properties valued at ~~\$0, is \$0.~~ **\$0, is \$896,000.**

15. North Tongass Fire & EMS Service Area: As of January 1, 2004 the preliminary assessed value of taxable property in the North Tongass Fire & EMS Service Area, net of Senior Citizen/Disabled Veteran properties valued at \$14,900,000 is \$221,110,000. North Tongass Fire & EMS Service Area includes two other service areas.

11. THREE-YEAR OPERATING BUDGET AND FINANCIAL PLAN

Exhibit F presents a proposed three-year operating budget and financial plan for the home rule borough projecting sources of incomes and items of expenditure through the first three full fiscal years of operation.

12. VOTING RIGHTS INFORMATION.

Information relevant to consideration of the petition in terms of the federal Voting Rights Act is provided in **Exhibit G**. This information includes the following:.

(A) The extent to which the territory proposed for consolidation excludes minorities while it includes non-minorities.

(B) Whether the electoral system of the proposed home rule borough fairly reflects minority voting strength.

(C) The extent to which minorities participated in the development of the consolidation proposal.

(D) Information concerning the extent to which English in written and spoken forms is not understood by minorities at least 18 years of age who reside in the territory proposed for consolidation.

13. BRIEF

Exhibit H presents a statement fully explaining how the proposed consolidation satisfies the standards set out in Article X, " 1, 3 and 5 of Alaska's constitution; AS 29.06.130; AS 29.05.031; 3 AAC 110.240 - 3 AAC 110.250; 3 AAC 110.045 - 3 AAC 110.060; and 3 AAC 110.910. The brief references each of these standards and explains why the proposed consolidation is good public policy. The brief demonstrates that:

1) The proposed consolidation promotes maximum local self-government with a minimum of local government units in accordance with Article X, ' 1 of the Constitution of the State of Alaska.

2) The boundaries of the proposed borough embrace an area and population with common interests to the maximum degree possible in accordance with Article X, ' 3 of the Constitution of the State of Alaska.

3) The population of the proposed borough is interrelated and integrated as to its social, cultural, and economic activities, and is large and stable enough to support a borough in accordance with AS 29.05.031(a)(1), 3 AAC 110.045(a), (c), (d), and 3 AAC 110.050.

4) The boundaries of the proposed borough conform generally to natural geography and include all areas necessary for full development of municipal services in accordance with AS 29.05.031(a)(2) and 3 AAC 110.060.

5) The economy of the area within the proposed borough includes the

human and financial resources capable of providing municipal services in accordance with AS 29.05.031(a)(3) and 3 AAC 110.055. Elements of the economy specifically addressed include: land use, property values, total economic base, total personal income, resource and commercial development, anticipated functions, anticipated expenses and anticipated income of the proposed borough.

6) Land, water, and air transportation facilities allow the communication and exchange necessary for the development of integrated government in accordance with AS 29.05.031(a)(4) and 3 AAC 110.045(b).

7) Incorporation of the proposed borough through consolidation will not deny any person the enjoyment of any civil or political right because of race, color, creed, sex or national origin in accordance with 3 AAC 110.910.

14. CHARTER.

Exhibit I presents the proposed home rule charter for the borough. The proposed charter, as may be amended on a reasonable basis by the Local Boundary Commission following a public hearing on this petition, is adopted if voters approve incorporation of the home rule borough through consolidation.

15. TRANSITION PLAN.

Exhibit J presents a practical plan demonstrating the intent and capability of the proposed borough to begin providing essential services as defined by 3AAC 110.990(a)(7) to the territory proposed for consolidation within the shortest practicable time after consolidation. It also provides a practical plan for the assumption of all relevant and appropriate powers, rights, and functions presently exercised by the Ketchikan Gateway Borough and the City of Ketchikan and other relevant entities within the territory proposed for consolidation. Further, it provides a practical plan for the transfer and integration of all relevant and appropriate assets and liabilities of existing municipal governments and other relevant entities within the territory proposed for consolidation.

The plan was developed in consultation with officials of municipal governments and other relevant entities within the territory proposed for incorporation through consolidation. The plan complies with the provisions of AS 29.06.150 and AS 29.06.160.

16. INFORMATION RELATING TO PUBLIC NOTICE

Exhibit K offers information relevant to the provision of public notice of the consolidation proceedings. Included are details about local media, municipal governments within and adjacent to the territory proposed for consolidation, places for posting public notices relating to the proposed consolidation, the location where the petition may be reviewed by the public, and parties that may warrant individual notice of the consolidation proceedings.

17. PETITIONER’S REPRESENTATIVE

The Petitioner designates the following individual to act as its primary representative on all matters regarding the proposed consolidation:

Name:	Karl R. Amylon
Title:	City Manager City of Ketchikan
Address:	334 Front Street
City, State & Zip Code:	Ketchikan, Alaska 99901
Telephone Number:	(907) 228-5603
Facsimile Number:	(907) 225-5075

18. PETITION INFORMATION & ACCURACY.

An affidavit of the Petitioner’s Representative affirming that the information in this petition is true and accurate is provided in **Exhibit L**.

19. AUTHORIZATION OF THE PETITION.

Pursuant to AS 29.06.090(b)(1) and 3 AAC 110.410(a)(4), this petition for consolidation is initiated by the Council of the City of Ketchikan. A certified copy of the resolution adopted by the City Council to authorize the filing of this petition is provided as **Exhibit M**.

DATED this _____ day of December, 1999.

By: _____
Karl R. Amylon, City Manager
Petitioner’s Representative

EXHIBIT A

Statement of Principal Reasons for the Proposal to Consolidate

Historical Perspective:

The greater Ketchikan community is located on Revillagigedo Island, which is situated in the southern portion of the Southeast Alaska panhandle. Having a population of 13,961¹, Ketchikan has long been the center of residential, retail and business activity within this region of the State. Although its residents share a multitude of common interests and beliefs, they are served by three separate and distinct local governments. The City of Ketchikan, which has a population of 8,320², is a home rule city. The City of Saxman, which has a population of 371³, is a second-class city. Its current legal status is unaffected by the consolidation proposed within this petition. The Ketchikan Gateway Borough is a second-class borough.

Issues regarding the structure and configuration of Ketchikan local government have been debated periodically throughout the last two decades. During these times of debate, residents of Ketchikan and their elected and appointed officials have examined and assessed various means of combining local governments, in order to achieve efficiencies and economies of scale. In 1973, a proposition was placed before the voters to unify the City of Ketchikan, the City of Saxman, and the Ketchikan Gateway Borough.

Although voters within the City approved the ballot measure, it was defeated in Saxman and the outlying areas of the Borough. Consequently, the proposition failed. In 1975, the Mayor of the City of Ketchikan appointed a "Study Committee for Local Government Efficiency." The Committee concluded that "a consolidated form of government . . . offers the greatest promise."⁴ The Mayors of the Borough and the City subsequently directed their respective staffs to refine the Committee's report, in order that reorganization of the local government structure could be advanced. In May of 1976 the City and the Borough produced a consolidation study, but no action was taken and interest in the issue appears to have waned in the 1980's.

In recent years the subject of improving local government structure has been renewed. In 1990, the Ketchikan Chamber of Commerce formed a study group to investigate the process and benefits of consolidating the City of Ketchikan and the Ketchikan Gateway Borough. The efforts of this group resulted in the City and Borough jointly funding a local government consolidation study. The study was released in 1993 and examined the cost of local government duplication and evaluated possible savings resulting from consolidation.⁵ The analysis, commonly referred to as the "Chitwood Study" (see Exhibit A-1), reached several important conclusions about the potential of consolidating

¹Alaska Department of Community and Economic Development, December, 1999.

²Alaska Department of Community and Economic Development, December, 1999.

³Alaska Department of Community and Economic Development, December, 1999.

⁴Report of the Study Committee for Local Government Efficiency, September, 1975.

5Ketchikan Local Government Consolidation Study, March, 1993.

the City and the Borough, including the following:

1. Several City and Borough departments duplicate each other and a number of positions could be eliminated under a newly consolidated form of government.
2. Current City and Borough services could continue to be provided as they are now under a newly consolidated form of government.
3. The City of Saxman and the existing service areas within the Borough can continue to operate as they do now under a newly consolidated form of government.
4. Consolidation will simplify relations with the federal and state governments, both of which are highly important to the Ketchikan community.

Following the release of the Chitwood Study, the Ketchikan Chamber of Commerce sponsored a series of discussions, in order to address the structure of local government in Ketchikan. These meetings identified alternative forms of government of the combined City and Borough. A representative of the former State Department of Community and Regional Affairs participated in a number of these meetings and responded to questions regarding the effect of consolidation on State funding.

In 1994, the City of Ketchikan established a committee of citizens and local officials, in order to prepare a draft charter for a consolidated City and Borough government. This committee's work formed the basis of the proposed charter incorporated within this petition.

Principal Reasons For Consolidation:

1. Consolidation promotes maximum local self-government with a minimum of local government units.

Article X, Section 1 of the Alaska Constitution states that the purpose of the Local Government Article is to "provide a maximum of local self-government with a minimum of local government units." The proposed consolidation will dissolve the home rule City of Ketchikan and the second class Ketchikan Gateway Borough, in order to form one consolidated home rule local government. The proposed home rule status of the consolidated borough meets this constitutional intent by promoting maximum local self government for a larger number of people with less government units. The City of Saxman and the existing service areas within the Borough will remain in existence after the consolidation. The former City of Ketchikan will become a service area under the consolidated home rule borough that is proposed.

2. Consolidation encourages efficiencies and economies of scale within local government.

Neither the City of Ketchikan nor the Ketchikan Gateway Borough, when examined separately, are inefficient or poorly run. When one considers a total Borough population of 13,961, and the fact that sixty percent of its residents reside within the City, the inefficiency of maintaining two separate government structures becomes, however, readily apparent. Given the decline of Southeast Alaska's natural resource based economy and the State's current fiscal gap, it is incumbent upon elected and appointed officials to encourage as efficient a local government as possible.

There exist two governing bodies and four departments within the City of Ketchikan and the Ketchikan Gateway Borough that are analogous to one another and which require a redundant investment of community resources:

- _City Council and Borough Assembly;
- City Clerk and Borough Clerk;
- _City Manager and Borough Manager;
- City Attorney and Borough Attorney; and
- City Finance and Borough Finance Departments.

Consolidation will provide for the amalgamation of these governing bodies and departments. The government structure resulting from consolidation will be significantly smaller and less costly to the community as a whole. As is discussed in the Transition Plan, the consolidated government is initially expected to have eight less elected officials and eight less middle and upper management positions than are currently retained by the City and Borough. The elimination of these positions will result in first year savings to the community of approximately \$950,000. It is anticipated that additional savings will accrue to the consolidated government as further efficiencies are identified in the future.

The City of Ketchikan has, for example, already initiated efforts to internally consolidate by combining the management of the City and Ketchikan Public Utilities (see Exhibit A-2). This action has resulted in savings to the City in excess of \$200,000 annually.

3. Consolidation establishes a single provider of municipal services and results in a more effective and accountable government structure.

Separate City and Borough governments often lead to confusion and frustration among the citizenry of Ketchikan. Both the City and Borough are responsible for separate and distinct services that benefit the entire community of Ketchikan.

Residents of the community often become perplexed and frustrated when attempting to determine which government is responsible for what service. The Borough is, for example, responsible for land use regulation on an areawide basis, while the City is charged with enforcement of building codes within its boundaries. Often the two are at odds and the local resident finds himself or herself shuffling back and forth between the two entities for answers.

Depending on the issue, constituents may find themselves in the position of not only having to deal with two government staffs, but two elected boards as well. A consolidated government by its very nature will provide for a higher degree of accountability. One elected board and management staff will be responsible for exercising and providing all areawide and non-areawide powers and services within the community in as an efficient and cost-effective manner as possible. Issues of "turf" will be eliminated and residents of the community will have direct knowledge of who is responsible for satisfying constituent concerns.

4. A consolidated government enhances the community's ability to determine areawide policies and priorities and to represent itself in a unified manner when dealing with state and federal agencies.

Again, both the City and Borough are responsible for separate and distinct services that benefit the entire greater community of Ketchikan. As such, each jurisdiction may have different perspectives as to what policies and projects constitute priorities for the community. The Borough is responsible, for example, for long-term planning and economic development. The City is, on the other hand, charged with providing major regional services and infrastructure to the community. By their very nature each set of powers and services is dependent upon the other when attempting to advance the interests of Ketchikan forward.

The separation of areawide and non-areawide services between the City and Borough does not provide an environment that lends itself well to such a harmonious approach. While each government jurisdiction promotes its own respective agenda, what benefits the community as a whole can sometimes be over-looked. The Ketchikan Gateway Borough considered, for example, the acquisition of real property, in order to establish a new office complex for a growing Borough staff. At the same time it had been well known that the City of Ketchikan was pursuing the consolidation of the City and Borough and anticipated a vote by residents in late 2000 or early 2001. As observed by prominent local resident Peter Ellis, what was lacking by the Borough's proposal was "any sort of appreciation as to the potential effects of consolidation and a need to combine governmental activities when consolidation occurs . . . Certainly an overall assessment of not only Borough office needs but City, as well, should be a priority in terms of any building acquisition or development plans"

(see Exhibit A-3).

Effective comprehensive planning mandates a consolidated government that can establish policies and priorities that integrate the best interests of the entire community as a whole, as opposed to separate jurisdictions only concerned with their respective goals and programs.

A similar assessment can be made with respect to the community's relationship with the State and Federal governments. It is anticipated that consolidation would enhance the community's ability to interact with intergovernmental agencies. Although the community attempts to work together in promoting an agenda for itself, often mixed messages are sent as the Borough and City compete for their priority issues in an environment of declining federal and state resources. A unified front is absolutely essential within the context of potentially decreasing legislative representation and diminishing Federal and State funding. A consolidated government representing the agreed-upon interests of the entire community will be much more effective in advancing the priorities of Ketchikan forward into the next century.

5. Consolidation provides for an equitable distribution of the management and cost of providing regional community services.

Under the status quo several regional services that are used and relied upon by the entire community are provided and paid for by the City. These services include, but are not limited to, the Ketchikan General Hospital; the Gateway Center for Human Services (mental health and substance abuse); emergency medical services; emergency 911 dispatch services; public health services; senior citizen support services; community cemetery services; community cultural services including the Tongass Historical Museum, the Ketchikan Public Library and the Ted Ferry Civic Center; and the operation and ownership of the telephone and electric utilities. Consolidation will transfer these services and their associated costs to an areawide government.

These areawide services will be provided by a governmental entity that represents the entire area served rather than by a sub-jurisdiction representing City residents only. All residents will become enfranchised regarding the management of these regional services and infrastructure, and subsequently pay their proportionate share of the costs. Absent voter approval of consolidation, the City will continue to be in the position of having to consider additional annexations similar to those, which have been or are currently before the Local Boundary Commission. Any major shift in sales tax generation will necessitate consideration of future annexations. As was recognized in the October 13, 1999 editorial of the Ketchikan Daily News (see Exhibit

A-4), the ability to equitably pay for services that benefit the entire community dictates the “need to figure out a way to have one government, one mayor, one tax bill - one day soon . . .”

6. Consolidation enhances local government’s ability to provide for effective economic development and long-term planning.

The greater Ketchikan community is undergoing a significant and difficult economic transition. Traditionally dependent on resource based industries such as timber and fishing, the local economy has suffered in recent years as the result of lower logging levels in the Tongass National Forest and the uncertainty over international fishing agreements and acceptable allocations. In March of 1997, the community’s major employer, Ketchikan Pulp Company, closed its pulp mill operations at Ward Cove. An estimated 500 direct, highly paid positions were eliminated and up to an additional 500 secondary jobs that supported mill operations have been lost within the community. Although both the City and Borough have attempted to support local economic diversification, again the separation of powers and services have prevented a unified and effective approach. While the Borough has been utilizing its financial resources to actively promote economic development and the recruitment of new businesses, the City has centered its attention on sustaining such growth in terms of insuring adequate utility capacity and infrastructure. What often results can no better be described as the “chicken or egg” syndrome. The Borough is currently attempting to develop industrial park facilities on Gravina Island at Lewis Reef, which is adjacent to the Ketchikan International Airport. Such economic development efforts are certainly in the community’s best interests and are supported by the City. Depending on what type of commercial/manufacturing concerns locate to this facility, it is uncertain as to whether sufficient electrical capacity will be available to meet increased industrial demand. Economic development and adequate utility/infrastructure capacity must be managed as a coordinated effort, drawing on the resources of both the City and the Borough, if the community is to successfully grow and prosper. A consolidated home rule borough that is responsible for all areawide and non-areawide powers and services is the best mechanism by which to accomplish this objective.

7. Consolidation provides for a single government entity to represent an area that is socially and economically unified.

The residents of the City of Ketchikan and the Ketchikan Gateway Borough are strongly integrated in many social and economic respects and share a common community life. Typically, residents of either the City or Borough identify themselves as being from “Ketchikan.” The economic, educational, social and religious lives of Ketchikan area residents are well interconnected. The area is further united by

areawide education, health and utility (telephone and electric) systems. Demographic and socioeconomic data collected by both the federal and state governments display uniformity in the community (see Exhibit A-5).

Having approximately sixty percent of the total Borough residents, the City of Ketchikan is the most densely populated area center within the Borough. Other smaller but well-defined neighborhoods are located on the main road system including Waterfall, North Point Higgins, South Point Higgins, Pond Reef, Shoreline, Forest Park, Shoup Street and Mountain Point. The residents of these neighborhoods have a significant degree of economic reliance on the City of Ketchikan. They have marginal economic bases of their own and most do not have institutions such as churches, banks, post offices or civic associations commonly associated with independent communities. Most of these neighborhoods function as “bedroom” communities, providing a semi-rural housing environment for people working in the City of Ketchikan.

The areas described above have historically been indistinguishable as independent communities. Consolidation of the City and Borough will provide for a single government entity representing a population that shares a common set of social, economic and cultural interests.

EXHIBIT A-5 Community Uniformity City of Ketchikan and the Ketchikan Gateway Borough

The following information demonstrates that the City of Ketchikan and the Ketchikan Gateway Borough are socially and economically unified and interrelated.

Demographic Data Of The Community (Based on 1990 U.S. Census)

Age Group	<5	5-17	18-20	21-29	30-44	45-59	60-74	75+
Borough	511	1,338	186	408	1,723	854	503	70
% of Total	9.2%	24.0%	3.0%	7.3%	30.9%	15.3%	9.0%	1.3%
City	700	1,573	339	1,247	2,251	1,200	507	263
% of Total	8.7%	19.5%	4.2%	15.4%	27.9%	14.9%	6.3%	3.0%

Race Make-up	Ketchikan Gateway Borough	City of Ketchikan
Caucasian	81.8%	78.3%
Native	13.7%	15.7%
Asian and Pacific	3.6%	4.9%
African-American	.5%	.6%

Population Data Of The Community (Based on Alaska Department of Labor) Population Growth

Year	April 1, 1990	July 1, 1991	July 1, 1992	July 1, 1993	July 1, 1994	July 1, 1995	July 1, 1996	July 1, 1997	July 1, 1998
Borough	13,828	14,255	14,635	14,714	14,756	14,775	14,655	14,490	14,222
% Change		3.09%	2.67%	0.54%	0.29%	0.13%	-0.81%	-1.13%	-1.86%
City	8,263	8,499	8,681	8,747	8,701	8,622	8,667	8,501	8,460
% Change		2.86%	2.14%	0.76%	-0.53%	-0.91%	0.52%	-1.92%	-0.48%

Economic Data Of The Community (Based on 1990 U.S. Census)

Median Family Income (1989\$):	City of Ketchikan	\$50,284
	Ketchikan Gateway Borough	\$51,716
Median Value Of Home (1989\$):	City of Ketchikan	\$105,200
	Ketchikan Gateway Borough	\$112,600

Education (K - 12) Information

One School District (Ketchikan School District) serves the entire Ketchikan Community. The School District has one high school (9 through 12), one middle school (7 and 8) and one alternative secondary school (7 through 12), all of which are located within the City of Ketchikan. The School District has four elementary schools, three located within the City of Ketchikan and one located outside the City of Ketchikan. All elementary schools are open enrollment-type schools, allowing parents, regardless of where they reside, to enroll their child in the elementary school of their choice. The community also has one elementary Charter School located within the High School facility. Similar to other elementary schools, enrollment into the Charter School is available to all community residents regardless of where they reside.

Health Care/Social Service Information

The Ketchikan Community has one hospital which serves not only the Ketchikan Community but Southern Southeast Alaska. Ketchikan General Hospital is owned by the City of Ketchikan and operated by Peace Health Corp. through a long term agreement with the City. The City also provides social services (mental health and substance abuse) to the same population through its Gateway Center For Human Services Department. Use and/or cost of health care and social services is not differentiated by location of residence.

Cultural Information

The City of Ketchikan owns and operates the community library, community museum, Totem Heritage Center and Civic Center. Use and enjoyment of these cultural facilities are shared by all Ketchikan Community residents.

Religious Information

The Ketchikan Community has in excess of twenty-five churches of various denominations located both inside and outside the City of Ketchikan. Of churches located within the Ketchikan Community, there is little, if any, duplication of doctrine and each church serves the community as a whole.

Utility Information

The City of Ketchikan, through Ketchikan Public Utility, is the sole provider of electrical power and local telephone service throughout the Ketchikan Community. The City also operates the only certified residential solid waste landfill in the Ketchikan area and affords solid waste disposal services to all Ketchikan Community residents.

EXHIBIT D**Composition and Apportionment of the Assembly of the Proposed Home Rule Borough to be Formed Through Consolidation**

The existing City of Ketchikan and the Ketchikan Gateway Borough are each governed by legislative boards comprised of seven members and a mayor, which results in a total of sixteen elected positions representing the two municipal governments. The Ketchikan Gateway Borough School Board, which is unaffected by this petition, is comprised of an additional six school board members and president. All of these positions are elected at-large within respective boundaries of the governmental units.

The Assembly of the proposed municipality of Ketchikan will consist of seven assemblymembers and a mayor. All of these positions will be elected at-large for a three year term except for the first election at which time terms will be staggered as set forth in paragraph (c) of Section 2.02 of Article II of the proposed Charter. The consolidation will result in a reduction of eight elected positions. No apportionment plan is required as a result of all positions on the Assembly being elected at-large. Several options including equal population districts, multi-member districts and a combination of both multimember and at-large districts were examined during the drafting of the proposed Charter.

The at-large election alternative was chosen as a result of the following considerations:

1. The process currently used of selecting City and Borough representatives from an at-large pool of candidates is well accepted and understood in the two municipalities.
2. The continuation of an at-large electoral system will serve to lessen the amount of change and disruption to voters of the consolidated home rule borough.
3. An at-large electoral process will provide the opportunity for residents within any area of the borough to serve the entire community.

EXHIBIT E-3 Powers, Services and Taxes for Each Proposed Service Area

SERVICE AREA POWERS AND SERVICES. Listed below are the services proposed to be provided and the powers proposed to be exercised by the borough on a service area basis within each proposed service area. These consist of powers and services that will not be exercised or provided on an areawide basis or those that will be provided or exercised on a higher, lower or otherwise different level than on an areawide basis.

To the extent that voter approval is required to grant the powers and authority for services listed below, as may be amended on a reasonable basis by the Local Boundary Commission following a public hearing on this petition, voter approval will be deemed to have been granted upon approval by those voters required for such measures during the consolidation election.

1. Ketchikan Service Area (former City, et. al.):¹
 - a) Police Protection
 - b) Fire Suppression
 - c) Public Works:
 - d) Engineering
 - e) Streets and Roads Maintenance
 - f) Solid Waste Collection
 - g) Facility and Vehicle Maintenance
2. Greater Ketchikan EMS Service Area:
 - a. Emergency Medical Services
3. Shoreline Service Area:²
 - a) Fire Protection
 - b) Water Supply, Treatment and Distribution*
 - c) Construction, Operation and Maintenance of Roads*
 - d) General Property Security Powers*

¹The dissolution of the City of Ketchikan will result in the formation of two new service areas to be identified as the Ketchikan Service Area and the Shoreline Service Area. As a result of its decision dated December 16, 1999, which was subsequently amended by Addendum No. 1 dated January 19, 2000, the Local Boundary Commission submitted a recommendation to the 2000 State Legislature for annexation of 1.2 square miles of territory, including the entire Shoreline Service Area (referred to as the Shoreline annexation), to the City of Ketchikan. The effective date of the annexation is January 1, 2001. The draft petition proposes to incorporate approximately 0.51 square miles of the former Shoreline Service Area within the boundaries of the Ketchikan Service Area. Also included within the boundaries of the Ketchikan Service Area is the territory proposed for annexation (Lybrand annexation) for which a petition is currently pending before the Local Boundary Commission, as well as a small parcel of property located adjacent thereto (JONSEA tract). A description of the proposed boundaries and map of the Ketchikan Service Area are included within this petition as Exhibits E-1A(1) and E-2A(1).

²The dissolution of the City of Ketchikan will result in the formation of two new service areas to be identified as the Ketchikan Service Area and the Shoreline Service Area. As a result of its decision dated December 16, 1999,

which was subsequently amended by Addendum No. 1 dated January 19, 2000, the Local Boundary Commission submitted a recommendation to the 2000 State Legislature for annexation of 1.2 square miles of territory, including the entire Shoreline Service Area (referred to as the Shoreline annexation), to the City of Ketchikan. The effective date of the annexation is January 1, 2001. The draft petition proposes to establish a new Shoreline Service Area comprised of approximately 0.41 square miles of the former service area. A description of the proposed boundaries and map of the Shoreline Service Area are included within this petition as Exhibits E-1A(3) and E-2A(3).

4. Forest Park Service Area:

- a) Construction, Maintenance and Operation of Roads, including Street Lighting

5. Gold Nugget Service Area:

- a) Street Construction and Maintenance

6. Mountain Point Service Area:

- a) Construction, Maintenance, Operation and Regulation of a Water Supply, Treatment and Distribution System, including Hydrants

7. Mud Bight Service Area:

- a) Street Construction and Maintenance
- b) Water Supply, Treatment and Distribution*

8. Shoup Street Service Area:

- a) Construction, Maintenance, Operation and Regulation of a Water Supply, Treatment and Distribution System, including Hydrants

9. South Tongass Volunteer Fire Department Service Area:

- a) Fire Protection

10. Waterfall Creek Service Area:

- a) Street Construction and Maintenance

11. Nichols View Service Area:

- a) Street Construction and Maintenance*

12. Deep Bay Service Area:

- a) Street Construction and Maintenance*
- b) Harbor and Dock Construction, Maintenance and Operations*

13. Long Arm Service Area:

- a) Street Construction and Maintenance*
- b) Harbor and Dock Construction, Maintenance and Operations*

14. Vallenar Bay Service Area:

- a) Street Construction and Maintenance*

***Service currently not provided by Service Area.**

SERVICE AREA TAXES. The type and rate of each service area tax proposed to be initially levied by the borough is listed below. To the extent that voter approval is required to grant authority to levy proposed service area taxes listed in this petition, as may be amended on a reasonable basis by the Local Boundary Commission following a public hearing on this petition, such will be deemed to have been granted upon approval by those voters required for such measures during the consolidation election.

For informational purposes service area charges for wastewater treatment & collection and Utility charges for water treatment & distribution within the Ketchikan Service Area are also detailed.

1. Ketchikan Service Area (former City, et. al.):

- a) Service Area Property Tax: 2.8 mills
- b) Sales Tax: 2.5%

Services Paid for by User Fees:

- a) Solid Waste Collection: \$ 9.72/month
- b) Water Treatment and Distribution:* \$23.00/month

***Utility power exercised initially only within Ketchikan Service Area.**

2. Greater Ketchikan EMS Service Area:

- a) Service Area Property Tax: 0.80 mills

Services Paid for by User Fees:

- a) Ambulance Services: \$200 - \$1,050 per call

3. Shoreline Service Area:

- a) Service Area Property Tax: 1.00 mills
- b) Sales Tax 2.5%

4. Forest Park Service Area:

- a) Service Area Property Tax: 2.20 mills

5. Gold Nugget Service Area:

- a) Service Area Property Tax: 0.00 mills

Services Paid for by User Fees:

- i) Street Construction and Maintenance: \$66.00/quarter

6. Mountain Point Service Area:

- a) Service Area Property Tax: 0.00 mills

Services Paid for by User Fees:

- i) Water Supply, Treatment and Distribution: \$20.00/month
- ii) Fire Hydrant Maintenance: \$10.00/month

7. Mud Bight Service Area:

- a) Service Area Property Tax: 0.00 mills
- Services Paid for by User Fees:
- i) Street Construction and Maintenance: \$120.00/year

8. Shoup Street Service Area:

- a) Service Area Property Tax: 0.00 mills
- Services Paid for by User Fees:
- i) Water Supply, Treatment and Distribution: \$45.00/month
 - ii) Capital Equipment Reserve Fund: \$150.00/year

9. South Tongass Volunteer Fire Department Service Area:

- a) Service Area Property Tax: 1.00 mills

10. Waterfall Creek Service Area:

- a) Service Area Property Tax: 0.00 mills
- Services Paid for by User Fees:
- i) Street Construction and Maintenance: \$60.00/year

11. Nichols View Service Area:

- a) Service District Property Tax: 0.00 mills

12. Deep Bay Service Area:

- a) Service Area Property Tax: 0.00 mills

13. Long Arm Service Area:

- a) Service Area Property Tax: 0.00 mills

14. Vallenar Bay Service Area:

- a) Service Area Property Tax: 0.00 mills