

***IT F-2
Year Annual Budget
Expense Summary By Category
Municipality of Ketchikan***

Year One 2006-2007

	06/30/06	Revenue	Revenue	Total	Expense	Expense	Expense	Total	06/30/07	Net Change
	Adjusted	General	Trans In	Revenue	Cap	Oper	Trans out	Expenses	Reserves	YTD
ba	2,428,935	21,037,137	1,524,186	22,989,323	21,284,677	830,358	130,030	22,055,065	2,896,372	506,237
by	8,265,424	10,982,018	-	19,247,442	8,600,039	1,017,570	-	9,617,609	9,399,833	1,144,409
ky	960,911	2,805,134	-	3,766,045	-	-	2,863,424	2,863,424	882,321	(58,290)
ky	(188)	380,888	-	380,888	288,158	-	114,444	386,602	(2,386)	(1,914)
k	691,343	1,034,086	-	1,725,429	1,086,914	-	-	1,086,914	625,315	(56,828)
s	2,820,372	1,812,377	-	4,632,749	1,854,321	-	-	1,854,321	2,778,128	(41,844)
ky	13,479,378	2,837,620	-	16,316,998	2,134,798	-	-	2,134,798	13,371,952	(107,428)
Development Fund	1,134,130	571,500	-	1,705,630	610,250	-	-	610,250	1,705,630	571,500
Hilling Develop	82,355	1,200	-	83,555	-	-	-	-	83,255	1,200
or	130,390	865,010	78,030	1,073,430	865,840	87,500	-	953,340	134,090	3,700
lth	82,350	1,780,497	338,130	2,118,627	2,102,332	-	-	2,102,332	86,945	16,285
Guarantee	229,916	1,017,444	514,968	1,532,442	1,512,711	-	-	1,512,711	246,346	19,730
y Seizure	93,357	2,350	-	2,550	-	-	-	-	96,207	2,550
ant	6,822	125	-	6,947	25,000	-	-	25,000	6,947	125
ent	64,782	7,500	-	72,282	7,500	-	5,202	12,702	57,080	2,286
nt	61,327	16,900	-	78,227	16,900	25,000	-	42,800	52,227	(6,100)
f Development	12,028	2,500	-	14,528	2,500	-	5,202	7,702	6,327	(2,702)
k Maintenance	269,000	2,000	-	2,000	-	-	-	-	271,000	2,000
k EMS	8,318,258	1,110,839	-	9,429,097	739,085	-	384,140	1,102,205	6,327,890	8,634
Ice Area	106,195	485,772	485,772	1,077,739	473,690	-	-	473,690	130,277	22,082
Area	93,898	446,273	446,273	946,444	418,998	-	-	418,998	120,944	27,276
Area	9,810	400	-	10,210	500	-	-	500	5,310	(100)
Area	20,728	5,720	-	26,448	8,600	-	-	8,600	17,848	(2,890)
Area	25,430	5,700	-	31,130	500	-	-	500	33,630	8,200
Area	72,419	54,139	-	126,558	60,822	-	-	60,822	65,736	(6,662)
Area	6,418	7,982	-	14,400	10,175	-	-	10,175	4,226	(2,194)
Area	273,254	3,518,832	999,846	4,418,778	4,419,378	-	-	4,419,378	272,854	(607)
Area	1,374,234	65,347	-	1,439,581	66,347	-	-	66,347	1,442,381	68,347
Area	1,196,301	3,401,524	3,401,524	8,001,354	3,480,174	-	72,828	3,952,002	1,034,923	(180,476)
Area	11,697,587	8,057,510	8,057,510	27,812,607	17,433,336	334,500	-	20,777,888	17,877,280	5,879,674
Area	5,975,742	3,915,180	-	9,890,922	4,084,105	-	-	4,084,105	5,201,797	(173,845)
Area	8,859,621	30,737,682	-	39,597,303	26,274,539	-	-	26,274,539	5,581,022	(1,298,596)
Area	51,295,315	86,625,185	3,355,260	141,275,760	64,511,920	53,714,699	3,355,290	93,521,879	70,668,481	6,462,575

	06/30/07	Revenue General	Revenue Trans in	Total Revenue	Expense Cap	Expense Equip	Expense Trans out	Total Expense	Adjusted Reserves	Net Change YTD
Area										
α	2,836,072	21,389,186	1,554,670	22,843,896	630,359	1,077,570	132,851	22,526,242	2,953,656	17,624
α	9,369,833	11,220,126	-	20,589,959	-	-	2,716,892	10,169,231	10,432,731	1,020,897
α	852,821	2,682,981	-	3,535,802	-	-	116,733	2,716,892	858,908	(33,711)
α	(2,040)	362,106	-	360,066	-	-	-	360,066	(225)	1,805
α	525,515	1,065,108	-	1,590,623	-	-	-	1,111,712	578,911	(48,604)
α	2,776,128	1,848,624	-	4,624,752	-	-	-	1,888,547	2,736,205	(36,923)
α	10,371,832	2,680,372	-	13,052,204	-	-	-	2,632,672	13,229,752	(142,200)
α	1,705,630	571,500	-	2,277,130	-	-	-	2,277,130	571,500	571,500
α	83,255	1,200	-	84,455	-	-	-	84,455	94,455	1,200
α	134,060	806,474	79,591	960,125	883,59	97,500	-	960,125	139,498	5,409
α	96,845	1,808,005	344,893	2,149,743	2,144,379	-	-	2,144,379	137,464	8,519
α	249,546	1,032,290	525,286	1,807,122	1,542,968	-	-	1,542,968	254,156	14,623
α	66,207	2,576	-	68,783	-	-	-	68,783	86,783	2,576
α	8,947	125	-	9,072	-	-	-	9,072	9,072	125
α	57,080	7,500	-	64,580	25,000	-	-	25,000	59,274	2,194
α	52,227	16,900	-	69,127	25,000	-	-	25,000	44,127	(8,100)
α	9,327	2,500	-	11,827	2,500	-	-	2,500	6,321	(2,806)
α	271,000	2,000	-	273,000	2,000	-	-	2,000	273,000	2,000
α	6,327,860	1,121,947	-	7,449,807	752,828	-	-	7,449,807	6,325,588	(2,302)
α	130,277	505,685	-	635,962	493,111	-	-	493,111	142,854	12,577
α	120,944	465,189	-	586,133	436,177	-	-	436,177	139,956	16,022
α	9,510	400	-	9,910	900	-	-	900	9,010	(100)
α	17,846	6,720	-	24,566	8,600	-	-	8,600	14,966	(2,880)
α	33,630	8,700	-	42,330	900	-	-	900	41,430	8,200
α	66,738	55,222	-	121,960	62,038	-	-	62,038	59,922	(6,816)
α	4,228	8,141	-	12,369	10,379	-	-	10,379	1,988	(2,237)
α	272,654	3,988,321	917,945	4,511,490	4,507,788	-	-	4,507,788	281,354	8,700
α	1,442,581	89,030	-	1,531,611	1,511,811	-	-	1,511,811	89,030	89,030
α	1,034,823	3,469,555	-	4,504,378	2,663,633	-	-	2,663,633	1,840,745	(268,363)
α	7,677,290	5,298,884	-	12,976,174	1,814,813	334,500	74,295	3,797,918	23,826,931	6,149,371
α	5,201,737	3,693,107	-	8,894,844	4,209,131	-	-	4,209,131	4,685,772	(216,025)
α	5,961,022	21,352,435	-	27,313,457	29,179,325	-	-	29,179,325	3,697,157	(1,968,895)
α	70,688,451	89,003,939	3,422,396	163,114,786	96,600,284	6,527,155	3,422,396	96,548,815	76,147,981	5,479,490

Year Three 2008-2009

	06/30/08		06/30/09		Total Revenue	Total Expense	Clear	Exp. Sep	Expense Trans out	Total Expense	Adjusted Reserves	Net Change
	Adjusted Reserves	Revenue General	Revenue Trans. In	Revenue Trans. In								
a	2,953,696	21,745,786	1,595,763	23,334,549	22,804,268	530,359	1,017,570	135,304	23,368,951	2,918,295	(35,407)	
Tax	10,420,731	11,464,374	-	2,763,162	9,985,264	-	-	2,771,028	2,771,028	11,532,241	1,081,510	
	(225)	403,872	-	403,972	278,981	-	-	119,068	388,059	851,045	(7,885)	
	578,971	1,057,062	-	1,397,362	1,133,946	-	-	-	388,059	5,388	5,813	
	2,738,205	1,863,597	-	1,863,597	1,823,456	-	-	-	1,823,456	542,027	(36,865)	
	13,220,752	2,744,180	-	2,744,180	2,688,769	-	-	-	2,677,019	13,096,913	(132,839)	
	2,277,130	571,500	-	571,500	610,250	-	-	-	610,250	2,818,930	571,500	
Development Fund	84,455	1,200	-	1,200	-	-	-	-	-	85,655	1,200	
King Develop	139,488	924,289	81,182	1,005,471	900,620	97,500	-	-	998,320	148,850	7,151	
or	107,464	1,833,982	351,780	2,187,772	2,187,266	-	-	-	2,187,266	107,970	506	
th	284,189	1,347,379	535,804	1,983,183	1,575,625	-	-	-	1,575,625	273,527	9,388	
Guarantee	98,783	2,802	-	2,802	-	-	-	-	-	101,385	2,602	
Seizure	9,072	125	-	125	-	-	-	-	-	9,197	125	
ant	-	25,000	-	25,000	25,000	-	-	-	25,000	-	-	
nt	59,374	7,500	-	7,500	-	-	-	5,412	5,412	61,982	2,088	
it	44,127	16,900	-	16,900	16,900	25,000	-	-	25,000	38,027	(8,100)	
it	5,521	2,500	-	2,500	2,500	-	-	5,412	5,412	3,609	(2,912)	
Development	273,000	2,000	-	2,000	-	-	-	-	-	275,000	2,000	
Maintenance	6,325,589	1,133,187	-	1,133,187	767,883	502,973	-	378,851	1,146,734	8,512,021	(13,587)	
EMIS	142,854	515,902	-	515,902	444,900	444,900	-	-	444,900	135,982	12,809	
st Area	138,998	464,303	-	464,303	400	500	-	-	500	139,369	19,403	
Area	9,410	400	-	400	400	-	-	-	400	9,810	(400)	
Area	14,988	5,720	-	5,720	8,900	-	-	-	8,900	12,988	(2,880)	
Area	41,830	8,700	-	8,700	500	-	-	-	500	50,000	8,200	
Area	58,920	96,327	-	96,327	63,279	-	-	63,279	63,279	51,987	(8,952)	
Area	1,998	8,304	-	8,304	10,585	-	-	-	10,588	(794)	(2,282)	
Area	281,354	3,680,085	936,304	4,616,389	4,597,921	-	-	-	4,597,921	299,821	18,487	
ements	1,511,611	69,720	-	69,720	-	-	-	75,770	75,770	1,581,331	69,720	
	765,460	3,538,946	-	3,538,946	3,846,615	-	-	-	3,822,585	362,821	(583,639)	
	23,828,931	8,347,082	-	8,347,082	1,851,109	334,300	-	-	2,185,609	30,196,104	6,361,473	
	4,885,772	4,077,865	-	4,077,865	4,293,314	-	-	-	4,263,314	4,770,313	(215,439)	
	3,897,157	31,979,484	-	31,979,484	29,782,911	-	-	3,913,715	33,678,626	2,200,015	(1,997,121)	
ties	76,147,991	100,529,901	3,460,844	104,120,744	88,433,949	5,803,384	-	3,460,844	98,530,687	81,738,039	5,590,058	

**Year Annual Budget
ation of City of Ketchikan and Ketchikan Gateway Borough Assets & Liabilities**

**Exhibit F-3
Disposition of City and Borough Assets & Liabilities**

	<u>City</u>	<u>Borough</u>	<u>Net Assets (Fund Equity) (1)</u>	<u>Description</u>
ty	x		4,042,246	Transferred to new Gateway Service Area Fund
ax Fund	x		1,032,561	Transferred to consolidated municipality, fund remains intact
Area	x			New fund receives 100 of former City General Fund
es Tax Fund	x		5,090,448	100% transferred to new Gateway Service Area Fund
ices Fund	x		2,863,997	Transferred to consolidated municipality, fund remains intact Assets related to solid waste collection transferred to new Gateway Service Area
ices Fund	x		843,707	Transferred to consolidated municipality Wastewater Enterprise Fund
ancy Tax Fund	x		5,334	Transferred to consolidated municipality, fund remains intact
ing Development Fund	x		80,855	Consolidated with Borough's Economic Development fund and transferred to consolidated municipality's Economic Development Fund
arbor Fund	x		128,365	Transferred to consolidated municipality, fund remains intact
nd	x		58,809	Transferred to consolidated municipality, fund remains intact
Fund	x		205,132	Transferred to consolidated municipality, fund remains intact
ent Guarantee Fund	x		91,132	Transferred to consolidated municipality, fund remains intact
erty Seizure Fund	x		8,697	Transferred to consolidated municipality, fund remains intact
il Grant Fund	x		0	Transferred to consolidated municipality, fund remains intact
Fund	x		52382	Transferred to consolidated municipality, fund remains intact
ipment Fund	x		68427	Transferred to consolidated municipality, fund remains intact
ment Fund	x		14629	Transferred to consolidated municipality, fund remains intact
Fund	x		-	Combined with Borough's GO Debt Fund and transferred to consolidated municipality
nd	x		1,597,162	Combined with Borough's Self Insurance Funds and transferred to consolidated municipality
rovements Fund	x		1,306,564	Transferred to new Gateway Service Area
ities Development Fund	x		267,000	Transferred to consolidated municipality, fund remains intact

**Exhibit F-3
Disposition of City and Borough Assets & Liabilities**

<u>City</u>	<u>Borough</u>	<u>Net Assets (Fund Equity) (1)</u>	<u>Description</u>
x		5,883,411	Transferred to consolidated municipality, fund remains intact
	x	2,318,767	Transferred to consolidated municipality General Fund
pair & Maint Fund	x	10,349,562	Transferred to consolidated municipality, fund remains intact
Capital Improvement	x	1,226,042	Combined with Borough's GO Debt Fund and transferred to consolidated municipality
Lawwide Fund	x	83,891	Transferred to consolidated municipality General Fund, fund eliminated
Development	x	562,630	Consolidated with City's Economic Development fund and transferred to consolidated municipality's Economic Development Fund
Real Estate Tax Fund	x	745,919	Transferred to consolidated municipality, fund remains intact
Utilities	x	683,654	Combined with Airport Fund and transferred to consolidated municipality, fund eliminated
	x	4,179,553	Transferred to consolidated municipality, fund remains intact
Enterprise	x	12,710,735	Transferred to consolidated municipality Wastewater Enterprise Fund
Insurance	x	-	Combined with City's Self Insurance Funds and transferred to consolidated municipality
Health Insurance	x	(220,925)	Combined with City's Self Insurance Funds and transferred to consolidated municipality
Public Service Area	x	(46,506)	Transferred to consolidated municipality, fund remains intact
Police Area	x	148	Transferred to consolidated municipality, fund remains intact
Public Service Area	x	32,258	Transferred to consolidated municipality, fund remains intact
Public Service Area	x	9,409	Transferred to consolidated municipality, fund remains intact
Public Service Area	x	75,462	Transferred to consolidated municipality, fund remains intact
Public Service Area	x	16,296	Transferred to consolidated municipality, fund remains intact
Fire & EMS Fund	x	(788,456)	Transferred to consolidated municipality, fund remains intact
Public Utilities	x	7,810,430	Transferred to consolidated municipality, fund remains intact

Funds, the estimated fund balance for December 31, 2004 was used for all funds. For Borough Funds, the estimated Fund Balance for June 30, 2005 was used.

EXHIBIT F-5
Year One Comparison
PERS Effects
Municipality of Ketchikan

Debby Otte 9/11/05 10:59 AM
Formatted

Municipality of Ketchikan, Alaska

Year One Comparison

Exhibit F-5, Page 1 of 2

	PERS Direct Expense	NO PERS Direct Expense	Difference
General Fund			
Mayor and assembly	527,732	506,655	21,077
Municipal attorney	518,147	497,453	20,694
Municipal clerk	336,552	323,110	13,442
Manager	1,006,039	965,858	40,180
Planning and zoning	632,092	606,847	25,245
Finance	2,824,852	2,712,030	112,821
Assessment & Risk Mgmt	510,360	489,976	20,383
911 emergency dispatch	606,861	582,624	24,237
Animal protection	306,890	294,633	12,257
Library	761,127	730,728	30,399
Museum	791,150	759,552	31,598
Civic Center	311,675	299,227	12,448
Recreation	1,316,750	1,264,161	52,590
Public Health	85,394	81,984	3,411
Public works - cemetery	68,922	66,169	2,753
Public works - maintenance and operations	1,279,285	1,228,192	51,093
Public works - buildings	195,832	188,011	7,821
Transit	564,276	541,739	22,537
Education	8,399,788	8,064,310	335,478
Grants	110,415	110,415	-
Non-departmental	270,588	264,975	5,613
Capital Expenditures	630,359	630,359	0
TOTAL	22,055,086	21,209,010	846,076
Gateway Service Area (Former City of Ketchikan)			
Fire	1,949,759	1,871,888	77,871
Police	3,478,676	3,339,742	138,934
Public works - engineering	849,668	815,733	33,935
Public works - streets	1,304,276	1,252,185	52,091
Public works - garage	454,314	436,169	18,145
Public works - buildings	65,277	62,670	2,607
Public works - solid waste collection	718,069	689,390	28,679
Capital Expenditures	1,017,570	1,017,570	-
Non-departmental			-
TOTAL	9,837,609	9,485,347	352,262
Ketchikan Public Utilities			
Electric	14,351,142	14,351,142	-
Telephone	9,291,714	9,291,714	-
Water	1,714,272	1,714,272	-
Non-departmental	6,679,152	5,999,168	679,984
TOTAL	32,036,280	31,356,296	679,984

Municipality of Ketchikan, Alaska
Exhibit F-5, Page 2 of 2
Year One Comparison

	PERS Direct Expense	NO PERS Direct Expense	Difference
Hospital Sales Tax Fund			-
Transient Occupancy Tax Fund	268,158	268,158	-
Recreation Sales Tax Fund	1,089,914	1,089,914	-
Solid Waste Services Fund (Disposal)	1,854,321	1,854,321	-
Wastewater Services Fund	2,745,046	2,659,784	85,261
GSA Economic & Parking Development Fund	-	-	-
Areawide Economic Development Fund	-	-	-
Ketchikan Boat Harbor Fund	963,340	963,340	-
Mental Health Fund	2,102,332	2,102,332	-
Substance Abuse Fund	1,512,711	1,512,711	-
Special Assessment Guarantee Fund Surplus			-
US Marshall Property Seizure Fund Surplus			-
State and Federal Grant Fund	25,000	25,000	-
Cemetery Operations & Maintenance	5,202		5,202
Cemetery Development Fund	25,000	25,000	-
Cemetery Endowment Fund	5,202		5,202
Community Facilities Development Fund			-
Land Trust Repair & Maint Fund	738,065	738,065	-
North Tongass Fire & EMS	473,690	454,771	18,919
South Tongass Service Fire & EMS	418,998	402,263	16,734
Nichols View Service Area (Water)	500	500	-
Waterfall Service Area (Roads)	8,600	8,600	-
Mud Bight Service Area (Roads)	500	500	-
Forest Park Service Area (Roads)	60,822	60,822	-
Gold Nugget Service Area (Roads)	10,175	10,175	-
GO Debt Service Fund (School Bonds)	4,419,378	4,419,378	-
Major Capital Improvements Fund			-
Self Insurance Fund	3,489,174	3,489,174	-
Port Fund	2,077,836	2,008,209	69,627
Airport Fund	3,612,047	3,528,534	83,513
Passenger Facilities	472,058	472,058	-
TOTAL	90,307,013	88,144,263	2,162,780

EXHIBIT H BRIEF

This exhibit 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 in conjunction with Exhibit A 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.

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 approximately 13,500 inhabitants, the Ketchikan community 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 social and economic ties, they are served by three separate and distinct local governments: the Ketchikan Gateway Borough, a second class borough serving the entire Ketchikan community; the City of Ketchikan, a home rule city located within the Borough; and, the City of Saxman, a second class city also located within the Borough.

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 serves both of these constitutional principles. First, the consolidation dissolves the home rule City of Ketchikan and the second class Ketchikan Gateway Borough, in order to form one consolidated home rule local government encompassing both entities. Under the proposed consolidation configuration, the existing City of Ketchikan will become a service area managed under the consolidated home rule borough and the City of Saxman will retain its second-class city status. Second, as a home rule borough, the newly established borough government will have the highest level of local self-government allowed by the Alaska Constitution.

The City of Saxman was intentionally excluded from the proposed consolidation of the City of Ketchikan and the Ketchikan Gateway Borough into a home rule borough. The City of Saxman has long believed that retaining its status as a second-class city within the consolidated [Borough] Municipality will preserve its native culture and enhance its ability to secure state and federal funding.

Minimum units of local government

The City of Ketchikan was incorporated in 1900. In 1964, it became a home rule city. The 2003 estimated population of the City was 8,002 . The City operates under a council-

manager form of government. The City Council is comprised of seven Council members who are elected at-large from within the City boundaries. The Mayor, who is also elected at-large, is not a member of the City Council, but does vote in the case of a tie.

The City of Saxman was incorporated in 1929. With a 2003 estimated population of 425 , the second class city under Alaska Statutes has a city council comprised of seven council members. A mayor is selected by the City Council from its members on an annual basis. Day-to-day operations of Saxman are managed by a City Administrator.

The Ketchikan Gateway Borough was formed in 1963 as one of the original "local option" boroughs. A second-class borough with a 2003 estimated population of 13,548, the boundaries of the Ketchikan Gateway Borough encompass both the City of Ketchikan and City of Saxman. Similar to the City of Ketchikan, the Ketchikan Gateway Borough operates under an assembly/manager form of government. The Borough Assembly is comprised of seven Assemblymembers who are elected at-large from within the Borough boundaries. The Mayor, who is also elected at-large, is not a member of the Borough Assembly, but does vote in the case of a tie.

Although the seventh largest political subdivision in the state, the population of the Ketchikan Gateway Borough is relatively small. Given the fact that approximately 61.4 percent of the Borough's population resides within the City of Ketchikan and that the social and economic ties of all Borough residents, whether they reside inside or outside the City, are integrated and strong, it is inefficient to maintain the City of Ketchikan and the Ketchikan Gateway Borough as two separate governmental structures. The inefficiency is readily apparent when one considers the overlapping responsibilities and costs necessary to operate these two independent governments. Currently, for example, there exist two governing bodies and seven 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;
- ✓ Assistant City Manager and Assistant Borough Manager;
- ✓ City Human Resources Manager and Borough Human Resources Manager;
- ✓ City Public Works Director and Borough Public Works Director;
- ✓ City Data Processing and Borough Automation;
- ✓ City Attorney and Borough Attorney; and
- ✓ City Finance and Borough Administrative Services.

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 five

less middle and upper management positions than are currently retained by the City and Borough. The elimination of these positions will initially result in annual savings to the community in excess of \$500,000. It is anticipated that additional savings will accrue to the consolidated government as further efficiencies are identified in the future and transitional personnel are no longer necessary.

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 nonareawide 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.

The inefficiency of two governmental entities representing Ketchikan is further apparent in the community's dealings with State and Federal agencies. While the community has formed the Ketchikan Community Legislative Liaison Committee, a non-binding organization comprised of representatives from the City of Ketchikan, City of Saxman, Ketchikan Gateway Borough and other community groups, countless issues arise which position the City's interests in opposition to those of the Borough. One need only look to the Shoreline annexation petition submitted by the City, as well as the Borough's subsequent response, to understand the inefficiencies and conflict of two governmental agencies representing essentially the same population. 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 and to speak with one voice when seeking State and Federal assistance.

Maximizes self government

Consolidation of the City of Ketchikan and the Ketchikan Gateway Borough proposes to create one governmental entity under a home rule form of government. Under the Alaska Constitution, a home rule form of government provides for the maximum level of self-

government. More efficient than a second-class borough, a home rule borough will enable local residents to define for themselves, under the borough Charter, which powers are exercised and how new powers may be assumed. The proposed Charter extends similar protection to service areas in that the residents will determine which powers are exercised and how new powers may be assumed.

The home rule charter is a powerful tool that customizes local government to local needs and desires. Home rule municipalities may exercise any power in any manner not specifically limited by state law. Under a home rule form of government, a Municipality, through its charter, may augment or limit local government powers. By the formation of a home rule borough through consolidation of the City of Ketchikan and the Ketchikan Gateway Borough, local residents will be empowered to define for themselves which powers are to be exercised and how these powers may be assumed.

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.

The Ketchikan Gateway Borough is located near the southernmost boundary of Alaska, in the Southeast Panhandle. Comprised of 1,220 square miles of land area and 524 square miles of water area, the Borough encompasses Revillagigedo, Gravina and Pennock Islands, as well as several other smaller islets.¹ Incorporated in 1963 as a result of the State Mandatory Borough Act, the Ketchikan Gateway Borough is the second smallest Borough in the State in geographic terms. Having an estimated population of 13,548, the Borough includes the Cities of Ketchikan and Saxman, as well as a number of smaller but well-defined neighborhoods located along the main road system.

Article X, Section 3 of the Alaska Constitution states that each "borough shall embrace an area and population with common interests to the maximum degree possible." The proposed consolidation of the Ketchikan Gateway Borough and City of Ketchikan will not alter or amend the existing boundaries of the Borough. As the boundaries of the Ketchikan Gateway Borough currently embrace an area and population with common interest, consolidation of the City and Borough will also embrace an area and population with common interest.

It is recognized that the boundaries of the proposed consolidated borough do not coincide with the model boundaries of the Ketchikan Gateway Borough as established by the Local Boundary Commission. Although the model boundaries are not incorporated within this petition for consolidation, the proposal is a further step in the right direction with respect to achieving a more efficient government with the maximum level of self-government. The proposed consolidation should be considered as significant progress toward meeting the goal of achieving an ideal municipal boundary.

¹ Alaska Department of Community and Economic Development, 2003.

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), (b), (d) and 3 AAC 110.050.

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 within the current boundaries of the Borough. Having approximately sixty percent of the total Borough residents, the City of Ketchikan is the most densely populated area within the Borough. Other smaller but well defined neighborhoods include Waterfall, North Point Higgins, South Point Higgins, Pond Reef, Forest Park, Shoup Street and Mountain Point.

Connected by a highway road system of less than 40 miles, the City of Ketchikan and other defined neighborhoods are one and the same community, interconnected and interdependent. Whether one resides outside the City as a Borough resident or inside the City as a City and Borough resident, all identify themselves as being from "Ketchikan". The area is further united by areawide education, health and utility (telephone and electric) systems. Demographic and socio-economic data collected by both the federal and state governments display uniformity in the community (see Exhibit A-2).

The population of the existing Borough is currently interrelated and integrated as to its social, cultural and economic activities and is large and stable enough to support itself in accordance with AS 29.05.031(a)(1), 3 AAC 110.045(a), (b), (d), and 3 AAC 110.050. Consolidation of the City of Ketchikan and the Ketchikan Gateway Borough will not alter the Borough boundaries and therefore will not alter the current Borough population. Consolidation of the City and Borough simply provides for a single government entity representing a population that shares a common set of social, economic and cultural interests. As previously mentioned, the formation of a home rule borough through consolidation of the City of Ketchikan and the Ketchikan Gateway Borough, will empower local residents to define for themselves which powers are to be exercised and how these powers may be assumed.

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.

Given the fact that the proposed boundaries of the home rule borough will not be altered, they will continue to conform to the natural geography of the area, and will include all land and water necessary to provide for the full development of essential borough services on an efficient and more cost-effective level. To that end no changes in land use or ownership patterns are anticipated. Land use regulations and platting requirements are consistent throughout the Borough, including the City.

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. The economy of the area within the proposed borough currently 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.

Consolidation of the City of Ketchikan and the Ketchikan Gateway Borough will not alter the Borough boundaries and therefore will not alter the current financial resources capable of providing municipal services. Consolidation of the City and Borough provides for a single government entity that is more efficient. 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 five less middle and upper-management positions than are currently retained by the City and Borough. The elimination of these positions will initially result in annual savings to the community in excess of \$500,000. It is anticipated that additional savings will accrue to the consolidated government as further efficiencies are identified in the future and transitional personnel are no longer necessary.

The newly formed Municipality will provide only those services that are currently provided to the community through existing Borough or existing City services. No new services are proposed to be provided. These services include the following:

1. Emergency 911 Dispatch
2. Library
3. Museum
4. Civic Center
5. Public Health, including Mental Health and Substance Abuse
6. Hospital
7. Cemetery
8. Solid Waste Disposal
9. Ports and Harbors
10. Telecommunications (borough-owned Utility)
11. Electricity (borough-owned Utility)
12. Water Service (borough-owned Utility)
13. Transportation, including Airport and Public Transit
14. Economic Development
15. Parks & Recreation
16. Animal Control
17. *Sewer services (borough-owned Utility)*

As is discussed in Sections 7 and 8 of the Petition; as is documented in the Three-Year Annual Budget (see Exhibit F); and as is detailed in the Transition Plan (see Exhibit J), the

newly formed borough will have the financial resources to provide these services. The Municipality of Ketchikan's budget will be balanced - unlike the current spending plans of the City of Ketchikan and the Ketchikan Gateway Borough. The proposed three-year financial plan eliminates the \$932,093 in combined deficit spending that exists in the City's and the Borough's current budgets **without significantly raising taxes.**

Although the three-year budget plan is balanced, the Petitioner is constrained to point out that the newly elected Assembly will have the opportunity to review the first year spending plan of the consolidated Municipality. It may choose to continue deficit spending and collect no new taxes. Alternatively, the Assembly and the newly appointed management staff may elect to enact further consolidation efforts and eliminate the need for any increased taxes.

Lastly, consolidation of the City and Borough will not alter the existing land use designations or property values and no change in the economic base of the community is anticipated. Resource and commercial development will only be affected to the extent that, in some instances, instead of having to deal with two independent local government entities, one consolidated borough will speak for the community. With one set of goals and objectives, working with a single local governmental agency will eliminate doubling of efforts and possible differing or opposing objectives.

Clearly, 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.

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).

The community's communication systems are fully integrated and well developed. Telecommunication services are provided throughout the primary roaded system of the Borough. Telephone is provided by the City-owned Ketchikan Public Utilities operating as KPU Telecommunications. Cable television is furnished by GCI, Inc., with local television access provided by CBS affiliate KUBD. The Ketchikan Daily News is the local newspaper of general circulation in the area. Four radio stations serve the area: KRBD-105.9FM, the local public broadcasting station, and the private stations of KFMJ-99.9FM, KGTW-106.7FM and KTKN-930AM.

The community has a well-developed transportation network that includes roads, air and ferry systems. Tongass Highway, a State constructed and maintained highway, is the backbone of the community's roaded system. Daily, year-round, jet airline service is provided by Alaska Airlines and several smaller floatplane companies provide air transportation to and from the community. The Ketchikan International Airport is owned by the State of Alaska, but operated by the Ketchikan Gateway Borough. Car-Ferry service

is provided by the State of Alaska who owns and operates the Alaska Marine Highway System. The Craig-based Inter-Island Ferry Authority also operates a ferry between Ketchikan and Prince of Wales Island. Further, there is new daily ferry service operated between Ketchikan and neighboring community, Metlakatla.

The Ketchikan Gateway Borough currently possesses the communication media and the land, water and air transportation facilities throughout its boundaries to allow the level of communication and exchange necessary for an integrated borough government. Given the fact that the proposed boundaries of the existing Ketchikan Gateway Borough will not be altered through consolidation of the Borough and City of Ketchikan, the newly formed home rule borough will continue to possess these facilities.

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.

The City of Ketchikan and the Ketchikan Gateway Borough, independent municipalities governed under Alaska State Statutes, currently do not deny any person the enjoyment of any civil or political right, including voting rights, based on race, color, creed, sex, or national origin. Consolidation of the two independent entities into one home rule borough, containing the same boundaries and population as the current Borough, will not alter or deny any person the enjoyment of their civil or political rights.

Debby Otte 8/24/05 7:12 PM
Formatted

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

ARTICLE III LEGISLATION

SECTION 3.01 ACTION REQUIRED BY ORDINANCE.

In addition to other acts required by law or by this Charter to be done by ordinance, those acts of the Assembly shall be done by ordinance which:

- (a) Adopt or amend an administrative code;
- (b) Provide for a fine or other penalty or establish a rule or regulation for the violation of which a fine or other penalty is imposed;
- (c) Levy taxes, except the Assembly may, by resolution or ordinance, establish the mill levy on which property taxes shall be collected;
- (d) Grant, renew, or extend a franchise;
- (e) Establish the rates charged by the municipal utilities except as provided in paragraph 8.02(c)(2);
- (f) Authorize the borrowing of money;
- (g) Establish procedures for the conveyance, disposition, or lease of real and personal property of the Municipality;
- (h) Propose amendments to this Charter;
- (i) Adopt, with or without amendment, ordinances proposed under initiative powers;
- (j) Fix the wages and benefits of members of the Assembly;
- (k) Adopt, modify, or reject the comprehensive plan, land use or subdivision regulations, building and housing codes, and the official zoning map;
- (l) Amend or repeal any ordinance previously adopted except as otherwise provided in Article VI with respect to repeal of ordinances reconsidered under the referendum power;
- (m) Establish a formal procedure for acquisition from the state of land or rights in land and disposal of those lands or rights in land;
- (n) Authorize any contract, other than a contract for the purchase, sale, conveyance,

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~

~

disposition, or lease of real property, which by its terms will not be fully executed within five years and which cannot be terminated by the Municipality without penalty upon notice of thirty (30) days or less.

SECTION 3.02 ORDINANCES - GENERAL.

Except as otherwise provided in this Charter, the following procedure shall govern the enactment of all ordinances:

(a) **Enacting Clause.** The enacting clause of all ordinances passed by the Assembly shall be, "Be it ordained by the Assembly of the Municipality of Ketchikan, Alaska", or similar words to that effect, and of all ordinances proposed by the voters under their power of initiative, "Be it ordained by the People of the Municipality of Ketchikan, Alaska", or similar words to that effect;

(b) **Readings.** A proposed non-emergency ordinance shall be read in full or by title only, and an affirmative vote of a majority of the Assembly shall be required for advancing to public hearing and second reading. A non-emergency ordinance in which amendments are made in first reading *which materially change the subject of the ordinance* shall require an additional reading before passing to second reading. Notice of the public hearing containing a summary of the ordinance and the time and place for the hearing shall be published not less than five (5) days prior to the date of the public hearing. Before a vote on final passage, a proposed non-emergency ordinance shall be read by title or in full and an affirmative vote of a majority of the Assembly shall be required for its final passage;

(c) **Passage, Publication, and Effective Date.** Emergency ordinances and ordinances making, repealing, transferring, or otherwise changing appropriations shall go into effect immediately upon final passage unless they specify a later time. All other ordinances shall go into effect the day following the next regular meeting after the adoption of said ordinance unless the ordinance specifies otherwise.

SECTION 3.03 ORDINANCES - EMERGENCY.

An emergency ordinance is an ordinance that in the judgment of the assembly is necessary to meet a public emergency and which will become effective immediately without a second reading. Every such ordinance shall contain, as a part of its title, the words, "and declaring an emergency: and in a separate section, herein called the emergency section, shall declare the emergency. An affirmative vote of at least two-thirds (2/3) of the members of the Assembly shall be required for the final passage of an emergency ordinance.

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

SECTION 3.04 ORDINANCES - ADOPTION BY REFERENCE.

The Assembly, by ordinance, may adopt by reference codes, ordinances, standards, and regulations relating to matters that it has power to regulate otherwise. Such code, ordinance, standard, or regulation so adopted need not be enrolled in the book of ordinances; but a copy shall be filed and kept in the office of the Clerk. The Clerk shall keep copies of all such codes, ordinances, standards, and regulations in force for distribution or sale at their approximate cost.

SECTION 3.05 ORDINANCES - CODIFICATION.

The ordinances shall be codified and the Municipal Code shall be made available to the public in electronic and printed form. Procedures for codification shall be set forth in ordinances adopted by the Assembly.

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

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 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;

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

- (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. Each Utility division (electric, telephone, and water) shall be financially described as a separate business entity prior to preparation of a consolidated financial statement. Any accounting transfers to other utility divisions or subsidies shall be specifically noted. 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 that 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

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

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 may require the municipal utilities to annually pay to the Municipality *and/or service areas as determined by the Assembly* an amount reasonably estimated to be not more than the amount that said utilities would pay in taxes, assessments, or charges if subject to all such taxes, assessments, or charges.

(f) **Audit.** An annual independent audit of all municipal utility accounts shall be performed as required by Section 10.14.

(g) **Sale of Municipal Utility.** The municipally owned electric, telephone, or water utilities may not be substantially 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.

Debby Otte 8/24/05 9:08 PM
Deleted: services

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

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 that 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. The Assembly may adopt, by ordinance, a two-year budget.

(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 that are deemed to require formal budgeting.

Section 10.03 Supplemental and Emergency Appropriations

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

(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 a unanimous vote of all Assembly members present at a meeting attended by a quorum of Assembly members. 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 10.04 Taxation: Powers.

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

Section 10.05 Taxation: Sales and Use Taxes

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

Debby Otte 8/24/05 8:36 PM
Deleted: ; Ratification of Sales or Use Tax Rate Increases.

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.

Debby Otte 8/24/05 8:13 PM
Deleted: one

Debby Otte 8/24/05 8:13 PM
Deleted: 1

Debby Otte 8/24/05 8:15 PM
Deleted: (

Debby Otte 8/24/05 8:13 PM
Deleted: 10 mils)

Debby Otte 8/24/05 8:17 PM
Deleted: T

Debby Otte 8/24/05 8:18 PM
Deleted: may

Section 10.07 Property Tax Limit

The *increase in the rate of the* areawide property tax levy *from one year to the next* shall not exceed *two-tenths (0.2%) percent, 2 mils* of the assessed valuation of the property to be taxed, *two (2 mils) above the rate levied in the prior fiscal year. The Assembly may raise this limit by a super-majority vote (2/3), advertised for a minimum of one month prior to the first of two noticed meetings or may elect to have* the voters raise this limit by an affirmative vote of the majority of the voters participating in a special or regular election, *but in no event shall the property tax levy during a year exceed three percent (30 mils) of the assessed value of the property in the Municipality.* This section shall not in any way limit the ability of the Municipality to meet its bonded obligations.

Debby Otte 8/24/05 9:10 PM
Deleted: and in no event shall the property tax levy during a year exceed three percent (thirty mils) of the assessed value of the property in the Municipality.

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~

~

Section 10.08 Taxation: Supermajority Requirement to Raise Taxes

Any ordinance or resolution that will increase *the rate of* sales tax levies or *increase the rate of* property tax levies on an areawide, nonareawide or service area basis *above the rate levied in the prior fiscal year* shall require the affirmative vote of two-thirds (2/3) of the Assembly or be approved by a majority of the qualified voters who vote on the ordinance or resolution at a general or special election. If the increase in the rate of levy of the general sales tax, *or use tax is limited to a service area or is nonareawide*, the vote is limited to those qualified to vote in that area.

Debby Otte 8/24/05 8:23 PM
Deleted: or Fees Limit

Debby Otte 8/24/05 8:23 PM
Deleted: fees,

Debby Otte 8/24/05 8:25 PM
Deleted: ,

Debby Otte 8/24/05 8:25 PM
Deleted: or fee

Section 10.09 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) **Payments in Lieu of Taxation.** The Assembly may require the municipally owned *enterprise funds* to annually pay to the Municipality *and/or service areas as designated by the Assembly* a payment in lieu of taxes *not more than the amount that said enterprise funds would pay in taxes, assessments or charges if subject to all such taxes, assessments or charges.*

Debby Otte 8/24/05 10:04 PM
Deleted: Port

Debby Otte 8/24/05 10:05 PM
Deleted: -

Debby Otte 8/24/05 10:05 PM
Deleted: port

Section 10.10 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 10.11 Taxation: Lien on Real Property.

The Municipality shall have a first lien on all real property and personal property against

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

which municipal taxes are assessed, for the taxes and any collection charges, penalties, and interest that may accumulate thereto; and the lien shall continue until the taxes and any such charges, penalties, and interest are paid.

Section 10.12 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 10.13 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 10.14 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 or state grants, shall not lapse until the purpose of the appropriation has been accomplished or abandoned.

Section 10.15 Annual Audit.

The Assembly shall provide for an annual independent audit of all Municipality and

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

municipal utility accounts. The audit shall be performed by a certified public accountant designated by the Assembly and shall be completed within 180 days following the close of the fiscal year.

Section 10.16 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 10.17 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 10.18 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, bid protests, and project claims.

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

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.

Debby Otte 8/24/05 9:07 PM
Deleted: therefore

(b) **Areawide, Nonareawide, 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; *or*
- (3) On a nonareawide basis when exercising powers on a nonareawide 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 nonareawide 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 nonareawide 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 nonareawide 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 nonareawide basis, then the indebtedness must be approved on an areawide and on a service area or nonareawide 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. Bond anticipation notes may be issued following bond issue approval, and pending sale of the bonds.

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

(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 Indebtedness.

(a) Before holding any election required by this article, the Assembly shall cause a notice of bond indebtedness 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;
- (4) The amount of the current year's debt service on the outstanding 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 or on a non-area-wide basis, the notice shall also contain the information required in (3), (4), and (5) relative to the service area or other area. *Instead of the information required in (3) and (4), and (5) for revenue bonds that are not also secured by a general obligation pledge, the notice shall contain the amount of current indebtedness secured by the applicable revenues, including authorized, but unsold, bonds, and the amount of the current year's debt service on outstanding bonds of the Municipality secured by a pledge of the applicable revenue.*

(c) Omissions of information required by (2), (3), and (4), and (5) 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

Debby Otte 8/24/05 9:12 PM
Deleted: F

Debby Otte 8/24/05 9:13 PM
Deleted: secured by a pledge of the municipal utilities' revenues

Debby Otte 8/24/05 9:14 PM
Deleted: information required in (3) and (4) relative to the affected municipal utilities.

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

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. Bond anticipation notes may be issued following the ratification of a bond issue and pending sale of the bonds.

Debby Otte 8/24/05 9:07 PM
Deleted: therefore

Debby Otte 8/24/05 9:15 PM
Deleted: ,

Debby Otte 8/24/05 8:32 PM
Deleted: for refunding or for purposes authorized by Section 11.03 of this Charter.

Debby Otte 9/10/05 5:49 AM
Deleted: Economic Development

Section 11.05 Non-Recourse Bond 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 *secured and* payable from *any source except revenues, including tax revenue, of the Municipality.*

Debby Otte 8/24/05 9:16 PM
Deleted: only

(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.

Debby Otte 8/24/05 9:16 PM
Deleted: 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.

(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

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

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 nonareawide 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 nonareawide purpose.

Section 11.07 Voiding Authorization of Bonds.

The Assembly, by resolution or ordinance, may void the authorization of any unsold bonds or 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.

Section 11.09 Challenges to Bond Authorizations

Notwithstanding any provision of this charter to the contrary, no action challenging the authority or proceedings for or the validity of, the issuance of any bonds (or other obligations), a bond ratification election, or the authorization of taxes to pay any bond (or other obligation), may be commenced or maintained unless instituted within thirty (30) days from the date of certification of the results of a bond ratification election or from the date of passage of the ordinance or resolution authorizing the issuance of any bonds (or other obligations) when a bond ratification election has been obtained or is not required.

Debby Otte 8/24/05 9:21 PM
Formatted

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

ARTICLE XII AREAWIDE, NONAREAWIDE AND SERVICE AREA POWERS

Section 12.01 Areawide, Nonareawide, and Service Area Powers.

Except as otherwise required by this Charter or by applicable State law, all powers of the Municipality may be exercised on an areawide, nonareawide or service area basis, or other basis.

Section 12.02 Mandatory Areawide Powers.

In addition to all other powers that the Municipality may exercise on an areawide basis, the following powers shall be exercised on an areawide basis:

- (a) The power to dispose of solid waste. The power to operate, maintain, monitor, remediate, repair, or remove landfills, including those previously owned or operated by the City of Ketchikan;
- (b) The power to provide public libraries, civic centers, museums, and associated services;
- (c) The power to provide for hospital and public health services, including substance abuse and mental health. (The power to provide emergency medical services shall be exercised as provided in Section 12.03);
- (d) The power to provide public parks and recreation facilities and to provide recreational activities;
- (e) The power to provide port and harbor facilities and services;
- (f) The power to provide cemetery and mausoleum services;
- (g) The power to provide 911 emergency dispatch services;
- (h) The power to provide public transportation systems, including, but not limited to, airports (including airport police, firefighting, and other auxiliary services), and public mass transit;
- (i) The power to provide animal control;
- (j) The power to provide economic development; and

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

(k) The power to provide disaster planning, emergency communications and emergency response.

Section 12.03 Services Provided by Service Area

- (a) The following powers shall be exercised only through service areas:
 - (1) The establishment and operation of police departments, the hiring of police officers, or the contracting for the services of police officers;
 - (2) The establishment and operation of Fire and Emergency Medical Services departments;
 - (3) The collection, but not disposal, of solid waste;
 - (4) *Water service;*
 - (5) Street construction and maintenance; and
 - (6) Building Code enforcement.

However, nothing in this Charter prohibits the Municipality from providing police, firefighting, solid waste collection, or other auxiliary functions to the exercise of an authorized areawide power at areawide expense when necessary to operate facilities used for areawide services; or to respond to a disaster as defined by State law.

Nothing in this Charter, except Section 12.02, prohibits the Municipality from exercising any other power on a nonareawide basis or through service areas.

(b) Until otherwise changed, that area described in the consolidation petition as the Gateway Service Area shall be a service area for each and all of the powers described in (a)(1)-(5). All service areas in existence on the date this Charter becomes effective shall continue in effect until such time as changed as provided in this Article and the Municipality shall exercise the same powers within those service areas as were exercised by the former Ketchikan Gateway Borough. By consolidation petition is meant that petition filed by the Ketchikan Gateway Borough for the consolidation of the City of Ketchikan and the Ketchikan Gateway Borough with all exhibits and amendments.

Debby Otte 8/24/05 7:49 PM
Deleted: No areawide power shall be interpreted to include or authorize any of the powers described in (1) through (5) above.

Section 12.04 Creation, Expansion, Reduction, Consolidation, Alteration, and Termination of Service Areas.

(a) **Creation of Service Areas.** The Assembly may create new service areas only by an ordinance that describes the boundaries of the service area and the powers to be exercised therein and, *if voters reside in the service area*, which is either:

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

- (1) Approved by a majority of the voters residing within the proposed new service area; or
- (2) Consented to in writing by all of the owners of real property within the boundaries of the proposed service area if no voters reside in the proposed service area.

Debby Otte 8/24/05 10:01 PM
Deleted: (2)

Provided however, that the Borough Assembly by ordinance may establish a process to provide for de minimus exemptions to boundary amendment that need not be approved as provided in subsections (1) and (2) above.

If, within the previous two (2) years, any part of the service area to be created was part of a service area that provided similar services, the vote to approve creation of the new service area will require the approval of both a majority of the voters in that area that previously received the services and in that area that did not.

(b) **Expansions or Reductions of Service Areas.** The boundaries of a service area may only be expanded or reduced by an ordinance adopted by the Assembly that describes the proposed new boundaries of the service area and the powers to be exercised therein and which is approved by both:

- (1) A majority of the voters residing within the boundaries of the existing service area or, in the case of a reduction, a majority of the voters who will remain within the boundaries of the service area after the reduction; and
- (2) A majority of the voters residing in the area that will be added to or subtracted from the existing service area or, if no voters reside within that area, by written consent of all owners of real property within the area that will be added to or subtracted from the existing service area.

(c) **Consolidation of Service Areas.** Service areas may be consolidated for any or all of the services provided by each service area. Such consolidation shall be by an ordinance adopted by the Assembly and approved by a majority of the voters residing in each of the service areas to be consolidated.

(d) **Expansion or Reduction of Powers.** When a service area has been established for the exercise of one or more powers, the Municipality may exercise additional service area powers in that service area or reduce the service area powers exercised in that service area only by an ordinance adopted by the Assembly and approved by a majority of the voters residing within the service area. But any power, other than those listed in Section 12.02, that was previously exercised by the City of Ketchikan may, without approval of the voters, be exercised by the Municipality on a nonareawide basis within the Gateway Service Area.

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

(e) **Termination.** Any service area may be terminated only by an ordinance adopted by the Assembly that describes the boundaries of the service area and the services to be terminated and which is either:

- (1) Approved by a majority of the voters residing within the service area to be terminated; or
- (2) Consented to in writing by all of the owners of real property within the boundaries of the service area to be terminated, if no voters reside in the service area.

Except for terminations under 12.04(f), the ordinance shall provide for the disposition of the service area's assets and shall provide for payment of the service area's indebtedness and ongoing operational and maintenance expenses from revenues obtained from the service area.

(f) **Sanitary Sewage Service Areas.** The provisions of this Section 12.04 and Subsection 12.06(c) shall not apply to sanitary sewage services. The Assembly may by ordinance and without voter approval exercise sanitary sewage service powers on an areawide basis, service area basis, or a nonareawide basis in such manner as it determines. The ordinance may designate sanitary sewage services as municipal utilities under Section 8.01. The term sanitary sewage services means any collection, transport, treatment, or disposal of human waste.

(g) **Majority of Voters.** For purposes of this section the term "majority of the voters" shall mean a majority of the qualified voters casting a ballot on the proposition at a general or special election.

Section 12.05 Criteria for Establishing Service Areas.

Service areas shall be established according to criteria of need and economic operating efficiency and shall comprise the area to which the services shall be provided. A new service area shall be established only after Assembly determination that such services cannot be reasonably provided by an existing service area or by alteration of an existing service area. Nothing in this section will be interpreted to permit the establishment of a service area in any other manner than as provided for elsewhere in this Charter.

Section 12.06 Financing and Management.

(a) **Service Area Taxes.** The Assembly may levy taxes, assessments, payments in lieu of taxes, and other charges within a service area to pay for costs of that service area.

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

Sales taxes on the sale of goods and services may be levied for service area purposes to the fullest extent allowed by law.

(b) **Supervision of Service Areas.** The Assembly may provide for an appointed or elected board to supervise the furnishing of services in a service area or may exercise such supervision by itself. The Assembly or board shall determine the cost and levels of service, the means, methods, and facilities for providing the service and all requirements for receiving the service.

(c) **Use of Property and Assets of a Service Area.** Except as provided in this subsection, funds raised by service area taxes, assessments, and charges shall not be used for any purpose other than to pay for costs of the service area. Unless a service area is terminated or consolidated, the revenues, equipment, property, personnel, and assets acquired or employed for that service area shall not be used to provide services outside of the service area. With the approval of the Assembly, any service area may participate in joint ventures, sharing of revenues, equipment, property, personnel, and assets, mutual assistance, and other cooperative arrangements provided that such service area is reasonably compensated in proportion to the revenues, equipment, property, personnel, and assets it contributes. Reasonable compensation may be in the form of services, money, future obligations, or other forms determined by the Assembly.

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

ARTICLE XVI GENERAL PROVISIONS

Section 16.01 Personal Financial Interest; Nepotism.

(a) **Prohibition.** An elected municipal officer may not participate in any official action in which the officer or a member of the officer's household has a substantial financial interest unless, after disclosure of the interest, the officer's participation is approved in public meeting by a majority of the body. Municipal officials shall publicly disclose their substantial financial interests as required by law. The Assembly, by ordinance, shall adopt procedures dealing with conflicts of interest on the part of municipal employees.

(b) **Punishment.** Any municipal officer, employee, or elected official who conceals such financial interest or willfully violates the requirements of this section shall be guilty of malfeasance in office and shall forfeit his office or employment. Violation of this section with the knowledge, express or implied, of the person contracting with or making a sale to the Municipality shall render the contract or sale to the Municipality void-able by the municipal manager or the Assembly.

(c) Except when chosen solely on the basis of competitive examination administered and graded by persons not employed by the Municipality, the municipal manager, the mayor, the Assembly, and their subordinates or appointees shall not appoint or hire any person to any employment or office who is related to the municipal manager, the mayor, or any assemblymember or to the spouse of the municipal manager, the mayor, or any assemblymember. Except when chosen solely on the basis of competitive examination administered and graded by persons not employed by the municipal utilities, the utilities general manager, the municipal utility board, and their subordinates or appointees shall not appoint or hire to any employment or office any person who is related to the utilities general manager or to any municipal utility board member or to the spouse of the general manager or of any municipal utility board member. For purposes of this subsection a person is considered related to an official or the official's spouse if the person is a parent, spouse, child, sibling, half-sibling, grandparent, grandchild, great grandparent, great grandchild, aunt, uncle, niece, nephew, or is a spouse of any of the above. This subsection shall not prohibit an officer or employee from continuing employment which the officer or employee held prior to becoming a relative or prior to the relative's term of office. This subsection shall not prohibit an officer or employee from being promoted, under applicable personnel rules, from a position held by the officer or employee prior to becoming a relative or prior to the relative's term of office. This subsection shall also not apply if the relative is an independent contractor for goods and services provided that the contract has been awarded or approved as provided in paragraph 2.10(a)(2).

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

Section 16.02 Surety Bonds.

The municipal manager, the clerk, the finance officer, and such other officers and employees as the Assembly may designate before entering upon their duties shall be bonded by individual or group bonds for the faithful performance of their respective duties payable to the Municipality in such form and in such amounts as the Assembly may prescribe with a surety company authorized to operate within the state. The Municipality shall pay the premiums on such bonds.

Section 16.03 Oath of Office.

Every officer of the Municipality before entering upon his duties shall take the oath or affirmation required by section 5 of Article XII, Constitution of the State of Alaska. The Assembly may require designated employees to take such oath before entering upon their employment. Oaths of office shall be filed with the clerk.

Section 16.04 Municipal Proceedings.

The Assembly, by ordinance, shall establish procedures governing administrative proceedings in which the legal rights, duties, privileges, or penalties of persons are to be determined; provide for fair and equal treatment of all persons involved in such proceedings; and provide for the conduct of such proceedings in an orderly and uniform manner.

Section 16.05 Ordinances and Resolutions.

Except as otherwise provided by this Charter or by the transition plan, the ordinances and resolutions of local governments to be dissolved shall continue in full force and effect in their respective jurisdictions until expressly reaffirmed, revised, or repealed by the Assembly.

Section 16.06 Pre-Consolidation Assets, Liabilities, Sales Taxes, Reserves and Franchises, and Collective Bargaining Rights

(a) **Assets and Liabilities.** The Municipality shall succeed to all the assets and liabilities of the former City of Ketchikan and of the former Ketchikan Gateway Borough. Bonded indebtedness incurred before consolidation shall remain the obligation of the area that was subject to the debt unless the asset for which the bonded indebtedness was incurred is used for an areawide purpose or is used for the benefit of a larger area, in which case the obligation shall become the obligation of the area benefitted by the asset's use. The obligation to repay revenue bonds issued by the City of Ketchikan d/b/a

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

Ketchikan Public Utilities shall not be affected by this Charter.

(b) **Sales and Use Taxes.** All sales and use taxes levied within the former City of Ketchikan and the former Ketchikan Gateway Borough shall remain in effect until changed as provided in this Charter. Within one year from the first election under this Charter, the Assembly shall apply the levy of the former City of Ketchikan's one percent (1%) Hospital and other purposes sales tax on an areawide basis throughout the Municipality, with the revenues from the areawide levy being appropriated for the Municipality. The ratification requirement of Section 10.05(b) shall not apply to this initial one percent areawide levy.

~~The two-and-one-half percent (2.5%) of the former City of Ketchikan's sales tax shall be appropriated for the Gateway Service Area. Sales tax levies required by this section shall remain in effect until changed as provided in this Charter.~~

(c) **Reserves.** Any pledged reserve accounts of the prior local governments shall remain committed to the purposes for which they were originally dedicated.

(d) **Franchises.** All existing franchises of the governments to be consolidated shall continue after ratification of this Charter until they expire, are extended, renewed, or revoked by the Assembly.

(e) **Salaries.** Until changed as provided in Section 2.06, the salaries and expenses of the mayor and assemblymembers will be the same as paid to the mayor and council members of the former City of Ketchikan.

Collective Bargaining. If the Municipality opts out of the Alaska Public Employment Relations Act [Alaska Stats. 23.40.070 - 23.40.260 (1998)], the Assembly shall adopt and may thereafter amend an employment relations ordinance that will extend to eligible municipal employees the right to bargain collectively on wages, hours, and such terms and conditions of employment as are permitted by ordinance. The ordinance shall provide for the recognition and de-certification of collective bargaining units and shall define the scope and nature of collective bargaining. Those collective bargaining units and their representatives that were previously recognized by the Ketchikan Gateway Borough or the City of Ketchikan will, unless decertified or modified by vote of the represented employees, continue to be recognized by the Municipality for the purpose of collective bargaining under the ordinance.

Debby Otte 8/25/05 6:35 PM
Deleted: Within one year from the first election under this Charter, the Assembly shall apply one-quarter percent (.25%) of the levy of the former City of Ketchikan's one and one-half percent (1.5%) Public Works and other purposes sales tax on an areawide basis throughout the Municipality, with the revenues from the areawide levy being appropriated for the Municipality. The ratification requirement of Section 10.05(b) shall not apply to this initial one-quarter percent (.25%) areawide levy.

Debby Otte 8/25/05 6:35 PM
Deleted: remaining

Debby Otte 8/25/05 6:35 PM
Deleted: quarter

Debby Otte 8/25/05 6:35 PM
Deleted: 2

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

Section 16.07 Continuance of Actions.

The adoption of this Charter shall not abate or otherwise affect any action, claim, or proceeding, civil or criminal, by or against, a local government to be consolidated and which had accrued at the time of the effective date of this Charter. All applications, petitions, hearings, and other proceedings pending on the effective date before a local government to be consolidated shall be continued before the Municipality.

Section 16.08 Intergovernmental Relations.

The Municipality may exercise any of its powers or perform any of its functions and may participate in the financing thereof, jointly or in cooperation, by agreement with any one or more local governments, the State of Alaska, or the United States, or any agency or instrumentality of those governments.

Section 16.09 Transition Plan.

Other provisions concerning the transition shall be governed by the transition plan as approved by the Local Boundary Commission and any changes made thereto by the Assembly.

Section 16.10 Penalties.

Within six months after adoption of this Charter, the Assembly, by ordinance, shall prescribe penalties for violations of this Charter if no penalty is prescribed by this Charter.

Section 16.11 Separability Clause.

If a court of competent jurisdiction should hold any section or part of this Charter invalid, such holding shall not affect the remainder of this Charter nor the context in which such section or part so held invalid may appear, except to the extent that another part of the Charter may be inseparably connected in meaning and effect with that section or part.

If a court of competent jurisdiction holds a part of this Charter invalid, or if a change in the state constitution or law renders a part of this Charter invalid or inapplicable, the Assembly, by ordinance, may take such appropriate action as will enable the municipal government to function properly.

Section 16.12 Effective Date.

If, at an election ordered pursuant to Alaska Statutes 29.06.140(a) and (b), the voters

CHARTER – MUNICIPALITY OF KETCHIKAN

Amended Articles Only

~ ~ ~ ~ ~

~

approve of the consolidation of the City of Ketchikan and the Ketchikan Gateway Borough,
this Charter shall become effective on the date the consolidation becomes effective.

EXHIBIT J TRANSITION PLAN

This transition plan demonstrates the intent and capability to provide for an orderly, efficient and economic consolidation process within the shortest practical time following constituent approval of consolidation of the Ketchikan Gateway Borough, a second class borough, and the City of Ketchikan, a home rule city. The consolidated home rule borough shall be designated as "Ketchikan." The transition plan addresses how the powers currently exercised by the Ketchikan Gateway Borough and the City of Ketchikan can be assumed by and delegated to the consolidated government of Ketchikan.

The plan also provides details concerning the manner in which Ketchikan will assume all relevant and appropriate powers, duties, rights, and functions presently exercised by the entities to be dissolved through consolidation. Additionally, it provides details concerning the manner in which the new Municipality will assume and integrate all relevant and appropriate assets and liabilities of the City of Ketchikan and the Ketchikan Gateway Borough.

The plan provides many opportunities for efficiencies in government. But the plan is only a guide for an initial reorganization. It is expected that the new Assembly will begin a cautious review and exploration of potential savings and alter the plan accordingly. Efficiencies and reduced government are the primary purposes of the consolidation, but caution is called for so that the effectiveness of governmental systems can be maintained while they are reorganized. This caution dictates that the initial assignments of assets and liabilities be made to the existing governmental systems. This assignment, as well as the initial administrative organization, should not be construed as anything but temporary. In the short term, many parallel systems and duplication of effort will remain in place. These parallel systems should disappear as single, unified systems can be safely inaugurated.

In accordance with AS 29.06.150 and except as provided for within this petition, the proposed consolidated Municipality will succeed to all powers, duties, rights, assets and liabilities of the entities to be dissolved by consolidation. Additionally, in accordance with AS 29.06.160 and except as provided for within this petition, the ordinances, resolutions, regulations, procedures and orders of the entities dissolved through consolidation remain in force within their respective territories until superseded by the action of the consolidated Assembly.

A. CONSULTATION WITH OFFICIALS: 3 AAC 110.900(b) requires that this transition plan be prepared in consultation with the officials of each existing borough and city proposed for consolidation. The following is a summary of the manner in which this requirement was satisfied.

Officials of the City of Ketchikan and the Ketchikan Gateway Borough were consulted during the review of this transition plan and the petition. Drafts of the proposed charter and other informational materials were circulated for review and comment. Borough

officials including the Manager, Clerk, Attorney, and Finance Director were consulted during the review and rewrite of the charter and transition plan. City officials including the Manager, Attorney, Clerk and Finance Director were consulted and participated in the review and rewrite of the charter, transition plan and petition. Consultation occurred through meetings, individual interviews, information requests and telephone inquiries.

The Ketchikan Charter Commission began weekly meetings on January 21, 2004, switching to bi-weekly meetings in mid-April, then back to weekly meetings in July. All agenda materials were forwarded to the City and Borough Managers, as well as the Clerks and Attorneys for their review and comments. These civic individuals, as well as members of the public, were invited on a regular basis to attend the Commission's meetings.

Advertised public hearings were held on August 13, 2004; August 20, 2004; August 28th, and September 17, 2004. Summaries of the notes from those meetings are included in Sections J-2, J-3 , J-4 and J-5.

B. EFFECTIVE DATE: The consolidation of the Ketchikan Gateway Borough and the City of Ketchikan is contingent upon ratification by the voters. A vote on the question of consolidation is expected to occur at a special election scheduled either in late calendar year 2005 or early 2006. Consolidation and the proposed charter, included within the petition as Exhibit I, will become effective upon State certification of the election of the consolidated Municipality's Assembly.

C. POWERS AND DUTIES OF EXISTING CITY PROPOSED TO BE CONSOLIDATED: Incorporated on August 25, 1900 the City of Ketchikan is a home rule city having legislative powers concerning matters not limited by Title 29 of the Alaska State Statutes. The City of Ketchikan may exercise any power not otherwise prohibited by law (AS 29.10.200) except that the second class Ketchikan Gateway Borough exercises mandatory areawide powers of education; assessment and collection of property, sales and transient occupancy taxes; and platting, planning, and land use regulation throughout the borough, including the City of Ketchikan.

Listed below are the powers and the duties currently exercised by the City of Ketchikan. Responsibility for exercising powers and duties is vested with the City government's legislative and executive branches. The legislative branch, which is comprised of the Mayor and City Council, is responsible for establishing City policies and goals. The executive branch is comprised of the offices of the City Clerk, City Attorney, and City Manager; the Human Resources Division; and the Finance Department. These offices and departments provide for the general management and oversight of the various City operations, services, and municipal assets & liabilities.

1. Public Safety: The City provides police protection and fire suppression services within its municipal boundaries. Emergency 911 dispatch is afforded to the community on an areawide basis utilizing the Police Department's dispatch staff. Emergency medical services

are provided by the City within its municipal boundaries.

The Public Safety Director supervises these respective departments that provide public safety services both within and outside of the City. Funding is derived from the City's General Fund; a one percent (1%) Public Safety Sales Tax, that is used to finance operations, as well as providing for major and minor capital outlays; EMS user fees; parking fines and revenues; state assistance; and from miscellaneous charges.

2. **Library:** The City owns and operates the Ketchikan Public Library, which is located in the Centennial Building. The Library serves the entire community and also contracts with the Ketchikan School Board and the State of Alaska to provide services to area schools and the University of Alaska. Based on the percentage of residents living outside of the City compared to the total population of the Borough, the City receives an annual payment from the Ketchikan Gateway Borough for library services provided to non-City residents. This payment is derived from a nonareawide property tax, that is currently 1.2 mills and those funds are dedicated to the Ketchikan Public Library. The remaining funding is derived from the City's General Fund; a one and one-half percent (1.5%) Public Works Sales Tax, that is used to finance major and minor capital outlays; state grants; inter-municipal and state contracts; and from various other sources.

3. **Museum:** The City owns and operates the Tongass Historical Museum and the Totem Heritage Center. The Museum Director manages the Department's three divisions: Collections, Programs and Visitor Services. The Museum provides services to the entire Borough, as well as to many non-resident visitors. Funding of the Museum is derived from the City's General Fund; a one and one-half percent (1.5%) Public Works Sales Tax, that is used to finance major and minor capital outlays; state and federal grants; seasonal admission fees; and from various other sources.

4. **Ted Ferry Civic Center:** The City owns and operates the Ted Ferry Civic Center, which is a multi-purpose facility that provides accommodations for conventions, meetings, and other social, cultural and public events. The facility is available for rent and use by all Borough residents. Although fees are charged for the use of the facility, revenues derived are insufficient to cover its operating costs and must be subsidized by the City's General Fund and from a one and one-half percent (1.5%) Public Works Sales Tax that is used to finance major and minor capital outlays.

5. **Mental Health/Substance Abuse:** The City owns and operates the Gateway Center for Human Services, which is a provider of mental health and substance abuse treatment services. Gateway provides counseling, prevention and community based assistance programs for a wide range of public mental health and substance abuse needs. The programs offered by the Gateway Center for Human Services are available on a borough-wide basis. Funding is derived from the City's one percent (1%) Hospital Sales Tax; state operating and capital grants; client user fees; and from a one and one-half percent (1.5%) Public Works Sales Tax, which is used to finance major and minor capital outlays.

Debby Otte 8/24/05 6:27 PM

Deleted: Operated as a division of the Museum Department, it is

6. Ketchikan General Hospital/Public Health: The City owns and maintains the Ketchikan General Hospital. The premises are leased to PeaceHealth Inc., which operates the facility as a community-wide hospital. Ketchikan General Hospital and its services are available to the general public regardless of residency. Funding of the Hospital is derived from the City's one percent (1%) Hospital Sales Tax.

The City also assists in the annual financing of the state sponsored Ketchikan Public Health Center, which provides public health and medical services to all residents of the Borough. Funding of the Ketchikan Public Health Center is derived from the City's General Fund. *The rest of the operations of the Public Health Center are funded directly by the State of Alaska and are not part of municipal operations.*

Debby Otte 8/24/05 6:29 PM

Deleted: local contributions and state assistance

7. Public Works: The Public Works Department, under the direction of the Public Works Director, provides the following services within the City:

a) **Public Works Engineering:** The City of Ketchikan Public Works Department currently provides engineering services not only for the divisions of the Department, but for other municipal divisions as well. The division also provides for building code enforcement within the City. Funding of the division is derived from the City's General Fund; interdivisional charges; and from a one and one-half percent (1.5%) Public Works Sales Tax, that is used to finance operations, as well as providing for major and minor capital outlays.

b) **Public Works Streets and Roads:** The City of Ketchikan Public Works Department's Streets Division currently provides for the construction and maintenance of streets and roads, bridges, sidewalks, storm drainage, culverts and street lighting. Funding of the division is derived from the City's General Fund and from a one and one-half percent (1.5%) Public Works Sales Tax, that is used to finance major and minor capital outlays.

c) **Solid Waste Collection, Disposal and Recycling:** The City of Ketchikan Public Works Department currently provides for the collection and disposal of solid waste. The City owns and operates the Solid Waste Handling and Recycling Facility (SWHRF) adjacent to Deer Mountain. Putrescible solid waste is baled and shipped south by barge to a regional landfill in Washington State. Non-putrescible solid waste is landfilled at the SWHRF. Residential collection and disposal services are exclusively provided by the City within the City limits. Commercial service within the City is available, with non-residential customers having the option of private collection service.

The City accepts solid waste for disposal at the SWHRF on a borough-wide basis. Funding of solid waste collection and disposal is derived from mandatory residential collection and disposal fees within the City; mandatory disposal fees

assessed against non-City residents; and from commercial truck tipping fees charged at the SWHRF. The Solid Waste Collection and Disposal Divisions of the Public Works Department are financed as a special revenue fund. Funding is also derived from state grants, which are used to finance major and minor capital outlays.

d) **Municipal Facility and Vehicle Maintenance:** The City of Ketchikan Public Works Department currently provides for facility and vehicle maintenance not only for the divisions of the Department, but for other municipal divisions as well. Funding of the Building and Garage/Warehouse Divisions is derived from the City's General Fund; inter-divisional charges; and from a one and one-half percent (1.5%) Public Works Sales Tax, that is used to finance major and minor capital outlays.

e) **Cemetery Services:** The Bayview Cemetery is owned and operated by the City of Ketchikan on a borough-wide basis. Funding is derived from user fees and from the City's General Fund.

f) **Wastewater Collection and Treatment:** The City owns and operates secondary wastewater treatment plant facilities, pump stations, collection systems and other equipment required for the collection and treatment of wastewater. Wastewater services are provided only within the boundaries of the City. Funding is derived from user fees and State grants. The Wastewater Division is financed as a special revenue fund.

8. **Port and Harbors:** The City's Port and Harbors Department operates under the direction of the Harbormaster and maintains facilities for both large and small maritime vessels. The Harbors Division maintains and operates five boat harbors and associated facilities, four of which are state owned. As a result of its extraterritorial powers two of the harbors operated by the City are located in the Borough outside of the City limits. The division is operated as a special revenue fund with expenditures paid for by revenues derived from harbor users, as well as from state and federal grants.

The Port Division operates and maintains the Port of Ketchikan primarily for use by the cruise ship industry, commercial fishing fleet, charter boat fleet and the general public. It is the only cruise ship port within the Borough and serves as a staging area for local tours throughout the entire community. The division is operated as an enterprise fund with expenditures paid for by revenues derived from Port users and land based tour operators, as well as from state and federal grants.

9. **Public Utilities:** The City owns and operates Ketchikan Public Utilities, which provides telecommunications and electric service to the entire Borough with the exception of remote and unpopulated areas. KPU also provides water service to an area roughly coinciding with the boundaries of the City of Ketchikan. Private water haulers purchase water from KPU

for distribution to other parts of the Borough that do not have water systems operated by service areas. KPU is operated as a public utility and is regulated by the Regulatory Commission of Alaska, *however the City retains rate-setting powers and a certain degree of self-regulation*. The City Council of the City of Ketchikan is the governing body of the Utility. KPU is administered by the City Manager, who oversees its four divisions: Administration, Water, Electric and Telecommunications.

D. POWERS AND DUTIES OF EXISTING BOROUGH PROPOSED TO BE CONSOLIDATED: Organized on September 6, 1963, the second class Ketchikan Gateway Borough exercises mandatory areawide powers of education; assessment and collection of property, sales and transient occupancy taxes; and planning, platting, and land use regulation. The Borough exercises four other permissive areawide powers and has adopted three nonareawide powers. Additional powers and duties are exercised on a service area basis. Currently ten service areas exist within the Borough.

Listed below are the powers and duties currently exercised by the Ketchikan Gateway Borough. Responsibility for exercising both areawide and nonareawide powers is vested with the Borough government's legislative and executive branches. The legislative branch, which is comprised of the Mayor and Borough Assembly, is responsible for establishing Borough policies and goals. The executive branch is comprised of the offices of the Borough Manager, Borough Clerk, Borough Attorney, Borough Assessor and Finance Director, and the Department of Planning and Community Development. The executive offices are similar in purpose to those of the City of Ketchikan and provide general administrative oversight for the Ketchikan Gateway Borough.

Mandatory Areawide Powers:

1. **Education:** The Ketchikan Gateway Borough partially funds the Ketchikan Gateway Borough School District, which is administered by the Ketchikan Gateway Borough School Board. The School Board is comprised of seven board members, who are elected at large on a borough-wide basis. A School Board President is selected annually by the board members. School District facilities include four elementary schools, one middle school and two high schools. Funding of the School District is derived from the Borough's General Fund, as well as from state and federal financial assistance.

2. **Assessment and Collection of Property, Sales and Transient Occupancy Taxes:** The Ketchikan Gateway Borough collects both Borough and City taxes levied within the Borough. Taxes assessed and collected by the Borough include the following types:

- ✓ Real and Personal Property
- ✓ Consumer Sales
- ✓ Transient Occupancy
- ✓ Boat

Funding of the Finance Department and the Assessment Department is derived from the Borough's General Fund.

3. Platting, Planning, and Land Use Regulation: The Ketchikan Gateway Borough exercises its land use regulation authority, including planning and platting powers, throughout the Borough, including the cities of Ketchikan and Saxman. The Department of Planning and Community Development is funded through the Borough's General Fund and by user fees. The Borough Planning Commission consists of seven members appointed by the Mayor and confirmed by the Assembly. Four of the seven members are residents of the City and are recommended for appointment by the Mayor and City Council. The Commission elects a chairperson. The Borough has established land use regulations under its municipal code, which incorporate all platting and land use regulations, land use districts and subdivision and platting requirements

Permissive Areawide Powers:¹

1. Parks and Recreation: Parks and recreation services are authorized pursuant to Title 16 of the Borough Municipal Code. The Parks and Recreation Department provides a variety of services to Borough residents. The Department operates the Borough Indoor Recreation Center (IRC), the Mike Smithers Pool and various parks and recreational fields throughout the community. The pre-existing City Parks and Recreation Department was assumed by the Borough as a result of a 1990 election transferring City staff and assets to the Borough, who concurrently assumed Parks and Recreation powers. The Department is funded through the Borough's General Fund; user fees; and from a one-half percent (.5%) Parks and Recreation Sales Tax, which is used to finance major and minor capital outlays.

2. Transportation: Transportation services are authorized pursuant to Title 14 of the Borough Municipal Code. The Transportation Services Department provides a variety of services to Borough residents. The Borough operates a ferry system that provides passage to and from the airport. The Department also operates the Ketchikan International Airport and terminal, which are located on Gravina Island. The Department is funded through Airport and Transit enterprise fund user fees; the Borough's General Fund; and from federal and state operating and capital grants.

The Borough operates a public transit system that includes a local bus service that operates within the City and is administered by the Borough's Public Works Department. Funding for the public transit system is derived from the Borough General Fund, user fees and from federal and state operating and capital grants.

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.

¹ 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, and tax increment financing.

3. **Animal Control and Protection:** Animal control and protection services are authorized pursuant to Title 20 of the Borough Municipal Code. The Borough provides animal control and protection services that includes a shelter and field officers. The Department enforces local animal control ordinances and works with state agencies concerning problems related to non-domestic animals. The Department is funded through the Borough's General Fund and user fees.

4. **Economic Development:** Economic development services are authorized pursuant to Title 10 of the Borough Municipal Code. The Borough funds projects and services, either through direct grants or loans. The Borough oversees the proper administration of Title 10, Economic Development, as amended from time to time and directs the implementation of the adopted economic development policies for the Borough.

The Borough also funds a general grant program to assist community organizations and agencies, in order to promote economic development and community enhancement.

Non-Areawide Powers:

The Ketchikan Gateway Borough has adopted the following powers on a nonareawide basis:

1. **Sewers** (Title 17): Sewer powers are funded by user fees and/or charges.
2. **Solid Waste Disposal** (Title 29): The Borough has adopted and exercises nonareawide powers for the disposal of solid waste. Residents are assessed a monthly fee for the disposal of solid waste at the City's Solid Waste Recycling and Handling Facility (SWRHF). Borough residents have the option of either contracting with private collection companies to transport their solid waste to the SWRHF or may deliver it themselves.
3. **Library:** The Borough reimburses the City of Ketchikan for the Ketchikan Public Library based on the percentage of residents living outside of the City compared to the total population of the Borough. This payment is funded by the nonareawide millage levy (1.2 mills for FY 04-05).

Service Areas:

The Ketchikan Gateway Borough exercises other powers on a service area basis (AS 29.35.220). The Borough has ten service areas and exercises the following powers within the respective service areas' jurisdictions:

1. Forest Park Service Area:
 - a) Street Construction and Maintenance.

2. Gold Nugget Service Area:
 - a) Street Construction and Maintenance.
3. Mud Bight Service Area:
 - a) Street Construction and Maintenance.
 - b) Water Supply, Treatment and Distribution.*
4. South Tongass Service Area:
 - a) Fire Protection.
 - b) EMS
 - c) Construction, maintenance, operation, and regulation of a water supply, treatment, and distribution system, including hydrants.
5. Waterfall Creek Service Area:
 - a) Street Construction and Maintenance.
6. Nichols View Service Area:
 - a) Street Construction and Maintenance.*
7. Deep Bay Service Area:
 - a) Street Construction and Maintenance.*
 - b) Harbor and Dock Construction, Maintenance and Operations.*
8. Long Arm Service Area:
 - a) Street Construction and Maintenance.*
 - b) Harbor and Dock Construction, Maintenance and Operations.*
9. Vallenar Bay Service Area:
 - a) Street Construction and Maintenance.*
10. North Tongass Fire and Emergency Medical Services Service Area
 - a) Fire and Emergency Medical Service

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

E. CHANGE IN POWERS AND DUTIES: The following is an explanation of how consolidation will effect the delivery of the current services listed in paragraphs C and D of this Transition Plan. Included is a statement concerning any new powers proposed to be exercised, as well as any existing powers proposed to be eliminated or altered. During the initial transition period following consolidation of the City of Ketchikan and the Ketchikan Gateway Borough, there will be a reconfiguration concerning how and where some services are provided, as well as regarding how they are paid for. In this context two significant changes will occur:

1. Some services that are presently exercised by the City on behalf of City and non-City residents will be transferred to the consolidated Municipality and will be provided on either an areawide or nonareawide basis.
2. One new service area will be created to provide services formerly provided by the City of Ketchikan. The Gateway Service Area will encompass the area of the former City of Ketchikan and will provide those services previously provided by the City that are not transferred to the consolidated Municipality.

What follows is a detailed discussion of these two issues within the context of mandatory areawide, permissive areawide, nonareawide and service area powers. Although former City and Borough employees, excluding those of the Ketchikan Gateway Borough School District, will become employees of the consolidated Municipality, the narrative that follows details the manner in which the cost of employees and services will be apportioned to the consolidated Municipality, the existing service areas and the new service area to be established as a result of consolidation.

Mandatory Areawide Powers:

Mandatory areawide powers include education; assessment and collection of property, sales and transient occupancy taxes; and platting, planning and land use regulation. The following three powers are mandatory areawide services. State law, AS 29, requires them to be provided by the consolidated Municipality.

1. **Education:** The Borough exercises areawide education powers as a second class borough under AS 14. The educational system is administered by the Ketchikan Gateway Borough School District. The school district operates seven schools within the area. The FY 2004-2005 Borough mill levy provides the local contribution toward funding the School District budget of \$24,073,672, approximately one-third of the district's total spending plan. The Ketchikan Gateway Borough School District operates 165 classrooms and employs 154 teachers. Funding of the School District will continue to be derived from the consolidated Municipality's General Fund and from state and federal assistance.

Mandatory areawide education powers within the Borough will not be affected by consolidation. Education is currently provided by the Ketchikan Gateway Borough through the Ketchikan Gateway Borough School District, who administer the school system. Article IX of the proposed charter will not alter this structure. Because consolidation will not result in any change in the composition, apportionment, powers, or duties of the school board, this consolidation proposal will not require the election of a new school board. The Ketchikan Gateway Borough School District will continue to administer the local school system after consolidation occurs. The current practice of the Borough School Board and Borough Assembly establishing the total amount of local funding for the school system will not be changed. Borough property taxes, that support the school system, will remain the

primary local funding source. The consolidation itself will not have any direct effect on the School District budget. State and federal funding or the amount of the local contribution will not be affected by consolidation. The consolidation will not alter school district staffing requirements and will not change collective bargaining agreements or retirement plans. Section 9.04 of the proposed Ketchikan charter contains a provision that mandates one yearly joint meeting between the School Board and the Assembly.

2. Assessment and Collection of Property, Sales and Transient Occupancy Taxes:

The Ketchikan Gateway Borough presently is responsible for all tax assessment and collection duties within the Borough, including the City of Saxman and the City of Ketchikan. Article 10 of the proposed charter vests this authority with the consolidated Municipality and will not alter the existing structure. Taxation includes the collection of real and personal property taxes, taxes on sales, transient occupancy taxes, automobile and boat taxes and miscellaneous fees. The process of tax collection will be unchanged by the consolidation. The Borough Finance Department collects sales and property taxes, maintains financial records and manages the financial assets of the Borough. The Department of Assessment provides the assessment of all taxable real and personal property within the Borough. Both of these departments will continue their former duties under the consolidated Municipality. Existing Borough tax record systems, maps, computer files, and procedures will remain in place. Taxes and the provision of services will be more closely linked as a result of consolidation.

The City of Ketchikan has special purpose sales and property taxes that are designated to provide specific City services. To a lesser extent these taxes will remain in effect within the Gateway Service Area and will continue to be collected by the consolidated Municipality. The taxes will be used to support only those services provided in the service area. The existing City and Borough Finance Departments will be integrated into one Finance Department. The Assessment Department will continue as a separate department of the consolidated Municipality. Funding of the consolidated Municipality's Finance and Assessment Departments will be derived from the consolidated Municipality's General Fund.

3. Platting, Planning and Land Use Regulation: Land use control and planning and platting services are currently provided by the Borough throughout the community. With the exception of building code enforcement, the City of Ketchikan does not exercise land use control or planning. The Borough's platting and zoning ordinances are comprehensively applied throughout the Borough and the cities of Ketchikan and Saxman.

Planning services will be unchanged and assumed in total by the consolidated Municipality. Article VII of the proposed charter will not result in change as to how land use powers are exercised. The ordinances implementing these existing powers will not be changed as a result of the consolidation. The existing Borough Planning Commission will become the Planning Commission for the consolidated Municipality. Reappointment of Planning Commission members is not required. The Planning Commission members will remain seated through their current terms of office. The existing comprehensive plan applies to

the entire Borough, including the Cities of Ketchikan and Saxman, and will not have to be revised as a result of consolidation.

Pursuant to Section 12.04(d) of the proposed charter, building code enforcement will be applied within the Gateway Service Area on a service area basis. It is suggested that City building code enforcement staff be transferred to the Borough's Community Development Department. This would provide a one-stop permitting service for the entire community. Building code enforcement within the Gateway Service Area will be provided on a cost allocation method between the Municipality and the service area and funded through the service area's Special Revenue Fund.

Existing Borough Permissive Areawide Powers:²

Current permissive areawide powers provided by the Ketchikan Gateway Borough will not be affected by the consolidation. The following permissive areawide powers will be unaffected by consolidation and will continue to be provided in the same manner and at the level of service as they were prior to consolidation:

- ✓ Parks and Recreation
- ✓ Transportation
- ✓ Animal Control
- ✓ Economic Development

Permissive Areawide Powers to be Transferred to Consolidated Municipality:

The consolidation of the City of Ketchikan and the Ketchikan Gateway Borough will result in the assumption of additional permissive areawide powers and services by the consolidated Municipality. The consolidated Municipality will provide such powers and services currently provided by the City of Ketchikan on behalf of both City and non-City residents. The assumption by the borough of a service, formerly provided by the City of Ketchikan, results in the acceptance of all the rights, powers, duties, assets, and liabilities accrued to the service by the former City of Ketchikan. Borough areawide services will be available to and paid for by all residents of the consolidated Municipality.

Other services currently provided by the City of Ketchikan that are not assumed by the consolidated Municipality on an areawide basis will be provided by the Gateway Service Area. The services provided within the Gateway Service Area will be paid for from revenues collected within that service area.

The following powers, services and facilities will be assumed by the consolidated

² 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, 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.

Municipality from the former City of Ketchikan and will be provided on an areawide basis:

1. Emergency 911 Dispatch: The City currently provides emergency 911 dispatch services on an areawide basis.

Following the dissolution of the City, the consolidated Municipality will assume emergency 911 dispatch powers on an areawide basis. This transfer will result in the assumption of the assets, properties, staff and expenses by the consolidated Municipality. Funding for emergency dispatch services will be derived from the consolidated Municipality's General Fund effective the first day of the consolidated Municipality's initial fiscal year.

The administration of Emergency 911, which will be provided by the Gateway Service Area's Police Department and will be funded, in part, through a telephone user fee.

2. Library: The Ketchikan Public Library is funded by both the City and the Borough. Presently the Borough provides annual funding to the City for library services rendered to non-City residents. The amount is negotiated, but is based upon the percentage of residents living outside of the City compared to the total population of the Borough. Funding by the Borough is derived from the nonareawide millage rate. Following the dissolution of the City, the consolidated Municipality will assume library powers on an areawide basis. This transfer will result in the assumption of the assets, properties, staff and expenses by the consolidated Municipality. Funding for library services will be derived from the consolidated Municipality's General Fund; state and federal grants; and from various other sources.

Funding of the Library on an areawide basis and termination of the nonareawide mill levy for Library services will become effective the first day of the consolidated Municipality's initial fiscal year and the areawide mill levy will be increased by 1.2% to 8.7% instead with a concurrent decrease in the Gateway Service Area levy by 1.2% to 5.2 mills.

3. Museum: The City operates the Ketchikan Museum and the Totem Heritage Center. The Museum and Totem Heritage Center will be operated as an areawide service by the consolidated Municipality. This transfer will result in the assumption of the assets, properties, staff and expenses by the consolidated Municipality. The City also supports a Historical Commission through the City Manager's Office. The consolidated Municipality's organizational structure will incorporate the Commission within the Museum Department. The nominal cost of the Commission will become a part of the Museum Department's budget. Funding of the Museum will be derived from the consolidated Municipality's General Fund; state and federal grants; seasonal admission fees; and from various other sources.

Funding of the Museum on an areawide basis will become effective the first day of the consolidated Municipality's initial fiscal year.

4. **Ted Ferry Civic Center:** The Ted Ferry Civic Center is owned and operated by the City. Consolidation will result in ownership of the facility and its operation being assumed by the consolidated Municipality. Staff, assets and liabilities of the Ted Ferry Civic Center will be assumed by the consolidated Municipality.

Effective the first day of the consolidated Municipality's initial fiscal year, the Ted Ferry Civic Center will be paid for on an areawide basis by the consolidated Municipality's General Fund and from fees it collects.

5. **Mental Health/Substance Abuse:** The City's Gateway Center for Human Services will become a responsibility of the consolidated Municipality as part of its permissive areawide services. The consolidated Municipality will assume staff, assets and liabilities. These programs are currently funded from state and federal grants, as well as from the City's one percent (1%) Hospital Sales Tax. Financing of the Gateway Center for Human Services by the consolidated Municipality will be derived from the imposition of a one percent (1%) areawide Hospital Sales Tax; state and federal grants; and patient fees.

Funding of the Gateway Center for Human Services on an areawide basis; termination of the existing City's one percent (1%) Hospital Sales Tax; and the imposition of a one percent (1%) areawide Hospital Sales Tax will become effective the first day of the consolidated Municipality's initial fiscal year.

6. **Ketchikan General Hospital/Public Health:** Ketchikan General Hospital and the facility lease agreement with PeaceHealth Inc. will become a responsibility of the consolidated Municipality as part of its permissive areawide services. All assets and liabilities of the Ketchikan General Hospital will be assumed by the consolidated Municipality. Financing of the Ketchikan General Hospital by the consolidated Municipality will be derived from the imposition of a one percent (1%) areawide Hospital Sales Tax.

Funding of the Ketchikan General Hospital on an areawide basis; termination of the City's existing one percent (1%) Hospital Sales Tax; and the imposition of a one percent (1%) areawide Hospital Sales Tax will become effective the first day of the consolidated Municipality's initial fiscal year.

The City of Ketchikan's financial support of the state sponsored **Public Health Center** will become a responsibility of the consolidated Municipality. Funding of the Public Health Center on an areawide basis will be derived from the consolidated Municipality's General Fund and will become effective the first day of the consolidated Municipality's initial fiscal year.

7. **Bayview Cemetery:** The Bayview Cemetery is owned and operated by the City. As a result of the consolidation the cemetery will become the property and responsibility of the consolidated Municipality. The consolidated Municipality will assume staff, assets and liabilities of the cemetery.

The cemetery will be provided and paid for on an areawide basis through user fees and from the consolidated Municipality's General Fund effective the first day of the consolidated Municipality's initial fiscal year.

8. Solid Waste Disposal: The disposal of garbage and solid waste will become an areawide power of the consolidated [Borough] Municipality. Ownership and operation of the City's Solid Waste Handling and Recycling Facility (SWHRF) will be conveyed to the consolidated Municipality. The closed area of the landfill, which was operated by the City and used by residents throughout the Borough, will become borough owned. City Public Works Department staff, who operate the SWHRF, will become employees of the consolidated Municipality. The consolidated Municipality will assume staff, assets and liabilities of the SWHRF. Monthly collection and disposal charges assessed against City residents; monthly disposal charges assessed against non-City residents; and commercial tipping fees currently fund the Solid Waste Recycling and Handling Facility.

Following consolidation, residents of the Gateway Service Area and non-City residents will continue to pay monthly solid waste disposal charges as established by the Assembly. Commercial users will pay a per-use-tipping fee as they did before consolidation. Solid waste disposal will be operated by the consolidated Municipality as a special revenue fund, with revenues covering the cost of services.

Funding of the Solid Waste Disposal Division on an areawide basis will become effective the first day of the consolidated Municipality's initial fiscal year.

9. Port and Harbors: The small boat harbors, marine facilities and deep water port that are now owned and/or operated by the City will become the property of and operated by the consolidated Municipality. The staff, assets and liabilities of the City- owned/operated facilities will be transferred to the consolidated Municipality. The City of Saxman will continue to provide enhanced port facilities within its own boundary.

Funding of the City's Port and Harbors Divisions on an enterprise fund and a special revenue fund basis, respectively, will remain the same under the consolidated Municipality.

Funding of the Port and Harbors Division on an areawide basis will become effective the first day of the consolidated Municipality's initial fiscal year.

10. Municipal Utilities: Ketchikan Public Utilities (KPU) is a public utility owned by the City of Ketchikan. KPU currently provides electricity and local and in-state telephone service throughout its certificated area (most of the populated or developed areas of the Borough). It also provides water service to the City. The consolidation will transfer ownership of the Utility and its services to the consolidated Municipality. Assets, liabilities, property and employees will be transferred to the Municipality. The Utility is operated as an enterprise fund and will continue to do so after consolidation.

KPU is currently administered by the City Council of Ketchikan, who are elected from the residents of the City. The City Council sets rates and the terms of service. Following consolidation the Utility will be administered by the Assembly of the consolidated Municipality. The current governing body of KPU, the Ketchikan City Council, is elected only from the residents of the City. Following consolidation the governing body of KPU will be elected from the residents of the consolidated Municipality. This will allow a broader-based area representation of the governing body of the Utility.

Pursuant to Section 8.02 (a) of the proposed charter, following consolidation the Assembly may by ordinance establish an appointed utility Board and delegate to that board such powers and responsibilities as it deems appropriate.

The provision of electricity, telephone and water service by the Utility will not be affected by the consolidation. These services will continue to be provided within the Utility's certificated area as established by the Regulatory Commission of Alaska.

Although the KPU Water Division will be a division of the consolidated Municipality Utility, it will initially provide service only within its certificated area (that portion of the Gateway Service Area encompassing the former City of Ketchikan). The existing Borough service areas that provide water service will continue to do so within their respective boundaries on a service area basis.

Nonareawide Powers:

1. Wastewater Collection, Treatment and Discharge: The Borough currently exercises nonareawide powers regarding Wastewater Collection, Treatment and Discharge. Such powers shall continue to be provided on a nonareawide basis following consolidation and the cost to provide services will be assessed against users on a system-by-system basis. The Wastewater Division of the City of Ketchikan will be transferred to the consolidated Municipality. The functions, assets, equipment and liabilities of the former City Public Works Department's Wastewater Division will be transferred to the consolidated Municipality. The City Public Works Department staff that operates the wastewater plant and maintains the collection system will become employees of the consolidated Municipality.

The power and services will be exercised on a nonareawide basis and will be paid for by revenues raised through user fees.

Section 12.04(f) of the proposed charter grants to the Assembly the continued power to terminate or alter service areas without approval of the voters, in order to provide sanitary sewage service on any basis determined by the Assembly. Consolidation will combine the provision of sanitary sewer services of the former City and Borough into a single nonareawide function. This activity will be accounted for in a separate special revenue

fund supported by user fees.

2. Building Code Enforcement: The City of Ketchikan currently exercises building code enforcement within its boundaries. Following consolidation building code enforcement powers will be authorized on a service area basis. Section 12.04(d) of the proposed charter provides that building code enforcement powers will initially be exercised in the Gateway Service Area only and would only be expanded to those areas whose citizens vote to have building code enforcement powers.

Existing Service Areas:

The services provided by the existing Borough service areas and the level of services will not be altered by consolidation. None of the boundaries of the service areas will be changed. The method of funding the services for each service area will also remain the same.

The Municipal Assembly will need to review the assessments and sales taxes currently in place to determine: (1) whether any dedicated source of funds is being used for that purpose; (2) whether the purpose for a dedicated fund may have ended or have been modified; and (3) whether the effects of consolidation have substantially modified the basis for such assessments or sales taxes and/or the equitable allocation of tax or assessment burdens upon the Municipality or the service areas.

It is anticipated that there will be savings to the Municipality and service areas by: economies of scale in operations; reducing duplication of staff, equipment and procedures; and encouraging sharing of equipment and services, including, but not limited to, consideration of standardization or compatibility of equipment, procedures and training.

Definition. "Contract". It is anticipated that there will need to be allocation of staff, equipment, services and cost/financial burdens between the Municipality and service areas, and between service areas, due to the lack of total unity of operations of the Municipality and service areas. For purposes of this need, this plan uses the term "contract" to mean the agreement between the Municipality or service area or between separate service areas for such allocation.

Service Area To Be Established:

1. Gateway Service Area: A new service area will be created to encompass the area of the former City of Ketchikan. It shall be designated as the Gateway Service Area. A legal description and map of the Gateway Service Area are contained in Exhibits E-1 and E-2. This service area will provide those services that were provided by the former City of Ketchikan that will not be transferred to the consolidated Municipality. All services provided by the former City will be provided either by the Municipality to all residents or through the Gateway Service Area to its residents. No service formerly provided in the City

The first day of the Gateway Service Area's initial fiscal year, real and personal property taxes assessed by the former City of Ketchikan will be terminated. A 5.2 mill property tax levy will be assessed on a service area basis. Revenues derived from this property tax levy will be accounted for in the Gateway Service Area's Special Revenue Fund. (Read dedicated fund).

The first day of the Gateway Service Area's initial fiscal year, sales taxes assessed by the former City of Ketchikan will be terminated. A one percent (1%) Hospital Sales Tax will be assessed on an areawide basis. The City's former Public Safety and Public Works Sales Taxes (1.0% and 1.5% respectively) will be terminated and will be replaced with 1.0% and 1.5% Gateway Service Area Public Safety and Public Works Sales Taxes. Revenues derived from these sales taxes will be accounted for in the Gateway Service Area's Special Revenue Fund.

Debby Otte 8/25/05 6:22 PM
Deleted: 25

The following services will be provided in the Gateway Service Area:

a) **Police:** The proposed charter for the consolidated Municipality in Section 12.03 (a)(1) limits the establishment and operation of police departments to service areas. No existing service area currently provides police services. This situation will change as a result of consolidation. Police services for the former City of Ketchikan will become a service of the Gateway Service Area. The functions, equipment, assets and liabilities of the City Police Department, excluding emergency 911 dispatch, will be transferred to the Gateway Service Area. The City Police will become consolidated Municipality employees who provide a service, police protection, only within the Gateway Service Area and will be paid for by the service area.

The Alaska State Troopers will be the primary law enforcement agency outside the Gateway Service Area. Any mutual aid agreements will not be affected and remain in force. The provision of police services will be paid for from the Special Revenue Fund of the Gateway Service Area.

Funding of the Police Department on a service area basis; termination of the existing City's one percent (1%) Public Safety Sales Tax; and imposition of a one percent (1%) Gateway Service Area Public Safety Sales Tax will become effective the first day of the service area's initial fiscal year.

b) **Fire Suppression and Emergency Medical Services:** The proposed charter for the consolidated Municipality in Section 12.02 (a)(2) limits the establishment and operation of fire and Emergency Medical Services departments to service areas. Not all fire service areas will have the same level of service. The existing service areas that provide fire protection will be unchanged by

consolidation.

Following consolidation all assets and liabilities of the former City Fire Department will remain with the Gateway Service Area. The City Fire Suppression and Emergency Medical Services components of the former City Fire Department are integrated to the extent that they could be irreparably harmed if segregation of the services were to be attempted. The Gateway Service Area will be responsible for fire suppression within its borders. City firefighters will become, as with the Police, consolidated Municipality employees who will provide a service only to the Gateway Service Area and will be paid for by the service area. Any mutual aid agreements will not be affected.

Fire suppression services will be paid for by the Gateway Service Area’s Special Revenue Fund. Funding of the Fire Suppression Division on a service area basis; termination of the existing City’s one percent (1%) Public Safety Sales Tax; and imposition of a one percent (1%) Gateway Service Area Public Safety Sales Tax will become effective the first day of the service area’s initial fiscal year.

The Gateway Service Area will provide, on a service area basis, emergency medical services to the Gateway Service Area.

c) **Public Works Engineering:** The City of Ketchikan Public Works Division currently provides engineering services not only for the divisions of the Department, but for other municipal divisions as well. Following consolidation all assets and liabilities of the former City Public Works Department’s Engineering Division will remain with the Gateway Service Area. Engineering staff will become employees of the consolidated Municipality who provide engineering services only within the Gateway Service Area and will be paid for by the service area. The consolidated Municipality will contract with the Gateway Service Area for engineering services as required on an areawide or nonareawide basis.

Engineering services will be paid for by the Gateway Service Area’s Special Revenue Fund. Funding of the Public Works Engineering Division on a service area basis; termination of the existing City’s one and one-half percent (1.5%) Public Works Sales Tax; and imposition of a one and one-half percent (1.5%) Gateway Service Area Public Works Sales Tax will become effective the first day of the service area’s initial fiscal year.

Building code enforcement of the former City Public Works Department’s Engineering Division will become a function of the consolidated Municipality. The services will initially be provided only within the Gateway Service Area on a service area basis and will be funded through the service area’s Special Revenue Fund. It is suggested that the Code enforcement staff be located within the former borough’s Community Development Department. The Code Enforcement staff will be paid for

Debby Otte 8/25/05 6:23 PM
Deleted: quarter
Debby Otte 8/25/05 6:23 PM
Deleted: 25

through a contract between the Gateway Service Area and the consolidated Municipality.

d) **Public Works Streets and Roads:** The operation of the former Public Works Department’s Streets Division including street and road construction and maintenance, bridges, sidewalks, storm drainage, culverts and street lighting will be transferred to the Gateway Service Area. The equipment, facilities, assets and liabilities of the former division will be transferred to the Gateway Service Area. Division staff will become employees of the consolidated Municipality who provide street and road services only within the Gateway Service Area and will be paid for by the service area. Street and road services will be paid for by the Gateway Service Area’s Special Revenue Fund.

Funding of the Public Works Streets Division on a service area basis; termination of the existing City’s one and one-half percent (1.5%) Public Works Sales Tax; and imposition of a one and one-half percent (1.5%) Gateway Service Area Public Works Sales Tax will become effective the first day of the service area’s initial fiscal year.

Debby Otte 8/25/05 6:24 PM
Deleted: quarter

Debby Otte 8/25/05 6:24 PM
Deleted: 25

e) **Public Works Solid Waste Collection:** The City of Ketchikan Public Works Department currently provides for the collection of garbage and solid waste. The Gateway Service Area will provide for the collection of garbage and solid waste within the former City of Ketchikan. The functions, assets, equipment and liabilities of the City’s former Solid Waste Collection Division within the Public Works Department will be transferred to the Gateway Service Area. Division staff will become employees of the consolidated Municipality, providing solid waste collection services only within the Gateway Service Area and will be paid for by the service area.

The collection of solid waste in the service area will be paid for from residential and commercial collection fees remitted by users in the Gateway Service Area.

Although solid waste collection will be provided on a service area basis, the Gateway Service Area will contract with the consolidated Municipality for the administration of the division. The administration of the division, which will be undertaken by the consolidated Municipality’s Solid Waste Disposal Division, will be funded through user fees of the Gateway Service Area.

f) **Public Works Facility and Vehicle Maintenance:** The operation of the former Public Works Department’s Building and Garage/Warehouse Divisions will be transferred to the Gateway Service Area. The equipment, facilities, assets and liabilities of the former divisions will be transferred to the Gateway Service Area. Division staff will become employees of the consolidated Municipality, providing facility and vehicle maintenance services only *to vehicles and facilities used in connection with the provision of services which are provided by the*

Debby Otte 8/24/05 7:52 PM
Deleted: f)

Debby Otte 8/24/05 7:52 PM
Formatted: Bullets and Numbering

service area within the Gateway Service Area and will be paid for by the service area. Facility and vehicle maintenance will be paid for by the Gateway Service Area's Special Revenue Fund and through inter-divisional charges. Funding facility and vehicle maintenance on a service area basis; termination of the existing City's one and one-half percent (1.5%) Public Works Sales Tax; and imposition of a one and one-half percent (1.5%) Public Works Sales Tax will become effective the first day of the service area's initial fiscal year.

g) Public Works engineering, streets and roads, facility and vehicle-maintenance outside of the Gateway Service Area: *Public Works services outside of the Gateway Service Area, including vehicle and facility maintenance for vehicles and facilities used for areawide functions, road and street maintenance in service areas, engineering, project management and related services in connection with areawide functions shall be provided by Municipal Public Works personnel. Former Borough Public Works personnel shall continue in these functions until modified by the Manager of the consolidated Municipality.*

Debbly Otte 8/25/05 6:25 PM
Deleted: quarter

Debbly Otte 8/25/05 6:25 PM
Deleted: 2

Debbly Otte 8/24/05 7:52 PM
Formatted: Bullets and Numbering

Summary of Services:

Existing Borough Areawide Services Unaffected by Consolidation:

1. Education
2. Assessment and Collection of Property, Sales and Transient Occupancy Taxes
3. Platting, Planning, and Land Use Regulation
4. Animal Control (Ketchikan Gateway Borough Title 20)
5. Economic Development (Ketchikan Gateway Borough Title 10)
6. Public Transportation (Ketchikan Gateway Borough Title 14)
7. Parks and Recreation (Ketchikan Gateway Borough Title 16)

Existing City Services That Become Areawide:

1. Library
2. Museum
3. Civic Center
4. Public Health, including Mental Health and Substance Abuse
5. Hospital
6. Cemetery
8. Solid Waste Disposal
9. Port and Harbors

Utility Powers Required by Charter:

1. Electricity (borough-owned Utility)
2. Telecommunications (borough-owned Utility)
3. Water Service (borough-owned Utility)

Nonareawide and Service Area Powers Required by Charter:

1. Wastewater Collection, Treatment and Discharge
2. Police Protection
3. Building Code Enforcement
4. Fire Suppression and Emergency Medical Services
- 5.** Street construction and maintenance
- 6.** Collection, but not disposal, of solid waste

F. SCHEDULE FOR INTEGRATION OF ASSETS, POWERS AND DUTIES:

The following is the planned schedule for the integration of powers and duties of the predecessor municipalities. All time periods mentioned in this section refer to the time period following the effective date of the consolidation which is the date the State certifies the election of the consolidated Municipality's Assembly.

It may be helpful to either pre-select or provide a method for selecting which agenda and meeting procedures will be used and which procurement process will be used immediately following consolidation because from the first day, staff will need to know what procurement procedures should be followed. As a default, former City and former Borough staff will continue to use their respective procedures until a selection or process is made by the new Assembly. As to meeting procedures, the Assembly procedures shall be the default, as the governing body will be the Assembly.

1. **Existing Assets, Obligations and Contracts:** All rights, titles, actions, suits, franchises, contracts, assets and liabilities and all civil, criminal or administrative proceedings will continue unaffected by the ratification of the consolidation. The consolidated Municipality will become the legal successor to the former City and Borough governments and shall succeed to all assets and liabilities of the former governments. The consolidated Municipality of Ketchikan will honor all existing contracts and other obligations until their terms expire or are modified by the Assembly.

2. **Public Notice:** Within thirty days of the effective date of consolidation, the consolidated Municipality shall publish public notice and extensively distribute such notice to governmental entities, service areas and appropriate financial institutions regarding the formation of the Municipality of Ketchikan and its succession to the assets, powers, duties and liabilities of the former governments.

3. **Municipal Ordinances:** Ordinances, rules, resolutions, procedures, and orders in effect at the time of the consolidation remain in effect until, or if, superseded by the action of the consolidated Municipality. The City of Ketchikan and Ketchikan Gateway Borough each have municipal laws or codes, which govern the activities of the two separate governments. All ordinances, resolutions, regulations, orders and rules in effect in the former governments will continue in full force and effect to the extent they are consistent with the new charter of the consolidated Municipality.

In some cases, such as planning, subdivisions and zoning, the Borough ordinances govern the entire area and no conflict is possible. The former governments have had a separation of powers and the existing municipal laws have coexisted side by side for a number of years. This separation of responsibility has resulted in very little duplication in the codes between the two former governments.

The consolidation will not necessitate immediate drafting of a new municipal code. In a few cases there may be areas where there is duplication or a difference in interpretation

between the codes. During the two-year transition period, or until superseded by newly adopted law, the Mayor, in consultation with the Manager, the Clerk and the Law Department, will review both former municipal codes in the event of duplication or conflict and designate which code or interpretation applies. The designation is effective immediately and will be communicated to the Assembly. The designation is approved unless the Assembly, within thirty days, adopts a contrary interpretation by resolution. The consolidated Assembly may amend an existing ordinance or adopt a new ordinance to address specific needs or conflicts.

Not later than twenty-four months following consolidation, the Assembly shall enact a new code of ordinances. This action shall repeal all ordinances of the former governments not included in the code. Ordinances should be reviewed thoroughly as to whether or not they are effective and enforceable prior to their acceptance into the new Municipality's Code.

4. **Service Areas:** At the time of the petition there will have existed ten service areas that provided a variety of local government services. There will be no interruption of services in the existing service areas due to the consolidation. All of these pre-existing service areas will remain in effect and operation after consolidation. No boundary change or change to the powers or duties of these pre-existing service areas will occur as a result of the consolidation. The composition of the service area boards will not be affected by consolidation. There is no charter or transition plan requirement for the election or new appointment to any service area board. The existing service area boards will continue through their terms under pre-existing borough law. All assets and liabilities of the existing service areas will be transferred upon certification of the election of the consolidation proposition.

One new service area will be formed as a result of the consolidation. The Gateway Service Area will be a multipurpose service provider and provide services of the former City of Ketchikan not transferred to the consolidated Municipality. The new Assembly for the consolidated Municipality will be the governing board for the Gateway Service Area unless the Assembly determines to administer this service area through a service area board or other means. A future service area administrative board may be elected from within the service area or appointed by the Assembly. The Gateway Service Area will be created by the certification of the election of the consolidation proposition.

5. **Borough and City Employees:** Employees of the former City or Borough governments will become employees of the consolidated Municipality. Most employee positions, other than those assigned to the consolidated government's executive branch, will be unaffected by the consolidation (see Exhibit F-4). Almost all of the duplication occurs at the appointed upper level of government. Where duplication exists the new Assembly will determine which executive level (appointed) employees will be retained. Non-appointed employees whose positions are eliminated by the plan of organization will be eligible for reassignment to available positions for which they are qualified. A number of the appointed executive employees have employment contracts with their respective

governments. These employee contracts contain provisions for early termination. Any contract provisions for early termination will become the responsibility of the consolidated Municipality.

It is not intended that consolidation will change or diminish pension plans, retirement plans and other benefits for current employees under collective bargaining agreements, personnel rules, or other legal or contractual provisions, in effect on the date of ratification of the consolidation. The consolidation of the City and the Borough will, however, affect existing Public Employees Retirement System agreements with the State of Alaska and 218 agreements with the Federal Social Security Administration. The consolidation will, in essence, terminate both agreements and require the Municipality of Ketchikan to enter into new agreements if it desires to participate in the Public Employees Retirement System (the "PERS") and the Federal Social Security System. The consolidation will not affect participation in the Teachers Retirement System (the "TRS") because participation is mandated. As a result, there are no agreements or decisions required on the part of the Municipality of Ketchikan regarding participation in TRS.

The agreement to participate in PERS should be in place prior to the election of the new Assembly, the effective date of the dissolution of the City and the Borough and the establishment of the Municipality of Ketchikan. The new agreement should be fashioned in a manner that incorporates the terms and conditions of the agreements the City and Borough currently have with the State. Failure to structure the new agreement in this manner will result in all employees of the City and Borough vesting upon the dissolution of the City and the Borough. This will have the effect of needlessly increasing the pension benefit obligation of the Municipality of Ketchikan.

The Municipality of Ketchikan must also enter into a new 218 agreement with the Federal Social Security Administration if it wants to allow employees that are enrolled in qualified plans to participate in the Federal Social Security System. Elective participation only pertains to the retirement program offered under Social Security. Participation in the Medicare program is mandatory for all employers and employees. Since the Municipality of Ketchikan is expected to continue to participate in qualified plans such as the PERS and union-sponsored plans, it will not be required to participate in Social Security. Employees participating in the TRS are precluded by law from participating in Social Security. Only employees, such as temporary employees, not covered by a qualified plan would be subject to Social Security. A 218 agreement is not required for these employees to participate in Social Security. The Municipality of Ketchikan can, at any time, enter into a new 218 agreement if it wants to permit employees that are enrolled in a qualified plan to participate in Social Security. However, if a new agreement is not in place at the time that the employees of the City and the Borough become employees of the Municipality of Ketchikan, there will be a break in service that may impact the retirement benefits the employees will receive from Social Security. It is permissible to back date the agreement in order to avoid a break in service, but a payment of back taxes will be required.

The three-year budget and financial plan included in the petition to consolidate the City and the Borough was predicated on the Municipality of Ketchikan continuing to participate in PERS, TRS and union retirement plans and entering into a new 218 agreement with the Federal Social Security Administration.

Existing union contracts will be inherited by the consolidated Municipality. Unionized employees in the City and the Borough are represented by different collective bargaining organizations. The re-negotiation of new union contracts or employee votes to change representation are not necessary for consolidation. Section 4 of the Public Employees Relations Act states that the Act "is applicable to organized boroughs and political subdivisions of the state, home rule or otherwise, unless the legislative body of the political subdivision, by ordinance or resolution, rejects having its provisions apply."

The City and its 308 regular employees are currently exempt from PERA. The Borough and its 112 regular employees are currently subject to the provisions of PERA. It is anticipated that this issue will be the subject of immediate consideration by the consolidated Municipality's Assembly, management and legal counsel.

6. **Executive Organization:** The greatest amount of duplication between the two former governments exists at the elected and appointed levels of the legislative and executive branches. These positions serve under term limits, contract, or at the pleasure of the Borough Assembly and/or chief administrative officer. Some of the support staff such as assistants and secretaries to these appointed positions are also exempt. Duplicated positions in the former City and Borough governments will be integrated. The following executive offices are duplicated and will be combined by the consolidation:

- ✓ City Council and Borough Assembly;
- ✓ City Clerk and Borough Clerk;
- ✓ City Manager and Borough Manager;
- ✓ Assistant City Manager and Assistant Borough Manager;
- ✓ City Human Resources Manager and Borough Human Resources Manager;
- ✓ City Public Works Director and Borough Public Works Director;
- ✓ City Data Processing and Borough Automation Departments;
- ✓ City Attorney and Borough Attorney; and
- ✓ City Finance and Borough Administrative Services.

During the period between the ratification of the consolidation by the voters and the first meeting of the new Assembly, applications will be accepted at either the City or Borough offices for appointment to any of the above executive positions. Applications will also be accepted for non-classified support staff. At the first meeting of the new Assembly, it is anticipated that a process for making appointments to the executive positions will be considered. Once appointed, the management of the consolidated Municipality will select their support staff and assume control of their respective departments. Those not appointed will be terminated.

Funding of the consolidated Municipality's legislative and executive branches will be derived from the consolidated Municipality's General Fund and inter-divisional charges assessed against Ketchikan Public Utilities and other funds effective the first day of the consolidated Municipality's initial fiscal year. The City of Ketchikan currently assesses Ketchikan Public Utilities for services rendered by the legislative and executive branches on the Utility's behalf. It is anticipated that the consolidated Municipality will initially assess the Utility the similar charges for services rendered by:

- Assembly of the Municipality
- Attorney of the Municipality
- Clerk of the Municipality
- Manager of the Municipality

- Finance:
- General Accounting
- Data Processing
- Office Services
- Human Resources

Other funds will also pay for services of the consolidated Municipality's legislative and executive branches. It is anticipated that these charges will range between three and five percent.

7. **Executive Plan:** Not later than thirty days after the Manager's confirmation by the Assembly, the Manager will submit to the Assembly a detailed plan of organization of the administrative branch. The plan submitted by the Manager will combine the overlapping services of the former separate City and Borough administrations. The proposed plan will become law thirty days after it is submitted unless it is either adopted sooner with or without amendment, or rejected by the Assembly. If the proposed plan is rejected, the Manager shall submit an alternate plan to the Assembly within fifteen days of the rejection. If, within thirty days of submission of the alternate plan, the Assembly has adopted no such plan of organization, the alternate proposal submitted by the Manager becomes law. All pre-existing executive departments will remain in existence until the Manager's executive plan takes effect.

8. **Budget Transition:** The City of Ketchikan and the Ketchikan Gateway Borough operate on different fiscal years. The City fiscal year begins on January 1 and ends December 31. The Borough fiscal year coincides with the State fiscal year from July 1 to June 30. The proposed charter requires a July to end of June fiscal year. In order to consolidate the financial operations of the two former governments, the two fiscal years will need to be brought into synchronization. The consolidated Municipality will inherit the budgets of the former governments of the Ketchikan Gateway Borough and City of Ketchikan. The consolidated Municipality of Ketchikan will operate under these combined

budgets until the new Assembly adopts the first budget of the consolidated Municipality.

The Manager, in consultation with the Finance Officer, will, prior to the expiration date of the annual budget of the former Ketchikan Gateway Borough, prepare a proposed budget that will bring the consolidated Municipality into a July 1 to June 30 fiscal year. The proposed budget will be submitted to the Assembly for approval and meet the requirements of the proposed charter Sections 10.02 (b) through (e).

It is anticipated that the vote on the question of consolidation is expected to take place by early in 2006. The final vote on the consolidation to elect a new Assembly *may*, take place *in* May of 2006. As a result, the City will be *several months* into its new fiscal year. The borough will be at the mid-point or will be one or two months past the mid-point of its fiscal year. The two-month to four-month period between the first meeting of the new Assembly and the end of the former Borough fiscal year will provide sufficient time to formulate and adopt a budget for the consolidated Municipality. The first budget of the consolidated Municipality may be for longer or shorter than a twelve-month period, in order to bring the financial systems of the dissolved municipalities into conformance with the consolidated Municipality's fiscal year.

The budget will also be summarized in a form similar to Exhibit J-2 for ease of understanding by non-financial persons. This summary shall separate capital and operating expenditures for each operational department prior to funding transfers or subsidies.

9. **Insurance:** The City and the Borough presently carry general liability and other insurance coverage through different carriers. The transition to a consolidated government will not necessarily require a change in insurance carriers. The transition to a new government with regard to insurance coverage will be simplified by the fact that the Ketchikan Gateway Borough and the City of Ketchikan presently retain the same broker to secure such coverage.

10. **Taxation:** The Borough currently collects local taxes. The collection of local taxes by the borough will not be affected by consolidation. The distribution of these taxes may change.

In accordance with AS 29.45.240(b), the consolidated Municipality will set the property tax levy on or before June 15, 2006. The property tax levy will be based on the assessment roll certified by the Assembly of the consolidated Municipality in May 2006. The assessment roll will include the assessed values of all real and business personal property located within the former Ketchikan Gateway Borough as of January 1, 2006. The assessed values of the new service area created as a result of the consolidation will also be based on the assessment roll certified in May 2006.

Paragraph (b) of Section 16.06 of the proposed charter of the consolidated Municipality

Debby Otte 9/11/05 2:16 PM
Deleted: either the fall of 2005 or

Debby Otte 9/11/05 2:17 PM
Deleted: is expected

Debby Otte 9/11/05 2:17 PM
Deleted: to

Debby Otte 9/11/05 2:17 PM
Deleted: sometime between February and

Debby Otte 9/11/05 2:18 PM
Deleted: just completing a fiscal year or will be one or two months

obligates the Assembly, within one year of the first election under the charter, to apply the levy of the former City of Ketchikan's one percent (1%) hospital and other purposes sales tax on an areawide basis throughout the Municipality with the revenues from the areawide levy being appropriated for the Municipality. The ratification requirement of Section 10.05(b) shall not apply to this one percent areawide levy. The remaining two-and-one-half percent (2 1/2%) of the former City of Ketchikan's sales tax shall be appropriated for the Gateway Service Area. Sales tax levies required by this section shall remain in effect until changed as provided in this Charter. The express intent of this provision is to permit the Assembly to adjust the City of Ketchikan's existing one percent Hospital sales and use tax in order to fund existing services on an areawide basis. The provision is not intended to grant the Assembly the ability to levy any new sales and use taxes. The former City of Ketchikan's one percent (1%) Hospital Sales Tax will be terminated effective the first day of the consolidated Municipality's initial fiscal year. Concurrently a one percent (1%) areawide Hospital Sales Tax will be assessed as a borough-wide sales tax to fund the consolidated Municipality's areawide Hospital and Mental Health/Substance Abuse powers.

The former City of Ketchikan's one & one-half percent (1.5%) Public Works Sales Tax will be terminated effective the first day of the consolidated Municipality's initial fiscal year. A one-and-one-half percent (1.5%) Public Works Sales Tax will be assessed in the Gateway Service Area to fund that service area's Public Works.

Effective the beginning of the initial fiscal year, the former City of Ketchikan's one percent (1%) Public Safety Sales Tax will be terminated and replaced by a Gateway Service Area one percent (1%) Public Safety Sales Tax, in order to fund services provided by the Gateway Service Area.

Effective the beginning of the initial fiscal year, the City's seven percent (7.0%) and the Borough's four percent (4.0%) transient occupancy tax will be terminated. Transient Occupancy Taxes will be assessed by the consolidated Municipality on an areawide basis at the rate of seven percent (7.0%) effective the first day of the consolidated Municipality's initial fiscal year.

The areawide property tax mil rate has been adjusted to increase by 2 mils to a total of 9.5-mils effective the first day of the consolidated Municipality's initial fiscal year. The new Municipal Assembly may adjust the areawide 2-mil rate increase to a lower rate without a vote of the people.

G. IDENTIFICATION OF CITY DEBT: The following is a list of the long-term debt of the City proposed to be dissolved through consolidation:

Bond Issue, Principal Amount, Annual Payment, Date When Fully Paid

City of Ketchikan, General Obligation Bonds			
1994 Series Port,	\$ 2,880,000	\$ 284,000 - 299,900	2013

Debby Otte 8/25/05 6:30 PM
Deleted: . Paragraph (b) of Section 16.06 of the proposed charter of the consolidated Municipality also obligates the Assembly, within one year of the first election under the charter, to apply one-quarter percent (.25%) of the levy of the former City of Ketchikan's one-and-one-half percent (1.5%) Public Works and other purposes sales tax on an areawide basis throughout the Municipality with the revenues from the areawide levy being appropriated for the Municipality. The ratification requirement of Section 10.05(b) shall not apply to this one-quarter percent areawide levy.

Debby Otte 8/25/05 6:31 PM
Deleted: quarter

Debby Otte 8/25/05 6:31 PM
Deleted: 4

Debby Otte 8/25/05 6:32 PM
Deleted: and one-and-one-half percent Public Works sales and use tax,

Debby Otte 8/25/05 6:33 PM
Deleted: Concurrently a one-quarter percent (.25%) areawide Public Works Sales Tax will be assessed as a borough-wide sales tax to fund the consolidated Municipality's areawide Public Works.

Debby Otte 8/25/05 6:33 PM
Deleted: quarter

Debby Otte 8/25/05 6:33 PM
Deleted: 2

Debby Otte 8/25/05 6:33 PM
Deleted: six

1997 Series Hospital	\$ 10,100,000	\$ 864,000 - 895,000	2017
Municipal Utility, Revenue Bonds			
Series V,	\$ 6,920,000	\$ 713,355 - 718,598	2014
Series T,	\$ 13,700,000	\$ 730,515 - 1,360,515	2017
Series U,	\$ 7,695,000	\$ 436,365 - 941,865	2012

H. IDENTIFICATION OF BOROUGH DEBT: The following is a list of the long-term debt of the borough proposed to be dissolved through consolidation:

Areawide

Bond Issue, Principal Amount, Annual Payment, Date When Fully Paid

Ketchikan Gateway Borough, General Obligation Bonds

1996 Indoor Rec Center,	\$6,130,000	\$ 683,150 - 799,650	2009
1999 School,	\$7,595,000	\$ 653,430 - 660,256	2019

Municipal Revenue Bonds

NONE

Nonareawide

None

Service Area

NONE

I. INTEGRATION OF CITY AND BOROUGH DEBT: The following is an explanation of the manner in which the debt will be integrated into the consolidated Municipality. Specifically included is an explanation of the manner in which the debt of the existing City to be consolidated will be paid. Upon consolidation, the debts of the City and the Borough will be assumed by the new consolidated Municipality. Integration of the debt will take place as described below:

General Obligation Bonds:

PORT IMPROVEMENTS, SERIES 1994 - \$6,500,000: This bond was issued to finance improvements to the City's port facilities. Debt service for this bond is currently provided by revenues earned from port operations. Under the consolidated Municipality, the debt will become an areawide obligation of the borough and debt service will continue to be provided by revenues from port operations.

HOSPITAL CONSTRUCTION, SERIES 1997 - \$10,700,000: This bond was issued to finance improvements to the municipally owned hospital. Debt service is currently provided by a

one percent (1%) City sales tax. Upon consolidation, this debt will become an areawide debt of the Municipality of Ketchikan. Under consolidation, the one percent (1%) City sales tax would be eliminated in favor of a one percent (1%) areawide sales tax. Proceeds from the new one percent (1%) areawide sales tax will be used to provide for debt service on this bond issue, other hospital facility improvements, health care services and general government.

INDOOR RECREATION CENTER SERIES 1996 - \$7,500,000: This bond was issued to finance the construction of the Gateway Indoor Recreation Center. Debt service is currently provided by a one-half percent (.5%) Borough sales tax. Under consolidation, this borough sales tax would continue to be assessed against consumer sales taking place within the boundaries of the consolidated Municipality for the purpose of providing for the annual debt service on this bond issue.

SCHOOL IMPROVEMENTS, SERIES 1999 - \$7,560,000: This bond was issued in December of 1999 to finance improvements to local school facilities (Valley Park & Houghtaling). Seventy percent of the debt service will be reimbursed by the State of Alaska under its School Debt Program. The balance of the debt will be provided by the Land Trust Repair and Maintenance Fund. The debt will become an areawide obligation of the consolidated Municipality.

SCHOOL IMPROVEMENTS, SERIES 2000 - \$9,055,000: This bond was issued in December of 2000 to finance improvements to local school facilities (Fawn Mountain). Seventy percent of the debt service will be reimbursed by the State of Alaska under its School Debt Program. The balance of the debt will be provided by a .5% sales tax approved by the voters and instituted effective July 1, 2004. The debt will become an areawide obligation of the consolidated Municipality.

SCHOOL IMPROVEMENTS, SERIES 2003 - \$7,560,000 This bond was issued in December of 1999 to finance improvements to local school facilities. Seventy percent of the debt service will be reimbursed by the State of Alaska under its School Debt Program. The balance of the debt will be provided by a .5% sales tax approved by the voters and instituted effective July 1, 2004. The debt will become an areawide obligation of the consolidated Municipality

Revenue Bonds:

AIRPORT/FERRY TERMINAL IMPROVEMENTS, 2001, SERIES A & B - \$1,725,000 and \$2,525,000 respectively: These bonds were issued to finance improvements to the terminal facilities at the Ketchikan International Airport and the acquisition of a replacement vessel for the airport ferry system. Upon consolidation, this debt will be an areawide obligation of the Municipality of Ketchikan. Debt service will be provided from the proceeds of a federal passenger facilities charge against passengers using the Ketchikan International Airport facilities.

The following revenue bonds were issued by the City on behalf of Ketchikan Public Utilities,

which is owned and operated by the City, for the purpose of financing improvements to Ketchikan Public Utilities' electric, water and telephone utilities. These bonds are secured by, and **only by**, the revenues of electric, water and telephone utilities.

MUNICIPAL UTILITY REVENUE BOND, SERIES T - \$13,700,000: This bond was issued to finance the construction of improvements to the municipal electric utility system. Annual debt service for this bond is currently provided by the combined revenues of the City's municipally owned electric, telephone and water utilities, Ketchikan Public Utilities. Under consolidation, ownership of Ketchikan Public Utilities will transfer to the consolidated Municipality. Annual debt service would continue to be made from the combined revenues of Ketchikan Public Utilities.

MUNICIPAL UTILITY REVENUE REFUNDING BOND, SERIES U - \$7,790,000: This bond was issued to partially refund Municipal Utility Revenue Bonds, Series R. Annual debt service for this bond is currently provided by the combined revenues of the City's municipally owned electric, telephone and water utilities, Ketchikan Public Utilities. Under consolidation, ownership of Ketchikan Public Utilities will transfer to the consolidated Municipality. Annual debt service would continue to be made from the combined revenues of Ketchikan Public Utilities.

MUNICIPAL UTILITY REVENUE REFUNDING BOND, SERIES V - \$6,250,000: This bond was issued to partially refund Municipal Utility Revenue Bonds, Series S. Annual debt service for this bond is currently provided by the combined revenues of the City's municipally owned electric, telephone and water utilities, Ketchikan Public Utilities. Under consolidation, ownership of Ketchikan Public Utilities will transfer to the consolidated Municipality. Annual debt service would continue to be made from the combined revenues of Ketchikan Public Utilities.

The rating agencies, the bond insurance companies and the paying agents will have to be notified that the City and the Borough no longer exist and that their debt has been assumed by the consolidated [Borough] Municipality. The consolidated Municipality will also have to comply with SEC Rule 15c2-12(b)(5) which requires that information regarding material events, such as a change in the identity of a bond issuer, be disclosed with a nationally recognized municipal securities information depository.

J. INTEGRATION OF CITY AND BOROUGH ASSETS: In accordance with the schedule set forth in paragraph F of this Transition Plan, all assets of the City to be consolidated will become assets of the Municipality of Ketchikan. According to the most recent published information available, as of December 31, 2002, the financial, real estate and fixed assets of the City totaled \$268,773,722. As of June 30, 2002, the financial, real estate and fixed assets of the Borough, including the School District (\$7,903,795), totaled \$176,981,070. Upon consolidation, the real estate and fixed assets of the City and Borough will be transferred to the consolidated Municipality.

Assets of the former Borough that were reserved for the benefit of the former Borough's service areas will continue to be reserved for those service areas that continue under the consolidated Municipality.

As detailed below, however, certain assets and their associated liabilities, if any, of the former City will be reserved for the exclusive benefit of and use by the Gateway Service Area.

Services provided exclusively to the Gateway Service Area include fire suppression, police protection, solid waste collection, wastewater treatment, public works-engineering, public works-streets maintenance, public works-building maintenance, public works garage and warehouse, and water. Physical assets to be retained by the Gateway Service Area are detailed below:

Assets that will be reserved to provide fire suppression services to the Gateway Service Area include three fire stations, all fire trucks and support vehicles, one fireboat, and all office and operating equipment presently used in the fire suppression efforts by the Ketchikan Fire Department.

Assets that will be reserved to provide police protection services to the Gateway Service Area include one police station, the police vehicle fleet, and all office and operating equipment presently used in the police protection efforts by the Ketchikan Police Department.

Assets that will be reserved to provide solid waste collection services to the Gateway Service Area include refuse collection packers and other support vehicles, and other office and operating equipment presently used in the City's solid waste collection efforts. Fees for services will be assessed against the users of solid waste collection services.

Assets that will be reserved to provide wastewater collection, treatment and discharge services to the Gateway Service Area include secondary treatment plant facilities, pump stations, collection systems, rolling stock, and other office and operating equipment presently used in the City's efforts to collect and treat wastewater. Fees for services will be assessed against the users of wastewater collection and treatment services. Since wastewater collection, treatment and discharge will be provided on a nonareawide basis, these assets will be transferred to the consolidated Municipality.

Assets that will be reserved to provide public works-engineering services to the Gateway Service Area include support vehicles and all office and operating equipment presently used in the public works-administration efforts by the Ketchikan Public Works Department. The Public Works Department will provide engineering services outside the Gateway Service Area. Such services will be billed accordingly as an inter-divisional charge or as a direct charge to an areawide function or service area.

Assets that will be reserved to provide public works-streets maintenance services to the Gateway Service Area include rolling stock, operating equipment, and supplies inventory presently used by the Ketchikan Public Works Department to maintain city streets. The Public Works Department may provide street maintenance services outside the Gateway Service Area. Such services will be billed accordingly as an interdivisional charge or as a direct charge to an areawide function or service area.

Assets that will be reserved to provide public works-building maintenance services to the Gateway Service Area include support vehicles and operating equipment presently used in the building maintenance efforts of the Ketchikan Public Works Department. The Public Works Department may provide building maintenance services outside the Gateway Service Area. Such services will be billed accordingly as an inter-divisional charge or as a direct charge to an areawide function or service area.

Assets that will be reserved to provide public works-garage and warehouse services to the Gateway Service Area include facilities and operating equipment presently used to maintain City-owned vehicles and store maintenance inventories. The Public Works Department will provide garage services outside the Gateway Service Area. Such services will be billed accordingly either as an interdivisional charge or as a direct charge to an areawide function or service area.

Exhibit F lists the City's financial assets as of December 31, 2003. Those assets specifically not reserved to the Gateway Service Area shall be remitted to the consolidated Municipality as of the first day of the consolidated Municipality's initial fiscal year.

More detailed information regarding the integration of the City and Borough assets can be found in Exhibit F, Three Year Annual Budget and Financial Plan and Exhibit F-3, Disposition of City and Borough Assets and Liabilities.

K. EXISTING TAXES: The type and rate of each tax currently levied by the City and Borough proposed to be consolidated is listed below:

City Taxes:

<u>Tax Type</u>	<u>Tax Rate</u>
Real and Personal Property	6.4 mills
Sales	3.5%
Transient Occupancy Tax	7.0%

Borough Taxes:

<u>Tax Type</u>	<u>Tax Rate</u>
Borough Areawide Real and Personal Property	7.5 mills
Borough Nonareawide Real and Personal Property	1.2 mills
Sales	2.5%
Nonareawide Transient Occupancy	4.0%

**EXHIBIT J-2
SAMPLE OPERATING BUDGET SUMMARY
SHEET**

Debby Otte 9/11/05 9:28 PM
Deleted: **EXHIBIT J-1
Recommendations to the newly
elected Municipal Assembly
from the Ketchikan Charter
Commission**

EXHIBIT J-2

Debby Otte 9/11/05 9:31 PM
Deleted: _____

**SAMPLE OPERATING BUDGET SUMMARY
SHEET**

The following schedule is based, in general, on the First Year projected operating budget for the consolidated municipality. Due to the complexity of the two budget systems, the figures are a close approximation and presented for illustrative purposes only.

**Operating Budget Summary
Municipality of Ketchikan
Year One (PERS Adjusted)**

	Direct Revenue	Direct Expense	Net
General Fund			
Mayor and assembly		527,732	(527,732)
Municipal attorney		518,147	(518,147)
Municipal clerk	10,404	336,552	(326,148)
Manager		1,006,039	(1,006,039)
Planning and zoning	32,773	632,092	(599,319)
Finance		2,824,852	(2,824,852)
Assessment & Risk Mgmt	104	510,360	(510,256)
911 emergency dispatch	104,040	606,861	(502,821)
Animal protection	30,692	306,890	(276,198)
Library	213,396	761,127	(547,730)
Museum	223,166	791,150	(567,984)
Recreation	464,903	1,316,750	(851,848)
Civic Center	98,838	311,675	(212,837)
Public Health		85,394	(85,394)
Public works - cemetery	1,457	68,922	(67,466)
Public works - maintenance and operations	18,727	1,279,285	(1,260,558)
Public works - buildings		195,832	(195,832)
Transit	280,908	564,276	(283,368)
Education	8,399,788	8,399,788	-
Grants		110,415	(110,415)
Capital Expenditures		630,359	(630,359)
Non-departmental	12,682,128	270,588	12,411,540
TOTAL	22,561,323	22,055,086	506,237
Gateway Service Area (Former City of Ketchikan)			
Fire	1,182,904	1,949,759	(766,856)
Police	1,182,904	3,478,676	(2,295,773)
Public works - engineering	1,754,548	849,668	904,881
Public works - streets	1,304,276	1,304,276	-
Public works - garage	454,314	454,314	-
Public works - buildings	65,277	65,277	-
Public works - solid waste collection	840,562	718,069	122,494
Capital Expenditures		1,017,570	(1,017,570)
Non-departmental	4,197,233		4,197,233
TOTAL	10,982,018	9,837,609	1,144,409
Ketchikan Public Utilities			
Electric	15,700,937	14,351,142	1,349,794
Telephone	12,708,798	9,291,714	3,417,085
Water	1,833,757	1,714,272	119,485
Non-departmental	494,190	6,679,152	(6,184,962)
TOTAL	30,737,682	32,036,280	(1,298,599)

Operating Budget Summary
Municipality of Ketchikan
Year One (PERS Adjusted)

	Direct Revenue	Direct Expense	Net
Hospital Sales Tax Fund	2,605,134	2,663,424	(58,290)
Transient Occupancy Tax Fund	380,688	268,158	112,530
Recreation Sales Tax Fund	1,034,086	1,089,914	(55,828)
Solid Waste Services Fund (Disposal)	1,812,377	1,854,321	(41,944)
Wastewater Services Fund	2,637,620	2,745,046	(107,426)
GSA Economic & Parking Development Fund	1,200	-	1,200
Areawide Economic Development Fund	571,500	-	571,500
Ketchikan Boat Harbor Fund	967,040	963,340	3,700
Mental Health Fund	2,118,627	2,102,332	16,295
Substance Abuse Fund	1,532,442	1,512,711	19,730
Special Assessment Guarantee Fund Surplus	2,550		2,550
US Marshall Property Seizure Fund Surplus	125		125
State and Federal Grant Fund	25,000	25,000	-
Cemetery Operations & Maintenance	7,500	5,202	2,298
Cemetery Development Fund	16,900	25,000	(8,100)
Cemetery Endowment Fund	2,500	5,202	(2,702)
Community Facilities Development Fund	2,000		2,000
Land Trust Repair & Maint Fund	1,110,839	738,065	372,774
North Tongass Fire & EMS	495,772	473,690	22,082
South Tongass Service Fire & EMS	446,273	418,998	27,276
Nichols View Service Area (Water)	400	500	(100)
Waterfall Service Area (Roads)	5,720	8,600	(2,880)
Mud Bight Service Area (Roads)	8,700	500	8,200
Forest Park Service Area (Roads)	54,139	60,822	(6,682)
Gold Nugget Service Area (Roads)	7,982	10,175	(2,194)
GO Debt Service Fund (School Bonds)	4,418,778	4,419,378	(601)
Major Capital Improvements Fund	68,347		68,347
Self Insurance Fund	3,401,524	3,562,002	(160,478)
Port Fund	8,057,510	2,077,836	5,979,674
Airport Fund	3,435,791	3,612,047	(176,256)
Passenger Facilities	474,369	472,058	2,311
TOTAL	99,984,455	93,043,295	6,941,159

EXHIBIT K INFORMATION RELATING TO PUBLIC NOTICE

This exhibit 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.

The following is a list of the principle media serving the area within the current and proposed boundaries of the City:

Debby Otte 9/11/05 2:36 PM

Deleted: _____

Name of the newspaper(s) serving the territory proposed for consolidation and adjacent regions:

Name: Ketchikan Daily News
Address: P.O. Box 7900
Ketchikan, Alaska 99901
Telephone #: (907) 225-3157
Fax #: (907) 225-1096

The Local Paper
516 Stedman Street
Ketchikan, Alaska 99901
(907) 225-6540
(907) 225-6435

Name of the radio station(s) serving the territory proposed for consolidation and adjacent regions:

Name: KFMJ FM Radio
Address: 516 Stedman Street
Ketchikan, Alaska 99901
Telephone #: (907) 247-3699
Fax #: (907) 247-5365

KGTW FM/KTKN AM Radio
526 Stedman Street
Ketchikan, Alaska 99901
(907) 225-2193
(907) 225-0444

Name of the local television scanner serving the territory proposed for consolidation and adjacent regions:

Name: GCI
Address: 104 Plaza Port West
Ketchikan, Alaska 99901
Telephone #: (907) 225-2191
Fax #: (907) 225-4943

Name(s) of other media serving the territory proposed for consolidation and adjacent regions:

Name: KRBD FM Radio/Rainbird
Broadcasting Company
Address: 123 Stedman Street
Ketchikan, Alaska 99901
Telephone #: (907) 225-9655
Fax #: (907) 247-0808

KUBD Channel 4/CBS
516 Stedman Street
Ketchikan, Alaska 99901

(907) 225-4613

PLACE AND TIME WHERE THE PETITION AND RELATED MATERIALS ARE TO BE MADE AVAILABLE FOR PUBLIC REVIEW

A full set of petition documents, including responsive briefs, reply briefs, and reports of the Department of Community and Economic Development will be made available for public review by the petitioners' representative at the central and convenient location(s) listed below. The materials will be available from the first date of publication of notice of the filing of this petition through the last date available for reconsideration of the final decision under 19 AAC 10.580. The materials will be available for review during normal working hours. The petitioners' representative will accommodate requests for public review of the petition documents at reasonable times in the evening and on weekend days.

LOCATION: Office of the Borough Clerk
Ketchikan Gateway Borough
344 Front Street – Street Level
Ketchikan, AK 99901
DAYS/TIMES NORMALLY OPEN: 8:00 a.m. to 5:00 p.m., Monday through Friday

LOCATION: Office of the City Clerk
City of Ketchikan
334 Front Street - Fourth Floor
Ketchikan, Alaska 99901
DAYS/TIMES NORMALLY OPEN: 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 5:00 p.m.,
Monday through Friday.

LOCATION: Ketchikan Public Library
City of Ketchikan
629 Dock Street
Ketchikan, Alaska 99901
DAYS/TIMES NORMALLY OPEN: 10:00 a.m. to 8:00 p.m., Monday through Wednesday;
10:00 a.m. to 6:00 p.m., Thursday through Saturday; 1:00 p.m. to 5:00 p.m., Sunday.

Internet posting of the documents: www.sitnews.org under the Charter Commission

PLACES SUGGESTED FOR POSTING OF NOTICES RELATING TO THIS PROPOSAL

The following three or more public and prominent places within the territory proposed for consolidation are designated for posting of notices concerning this consolidation proposal.

Office of the City Clerk
City of Ketchikan
334 Front Street
Ketchikan, Alaska 99901
(907) 228-5658

Ketchikan Public Library
City of Ketchikan
629 Dock Street
Ketchikan, Alaska 99901
(907) 225-3331

City Hall 2nd Floor Bulletin Board
Attn.: City Clerk
City of Ketchikan
334 Front Street
Ketchikan, Alaska 99901
(907) 228-5658

Office of the Borough Clerk
Ketchikan Gateway Borough
344 Front Street
Ketchikan, Alaska 99901
(907) 228-6605

MUNICIPALITIES ADJACENT TO THE PROPOSED BOROUGH

The following is a list of cities and boroughs whose boundaries extend within 20 miles of the proposed boundaries of the territory petitioned for consolidation.

City of Saxman
City of Ketchikan
Ketchikan Gateway Borough

PARTIES THAT MAY HAVE A PARTICULAR INTEREST IN THIS CONSOLIDATION PROPOSAL.

The following is a list of names and addresses of parties whose potential interest is the consolidation proceedings may warrant individual notice of the proceedings relating to this petition:

Ketchikan Gateway Borough
Borough Manager
344 Front Street
Ketchikan, Alaska 99901

Frank Murkowski, Governor
State of Alaska
P.O. Box 110001
Juneau, Alaska 99811-0001

City of Ketchikan
City Manager
334 Front Street
Ketchikan, Alaska 99901

Ketchikan Charter Commission
C/O Debby Otte, Secretary
1144 Black Bear
Ketchikan, AK 99901

Senator Bert Stedman
50 Front-203
Ketchikan, Alaska 99901

Representative [Jim Elkins](#)
50 Front-203
Ketchikan, Alaska 99901

Debby Otte 8/24/05 10:10 PM
Deleted: Bill Williams

Forest Park Service Area
c/o KGB Manager's Office
344 Front Street
Ketchikan, Alaska 99901

Mud Bight Service Area
c/o KGB Manager's Office
344 Front Street
Ketchikan, Alaska 99901

Waterfall Creek Service Area
c/o KGB Manager's Office
344 Front Street
Ketchikan, Alaska 99901

Long Arm Service Area
c/o KGB Manager's Office
344 Front Street
Ketchikan, Alaska 99901

Vallenar Bay Service Area
c/o KGB Manager's Office
344 Front Street
Ketchikan, Alaska 99901

Deep Bay Service Area
c/o KGB Manager's Office
344 Front Street
Ketchikan, Alaska 99901

Gold Nugget Service Area
c/o KGB Manager's Office
344 Front Street
Ketchikan, Alaska 99901

North Tongass Fire & EMS Service Area
c/o KGB Manager's Office
344 Front Street
Ketchikan, AK 99901

Ernest Boyd
PO Box 6831
Ketchikan, AK 99901

Nichols View Service Area
c/o KGB Manager's Office
344 Front Street
Ketchikan, Alaska 99901

City of Saxman
Route 2 Box 1-Saxman
Ketchikan, Alaska 99901

South Tongass Service Area
c/o KGB Manager's Office
344 Front Street
Ketchikan, Alaska 99901