

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2010-08

BALLOT PROPOSITION FOR OCTOBER 5, 2010 REGULAR ELECTION AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA PLACING A BALLOT QUESTION ON THE OCTOBER 5, 2010 REGULAR ELECTION BALLOT TO ALLOW. BUT NOT REQUIRE, THE SITKA ASSEMBLY TO PASS A RESOLUTION ANNUALLY FOR THE NEXT 20 YEARS IN ACCORDANCE WITH SITKA GENERAL CODE 4.12.110A TO SET THE MILLAGE RATE AT SEVEN AND ONE HALF (7.5) MILLS TO PAY FOR GENERAL OBLIGATION BONDS NOT TO EXCEED \$15,000,000 TO BE ISSUED FOR PURCHASE OF AND CAPITAL IMPROVEMENTS TO THE HAMES CENTER, AND TO PAY FOR THE HAMES CENTER UNFUNDED OPERATING COSTS

1. CLASSIFICATION. All sections of this ordinance, except section 4 regarding the ballot proposition, are of a permanent nature.

2. SEVERABILITY. If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstances shall not be affected.

3. PURPOSE. This ordinance contains a ballot proposition to be submitted to the voters at the October 5, 2010 Regular Election AS AN ADVISORY VOTE IN ACCORDANCE WITH SITKA GENERAL CODE 2.40.130. The ballot question proposed asks whether the Assembly should set the property tax millage rate by resolution in accordance with Sitka General Code (“SGC”) 4.12.110A at 7.5 mills yearly for the next 20 years, to pay for general obligation bonds (Bonds) principal and interest to finance the purchase of and capital improvements to the Hames Center, and to pay unfunded operating costs of the Hames Center.

In order for this ballot proposition to be implemented, the qualified voters at the same October 5, 2010 Regular Election must also approve two other ballot propositions regarding (1) ratifying the authorization of Hames Center Bonds in the amount not to exceed FIFTEEN MILLION DOLLARS (\$15,000,000) (Ballot Question No. \_\_); and (2) amend the City and Borough of Sitka Charter at Article 13.03 by increasing the allowable millage rate limit by 1.5 mills, to 7.5 mills (Ballot Question No. \_\_).

The City and Borough of Sitka (“CBS”) is currently negotiating to determine the purchase price for the Hames Center. CBS contracted with CTA Architects Engineers to complete a Facility Condition Assessment and Repair Cost Estimate for the Hames

43 Center to determine the capital improvement costs. The report that was issued by this  
44 consultant estimates that capital improvement costs for necessary repairs to be  
45 \$13,314,157. Therefore, fifteen million dollars (\$15,000,000) of Bonds is being  
46 requested to pay for the purchase of and capital improvements to the Hames Center.  
47 These Bonds will be repaid based on the revenues received as a result of the property tax  
48 millage rate increase.

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50 However, it is expected that the actual required capital improvements costs and the  
51 purchase price may be less than estimated. This will result in less Bonds being issued. It  
52 will also result in the revenues from the increased property tax millage rate being  
53 available for the unfunded operating costs of the Hames Center. As far as unfunded  
54 operational costs (operational costs minus fees collected and other funds), these cannot be  
55 financed with Bonds. Such costs are currently estimated to be \$350,000 per year. Based  
56 on inflation and additional maintenance which would be part of the unfunded operational  
57 costs, it is estimated that such unfunded operational costs could run approximately  
58 \$500,000 per year for twenty years.

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60 Therefore, to finance these unfunded operating costs and pay for the Bonds for the  
61 Hames Center, the Assembly would need to annually for the next 20 years set the millage  
62 rate at 7.5 mills by resolution, in accordance with SGC 4.12.110A.

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64 4. **BALLOT QUESTION.** The following question shall be placed before the  
65 voters at the general election to be held on October 5, 2010:

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**ADVISORY VOTE**

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69 Should the Assembly for the City and Borough of Sitka be allowed, but not  
70 required, to pass a resolution yearly for the next 20 years to set the property  
71 tax millage rate at 7.5 mills, in accordance with Sitka General Code  
72 4.12.110A, to pay for the general obligation bonds for the purchase of and  
73 improvements to the Hames Center, and for Hames Center unfunded  
74 operating costs?

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YES  NO

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78 **Informational:** An affirmative vote on this question would result in the  
79 Sitka Assembly being requested to set the property tax millage rate at 7.5  
80 mills for the next 20 years in its yearly resolution, passed in accordance  
81 with Sitka General Code 4.12.110A. The final decision whether to increase  
82 the millage rate rests with the Assembly each year. If the Assembly did  
83 increase the millage rate to 7.5 mills, this would result in real property  
84 valued at \$300,000 being assessed \$450 in additional property taxes yearly.

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However, this amendment will not occur unless the qualified voters at the October 5, 2010 election also approve both related propositions regarding: (1) ratifying the authorization of general obligation bonds for the Hames Center purchase and capital improvements in the amount not to exceed FIFTEEN MILLION DOLLARS (\$15,000,000) (Ballot Question No. \_); and (2) amending the Sitka Charter at 13.03 to increase the real property tax millage rate limit by 1.5 mills to 7.5 mills (Ballot Question No. \_).

5. **EFFECTIVE DATE.** This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 19<sup>th</sup> day of August, 2009.

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Scott McAdams, Mayor

ATTEST:

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Colleen Ingman, MMC  
Municipal Clerk