

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2010-07S

**BALLOT PROPOSITION FOR OCTOBER 5, 2010 REGULAR ELECTION  
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA PLACING A  
BALLOT QUESTION ON THE REGULAR ELECTION ON OCTOBER 5, 2010  
TO AMEND THE HOME RULE CHARTER OF THE CITY AND BOROUGH OF  
SITKA AT ARTICLE 13.03 ENTITLED "PROPERTY TAX LIMIT" TO  
INCREASE THE MILLAGE RATE LIMIT BY ONE-HALF TENTHS OF ONE  
PERCENT (.5), WHICH WOULD BE SIX AND ONE-HALF TENTHS (.0065), OR  
SIX AND ONE HALF (6.5) MILLS**

1. **CLASSIFICATION.** All sections of this ordinance, except section 5 regarding the ballot proposition, are of a permanent nature, with section 4 intended to become a part of the Home Rule Charter of the City and Borough of Sitka ("Charter") if approved by the qualified voters at the October 5, 2010 Regular Election.

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 amends the Charter at Article 13.03 entitled "Property Tax Limit," by raising the property tax millage rate limit of 6 mills by .5 mills, to 6.5 mills.

The City and Borough of Sitka ("Sitka") Assembly intends to use the revenues gained from such an increased property tax millage rate to pay principal and interest on general obligation bonds ("Bonds") to finance the purchase of and capital improvements to the Lloyd F. Hames Physical Education Center ("Hames Center"), and to pay unfunded operational costs of the Hames Center.

Sitka is currently negotiating to determine the purchase price for the Hames Center, which is estimated at approximately \$500,000. Sitka contracted with CTA Architects Engineers to complete a Facility Condition Assessment and Repair Cost Estimate for the Hames Center to determine the capital improvement costs. The report that was issued by this consultant estimates that capital improvement costs for necessary repairs to be \$13,314,157 for a 30 year service life. The Assembly has determined that not all of the repairs may be needed, and/or that a 30 year service life is not required for the Hames Center. Therefore, the Assembly has estimated that bonding in an amount not to exceed six million dollars (\$6,000,000) is a reasonable estimate for purchase of and

43 capital improvements to the Hames Center. These Bonds will be repaid based on the  
44 revenues received as a result of the property tax millage rate increase.

45  
46 Revenue from the increased property tax millage rate is also available for the  
47 unfunded operational costs of the Hames Center. Unfunded operational costs  
48 (operational costs minus fees collected and other funds) cannot be financed with Bonds.  
49 Unfunded operational costs are currently estimated to be \$350,000 per year. Based on  
50 inflation and additional maintenance which would be part of the unfunded operational  
51 costs, it is estimated that such unfunded operational costs could run approximately  
52 \$500,000 per year for twenty years. Therefore, to finance these costs and pay for the  
53 Bonds, the proposed property tax millage rate increase is needed.

54  
55 This Charter amendment is contingent upon the qualified voters at the October 5,  
56 2010 election approving the ballot proposition contained in this ordinance, **and** the ballot  
57 propositions regarding (1) ratifying the authorization of Hames Center Bonds in the  
58 amount not to exceed SIX MILLION DOLLARS (\$6,000,000) (Ballot Question No. 6);  
59 and (2) allowing the Assembly annually to pass a resolution in accordance with SGC  
60 4.12.110A for a property tax millage rate of 6.5 to pay for the Bonds and the Hames  
61 Center unfunded operating costs (Ballot Question No. 8).

62  
63 4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Sitka  
64 Assembly that the Sitka Home Rule Charter at Article 13.03, entitled "Property Tax  
65 Limit," is amended to read as follows (new language underlined; deleted language  
66 stricken):

67  
68 **Section 13.03 Property Tax Limit**

69  
70 The property tax levy shall not exceed six and one half tenths (.0065) of one  
71 per cent (6.5 mill) of the assessed valuation of the property to be taxed. The  
72 voters may raise this limit by an affirmative vote of the majority of the voters  
73 participating in a special or regular election.

74  
75 This section shall not in any way limit the ability of the municipality to meet  
76 its bonded obligations and in no event shall the property tax levy during a year  
77 exceed three percent (thirty mills) of the assessed value of the property in the  
78 municipality.

79  
80 5. **BALLOT QUESTION.** The following question shall be placed before the  
81 voters at the general election to be held on October 5, 2010:

82  
83  
84

**BALLOT QUESITON**

Shall the City and Borough of Sitka Charter at Article 13.03, entitled “Property Tax Limit,” be amended to increase the property tax levy limit by .5 mills, thus not to exceed six and one-half tenths (.0065) of one per cent (6.5 mills) of the assessed valuation of taxable property, to pay for the purchase of and improvements to the Hames Center, and for Hames Center unfunded operating costs?

YES                       NO

**Informational:** An affirmative vote on this question would amend the City and Borough of Sitka Charter at Article 13.03 by increasing the allowable millage rate limit by .5 mills, to 6.5 mills. 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 SIX MILLION DOLLARS (\$6,000,000) (Ballot Question No. 6); and (2) allowing, but not requiring the Assembly to set the property tax millage rate at 6.5 mills annually by Assembly resolution, in accordance with Sitka General Code 4.12.110A., to repay the bonds and the unfunded operating costs of the Hames Center (Ballot Question No. 8).

6. **EFFECTIVE DATE.** This ordinance shall become effective on the day after the date of its passage. The amendment to the Sitka Charter at Article 13.03, entitled “Property Tax Limit,” would become effective on January 1, 2010 only if a majority of the voters at the election on October 5, 2010 approve the ballot proposition at section 5, **and also** approve the other two related propositions authorizing the Bonds and requesting the Assembly pass an annual resolution under SGC 4.12.110A to set the millage rate at 6.5 mills to pay for the Bonds and Hames Center unfunded operating costs.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 20<sup>th</sup> day of August, 2010.

\_\_\_\_\_  
Scott McAdams, Mayor

ATTEST:

\_\_\_\_\_  
Colleen Ingman, MMC  
Municipal Clerk