

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2010-08S

**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
SIX AND ONE HALF (6.5) MILLS TO PAY FOR GENERAL OBLIGATION
BONDS NOT TO EXCEED \$6,000,000 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 the Sitka General Code (“SGC”) 2.40.130. The ballot question proposed asks whether the Assembly should set the property tax millage rate by resolution in accordance with SGC 4.12.110A at 6.5 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 Lloyd F. Hames Physical Education Center (“Hames Center”), and to pay the 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 SIX MILLION DOLLARS (\$6,000,000) (Ballot Question No. 6); and (2) 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 (Ballot Question No. 7).

The City and Borough of Sitka (“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

43 Assessment and Repair Cost Estimate for the Hames Center to determine the capital
44 improvement costs. The report that was issued by this consultant estimates that capital
45 improvement costs for necessary repairs to be \$13,314,157 for a 30 year service life. The
46 Assembly has determined that not all of the repairs may be needed, and/or that a 30 year
47 service life is not required for the Project. Therefore, the Assembly has estimated that
48 bonding in an amount not to exceed six million dollars (\$6,000,000) is a reasonable
49 estimate to pay for the purchase of and capital improvements to the Hames Center. These
50 Bonds will be repaid based on the revenues received as a result of the property tax
51 millage rate increase.

52
53 Revenue from the increase property tax millage rate is also available for the
54 unfunded operating costs of the Hames Center. Unfunded operational costs (operational
55 costs minus fees collected and other funds) cannot be financed with Bonds. Unfunded
56 operational costs are currently estimated to be \$350,000 per year. Based on inflation and
57 additional maintenance which would be part of the unfunded operational costs, it is
58 estimated that such unfunded operational costs could run approximately \$500,000 per
59 year for twenty years.

60
61 Therefore, to finance these unfunded operating costs and pay for the Bonds for the
62 Hames Center, the Assembly would need to annually for the next 20 years set the millage
63 rate at 6.5 mills by resolution, in accordance with SGC 4.12.110A.

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

67
68 **PROPOSITION No. 8**
69 **ADVISORY QUESTION**

70
71 Should the Assembly for the City and Borough of Sitka be allowed, but not
72 required, to pass a resolution yearly for the next 20 years to set the property
73 tax millage rate at 6.5 mills, in accordance with Sitka General Code
74 4.12.110A, to pay for the general obligation bonds for the purchase of and
75 improvements to the Hames Center, and for Hames Center unfunded
76 operating costs?

77
78 YES NO

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80 **Informational:** An affirmative vote on this question would result in the
81 Sitka Assembly being requested to set the property tax millage rate at 6.5
82 mills for the next 20 years in its yearly resolution, passed in accordance
83 with Sitka General Code 4.12.110A. The final decision whether to increase
84 the millage rate rests with the Assembly each year. If the Assembly did

85 increase the millage rate to 6.5 mills, this would result in real property
86 valued at \$300,000 being assessed \$150 in additional property taxes yearly.

87
88 However, this amendment will not occur unless the qualified voters at the
89 October 5, 2010 election also approve both related propositions regarding:
90 (1) ratifying the authorization of general obligation bonds for the Hames
91 Center purchase and capital improvements in the amount not to exceed six
92 million dollars (\$6,000,000) (Ballot Question No. 6); and (2) amending the
93 Sitka Charter at 13.03 to increase the real property tax millage rate limit by
94 .5 mills to 6.5 mills (Ballot Question No.7).

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

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99 PASSED, APPROVED, AND ADOPTED by the Assembly of the City and
100 Borough of Sitka, Alaska this 20th day of August, 2010.

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103 _____
104 Scott McAdams, Mayor

105 ATTEST:
106
107 _____
108 Colleen Ingman, MMC
109 Municipal Clerk
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