

**PETERSBURG BOROUGH
ORDINANCE #2022-16**

**AN ORDINANCE REPEALING CHAPTERS 4.26, 4.29, 4.31, AND 4.32 OF THE FORMER
CITY OF PETERSBURG CODE, AND AMENDING CHAPTERS 4.25 AND 4.40 TO
ACCOUNT FOR BOROUGH FORMATION**

WHEREAS, on January 3, 2013 the Election Division for the State of Alaska certified the election results of the December 18, 2012 incorporation election for the Petersburg Borough; and

WHEREAS, the certified election confirmed the incorporation of the Petersburg Borough and dissolved the City of Petersburg; and

WHEREAS, Petersburg Borough Charter, Section 19.06 requires all ordinances, resolutions, regulations, orders and rules in effect for the former City of Petersburg to continue in full force and effect within the Petersburg Borough, Service Area 1, until expressly reaffirmed, revised or repealed by the Assembly; and

WHEREAS, Chapter 4.26 of the former City of Petersburg Code, addressing deferred payments for special assessments, has not been used for many years, and payment terms for assessments can be addressed under section 4.12.110 of the existing Borough Code (Local Improvement Districts, Terms for payment of assessments; assessment statements); and

WHEREAS, Chapters 4.29 (*Self-Insured Retention Trust Fund*), 4.31 (*Facilities Construction Fund*) and 4.32 (*Port Authority Replacement Reserve Fund*) of the former City of Petersburg Code address non-existent funds and are no longer required; if specific funds need to be established in the future under the terms of bonding or grants, they can be created at that time; and

WHEREAS, Chapter 4.25 (*Annual Motor Vehicle Registration Tax*) requires updating in order to move into the current municipal code, and to delete the word 'annual', in accordance with state law; and

WHEREAS, Chapter 4.40 (*Economic Fund*) requires updating in order to move its provisions into the current municipal code and to incorporate the recommendations of the Borough's financial advisor.

THEREFORE, THE PETERSBURG BOROUGH ORDAINS, Chapters 4.26, 4.29, 4.31 and 4.32 of the former City of Petersburg Code are hereby repealed in their entirety, and Chapters 4.25 and 4.40, as set out below, are hereby adopted as borough ordinances.

Section 1. Classification: This ordinance is of a general and permanent nature and shall be codified in the Petersburg Municipal Code.

Section 2. Purpose: The purpose of this ordinance is to update the language of the municipal code.

Section 3. Substantive Provisions:

A. Chapter 4.26, Deferred Payments for Special Assessments, of the former City of Petersburg Code is hereby repealed in its entirety:

~~4.26.010 – Applicability.~~

~~This chapter shall provide for a property owner, meeting certain requirements as set forth in this chapter, to defer payment of special assessments, including principal and interest, levied under Chapter 4.12, 4.13, 4.16 or 4.20 of this code or by line extension policies as provided in Chapter 14.04, 14.08 or 14.16 of this code, under the conditions set out in this chapter.~~

~~4.26.020 – Criteria for eligibility.~~

~~The property owner must:~~

~~A. Have an annual family income that would qualify under the United States Department of Housing and Urban Development designation of lower income families adjusted for Alaska and the Petersburg/Wrangell region;~~

~~B. Actually reside within the boundaries of the property assessed on which is located only his/her permanent abode which is a single family residence;~~

~~C. Own or have a life tenancy in the assessed real estate;~~

~~D. No payment may be deferred which the city determines, after notice and hearing to the parties concerned, has been conveyed to the applicant primarily for the purpose of obtaining the exemption.~~

~~4.26.030 – Availability of funds.~~

~~Deferred payments shall be funded by specific appropriation made by the city council from available city funds. To determine availability of funds, the city treasurer shall provide the city council a financial report as to the availability of funds for appropriation in accordance with criteria outlined in this section. This report will accompany the application for deferment:~~

~~A. Water, sewer and electric deferred payments shall be funded by the appropriate utility operating fund.~~

~~B. Road improvement deferred payments shall be funded from the general fund.~~

~~C. In the event that funds are not available in the appropriate utility fund, funds from the general fund may be used to cover the applicable deferred assessments.~~

~~4.26.040 – Application for deferment.~~

~~A person seeking a deferment of payment shall file an application with the city treasurer and furnish suitable proof that the applicant meets the criteria set forth~~

~~in Section 4.26.020. Based upon the availability of funds, the city council shall approve or disapprove the application at a regular council meeting. A claimant receiving the exemption must file with the city by March 15th of each subsequent year a separate application providing proof of eligibility as of January 1st in order to retain the exemption. Within the same year the city, for good cause shown, may waive the claimant's failure to make timely application and approve the application as if timely filed.~~

~~4.26.050 – Security required.~~

~~Every property owner who qualifies and obtains a deferment of payment of special assessments under this chapter shall execute a mortgage, deed of trust or other appropriate security agreement in favor of the city, together with a promissory note payable on demand, to secure the eventual payment of any payment deferred hereby.~~

~~4.26.060 – Immediate payment in case of sale or other transfer.~~

~~If any property or interest therein, given as security under Section 4.26.050 is sold, leased or otherwise transferred or conveyed, then the balance of any deferred payment for special assessment including principal and interest shall become due and payable within thirty days from the date of such sale, lease or transfer.~~

~~4.26.070 – Probate proceedings.~~

~~Upon the decease of any person whose payment of special assessment has been deferred, the deferral will remain in effect in the event that there is a surviving spouse. Otherwise, the entire balance of any assessment including principal and interest shall immediately become due and payable from the decedent's estate. The deferred assessment shall be preferred against any other lien against the assessed real estate. This preference shall exist whether or not probate or intestacy proceedings are opened.~~

~~4.26.080 - Preemption by state law.~~

~~If at some future date legislation is passed by the state to exempt persons meeting some or all of the criteria set forth in Section 4.26.020, from assessments for water, sewer and electric utilities, and the state agrees therein to reimburse municipalities for such assessments, then any mortgage or other security agreement required under Section 4.26.050 shall become null and void and of no further effect.~~

B. Chapter 4.29, Self-Insured Retention Trust Fund, of the former City of Petersburg Code is hereby repealed in its entirety:

~~4.29.010 – Authorization.~~

~~There is hereby created a city of Petersburg self-insured retention trust fund.~~

~~4.29.020 – Annual assessment.~~

~~The self-insured retention trust fund shall be financed by a one percent assessment annually against the July 1st appropriations levels for the following city operational funds:~~

~~General fund~~

~~Sales tax fund~~

~~Electric utility fund~~

~~Water utility fund~~

~~Wastewater utility fund~~

~~Sanitation utility fund~~

~~Small boat harbor fund~~

~~Port facility fund~~

~~Motor pool fund~~

~~Elderly housing fund~~

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~~4.29.030 – Accumulated funds.~~

~~The self-insured retention trust fund shall accumulate funds at this rate until an adequate level of funds are available to supplement existing commercial coverage. The city council shall determine if an adequate level of funding has been reached during the annual budget process.~~

~~4.29.040 – Settlement of uninsured claims.~~

~~Appropriations from the self-insured retention fund shall be for the purpose of settling uninsured claims against the city including legal costs, and claims adjusting.~~

C. Chapter 4.31, Facilities Construction Fund, of the former City of Petersburg Code is hereby repealed in its entirety:

~~**4.31.010 – Creation of facilities construction fund.**~~

~~There is created a facilities construction fund.~~

~~4.31.020 – Purpose.~~

~~The purpose of this chapter is to create the facilities construction fund for the purpose of segregating funds for facilities construction from the general operational funds of the city.~~

~~4.31.030 – Accounting of funds.~~

~~Grant funds from the state of Alaska designated for municipal construction projects shall be accounted for in this fund.~~

D. Chapter 4.32, Port Authority Replacement Reserve Fund, of the former City of Petersburg Code is hereby repealed in its entirety:

~~4.32.010 – Authorization.~~

~~There is created a city of Petersburg port authority enterprise fund and the port authority reserve replacement fund.~~

~~4.32.020 – Purpose.~~

~~The port authority enterprise fund is created to account for revenues and expenditures within the department of harbors and ports. Harbor and port revenues and expenditures will be accounted for separately within the enterprise fund. The port authority reserve replacement fund is created for the purpose of accumulating reserve funds to finance scheduled harbor and port facility replacement needs.~~

E. Chapter 4.25 of the former City of Petersburg Code is hereby amended as follows, with the obsolete language struck through, and the new language in red, bolded and underlined:

Chapter 4.25 - **BIENNIAL**ANNUAL MOTOR VEHICLE REGISTRATION TAX

4.25.010 - **Biennial**Annual motor vehicle registration tax.

There is levied an **biennial**annual motor vehicle registration tax within the **borough**city pursuant to the provisions of AS 28.10.431 and as such statute may be hereafter amended, revised or replaced.

F. Chapter 4.40 of the former City of Petersburg Code is hereby amended as follows, with the obsolete language struck through, and the new language in red, bolded and underlined:

Chapter 4.40 - ECONOMIC FUND

4.40.010 - ~~Creation of an e~~**E**conomic fund.

The former City of Petersburg economic fund shall hereafter be designated as the Petersburg Borough economic fund. ~~There is created the city of Petersburg economic fund.~~

4.40.020 - Objective.

The intent of the economic fund is to provide a long-term source of funds to engender economic development and job creation within and surrounding the **borough**city. The economic fund shall segregate funds received from the Southeast Alaska Economic Fund established by Congress in the FY 1996 Appropriations Act from the city's general fund and ~~to~~ account separately for the receipt and expenditure of the funds. Growth and income is the investment objective of this fund. Investment transactions shall be made to insure long-term growth and future income recognizing that short-term market losses may result. All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the **borough**city, within the investment objective of this fund.

4.40.030 - Use of funds.

The primary purpose of the economic fund is to fund projects which have economic development potential and long-term economic viability. Annually the **borough assembly**city council may determine the amount of funding to be made available from the proceeds earned from investment of the principal of the economic fund. The **borough assembly**city council may set priority funding areas to be considered each year. In the event that a funding proposal would exceed five percent of the market value of the economic fund, such expenditure shall require ratification by the **qualified voters of the borough**electorate.

4.40.040 - Permissible investments.

Proceeds of the economic fund may be invested in:

A. Investments listed in Section 4.36.040 of this code;

B. Up to sixty percent in domestic equity mutual stock funds with a minimum of a five-year track record and at least five hundred million dollars in asset value;

C. Bond mutual funds investing in high grade corporate government bonds with a minimum of a five-year track record and at least five hundred million dollars in asset value or high grade corporate debt obligations of U.S. domiciled corporations with a minimum credit rating of AA- or AA3 from Standard and Poor's or Moodys.

D. Investment Portfolio.

| Asset Class Benchmark(s) | Allocation | Acceptable Range | Benchmark |
|-----------------------------|--------------------|---------------------------|------------------------------------|
| Cash | 1% | 0%—10% | Citygroup 3-Month Treasury |
| Fixed Income | 28% 50% | 0%—30% 30%—60% | Barclays Capital Gov Bond |
| <u>Fixed Income</u> | <u>22%</u> | <u>0%—30%</u> | <u>Bloomberg US Agg Bond Index</u> |
| Large Growth | 17% | 12%—22% | Russell 1000 Growth |
| Large Value | 16% | 12%—22% | Russell 1000 Value |
| Mid-Cap | 11% | 5% - 17% | Russell Mid-Cap |
| Small-Cap | 0% | 0%—0% | Russell 2000 |
| International | 5% | 0%—13% | MSCI EAFE |
| TOTAL | 100% | | |

Section 4. Severability: If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected.

Section 5. Effective Date: This Ordinance shall become effective immediately upon final passage.

PASSED AND APPROVED by the Petersburg Borough Assembly, Petersburg, Alaska this 3rd day of January, 2023.

ATTEST:

Mark Jensen, Mayor

Debra K. Thompson, Clerk

Adopted:
Noticed:
Effective: