

CITY OF CRAIG

ORDINANCE NO. 97-431

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CRAIG, ALASKA, AUTHORIZING THE CREATION OF A PORT AUTHORITY UNDER AS 29.35.600 – 29.35.730 WHICH AUTHORITY SHALL BE KNOWN AS THE INTER-ISLAND FERRY AUTHORITY AND SHALL HAVE THE PURPOSE, POWERS, AND OTHER ATTRIBUTES AS SET FORTH IN THIS ORDINANCE, CALLING A REFERENDUM ON THE PROPOSITION OF CREATING SAID PORT AUTHORITY, AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the development of an efficient and effective transportation network serving Prince of Wales Island communities, Ketchikan, Wrangell and Petersburg is vital to the present and future economic well-being of all the residents of those communities; and

WHEREAS, the development and operation of a locally-owned and managed ferry system and related transportation facilities and services to facilitate the movement of persons, goods and services to and from those communities has been identified as a high priority, and

WHEREAS, the overall need for and feasibility of such a ferry system is well documented in the following three studies:

- *Reconnaissance Design of Passenger / Vehicle Ferry Vessels and Terminals – Prince of Wales Island Ferry Project*, prepared by Kent Miller, Elliott Bay Design Group, Ltd., and Peratrovich, Nottingham & Drage, Inc., January, 1996.
- *Project Plan: Kasaan Bay and Whale Pass Ferries*, prepared by C. L. Cheshire, DePue & Associates, Kent Miller and James A. Van Altvorst, August, 1994.
- *An Alternative Ferry for Prince of Wales*, prepared by C. L. Cheshire, Kent Miller and James A. Van Altvorst, March, 1994; and

WHEREAS, a ferry operating authority represents an efficient and effective means to develop such a transportation system, and to thereby facilitate local and regional economic growth and development; and

WHEREAS, Article X, Section 13, of the Constitution of the State of Alaska authorizes municipalities to enter into agreements for cooperative or joint administration of functions or powers; and, under that authority, two or more municipalities may by agreement establish such a ferry operating authority; and

WHEREAS, the Alaska Municipal Port Authority Act (AS 29.35.600 – 29.35.730) more specifically allows one or more municipalities to establish such a ferry operating authority with express powers, including the power to issue revenue bonds, and to acquire, construct, and operate transportation facilities and services such as the proposed ferry system; and

WHEREAS, the City of Craig, in concert with any of the Other Municipalities which approve a parallel ordinance as provided for in Section 2 of this ordinance, desires

to establish and develop a more efficient ferry transportation system and to thereby generally promote the health, security, economy and general welfare of all of the people of the City and the other municipalities identified in this ordinance; and

WHEREAS, in furtherance of that purpose, the City of Craig, in concert with any of the Other Municipalities which approve a parallel ordinance as provided for in Section 2 of this ordinance, desires to establish a port authority, to be known as the "Inter-island Ferry Authority," with express powers, including the power to issue revenue bonds, to acquire, construct, and operate ferries and ferry system-related facilities and services as a means to facilitate local and regional transportation related commerce.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CRAIG, ALASKA, AS FOLLOWS:

Section 1. Creation. The City Council of the City of Craig hereby authorizes the creation of a port authority to be known as the Inter-island Ferry Authority pursuant to the Alaska Municipal Port Authority Act (AS 29.35.600 – 29.35.730), said authority to be a public corporation of the City of Craig and the other Participating Municipalities identified in this ordinance.

Section 2. Participating Municipalities. (a) Subject to the approval of the Development Plan approved by the Inter-island Ferry Authority in accordance with Section 10(b) below, and subject to approval of parallel ordinances by the local governing authority and approval by a majority of the qualified voters of each municipality, one or more of the following municipalities may join with the City of Craig as "Other Municipalities" participating in the authorization and creation of the Inter-island Ferry Authority:

- (1) City of Coffman Cove
- (2) City of Hydaburg
- (3) City of Kasaan
- (4) City of Klawock
- (5) City of Petersburg
- (6) City of Thorne Bay
- (7) City of Wrangell

(b) The City of Craig and the Other Municipalities shall, for the purposes of this Ordinance, be known individually as a "Participating Municipality" and shall be known collectively as the "Participating Municipalities."

Section 3. Purpose. The Inter-island Ferry Authority is authorized and created to develop an efficient and effective network of ferries and ferry-related facilities and services and to otherwise provide the ferry system infrastructure essential or otherwise appropriate to

1. serve the various ferry transportation needs of residents of Prince of Wales Island, Ketchikan, Wrangell and Petersburg;
2. develop commerce and industry throughout Prince of Wales Island, Ketchikan, Wrangell and Petersburg areas by meeting their various ferry transportation services needs; and

3. promote the general health, security, and welfare of the residents of Prince of Wales Island, Ketchikan, Wrangell and Petersburg by meeting their various ferry transportation services needs.

Such infrastructure shall include, but is not limited to, those facilities and equipment necessary to provide scheduled and charter ferry service to, from, and between Prince of Wales Island, Ketchikan, Wrangell and Petersburg for transportation of persons, baggage, vehicles and the contents of such vehicles, equipment and freight.

Section 4. Boundaries of the Inter-island Ferry Authority. The boundaries of the Inter-island Ferry Authority shall be the boundaries of the real property, including terminals and all related ferry-system support facilities owned, leased or otherwise operated and controlled by the Inter-island Ferry Authority in the conduct of its business consistent with its purpose as set forth in Section 3 hereof.

Section 5. Powers and Limitations. The Inter-island Ferry Authority may

- (1) sue and be sued;
- (2) have a seal and alter it at pleasure;
- (3) acquire an interest in transportation facilities, equipment or services as necessary or appropriate to provide financing for the one or more transportation facilities, equipment or services, whether by purchase, gift, or lease;
- (4) lease to others one or more transportation facilities, equipment or services acquired by it and upon the terms and conditions the Inter-island Ferry Authority may consider advisable, including, without limitation, provisions for purchase or renewal;
- (5) sell, by installment sale or otherwise, exchange, donate, convey, or encumber in any manner by mortgage or by creation of another security interest, real or personal property owned by it, or in which it has an interest, including one or more transportation facilities, equipment or services, when, in the judgment of the Inter-island Ferry Authority, the action is in furtherance of the Inter-island Ferry Authority's purposes;
- (6) accept gifts, grants, or loans, under the terms and conditions imposed under the gift, grant, or loan, and enter into contracts, conveyances or other transactions with a federal agency or an agency or instrumentality of the state, a municipality, private organization, or other person;
- (7) deposit or invest its funds, subject to agreements with bondholders;
- (8) purchase or insure loans to finance the costs of transportation facilities, equipment or services;
- (9) provide security within the boundaries of the Inter-island Ferry Authority;
- (10) enter into loan agreements with respect to one or more transportation facilities, equipment or services upon the terms and conditions the Inter-island Ferry Authority considers desirable;
- (11) acquire, manage, and operate one or more transportation facilities, equipment or services as the Inter-island Ferry Authority considers necessary or appropriate to serve the Inter-island Ferry Authority's purposes;

- (12) assist private lenders to make loans to finance the costs of one or more transportation facilities, equipment or services through loan commitments, short-term financing, or otherwise;
- (13) charge fees or other forms of remuneration for the use or possession of one or more transportation facilities, equipment or services in accordance with the agreements described in this section, other agreements relating to the transportation facilities, equipment or services, covenants, or representations made in bond documents relating to the transportation facilities, equipment or services, or regulations of the Inter-island Ferry Authority relating to the transportation facilities, equipment or services;
- (14) defend and indemnify a current or former Director, employee, or agent of the Inter-island Ferry Authority against all costs, expenses, judgments, and liabilities, including attorney fees, incurred by or imposed upon that person in connection with civil or criminal action in which the person is involved as a result of the person's affiliation with the Inter-island Ferry Authority if the person acted in good faith on behalf of the Inter-island Ferry Authority and within the scope of the person's official duties and powers;
- (15) purchase insurance to protect and hold harmless its employees, agents, and Directors from an action, claim, or proceeding arising out of the performance, purported performance, or failure to perform in good faith, of duties for, or employment with the Inter-island Ferry Authority and to hold them harmless from expenses connected with the defense, settlement, or monetary judgments from that action, claim, or proceeding; the purchase of insurance is subject to the discretion of the Board; insurance purchased under this paragraph may not be considered compensation to the insured person; and
- (16) protect its assets, services, and employees by purchasing insurance or providing for certain self-insurance retention; an authority may also maintain casualty, property, business interruption, marine, boiler and machinery, pollution liability, and other insurance in amounts reasonably calculated to cover potential claims against the Inter-island Ferry Authority or the Participating Municipalities for bodily injury, death or disability, and property damage that may arise from or be related to authority operations and activities.

Section 6. Debt. Subject to the provisions of AS 29.35.625 – 29.35.655, as amended, the Inter-island Ferry Authority may borrow money and may issue bonds on which the principal and interest are payable

- (1) exclusively from the income and receipts of, or other money derived from, one or more transportation facilities, equipment or services financed with the proceeds of the bonds;
- (2) exclusively from the income and receipts of, or other money derived from, designated transportation facilities, equipment or services or other sources whether or not they are financed, insured, or guaranteed in whole or in part with the proceeds of the bonds; or
- (3) from its income and receipts generally or a designated part or parts of them.

Section 7. Administration of the Inter-island Ferry Authority. (a) The Inter-island Ferry Authority shall be governed by a Board of Directors ("Board"), which shall exercise the powers of the Inter-island Ferry Authority.

(b) The Board shall appoint a chief executive officer of the Inter-island Ferry Authority who serves at the pleasure of the Board.

Section 8. Board of Directors. (a) Directors shall be apportioned and appointed as set forth in this Section.

(b) The Board shall be apportioned as follows:

- (1) In the event that the Inter-island Ferry Authority is comprised of a single Participating Municipality, the Board shall be comprised of one (1) Director appointed to represent that Participating Municipality, and two (2) At-large Directors. One of the two (2) At-large Directors shall be designated to serve the duration of his or her term, or until such time as one or more additional municipalities join the Inter-island Ferry Authority as Participating Municipalities and the total number of At-large Directors is reduced from two (2) to one (1), whichever term is lesser.
- (2) In the event that the Inter-island Ferry Authority is comprised of two or more Participating Municipalities, the Board shall be comprised of one (1) Director appointed to represent each Participating Municipality, and one (1) At-large Director.
- (3) The Board shall be apportioned in accordance with the following table:

Number of Participating Municipalities	Appointed Board Members per Municipality	At-large Board Members	Total Board
1	1	2	3
2	1	1	3
3	1	1	4
4	1	1	5
5	1	1	6
6	1	1	7
7	1	1	8
8	1	1	9

(c) An individual appointed as a Director shall,

- (1) in the case of a Participating Municipality, be a qualified voter residing within the Participating Municipality, and
- (2) in the case of the at-large member, be a qualified voter residing within any Participating Municipality.

(d) The mayor of each Participating Municipality shall, with the concurrence of its City Council, appoint the Director(s) representing the Participating Municipality.

(e) The Board shall appoint the At-large Director(s) from names submitted by the mayors of all Participating Municipalities. In the event that the Board cannot reach a decision with regard to the proposed appointment(s) to the At-large Director position(s), the Board shall submit the names of not more than two candidates for each At-large position to the mayors of all Participating Municipalities, a majority of

whom shall then, with the concurrence of their respective City Councils, appoint the At-Large Director(s).

(f) Directors shall serve four-year terms; provided, however, that the Directors first appointed after the creation of the Inter-island Ferry Authority shall be randomly assigned to one of three groups, each group to be as nearly equal in number as possible. The Directors assigned to one such group shall serve two-year terms; the Directors assigned to the second such group shall serve three-year terms; and the Directors assigned to the third such group shall serve four-year terms.

(g) Each Director shall hold office for the term of appointment and until a successor has been appointed and qualified.

(h) If otherwise qualified, a Director is eligible to be appointed to the Board for more than one term.

(i) A vacancy on the Board shall be promptly filled by appointment as provided in this Section.

Section 9. Bylaws and Regulations. (a) The Board shall adopt bylaws to carry out the purposes and functions of the Inter-island Ferry Authority as soon after the establishment of the Inter-island Ferry Authority as possible and may, from time to time, amend those bylaws. The bylaws may contain any provision not in conflict with law for the management of the business of the Inter-island Ferry Authority and for the conduct of the affairs of the Inter-island Ferry Authority, including

- (1) the time, place, and manner of calling, conducting, and giving notice of meetings of the board and committees of the Board, if any;
- (2) the allowance for per diem and for travel and other necessary and reasonable expenses incurred by Directors in the conduct of the business of the Inter-island Ferry Authority, if any;
- (3) the appointment and authority of committees of the Board, if any;
- (4) the appointment, duties, compensation, and tenure of officers, Directors, chief executive officer, and other employees, if any;
- (5) procedures for adopting regulations;
- (6) procedures for adopting bylaws;
- (7) procedures for making annual reports and financial statements; and
- (8) other matters for the conduct of business by the Board.

(b) The Board shall adopt regulations necessary or appropriate to carry out the purposes of the Inter-island Ferry Authority and to facilitate the day-to-day administration, operation and other functions of the Inter-island Ferry Authority. The Board may amend those regulations from time to time.

Section 10. Development Plan. (a) The Inter-island Ferry Authority shall prepare, and shall maintain and keep current by amendment from time to time as necessary or appropriate, a Inter-island Ferry Authority Development Plan ("Development Plan"). The Development Plan shall contain, for each proposed project,

- (1) a general project description which shall identify the need for the project, development phases, if any, a description of any existing improvements in the project area to be affected by the project, a description of real and personal property, including municipal real and personal property, proposed to be conveyed or leased to or from the Inter-island Ferry Authority, and any

other information necessary to adequately describe the project's purpose and scope;

- (2) a development schedule including phases, if any;
- (3) the estimated development cost, including the estimated development cost of project phases, if any;
- (4) the estimated cost of operation;
- (5) the proposed method of financing the improvements;
- (6) identification of anticipated revenues from use fees, leases or other contractual arrangements with respect to each project; and
- (7) any other information which the Board deems necessary or appropriate to adequately describe the intent, purpose, schedule, and cost.

(b) The Inter-island Ferry Authority shall submit the Development Plan and all amendments to that Development Plan to the governing body of each of the Participating Municipalities for review and approval by resolution.

(c) The Inter-island Ferry Authority shall not undertake any project which is not consistent with the Development Plan, as amended, which has been approved by all the municipalities participating in the Inter-island Ferry Authority.

Section 11. Annual Report. Within ninety (90) days following the end of the fiscal year of the Inter-island Ferry Authority, the Board shall distribute to the governing body of each Participating Municipality a report describing the operations and financial condition of the Inter-island Ferry Authority during the preceding fiscal year. The financial report must itemize the cost of providing each category of service offered by the Inter-island Ferry Authority and the income generated by each category. The financial report may include suggestions for legislation relating to the structure, powers, or duties of the Inter-island Ferry Authority or operation of facilities of the Inter-island Ferry Authority.

Section 12. Audits. (a) The Board shall have the financial records of the Inter-island Ferry Authority audited at least once annually by an independent certified public accountant.

(b) To make the audits the Board shall designate a public accountant who has no personal interest, direct or indirect, in the fiscal affairs of the Inter-island Ferry Authority.

(c) Copies of the annual and any additional audits shall be available to the public upon request.

(d) The Inter-island Ferry Authority shall make all of its financial records available to auditors appointed by Participating Municipalities for examination.

Section 13. Fidelity Bond. The Inter-island Ferry Authority shall obtain a fidelity bond in an amount determined by the Board for the members of the Board, and each executive officer responsible for accounts and finances of the Inter-island Ferry Authority. Each such fidelity bond shall be in effect during the entire tenure in office of the bonded person.

Section 14. Taxation. (a) Because the Inter-island Ferry Authority, exercising the powers granted by this enabling ordinance under AS 29.35.600 – 29.35.730 as amended, is in all respects for the benefit of the people of the Participating Municipalities and the people of the state in general, for their well-being and prosperity, and for the improvement of their social and economic condition, the real

and personal property of the Inter-island Ferry Authority and its assets, income, and receipts are exempt from all taxes and special assessments of the state, or a political subdivision of the state, including but not limited to the Participating Municipalities.

(b) Notwithstanding the provisions of (a) of this Section, the Inter-island Ferry Authority may in its sole discretion enter into agreements under which the Inter-island Ferry Authority shall agree to pay to one or more Participating Municipalities payments in lieu of taxes and special assessments on real and personal property of the Inter-island Ferry Authority within the taxing jurisdiction of that municipality.

(c) Nothing in this Section creates a tax exemption with respect to the interests of a business enterprise or other person, other than the Inter-island Ferry Authority, in property, assets, income, or receipts of that business enterprise or other person, whether or not financed under the provisions of AS 29.35.600 – 29.35.730 as amended.

Section 15. Withdrawal of Participating Municipality. (a) A Participating Municipality may withdraw from and no longer participate in the Inter-island Ferry Authority by an affirmative vote of at least two-thirds of the members of its governing body on a withdrawal ordinance and approval of that ordinance by a majority of the qualified voters within that municipality voting on the question.

(b) A municipality's withdrawal from the Inter-island Ferry Authority shall not cause the dissolution of the Inter-island Ferry Authority unless the remaining Participating Municipalities act to dissolve the Inter-island Ferry Authority.

Section 16. Dissolution of Inter-island Ferry Authority. (a) Participating Municipalities may dissolve the Inter-island Ferry Authority. Dissolution of the Inter-island Ferry Authority requires an affirmative vote of at least two-thirds of the members of the governing body of each of the Participating Municipalities on a dissolution ordinance and approval by a majority of the qualified voters of each of the Participating Municipalities of that dissolution ordinance; provided, however, that

- (1) all holders of any revenue bonds issued by the Inter-island Ferry Authority and then outstanding are fully repaid including interest, or payment has been fully provided for; and
- (2) all creditors of the Inter-island Ferry Authority, including but not limited to lenders and trade creditors are fully paid including interest, if any, or other provision has been made for that payment; and
- (3) all other obligations, agreements and commitments of the Inter-island Ferry Authority, including but not limited to agreements with customers of the Inter-island Ferry Authority, have been satisfied, or other provisions have been made for that satisfaction.

(b) The dissolution ordinance shall include, but is not limited to,

- (1) schedules and procedures for terminating Inter-island Ferry Authority functions and services;
- (2) schedules and procedures for disposing of all Inter-island Ferry Authority assets, including distributing those assets of the Inter-island Ferry Authority which must be re-conveyed in accordance with the provisions of AS 29.35.610(b) to the Participating Municipalities; and

- (3) schedules and procedures for meeting or otherwise satisfying all other obligations, agreements and commitments of the Inter-island Ferry Authority as set forth in (a) of this Section; and
- (4) provisions for those other matters deemed necessary and prudent by the Board for the proper and business-like dissolution of the Inter-island Ferry Authority.

Section 17. Further Acts. The Mayor or the Mayor's designee is authorized to execute those documents and take those actions necessary to establish the Inter-island Ferry Authority as set out in this ordinance, and to otherwise enter into agreements with the Inter-island Ferry Authority, the Other Municipalities and others within the scope and the purpose of the Inter-island Ferry Authority.

Section 18. Referendum and Effective Date. This ordinance shall not go into effect until and unless the creation of the Inter-island Ferry Authority is first approved by a majority of the qualified voters voting on the question at a special election to be held on April 1, 1997. The ballot proposition shall be substantially in the following form:

PROPOSITION NO. 97-01

CREATION OF THE INTER-ISLAND FERRY AUTHORITY

"Shall the City of Craig participate with any or all of the "Other Municipalities" identified in Section 2 of Ordinance No. 97-431 of the City of Craig pursuant to AS 29.35.600 – 29.35.730 to create a port authority to be known as the Inter-island Ferry Authority having the purposes, powers, and other attributes as set forth in Ordinance No. 97-431 of the City of Craig?"

YES

NO

PASSED IN FIRST READING

JANUARY 9, 1997

FINAL PASSAGE

JANUARY 23, 1997



Dennis Watson

Dennis Watson, Mayor

ATTEST:

Helen Gray

Helen Gray, City Clerk