



CITY OF PETERSBURG

P.O. BOX 329 • PETERSBURG, ALASKA 99833

TELEPHONE (907) 772-4511

TELECOPIER (907) 772-3759

October 8, 2004

Dan Bockhorst
Local Boundary Commission Staff
Department of Community & Economic Development
550 West 7th Ave., Suite 1770
Anchorage, AK 99501-3510

Certified Mail

Re: Petition for Annexation

Dear Mr. Bockhorst:

Enclosed is the City of Petersburg's petition for annexation of approximately 34.2 square miles using the election-by-aggregate-voter-method of annexation. Along with the hard copy petition we are submitting a CD version as well as emailing you an electronic copy.

Please contact City Manager Bruce Jones (907-772-4519, ext. 22) or myself (907-772-4519, ext 23) if you require additional information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kathy O'Rear".

Kathy O'Rear, CMC
City Clerk

encl

RECEIVED
OCT 14 2004
Local Boundary Commission

PETITION BY THE CITY of PETERSBURG, A CITY WITHIN THE UNORGANIZED BOROUGH, FOR ANNEXATION OF APPROXIMATELY 34.2 SQUARE MILES USING THE ELECTION-BY-AGGREGATE-VOTER-METHOD OF ANNEXATION

The Petitioner hereby requests the Alaska Local Boundary Commission to grant this Petition for annexation under Article X, Section 12 of the Constitution of the State of Alaska, AS 29.06.040(a), and 3 AAC 110.600(c). The latter, 3 AAC 110.600(c), authorized by AS 29.06.040(c) and AS 44.33.812(a)(2), provides that the Local Boundary Commission may grant a petition for annexation subject to approval by a majority of the aggregate voters who vote on the question within the area proposed for annexation and the annexing municipality.¹ All Exhibits attached to this Petition are incorporated by reference.

SECTION 1. NAME OF THE PETITIONER. The name of the Petitioner is the City of Petersburg (hereafter "Petitioner"²).

SECTION 2. NAME AND CLASS OF THE CITY GOVERNMENT THAT IS THE SUBJECT OF THE PROPOSED ANNEXATION. The name and class of the city to which annexation is proposed are listed below:

Name: City of Petersburg ("City")
Class: Home Rule City

SECTION 3. GENERAL DESCRIPTION OF THE NATURE OF THE PROPOSED ANNEXATION. The Petitioner requests the Alaska Local Boundary Commission to grant this Petition for annexation subject to approval by a majority of the aggregate voters who vote on the question within the area proposed for annexation and the annexing municipality.

SECTION 4. GENERAL DESCRIPTION OF THE TERRITORY PROPOSED FOR ANNEXATION.

The territory proposed for annexation consists of approximately 21,906 acres (34.2 square miles) on Mitkof Island, located south and southeast of the current City of Petersburg municipal boundary, to include areas along the east shore of Wrangell Narrows and along the Mitkof Highway south and southeast of the current city boundary, to the highway's end (Exhibit C). The area to be annexed includes primarily uplands, and some tidelands and submerged lands.

The territory proposed for annexation is contiguous to the existing boundaries of the City and would not create enclaves in the expanded boundaries of the City. The boundary does not include large geographical regions. It includes areas that are significantly populated, as well as less populated territory only to the extent necessary to include areas expected to experience growth, development and increasing needs for public services within ten years, and areas in which the city has significant extraterritorial interests (See Section 5).

¹ If the territory proposed for annexation is uninhabited, the Commission may approve a petition for annexation of that territory subject only to approval by a majority of the voters who vote on the question within the annexing municipality.

² Since the "Petitioner" and "City" are the same in this proceeding, the terms are used interchangeably in this Petition.

SECTION 5. REASONS FOR THE PROPOSED BOUNDARY CHANGE. The Petitioner seeks annexation of the territory generally described in Section 4 for the following reasons:

A. To provide more reasonable and equitable taxes for all who already benefit from city government, infrastructure and services.

The proposed annexation will allow the City of Petersburg to collect tax revenues from a significant existing and growing population living and conducting businesses south of the existing city limits along the Mitkof Highway corridor. These residents and businesses presently use city services and infrastructure, but do not pay property taxes nor collect transient room taxes or sales taxes to support them.³ This will resolve an existing inequity between city residents and businesses that pay the full suite of municipal taxes, and those in the area to be annexed, who currently do not. The annexation will also increase the tax base to support the provision of essential city services.

Approximately 162 residents live within the area proposed for annexation, in approximately 78 residences.⁴ There are approximately eleven commercial businesses in the area.⁵ These residences and businesses are located within nine miles of the existing city limit and 18 miles of downtown Petersburg. The substantial majority of these residences and business, though not all, are connected to downtown Petersburg and community facilities by the state-maintained, two-lane, paved Mitkof Highway. There is regular, convenient travel back and forth between the area to be annexed and the city.

Residents of the area to be annexed regularly use City of Petersburg services and infrastructure. They travel from their homes to town to work, attend city schools, use city recreation facilities, use the docks and harbors, drive on city streets, visit the library, receive community health and senior services, benefit from emergency and search/rescue services, and attend to their daily affairs within city limits. In the 2003-04 school year, 16 children attended city schools from the area to be annexed.⁶ Residents of the area to be annexed benefit from the City's general administration, maintenance, improvement and protection of the infrastructure, facilities and amenities that they use in the Petersburg community. They also benefit from being adjacent to an established municipality, with its access to a federal Post Office, state-owned ferry terminal and airport, and other public services and conveniences.

The majority of residents and businesses in the area to be annexed also receive a number of city-provided services at their properties. These include fire/EMS/search & rescue, police services (supplemental to State Trooper services), solid waste collection/disposal and electrical service.

Residents and businesses in the area to be annexed pay user fees for some services. However, they do *not* pay higher user fees than are paid by property owners inside city limits.

³ It is noted that this population does contribute to the City's general fund through sales taxes paid to businesses within city limits, city licenses and other fees; however, residents and businesses in the area to be annexed do not contribute to the property tax base, which supports 31% of the City's general fund budget, and do not pay sales and room taxes which are also general fund revenues.

⁴ Dwelling units determined from 2000 census data. Population determined as described in Section 9 of this petition.

⁵ Source: Petersburg Municipal Light & Power utility records.

⁶ Pers. communication, Ms. Hoopie Davidson, owner of bus system serving Petersburg schools, 3/11/04.

They also do not contribute property, transient room and sales tax revenues to subsidize the full cost of some fee-services (e.g., solid waste collection/disposal, community pool) and pay for services provided without a fee (e.g., education, library, city street maintenance, and general government administration).

The City of Petersburg's tax rates are: property tax – 10.17 mills, sales tax – 6%, transient room tax – 4%. These tax rates are applied uniformly to all properties within the existing city limits. Property taxes make up 31% of the City's General Fund revenues. City services and facilities funded by the General Fund include education, police, fire/EMS, public works, general government administration, community development, facilities maintenance, community health services, library, and parks & recreation. The City of Petersburg's uniform property tax rate is based on the premise that these types of generally-funded services and facilities are used by and/or provide benefit to the community as a whole and should be supported by all property owners.

For example, while not all residents have children in public schools, the education system is a community benefit that, by state law, must be supported by all property tax payers. Similarly, while it is not feasible to provide the same level of fire suppression service to all individual properties, it is not unreasonable for all property owners to share in the cost of the service. The community benefits from having trained and equipped fire personnel and volunteers to protect community facilities and private buildings that serve the community (e.g., stores, offices), and to provide EMS and search/rescue services for all residents.

It is important to note that water, sewer and electrical services are Enterprise Funds, funded through user fees rather than property tax revenues. Property owners who do not receive these services would not pay for them. It is also notable that the Enterprise Funds pay an annual fee for overhead into the General Fund, to help pay their share of City administration and financial management services (\$536,259 in FY 03).

B. To provide services needed by the area to be annexed – for current residents and to accommodate growth.

The City of Petersburg already provides many services to the area to be annexed (see Section 5A, above) and seeks to improve services. Essential city services can be provided efficiently and effectively by the City of Petersburg to the area to be annexed, which is contiguous to the existing city and connected by a well-maintained state highway corridor. The City of Petersburg has the financial resources necessary to provide essential city services within the area to be annexed (see Sections 11 and 12). There is no other existing city or borough that could provide these services.

In addition to continuing the services already provided in the area to be annexed, the City of Petersburg will provide increased police protection, improved snow removal service, improved fire protection and EMS/search & rescue services, building code and fire marshal inspection, improved recreation facility management, and planning and zoning. The City will add an additional police officer to provide regular coverage for the area. The City will provide snow removal and sanding services on non-state roads in the annexed area. In the second year after annexation, the City will construct a fire substation at Papkes Landing, the most densely populated residential area in the area to be annexed. The substation will house a fire truck and a plow truck for snow removal.

As this petition was being developed, there was public comment about fire suppression services in the area to be annexed. The Petersburg Volunteer Fire Department (PVFD) already provides fire service to homes and businesses in the area to be annexed, although service to remote properties is limited by access difficulties. Construction of a fire response substation at Papkes Landing will provide the capacity for improved service and shortened response times, particularly if additional volunteers from the Papkes area become PVFD trained. Reduced response times would lower fire insurance rates and would allow homeowners to choose from a broader range of insurance programs.⁷ Fire marshal and building code inspections offered by the City, and construction setbacks provided through zoning, will also reduce the potential for loss of life or property from fire.

Annexation will allow the City to effectively provide services to properties and use areas along the Mitkof Highway corridor, as use of this corridor by residents and visitors increases with the opening of the South Mitkof Island Ferry Terminal in the next 2-4 years. With increasing use of the south island and the road corridor, there will be a need for increased emergency response, search & rescue services, police service, and supervision, maintenance and upgrade of public recreation areas. With the annexation, the City of Petersburg will employ an additional police officer to serve the annexed area. The new fire substation at Papkes Landing will improve fire suppression services along the road corridor. The City is also planning to install dry hydrants by July 2005 to provide water for fire suppression services along the road corridor.⁸

C. To promote orderly growth and development and abate threats to public health and safety through planning, platting and zoning.

Much of the area proposed to be annexed is already settled. Along the highway just south of the city limits and on Papkes Landing, residential and light commercial/business development has taken place on the road system – creating a development character compatible with the existing city. Planning, platting and zoning will ensure that development on adjacent property is compatible, protects property values, and meets the interests and needs of the residents and businesses in the area.

Additional growth and development is impending in the coming ten years along the entire Mitkof Highway corridor. The annexation will allow the City to manage orderly development in a way that is compatible with and will benefit the community. It will give the City the tools and financial resources to plan for and manage growth, ensure that lands and waters are available for the full range of uses that will need to be accommodated – including residential, commercial, industrial, waterfront access – and provide the services needed to meet the public health and safety needs of residents and visitors.

The Area is Settled and is Growing

Within the area to be annexed, there are existing residences, businesses, electrical generation facilities and transmission lines, and coastal access areas and recreation facilities managed by the City of Petersburg. Recent construction, land sales and subdivision testify to the active growth in the area. The City recently received a notice of intent to construct a campground outside the city limits on the highway corridor.

⁷ Pers. communication, 3/11/04, Petersburg Insurance Center.

⁸ The City is expecting grant funding from the State of Alaska, Department of Natural Resources, Division of Forestry.

The residential population of the area is growing, particularly along the highway just south of the city and in the Papkes Landing area, due to people moving from inside the City limits to areas outside and to new residents to Mitkof Island. The population of the area to be annexed has increased by an estimated 17 percent since 2000, from 138 to 162 residents (see Section 9). Petersburg Municipal Power and Light (PMP&L) records list 72 residential and commercial electrical utility customers outside the city limits.⁹ According to PMP&L staff, the number is always growing.¹⁰

As the population of the area increases, the demand for City services and the need for management of growth will also increase. The more densely developed neighborhoods are already experiencing some of the problems that can occur when development is unregulated. There are cases where incompatible development is a concern for neighbors, and there are concerns about the affect of on-lot septic disposal systems on neighboring wells and on the water quality of Wrangell Narrows.

There are Significant Catalysts for Additional Growth and Development on Mitkof Island

The planned construction of the Alaska Marine Highway System (AMHS) and Inter-Island Ferry Authority (IFA) South Mitkof Island Ferry Terminal will be a significant catalyst for land development along the entire Mitkof Highway corridor. The terminal is funded for construction in state FY 2005, following the completion of the environmental review and permitting process. The ferry terminal will be served by AMHS mainline ferries, fast vehicle ferries and IFA vessels.

Beginning in 2006, the AHMS and IFA terminal will bring visitors and vehicles from Southeast Alaska communities, Prince Rupert and Bellingham to and through Petersburg. Ferry travelers will be looking for convenient commercial services. They will regularly travel the Mitkof Highway north to Petersburg and east to recreation and scenic areas at the end of the highway.

Increased AMHS/IFA visitation is expected to encourage additional commercial and industrial development, residential settlement and recreation use on South Mitkof Island. This impending growth justifies the extension of planning and zoning powers through annexation. It also will require the city to provide additional services to South Mitkof Island, including additional police and fire/EMS response, and electrical service.

There is active mineral exploration which could lead to development of a poly-metallic mine on Woewodski Island, west of Mitkof Island. Mine development could call for transport of personnel and freight from a South Mitkof dock location, expansion of electrical lines, and increased use of the Mitkof Highway corridor. Mine-related uses and facilities would increase development in the area to be annexed, and foster spin-off development.

In addition, there has been recent discussion of an industrial timber-related operation locating near Petersburg. There is the potential that such an operation would locate within the area proposed for annexation.

⁹ PML&P, list of Utility Customers – Outside City Limits, provided to City of Petersburg, Community Development Department, 4/2/04.

¹⁰ Petersburg Pilot, 2/19/04.

Land is Available to Support Growth

There is considerable land available and suited for growth and development in the area to be annexed. There is approximately 300 acres of private land in the area, much of which is available for future development. There are subdivided lots and unsubdivided acreage on Papkes Landing and on the waterfront farther south that is suited for development, but not yet built upon.

The Alaska Mental Health Land Trust (AMHLT) owns approximately 1,800 acres in the area to be annexed. Trust lands will be a source of commercial and residential development in the proposed annexation area in the coming ten years. The AMHLT owns the Papkes landing boat launch area and an adjacent five acres. They are interested in entering into a commercial lease for that property. The AMHLT's 24-lot Falls Creek subdivision is being marketed for sale; four lots have sold and sale/build-out would be expected over the coming ten years. As these lots sell, the AMHLT will consider additional subdivisions along the highway frontage.¹¹

The annexation will bring into the city a 640-acre state-owned parcel on the road system, within two miles of the existing city limit. This land is designated for settlement and commercial uses and is considered by the state to be appropriate for land disposal.¹² The State of Alaska also owns 2,874 acres of land on South Mitkof Island, in the vicinity of and eastward of the ferry terminal site. This land is designated for multiple uses and may be subject to land disposal for commercial development or settlement in the future.¹³

The University of Alaska owns approximately 900 acres of land on South Mitkof Island, east of the ferry terminal site. This land will be developed for commercial, residential or industrial uses to provide revenue for the University, when such development is economic.¹⁴

D. To address significant City interests in this extraterritorial area.

The City of Petersburg is responsible for or has a significant interest in many facilities and use areas in the area to be annexed. These include:

- The city-owned Petersburg Municipal Power and Light operates the Crystal Lake Hydroelectric Facility on State of Alaska land. The annexation would bring this essential city-owned utility and facility within the city limits.
- Petersburg's target range is on state land within the area to be annexed. The state has expressed its interest in the city having a strong role in management, and eventually ownership, of this site.¹⁵
- The annexation area includes important recreation areas used by Petersburg residents and managed by the City of Petersburg. The City has an agreement with the State of Alaska to

¹¹ Pers. comm., Alison Smith, AMHLT Office, 2/19/04, 3/10/04.

¹² Alaska Department of Natural Resources, Central/Southern Southeast Area Plan, August 2000 (parcel P-14).

¹³ Ibid. (parcels P-23 and P-25).

¹⁴ Pers. comm., Mari Montgomery, University of Alaska Land Management, 2/23/04.

¹⁵ The State of Alaska has indicated that it would prefer that the city to eventually select and own this parcel (DNR Central/Southern Southeast Area Plan, August 2000, parcel P-16).

maintain and provide solid waste disposal services at two popular state-owned recreation sites on South Mitkof Island, the Banana Point boat launch and the Greens Creek campground/picnic area within the Ernie Haugen State Recreation Area. The City has obtained federal grant funds to upgrade these sites, as well as a state-owned coastal recreation access point at Blaquiere Point at the east end of the Mitkof Highway. The City anticipates receiving an easement from the State of Alaska for the Blaquiere Point boat launch.

- The entire Mitkof Highway road corridor is within the area to be annexed. Bringing this major highway corridor into the city limits will ensure that emergency service on the road system is provided and improved. This will be essential as traffic increases with operation of the ferry terminal. In addition, the highway transportation corridor is the essential link tying together the area to be annexed and the route for delivery of essential city services.

E. To reduce the City's exposure to liabilities.

Petersburg provides fire and police services along the roaded area outside its corporate boundaries even though it lacks clear extraterritorial authority under AS 29.35.020 to do so. While there is legal authority to provide extraterritorial services such as emergency medical services, residents and property owners inside the city may be deprived of timely receipt of emergency services because city resources are committed outside the city's boundaries. The annexation will give the City the tools and financial resources to improve emergency services.

F. To enfranchise individuals.

Residents of the area to be annexed are part of the greater community served by the City of Petersburg but, because they live on the other side of the City's political boundary, are not allowed a voice in city government. Annexation will allow residents from the area to be annexed to be appointed to City boards and commissions, hold elective office in City government and the School District, and vote in City elections.

SECTION 6. LEGAL DESCRIPTIONS, MAPS, AND PLATS.

A. Legal Description of the Territory Proposed for Annexation. A written metes and bounds legal description of the territory proposed for annexation is presented as **Exhibit A**.

B. Legal Description of Proposed Post-Annexation Boundaries. A written metes and bounds legal description of the proposed post-annexation boundaries of the City is presented as **Exhibit B**.

C. Maps and Plats. A map showing the existing boundaries of the City and the boundaries of the territory proposed for annexation are presented as **Exhibit C**. Any plats required by the Alaska Department of Community and Economic Development to demonstrate the accuracy of the legal descriptions in Exhibit A or Exhibit B are included with the map in Exhibit C.

SECTION 7. SIZE OF THE TERRITORY. The territory proposed for annexation is estimated to encompass 34.2 square miles.

SECTION 8. PETITIONER'S REPRESENTATIVE. The Petitioner designates the following individual to serve as its representative in all matters concerning this annexation proposal:

Name: Bruce Jones, City Manager
Physical Address: City of Petersburg
Municipal Building
Mailing Address: P.O. Box 329
Petersburg, AK 99833
Telephone # (907) 772-4511, ext. 22
Facsimile # (907) 772-3759
E-mail address: manager@ci.petersburg.ak.us

SECTION 9. POPULATION DATA.

The population of the area proposed for annexation is estimated to be 162 people. This estimate applies to the 2000 census population of 138, the 17% growth rate identified by the State of Alaska Department of Labor for the "remainder" areas of the Wrangell-Petersburg census district from 2000-2003.¹⁶ The population within the current boundaries of the City is estimated to be 3,060.¹⁷

SECTION 10. INFORMATION RELATING TO PUBLIC NOTICE AND SERVICE OF THE PETITION.

Exhibit D provides information relevant to public notice of this annexation proceeding. The information includes specifics about local media; adjacent municipal governments; places for posting notices; location(s) where the Petition may be viewed; and parties who, because of their interest in this matter, may warrant the courtesy of individual notice of the annexation proceedings.

SECTION 11. TAX DATA.

A. Value of Taxable Property in the Territory Proposed for Annexation. The assessed or estimated value of taxable property in the territory proposed for annexation is as follows (estimated at real property tax rate of 10.17 mills). There is no personal property tax assessed in the City of Petersburg. Taxable value was estimated conservatively based upon an analysis of 2000 census data for dwelling units, map research, and consultation regarding comparable values with the City of Petersburg's contracted assessor, Canary Associates of Juneau.

¹⁶ Alaska Dept. of Labor web site

¹⁷ 2003 State Demographer estimate, DCED web site

	Taxable Value	Tax Revenue
Real property	\$14,575,000	\$148,228
TOTAL	\$14,575,000	\$148,228

B. Projected Taxable Sales. The value of annual sales in the territory proposed for annexation that would be subject to City sales taxes was estimated by the City's Finance Director, in consultation with sales tax collection staff, to be \$460,000. At the City's current sales tax rate of 6%, this would generate an estimated \$27,600 annually. Based on estimated income to lodging businesses in the area to be annexed, the City's transient room tax rate of 4% would generate an estimated \$5,700 annually. Taxable sales and room taxes were conservatively estimated based upon consultation with the City Finance Department, considering sales tax income from businesses similar to those currently operating in the area to be annexed.

C. Existing Taxes in the Territory Proposed for Annexation.
There are currently no municipal taxes in effect in the territory proposed for annexation.

SECTION 12. THREE-YEAR BUDGET PROJECTIONS.

A. Budget Projections for the Territory Proposed for Annexation. Table 1 provides a listing of significant City operating expenditures, revenues (from local, State, federal, and other sources), and significant capital expenditures projected to result exclusively from the proposed annexation during each of the first three full years following annexation.

Revenues from local taxes, licenses and permits were estimated conservatively. Revenues from Payment in Lieu of Taxes (PILT) and Shared Fish Tax were obtained from the State of Alaska, Department of Community and Economic Development (DCED). Local property tax revenues were projected to increase by 2% annually and other revenues were held constant, to provide a conservative scenario for revenue generated from annexation.

Significant operating expenditures related to annexation include: an annual increment to general government services (Years 1-3), a one-time increment in general government services for property assessment costs and the cost of the municipal election for annexation (Year 1); one additional police officer and equipment/fuel (Years 1-3); costs for snow removal (Years 1-3) to improve fire/emergency access; a one-time increment in community development for planning/zoning (Year 1); mapping expenses (Years 1-3); and additional required minimum contribution for education (Year 3).

Significant capital expenditures are limited to construction of a new building at Papkes Landing in Year 2 to serve as a fire substation and staging building for snow removal equipment.

The analysis shows that by Year 3 following annexation, revenues generated from the annexation will exceed expenditures (Table 1).

TABLE 1 BUDGET PROJECTIONS FOR AREA TO BE ANNEXED			
REVENUES	Year 1 (FY 05/06)	Year 2 (FY 06/07)	Year 3 (FY 07/08)
Property Tax (10.17 mill) ¹⁸	\$0	\$151,193	\$154,217
Sales Tax (6%) ¹⁹	\$27,600	\$27,600	\$27,600
Transient Room Tax (4%) ²⁰	\$5,700	\$5,700	\$5,700
PILT - Public Law 97-258 ²¹	\$7,030	\$7,030	\$7,030
Shared Fish Tax ²²	\$280	\$280	\$280
City Licenses and Permits ²³	\$1,000	\$1,000	\$1,000
TOTAL REVENUE	\$41,610	\$192,803	\$195,827
OPERATING EXPENSES			
General Government	\$41,000 ²⁴	\$5,000	\$5,000
Police & Jail	\$69,000 ²⁵	\$69,000	\$69,000
Public Works	\$13,650 ²⁶	\$13,650	\$13,650
Community Development	\$36,350 ²⁷	\$11,350	\$11,350
Facilities Maintenance	\$0	\$0	\$2,000 ²⁸
Community Services (incl. education)	\$0	\$0	\$76,120 ²⁹
TOTAL OPERATING EXPENSES	\$160,000	\$99,000	\$177,120
CAPITAL EXPENSES			
Public Works	\$0	\$75,000 ³⁰	\$0
TOTAL CAPITAL EXPENSES	\$0	\$75,000	\$0
REVENUE MINUS EXPENSES	<-\$118,390>	<-\$18,803>	+\$18,707

¹⁸ Sources for property tax revenue estimates included 2000 census, search of basic land status information, and consultation with the City Finance Department and Assessor.

¹⁹ Sales tax estimates provided by City of Petersburg, Finance Department, 3/12/04

²⁰ Transient room tax estimates provided by City of Petersburg, Finance Department, 3/12/04.

²¹ Source: Bill Rolfzen, DCED, 3/8/04.

²² Source: Bill Rolfzen, DCED, 3/8/04.

²³ Estimate of additional building permit fees provided by City of Petersburg, Community Development Department, 2/27/04.

²⁴ Includes \$5,000 increment for general government services, and one-time expense for annexation including assessor services (\$30,000) and municipal election regarding annexation (\$6,000).

²⁵ Additional police officer (\$59,000) and equipment/fuel (\$10,000). Source: City of Petersburg, City Manager, 3/1/04.

²⁶ Estimated cost to provide snow removal services and road sanding, using existing equipment (staged at Papkes Landing) and personnel, assuming 32 days of snow removal/sanding per year. Source: City of Petersburg, Public Works Dept., 5/25/04.

²⁷ Year 1: Estimated cost for Comprehensive Plan supplement and zoning for area to be annexed (\$25,000) and annual cost to locate, map, and plan for properties in areas to be annexed. Years 2 & 3: \$11,350 each year to complete mapping and planning.

²⁸ Estimated annual operations and maintenance cost for new Papkes Landing substation. Source: City of Petersburg, Public Works Dept., 2/27/04.

²⁹ Increase in minimum required contribution to education, equivalent to 4 mill of estimated Full True Value of real property in area to be annexed (based on estimates of assessed property values and Alaska Taxable 2003).

³⁰ Construction cost for storage building at Papke's Landing to house snow removal and fire suppression vehicles and equipment. Source: City of Petersburg, Public Works Dept., 2/27/04.

B. Budget Projections for the Existing City. Tables 2-4 below provide a projection of significant City revenues, significant operating expenditures, and significant capital expenditures for the territory within the existing boundaries of the City during each of the first three full years following annexation.

Budget figures were provided by the City of Petersburg, Finance Department. The conceptual budget figures for FY 05 are shown for Years 1-3 after annexation. The City has not prepared budget projections beyond FY 05. This provides a sufficient context for evaluating annexation revenues/expenses in relation to the full City budget.

The analysis shows that the annexation is financially feasible and that the City of Petersburg has the financial resources and resilience to successfully annex and provide essential city services to the area. The City of Petersburg operates with a balanced budget. In addition, the City of Petersburg has both restricted and unrestricted reserve funds that it has not accessed in recent years and to which is regularly deposits additional unrestricted funds at years end. Reserve funds would be available to cover the costs of annexation, if necessary, until revenues begin to exceed expenditures beginning in Year 3 (see Table 1).

TABLE 2 CITY OF PETERSBURG PROJECTED REVENUES			
REVENUES	Year 1 (FY 05/06)	Year 2 (FY 06/07)	Year 3 (FY 07/08)
City Property Tax – real property tax + PILT + motor vehicle registration + other (10.17 mill)	\$2,276,000	\$2,276,000	\$2,276,000
City Sales Tax (6%) + Transient Room Tax (4%)	\$2,249,000	\$2,249,000	\$2,249,000
Licenses and Permits	\$6,500	\$6,500	\$6,500
Federal Grants	\$51,214	\$51,214	\$51,214
Shared State Revenue (Fisheries Business Tax + Shared Fish Tax + Liquor licenses)	\$621,000	\$621,000	\$621,000
State Grants for Operating Expenses (Library)	\$6,000	\$6,000	\$6,000
State Charges for Services (Jail and special services contract)	\$159,000	\$159,000	\$159,000
Charges for Services (fees)	\$215,258	\$215,258	\$215,258
Fines & Forfeits	\$8,300	\$8,300	\$8,300
Misc. Revenues	\$203,700	\$203,700	\$203,700
General Fund Overhead	\$536,259	\$536,259	\$536,259
Proceeds of General Fixed Assets	\$37,500	\$37,500	\$37,500
Interfund Transfers (National Forests Receipts – Schools)	\$700,000	\$700,000	\$700,000
TOTAL REVENUE	\$7,069,731	\$7,069,731	\$7,069,731

TABLE 3 CITY OF PETERSBURG PROJECTED EXPENSES			
EXPENSES	Year 1 (FY 05/06)	Year 2 (FY 06/07)	Year 3 (FY 07/08)
General Government (Council, Manager, Attorney, Finance, Information System)	\$1,049,800	\$1,049,800	\$1,049,800
Police & Jail	\$1,175,000	\$1,175,000	\$1,175,000
Fire/EMS	\$478,172	\$478,172	\$478,172
Public Works	\$1,188,740	\$1,188,740	\$1,188,740
Community Development	\$204,906	\$204,906	\$204,906
Facilities maintenance	\$220,915	\$220,915	\$220,915
Community Services (incl. Education - contribution to school district)	\$1,870,800	\$1,870,800	\$1,870,800
Culture and Recreation	\$712,562	\$712,562	\$712,562
Non-Departmental	\$168,836	\$168,836	\$168,836
TOTAL EXPENDITURES	\$7,069,731	\$7,069,731	\$7,069,731

TABLE 4 CITY OF PETERSBURG PROJECTED CAPITAL PROJECTS (excluding capital projects associated with enterprise funds)			
CAPITAL PROJECTS	Year 1 (FY 05/06)	Year 2 (FY 06/07)	Year 3 (FY 07/08)
Community Center	\$35,000	\$0	\$0
School – deferred maintenance (GO bond)	\$2,500,000	\$1,000,000	\$0
TOTAL CAPITAL PROJECTS	\$2,535,000	\$1,000,000	\$0

SECTION 13. EXISTING LONG-TERM CITY DEBT. Table 5 provides a summary of the existing long-term indebtedness for of the City of Petersburg for General Obligation (GO) bonds:

CITY OF PETERSBURG LONG TERM DEBT			
DESCRIPTION	Current Principal Balance as of 6/30/03	Annual Payment	Date Fully Paid
GO bond: school construction	\$140,000	\$70,000	2005
GO bond: sanitation / bailer facility	\$695,000	\$90,000 - \$130,000	2009
GO bond: swimming pool	\$282,496	\$9,000 - \$24,000	2021
GO bond: harbor	\$1,412,504	\$45,854 - \$120,886	2021
GO bond: Mountain View Manor	\$3,500,000	\$280,000	2024
GO bond: schools deferred maintenance	\$1,050,000 (local 30% share state pays 70%)	\$84,000	2024

SECTION 14. CITY POWERS AND FUNCTIONS.

A. Current City Powers and Functions Provided Generally.

Listed below are the powers and functions currently exercised by the City of Petersburg.

CITY POWERS AND FUNCTIONS TO BE EXERCISED GENERALLY

Public Safety

- Petersburg Police Department – The City police department provides services inside the City and the Alaska State Troopers are responsible for areas outside the City. Police service sometimes extends to areas outside the City, in consultation with the Troopers.
- Fire Protection/EMS/Search & Rescue – The PVFD provides fire suppression services in the City. Although outside of its area of responsibility, the PVFD does provide fire service to the developed residential and business areas south of the existing city limits (e.g. Papkes Landing) and will travel south to the end of Mitkof Highway to assist in emergencies. There are also state certified Emergency Medical Service (EMS) personnel on two ambulances in Petersburg, who provide services within the City and outside the City as needed. Search and rescue volunteers also serve the community.

Utilities

- Municipal water service – Municipal water is provided to the majority of residents in the existing city limits, to approximately four mile Mitkof Highway (the existing city limit is located at 8.76 Mitkof Highway).

- Sewer service – Municipal sewer service extends to approximately 3.8 mile Mitkof Highway (the existing city limit is located at 8.76 Mitkof Highway).
- Solid waste collection and disposal – The City provides solid waste collection and disposal services within the city limits and extraterritorially to Papkes Landing vicinity residents and businesses and to recreation areas to the end of the South Mitkof Highway. Users pay a user fee for solid waste collection services. However, the user fee is not sufficient to cover the cost of service and the city subsidizes the service. Users outside of the existing City do *not* pay a higher user fee than those inside the City.
- Electricity – PMP&L serves customers within the existing city limits and in the area to be annexed along the highway corridor to the Crystal Lake Hydroelectric Facility at the south end of Blind Slough. The hydroelectric facility is located on State of Alaska land, within the area proposed for annexation.

Education

- The Petersburg City School District operates all public schools (K-12) in the city. Residents outside of the City that attend public schools use this City service.

Cultural and Recreation Services

The City of Petersburg's cultural and recreation services and facilities are used by city residents, by residents of the area to be annexed and by others. These services and facilities include:

- Library – The City operates the Petersburg Public Library.
- Parks and Recreation – The City's parks and recreation facilities include the swimming pool, community gymnasium, six parks, trails and boardwalks. The Petersburg Gun Range is leased by the city from the State of Alaska; it is located in the area to be annexed. Also within the area to be annexed are the Banana Point boat launch and Wilson Creek picnic area at the south end of Mitkof Island, which are owned by the State of Alaska but the maintenance responsibility of the City of Petersburg. The City has obtained federal grant funds to improve these recreation facilities.
- Museum support – The City contributes monetary support to the local non-profit museum.

Land Use Planning

- Comprehensive land use planning and zoning – The City has an adopted Comprehensive Plan (2000) and zoning code.
- Building inspection – The City provides building inspection services for compliance with the International Building Code and inspection by the fire marshal.

Transportation Services

- Harbor facilities – The City owns and operates two dock/harbor facilities to serve small to medium draft vessels and manages a third facility currently owned by the State of Alaska.
- Roadways – The City maintains approximately 25 miles of roadway within existing city limits. The State of Alaska maintains the Mitkof Highway, which is the principal road corridor servicing the area to be annexed.

Health Services

- Hospital – Petersburg Medical Center was built by the State of Alaska, is owned by the community and is governed by an elected Hospital board. The hospital provides acute and long-term care services.
- Community Health and Assistance – The City contributes funding to support mental health services. In addition, the city owns and operates Mountain View Manor, which provides assisted living and senior housing.

CITY POWERS AND FUNCTIONS EXERCISED IN DIFFERENTIAL TAX ZONES ESTABLISHED BY ORDINANCE

There are no differential tax zones within the existing City of Petersburg.

B. City Powers and Functions Proposed to Be Exercised in the Territory Proposed for Annexation. Listed below are the powers and functions proposed to be exercised by the City in the territory proposed for annexation.

CITY POWERS AND FUNCTIONS TO BE EXERCISED GENERALLY

All services currently provided by the City within its existing boundaries (listed above) will be generally extended to or available to residents of the area in question upon its annexation, as noted (and with exceptions noted) below.

Public Safety

- Petersburg Police Department – After annexation, City police will provide service to the annexed area. An additional police officer will be hired to provide this service.
- Fire Protection/EMS – After annexation, the City will continue to provide fire and EMS/search & rescue services to the annexed area through the PVFD. In the second year after annexation, the City will construct a fire substation at Papkes Landing and base a fire truck at that location for PVFD use. Construction of a fire response substation at Papkes Landing will provide the capacity for improved service and shortened response times, particularly if additional volunteers from the Papkes area become PVFD trained. Reduced response times would lower fire insurance rates and would allow homeowners to choose from a broader range of insurance programs.³¹ Fire marshal and building code inspections offered by the City, and construction setbacks provided through zoning, will also reduce the potential for loss of life or property from fire.

Utilities

- Municipal water and sewer service – Water and sewer service would not be extended to the area to be annexed in any near timeframe. However, through its review of new residential construction and subdivision plats, the City could assist with ensuring appropriate separation

³¹ Pers. communication, 3/11/04, Petersburg Insurance Center.

distances for on-site sewer disposal systems, water wells and ambient receiving waters to address potential problems with water quality and public health.

- Solid waste collection and disposal – The City would continue to provide solid waste collection and disposal fee-services to residents and businesses and to recreation areas to the end of the South Mitkof Highway.
- Electricity – PMP&L would continue to serve customers within the existing city limits, the area to be annexed, and the remainder of Mitkof Island. Electrical service would expand as development occurs on South Mitkof Island and potentially on adjacent islands. PMP&L has substantial excess power capacity to provide for future development.

Education

- The Petersburg City School District would continue to provide education services for residents from the annexed area. In the 2003-04 school year, 16 residents of the area to be annexed attended city schools.

Cultural and Recreation Services

- The City of Petersburg's library and parks and recreation facilities would continue to be used by residents living in the annexed area. The Petersburg Gun Range is leased by the city from the State of Alaska; it is located in the area to be annexed. Also within the area to be annexed are the Banana Point boat launch and Wilson Creek picnic area at the south end of Mitkof Island. These facilities are owned by the State of Alaska but the maintenance responsibility of the City of Petersburg. The City of Petersburg has obtained federal grant funds to improve these recreation facilities, as well as a coastal access point at Blaquiere Point on the southeast side of Mitkof Island.

Land Use Planning

- Comprehensive land use planning and zoning – The area to be annexed would be incorporated into an updated Comprehensive Plan and zoning code. The annexation will provide needed management to ensure orderly growth and development in the area.
- Development inspections and management – The City will provide building official and fire marshal inspection services and zoning enforcement in the area to be annexed. (Many residents now arrange for building code inspection by a private contractor to obtain bank financing.)

Transportation Services

- Harbor facilities – Residents of the area to be annexed will continue to use harbor facilities. The Papkes Landing dock is owned by the State of Alaska and the boat launch ramp and parking area are owned by the Alaska Mental Health Land Trust. It may be possible for the city to assist with communications with the State and the AMHLT Office regarding needed upgrades to the facilities.
- Roadways – The City maintains approximately 25 miles of roadway within existing city limits. The State of Alaska maintains the Mitkof Highway, the Papkes Landing Road and several other short road sections within the area to be annexed. The State will continue this maintenance. However, the City of Petersburg will provide snow removal services to the private roads on Papkes Landing, as necessary to ensure access for fire services. Snow removal equipment will be stored at the fire substation to be constructed at Papkes Landing.

Health Services

- Residents of the area to be annexed will continue to use the Petersburg Medical Center and other public health, mental health and assisted care services.

CITY POWERS AND FUNCTIONS TO BE EXERCISED IN DIFFERENTIAL TAX ZONES ESTABLISHED BY ORDINANCE

There will be no differential tax zones established.

C. Current Service Providers in the Territory Proposed for Annexation. Listed below are the names of entities (unorganized borough service areas, cities, boroughs, or other appropriate entities) currently providing public or public-type services and functions within the territory proposed for annexation (including the Petitioner if it serves the territory proposed for annexation on an extraterritorial basis). The specific public or public-type services and functions are also listed.

Provider	Service or Function
City of Petersburg (Petitioner)	Education, fire suppression, emergency medical services, electrical power, solid waste collection at residential and recreation sites, police services (with Alaska State Trooper consultation)
State of Alaska	Alaska State Troopers, road maintenance (Mitkof Highway, Papkes Landing Road, Crystal Lake Rd., partial Fish Creek Road)
USDA Forest Service	Tongass National Forest management activities

SECTION 15. TRANSITION PLAN.

Exhibit E presents the transition plan required under 3 AAC 110.900. The transition plan includes the following:

- A. A practical plan that demonstrates the capability of the City to extend essential city services (as determined under 3 AAC 110.970) into the territory proposed for annexation in the shortest practical time after the effective date of annexation (not to exceed two years).
- B. A practical plan for the assumption of all relevant and appropriate powers, duties, rights, and functions presently exercised by an existing borough, city, unorganized borough service area, or other appropriate entity in the territory proposed for annexation.
- C. A practical plan for the transfer and integration of all relevant and appropriate assets and liabilities of an existing borough, city, unorganized borough service area, and other entity located in the territory proposed for annexation. As required by 3 AAC 110.900, the plan for transfer and integration of all relevant and appropriate assets and liabilities has been prepared in consultation with the officials of each existing borough, city, and unorganized

borough service area wholly or partially included in the territory proposed for annexation. The plan has also been designed to affect an orderly, efficient, and economical transfer within the shortest practicable time, not to exceed two years after annexation. The plan specifically addresses procedures to ensure that the transfer and integration occur without loss of value in assets, loss of credit reputation, or a reduced bond rating for liabilities.

SECTION 16. COMPOSITION AND APPORTIONMENT OF THE CITY COUNCIL.

Exhibit F presents information about the current composition and apportionment of the City Council. It also describes any change to the composition and apportionment of the City Council contemplated following annexation.

SECTION 17. FEDERAL VOTING RIGHTS ACT INFORMATION.

Information regarding any effects of the proposed annexation upon civil and political rights for purposes of the federal Voting Rights Act is provided in **Exhibit G**. This information includes the following:

- A. Purpose and effect of annexation as it pertains to voting.
- B. Extent to which the annexation excludes minorities while including other similarly situated persons.
- C. Extent to which annexation reduces the City's minority population percentage.
- D. Whether the electoral system of the City fails fairly to reflect minority voting strength.
- E. Participation by minorities in the development of the annexation proposal.
- F. Designation of an Alaska Native for U.S. Department of Justice contact regarding the proposed annexation.
- G. Statement concerning the understanding of English in written and spoken forms among minority residents of the City and the territory proposed for annexation.

SECTION 18. SUPPORTING BRIEF.

Exhibit H consists of a supporting brief that provides a detailed explanation of how the proposed annexation satisfies each constitutional, statutory, and regulatory standard that is relevant to the proposed annexation. The brief demonstrates with detailed facts and analysis that:

- A. Based on relevant factors listed in 3 AAC 110.090(a), plus other relevant factors, the territory proposed for annexation exhibits a reasonable need for city government.
- B. In accordance with 3 AAC 110.090(b), services determined to be essential city services under 3 AAC 110.970 can be provided more efficiently and more effectively by the City

(Petitioner) than by another existing city or by an organized borough on an areawide basis or non-areawide basis, or through an existing borough service area.

- C. Based on relevant factors listed in 3 AAC 110.100, plus other relevant factors, the territory proposed for annexation is compatible in character with the annexing city.
- D. Based on relevant factors listed in 3 AAC 110.110, plus other relevant factors, the economy within the proposed expanded boundaries of the City include the human and financial resources necessary to provide services determined to be essential city services under 3 AAC 110.970 on an efficient, cost-effective level.
- E. Based on relevant factors listed in 3 AAC 110.120, plus other relevant factors, the population within the proposed expanded boundaries of the City are sufficiently large and stable to support the extension of city government.
- F. Based on relevant factors listed in 3 AAC 110.130(a), plus other relevant factors, the proposed expanded boundaries of the city include all land and water necessary to provide the full development of services determined to be essential city services under 3 AAC 110.970 on an efficient, cost-effective level.
- G. The territory proposed for annexation is contiguous to the existing boundaries of the City and would not create enclaves in the expanded boundaries of the City. Alternatively, under 3 AAC 110.130(b), a specific and persuasive showing is made that annexation of noncontiguous territory or territory that would create enclaves includes all land and water necessary to allow, on an efficient, cost-effective level, the full development of services determined to be essential city services under 3 AAC 110.970.
- H. Under 3 AAC 110.130(c), the proposed expanded boundaries of the City include only that territory comprising an existing local community, plus reasonably predictable growth, development, and public safety needs during the 10 years following the effective date of annexation.
- I. Under 3 AAC 110.130(d), the proposed expanded boundaries of the City do not include entire geographical regions or large unpopulated areas, except where justified by the application of the standards in 3 AAC 110.090 - 3 AAC 110.135.
- J. If the Petition describes boundaries overlapping the boundaries of an existing organized borough, the Petition addresses the procedures and the brief addresses the standards for either annexation of the enlarged city to the existing organized borough, or detachment of the enlarged city from the existing organized borough. If the Petition describes boundaries overlapping the boundaries of another existing city, the Petition addresses the procedures and the brief addresses the standards for detachment of territory from a city, merger of cities, or consolidation of cities.
- K. Based on relevant factors listed in 3 AAC 110.135, plus other relevant factors, annexation to the City is in the best interests of the state under AS 29.06.040 (a) and 3 AAC 110.980.
- L. The territory proposed for annexation meets the annexation standards specified in 3 AAC 110.090 - 3 AAC 110.135. Although not subject to the legislative review

annexation standard set out in 3 AAC 110.140, the brief also demonstrates with detailed facts and analysis any of the circumstances outlined in 3 AAC 110.140(1) – (9) that exist with respect to the annexation proposal.

- M. Annexation is subject to approval by a majority of the aggregate voters who vote on the question within the territory proposed for annexation and the annexing municipality as provided in 3 AAC 110.150(4). If the territory proposed for annexation is uninhabited, annexation is subject to approval by a majority of the voters who vote on the question within the annexing municipality as provided by 3 AAC 110.150(5).
- N. In accordance with 3 AAC 110.910, the proposed annexation to the City will not deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin.
- O. The Petitioner has prepared a proper transition plan under 3 AAC 110.900.

Other constitutional principles served by the annexation proposal, such as the equal-protection clause and the equal-responsibility clause of Article I, Section 1, and the maximum local self-government clause and minimum of local government units clause of Article X, Section 1, are also addressed in the supporting brief.

SECTION 19. AUTHORIZATION TO FILE THE PETITION. A certified copy of the ordinance or resolution adopted by the City Council to authorize the filing of this Petition is provided as **Exhibit I**.

SECTION 20. PETITIONER'S AFFIDAVIT. **Exhibit J** consists of an affidavit of the Petitioner's Representative swearing or affirming that, to the best of the Representative's knowledge, information, and belief, formed after reasonable inquiry, the information in the Petition is true and accurate.

DATED this 8th day of October, 2004.

By: 
Petitioner's Representative

EXHIBIT A
LEGAL DESCRIPTION OF THE TERRITORY
PROPOSED FOR ANNEXATION

Beginning at the northeast corner of Section 2, T60S, R79E, Copper River Meridian, Alaska;

thence in a westerly direction along the north boundary of said Section 2 to the center of Wrangell Narrows;

thence in a southerly direction along the center line of Wrangell Narrows to the point of intersection on the south boundary of Section 23, T60S, R79E;

thence southeasterly to the easternmost tip of Blind Island;

thence southeasterly along the centerline of Blind Slough to the point of intersection on the west boundary of Section 6, T61S, R81E;

thence south to the northeast corner of the southeast quarter of Section 12, T61S, R 80E;

thence west to the center of said Section 12;

thence south to the center of Section 13, T61S, R80E;

thence east to the center of Section 18, T61S, R81E;

thence north to the south boundary of Section 7, T61S, R81E;

thence east to the southeast corner of said Section 7;

thence north to the southwest corner of Section 5, T61S, R81E;

thence east to the southeast corner of said Section 5;

thence south to the southwest corner of the northwest quarter of Section 9, T61S, R81E;

thence east to center of said Section 9;

thence south to the south boundary of said Section 9;

thence east to the northwest corner of the northeast quarter of Section 15, T61S, R81E;

thence south to the center of Section 22, T61S, R81E;

thence east to the east boundary of said Section 22;

thence south 11,200 feet to a point on an eastern extension of the southern boundary of Section 34, T61S, R81E to a point in Blind Slough;

thence east 5,280 feet along an extension of the southern boundary of Section 34, T61S, R81E to a point in Blind Slough;

thence south to a point 2,640 feet north of an eastern extension of the southern boundary of Section 2, T62S, R81E to a point in Blind Slough;

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thence east 15,840 feet more or less to a point in Sumner Strait on a southern extension of the eastern of Section 29, T61S, R82E;

thence north along said line extension to a point that is 7,920 feet south of northwest corner of Section 28, T61S, R82E ;

thence east 5,280 feet;

thence north 2,640 feet;

thence east 5,280 feet;

thence north 2,640 feet;

thence east 5,280 feet;

thence north 5,280 feet;

thence east approximately 5,280 feet;

thence north approximately 15,840 feet to the northern extension of the eastern boundary of Section 11, T61S, R82E;

thence west approximately 5,280 feet to a point 7,920 feet north of the southeast corner of Section 11, T61S, R82E;

thence south to the northeast corner of the southeast quarter of Section 14, T61S, R82E;

thence west to the northwest corner of the southwest quarter of said Section 14;

thence south to the southwest corner of said Section 14;

thence west to the northwest corner of the northeast quarter of Section 22, T61S, R82E;

thence south to the center of said Section 22;

thence west to the northwest corner of the southwest quarter of said Section 22;

thence south to the southwest corner of said Section 22;

thence west to the northwest corner of Section 29, T61S, R82E;

thence south to the northeast corner of the southeast quarter of Section 30, T61S, R82E;

thence west to the center of said Section 30;

thence south to the south boundary of said Section 30;

thence west to the southeast corner of the southwest quarter of Section 25, T61S, R81E;

thence north to the center of said Section 25;

thence west to the center of Section 26, T61S, R81E;

thence north to the center of Section 14, T61S, R81E;

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thence west to the northwest corner of the southwest quarter of said Section 14;
thence north to the northeast corner of the southeast quarter of Section 10, T61S, R81E;
thence west to the center of said Section 10;
thence north to the northeast corner of the northwest quarter of said Section 10;
thence west to the northwest corner of said Section 10;
thence north to the northeast corner of the southeast quarter of Section 4, T61S, R81E;
thence west to the west boundary of said Section 4;
thence north to the northeast corner of Section 5, T61S, R81E;
thence west to the southeast corner of Section 32, T60S, R80E;
thence north to the northeast corner of the southeast quarter of said Section 32;
thence west to the west boundary of said Section 32;
thence north to the northeast corner of Section 31, T60S, R80E;
thence west to the southwest corner of the southeast quarter of Section 30, T60S, R80E;
thence north to the center of said Section 30;
thence west to the west boundary of said Section 30;
thence north to the northeast corner of the southeast quarter of Section 24, T60S, R79E;
thence west to the center of said Section 24;
thence north to the south boundary of Section 12, T60S, R79E;
thence east to the southeast corner of Section 7, T60S, R80E;
thence north to the northeast corner of said Section 7;
thence west to the northwest corner of Section 12, T60S, R79E;
thence north to the northeast corner of Section 2, T60S, R79E, the true point of beginning,
containing 34.2 square miles more or less.

Note: description is based on USGS quadrangles Petersburg C-2 (1951) and C-3 (1965).

EXHIBIT B
LEGAL DESCRIPTION OF THE PROPOSED POST-ANNEXATION
BOUNDARIES OF THE CITY

The existing City of Petersburg legal boundary description has been altered only to include the proposed changes, which are identified in underlined text. Text to be deleted from the existing legal boundary description is shown [CAPITIALIZED AND BRACKETED].

The corporate limit of the City of Petersburg, Alaska, is described as follows:

Beginning at the SW corner of Section 31, T59S, R81E, Copper River Meridian, Alaska; then in an easterly direction along the S boundary of Section 31 protracted to its intersection with the mean low water of Mitkof Island;

thence in a northerly, northwesterly direction along the meandering mean low water of Mitkof Island to the northerly tip of Mitkof Island;

thence in a northwesterly direction to the center of the mouth of Wrangell Narrows;

thence in a southerly direction along the center line of Wrangell Narrows to the point of intersection on the S boundary of [SECTION 31, T59S, R81E] Section 23, T60S, R79E;

thence southeasterly to the easternmost tip of Blind Island;

thence southeasterly along the centerline of Blind Slough to the point of intersection on the West boundary of Section 6, T61S, R81E;

thence south to the northeast corner of the southeast quarter of Section 12, T61S, R 80E;

thence west to the center of said Section 12;

thence south to the center of Section 13, T61S, R80E;

thence east to the center of Section 18, T61S, R81E;

thence north to the South boundary of Section 7, T61S, R81E;

thence east to the southeast corner of said Section 7;

thence north to the southwest corner of Section 5, T61S, R81E;

thence east to the southeast corner of said Section 5;

thence south to the southwest corner of the northwest quarter of Section 9, T61S, R81E;

thence east to center of said Section 9;

thence south to the south boundary of said Section 9;

thence east to the northwest corner of the northeast quarter of Section 15, T61S, R81E;

thence south to the center of Section 22, T61S, R81E;

thence east to the east boundary of said Section 22;

thence south 11,200 feet to a point on an eastern extension of the southern boundary of Section 34, T61S, R81E to a point in Blind Slough;

thence east 5,280 feet along an extension of the southern boundary of Section 34, T61S, R81E to a point in Blind Slough;

thence south to a point 2,640 feet north of an eastern extension of the southern boundary of Section 2, T62S, R81E, a point in Blind Slough;

thence east 15,840 feet more or less to a point in Sumner Strait on a southern extension of the eastern boundary of Section 29, T61S, R82E;

thence north along said line extension to a point that is 7,920 feet south of northwest corner of Section 28, T61S, R82E;

thence east 5,280 feet;

thence north 2,640 feet;

thence east 5,280 feet;

thence north 2,640 feet;

thence east 5,280 feet;

thence north 5,280 feet;

thence east approximately 5,280 feet ;

thence north approximately 15,840 feet to the northern extension of the eastern boundary of Section 11, T61S, R82E;

thence west approximately 5,280 feet to a point 7,920 feet north of the southeast corner of Section 11, T61S, R82E;

thence south to the northeast corner of the southeast quarter of Section 14, T61S, R82E;

thence west to the northwest corner of the southwest quarter of said Section 14;

thence south to the southwest corner of said Section 14;

thence west to the northwest corner of the northeast quarter of Section 22, T61S, R82E;

thence south to the center of said Section 22;

thence west to the northwest corner of the southwest quarter of said Section 22;

thence south to the southwest corner of said Section 22;

thence west to the northwest corner of Section 29, T61S, R82E;

thence south to the northeast corner of the southeast quarter of Section 30, T61S, R82E;

thence west to the center of said Section 30;

thence south to the south boundary of said Section 30;

thence west to the southeast corner of the southwest quarter of Section 25, T61S, R81E;

thence north to the center of said Section 25;

thence west to the center of Section 26, T61S, R81E;

thence north to the center of Section 14, T61S, R81E;

thence west to the northwest corner of the southwest quarter of said Section 14;

thence north to the northeast corner of the southeast quarter of Section 10, T61S, R81E;

thence west to the center of said Section 10;

thence north to the northeast corner of the northwest quarter of said Section 10;

thence west to the northwest corner of said Section 10;

thence north to the northeast corner of the southeast quarter of Section 4, T61S, R81E;

thence west to the west boundary of said Section 4;

thence north to the northeast corner of Section 5, T61S, R81E;

thence west to the southeast corner of Section 32, T60S, R80E;

thence north to the northeast corner of the southeast quarter of said Section 32;

thence west to the west boundary of said Section 32;

thence north to the northeast corner of Section 31, T60S, R80E;

thence west to the southwest corner of the southeast quarter of Section 30, T60S, R80E;

thence north to the center of said Section 30;

thence west to the west boundary of said Section 30;

thence north to the northeast corner of the southeast quarter of Section 24, T60S, R79E;

thence west to the center of said Section 24;

thence north to the south boundary of Section 12, T60S, R79E;

thence east to the southeast corner of Section 7, T60S, R80E;

thence north to the northeast corner of said Section 7;

thence west to the northwest corner of Section 12, T60S, R79E;

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thence north to the south boundary of T59S;

thence easterly along the S boundary of T59S to the true point of beginning, [CONTAINING 46.1
SQUARE MILES MORE OR LESS] containing 80.3 square miles more or less.

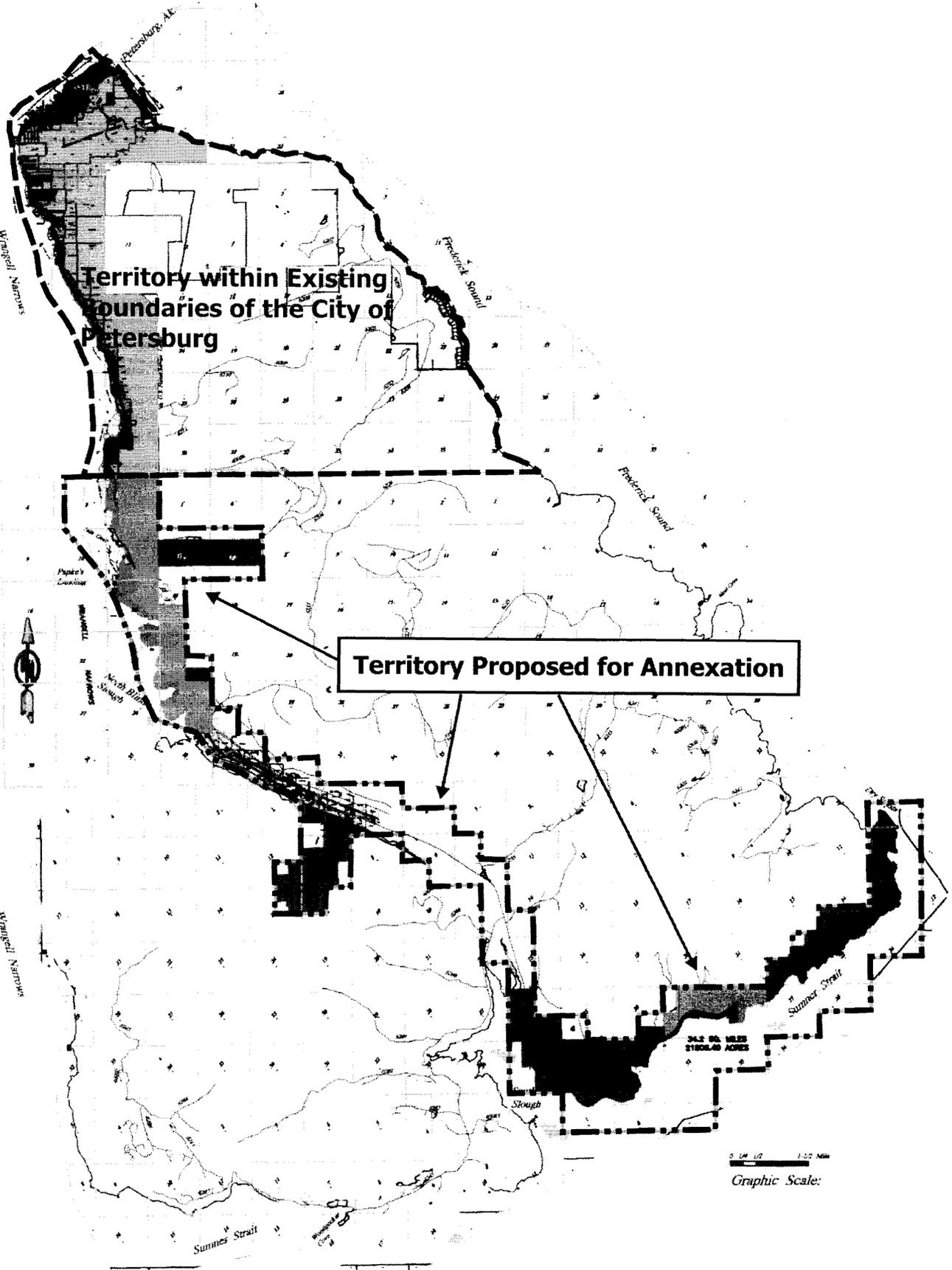
**Territory within Existing
Boundaries of the City of
Petersburg**

Territory Proposed for Annexation

34.2 SQ. MILES
2180.48 ACRES

0 1/4 1/2 1-1/2 Miles

Graphic Scale:



**EXHIBIT D
INFORMATION RELATING TO PUBLIC NOTICE
AND SERVICE OF THE PETITION**

This Exhibit provides information relevant to public notice of this annexation proceeding. The information includes specifics about local media; adjacent municipal governments; places recommended for posting notices; location(s) where the Petition may be viewed; and parties who, because of their interest in this matter, may warrant the courtesy of individual notice of the annexation proceedings.

LOCAL MEDIA

The following is a list of the principal news media serving the territory within the current and proposed boundaries of the City:

Newspaper

Name: Petersburg Pilot
Address: P.O. Box 930
Petersburg, AK 99833
Telephone #: (907)772-9393
Fax #: (907)772-4871

Radio stations

Name: KFSK Public Radio
Address: P.O. Box 149
Petersburg, AK 99833
Telephone #: (907)772-3808
Fax #: (907)772-9296

Name: KRSA Radio
Address: P.O. Box 650
Petersburg, AK 99833
Telephone #: (907)772-3891
Fax #: (907)772-4538

Television Scanner

Name: GCI
Address: 914 S. Nordic Drive
Petersburg, AK 99833
Telephone #: (907)772-3292
Fax #: (907)772-3942

ADJACENT MUNICIPAL GOVERNMENTS

The following is a list of city governments and organized boroughs whose boundaries extend within 20 miles of the current or proposed boundaries of the City.

- City of Wrangell
P.O. Box 531
Wrangell, AK 99929
(907)874-2381
- City of Kupreanof
P. O. Box 50
Petersburg, AK 99833

PLACES RECOMMENDED FOR POSTING OF OFFICIAL NOTICES RELATING TO ANNEXATION

The following three or more public and prominent places within the territory proposed for annexation are recommended for posting of notices concerning this annexation proposal.

- At the Papkes Landing boat launch and parking area.
- On a highway post nearest to the intersection of Papkes Landing Road and the Mitkof Highway, viewed from inbound and outbound directions.
- On a highway post at or near 14 mile Mitkof Highway, viewed from inbound and outbound directions.

The following three or more public and prominent places within the current boundaries of the City are recommended for posting of notices concerning this annexation proposal.

- U.S. Post Office, 1201 Haugen Drive, Petersburg, Alaska
- City of Petersburg City Hall, 12 South Nordic Drive, Petersburg Alaska
- Petersburg Court House, 14 North Sing Lee Alley, Petersburg, Alaska

LOCATION(S) WHERE THE PETITION MATERIALS WILL BE AVAILABLE FOR PUBLIC REVIEW

The Petitioner proposes to comply with 3 AAC 110.460(b) by providing a full set of Petition documents for public review at the location(s) listed below which are open to the public on the days and times listed below.

Location	Days and Times Open to the Public
City of Petersburg City Hall	M-F, 8:00 a.m. – 5:00 p.m.
Petersburg Public Library	M-Th, 12:00 – 9:00 p.m.; F-Sa, 12:00 – 4:00 p.m.

INDIVIDUALS AND ORGANIZATIONS THAT MAY WARRANT THE COURTESY OF INDIVIDUAL NOTICE OF THE FILING OF THE ANNEXATION PETITION

The following is a list of names and addresses of individuals and organizations whose potential interest in the annexation proceedings may warrant the courtesy of individual notice of the filing of the petition.

These names include known land and business owners in the area proposed for annexation,³² and people who attended an advertised neighborhood meeting hosted at Papkes Landing by the City of Petersburg Planning Commission on February 26, 2004,

³² Source: PMP&L Utility Customers List – Outside City Limits, 4/2/04.

and a community meeting hosted by the City Council at City Hall on April 28, 2004. The contact list will be kept updated.

First Name	Last Name	Org/Bus	Address1	City	State	Postal Code
James	Anderson		PO BOX 1534	Petersburg	AK	99833
Ralph	Boyington		PO B Box 601	Petersburg	AK	99833
Sam	Bunge		P.O. Box 288	Petersburg	AK	99833
Galen	Burrell		P.O. Box 146	Petersburg	AK	99833
Ben	Case		PO BOX 1974	Petersburg	AK	99833
Theresa	Cook		P.O. Box 586	Petersburg	AK	99833
Raleigh	Cook		PO BOX 1262	Petersburg	AK	99833
Alice	Cottrell	Sugar Shack B&B	PO BOX 947	Petersburg	AK	99833
Ty	Cummings		PO BOX 1402	Petersburg	AK	99833
Robert	Dalrymple		201 S County Rd.1E	Monte Vista	CO	81144
Ginger	Drake		P.O. Box 2035	Petersburg	AK	99833
Terry	Durkin		PO BOX 114	Petersburg	AK	99833
Pete	Erickson		PO BOX 234	Petersburg	AK	99833
Art	Etter		P.O. Box 2019	Petersburg	AK	99833
Bill & Beth	Flor		P.O. Box 262	Petersburg	AK	99833
Carl	Forgey		PO BOX 997	Petersburg	AK	99833
Arne	Fuglvog		PO BOX 71	Petersburg	AK	99833
Keith	Gerlach		PO BOX 2166	Petersburg	AK	99833
Dennis	Heimdahl		PO BOX 256	Petersburg	AK	99833
Dave	Helmick		PO BOX 913	Petersburg	AK	99833
Gary	Hiller		PO BOX 1361	Petersburg	AK	99833
Ty	Hobbs		PO BOX 414	Petersburg	AK	99833
Jeff & Cindy	Hupp	Alaska Fibre	P.O. Box 2173	Petersburg	AK	99833
Cliff	James		PO BOX 1258	Wrangell	AK	99929
Jeremy	Jensen		PO BOX 1688	Petersburg	AK	99833
Randy & Carrie	Lantiegne		PO BOX 596	Petersburg	AK	99833
Mike	Lopez	Petersburg Indian Association	P.O. Box 1418	Petersburg	AK	99833
Jackie	Loucks		PO BOX 41	Petersburg	AK	99833
Laron & Pat	Martin		PO BOX 1430	Petersburg	AK	99833
Denise	McMurren	Wildwood Nursery	PO BOX 1229	Petersburg	AK	99833
George	Meintel		PO BOX 2028	Petersburg	AK	99833
Bill	Menish	Sundowner Enterprises	P.O. Box 877	Petersburg	AK	99833
Gerry	Merrigan		P.O. Box 1065	Petersburg	AK	99833
Mari	Montgomery	University of Alaska Lands Office	3890 University Lake Drive, Ste. 103	Anchorage	AK	99508
John	Murgas		PO BOX 966	Petersburg	AK	99833
Mike	Neuneker		PO BOX 52	Petersburg	AK	99833
Palmer	Odegaard		PO BOX 811	Petersburg	AK	99833

Petition for Annexation to the City of Petersburg
 Exhibit D

First Name	Last Name	Org./Bus	Address 1	City	State	Postal Code
David	Owens		PO Box 1853	Petersburg	AK	99833
David	Owens, Sr.		PO BOX 1212	Petersburg	AK	99833
Jason	Paret		PO BOX 1366	Petersburg	AK	99833
Tom	Parker		PO BOX 1322	Petersburg	AK	99833
Walt & Susan	Payne	Rocky Point Resort	P.O. Box 1251	Petersburg	AK	99833
Pete	Pellerito	Papke's House B&B	P.O. Box 626	Petersburg	AK	99833
Rick & Barb	Perkins		P.O. Box 1696	Petersburg	AK	99833
Steve	Planchon	Alaska Mental Health Land Trust Office	718 L. St., Ste. 202	Anchorage	AK	99501
Eugene	Primaky		PO BOX 1082	Petersburg	AK	99833
Jeff & Cindy	Ray		1423 Eastern Ave.	St. Cloud	FL	34769
Patricia	Ray		PO BOX 46	Petersburg	AK	99833
Wiljoe	Rintala		PO BOX 2064	Petersburg	AK	99833
Ron	Schonenbach	State of Alaska, Department of Natural Resources	400 Willoughby Ave., Ste. 400	Juneau	AK	99801
Barbara	Sinclair		PO BOX 1682	Petersburg	AK	99833
Ross	Smoot		PO BOX 1832	Petersburg	AK	99833
Donald	Sperk		PO BOX 1407	Petersburg	AK	99833
Kevin	Stelmack		PO BOX 621	Petersburg	AK	99833
Michael	Stocks		PO BOX 2022	Petersburg	AK	99833
Vic & Sandy	Tackett		P.O. Box 2119	Petersburg	AK	99833
Sandy	Tackett		PO BOX 2119	Petersburg	AK	99833
Troy	Thomassen		PO BOX 152	Petersburg	AK	99833
Jackie	Tyson		P.O. Box 587	Petersburg	AK	99833
Sandy	Volk		P.O. Box 554	Petersburg	AK	99833
John	Walkush		2944 Glenwood Dr.	Longview	WA	98632
Wade	Washke		P.O. Box 511	Petersburg	AK	99833
Bud	Whittle		PO BOX 1512	Petersburg	AK	99833
		KFSK	P.O. Box 149	Petersburg	AK	99833
		Petersburg Pilot	P.O. Box 930	Petersburg	AK	99833
		AP&T	PO BOX 647	Petersburg	AK	99833
		Aliberti Construction	PO BOX 1623	Petersburg	AK	99833
		Chelan Produce	PO BOX 1289	Petersburg	AK	99833
		Compton Installation	PO BOX 943	Petersburg	AK	99833
		Hurley Nursery	PO BOX 1551	Petersburg	AK	99833
		Petersburg Gun Club	PO BOX 528	Petersburg	AK	99833
		SSE Aquaculture Association	14 Borch St.	Ketchikan	AK	99901
		State of Alaska	PO Box 369	Glenallen	AK	99588

Petition for Annexation to the City of Petersburg
 Exhibit D

First Name	Last Name	Org/Bus	Address 1	City	State	Postal Code
		US Forest Service-District Ranger	PO Box 1328	Petersburg	AK	99833
		US Forest Service-Supervisor's Office	PO Box 309	Petersburg	AK	99833
All	City Planning Commission Members					
All	City Department Heads					
All	City Council Members					

EXHIBIT E TRANSITION PLAN

This Exhibit presents the transition plan of the City required under 3 AAC 110.900. The transition plan includes the following:

- A. A practical plan that demonstrates the capability of the City to extend essential city services (as determined under 3 AAC 110.970) into the territory proposed for annexation in the shortest practical time after the effective date of annexation (not to exceed two years).
- B. A practical plan for the assumption of all relevant and appropriate powers, duties, rights, and functions presently exercised by an existing borough, city, unorganized borough service area, or other appropriate entity in the territory proposed for annexation.
- C. A practical plan for the transfer and integration of all relevant and appropriate assets and liabilities of an existing borough, city, unorganized borough service area, and other entity located in the territory proposed for annexation. As required by 3 AAC 110.900, the plan for transfer and integration of all relevant and appropriate assets and liabilities has been prepared in consultation with the officials of each existing borough, city, and unorganized borough service area wholly or partially included in the territory proposed for annexation. The plan has also been designed to affect an orderly, efficient, and economical transfer within the shortest practicable time, not to exceed two years after annexation. The plan specifically addresses procedures that ensure that the transfer and integration occur without loss of value in assets, loss of credit reputation, or a reduced bond rating for liabilities.

Additionally, this Exhibit lists the individuals consulted by the City in the development of the transition plan and notes the dates on which such consultation occurred.

Provision of City Services and Functions

As detailed in Section 14B of the petition document, the City of Petersburg will extend essential city services and functions into the area proposed for annexation in the shortest practical time following annexation as detailed below. The residents of the area to be annexed will continue to use city services provided within the existing city limits, as they do now, including education, health services, harbors and city roads, and cultural and recreation facilities.

There are no other governments providing services in the area to be annexed.

Public Safety

- Petersburg Police Department – Immediately after approval of the annexation, City police will provide service to the annexed area. An additional police officer will be hired to provide this service, beginning in Year 1 following annexation, and the Police

Department budget will include an increment for additional equipment and fuel for patrol (Increment beginning in Year 1: Police personnel, fuel, equipment – \$69,000).

- Fire Protection/EMS – Immediately after approval of annexation, the City will provide fire and EMS services to the annexed area through the efforts of the Petersburg Volunteer Fire Department (PVFD). For the first year, fire suppression services and equipment will continue to be staged from within the existing city limits. In Year 2 following annexation, the City will construct a fire substation at Papkes Landing and base a fire truck at that location for PVFD use (Increment, Year 2: substation construction – \$75,000). This will provide the capacity to improve service and lower response time to the most densely populated areas of the annexation area, especially as additional volunteers from the area train to serve with the PVFD. The City of Petersburg is planning to install dry hydrants at four locations along the Mitkof Highway in July 2005, using state grant funding, to provide a water supply for fire suppression in the area to be annexed.

Utilities

- Municipal water and sewer service – Water and sewer service will not be extended to the area to be annexed in any near timeframe, but could be planned for addressed through an orderly capital improvement program in the future.
- Solid waste collection and disposal – The City will continue to provide solid waste collection and disposal fee-services to residents and businesses and to recreation areas to the end of the South Mitkof Highway and would expand that service as development occurs in the area to be annexed.
- Electricity – PMP&L will continue to serves customers within the existing city limits, the area to be annexed, and the remainder of Mitkof Island through fee service. Electrical service would expand as development occurs on South Mitkof Island.

Property Assessment and Taxation

- Property assessment – Immediately following approval of annexation, the City will contract with the city assessor to conduct property assessments of the residential, business and vacant property within the area to be annexed. This work would be conducted within six months following annexation. (Increment: City Assessor - \$30,000).
- Property Taxes – The City will levy property taxes within the area to be annexed on January 1, 2006 and distribute tax bills July 1, 2006. Property taxes would be due to the City on September 30, 2006 (in Year 2 following annexation).
- Sales and Room Taxes – The City Finance Department will update its database for sales and transient room tax receipts to include new properties and businesses in Year 1, and will begin collecting sales and transient room taxes in Year 1.

Land Use Planning

- Comprehensive land use planning and zoning – In Year 1, the City's Community Development Department assign parcel codes in the area to be annexed and provide that information to the Finance Department. In Year 1, the department will work with the Planning Commission and local residents to draft a supplement to the City's Comprehensive Plan and land management codes to address the new area, for

adoption by the City Council. In Years 1-3, the department will collect site specific information to input into the city's geographic information system (GIS) database for the annexed area. (Increments: Year 1 Comprehensive Plan – \$25,000; Years 1-3 GIS database – \$11,350).

- Building inspection – The City will require building permits and will provide building and fire marshal inspection services in the area to be annexed, beginning in Year 1 following annexation. The City will also provide zoning enforcement, once the zoning code is adopted by the City Council.

Transportation Services

- Roadways – The City of Petersburg will begin providing snow removal services to the private roads on Papkes Landing, as necessary to ensure access for fire services. In Year 1, snow removal service will be staged from within the existing city limits. In Year 2, a new fire substation building will be constructed on Papkes Landing. Snow removal equipment will be stored at the fire substation once it is constructed. (Increments: Years 1-3, \$13,500 for 32 days per year).

Education

- Beginning in Year 3 following annexation, the City's required minimum local contribution to education will increase as required by the increase in the full and true value of real property within the city limits. Based upon an estimated increase in full and true value of \$19,029,899 (adjusted per Alaska Taxable 2003), the increase in the minimum local contribution to education would be \$76,120 beginning in Year 3.

Revenues and Expenditures Related to Annexation

The City would receive the following additional revenues due to annexation. Sources and methods used to estimate these revenues are detailed in Section 12A.

REVENUES	FY 05/06 Year 1	FY 06/07 Year 2	FY 07/08 Year 3
Property Tax (10.17 mill) ³³	\$0	\$151,193	\$154,217
Sales Tax (6%) ³⁴	\$27,600	\$27,600	\$27,600
Transient Room Tax (4%) ³⁵	\$5,700	\$5,700	\$5,700
PILT - Public Law 97-258 ³⁶	\$7,030	\$7,030	\$7,030
Shared Fish Tax ³⁷	\$280	\$280	\$280
City Licenses and Permits ³⁸	\$1,000	\$1,000	\$1,000
TOTAL REVENUE	\$41,610	\$192,803	\$195,827

³³ Sources for property tax revenue estimates included 2000 census, search of basic land status information, and consultation with the City Finance Department and Assessor.

³⁴ Sales tax estimates provided by City of Petersburg, Finance Department, 3/12/04

³⁵ Transient room tax estimates provided by City of Petersburg, Finance Department, 3/12/04.

³⁶ Source: Bill Rolfzen, DCED, 3/8/04.

³⁷ Source: Bill Rolfzen, DCED, 3/8/04.

³⁸ Estimate of additional building permit fees provided by City of Petersburg, Community Development Department, 2/27/04.

The operating and capital expenditures associated with annexation are as follows. Sources and methods used to estimate these revenues are detailed in Section 12A.

OPERATING EXPENSES	FY 05/06 Year 1	FY 06/07 Year 2	FY 07/08 Year 3
General Government	\$41,000 ³⁹	\$5,000	\$5,000
Police & Jail	\$69,000 ⁴⁰	\$69,000	\$69,000
Public Works	\$13,650 ⁴¹	\$13,650	\$13,650
Community Development	\$36,350 ⁴²	\$11,350	\$11,350
Facilities Maintenance	\$0	\$0	\$2,000 ⁴³
Community Services (incl. education)	\$0	\$0	\$76,120 ⁴⁴
TOTAL OPERATING EXPENSES	\$160,000	\$99,000	\$177,120

CAPITAL EXPENSES	FY 05/06 Year 1	FY 06/07 Year 2	FY 07/08 Year 3
Public Works	\$0	\$75,000 ⁴⁵	\$0
TOTAL CAPITAL EXPENSES	\$0	\$75,000	\$0

In the first three years following annexation, the estimated revenue/expense picture for the annexation would be as follows.

	FY 05/06 Year 1	FY 06/07 Year 2	FY 07/08 Year 3
Revenues	\$41,610	\$192,803	\$195,827
Operating Expenses	\$160,000	\$99,000	\$177,120
Capital Expenses	\$0	\$75,000	\$0
DIFFERENCE	<-\$118,390>	<-\$18,803>	+\$18,707

³⁹ Includes \$5,000 increment for general government services, and one-time expense for annexation including assessor services (\$30,000) and municipal election regarding annexation (\$6,000).

⁴⁰ Additional police officer (\$59,000) and equipment/fuel (\$10,000). Source: City of Petersburg, City Manager, 3/1/04.

⁴¹ Estimated cost to provide snow removal services and road sanding, using existing equipment and personnel, assuming 32 days of snow removal/sanding per year. Source: City of Petersburg, Public Works Dept., 5/25/04.

⁴² Year 1: Estimated cost for Comprehensive Plan supplement and zoning for area to be annexed (\$25,000) and annual cost to locate, map, and plan for properties in areas to be annexed. Years 2 & 3: \$11,350 each year to complete mapping and planning.

⁴³ Estimated annual operations and maintenance cost for new Papkes Landing substation. Source: City of Petersburg, Public Works Dept., 2/27/04.

⁴⁴ Increase in minimum required contribution to education, equivalent to 4 mill of estimated Full True Value of real property in area to be annexed (based on estimates of assessed property values and Alaska Taxable 2003).

⁴⁵ Construction cost for storage building at Papke's Landing to house snow removal and fire suppression vehicles and equipment. Source: City of Petersburg, Public Works Dept., 2/27/04.

The City would initially be “investing” in the annexation, as expenses would exceed revenues by approximately \$118,000 in Year 1 and \$18,000 in Year 2. Beginning in Year 3, projected revenues from the annexation would exceed projected expenditures and this is expected to be the case in the following years, as property and businesses continue to develop in the area to be annexed. The City expects to be able to cover the Year 1 and 2 costs for the annexation through its annual operating budget. However, it can access its existing reserve funds to cover these costs, if necessary.

There would be no financial impacts on other governments due to annexation.

Assets and Liabilities

There are no assets and liabilities which would be assumed by the City of Petersburg because of annexation.

Consultation

The following individuals were consulted in the development of the transition plan. All consultations took place in January through March 2004.

Bruce Jones, City Manager

Jean Mack, City Finance Director

Jennifer Robinson, City Finance Department, Sales Tax

Kathy O'Rear, City Clerk

Ken Hagerman, City Public Works Director (via memo to City Manager)

Sam Bunge, City Fire Chief (via consultation with City Manager)

Leo Luczak, City Community Development Director

Dr. Carolyn Enzler, Superintendent of Schools

Dennis Bailey, City Attorney, Dillon & Findley

Jim Canary, City Assessor, Canary & Associates

EXHIBIT F
COMPOSITION AND APPORTIONMENT OF THE CITY COUNCIL

This Exhibit presents information about the current composition and apportionment of the City Council. It also describes any change to the composition and apportionment of the City Council contemplated following annexation.

The annexation would cause no change to the composition or apportionment of the City Council. The City of Petersburg Council is composed of a Mayor and six Council members elected from the City at Large. Council members serve for a term of three years. The Mayor is elected for a term of two years, every second year. (Charter of the City of Petersburg, Alaska, amended by election 10/4/94).

EXHIBIT G FEDERAL VOTING RIGHTS ACT INFORMATION

This Exhibit provides information regarding any effects of the proposed annexation upon civil and political rights for purposes of the federal Voting Rights Act. This information includes the following:

A. The purpose and effect of annexation as it pertains to voting.

The annexation is expected to add approximately 162 residents to the City of Petersburg. The City's population in 2003 is 3060. According to the Alaska Division of Elections, the City has 2,230 registered voters, or 77 percent.⁴⁶ Applying this percentage, the number of voters added to the City rolls through annexation would be 125, an increase of 5.6 percent. The City believes this would have a small effect on voting in City elections. However, it would enfranchise members of the annexed area who have not previously been eligible to vote in City elections, but have been users of City services.

B. The extent to which the annexation excludes minorities while including other similarly situated persons.

The annexation does not exclude minorities while including other similarly situated persons. The annexation includes all areas and populations appropriate for annexation without regard to race.

C. The extent to which annexation reduces the City's minority population percentage.

The annexation does not significantly affect the percentage of minorities living within the City. The race distribution within the annexed area and the City of Petersburg are not markedly different. DCED's records based on the 2000 census show the percentages of races living in the City of Petersburg as: white 82%, Alaska Native 7.2%, black 0.03%, Asian 2.8%, Hawaiian Native 0.2%, other 1.9%, two or more races 6%. The 2000 census for the annexed area show the following percentages for race: white 89%, Alaska Native 1%, Hawaiian Native 1%, two or more races 9%.

D. Whether the electoral system of the City fails fairly to reflect minority-voting strength.

The electoral system of the City of Petersburg reflects minority voting strength through at-large elections for all offices.

E. Participation by minorities in the development of the annexation proposal.

The annexation has been discussed at widely-advertised community meetings on February 26 and April 28, 2004, during which public comment was encouraged and permitted by all persons.

⁴⁶ Provided by Division of Elections, 3/11/04. The Division notes that this number is higher than the number of voters who still reside in Petersburg; it is a lengthy process to purge voter rolls of people who are no longer residents of the voting district.

F. Designation of an Alaska Native for U.S. Department of Justice contact regarding the proposed annexation.

- Mike Lopez, President
Petersburg Indian Association
P.O. Box 1418
Petersburg, AK 99833
(907)772-3636

G. Statement concerning the understanding of English in written and spoken forms among minority residents of the City and the territory proposed for annexation.

English is spoken and understood throughout the City of Petersburg and the annexed area. All minority groups are familiar with English in written and spoken form.

EXHIBIT H SUPPORTING BRIEF

This Exhibit consists of a supporting brief that provides a detailed explanation of how the proposed annexation satisfies each constitutional, statutory, and regulatory standard that is relevant to the proposed annexation. The factual analysis in the Petition will be summarized to provide the analysis with reference to the main text. To avoid repetition, references are made to the appropriate section of the Petition.

The regulations adopted by the Commission are contained in the Alaska Administrative Code, § 3 AAC 110.90-150.¹ These standards are discussed sequentially and include the factors to be considered according to the regulations.

A. The territory proposed for annexation exhibits a reasonable need for city government. 3 AAC 110.090(a).

(1) existing or reasonably anticipated social or economic conditions, including the extent to which residential and commercial growth of the community has occurred or is reasonably expected to occur beyond the existing boundaries of the city:

Existing and anticipated social and economic conditions in the Petersburg area support the need for city government in the annexed area.

- The annexation would allow for collection of taxes from an existing and growing population that currently benefits from city services and infrastructure, but does not pay taxes. While this population pays fees for some services, it does not pay higher fees than those paid inside the city limits, so it does not contribute to needed subsidies for some fee services. See Section 5(A)
- The City of Petersburg already provides essential services to the area to be annexed including schools, fire/EMS, police (supplemental to State Troopers), hospital and other health services, roads and streets, electrical services (most properties), solid waste disposal, parks and recreation,

¹ Article X of the Alaska Constitution was enacted to provide for the maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdiction. Powers of local governmental units shall be given a liberal construction. See Alaska Constitution, Art. X, §1.

The Local Boundary Commission was created by the Alaska Constitution, Art. X, § 12. The commission is to consider proposed local government boundary change and present the proposed change to the legislature. The commission may establish procedures whereby boundaries may be adjusted by local action.

Alaska Statute 44.33.812 implements the constitution and authorizes the Local Boundary Commission to adopt regulations providing standards and procedures for municipal annexation. The Local Boundary Commission may consider, amend, or impose conditions on any proposed municipal boundary change. The commission is also charged with establishing procedures for annexation by municipalities by local action. AS 29.06.040.

library and other services. The annexation would allow for improvement and extension of city services. See Section 5(B) and 14(B).

(2) *existing or reasonably anticipated health, safety, and general welfare conditions:*

- The existing City of Petersburg has hospital, ambulance, fire and police services. Based on existing conditions, or projected growth, providing these services will add to economies of scale, and will provide new services to the annexed area. The City will provide police, fire and EMS services to the area to be annexed. It will construct a new fire substation in the second year after annexation that will provide the capacity for improved fire response, particularly if additional volunteers from the Papkes Landing area become trained to serve with the Petersburg Volunteer Fire Department. Reduced response times would lower fire insurance premiums. See Section 5(B) and 14(B).
- The general health, safety and welfare of the area will be enhanced by orderly development fostered by planning and zoning, and by building and fire marshal inspections for new development. See Section 5(D) and 14(B).
- The City provides and will continue to provide solid waste collection and disposal services to the area to be annexed.
- The general welfare will be enhanced by giving residents of the area to be annexed a voice in City government as well as the ability to serve on City boards and commissions and to hold elective office in City government. See Section 5(G).

(3) *existing or reasonably anticipated economic development:*

- The area to be annexed is currently growing. It has seen approximately 17% population growth since the 2000 census.
- The South Mitkof Island Ferry Terminal is funded for construction in 2005 and should be functional by 2006. The terminal is expected to bring additional recreational and travel related activities to the area to be annexed as well as promoting commercial and other development in the area to be annexed.
- Both subdivided and un-subdivided acreage is available to support development including private land, University of Alaska land, and Alaska Mental Health Trust land. See Section 5(D)
- An industrial timber-related operation has been discussed and may locate within the area to be annexed.
- There is active mineral exploration on nearby Woewodski Island, which would likely be accessed via the Mitkof Highway and terminal, and would likely stimulate additional activity and development on South Mitkof Island.

(4) *adequacy of existing services:*

The annexation will offer the opportunity to improve many services in the area to be annexed.

- Police service would be provided to the annexed area, via an additional police officer.
- Snow plowing would be improved with annexation to ensure emergency access.
- Fire protection would be improved with the addition of a fire substation to house a fire truck. See Section 5(C).
- Building and fire marshal inspection, and municipal planning and zoning do not currently exist in the proposed annexation area.

(5) *extraterritorial powers of the city to which the territory is proposed to be annexed and extraterritorial powers of nearby municipalities:*

- The City of Petersburg currently supplies electrical power to the area. The municipal-owned Crystal Lake Hydroelectric Facility is located on State land within the area to be annexed. See Section 5(E).
- The City provides fire emergency and police services outside its corporate boundaries. See Section 5(E)
- The City's target range is located in the area to be annexed.
- The City has an agreement with the State of Alaska to maintain and provide solid waste disposal services to two recreation sites on South Mitkof Island and has obtained federal funds to upgrade these sites, plus a third site in the area to be annexed.

(6) *whether residents or property owners within the territory receive, or may be reasonably expected to receive, directly or indirectly, the benefit of services and facilities provided by the annexing City:*

Residents of the area to be annexed can anticipate receiving the following:

- construction of a fire substation at Papkes Landing, the most densely developed residential neighborhood in the proposed annexation area, which will provide the capacity for improved service, shortened response times, and potentially lower fire insurance rates;
- increased police and EMS protection;
- improved snow plowing to assure emergency access;
- as a result of applying planning and zoning to the annexed area residents may protect their enjoyment of their own property, and property values by avoiding incompatible uses;
- as a result of building and fire marshal inspection, greater assurance that their property will be protected from damage or loss;

- an opportunity to use the existing local government structure to plan for, finance and implement extension of water and sewer services in the long-term;
- potential improvements and extension of existing city services, supported by the enlarged tax base due to annexation. See Section 14.

B. Essential City services cannot be provided more efficiently and more effectively by the City than by another existing city or by an organized borough on an areawide basis or non-areawide basis, or through an existing borough service area. 3 AAC 110.090(b).²

Under the present circumstances, the most effective and efficient means of providing essential services to the area to be annexed is to do so by annexation to the City of Petersburg. No other city exists in the vicinity. No borough exists in the vicinity to provide the services.

C. The territory proposed for annexation is compatible in character with the annexing city. 3 AAC 110.100.

The analysis of the following factors demonstrates that the area to be annexed is compatible with the character of the City of Petersburg. No characteristic of the annexation territory is so distinguishable from a characteristic of the City that it would be considered an impediment to annexation.

(1) land use and subdivision platting:

The land uses within the proposed annexation are compatible with the character of the City. For example:

- Land uses within the City include municipal harbors and water access. Land use in the proposed annexation includes compatible water access activities – including the (to be constructed) South Mitkof Island ferry terminal and the boat landing facility at Papkes Landing.
- Residential land exists both within the proposed annexation, and within the City. Similar considerations for residential subdivision platting would apply to subdivisions within the City, and to subdivisions within the proposed annexation.

²

Essential city services are generally defined as those that (1) are reasonably necessary to the community; and (2) cannot be provided more efficiently and more effectively (A) through some other agency, political subdivision of the state, regional educational attendance area, or coastal resource service area; or (B) by the creation or modification of some other political subdivision of the state, regional educational attendance area, or coastal resource service area. 3 AAC 110.970(c).

The Commission may determine essential city services to include levying, assessing and collecting; providing primary and secondary education in the city; providing public safety protection; planning, platting, and land use regulation; and other services that the Commission considers reasonably necessary to meet the local governmental needs of the community. 3 AAC 110.970(c).

- Land use within the City includes commercial development and resource processing. Land use within the proposed annexation includes existing small businesses and may include timber related or commercial development in the land currently owned by the University of Alaska or the State of Alaska.
- Land owned by the Alaska Mental Health Land Trust and by other private landowners may be developed into commercial or residential lots;
- The area around Papke's Landing just south of the existing City limits is developing with residential and light commercial businesses. These developments are also consistent with the existing land uses within the City.

(2) salability of land for residential, commercial, or industrial purposes:

The ability to sell land for residential, commercial or industrial purposes would be facilitated by the annexation. Municipal planning would be available to manage subdivision of land for residential sales. Planning would help assure that commercial and industrial uses are allowed in appropriate locations. Orderly and reliable development and approved uses should appeal to and encourage investors.

(3) population density:

Growth is already occurring. Population in the proposed annexation has increased by an estimated 17 percent since 2000. The population density in the areas nearest to the southern boundaries of the City is increasing. While the population density within the proposed annexation does not approach that of larger cities, it is increasing and causing concerns about incompatible land uses.

(4) cause of recent population changes:

Causes of recent population changes are not well documented, but include the resettlement of existing Petersburg residents onto property within the area to be annexed as well as new residents to Mitkof Island.

(5) suitability of the territory for reasonably anticipated community purposes.

The territory in the proposed annexation is similar to the territory in the existing City boundary and is developable. The area is served by the existing Mitkof Highway, which would facilitate its development. Much of the land has water access. Electrical service would also be available from Petersburg Municipal Power & Light, which would facilitate development for community purposes.

D. The economy within the proposed boundaries of the City include the human and financial resources necessary to provide services determined to be essential City services on an efficient, cost-effective level. 3 AAC 110.110

(1) reasonably anticipated functions of the city in the territory being annexed:

As discussed above, the functions of the city to be provided to the annexation include: increased police and law enforcement services, fire and EMS services, planning and zoning, recreational services, library services, port and harbor services, road maintenance and snow removal, hospital services and existing school services. See Section 14B

(2) *reasonably anticipated new expenses of the city that would result from annexation: See Sections 11-13.*

(3) *actual income and the reasonably anticipated ability to generate and collect local revenue and income from the territory: See Sections 11-13.*

(4) *feasibility and plausibility of those aspects of the city's anticipated operating and capital budgets that would be affected by the annexation through the third full fiscal year of operation after annexation: See Sections 11-13.*

(5) *economic base of the city after annexation: See Sections 11-13.*

(6) *property valuations in the territory proposed for annexation: See Sections 11-13.*

(7) *land use in the territory proposed for annexation;*

Land use with the annexation mainly consists of residential use, a few small commercial businesses; electrical generation facilities, coastal access and recreational facilities and boat launch facilities.

(8) *existing and reasonably anticipated industrial, commercial, and resource development; See Section A(3) of this brief.*

(9) *personal income of residents in the territory and in the city; and*

There is no comparative information available regarding the personal income of residents in the area to be annexed and in the city. Median household income for the Wrangell Petersburg Census Area in 1999 was \$46,434 (2000 census).

(10) *need for and availability of employable skilled and unskilled persons to serve the city as a result of annexation.*

It is not anticipated that the annexation will change the need or availability of employable persons.

E. The population within the proposed boundaries of the City are sufficiently large and stable to support the extension of city government. 3 AAC 110.120

(1) *total census enumeration:*

The total population of the City of Petersburg within the current boundaries is 3060 (State of Alaska demographer estimate, 2003). See Section 9.

(2) duration of residency:

The City has a stable population with many long term residents.

(3) historical population patterns:

The City of Petersburg Comprehensive Plan (2000) notes that the population of the city is relatively stable and permanent, with expectations that the population will grow at a rate of approximately 1% per year.

(4) seasonal population changes:

The City supports a seasonal population of workers in the fishing, fish processing and tourism industries.

(5) age distributions.

The 2000 census provides the following age distributions for the Wrangell Petersburg census area. Age distribution within the City of Petersburg and the area to be annexed would be similar to the following:

Age Range	Number	Percent
0-19 years	2,102	31%
20-39 years	1,532	23%
40-59 years	2,169	33%
60-79 years	723	11%
80+ years	158	2%

F. The proposed expanded boundaries of the City include all land and water necessary to provide the full development of essential city services on an efficient, cost-effective level. 3 AAC 110.130(a),

The proposed annexation boundaries would have little effect on the ability of the city to provide and develop essential city services. When considering the (1) land use and ownership patterns; (2) population density; (3) existing and reasonably anticipated transportation patterns and facilities; (4) natural geographical features and environmental factors; and (5) extraterritorial powers of cities as discussed in this Petition, there is ample land and water to provide for a thriving, livable and cost effective municipality.

G. The territory proposed for annexation is contiguous to the existing boundaries of the City and would not create enclaves in the expanded boundaries of the City. 3 AAC 110.130(b)

The proposed annexation is contiguous to the existing boundaries of the City and would not create enclaves within the expanded boundaries.

- H. **The proposed boundaries of the City include only that area comprising an existing local community, plus reasonably predictable growth, development, and public safety needs during the 10 years following the effective date of annexation.** 3 AAC 110.130(c).

The post annexation boundaries of the City represent a reasonable prediction of the community needs during the ten years following the annexation. The area includes an existing local community of residents (See Section 5A) and areas expected to experience growth and development in the coming ten years (See Sections 5B and 5D).

- I. **The proposed boundaries of the City do not include entire geographical regions or large unpopulated areas, except where justified by the application of the standards in 3 AAC 110.090 - 3 AAC 110.135.** 3 AAC 110.130(d),

Large geographical regions are not included within the boundary of the annexation. The boundary has been closely drawn in a linear fashion along the main transportation corridor (Mitkof Highway) to include areas that would be expected to experience growth and development in the next ten years, while excluding the large tracts of federal National Forest land that would not be expected to change or develop. While portions of the area to be annexed are currently sparsely populated, incorporation of the area is appropriate to include territory that will experience growth and development in the next ten years due to construction of the South Mitkof Island Ferry Terminal and other anticipated commercial and industrial development. See Section 5D.

- J. **The Petition does not describe boundaries overlapping the boundaries of an existing organized borough, nor does the Petition describe boundaries overlapping the boundaries of another existing city.** 3 AAC 110.130(e)

The Petition does not describe boundaries overlapping the boundary of an existing borough or another existing city.

- K. **Annexation to the City is in the best interests of the state under AS 29.06.040 (a) and 3 AAC 110.980.** 3 AAC 110.135

The annexation will serve the best interests of the state by:

- Promoting maximum local self-government. The annexation will provide self-government to the population in the annexed area.
- Promoting a minimum number of local government units by incorporating the residents of the annexation area into the existing City of Petersburg, rather than creating a new governmental unit to provide essential services.
- Relieving the state government of responsibility for providing local services in part by requiring that the population in the annexed area contribute to the education tax base.

- L. **Although the current Petition is not subject to the legislative review annexation standard set out in 3 AAC 110.140, the circumstances outlined in 3 AAC**

110.140(1) – (9) exist with respect to the annexation proposal that could be considered during a legislative review process to permit annexation.

The petition meets the following applicable standards for a legislative review process:

- (1) *the territory is an enclave surrounded by the annexing city -- not applicable*
- (2) *the health, safety, or general welfare of city residents is or will be endangered by conditions existing or potentially developing in the territory, and annexation will enable the city to regulate or control the detrimental effects of those conditions – See Sections 5B and 5D.*
- (3) *the extension of city services or facilities into the territory is necessary to enable the city to provide adequate services to city residents, and it is impossible or impractical for the city to extend the facilities or services unless the territory is within the boundaries of the city – See Sections 5B and 14B. The annexation will allow the City to collect tax revenue from an existing an growing population, which is necessary to effectively finance the extension and improvement of city services (See Section 5A);*
- (4) *residents or property owners within the territory receive, or may be reasonably expected to receive, directly or indirectly, the benefit of city government without commensurate tax contributions, whether these city benefits are rendered or received inside or outside the territory, and no practical or equitable alternative method is available to offset the cost of providing these benefits – As noted above, the City provides services to an existing and growing population that is not currently paying taxes to contribute to the cost of these benefits (See Section 5A);*
- (5) *annexation of the territory will enable the city to plan and control reasonably anticipated growth or development in the territory that otherwise may adversely impact the city – Annexation will allow the City of Petersburg to exercise planning and zoning powers to ensure orderly growth and development (See Section 5B);*
- (6) . . . (repealed); and
- (7) *annexation of the territory will promote local self-government with a minimum number of government units – The annexation will bring an existing community and developing area into the existing City of Petersburg and will not add a new government unit.*

M. The proposed annexation to the City will not deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin. 3 AAC 110.910.

Elections in the City of Petersburg are on an at large, area wide basis. There are no voting districts that may pose a potential for gerrymandering or other manipulation to deny any person of civil or political rights. Approval of the Petition will enfranchise those voters located near but not within the City. The annexation will not deny any

person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin. See Section 17, and Exhibit G.

N. The Petitioner has prepared a proper transition plan under 3 AAC 110.900.

See Section 15, and Exhibit E.

M. Conclusion

The proposal for annexation meets the annexation standards specified in 3 AAC 110.090 - 3 AAC 110.135.

Other constitutional principles served by the annexation proposal, such as the equal-protection clause and the equal-responsibility clause of Article 1, Section 1, and the maximum local self-government clause and minimum local government units clause of Article X, Section 1, are also addressed in the supporting brief.

EXHIBIT I

CITY OF PETERSBURG, ALASKA
ORDINANCE NO. 885

AN ORDINANCE AUTHORIZING A PROPOSAL FOR ANNEXATION
TO THE CITY OF PETERSBURG.

The City of Petersburg Ordains:

Section 1. Classification: This ordinance is a non-code ordinance.

Section 2. Purpose: The purpose of this ordinance is to authorize the City Manger to file a petition with the Alaska Local Boundary Commission for annexation of approximately 21,906 acres (34.2 square miles) on Mitkof Island, located south and southeast of the current municipal boundary to include areas along the east shore of Wrangell Narrows and along the Mitkof Highway south and southeast of the current city boundary to the highway's end.

Section 3. Substantive Provisions:

RECITALS

WHEREAS, the territory proposed for annexation exhibits a reasonable need for city government; and

WHEREAS, services determined to be essential city services under 3 AAC 110.970 can be provided more efficiently and more effectively by the City (Petitioner) than by another existing city or by an organized borough on an areawide basis or non-areawide basis, or through an existing borough service area; and

WHEREAS, the territory proposed for annexation is compatible in character with the annexing city; and

WHEREAS, the economy within the proposed expanded boundaries of the City include the human and financial resources necessary to provide services determined to be essential city services under 3 AAC 110.970 on an efficient, cost-effective level; and

WHEREAS, the population within the proposed expanded boundaries of the City are sufficiently large and stable to support the extension of city government; and

WHEREAS, the proposed expanded boundaries of the City include all land and water necessary to provide the full development of services determined to be essential city services under 3 AAC 110.970 on an efficient, cost-effective level; and

WHEREAS, the territory proposed for annexation is contiguous to the existing boundaries of the City and would not create enclaves in the expanded boundaries of the City; and

WHEREAS, the proposed expanded boundaries of the City include only that territory comprising an existing local community, plus reasonably predictable growth, development, and public safety needs during the 10 years following the effective date of annexation; and

WHEREAS, the proposed expanded boundaries of the City do not include entire geographical regions or large unpopulated areas, except where justified by the application of the standards in 3 AAC 110.090 - 3 AAC 110.135; and

WHEREAS, the Petition does not describe boundaries overlapping the boundaries of an existing organized city or borough, and

WHEREAS, annexation to the City is in the best interests of the state under AS 29.06.040 (a) and 3 AAC 110.980; and

WHEREAS, the territory proposed for annexation meets the annexation standards specified in 3 AAC 110.090 - 3 AAC 110.135. Although not subject to the legislative review annexation standard set out in 3 AAC 110.140, the brief that accompanies the Petition will analyze the circumstances outlined in 3 AAC 110.140(1) – (9) that exist with respect to the annexation proposal; and

WHEREAS, annexation is subject to approval by a majority of the aggregate voters who vote on the question within the territory proposed for annexation and the annexing municipality as provided in 3 AAC 110.150(4); and

WHEREAS, the proposed annexation to the City will not deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin; and

WHEREAS, the Petitioner has prepared a proper transition plan under 3 AAC 110.900; and

WHEREAS, Constitutional principles, such as the equal-protection clause and the equal-responsibility clause of Article I, Section 1, and the maximum local self-government clause and minimum of local government units clause of Article X, Section 1 are served by the annexation proposal.

NOW, THEREFORE, THE CITY OF PETERSBURG ORDAINS as follows:

1. Authorization. The City Manager is authorized to file a petition with the Alaska Local Boundary Commission for annexation using the election-by-aggregate-voter-method of annexation set out in 3 AAC 110.600(c). The petition shall propose the annexation of the territory generally described as approximately 21,906 acres (34.2 square miles) on Mitkof Island, located south and southeast of the current City of Petersburg municipal boundary, to include areas along the east shore of Wrangell Narrows and along the Mitkof Highway south and southeast of the current city boundary, to the highway's end. The legal boundary description of the territory proposed to be annexed is attached hereto as "Attachment A" and shown on the map attached hereto as "Attachment B", both of which are incorporated herein by this reference.

2. Petitioner's Representative. The City Manager is designated as the representative of the City for all matters relating to the annexation proceeding.

3. Terms and Conditions. The annexation will be on the following terms and conditions:

Services to be provided in the area to be annexed:

1. Petersburg Police Department – immediately
2. Fire/Emergency Medical Service – immediately
3. Solid waste – continue as fee service
4. Electrical utility – continue as fee service
5. Snow removal on roadways for emergency access – beginning winter of 2005-06
6. Planning and zoning – begin immediately to update City comprehensive plan and zoning for area to be annexed
7. Building and fire marshal inspection – immediately

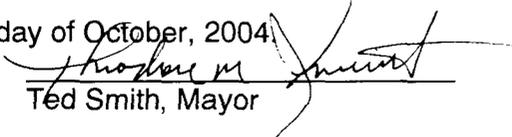
Taxes will be levied as follows:

1. Property taxes will be levied
2. Sales and transient room taxes will be levied

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 application to other persons or circumstances shall not be affected.

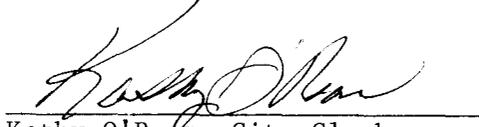
Section 5. Effective Date: This ordinance will take effect three days after its adoption.

Enacted by the Council of the City of Petersburg this 4th day of October, 2004


Ted Smith, Mayor

ATTEST:


Kathy O'Rear, City Clerk


Kathy O'Rear, City Clerk

CERTIFIED COPY

Adopted: 10-04-2004
Published: 10-07-04
Effective: 10-07-04

8. The three-year budget projections in Section 12 of the Petition was based on information provided by Jean Mack, City of Petersburg Finance Director.
9. The information in Section 13 of the Petition concerning existing long-term City debt was based on information provided by Jean Mack, City of Petersburg Finance Director.
10. The information in Section 14 of the Petition concerning City powers and functions was provided by Bruce Jones, City Manager.
11. The transition plan presented in Exhibit E was prepared by Jan Caulfield, Sheinberg Associates in consultation with Bruce Jones, City Manager and Jean Mack, City Finance Director.
12. Information in Section 16 of the Petition concerning composition and apportionment of the City Council was based on information provided by Bruce Jones, City Manager.
13. Information in Section 17 of the Petition concerning the federal Voting Rights Act was prepared by: Jan Caulfield, Sheinberg Associates.
14. The supporting brief in Exhibit H of the Petition was prepared by Dennis Bailey, Esq., Dillion & Findley, PC, 350 N. Franklin St., Juneau, AK, 99801, (907)586-4000.

To the best of my knowledge, information, and belief, formed after reasonable inquiry, the information in the Petition is true and accurate.

DATED this 8th day of October, 2004.



Bruce Jones, City Manager
City of Petersburg
Petitioner's Representative

SUBSCRIBED AND SWORN TO before me on 10-8-, 2004.

[notary seal]



Notary Public in and for Alaska
My Commission Expires
OFFICIAL SEAL
KATHY O'REAR
NOTARY PUBLIC-STATE OF ALASKA
My Comm. Expires 9/15/2008