

**PETITION TO THE LOCAL BOUNDARY COMMISSION FOR
INCORPORATION OF PETERSBURG BOROUGH, A HOME
RULE BOROUGH and DISSOLUTION OF THE HOME RULE
CITY OF PETERSBURG**

SECTION 1. NAME OF THE PETITIONER. The petitioner consists of the qualified voters of the proposed borough who signed this petition in accordance with AS 29.05.060(7) in **Exhibit K-1** and **Exhibit K-2**.

SECTION 2. PETITIONER'S REPRESENTATIVE. The petitioner designates the following individual to act as representative in matters regarding the proposed borough incorporation:

Name: Kathy O'Rear, City Clerk
Physical Address: City of Petersburg
Municipal Building
Mailing Address: P.O. Box 329
Petersburg, AK 99833
Telephone # (907) 772-4511, ext. 23
Facsimile # (907) 772-3759
E-mail address: clerk@ci.petersburg.ak.us

Further, the petitioner designates the following person to act as alternate representative in matters regarding the proposed borough incorporation in the event that the primary representative is absent, resigns, or fails to perform his or her duties:

Name: James T. Brennan
Physical Address: Hedland, Brennan & Heideman
1227 West Ninth Avenue, Suite 300
Anchorage, Alaska 99501
Mailing Address: same
Telephone # (907) 279-5528
Facsimile # (907) 278-0877
E-mail address: law@hbhc.alaska.net

SECTION 3. NAME AND CLASS OF PROPOSED BOROUGH. The name of the proposed borough is PETERSBURG BOROUGH. The class of the proposed borough is home rule.

SECTION 4. GENERAL DESCRIPTION OF THE NATURE OF THE PROPOSED BOROUGH INCORPORATION AND CITY DISSOLUTION. This petition seeks incorporation of the borough described herein under the local option method provided for in AS 29.05.060.

All existing powers of the City of Petersburg will become areawide borough powers practiced and applied by service area.

All exhibits attached to this petition are incorporated by reference.

SECTION 5. AREA PROPOSED FOR INCORPORATION. A general description of the area proposed for incorporation is provided below:

The territory proposed for incorporation consists of approximately 3,365 square miles of land and 982 square miles of water for a total of 4,347 square miles of land and water.

The territory includes the City of Petersburg; City of Kupreanof; all of Mitkof Island including unincorporated residential areas at Fall's Creek, Papke's Landing, around Blind Slough, and Crystal Lake Hatchery; portions of Kupreanof Island, including the Wrangell Narrows-Beecher Pass-Keene Channel-Duncan Canal areas and adjacent territory and the Lindenberg Peninsula; and Woewodski Island.

East of Frederick Sound and Stephens Passage it includes all territory from the southern boundary of the existing City and Borough of Juneau, to the Canadian border on the east, to include the Tracy-Arm Ford's Terror Wilderness area; Chuck River Wilderness area; Endicott Arm, Holkham Bay, Windham Bay, Hobart Bay, Port Houghton, Farragut Bay, Thomas Bay, Muddy River, Pt Agassiz, and all surrounding lands and nearby islands, and the LeConte Glacier and Bay portion of the Stikine-LeConte Wilderness area abutting the northern boundary of the City and Borough of Wrangell.

The area to be incorporated includes uplands, tidelands and submerged lands. The boundary will pass through the centerline of the Stephens Passage, Frederick Sound and Sumner Strait waterbodies.

SECTION 6. REASONS FOR PETITIONING FOR INCORPORATION. The reasons for the incorporation proposal are:

- Voluntary incorporation is preferred over having an alternative borough government or borough boundary imposed by the State; or being annexed into another borough.
- This incorporation proposal will retain our (Petersburg's) regional identity.
- The territory north toward the current boundary of the City and Borough of Juneau has traditionally been and is currently used primarily by Petersburg area fishermen, hunters and recreationalists. The proposed Petersburg Borough boundary ensures this land and water remains within the larger Petersburg regional area.
- Residents of the proposed borough, outside of the current city limits of Petersburg, use and rely upon some public and private infrastructures provided by, or within, the current City of Petersburg. Borough formation would allow the development of an equitable system of taxation from new areas to support existing and new public services and public infrastructure.
- Borough incorporation will unite the area and its residents within a single home rule borough government that emphasizes individual rights and public participation.

- Borough incorporation will enfranchise all residents of the region enabling them to vote on issues affecting not only their immediate neighborhoods and service areas, but also borough-wide issues. Currently, residents outside the city limits, except residents of the City of Kupreanof, have no say in a local government.
- This proposal creates a borough with boundaries that reflect historic and current common interests; social, cultural and economic ties; natural geography; and will have the resources to provide a stable regional government into the future.
- This proposed incorporation will strengthen our area's regional voice and more effectively advocate for our regional priorities and needs.
- Incorporation will create a regional government that provides services in an efficient, equitable, and cost-effective manner as determined by the residents. Incorporation will enable the area to plan for future use and development of the region.
- Incorporation will enable the selection of municipal entitlement lands that will support and enhance the current life styles practiced in the area and help spur economic development and opportunities within the area.

SECTION 7. LEGAL DESCRIPTIONS AND MAPS OF THE PROPOSED BOROUGH.

Subsection 7-A. AREA PROPOSED FOR INCORPORATION. A written metes and bounds legal description of the boundaries of the area proposed for incorporation is presented as **Exhibit A-1**. A map of the area proposed for incorporation is presented as **Exhibit A-2**.

Subsection 7-B. EXISTING MUNICIPAL GOVERNMENTS WHOLLY OR PARTIALLY WITHIN THE PROPOSED BOROUGH. A written metes and bounds legal description of the boundary of the Cities of Petersburg and Kupreanof, located wholly within the area proposed for incorporation is presented as **Exhibit A-3**. A map of the boundaries of the Cities of Petersburg and Kupreanof is presented as **Exhibit A-4**.

Subsection 7-C. PROPOSED ASSEMBLY ELECTION DISTRICTS. There is only one proposed Assembly election district. The metes and bounds legal description of this election district is the same as that of the proposed Borough. This is referenced in **Exhibit A-5** and the map showing the boundary is referenced at **Exhibit A-6**.

Subsection 7-D. SERVICE AREAS PLANNED WITHIN THE PROPOSED BOROUGH. A written metes and bounds legal description of the boundaries of the service area initially planned in the borough proposed for incorporation is presented as **Exhibit A-7**. Only one service area is initially proposed: the former City of Petersburg is Service Area 1 as shown on maps in **Exhibits A-8 a & b**. It is anticipated that in years 2 or 3 after borough creation that the boundaries of this initial service area may change and that additional service areas, as many

as six or more, may be created.¹ The creation of the service areas will be decided by the Borough Assembly and the citizenry of each area of the borough.

Subsection 7-E. RELATIONSHIP OF PROPOSED BOROUGH TO OTHER AREA BOROUGHES. The location of the proposed borough, in relationship to the other boroughs in Southeast Alaska, is demonstrated on Exhibit A-9.

SECTION 8. SIZE. The area proposed for incorporation is estimated to encompass: 3,365 square miles of land and 982 square miles of tidelands, submerged lands and water, equaling 4,347 square miles of total area. The area of the existing City of Petersburg encompasses approximately 46.1 square miles of land.

SECTION 9. POPULATION. The 2009 population of the area proposed for incorporation is estimated to be 3,270 based on 2000 Federal Census, 2009 Alaska Department of Labor and Workforce Development data, the 2009 Alaska Department of Commerce, Community, and Economic Development FY 11 population determination and estimated rates of change for rural areas. (2,973 City of Petersburg; 24 City of Kupreanof; 273 balance of proposed borough)

SECTION 10. INFORMATION RELATING TO PUBLIC NOTICE AND SERVICE OF THE PETITION. Exhibit B offers information relevant to the provision of public notice of the incorporation proceedings and service of the petition. Included are details about local media, municipal governments within and adjacent to the area proposed for incorporation, places for posting public notices relating to the proposed incorporation, the location where the petition may be reviewed by the public, and individuals and entities that the petitioner believes warrant the courtesy of specific notice of the incorporation proceedings.

SECTION 11. TAX DATA. The following is the assessed or estimated value of taxable property in the area proposed for incorporation.

Subsection 11-A. Value of taxable real property. This subsection lists estimates or actual figures concerning the value of taxable real property within the boundaries of the proposed borough. Figures are provided for the territories within the boundaries of each existing city government; the area outside of existing cities and the total proposed borough.

	2009 Estimated or Actual Full and True Value
Existing City of Petersburg	(actual local assessor figure) \$282,553,020. (State value determination \$287,750,700).
Existing City of Kupreanof	(estimated) \$ 3,000,000.
Area outside of all current cities	(estimated) \$ 43,000,000.
Total in proposed borough	(estimated) \$328,553,020.

Subsection 11-B. Value of taxable personal property. Neither the City of Petersburg or the City of Kupreanof impose a Personal Property Tax, although the City of Petersburg's City

¹ See, further discussion at section 5.0 of the Transition Plan, Exhibit D hereto.

Charter does allow for said tax. It is anticipated that the future Borough Assembly will continue the non-imposition of Personal Property Tax until such time as the additional revenue may be necessary to sustain the borough. The finances projected within this petition do not include use of personal property tax proceeds. The estimates provided below are based on State Assessor data for the City of Petersburg, divided by current population to obtain a per person estimate.

TAXABLE PERSONAL PROPERTY (2009)	
	Full & True Value
Existing City of Petersburg	(actual from State Assessor) \$74,626,200. (divided by 2,973 = \$25,101 per person)
Existing City of Kupreanof	(estimate \$25,101 x 24) \$602,424.
Area outside of all current cities	(estimate \$25,101 x 273) \$6,852,573.
Total in proposed borough	(estimated) \$82,081,197.

Subsection 11-C. Value of taxable real and personal property. This subsection combines the actual and estimated figures set out in subsections 11-A and 11-B concerning the value of taxable real and personal property within the boundaries of the proposed borough.

TAXABLE REAL AND PERSONAL PROPERTY (2009)	
	Estimated or Actual Full and True Value
City of Petersburg	(actual) \$357,179,220.
City of Kupreanof	(estimated) \$ 3,602,424.
Remainder of proposed borough	(estimated) \$ 49,852,573.
Total in proposed borough	(estimated) \$410,634,217.

Subsection 11-D. Taxes currently levied by city governments within the proposed borough. The type and rate of each tax currently levied by city governments within the proposed borough is listed below. Transactions subject to the 4% bed tax are also subject to the 6% sales tax.

	2010 Property tax (mills)	Sales Tax (%)	Bed Tax (%)
City of Petersburg	10.25 mills (9.02 mills general; 1.23 mills for debt service)	6%	4%
City of Kupreanof	0	0	0

Subsection 11-E. Taxes projected to be levied by the proposed borough. The type and rate of each tax projected to be levied by the proposed borough at the time of incorporation and during transition is listed below.

TYPE OF TAX	at Borough Incorporation through year 1	Anticipated in year 2
Areawide Property Tax		4.00 mills (no debt)
Areawide Sales Tax	6%	6%
Areawide Transient Occupancy Tax	4%	4%
Areawide Personal Property Tax	0	0
Service Area 1 Property Tax	12.00 mill total (includes service area 6.00 mills; areawide 4.00 mills; and debt 2.0 mills (includes current 1.23 mills plus .77 mills for MVM bond payment)	11.02 mill total (includes areawide & debt)

Subsection 11-F. PROJECTED TAXABLE SALES. The projected value of taxable sales in the area encompassed by the proposed borough that would be subject to borough sales tax following incorporation is estimated to be \$47,092,616 (based on the FY 10/11 sales projections, within the City of Petersburg of \$44,287,607 ,plus a 1% inflationary increase of \$442,876, and adding \$2,362,133 in additional sales throughout the balance of the borough, estimated by utilizing comparable businesses and Chamber of Commerce membership information). At the sales tax rate of six percent as listed in Subsection 11-E, it is projected that sales tax revenues of the proposed borough will equal \$2,825,557 in the first year of borough formation. A modest 1% increase is provided for each year thereafter.

The projected value of taxable transient occupancy sales in the area encompassed by the proposed borough that would be subject to transient occupancy tax following incorporation is estimated to be \$1,140,750 (based on rounding and maintaining the actual FY 2010/2011 projected transient room tax figure within the City of Petersburg of \$975,000 and adding \$165,750 for balance of the borough). At the transient occupancy tax rate of four percent as listed in Subsection 11-E, it is projected that transient occupancy tax revenues of the proposed borough will equal \$45,630 each year.

SECTION 12. PROJECTIONS OF REVENUES, OPERATING EXPENSES, AND CAPITAL EXPENSES. Exhibit C lists projected principal revenues, operating expenses, transition expenses and capital items during the first four fiscal years after borough incorporation.

SECTION 13. LONG-TERM MUNICIPAL DEBT. The following is a summary of the current bonded indebtedness of city governments within the proposed borough for facilities that will be transferred to the proposed borough following incorporation. The bonded indebtedness associated with such facilities will be transferred to the borough as outlined in the transition plan addressed in Section 15 of this petition.

CITY OF PETERSBURG - LONG TERM DEBT			
DESCRIPTION	Current Principal Balance as of 6/30/10	Annual Principal Payment	Date Fully Paid
GO Bond: Aquatic Center	\$4,028,000	\$180,000	2026
GO Bond: Vocational Education Building	\$1,007,000	\$ 45,000	2026
GO Bond: Aquatic Center	\$1,085,000	\$ 45,000	2027
GO Bond: Swimming Pool	\$ 209,210	\$ 15,000	2021
GO Bond: Harbor/Ports	\$1,045,791	\$ 74,998	2021
GO Bond: Mountain View Manor	\$2,635,000	\$145,000	2024
GO Bond: Schools Deferred Maintenance	\$2,745,000 (local 30%; state 70%)	\$145,000	2024
Note: Water Utility Cabin Creek	\$ 947,660	\$ 94,766	2020
Note: Water Utility Scow Bay	\$1,632,140	\$ 97,838	2025
Note: Wastewater Utility Scow Bay	\$ 521,627	\$ 31,269	2025
Note: Water Utility, Water Treatment Plant	\$1,260,597	\$ 57,834	2029

SECTION 14. POWERS AND FUNCTIONS. Listed below are the areawide and service area powers proposed to be exercised by the borough. These powers will be changed or added to as additional service areas are created. Refer to the transition plan (Exhibit D) and Charter (Exhibit H) for more details.

Service	Areawide services	Service Area 1
Borough Administration	X	X
Education	X	X
Community Development and Planning	X	X
Economic Development	X	X
Land use Regulation (Zoning, Subdivision, etc)	X	X
Capital Improvement Projects	X	X
Bonding	X	X
Taxation	X	X
Watershed Management	X	X
Cemetery and Mausoleum	X	X
Harbors and Ports	X	X
Libraries, Civic Centers, Museums and Associated Services	X	X
Elderly Housing, Assisted Living, Senior Services	X	X
Hospital and Health Services	X	X
911 Emergency Dispatch	X	X

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Disaster planning; Communications & Response	X	X
Refuse Disposal	X	X
Jail/Incarceration Facilities	X	X
Search and Rescue	X	X
Parks and Recreation	X (in parts as existing)	X
Municipal Refuse Collection	X (in parts as existing)	X
Building Inspection & Enforcement		X
Municipal Water		X (in parts)
Municipal Sewer		X (in parts)
Municipal Power	X (in parts as existing)	X
Police	X (in parts at lesser level)	X
Fire	X (in parts at lesser level)	X
Emergency Medical Services	X (in parts at lesser level)	X
Road Maintenance		X
Animal Control		X

The proposed Petersburg Borough would supplant and result in dissolution of the existing City of Petersburg, presently a home rule city which, under Article X, Section 11 of the Alaska Constitution, exercises all legislative powers not prohibited by law or charter, and which are limited only by A.S. 29.10.200 and not by its charter. The functions of the existing City of Petersburg include all of the services described in the above table to be provided in Service Area 1 (which corresponds to the existing city limits of the City of Petersburg) in the proposed Petersburg Borough.

SECTION 15. TRANSITION PLAN. Exhibit D presents a practical plan demonstrating the intent and capability of the proposed borough to:

- (a) Extend essential services [as defined by 3 AAC 110.970] to the area proposed for incorporation within the shortest practicable time after incorporation.
- (b) Assume all relevant and appropriate powers, rights, duties, and functions, including those relevant and appropriate powers, rights, duties, and functions presently exercised by municipal governments, regional educational attendance areas, coastal resource service areas and other relevant entities within the area proposed for incorporation.
- (c) Receive the transfer of and integrate all relevant and appropriate assets and liabilities of existing municipal governments, regional educational attendance areas, coastal resource service areas and other relevant entities within the area proposed for incorporation.

The plan was developed with input from officials from City of Petersburg, City of Kupreanof, Petersburg City Schools, Chatham REAA School District, Southeast Island REAA School District, and the 2006 Petersburg Borough Charter Commission. Information about the level of consultation, including specific individuals contacted on particular dates is included. The plan complies with the provisions of AS 29.05.130, AS 29.05.140, and 3 AAC 110.900.

SECTION 16. COMPOSITION, FORM OF REPRESENTATION, AND APPORTIONMENT OF THE BOROUGH ASSEMBLY, AND OF THE EXISTING CITY COUNCIL . Exhibit E addresses the following:

- (a) Composition of the assembly of the proposed borough will be seven (including the mayor);
- (b) Form of representation of the assembly of the proposed borough will be elected at large by the voters throughout the borough; and
- (c) Apportionment of the assembly will be one election district.

Exhibit E includes a narrative demonstrating that the plan for assembly composition and apportionment is consistent with the equal representation standards of the Constitution of the United States.

The existing City of Petersburg is governed by a 6-member council, each of whom is elected at large by the voters throughout the city, and by a mayor who presides at council meetings. Apportionment of the council is in one election district.

SECTION 17. FEDERAL VOTING RIGHTS ACT INFORMATION. Information regarding any effects of the proposed incorporation upon civil and political rights for purposes of the Federal Voting Rights Act (42 U.S.C. 1971 – 1974) are provided in Exhibit F. This information includes the following:

- (a) How incorporation of the proposed borough will affect voting rights.
- (b) The extent to which the proposed borough or proposed assembly election districts exclude minorities while including other similarly situated persons.
- (c) Whether the electoral system of the proposed borough fairly reflects minority voting strength.
- (d) Participation by minorities in the development of the formation proposal.

- (e) Statement concerning whether minorities within the boundaries of the proposed borough understand English in written and spoken forms.
- (f) Listing of a minority contact familiar with the incorporation proposal.

SECTION 18. SUPPORTING BRIEF. Exhibit G presents a supporting brief that provides a detailed explanation of how the proposed borough incorporation satisfies the standards set out in Article X of Alaska's Constitution; AS 29.05.031; 3 AAC 110.045 - 3 AAC 110.065, and 3 AAC 110.900 – 3 AAC 110.980. The brief references each of these standards and explains why the proposed incorporation is good public policy and is in the best interests of the state as required by AS 29.05.100. The brief demonstrates that:

- a. The proposed incorporation promotes equal rights, opportunities, protection and obligations among all Alaskans in accordance with Article I, sec. 1 of the Constitution of the State of Alaska.
- b. The proposed incorporation promotes maximum local self-government with a minimum of local government units in accordance with Article X, sec. 1 of the Constitution of the State of Alaska.
- c. The boundaries of the proposed borough maximize the area and population while maintaining common interests in accordance with Article X, sec. 3 of the Constitution of the State of Alaska.
- d. The borough incorporation proposal serves other constitutional principles relating to boroughs set out in Article X of the Constitution of the State of Alaska.
- e. The social, cultural, and economic characteristics and activities of the people in the proposed borough are interrelated and integrated as required by AS 29.05.031(a)(1) and 3 AAC 110.045(a)
- f. There are multiple bona fide communities in the proposed borough, including the incorporated second class city of Kupreanof, although Local Boundary Commission Regulations no longer establish any standard or presumption favoring multiple communities in a new borough.
- g. The communications media and the land, water, and air transportation facilities throughout the proposed borough allow for the level of communications and exchange necessary to develop an integrated borough government as required by AS 29.05.031(a)(4) and 3 AAC 110.045(c).
- h. All communities within the proposed borough are either connected to the seat of the proposed borough by a public roadway, regularly scheduled airline flights on at least a weekly basis, a charter flight service based in the proposed borough, other customary means of travel including boats, or sufficient electronic media communications as are to be considered under 3 AAC 110.045(d).
- i. The population of the proposed borough is sufficiently large and stable to support the proposed borough government as required by AS 29.05.031(a)(1) and 3 AAC 110.050(a).
- j. The population of the proposed borough includes at least 1,000 permanent residents as discussed in 3 AAC 110.050(b).
- k. The economy of the proposed borough includes the human and financial resources necessary to provide essential borough services on an efficient, cost-effective level as required by AS 29.05.031(a)(3) and 3 AAC 110.055.

- l. The boundaries of the proposed borough conform generally to natural geography, are on a regional scale suitable for borough government, and include all land and water necessary to provide the full development of essential borough services on an efficient, cost-effective level as required by AS 29.05.031(a)(2) and 3 AAC 110.060(a). Also, in accordance with 3 AAC 110.060(d), the area proposed for incorporation is contiguous and would not create enclaves.
- m. LBC regulations no longer require nor presume that proposed borough boundaries conform to model borough boundaries nor to existing regional educational attendance area boundaries, and departure from these boundaries is warranted by the statutory standards for borough incorporation.
- n. The petition does not propose boundaries overlapping the boundaries of an existing organized borough or unified municipality.
- o. The proposed borough will have the ability to extend services to the area proposed for incorporation in a practical and effective manner as required by 3 AAC 110.900.
- p. In accordance with 3 AAC 110.910, incorporation of the proposed borough will not deny any person the enjoyment of any civil or political right because of race, color, creed, sex, or national origin.
- q. Incorporation of the proposed borough is in the best interests of the State as required by AS 29.05.100(a) and 3 AAC 110.065.

SECTION 19. CHARTER. Exhibit H presents the proposed home rule charter for the borough. The proposed charter is adopted if voters approve incorporation of the home rule borough.

SECTION 20. NUMBER OF VOTES CAST IN LAST STATE GENERAL ELECTION. The number of votes cast in the 2008 State general election inside home rule and first class cities within the proposed borough was 929. The number of votes cast in the last State general election within the proposed borough but outside home rule and first class cities within the proposed borough was 146. A letter from the State Division of Elections documenting the number of votes cast is provided as Exhibit I.

SECTION 21. PETITION INFORMATION AND ACCURACY. An affidavit of the petitioner's representative affirming that the information in the petition is true and accurate is provided in Exhibit J.

DATED this 6th day of October, 2010.

By:



Petitioner's Representative
Kathy O'Rear, City Clerk

EXHIBIT A-1. WRITTEN METES AND BOUNDS LEGAL DESCRIPTION OF THE BOUNDARIES OF THE AREA PROPOSED FOR BOROUGH INCORPORATION

The corporate boundaries of the Borough of Petersburg are described as follows:

Beginning at Boundary Peak No. 79 on the Alaska-Canada Boundary Line at North 58° 09' 14.28" Latitude and West 133° 10' 13.94" Longitude;

Thence southeasterly, along the International Boundary Line to Kate's Needle also known as Boundary Peak No. 70;

Thence southwesterly, further along the International Boundary Line to a point on the watershed divide between LeConte Bay and the Stikine River;

Thence along the boundary of the City and Borough of Wrangell in a generally southwesterly direction to a point in Sumner Strait between Point Alexander on Mitkof Island and St. John's Harbor on Zarembo Island, at North 56° 28' 33" Latitude and West 132° 57' 22" Longitude;

Thence southwesterly along Sumner Strait to McArthur Reef at North 56° 23' 40" Latitude and West 133° 11' 00" Longitude;

Thence west along Sumner Strait to a point between Totem Bay on Kupreanof Island and Buster Bay on Prince of Wales Island, at North 56° 23' 40" Latitude and West 133° 25' 03" Longitude;

Thence northerly to a point of land on the south shore of Kupreanof Island in Totem Bay and at the southernmost end of the watershed divide between Duncan Canal and Rocky Pass, at North 56° 29' 39" Latitude and West 133° 24' 49" Longitude;

Thence northerly through Kupreanof Island along the watershed divide between Duncan Canal and Rocky Pass which passes through Township 62 South, Range 77, Sections 4, 5, 8, 9 and 17; Township 61 South, Range 77 East, Sections 5, 8, 16, 17, 20, 29 and 32; and Township 60 South, Range 77 East, Section 34 to a point on said divide, just northwest of Towers Lake at North 56° 52' 58" Latitude and West 133° 30' 23" Longitude;

Thence northeasterly further along said divide to a point just northwest of the north end of Duncan Canal at North 56° 54' 22" Latitude and West 133° 22' 07" Longitude;

Thence easterly to the southernmost end of Portage Bay to a point, at North 56° 55' 19" Latitude and West 133° 16' 25" Longitude;

Thence northwesterly along the mean high water line of the east shore of Portage Bay to East Point at the entrance to Portage Bay, at North 57° 00' 15" Latitude and West 133° 19' 30" Longitude;

Thence north to a point in Frederick Sound, at North 57° 03' 49" Latitude and West 133° 19' 30" Longitude;

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Thence northwesterly along Frederick Sound to a point west of Cape Fanshaw, at the south end of Stephens Passage, at North 57° 11' 09" Latitude and West 133° 44' 19" Longitude;

Thence north along Stephens Passage to a point between The Five Fingers and the Brothers, at North 57° 17' 48" Latitude and West 133° 44' 19" Longitude;

Thence northerly along Stephens Passage to a point east of Point Hugh on Admiralty Island, at North 57° 34' 08" Latitude and West 133° 42' 17" Longitude;

Thence northeasterly along Stephens Passage to Point Coke near Holkham Bay at North 57° 47' 30" Latitude and West 133° 42' 00" Longitude;

Thence northeasterly along the southern boundary of the City and Borough of Juneau, to the point of beginning, Boundary Peak No. 79.

Containing 4,347 square miles, more or less, a portion of which is in the Petersburg Recording District and a portion of which is in the Juneau Recording District, First Judicial District, State of Alaska.

EXHIBIT A-2. MAP OF THE AREA PROPOSED FOR BOROUGH INCORPORATION

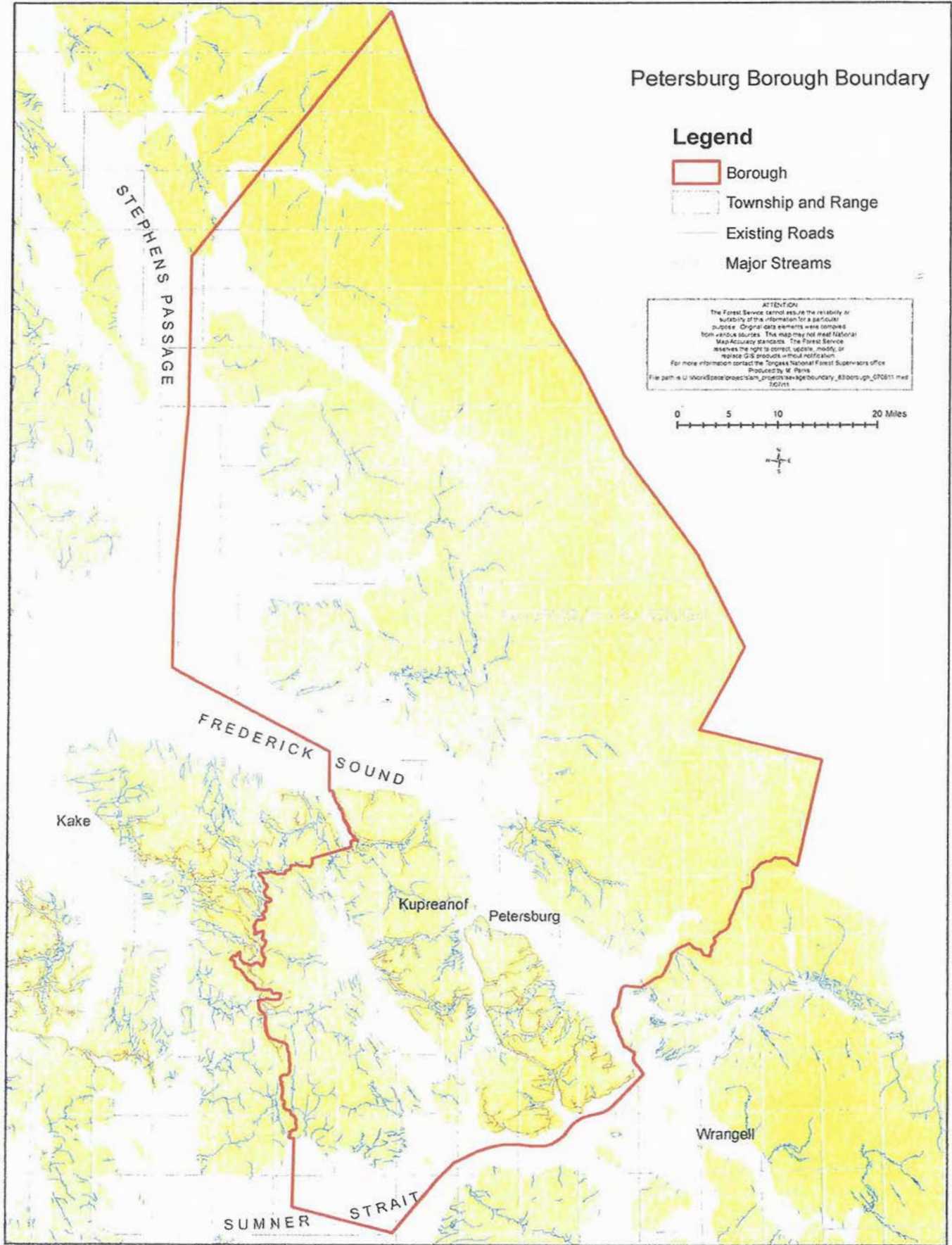


EXHIBIT A-3. WRITTEN METES AND BOUNDS LEGAL DESCRIPTION OF THE BOUNDARIES OF EACH EXISTING MUNICIPAL GOVERNMENT LOCATED WHOLLY OR PARTIALLY WITHIN THE AREA PROPOSED FOR BOROUGH INCORPORATION

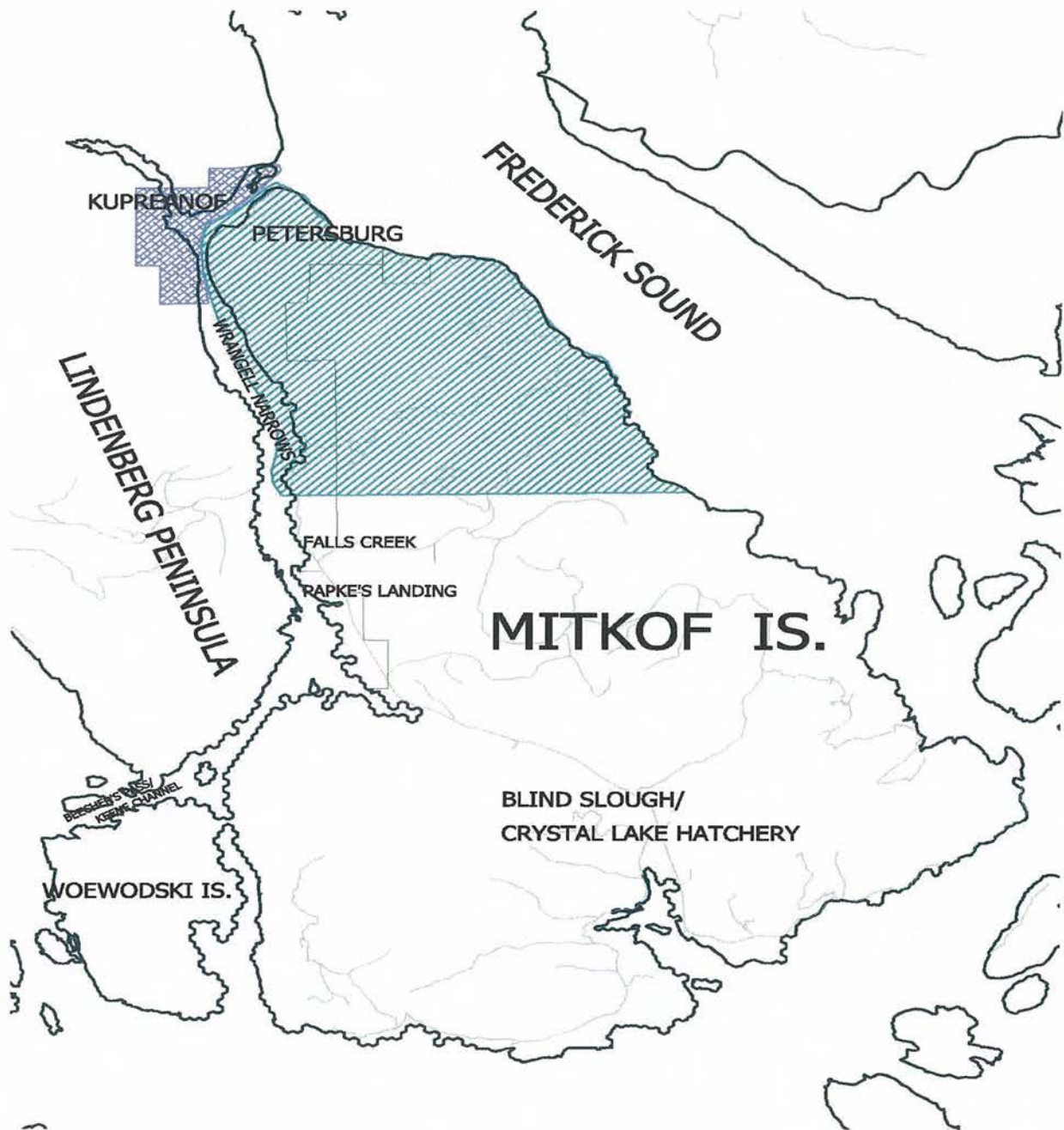
City of Petersburg

Beginning at the SW corner of Section 31, UT59S, R81E, Copper River Meridian, Alaska; thence 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 34, T59S, R79E; thence easterly along the S boundary of UT59S to the point of beginning, containing 46.1 square miles more or less.

City of Kupreanof

Beginning at the southeast corner of section 5 surveyed township 59S, R79E, thence to the midpoint of the Wrangell Narrows, thence northerly and northeasterly following the meander of the midpoint of the Wrangell Narrows, to a point due south of the southernmost tip of Sasby Island thence northeasterly, and westerly, southwesterly, paralleling Sasby Island at a distance of 300 yards to a point which intersects with the southern boundary line of the northwest $\frac{1}{4}$ of section 22 T58S, R79E thence west to the northwest corner, of the southeast one quarter of section 21 T58S, R79E; thence south to the SW corner of the SE $\frac{1}{4}$ of section 21, T58S, R79E; thence west to the NW corner of section 29 T58S,R79E; thence south to the SW corner of the NW $\frac{1}{4}$ of section 32, T58S, R79E; thence east to the NW corner of the SE $\frac{1}{4}$ of section 32, T58S, R79E; thence south to the SE corner of the SW $\frac{1}{4}$ of section 5, T59S, R79E; thence east to the point beginning containing 3.2 square miles more or less.

EXHIBIT A-4. MAP SHOWING THE BOUNDARIES OF EACH EXISTING MUNICIPAL GOVERNMENT LOCATED WHOLLY OR PARTIALLY WITHIN THE AREA PROPOSED FOR BOROUGH INCORPORATION

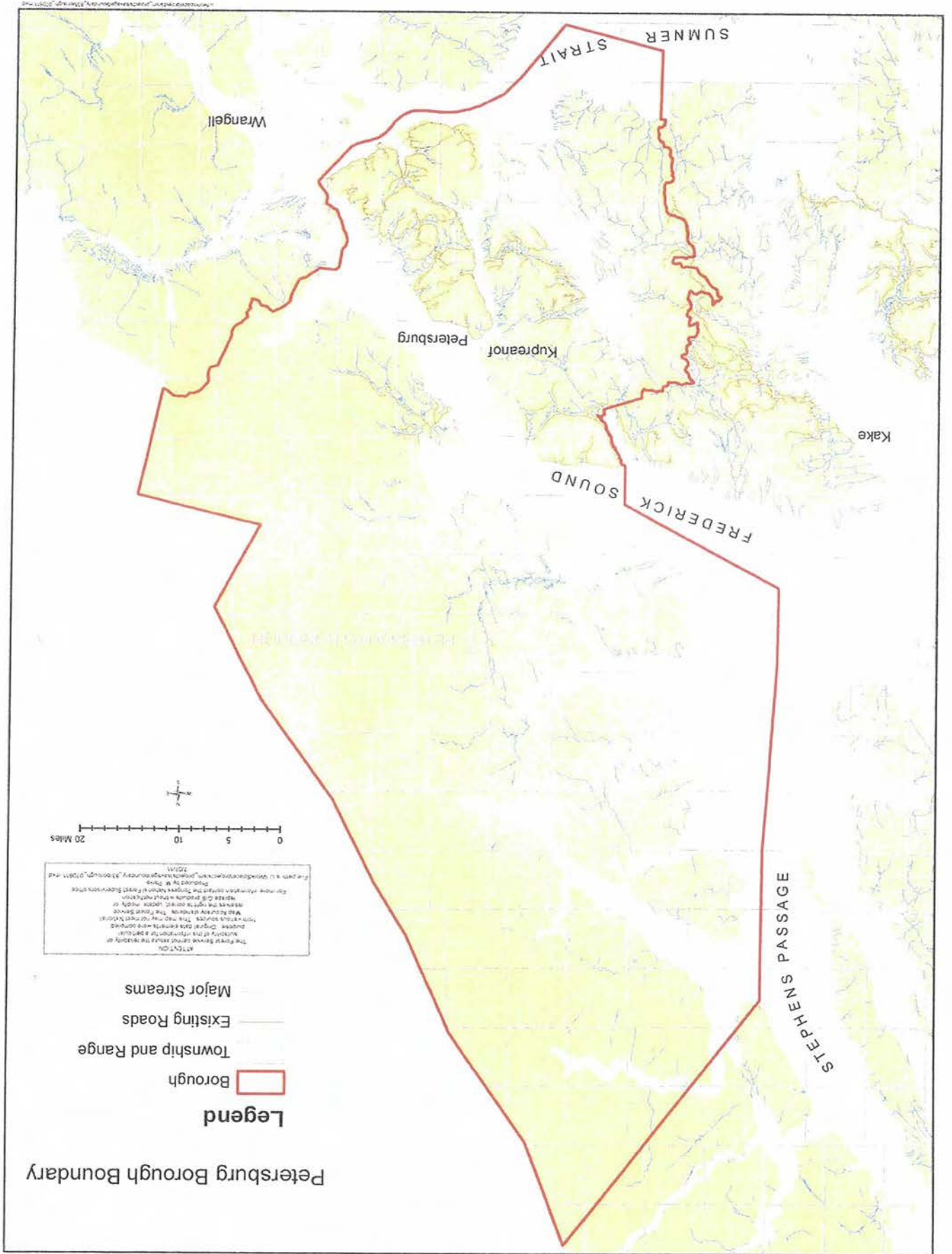


**EXHIBIT A-5. WRITTEN METES AND BOUNDS LEGAL
DESCRIPTION OF THE BOUNDARIES OF PETERSBURG
BOROUGH'S PROPOSED SINGLE ASSEMBLY ELECTION
DISTRICT**

The single Assembly election district is identical to the Petersburg Borough boundary. Thus, the Assembly election district metes and bounds description is the same as the borough's, which is at Exhibit A-1. Please see Exhibit A-1.

EXHIBIT A-6. MAPS AND/OR PLATS SHOWING THE BOUNDARIES OF PETERSBURG BOROUGH'S PROPOSED SINGLE ASSEMBLY ELECTION DISTRICT

The single Assembly election district is identical to the Petersburg Borough boundary. The Assembly election district map is the same as the borough map.



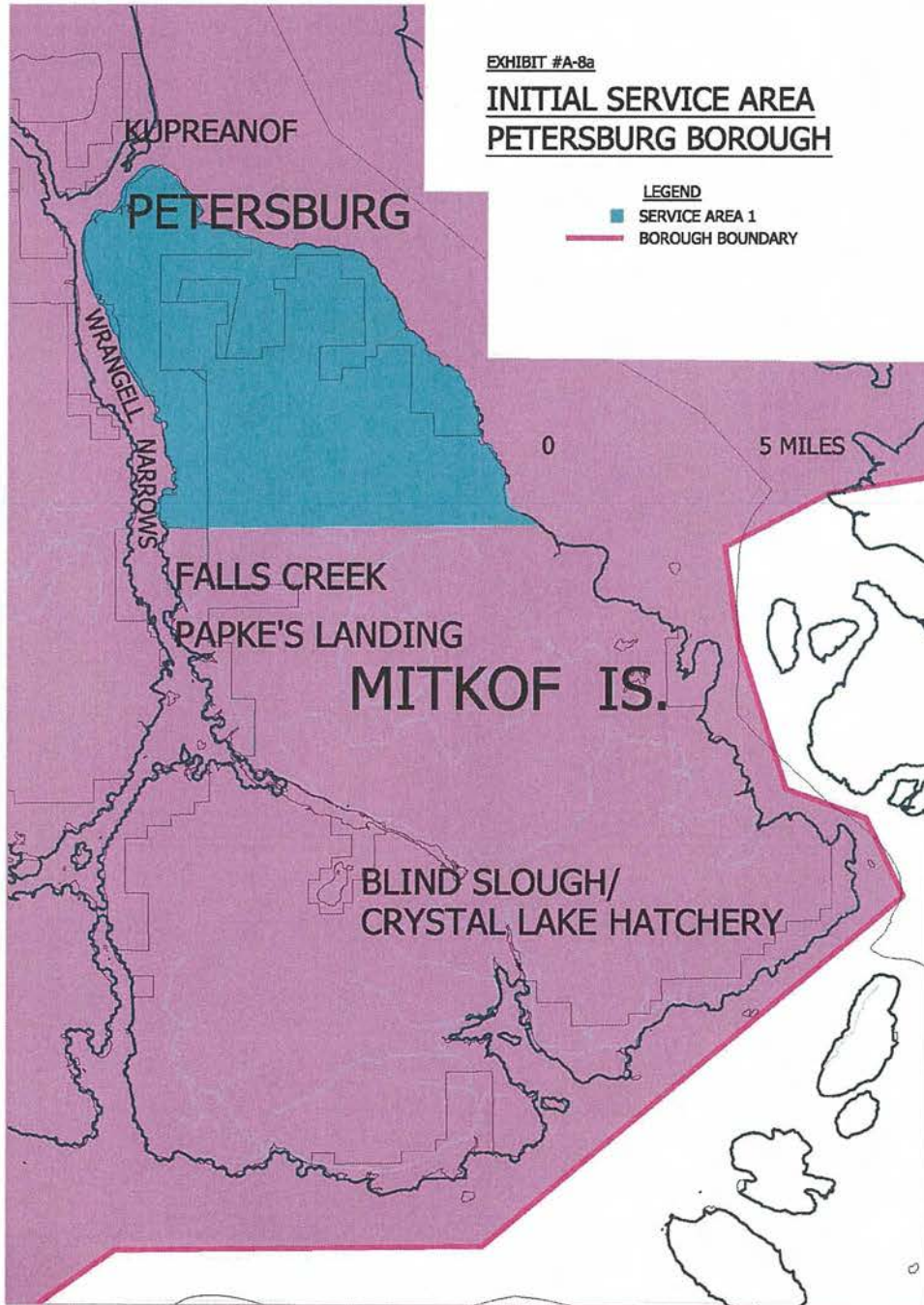
**EXHIBIT A-7 WRITTEN METES AND BOUNDS LEGAL
DESCRIPTION OF THE BOUNDARIES OF PETERSBURG
BOROUGH'S PROPOSED SERVICE AREA 1**

Service Area 1

Beginning at the SW corner of Section 31, UT59S, R81E, Copper River Meridian, Alaska; thence 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 34, T59S, R79E; thence easterly along the S boundary of T59S to the point of beginning, containing 46.1 square miles more or less.

EXHIBIT A-8a & A-8b: MAPS SHOWING THE BOUNDARY OF PETERSBURG BOROUGH'S PROPOSED INITIAL SERVICE AREA 1

The proposed Petersburg Borough's Service Area 1 is identical to the boundaries of the current City of Petersburg.



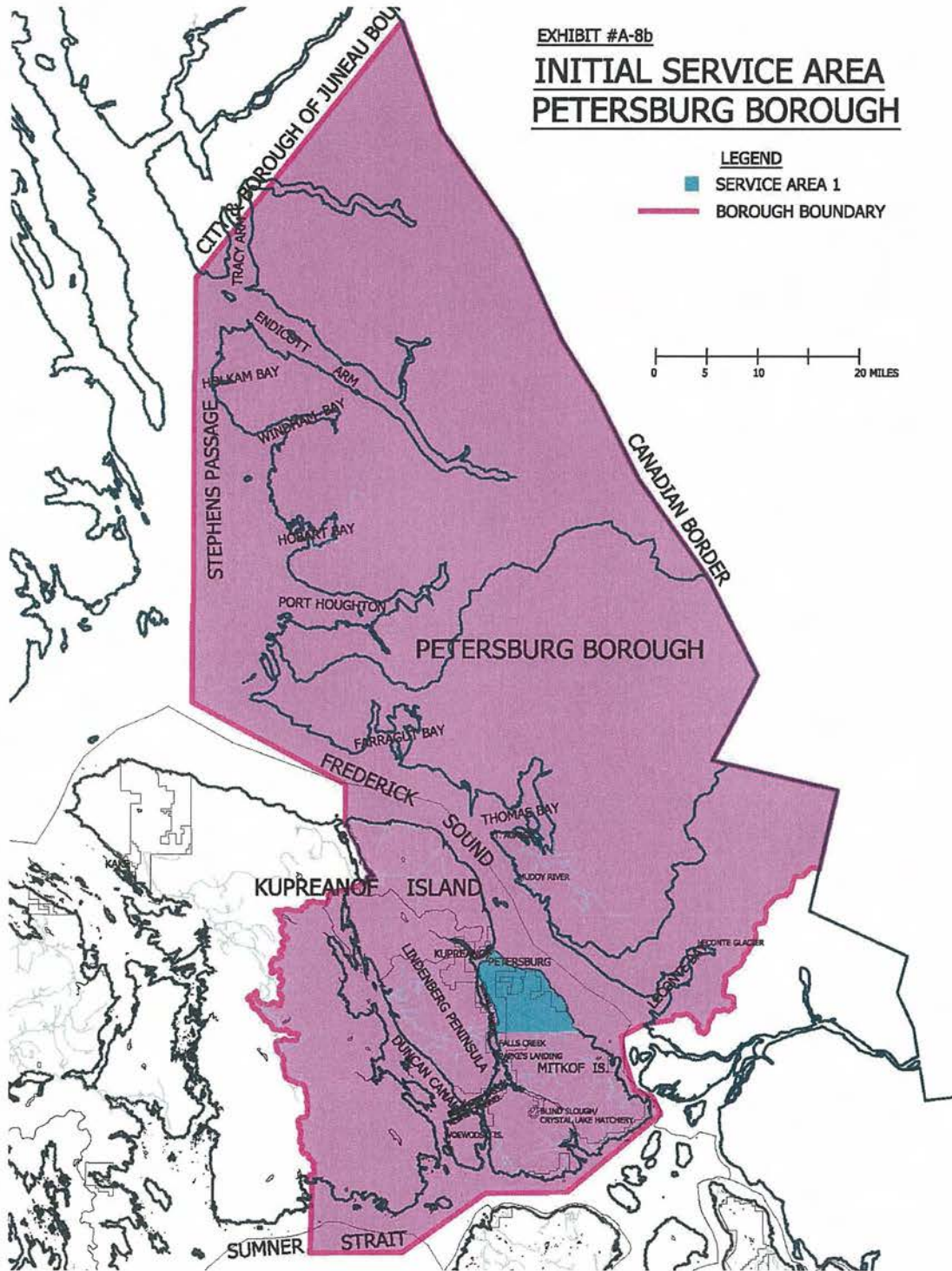


EXHIBIT A-9: MAP SHOWING PROPOSED BOROUGH IN RELATIONSHIP TO EXISTING AREA BOROUGHES

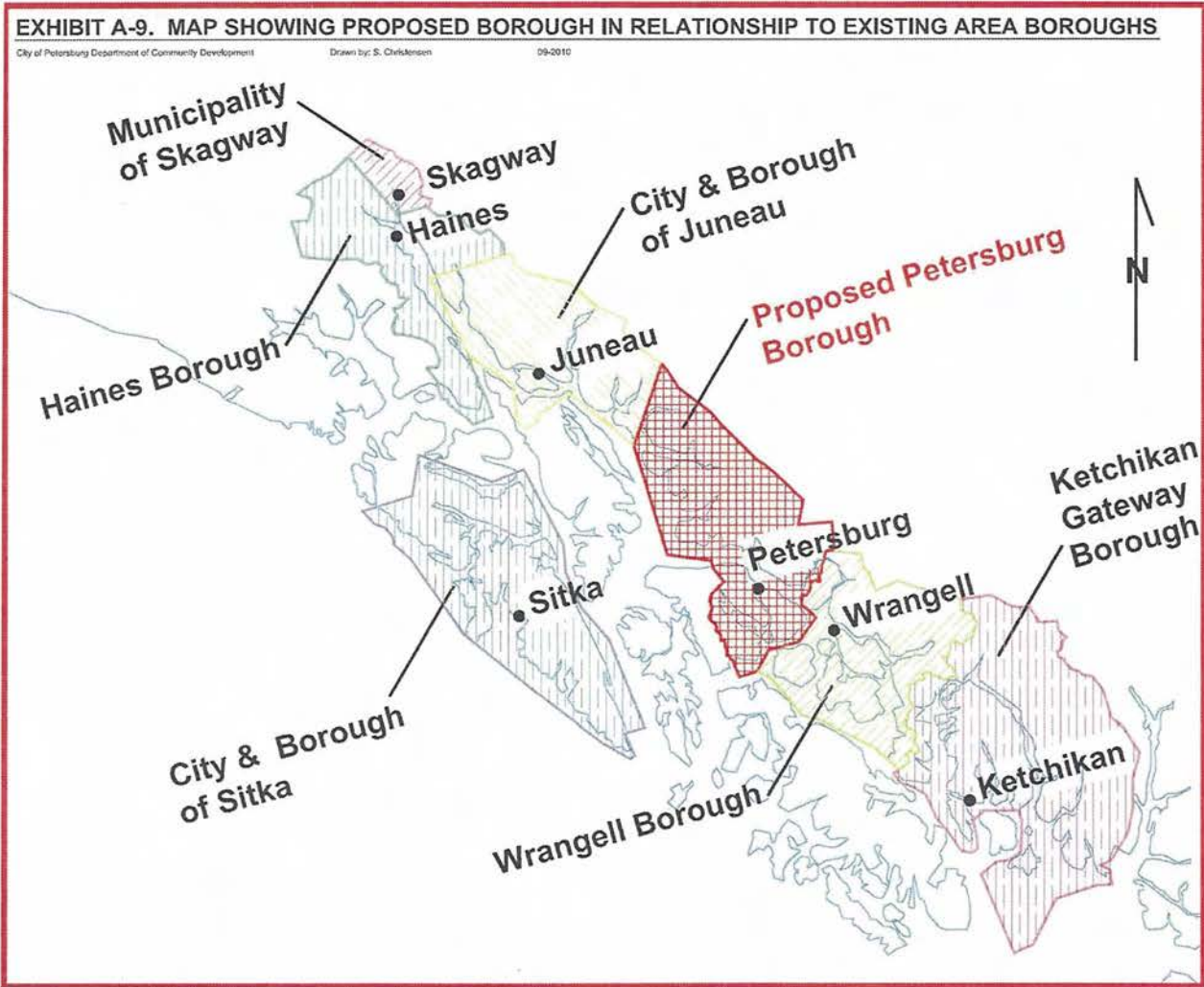


EXHIBIT B. INFORMATION RELATING TO PUBLIC NOTICE AND SERVICE OF THE PETITION

This exhibit provides information relevant to the provision of public notice of the incorporation proceedings. It includes information about media serving the area proposed for incorporation, municipal governments within and adjacent to the area proposed for incorporation, places for posting public notices relating to the proposed incorporation, locations where petition documents will be made available for review by the public; and individuals and organizations that the petitioner believes warrant, as a courtesy, notice of the incorporation proceedings.

MEDIA

Newspaper

The following are the names, mailing addresses, telephone and facsimile numbers, and electronic-mail addresses of the newspaper(s) serving the area proposed for incorporation:

Petersburg Pilot
P.O. Box 930
Petersburg, AK 99833
Phone: (907) 772-9393
Fax: (907) 772-4871
pilotpub@gmail.com

Wrangell Sentinel
P.O. Box 798
Wrangell, AK 99929
Phone: (907) 874-2301
Fax: 9907) 874-2303
wrgsent@gci.net

Juneau Empire
3100 Channel Drive
Juneau, AK 99801
Phone; (907) 586-3740
Fax: (907) 586-9097
comp@juneauempire.com

Capital City Weekly
134 N. Franklin
Juneau, AK 99801
Phone: (907) 789-4144
Fax: (907) 789-0987
editor@capweek.com

Ketchikan Daily News
P.O. Box 7900
Ketchikan, AK 99901
Phone: (907) 225-3157
Fax: (907) 225-1096
news@ketchikandailynews.com

Alaska Journal of Commerce
301 Arctic Slope Ave., #350
Anchorage, AK 99518
Phone: (907) 561-4772
Fax: (907) 563-4744
editor@alaskajournal.com

The following are the names, mailing addresses, and telephone and facsimile numbers of the radio station(s) serving the area proposed for incorporation:

Radio stations

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

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

KSTK Stikine River Radio
P.O. Box 1141
Wrangell, AK 99929
Phone: (907) 874-2345
Fax: (907) 874-3293

KINY Juneau
3161 Channel Drive
Juneau, AK 99801
Phone: (907) 586-3630
Fax: (907) 586-3685
kiny@abcstations.com

KTOO Juneau
360 Egan Drive
Juneau, Alaska 99801-1748
Phone: (907) 586-1670
Fax: (907) 586-3612

KTKN AM/ KGTW FM
526 Stedman
Ketchikan, AK 99901
Phone: (907) 225-2193

Television Scanner

GCI
914 S. Nordic Drive
Petersburg, AK 99833
Phone: (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 Borough.

City of Petersburg
PO Box 329
Petersburg, AK 99833
Phone: (907) 772-4430, ext 25
Fax: (907) 772-3759

City of Kupreanof
PO Box 50
Petersburg, AK 99833
Phone: (907)772-5044
Fax: (907) 772-9296
treinarts@aol.com

City and Borough of Wrangell
PO Box 531
Wrangell, AK 99929
Phone: (907) 874-2381
Fax: (907) 874-3952
cityclerk@aptalaska.net

City of Kake
PO Box 500
Kake, AK 99830
Phone: (907) 785-3804
Fax: (907) 785-4815
city.of.kake@gmail.com

City and Borough of Juneau
155 S Seward St
Juneau, AK 99801
Phone: (907) 586-5278
Fax: (907) 586- 4552
cityclerk@ci.juneau.ak

City of Angoon
PO Box 189
Angoon, AK 99820
Phone: (907) 788-3653
Fax: (907) 788-3821

LOCATIONS WHERE THE PETITION DOCUMENTS WILL BE MADE AVAILABLE FOR PUBLIC REVIEW

The petitioner must make a full set of petition documents, including public notices, responsive briefs, the reply brief, and department reports, available for review by the public at one or more central and convenient locations. The petition documents must be available for review from the date of the first publication of notice of the filing of the petition through the last date on which the petition may be subject to action by the Local Boundary Commission. The petition documents must be available for review during normal working hours, and the petitioner must accommodate specific requests for public review of the petition documents at reasonable times in the evening and on weekend days.

Listed below are the locations where the petition documents will be available for review, the name of a person at each location to contact regarding the documents, the mailing address, telephone number, facsimile number, electronic-mail address, and the days and hours when the location is normally open to the public:

City of Petersburg City Hall
12 South Nordic Drive
Petersburg, Alaska 99833
Contact: Kathy O'Rear, City Clerk
Phone: (907) 772-4519 Ext: 23
Fax: (907) 772-3759
clerk@ci.petersburg.ak.us
Hours: M-F 8:00 a.m. – 5:00 p.m.

Petersburg Library
12 South Nordic Drive
PO Box 549
Petersburg, Alaska 99833
Contact: Librarian
Phone: (907) 772-3349
Fax: (907) 772-3759
library@ci.petersburg.ak.us
Hours: M-Th, 12:00 p.m – 9:00 p.m.;
F-Sa, 10:00 a.m. – 5:00 p.m.

City of Kupreanof
Kupreanof City Building (near State float)
P.O. Box 50
Petersburg, Alaska 99833
Contact: Mr. Reinarts
Phone: (907) 772-5044
Fax: (907) 772-5044
treinarts@aol.com
Hours: Call Mr. Reinarts

PLACES RECOMMENDED FOR POSTING OF NOTICES RELATING TO THIS PROPOSAL

The following prominent locations readily accessible to the public and in or near the area proposed for incorporation are recommended for posting of notices concerning this incorporation proposal.

1. City of Petersburg City Hall
2. City of Kupreanof, Kupreanof City Building
3. US Post Office
4. Petersburg Library
5. The Papke's Landing boat launch and parking area
6. On a highway post nearest to the intersection of Papke's Landing Road and the Mitkof Highway, viewed from inbound and outbound directions.
7. Scow Bay Fire Station
8. Top of gangways (4) at City of Petersburg Harbor/docks
9. Trading Union and Hammer & Wikan Bulletin Boards

INDIVIDUALS AND ENTITIES THAT MAY HAVE A PARTICULAR INTEREST IN THIS INCORPORATION PROPOSAL

The following is a list of names and addresses of parties whose potential interest in the incorporation proceedings will, as a courtesy, warrant specific notice of the filing of this petition:

Nancy Strand
2006 Petersburg Borough Charter Commission
PO Box 505
Petersburg, AK 99833

Sam Bunge
2006 Petersburg Borough Charter Commission
PO Box 288
Petersburg, AK 99833

Gerry Merrigan
2006 Petersburg Borough Charter Commission
PO Box 1065
Petersburg, AK 99833

Bob Lynn
2006 Petersburg Borough Charter Commission
PO Box 231
Petersburg, AK 99833

Petition for Incorporation of Petersburg Home Rule Borough

Jenny Martens
2006 Petersburg Borough Charter Commission
PO Box 905
Petersburg, AK 99833

Mona Christian
2006 Petersburg Borough Charter Commission
PO Box 1289
Petersburg, AK 99833

Harold Medalen
2006 Petersburg Borough Charter Commission
PO Box 821
Petersburg, AK 99833

Tom Reinarts
2006 Petersburg Borough Charter Commission
PO Box 2068
Petersburg, AK 99833

City of Kupreanof
Mayor and City Clerk
P.O. Box 50
Petersburg, AK 99833

City and Borough of Wrangell
Mayor and City Manager
P.O. Box 531
Wrangell, AK 99929

City and Borough of Juneau
Mayor and City Manager
155 S Seward St
Juneau, AK 99801

City of Kake
Mayor and City Administrator
P.O. Box 500
Kake, AK 99830

City of Angoon
Mayor
PO Box 189
Angoon, AK 99820

Petition for Incorporation of Petersburg Home Rule Borough

Petersburg City School District
Superintendent Dr. Robert Thomason
P.O. Box 289
Petersburg, AK 99833

Southeast Island REAA
School Superintendent Lauren Burch
P.O. Box 19569
Thorne Bay, Alaska 99919

Chatham REAA
School Superintendent Scott Butterfield
P.O. Box 109
Angoon, Alaska 99820

Petersburg Indian Association
Will Ware, Tribal Administrator
P.O. Box 1418
Petersburg, AK 99833

Kake Tribal Corporation
P.O. Box 610
Kake, AK 99830

Goldbelt Inc
Gary Droubay, CEO
3075 Vintage Blvd., Suite 200
Juneau, AK 99801

Sealaska Corporation
Chris E. McNeil Jr, CEO
1 Sealaska Plaza Suite 400
Juneau, AK 99801

Kootznoowoo Corporation
Peter Naoroz, General Manager
8585 Old Dairy Road, Suite 201
Juneau, AK 99801

Cascade Creek, LLC
3633 Alerwood Ave.
Bellingham, WA 98225

Petersburg Pilot
P.O. Box 930
Petersburg, AK 99833

Petition for Incorporation of Petersburg Home Rule Borough

Wrangell Sentinel
P.O. Box 798
Wrangell, AK 99929

Juneau Empire
3100 Channel Drive
Juneau, AK 99801

Capital City Weekly
134 N. Franklin
Juneau, AK 99803

Ketchikan Daily News
P.O. Box 7900
Ketchikan, AK 99901

Chris Savage
USFS District Ranger
P.O. Box 1328
Petersburg, AK 99833

Executive Director
Alaska Mental Health Trust
Trust Land Office
718 L St, Suite 202
Anchorage, AK 99501

Alaska Department of Natural Resources
Southeast Region Office
400 Willoughby St, Suite 400
Juneau, AK 99801

Inter Island Ferry Authority
Bruce Jones, General Manager
P.O. Box 470
Klawock, AK 99925

KFSK Public Radio
P.O. Box 149
Petersburg, AK 99833

KRSA Radio
P.O. Box 650
Petersburg, AK 99833

Petition for Incorporation of Petersburg Home Rule Borough

KSTK Stikine River Radio
P.O. Box 1141
Wrangell, AK 99929

KINY Juneau
3161 Channel Dr.
Juneau, AK 99801

KTOO Juneau
360 Egan Drive
Juneau, Alaska 99801-1748

Alaska Fibre
PO Box 2173
Petersburg, AK 99833

Sugar Shack B & B
PO Box 947
Petersburg, AK 99833

The Trees RV Park and Store
PO Box 404
Petersburg, AK 99833

Wildwood Nursery
PO Box 2148
Petersburg, AK 99833

Flower Farm
PO Box 1551
Petersburg, AK 99833

Bear Enterprises
PO Box 146
Petersburg, AK 99833

Rocky Point Resort
PO Box 1251
Petersburg, AK 99833

Petersburg Rod & Gun Club
c/o Frank Townsend
PO Box 528
Petersburg, AK 99833

Petition for Incorporation of Petersburg Home Rule Borough

Green Rocks Wilderness Resort
PO Box 29
Petersburg, AK 99833

Rocky Point Resort
PO Box 1251
Petersburg, AK 99833

Island Point Lodge
PO Box 1669
Petersburg, AK 99833

Crystal Bay Lodge
PO Box 1575
Petersburg, AK 99833

George Cole
Keene Channel
PO Box 2107
Petersburg, AK 99833

Anthony Taiber
General Delivery
Petersburg, AK 99833

Mitkof Highway Homeowners Association
PO Box 383
Petersburg, AK 99833

Individuals Requesting Notification

Gayle M. Eastwood
PO Box 1185
Petersburg, AK 99833

Anne E. Hunter &
Greg Turner
657 NE Kristie Ct.
Hillsboro, OR 97124

Stephen & Melanie Frentz
Pt. Agassiz
PO Box 66
Petersburg, AK 99833 (772-4846)

Petition for Incorporation of Petersburg Home Rule Borough

Diane R. Pelz
11744 S.W. Breyman Ave.
Portland, OR 97219

Thomas Cole
PO Box 794
Petersburg, AK 99833

Richard Montaona
203-1480 Duchess Ave.
West Vancouver, BC V7TUR

**EXHIBIT C
FOUR-YEAR BOROUGH OPERATING & TRANSITION
ESTIMATED BUDGETS**

Projected principal revenues for the proposed borough during each of the first four fiscal years after borough formation are shown below.

	Adopted City Budget FY 10/11	Conceptual Borough Budget				Notes
		FY 11/12	FY 12/13	FY 13/14	FY 14/15	
Property Tax (minus Exemptions and debt service pymnts)	\$2,318,913	\$2,568,913	\$2,752,913	\$2,752,913	\$2,752,913	1
Federal PILT	\$525,000	\$510,000	\$510,000	\$510,000	\$510,000	2
Sales Taxes	\$2,657,256	\$2,825,557	\$2,853,812	\$2,882,350	\$2,911,174	3
Transient Occupancy Tax	\$39,000	\$45,630	\$45,630	\$45,630	\$45,630	3
Penalties and Interest	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	4
Licenses & Permits	\$8,800	\$13,000	\$13,000	\$13,000	\$13,000	5
Federal Grants	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	6
State Shared Revenue	\$923,222	\$1,225,000	\$1,225,000	\$1,225,000	\$1,225,000	7
State Grants for Operating Expenses	\$333,022	\$640,000	\$540,000	\$440,000	\$260,000	8
State Revenues for Local Services	\$298,038	\$300,000	\$300,000	\$300,000	\$300,000	9
Charges for Services	\$228,700	\$230,000	\$230,000	\$230,000	\$230,000	10
Fines & Forfeits	\$15,750	\$16,000	\$16,000	\$16,000	\$16,000	11
Misc. Revenues/Land Leases and Sales	\$154,600	\$200,000	\$200,000	\$200,000	\$200,000	12
Contributions from Enterprise Funds	\$341,105	\$344,516	\$347,961	\$351,441	\$354,955	13
Motor Vehicle Registration	\$36,000	\$37,000	\$37,000	\$37,000	\$37,000	14
Proceeds of General Fixed Assets	\$1,200	\$2,000	\$2,000	\$2,000	\$2,000	15
Forest Receipts Used for School Operations	\$599,861	\$539,854	\$526,846			16
Transfer in from Forest Receipt Fund to Pay for School				\$526,846	\$526,846	16
Total Operating Revenue	\$8,553,467	\$ 9,570,470	\$ 9,673,162	\$ 9,605,180	\$ 9,457,518	

**FOUR-YEAR BOROUGH OPERATING
EXPENDITURE PROJECTION**

	Adopted City Budget FY 10/11	Conceptual Borough Budget				
		FY 11/12	FY 12/13	FY 13/14	FY 14/15	Notes
City/Borough Council	\$132,320	\$130,000	\$135,000	\$135,000	\$135,000	17
Administration	\$477,410	\$487,184	\$492,056	\$496,977	\$501,946	18
Attorney	\$35,000	\$35,000	\$40,000	\$40,000	\$40,000	17
Information System	\$154,195	\$155,737	\$157,294	\$158,867	\$160,456	19
Finance	\$541,846	\$547,264	\$552,737	\$558,264	\$563,847	19
Police	\$1,163,167	\$1,254,799	\$1,267,347	\$1,280,020	\$1,292,820	19
Jail	\$319,534	\$322,729	\$325,957	\$329,216	\$332,508	19
Fire/EMS (less \$7,000 SAR)	\$471,218	\$475,930	\$480,689	\$485,496	\$490,351	19
Public Works	\$1,212,906	\$1,225,035	\$1,237,285	\$1,249,658	\$1,262,155	19
Community Development	\$182,606	\$184,432	\$186,276	\$188,139	\$190,021	19
Facilities Maintenance	\$436,622	\$440,988	\$445,398	\$449,852	\$454,351	19
Community Services	\$230,500	\$232,805	\$235,133	\$237,484	\$239,859	19
Library	\$281,101	\$283,912	\$286,751	\$289,619	\$292,515	19
Parks & Recreation	\$601,418	\$607,432	\$613,507	\$619,642	\$625,838	19
Non-Departmental	\$269,485	\$287,180	\$290,052	\$292,952	\$295,882	20
State PERS Relief	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	
Disaster Planning/ Emergency Response Search & Rescue	\$7,000	\$10,000	\$10,000	\$10,000	\$10,000	21
Assisted Living	\$197,616	\$198,000	\$198,000	\$198,000	\$198,000	22
Harbors & Ports – Fish Tax	\$225,020	\$225,000	\$225,000	\$225,000	\$225,000	23
***Contribution to Petersburg Public Schools	(\$599,861 +1,200,139) \$1,800,000	(\$539,854 +1,260,146) \$1,800,000	(\$526,846 +1,323,154) \$1,850,000	(\$526,846 +1,323,154) \$1,850,000	(\$526,846 +1,323,154) \$1,850,000	
Total Operating Expenses	\$9,018,964	\$9,183,428	\$9,308,482	\$9,374,187	\$9,440,549	

**PROJECTED PRINCIPAL TRANSITION EXPENSES (operating and capital) FOR
PROPOSED BOROUGH DURING EACH OF THE FIRST THREE YEARS**

TRANSITION EXPENDITURES (Capital and Operating)	Adopted City Budget FY 10/11	Conceptual Borough Budget		
		FY 11/12	FY 12/13	FY 13/14
Borough Comprehensive Plan Update	\$0		\$40,000	
Borough Zoning update	\$0		\$30,000	
Updating maps /integrating into Borough GIS system	\$0	\$50,000		
Purchase of new Property Data Software. Update Borough land/parcel records for taxes & planning	\$0	\$50,000	\$10,000	
Transition contract to assessor	\$0	\$20,000	\$60,000	
Transition legal fees	\$10,000	\$30,000	\$10,000	
Communications, Meeting Travel & Public Noticing	\$10,000	\$5,000	\$5,000	
Disaster Planning & Response/Search & Rescue	\$0	\$10,000	\$10,000	\$10,000
Total Transition Expenditures	\$20,000	\$165,000	\$165,000	\$10,000

PROJECTED NET BOROUGH BUDGET DURING FIRST FOUR YEARS

All Revenues, less Operating and Transitions Expenditures

NET CONCEPTUAL BOROUGH BUDGET					
	Adopted City Budget FY 10/11	Borough Budget FY 11/12	Borough Budget FY 12/13	Borough Budget FY 13/14	Borough Budget FY 14/15
Annual Operating Revenues	\$8,533,467	\$9,570,470	\$9,673,162	\$9,605,180	\$9,457,518
Annual Operating Expenditures	\$9,018,964	\$9,183,428	\$9,308,482	\$9,374,187	\$9,440,549
Transition Expenditures	\$20,000	\$165,000	\$165,000	\$10,000	\$0
NET	(\$485,497) (Note 24)	\$222,042	\$199,680	\$220,993	\$16,969

BUDGET NOTES

General:

The project borough budget has been prepared with very conservative, but likely to be realized, estimates for revenues with little or no projections for inflation or increased land values. The expenditure portion of the budget has been prepared in most areas anticipating some inflation of

an approximate 1% increase in operation costs. The four year borough budget projects that the borough will have generally the same financial position as currently experienced by the city.

Note 1:

Property Tax: The property tax revenue for the Petersburg Borough will increase. The additional revenues from property tax will likely not be realized until year two of Borough formation, depending upon when Borough formation occurs. It is estimated that the real property value for taxable lands outside of the current City of Petersburg (future Service Area 1) is \$46,000,000.00. A 4 mill levy for this assessed value is \$184,000.00. Property values within the City of Petersburg are beginning to stabilize, so no expectation of increased property values are shown in the fourth year of borough revenues. The revenue figures used for property tax income is a net total for area wide services after deducting all existing debt obligations of the City of Petersburg (future Service Area 1) and considering State mandated senior and disabled veteran tax exemptions. The budgeted property tax revenues assumes a 10 mill base levy in Service Area 1 in fiscal year 11/12 and beyond.

Note 2:

Payment in Lieu of Taxes: The City of Petersburg receives payment in lieu of taxes from the State of Alaska annually. Under the current funding formula, a Petersburg Borough would likely receive slightly less in PILT funds than would the City, due to the formula used by the State for distribution of funds to cities located within the unorganized borough.

Note 3:

Sales and Transient Room Taxes: These taxes will be an immediate area wide tax at 6% (sales) and 4% (room). Taxable sales outside the current City of Petersburg are expected to generate an additional, yet modest, borough income of \$148,358 annually (\$141,728 sales tax and \$6,630 room tax). For years two through four, an annual 1% increase in Sales Tax has been considered.

Note 4:

Penalty and Interest income are based on City of Petersburg's penalties and interest received for late payment and filing of property and sales taxes. It is expected this figure will be relatively constant after borough formation, fluctuating slightly up or down in any given year dependent on area economy.

Note 5:

Licenses & Permits: This revenue is generated from fees for a variety of licenses and permits, such as building, zoning, variance, and/or special use permits and transient merchant and driver's license fees. The revenue is not expected to increase much over current city income levels,

Note 6:

Federal Grants: The City has a contract to perform some public safety activities on Forest Service land. In addition, the City receives pass-through federal money to fund drug enforcement operations in Southeast. It is expected that these services and funds will continue at approximately the same level after borough formation.

Note 7:

State Shared Revenue includes fisheries business taxes (DPOR, DCCED), liquor licenses and state revenue sharing which is estimated to increase by \$300,000 when the borough is formed.

Note 8:

The City of Petersburg receives a small grant (\$8,000-\$10,000) each year for library operations. This line item also includes the borough formation grants for the first three years of borough incorporation - \$300,000 in FY 11/12, \$200,000 in FY 12/13, and \$100,000 in FY 13/14. Also included are grant funds for an additional police officer the State will be funding for the first three years of the budget; the fourth year, the borough will have to fund the position. PERS relief in the amount of \$250,000 is also included in this figure, to draw down the City's PERS unfunded liability.

Note 9:

The City has contracted with the State to provide limited incarceration services. The last contract was for \$202,000 annually, and past financial contracts demonstrate this figure will be nearly the same, or slightly higher, for the next two to three years.

Note 10:

Charges for Services represent the revenues received from collection of user fees for services from departments that are mostly supported by general tax dollars. This income consists of, but is not limited to: recreational activity fees, ambulance fees, contracted police services and miscellaneous public works charges. This revenue is expected to increase over the years not due to borough formation, but due to inflationary increased costs of operation.

Note 11:

Fines and Forfeits represent revenues received from court and library fines; and animal and vehicle impoundment. This income is projected to remain approximately the same after borough formation because the fines and forfeits received from the animal and vehicle impoundment services will only be provided in Service Area 1 (former City of Petersburg).

Note 12:

Miscellaneous income represents income earned from borough (prior city) investments as well as existing land leases and sales at the time of borough formation. Miscellaneous income is expected to increase an estimated \$50,000 per year as the borough begins to sell off entitlement lands received from the state after borough incorporation.

Note 13:

Each Enterprise Fund/Operation of the City of Petersburg (all utilities; harbor, elderly & assisted living and economic development) contribute money to the General Fund to represent their costs for overall general administration and financial accounting for the departments (i.e., each fund contributes to pay for city administration and finance personnel). This policy is expected to be retained, albeit possibly at a different level, after borough formation. The proposed budget contains a 1% annual increase to represent expected increased labor contract provisions.

Note 14:

Motor Vehicle Registration: Proceeds from State on vehicle registrations.

Note 15:

Each year the city conducts an auction for the disposal of no longer needed surplus equipment. This surplus auction is expected to continue after borough formation. The budgeted figure is the average annual dollars collected at the auction.

Note 16:

Secure Rural School Funding (National Forest Receipts): Like all communities in Southeast Alaska located within the National Forests, the Petersburg area has been reliant upon federal subsidy to compensate for the loss of local economy related to the near non-existent timber industry. The long term possibility of this funding source, that many communities have become dependent upon to supplement their education needs, has been, and continues to be, in jeopardy. At the time of this petition, the program is going into the third year of a four year extension, and a nationwide coalition has recently requested a ten-year extension to the program. If the program is extended, it is not certain whether a Petersburg Borough would receive more, the same as, or less than the existing city. To provide for an "easing" of the potential loss of this revenue source, the City of Petersburg began "setting aside" into a Special Reserve Fund an annual amount of these funds to help offset expenses in the near future. At this time, the Fund contains approximately \$2.3 million, and an additional approximately \$2.3 million will be received from the Forest Receipts program in the next two years. The budget has been presented showing Forest Receipts only being received in the first two fiscal years at current levels received by the City of Petersburg. The portion of the Forest Receipts which goes to support school operations is contained in the row labeled "Forest Receipts Used for School Operations", and the remainder would be deposited into the Special Reserve Fund. Borough revenues in years 3 and 4 are shown as paid from payments out of the Special Reserve Fund, as reflected on the row labeled "Transfer in from Forest Receipt Fund to Pay for School". At the beginning of the third year of the budget, it is anticipated that the Fund will contain approximately \$3,100,000.

This financial matter, above all others, will be at the forefront of the budgetary needs of the community, whether borough formation occurs or not.

The proposed borough budget shows the amount of forest receipts being used and the amount of property tax being used for annual school funding.

Note 17:

A small increase over current city costs to provide elected borough officials and borough attorney with pay and added expenses is expected.

Note 18:

A 1% annual increase has been provided, and \$5,000 additional election expenses anticipated.

Note 19:

A 1% increase is provided for.

Note 20:

A 1% increase, plus an added \$15,000 annual increase for liability insurance.

Note 21:

It is anticipated that additional funding will be needed to provide better emergency communication and coordination throughout the borough, including the emergency command center at Mt. View Manor.

Note 22:

Mt. View Manor Assisted Living is a new facility constructed in 2003 and opened for services in 2004. It provides both subsidized and non-subsidized room, board and assisted living services to qualified individuals as well as independent living apartments to the older adult population. The accounting for the facility was established on an "Enterprise" basis, whereas the facility's charges for services were expected to pay for the facility's total operating and debt costs. Since its opening, the facility has not raised revenues sufficient to pay for all costs of operations. The City has been providing General Fund funding up to \$280,000 annually to address the facility's 24 hours cost of service needs. To reflect the present policy of using General Fund revenues to support the annual bond payments of the facility, a \$198,000 annual expense has been provided in the borough budget. A committee has been formed to address the available options to decrease or eliminate the operational loss.

Note 23:

In fiscal year 2008/09 the City implemented a new policy of transferring any Fish Tax Revenue (traditionally a general fund revenue) above \$400,000 annually to the Harbors & Ports operating budget. This policy was established to alleviate the need to further increase moorage and user fees at the harbors. Use of the Raw Fish Tax for harbor purposes was justified as the City's fishing fleet is the main economic resource of the region. This new policy may or may not remain in practice in the future, dependent on other burdens upon the General Fund (education and basic services). However, the new policy has been carried over to the borough budget.

Note 24:

It is anticipated that this projected loss will be covered by transfer from the general fund reserve account. Currently, that account contains \$3.7 million.

EXHIBIT D. TRANSITION PLAN

This exhibit presents a practical plan demonstrating the intent and capability of the proposed borough to begin providing essential services [as defined by 3 AAC 110.970] to the area proposed for incorporation within the shortest practicable time after incorporation. It also provides a practical plan for the assumption of powers, rights, and functions presently exercised by municipal governments, regional educational attendance areas, and other relevant entities within the area proposed for incorporation. Further, it provides a practical plan for the transfer and integration of all relevant and appropriate assets and liabilities of existing municipal governments, regional educational attendance areas, and other relevant entities within the area proposed for incorporation.

The plan was developed in consultation with officials of municipal governments, regional educational attendance areas, and other relevant entities within the area proposed for incorporation. Information about the level of consultation, including specific individuals contacted on particular dates is included. The plan complies with the provisions of AS 29.05.130, AS 29.05.140 and 3 AAC 110.900.

1.0 Initial Borough Election

Within 30 days after notification by the LBC that it has accepted the Petersburg Borough petition, the State Director of Elections must order an election in the area of the proposed borough to determine whether the voters desire borough incorporation and, if so, to elect the initial borough officials. The law provides that the election shall be held not less than 30 or more than 90 days after the date of the election order. The election order must specify the dates during which nomination petitions for election of initial officials may be filed.

A. The initial elected Borough Assembly shall consist of six assembly members and a mayor, all elected at large from within the borough boundaries for terms as follows:

1. One borough mayor elected for a three year term.
2. Two assembly members for a term of three-years, two for a term of two years, and two for a term of one year, the terms being assigned to the members by lot.

B. The initial Borough election will also be to elect a seven member Planning Commission, all elected at large from within the borough boundaries for terms as follows:

1. Three planning commission members for a term of three years, two for a term of two years, and two for a term of one year, the terms being assigned to the members by lot.

C. The initial Borough election will also be to elect a five member School Board, all elected at large from within the borough boundaries for terms as follows:

1. Two school board members for a term of three years, two for a term of two years, and one for a term of one year, the terms being assigned to the members by lot.

D. The initial Borough election will also be to elect a seven member Hospital Board, all elected at large from within the borough boundaries for terms as follows:

1. Three hospital board members for a term of three years, two for a term of two years, and two for a term of one year, the terms being assigned to the members by lot.

E. A candidate for election to the Borough assembly; planning commission and hospital board shall be a qualified voter of the proposed Petersburg Borough and a resident of the area within the proposed Borough for at least one year preceding the election. A candidate for the Borough school board shall be a qualified borough voter.

F. Nominations & Election Conduct: Nominations for initial Borough office are made by petition and the petition shall be in a form prescribed by the Director of Elections, State of Alaska. The Director of Elections shall supervise the election and the State of Alaska shall pay all election costs.

G. A qualified voter who is registered to vote within the proposed Petersburg Borough boundary at least 30 days before the date of the election order may vote in the incorporation election.

H. If the voters approve the proposition to incorporate, the initial elected officials take office on the first Monday following certification of election.

I. Borough Charter & Powers: Areawide borough powers included in the Petition are considered to be part of the incorporation question. The home-rule charter included in the Petition is considered to be part of the incorporation question. The home-rule charter is adopted if the voters approve incorporation of the Petersburg Borough.

J. If incorporation is rejected, no officials are elected.

K. Dissolution of City: Upon borough incorporation, the home-rule City of Petersburg will be dissolved.

2.0 General

The Charter takes effect upon incorporation of the borough following certification of the results of the incorporation election. The Charter is the organic law of the Petersburg Borough. The home rule Petersburg Borough can exercise any power not prohibited by federal or state law or the Petersburg Borough Charter.

Pursuant to Section 19.06 of the Charter, all ordinances, resolutions, regulations, orders and rules in effect in the former City of Petersburg, upon incorporation of the borough, shall continue in full force and effect within Petersburg Borough Service Area 1, to the extent that they are consistent with the Charter, until repealed or amended in accordance with the Charter. Pursuant

to Charter Section 7.04, the authority for platting, planning and land use regulations within the corporate boundaries of the City of Kupreanof shall remain vested with the City of Kupreanof, such that the Borough’s ordinances will not apply in this area. Under Charter Article 15, the City of Kupreanof may, to the extent permitted by law, continue to exercise those powers that it exercised within its boundaries prior to Borough formation, even though the Borough exercises these same powers on an areawide basis.

Except as otherwise provided in the Charter, all rights, assets, titles, actions, suits, franchises, contracts and liabilities and all civil, criminal or administrative proceedings shall continue unaffected by the ratification of the Charter. The new Petersburg Borough shall be the legal successor to the former City of Petersburg for this purpose. The new Petersburg Borough School District shall be the legal successor to the former Petersburg City School District.

Pursuant to Section 19.07B of the Charter, all sales and use taxes in effect in the former City of Petersburg shall become areawide taxes at the time of borough formation, until repealed or amended in accordance with the Petersburg Borough Charter.

Transition Plan Summary	Upon order of Division of Elections	Within 90 days after Incorporation	Year 1	Year 2
Petitions filed by those who wish to run for borough assembly, mayor, planning commissioners, hospital board and school board	X			
Incorporation election and election of officials				
Petersburg Borough Charter becomes immediately effective as the organic law of Borough. All ordinances, resolutions, and regulations of the City of Petersburg continue in full force and effect within Service Area 1, except those which are inconsistent with the Petersburg Borough Charter. Sales and Use Taxes in effect in the former City of Petersburg become areawide taxes.		X		
Bonded indebtedness of the former City of Petersburg is assumed by the Petersburg Borough, to be the obligation of Service Area 1 only. All other contracts, assets and liabilities transfer from former City of Petersburg to Petersburg Borough.		X		
All laws, regulations, and contracts, assets and liabilities transfer from (former) Petersburg City School District to Petersburg Borough School District.		X		
(Former) City of Petersburg tax rolls, levies and rates transfer to Petersburg Borough Service Area 1.		X		
Borough powers and services in effect (<i>including Borough Administration, Education, Community Development and Planning; Economic Development; Land Use Regulation; Watershed Management; Taxation; Capital Improvement Projects; Bonding; Harbors and Ports; Libraries, Civic</i>		X		

<i>Centers, Museums and Assoc Services; Elderly Housing/Asst. Living; Hospital and Health Services; 911 Emergency Dispatch; Disaster Planning, Communications and Response; Refuse Disposal; Jail/incarceration facilities; and Search and rescue.)</i>				
Borough Assembly determines means to facilitate sales tax and transient room tax administration, collection and reporting for borough areas outside of Service Area 1.		X		
Conduct a property assessment of all properties in Borough, outside of Service Area 1. Enter these properties into Borough tax roll. Extend areawide property tax to newly assessed area.			X	X
Prepare Borough Comprehensive Plan				X
Prepare Borough land use regulations				X

3.0 Extending Areawide Services

Immediately after borough formation all residents within the borough are eligible to use areawide borough facilities and services with no extra charges related solely to their place of residence, as they are all now borough residents.

The following powers and services will be exercised on an areawide basis in the Petersburg Borough.

1. Borough Administration
2. Education
3. Community Development and Planning
4. Economic Development
5. Land Use Regulation
6. Capital Improvement Projects
7. Bonding
8. Taxation
9. Watershed Management
10. Cemetery and Mausoleum
11. Harbors and Ports
12. Libraries, Civic Centers, Museums and Associated Services
13. Elderly Housing and Assisted Living/Senior Citizen Services
14. Hospital and Health Services
15. 911 Emergency Dispatch Services
16. Disaster planning; communications & response
17. Refuse Disposal
18. Jail/Incarceration facilities
19. Search and Rescue

Note: Borough Assembly will delegate Community Development and Planning and Land Use Regulations (Zoning, Subdivision, etc) within City of Kupreanof to the City of Kupreanof. By Charter these matters will not be functions of the assembly.

Education

Petersburg Borough School District will provide educational services to all students within the Borough. Petersburg Borough School district will assume all assets and liabilities of the City of Petersburg School District. Last school year, there were approximately 486 students living within the current City of Petersburg and 24 students living outside the City of Petersburg but within the proposed borough. (These students attended Petersburg City Schools even though they lived outside the school district). There are no students currently receiving educational services from those portions of the Chatham or Southeast Island REAAs that will be leaving those districts as a result of forming Petersburg Borough. Although there was previously a school at Hobart Bay, there are no school facilities or assets in this or other areas.

Capital Improvement Projects and Bonding

Petersburg Borough will seek funding of all types to support Assembly and/or voter approved (per the borough charter) capital improvement projects throughout the borough for the benefit of borough citizens. Petersburg Borough will use its capability to issue bonds to support these projects per Assembly and/or voter direction as prescribed in Article 13 of the borough charter.

Harbors and Ports

The City of Petersburg owns and maintains three municipal harbors - North, Middle and South Harbors. Collectively they provide 588 berths and 105 transient spaces. The maximum boat that can be moored is 140 feet in length. There is electricity at berths over 17' and at some transient moorings. Fresh water is available at most berths and at loading zones. Showers and public restrooms are available and open 24-hours a day. There is a 5-ton and 2.5-ton crane. Tidal grids and launch ramps are also available. These facilities will provide areawide services by way of a user fee structure and possibly subsidized from time to time by general borough monies.

The State of Alaska (ADF&G) owns a 16' x 214' launch ramp at Banana Point. It has a restroom and parking area. The State of Alaska (DOT&PF) also owns and operates two floats with open moorage. One is at the City of Kupreanof (10' x 95' ft float off a 273' ft long approach) and one is at Papke's Landing (10' x 100' float and 10' x 62' float off a 265' long approach). The float is adjacent to an Alaska Mental Health Trust log transfer facility and parking area. The Petersburg Borough will need to evaluate and prioritize each facility to determine if any (or all) should be acquired and maintained by the Borough. The Borough would also need to determine what improvements must be made to the facilities prior to the borough assuming ownership of the facilities. Also, the Borough will need to determine what on-going operating and maintenance expenses it is willing to commit to each facility to retain them in good service order.

Ports and harbors are currently a municipal enterprise fund operated by the City of Petersburg whose fees and revenues have not always been sufficient to cover costs. To address funding shortages, in FY 06 harbor fees were raised and staffing slightly reduced. Also, the city is contributing any state fish tax that exceeds \$400,000 per year. South and Middle harbors have been improved and upgraded within the past five years. North Harbor was acquired by the City

from the State in 2006 along with a \$2.5 million trust fund to partially pay for needed upgrades. Upgrade of North Harbor is currently in preliminary design.

Docks and harbors will be an areawide power exercised by the Petersburg Borough. All city owned harbor and ports assets and liabilities, including existing lease property income, will transfer to the borough.

Libraries, Civic Centers, Museums and Associated Services

The City of Petersburg has and supports a public library and assists in the funding of museum and other civic facilities and services. All assets, liabilities and programs for these types of services will transfer to the borough. All these facilities and services will be available to all borough residents on an areawide basis. These services are supported by the general operating fund, which is funded primarily by property and sales tax proceeds.

Elderly Housing and Senior Citizen Services

The city owns and operates Mountain View Manor, which provides forty three apartments for independent and assisted senior living.

The original facility has twenty three HUD subsidized one-bedroom apartments, two of which are wheelchair accessible, providing a safe, clean and affordable living environment for senior residents in compliance with City, State and HUD requirements. The facility also includes a 24 hour, 7 days per week caretaker's apartment, an office, two laundry rooms, a large social hall and reading room as well as a commercial type kitchen and community dining room. This is a two-story building with an elevator to make the facility available to all. At present, dinners are served three nights a week in the dining room. These meals are available to all area seniors 60 years of age or older for a donation or nominal fee.

A 3.5 million dollar expansion in the early 2000's added twelve assisted living apartments and eight independent living senior apartments to the Mountain View facility. The new addition has a large dining room, a multipurpose room, an assisted living office, a small kitchen, a library, exercise room, a sitting room with a fireplace on each floor and laundry rooms on both floors. An on-call registered nurse is under contract, with additional staffing of eleven to thirteen caregivers providing twenty-four hour care for the assisted living apartments.

Additional senior citizens services provided by the city include referral for in home services, van transportation, exemption from taxation and reduced utility rates.

Elderly Housing and Assisted Living services were intended to be Enterprise Funds of the City. The general fund has been budgeting a subsidy for the assisted living facility of \$198,000 annually to meet the facility's debt service payment. Despite the subsidy, Assisted Living continues to accrue a loss of up to \$80,000 per year. In the summer of 2010, a committee was formed to explore available options to make the facility self-sustaining. Although both facilities were provided by the city to meet the needs of the community's aging residents, city residency prior to entering either facility is not a requirement.

All the elderly and assisted living facilities and services described above will transfer to the Petersburg Borough and are intended for all residents.

Hospital and Health Services

The Petersburg Medical Center is a Critical Access Hospital with 27 beds – 12 acute care and 15 long term care. It includes a primary care clinic with four family practice physicians, outpatient departments, long term care, home health, physical therapy and outpatient surgeries. The Medical Center employs over 100 people. It is a modern complex of 47,250 square feet. The Medical Center has up-to-date equipment and services with a CT scanner, teleradiology and modern laboratory. The Medical Center is owned by the city, but operated as an independent enterprise governed by a community elected seven-member board.

Hospital and health services are already provided on an area-wide basis for the immediate community and surrounding area.

Community Development and Planning, Watershed Management, Land Use Regulation (Zoning, Subdivision, etc), Economic Development

Planning (community development, economic development, watershed management) and land use regulation (zoning, platting, etc) would be an areawide power in the borough. However, zoning in the remote areas of the borough would likely be quite general and would occur after comprehensive planning.

Land and parcels would be entered into the borough GIS system in years 1 through 2. The Borough Planning Commission will oversee creation of a borough Comprehensive Plan, and an update to the borough zoning code. Preparing the comprehensive development plan to include the entire borough will occur within three years time followed by an update to the zoning code and maps. Economic development efforts would also be extended to include the whole borough. All of these efforts involve public meetings and process so that borough development and conservation reflects the priorities of borough citizens.

The Petersburg Borough will receive title to 10% of the state's Vacant Unreserved Unclassified (VUU) lands within the borough. The Comprehensive Plan will address land use in these and other areas.

Large landowners within the Borough such as the US Forest Service, State, University of Alaska, Alaska Mental Health Trust, and Goldbelt Inc., as well as rural and remotely located residents and property owners, are key stakeholders in comprehensive planning and would be extensively consulted during plan preparation.

Note that borough formation does NOT effect federal land use designations or uses. In fact, local planning and zoning is generally not enforceable on federal lands, though a borough may have more influence on a federal agency when discussing land within its municipal boundaries (in contrast to individual residents living in unincorporated areas).

It is estimated that it will cost approximately \$70,000 over the first three years following borough formation to create the Borough Comprehensive Plan and update the Borough Code.

Section 7.04 of the Charter delegates Community Development and Planning and Land Use Regulation (Zoning, Subdivision, etc) within the City of Kupreanof to the City of Kupreanof.

Assessment and Levy of Property Taxes

The Petersburg Borough will succeed to the tax levies in the City of Petersburg and the remainder of the borough will not be subject to the levy of property taxes until at least January 1 of the year immediately following the year in which incorporation takes effect. It will be Petersburg Borough's responsibility to levy and collect any and all city and borough taxes within the borough.

Land and parcels will have to be entered into the borough tax and mapping systems, and assessed. It is estimated that this will cost an additional \$190,000 during the first three years after borough formation.

Taxation by Petersburg Borough within the former City of Petersburg (now Service Area 1) will continue without interruption. In the remainder of the borough, the transition will be as directed by the Borough Assembly and is expected to be similar to the area and time frames set forth in the Transition Plan Summary in this section.

Sales and Use Taxes

All sales and transient room taxes levied within the former City of Petersburg shall become areawide taxes upon borough formation, and remain in effect until changed as provided in the Charter. The sales and transient room tax revenues generated both within the former city limits (borough Service Area 1), and in the remainder of the borough, will be used for areawide services. Collection of sales and transient room taxes will be commenced within 90 days of borough formation. Revenues derived from the areawide sales and transient room tax will be used to fund areawide services.

911 Emergency Dispatch Services; Disaster Planning; Communications & Response; Refuse Disposal; Jail/Incarceration Facilities; Search & Rescue

These areawide services will be maintained at the current level for both residents inside and outside of Service Area 1 until such time as the Borough Assembly determines a means to improve, fund and expand the services for areas outside Service Area 1.

4.0 Service Area 1

In addition to areawide powers and services, the following powers and services will be provided in Petersburg Borough Service Area 1. Current debt obligations for the current city of Petersburg will transfer to the borough.

1. Light and Power
2. Police
3. Fire
4. EMS
5. Solid Waste and Refuse Collection
6. Water (in parts)
7. Sewer (in parts)
8. Road Maintenance
9. Parks and Recreation
10. Animal Control
11. Building Code Enforcement

Bonded indebtedness incurred by the City of Petersburg before borough formation will, following borough formation, be the obligation of Service Area 1 only. All of the bonded indebtedness listed in Section 13 (Long Term Municipal Debt) of the petition will be repaid by Service Area 1 only.

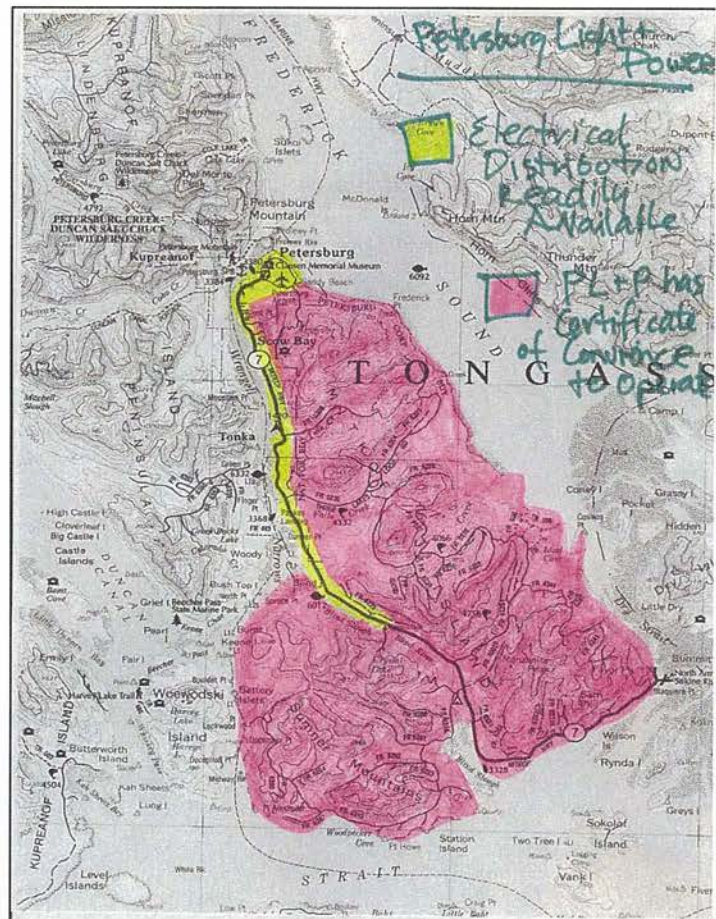
5.0 Extending non-areawide powers beyond Service Area 1

The following powers and services will be provided at higher levels in parts of Petersburg Borough that are beyond Service Area 1 only on a service area basis. The service areas will be established as required in Article 14 of the borough charter.

- | | |
|------------------------------------|------------------------------------|
| 1. Light & Power | 7. Sewer |
| 2. Police | 8. Road Construction & Maintenance |
| 3. Fire | 9. Parks & Recreation |
| 4. EMS | 10. Animal Control |
| 5. Solid Waste & Refuse Collection | 11. Building Code Enforcement |
| 6. Water | |

Light and Power

Petersburg Municipal Power & Light (PMP&L) is a municipally owned electric utility providing electric service to approximately 2,000 customers on Mitkof Island. The utility's primary source of electrical energy is the Tye Hydroelectric Power Project. The Tye project is part of the Southeast Alaska Power Agency (SEAPA) and can produce 20 megawatts of hydropower. Tye presently has adequate capacity to serve the Petersburg area far into the future. PMP&L also operates and maintains its own 2-Megawatt system at the Blind Slough Hydro site FERC License P-201, supplying approximately 25% of its requirements. These two



hydro sources insure that competitive, stable rates will prevail in Petersburg. The utility also has a stand-by 10-Megawatt diesel generation plant sufficient to meet the electrical demand in the event of an outage at Tyee.

The SEAPA transmission line comes ashore about ½ mile from the new S. Mitkof Island ferry terminal. The transmission line runs from there to a substation at Scow Bay. The PMP&L owned electrical distribution system for the entire island begins here. 90% of the distribution system has been rebuilt since 1985, with the new system being energized at 14.4/24.9 kV. The old system is energized at 2,400 volts. The majority of the downtown area was rebuilt using underground construction. PMP&L has approximately 300 miles of overhead and five miles of underground distribution. The yellow area on the preceding map highlights the distribution system which is the area for which power is now being provided. The pink area, the remainder of Mitkof Island, is the area for which PMP&L has a Regulatory Commission of Alaska (RCA) issued Certificate of Convenience (No. 212) to serve.

PMP&L is a municipal enterprise fund that operates a viable electric utility. Rates are stable and among the lowest in the state. The two largest revenue sources are residential and large commercial customers. Electrical service fees are charged without regard to location (being in or out of the current city limits has no impact on fees or rates).

Currently, the service exists in some areas outside of Service Area 1. The current service installations outside of Service Area 1 shall remain at the current level until future extension and/or improvements are needed. Future improvements and/or expansion will be by service area.

There will be no change to PMP&L service due to Borough formation. Extension of electric service within the Borough will continue slowly over time as demand and economic feasibility warrant. Neither electrical revenues nor costs will change due to Borough formation.

Southeast Conference in partnership with the State (AEA) is pursuing an integrated Resource Plan for all of Southeast Alaska, which will identify and prioritize new generation assets as well as new transmission system extensions for the region. A Petersburg-Kake transmission line is a likely next step to bring low cost hydroelectric power to the Kake Community, and reduce their present diesel generated power costs. Depending upon the route selected, the transmission line could also make power available to future mines on Woewodski Island.²

Identified potential new hydroelectric projects within the proposed Petersburg Borough and within Thomas Bay include:

- Swan Lake/Cascade Creek Project - 70 MW; 200,000 estimated MWh annually³
- Scenery Lake Project – 30 MW; estimated 130,000 MWh annually
- Ruth Lake/Delta Creek Project – 20 MW; estimated 70,000 MWh annually.

² Kake Petersburg Intertie Study, July 2005, DHittle & Associates, prepared for Southeast Conference.

³ As proposed by Cascade Creek LLC, Multiple Project Pre-Application Document (PAD), Thomas Bay Energy Development Projects, August, 2007.

Petersburg Borough Police Department

Law enforcement services will be provided within the Petersburg Borough at their current levels, as follows.

Areawide: The Alaska State Troopers will continue to provide primary law enforcement services, however the Petersburg Borough Police Department will be readily available to assist as requested. The borough will also honor the current agreements with the State of Alaska and US Forest Service for patrols in specific areas outside of the current city limits. In areas outside the current City of Petersburg services will continue to be as currently provided and will only be extended or expanded by development of new service areas.

In Service Area 1 there will continue to be routine police patrol, visible police protection to provide crime deterrence and prompt response for crime investigation and follow-up, as well as prompt response to emergency calls.

Petersburg Borough Volunteer Fire Department and EMS

Areawide: The Petersburg Borough Volunteer Fire and EMS Departments will not be able to mount an emergency response in a timely manner on an areawide basis. The Petersburg Borough will continue to provide waterborne and airborne EMS and Fire Department services in response to emergencies outside Service Area 1 at the current levels until specific service area elections are held. The new fire/harbor security/law enforcement vessel will continue to provide some small level of access for fighting fires and EMS response to remote areas.

Service Area 1 will continue to receive the same level of fire and EMS service as now provided to the City of Petersburg. Except for Frederick Point East Subdivision, residents and properties can be reached early enough in an incident to have an influence on a successful outcome. Typical response times are approximately 5-15 minutes.

Solid Waste and Refuse Collection

The landfill operates under permit through the State of Alaska Department of Environmental Conservation and includes a solid waste baler and recycling facility. The construction of the baling facility building was completed in October of 1996 and a recycling program was established at that time. All putrescible solid waste is baled and up to 3,200 tons of solid waste is received at the facility per year. The landfill is currently permitted as a Class 3 landfill which does not allow active deposits of municipal solid waste. When the landfill is closed in the future, it must meet all regulations at that time.

Petersburg exports its solid waste to save money over conventional landfill operations and to limit future monetary liabilities for final closure of the landfill when it reaches capacity. The bales of solid waste are shipped to a regional landfill in Southeastern Washington State through a long term disposal contract. Alaska Marine Lines provides transport of containers of bales to the Petersburg dock and by barge to Washington State. Due to the lack of local landfilling of solid

waste, utility staff is able to spend more time on the recycling program and the maintenance of the facility.

Solid waste collection and disposal services are provided within the current city limits and within the Mitkof Highway corridor to the Papke's Landing vicinity. Solid waste collection service is provided to the State's Ernie Haugen Recreation Area at the south end of Mitkof Island via a cooperative agreement with the State. Current residential collection is mandatory within the current city limits (to be Service Area 1) and is voluntary for commercial customers and residential customers outside of city limits. Users pay a fee for solid waste collection services. Recent rate increases have shown to cover the operational costs of the utility and former subsidies from the General Fund are no longer needed. A Municipal Code provision calls for all sanitation collection rates to be doubled outside of the city limits although this provision has never been implemented and users outside of the existing City currently do not pay a higher user fee than those inside the City.

Water and Sewer

Municipal water and sewer is available within parts of the current City of Petersburg. The City of Petersburg has two developed water sources: City Creek Reservoir and Watershed (1954) and Cabin Creek Reservoir and Watershed (1998) which will transfer to the borough at incorporation.

Petersburg water usage records indicate that the consumption for the average residential customer is 4,371 gallons per month. There are 1,126 customer connections, 27.1 miles of water main, 283 million gallons of water produced annually and an average of 776,000 gallons of water produced daily. The capacity of the City Creek Reservoir is 150 acre feet (52 million gallons) and the capacity of Cabin Creek Reservoir is 750 acre feet (260 million gallons of water).

The Petersburg Water Utility treatment plant received major upgrades in 1995, 2005, and 2007 and improvements continue to be phased in with additional work beginning in 2011. The facility goal is to produce over 4 million gallons/day of safe, regulatory compliant water. Petersburg drinking water treatment plant consists of rapid mix/flocculation/ sedimentation process followed by filtration through rapid sand filters, chlorine disinfecting, and addition of fluoride. The treatment plant should be able to meet demands, including Scow Bay, for the next 10-20 years.

The public sewer facility operates with federal and state approval and has a 2.18 million gallon/day (MGD) design capability. Sewage is collected from the downtown area and South to 4.5 mile Mitkof Highway in Scow Bay. The sewage plant is a primary treatment plant and treats 500,000 per day on average. This primary treatment takes out most of the solids but does not provide any biological treatment of the wastewater. The treated water from the sewer treatment plant is released in a deep-water outfall in Frederick Sound. The downtown seafood processors have their own out falls and discharge permits.

The sewer system is sufficient if the city can continue to renew the primary treatment discharge permit. If the city had to treat the seafood processing wastewater and/or secondary treatment was eventually required, a major upgrade would be necessary.

There will be no change to water and sewer service due to Borough formation. Extension of these services will continue slowly over time, by local improvement district or service areas as demand and economic feasibility warrant. Neither revenue nor costs for these services will change due to borough formation.

Road Construction and Maintenance

State roads and federal roads will remain as such after borough formation. City roads would become borough roads. The borough will continue to maintain roads in Service Area 1 at the same level as currently provided. Future expansion of borough roads and maintenance will be determined by service area. The borough can expect road maintenance services to increase over current city expenses slightly. This is mainly due to the need for snow removal. The city has traditionally snow plowed some non-public dedicated egress and ingress areas located within current city limits for winter fire fighting purposes. It is expected the main access areas at Papke's Landing will be treated the same. It will be borough policy not to assume new roads into the local street system until the roads/streets are built or improved to borough standards and accepted as a borough street. Initially, except for snow removal purposes, there will be little added cost for road maintenance because there are no private roads outside of current city limits that are built to an acceptable standard.

Parks & Recreation

All future expansion of recreational facilities will be by service area.

Animal Control & Building Code Enforcement

The whole proposed borough area is considered "rural". However, it is understood that the life styles and populations of the areas outside of the current City of Petersburg (to be Service Area 1) are in some ways different. These differences create the necessity to look at animal control and building code enforcement on a service area basis. What is good practice for and in the higher populated and developed area of Service Area 1, is not necessarily beneficial, practical or needed in the outlying areas.

In General

This transition plan mirrors the requirements of the proposed Petersburg Borough Charter that was drafted by city residents and non-city residents. It is consistent with the Charter's Preamble that reads:

"We, the people of the Petersburg Borough exercising the powers of home rule by the Constitution of the State of Alaska, in order to provide for efficient and responsive government, and to preserve maximum personal freedom and self-

responsibility of the people within the borough, hereby establish this Home Rule Charter.

This Charter guarantees the right of enjoyment of private property, chosen lifestyles, traditions, employment and recreational activities without unnecessarily restrictive or arbitrary laws or regulation. The Charter strives to provide for maximum public participation in borough decision making.”

This transition plan does not promise any additional services to outlying areas until such time as the assembly and residents determine their needed/desired level of services through service areas. Additional service areas can be created in the future if the residents so desire. There are several natural “neighborhoods” in the proposed borough that lend themselves to future distinct service areas, such as 1) roaded areas on Mitkof Island outside of current city limits, including Falls Creek and Papke’s Landing, 2) the City of Kupreanof, 3) Beecher Pass, 4) along Blind Slough, 5) Pt. Agassiz, 6) the Scow Bay area, south to the existing city limits (which would be included in Service Area 1 upon incorporation), and 7) Frederick Pt. North (which is also part of Service Area 1). These are the same rural neighborhoods which would be separately addressed in the Borough Comprehensive Plan.

The plan provides for the borough to continue some existing services outside the current city limits (future Service Area 1) at the current rates and levels until changed. The plan requires the financial assistance from outlying area residents, through property, sales and transient room taxes, to provide for some of the costs of supporting public local government services and improvements that are traditionally used, to varying extents, by all area residents. The plan provides for the area residents to participate in their immediate area local government.

6.0 Consultation and Assistance with Petition and Transition Plan Information.

This petition, including the transition plan, was prepared initially in 2006/2007, and updated in 2010, with the assistance and information of the following individuals and entities:

Petersburg City staff continually during 2006 and first half of 2007, and again during 2010. This includes consultations with the City Manager, Finance Director, Assessor, Clerk, Police Chief, Public Works Director, Fire Chief, Harbormaster, Director of Parks and Recreation, and Superintendent of the Municipal Power and Light.

Petersburg City Council. The Council has addressed the petition at numerous city council meetings and work sessions. The dates of those meetings and sessions are as follows:

- 02-23-2006 Work session with Petersburg and Wrangell joint council meeting in Wrangell; (Kake, Craig, Kupreanof representatives attended)
- 04-25-2006 Work session with Petersburg City Council (Kupreanof residents and officials attended)
- 08-09-2006 Work session with Petersburg City Council members
- 11-20-2006 Regular session: Joint work session with Charter Commission scheduled

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- 11-29-2006 Joint work session with Charter Commission to address Charter and petition concerns
- 01-02-2007 Regular session: Council Members asked to submit any questions or concerns on proposed Charter to City Clerk
- 01-16-2007 Regular session: Thanks Charter Commission for their work; submits written questions for Charter Commission consideration
- 02-05-2007 Regular session: Mayor's disappointment that city did not follow through quicker in addressing the proposed borough charter as recommended by the commission
- 02-20-2007 Regular session: comments to draft borough petition requested from council
- 03-05-2007 Regular session: Borough Charter accepted and made official part of petition
- 04-23-2007 Special session: petition process to continue to move forward with staff making appropriate amendments to the draft petition to mirror accepted Charter.
- 08-31-2007 Revised draft of petition submitted to Council, Department Heads, Charter Commission and Planning Commission for review and comment.
- 12-03-2007 Regular session: Revised draft, with revisions as recommended by consultant; ex-boundary commission staff employee; charter commissioners and city staff, was re-submitted to City Council with request to obtain legal council to review the document and work with the City through LBC petitioning process.
- 12-17-2007 Regular session: Attorney has completed his first review of the Petersburg Borough Petition. Several regulatory changes and clarifications are being made. Attorney expects to provide the revised document to Council in January.
- 01-28-2008 Special session: Special Council Meeting conducted for the purpose of addressing revisions to the proposed Petersburg Borough Petition and revisions and suggested revisions to the Home Rule Charter with Attorney (telephonic attendance by Jim Brennan).
- 02-04-2008 Regular session: Council votes unanimously to circulate the amended petition for signatures. The Borough Commission Members were thanked for all their work in helping prepare the Petition.
- 03-17-2008 Regular session: Council authorizes Mayor to set a Special Meeting date to conduct an Informational Meeting on Borough Formation. The meeting is scheduled for Monday, April 23, 2008 at 7:00 p.m.
- 04-23-2008 A three hour informational meeting is conducted with legal counsel in attendance.
- 05-05-2008 Regular session: City Manager requests direction on how the council wants to proceed in borough formation. Discussion was held. Consensus of Council was a Borough Petition Committee should be formed with the members of the prior Borough Charter Commission.
- 06-16-2008 Regular session: Status of signature gathering discussed.
- 09-08-2009 Regular session: Manager Prunella asked for direction on borough formation. The manager, at a future meeting, is to bring forward information on what is needed to proceed with the borough formation effort.
- 03-15-2010 Regular session: Council unanimously passes Resolution #1926: A Resolution Requesting our State Delegation Approve An Extension of the Moratorium of the Selection of University Land Within the Boundaries of the Proposed Petersburg Borough. Councilor Hickman stated that Resolution 1926 highlights the importance of the borough issue and the City of Petersburg must place emphasis on establishing a Petersburg Borough.

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- 04-05-2010 Regular session: City Manager is working toward gathering resources to work on the borough formation project.
- 05-03-2010 Regular session: City Manager informed that Bob Prunella will be hired as a consultant to help promote the City's borough effort.
- 05-17-2010 Regular session: Bob Prunella, Consultant reports he has been reviewing the previous borough formation efforts and has also been meeting with residents from inside and outside of the city, including past Borough Charter Commissioners. Prunella further advised that the Borough Charter contained within the 2008 borough petition is a very good document and should be preserved. Prunella also encouraged that the borough boundaries set forth in the 2008 petition be retained as there is considerable evidence that the proposed northern boundary is used by Petersburg residents. Whether to establish a Borough Formation Committee will be on the June 7 meeting agenda for Council consideration.
- 06-07-2010 Regular session: Bob Prunella, Consultant reports he has been meeting with numerous area residents on borough formation. The current petition will need updating prior to recirculation for signatures. A general discussion was held. No action was taken on establishing a borough formation committee/board.
- 07-06-2010 Regular session: The borough attorney is working on updates to the existing petition. A draft petition is expected to be received in September. Public hearings and informational meetings will be held in the future after council receipt and review of the updated petition. Council determined to advertise for letters of interest from persons who would like to help promote the borough effort.
- 08-02-2010 Regular session: Mayor Dwyer asked for letters of interest from members of the public to serve on a Borough Formation Committee.
- 09-07-2010 Draft petition presented to City Council. Council appoints Borough Formation Committee. Committee is expected to promote the borough; become educated on the borough so that they can answer questions and concerns.
- 10-04-2010 Amended petition presented to City Council. Council approves petition and authorizes its promotion. The upcoming week is to be the formal kick-off of borough promotion.

Kupreanof City Council

- 04-26-2006 Informal work session with Kupreanof council members and residents, this was not public noticed.
- 06-09-2010 City Council meeting. Consultant Bob Prunella updated Council on the borough formation efforts.

Charter Commission Meetings

- 08-10-2006 Informal kick-off meeting of Commission
- 08-20-2006 Joint work session with Council, Commission & State DCCED representatives
- 08-20-2006 Charter development

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08-28-2006 Charter development
09-06-2006 Teleconference with State DCCED representatives
09-03-2006 Charter development
09-11-2006 Charter development
09-17-2006 Charter development
09-25-2006 Charter development
10-01-2006, Charter development, reconvened 10-02-2006
10-02-2006 Charter finalized; submitted Proposed Borough Charter to City Council for consideration
02-11-2007 Answer City Council questions to draft Charter
03-04-2007 Discussion on Council concerns of draft Charter
03-18-2007 Review & comment on February draft of Borough Petition
08-31-2007 Revised draft of petition submitted for Council, Department Head, Charter Commission and Planning Commission review and comment
12-03-2007 Revised draft petition contains proposed amendments submitted by Charter Commissioners Lynn, Christian, Bungee and Reinarts

School District Consultations

08-22-2006 Julie Isom, Administration Assistant, Southeast Island School District (REAA), by phone
08-22-2006 Vance Rucker, Supt., Chatham School District (REAA), by phone
08-23-2006 Sharon Anderson, Secretary to Supt, Petersburg School District
08-25-2006 Supt. Vance Rucker, by email
09-13-2006 Supt. Vance Rucker of the Chatham School District, by phone
08-06-2010 Sharon Anderson, Ass't to Supt., Petersburg School District, by phone
08-06-2010 Sharon Anderson, Ass't to Supt., Petersburg School District, by email
08-06-2010 Scott Butterfield, Supt., Chatham School District (REAA), by phone
08-06-2010 Scott Butterfield, Supt., Chatham School District (REAA), by email
08-06-2010 Lauren Birch, Supt., Southeast Island School District (REAA), by email
08-09-2010 Scott Butterfield, Supt., Chatham School District (REAA), by email
08-09-2010 Lauren Birch, Supt., Southeast Island School District (REAA), by email
08-10-2010 Sharon Anderson, Ass't to Supt., Petersburg School District, by email
08-11-2010 Sharon Anderson, Ass't to Supt., Petersburg School District, by email
08-11-2010 Scott Butterfield, Supt., Chatham School District (REAA), by email
08-12-2010 Scott Butterfield, Supt., Chatham School District (REAA), by email
08-20-2010 Sharon Anderson, Ass't to Supt., Petersburg School District, by email

EXHIBIT E. COMPOSITION, FORM OF REPRESENTATION AND APPORTIONMENT OF THE ASSEMBLY

Assembly composition. The assembly of the proposed Petersburg borough will include 7 members, including mayor. The mayor and all assembly representatives will be elected at large by borough voters. There are therefore no issues of apportionment or over/under representation. The proposed composition and apportionment is consistent with the equal representation standards of the Constitution of the United States and complies with AS 29.20.060.

EXHIBIT F. VOTING RIGHTS INFORMATION

Information relevant to consideration of the petition in terms of the federal Voting Rights Act is provided below. This information includes the following:

1. Purpose and effect of incorporation as it pertains to voting.
2. Extent to which the incorporation excludes minorities while including other similarly situated persons.
3. Whether the electoral system of the proposed borough fails fairly to reflect minority voting strength.
4. Participation by minorities in the development of the incorporation proposal.
5. Designation of Alaska Native for U.S. Department of Justice contact.
6. Statement concerning the minorities' understanding of English in written and spoken forms.

The data on the table below is from the 2000 US Census.⁴ It provides population and ethnicity data for the City of Petersburg, City of Kupreanof, and all other areas that are within the proposed Petersburg Borough.

Proposed Petersburg Borough Year 2000 Population and Ethnicity				
	City of Petersburg	City of Kupreanof	Other Areas	Proposed Petersburg Borough
Population in 2000:	3224	23	218	3465
White:	2632	21	188	2841
Alaska Native or American Indian:	232	0	2	234
Black:	10	0	0	10
Asian:	89	1	1	91
Hawaiian Native:	6	0	0	6
Other Race:	60	0	1	61
Two or More Races:	195	1	26	222
Percent Native: (Percent reporting Alaska Native/American Indian alone or in combination with one or more races)	12.00%	0.00%	8.25%	11.71%
Percent Minority (Percent reporting that are non-white alone or in combination with other races)	18.36%	8.70%	13.76%	18.01%

Source: 2000 US Census SF1 File

⁴ The 2000 Census provides the most recent ethnicity data available. Information from the 2010 Census will be available in 2011.

In 2000, in the current City of Petersburg the percent of Alaska Native or American Indians (AN/AI)⁵ was 12.00%. In the proposed Petersburg Borough, the percent of the population that would be AN/AI would be 11.71%. In the current City of Petersburg the percent of the population that is minority or non-white is 18.36%; in the proposed Petersburg Borough it would be essentially identical at 18.01%.

Dissolving the home rule City of Petersburg and forming the home rule Petersburg Borough will result in a very slight decrease in Alaska Native/American Indian voting strength (less than 0.5 percent) and the percent of minority population will stay constant.

There is no likelihood that incorporation of the Petersburg Borough would result in significant reduction in Alaska Native or minority voting strength. All elected offices in the Petersburg Borough will be voted on at large by all voters, and the electoral system would not fail to fairly reflect that vote.

The Tribal Administrator of Petersburg Indian Association (PIA) is designated as the Alaska Native contact person for the US Department of Justice. At this time this position is held by Mr. Will Ware. PIA is a federally recognized tribe.

Petersburg Indian Association
ATTN: Will Ware, Tribal Administrator
P.O. Box 1418
Petersburg, AK 99833
(907) 772-2990

Minority participation in preparation of this petition is unclear as the ethnicity of participants was not determined.

The English language is the primary written and spoken language of residents of the proposed borough.

⁵ Reporting AN/AI alone or in combination with one or more races.

EXHIBIT G. BRIEF

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This exhibit presents a statement fully explaining how the proposed incorporation satisfies the standards set out in Article X, § 1 and § 3 of Alaska's Constitution; AS 29.05.031; 3 AAC 110.045 - 3 AAC 110.060, and 3 AAC 110.910. The brief references each of these standards and explains why the proposed incorporation is good public policy and is in the best interests of the state as required by AS 29.05.100. The brief demonstrates that:

a. The proposed incorporation promotes equal rights, opportunities, protection and obligations among all Alaskans in accordance with Article I, sec. 1 of the Constitution of the State of Alaska.

Approximately 273 Alaskans who have never been part of any municipality and have been in the unorganized borough will now be part of and represented by a local government and thus enfranchised through the Petersburg borough incorporation. This will promote equal rights, opportunities, protection and obligations for these Alaskans. Approximately 14% of these Alaskans are minorities.

b. The proposed incorporation promotes maximum local self-government with a minimum of local government units in accordance with Article X, sec. 1 of the Constitution of the State of Alaska.

Incorporation of the Petersburg Borough will maximize local self-government while minimizing local government units.

While the number of local government units stays the same (one home rule city is dissolving and a new home rule borough is forming, one 2nd class city will remain as is), approximately 4,347 square miles of land and water, that includes 273 Alaskans, some of whom live quite remotely and others of whom live in currently unorganized neighborhoods along and near Mitkof Highway, will join together under the umbrella of one borough government. Further, one school district and portions of two REAAs (albeit with no current students, but with past and possible future student populations) will be consolidated into a single school district.

c. The boundaries of the proposed borough embrace an area and population with common interest to the maximum degree possible in accordance with Article X, sec. 3 of the Constitution of the State of Alaska.

This is documented in sections (e), (g), (h) and (l) of this Brief.

d. The borough incorporation proposal serves other constitutional principles relating to boroughs set out in Article X of the Constitution of the State of Alaska.

The proposed borough incorporation will serve other constitutional principles related to boroughs set out in Article X of the State Constitution including, but not limited to:

- Maximizing local self-government with a minimum of local government units by including approximately 4,347 square miles (3,365 square miles of land, 982 square miles of water) into one governmental unit, including approximately 273 people that have never

previously been part of a local government unit, as provided in Article X, section 1 of Alaska's Constitution.

- Preventing duplication of tax-levying jurisdictions by including approximately 3,270 people and a 2nd class city within the Petersburg Borough, as provided in Article X, section 1 of Alaska's Constitution; the existing City of Kupreanof has not and does not levy any taxes upon its residents, so its inclusion in the borough will not result in multiple layers of taxation.
- Establishing an assembly by charter to govern the borough, as provided in Article X, section 4 of Alaska's Constitution.
- Establishing one or more service areas, to provide special services within the Petersburg Borough, subject to the provisions of charter, as provided in Article X, section 5 of Alaska's Constitution.
- Establishing a home rule borough that will exercise all legislative powers not prohibited by law or by charter, as provided in Article X, section 11 of Alaska's Constitution.

e. The social, cultural, and economic characteristics and activities of the people in the proposed borough are interrelated and integrated as required by AS 29.05.031(a)(1) and 3 AAC 110.045(a).

The City of Petersburg is the regional hub for the area proposed for borough incorporation, and has strong historic and contemporary social, cultural, economic, communication and transportation connections with the entire area. The City of Petersburg's infrastructure and services have historically supported and continue to support, the social, cultural and economic enterprises of the people living and working in the proposed borough area. Residents of the proposed Petersburg Borough draw their economic livelihoods from the entire proposed borough. They use the areas and resources within the borough to support and provide supplies for their subsistence economy, commercial businesses (e.g., fishing, seafood processing, tourism), and to provide for local recreation.

As required in 3 AAC 110.045(a), the areas within the proposed borough boundary (including existing residential areas) are compatible in terms of their small community/rural character; economic lifestyle, and industrial and commercial activities; transportation and communication patterns; and spoken language.

Historic Connections within the Proposed Borough

Historically, Tlingit use of the area proposed for the Petersburg Borough occurred primarily at many small seasonal settlements used to harvest and process subsistence resources. The area proposed for incorporation was not associated with any single tribe, but includes areas used seasonally by primarily the Stikine Tribe and Kake Tribe, and also by several other tribal groups. The Stikine tribal area within the proposed borough boundary encompasses all of Mitkof Island,

eastern Kupreanof Island,⁶ and inland waters and mainland as far north as Farragut Bay. Tlingit hunters and fishermen used the area surrounding Petersburg at least 2,000 years ago, evidenced by the remains of ancient fish traps and petroglyphs near town.

The community of Petersburg grew up around a salmon cannery built by the Icy Strait Packing Company at the north end of Wrangell Narrows just before the turn of the 20th century. The cannery, a sawmill, wharf, and store began operating for the 1900 salmon season near land first homesteaded by Peter Buschmann in 1897, and a town site and post office was later established under the name of "Petersburg." Canneries and processors have been operating in town continuously since this time, which has attracted many Norwegian fishing families to the area, as well as fishermen and cannery workers from many other origins. The city incorporated in 1910. The city has grown from a population of 600 in 1920 to 2,973 residents in 2009. (Dept. of Commerce, Community & Economic Development letter dated 01-15-2010)

Unlike other nearby Southeast Alaskan communities, Petersburg is and has predominantly been a fishing town. Fishing and seafood processing have always been the focus of the community's social and economic history. Petersburg has historically operated as the regional transportation and communication center for the area proposed for borough incorporation and it continues to serve that role today. Other economic ventures that supported the development of the region and contributed to the livelihoods of its residents have included homesteading, fur farming, dairy farming, and sawmill activity in the earlier days of the Petersburg area's history; prospecting, mining, and larger scale logging in the mid- to late-1900's; and increasing tourism ventures today. Government employment has provided stability to Petersburg's economic base. Subsistence hunting and fishing by area residents has been a constant element of the region's economy.

Regional Compatibility

The proposed borough boundary includes unsettled lands, rural and remote areas with sparse settlements, wilderness designation lands and more dense residential areas. This variety of territory and lifestyles provides richness and diversity to the borough, and yet its areas, residents and communities are compatible with one another. The Second Class City of Kupreanof (on Kupreanof Island) was settled simultaneously with the town of Petersburg at the turn of the 20th century, and was initially known as "West Petersburg." The City of Kupreanof was incorporated in 1975 and currently has 24 residents, according to DOLWF's 2009 estimate. The two communities share a historic and cultural background related to commercial fishing, seafood processing, timber, and sawmill activity, fur farming, subsistence resource use, and other attributes. Kupreanof is an unroaded rural residential community, but residents regularly travel by boat the very short distance across the Wrangell Narrows to Petersburg. For many years, the Petersburg City School District provided a school boat to transport Kupreanof students to and from school.

⁶ Aligning with the proposed borough boundary at Portage Bay on Kupreanof's north shore and between Point Barrie and Totem Bay on the south.

The proposed Petersburg Borough would include the entirety of Mitkof Island, including areas along the Mitkof Highway corridor from the current city boundary to the highway's end at 33.5 mile. There is considerable development along the Mitkof Highway corridor, especially within about nine miles of the current city limit, where there are approximately 58 dwelling units occupied by approximately 90 residents. Residential and light commercial and business development along the highway creates a development character compatible with the existing city. On the east side of Wrangell Narrows, on Mitkof Island south of Papke's Landing, there are 17 dwellings, 6 of which are occupied full time by 10 residents.

There are a number of more remote full-time and seasonal waterfront residences on Kupreanof Island, on the west shore of Wrangell Narrows and in the Beecher Pass-Duncan Canal area. On the west side of Wrangell Narrows, excluding the City of Kupreanof, there are 37 dwellings, 6-7 of which are occupied full time with 11-13 residents. In the Beecher Pass area near the south end of Wrangell Narrows, there are 17 dwellings, 6 of which are occupied full time with 9 residents. In the Duncan Canal area there are 14 dwellings, one of which is occupied full time with 2 residents. On the northeastern side of Mitkof Island, in the area known as Frederick Point East, there are approximately 7 cabins, 1 of which is occupied full time by 3 residents.⁷ In the Point Agassiz/Thomas Bay area, eight miles north across Frederick Sound from Petersburg, there are approximately 15 houses, with 5 full time residents. Residents can travel to and from all of these areas to Petersburg in less than two hours via a moderate-sized skiff. Further to the north there are an estimated 5 cabins, with 2 full time residents, in Hobart Bay.⁸

Regional economic activities include remote lodges in Windham Bay, along Wrangell Narrows and on Kupreanof Island. Former mining areas and future prospects are on Woewodski Island, Barite Island and Windham Bay. Area mining enthusiasts believe there is tremendous potential for mineral deposit recoveries all throughout the proposed borough, especially along the fringes of both Sumner Strait and Frederick Sound. Timber harvest has occurred in Hobart Bay, on Kupreanof Island, Mitkof Island and select mainland areas.

The settled areas within the proposed borough boundary are compatible with Petersburg in terms of their small community/rural character, economic lifestyle, and transportation and communication patterns (see also Section (g)). They also have close contemporary and historic relationships with the City of Petersburg. Some areas of the proposed borough support a small town-oriented lifestyle, and other areas enjoy a much more remote residential setting. All areas are compatible and of rural Alaskan character. There is no urban/rural separation. The entire proposed borough has been determined by the Federal Subsistence Board as being "rural" in character for purposes of subsistence management.⁹ By contrast, the Federal Board has designated the Juneau area as urban character so its residents do not receive subsistence priority. Similarly, the Alaska Boards of Fish and Game have designated a "Juneau Nonsubsistence Area"

⁷ Frederick Pt. East is located within the city of Petersburg.

⁸ These figures set out known cabins and residence locations, but do not purport to be exhaustive. The petitioners note that the 2000 census shows more remote residents than reflected herein. Attached hereto as Exhibits 1 and 2 are two maps reflecting the more remote populated areas of the proposed borough.

⁹ 5 AAC 99.015; 36 CFR 242.23.

corresponding to the existing City and Borough of Juneau, under 5 AAC 99.015(a)(2). Under ADF&G standards (5 AAC 99.016(a)), a “nonsubsistence area” is defined as:

...an area or community where dependence upon subsistence is not a principal characteristic of the economy, culture, and way of life of the area of community.

The conclusion that the CBJ area met this definition of a “nonsubsistence area” was reached by the Joint Board of Fisheries and Game in Findings #92-22-JB. By contrast, the entire proposed Petersburg Borough, including the City of Petersburg as well as the remainder of the borough all the way up to the southern boundary of the CBJ, is regarded as a subsistence area by the Board of Fisheries and Board of Game based upon the economy, culture and way of life in this region.

Petersburg serves as the hub that supports nearly all economic activity in the area, supporting commercial fishing, tourism, subsistence uses and other economic and commercial development. There are regular, strong connections between all areas of the proposed borough that fuel the Petersburg area’s economy (as detailed in following sections.) As described fully in Section (g) existing transportation and communication patterns among settled areas of the proposed borough also support its incorporation.

Existing Reliance on Petersburg’s Infrastructure and Services

Residents outside of Petersburg’s existing limits rely upon the city’s public and private infrastructure and services. This is particularly true for residents of Kupreanof, those along the Mitkof Highway corridor, and those along Wrangell Narrows. Many residents of these areas regularly and routinely travel to Petersburg to shop, get their mail, attend social and cultural and athletic events, work, attend school, use recreation and cultural facilities, use the docks and harbors, receive community health and senior services, benefit from some emergency services, and access regional transportation and communication services. The City of Petersburg School District has, for many years, provided education to students from Kupreanof and those residing outside City limits on the Mitkof Highway: The Petersburg School District counts such students under the “average daily membership” (ADM) for purposes of educational formula funding. There were 24 students from outside the Petersburg city limits, but within the proposed borough, attending school in Petersburg last school year. At a minimum, an additional 41 students from both inside and outside city limits were home schooled.

The majority of existing residences and businesses along the Mitkof Highway corridor also receive a number of city-provided services at their properties. School bus service is provided along the highway corridor. Many residents at Papke’s Landing receive regular solid waste collection service and currently pay the same user fees as residents within the city limits. The Municipal Code does have a provision that all sanitation service fees for non-residents shall be doubled, but this provision has never been implemented. These residents do not pay property taxes.

Residents of more remote, non-roaded locations, are able to regularly access Petersburg by personal boat to acquire supplies, groceries, health care and personal services.

Residents and businesses outside Petersburg city limits receive some form of Petersburg police, EMS, search and rescue and fire response services, but have not been required to pay for these services via property taxes. It is noted that the City of Kupreanof¹⁰ has supported City of Petersburg Fire and EMS services and operations in the past by monetary donations toward equipment or services that enhance Kupreanof’s safety. As Petersburg city police and volunteer fire and EMS departments’ transition to borough departments and service areas are formed, residents will receive enhanced public safety services to the level they are prepared to fund.

Between 1999 and June of 2010, the Petersburg Police Department received 395 calls originating outside city limits, as outlined in the following table, differentiated by geographical area.¹¹,

Year	Mitkof past 8.5 Mile	Papke’s & Roads	Kupreanof	Wrangell Narrows	Banana Pt. Green Rocks Camp	Olsen Log Falls Creek Ohmer Cr.	3 Lakes Froot Loop	Keene Ch. Fred. Sound T. Bay	Point Agassiz	Total
1999	8		1	2		1		2		14
2000	13			1	2		1			17
2001	16		1		2		2		2	23
2002	20	1		2	1				1	25
2003	24	3	2	7	1			3	1	41
2004	35	1	3	2	3	1			2	47
2005	27	2	2	4	1		2	1	4	43
2006	28	1	2	2	2		1	2	1	39
2007	17	4	1	2		2		1	1	28
2008	32	1	5	2	1	2	1		6	50
2009	30	3	4	5	2	1	4		2	51
2010(partial)	9	1	1	2	1		2		1	17
Total	259	17	22	31	16	7	13	9	21	395

Notes to Table: All calls are outside of Petersburg city limits; all are calls that came into dispatch; if a search included two locations ie: Mitkof Hwy/Papke’s, it was only included in one of the categories so there should be no duplicate counts; roads like Ted Ln, Rory Rd

¹⁰ The City of Kupreanof has a 7 person elected council, and a city clerk. The council elects the mayor from its membership. It maintains a permanent fund, funded by the State revenue-sharing program, earnings from which fund pays the City government expenses. The FY 2011 budget for the City of Kupreanof is \$117,550. The City conducts some fire protection, has a Code of Ordinances, a Policy Plan, and a Planning and Zoning commission, and obtains governmental grants to perform various community projects, including trail maintenance and generator replacement.

¹¹ Agner, Jim.. Petersburg Police Department Chief. August 23 and 24, 2010, memos to Hedland, Brennan & Heideman. It is probable that a detailed search of all calls would demonstrate that the number of calls received from outside the current city limits is much higher than reflected in the above chart. Jurisdiction in the department’s dispatch system is designated as J1 (inside city limits) and J2 (outside city limits). Up until 2003, the designation of ‘outside city limits’ (J2) was rarely utilized in the system, and even later, there are a fair number of calls where no designation is entered.

etc. are included in the Papke's numbers; numbers would likely be higher if there was a way to search J2 – outside city limits category in CRIS; these numbers were taken from NetRMS CFS search by location.

Between 2003 and mid August of 2010, the Petersburg Volunteer Fire Department conducted or participated in 64 emergency response calls (55 EMS and 7 Fire) outside Petersburg city limits in areas that would be part of Petersburg Borough. The local Search & Rescue responded to 13 search and rescue calls. The table set out below documents the date, geographic area, and nature of those emergency response calls. Although some of these calls may have been to assist current city residents, the calls and responses illustrate city resources being expended outside the city limits.

**Emergency Responses Conducted Outside Petersburg City Limits
2003 - through August 21, 2010
(by Petersburg emergency response personnel)**

DATE	LOCATION OF RESPONSE OR CALL	TYPE OF EMERGENCY OR RESPONSE
Emergency Medical Services		
8/15/10	Pt. Agassiz	Hip Dislocation
7/14/10	Papke's Landing	Hypoglycemia
7/09/10	Green's Camp	Leg Fracture (cancelled at 12 mi M.H.)
6/09/10	FS Road #40000 (Fruit Loop Rd)	Person in Distress
5/26/10	Horn's Cliff (boat)	People in the water
5/23/10	8.8 Mile Mitkof Hwy	Chest Pain
5/08/10	Woodpecker Cove Road	Rib Fractures (met at 3.5 mi M.H.)
3/25/10	The Tree's RV park	MVA w/3 patients (met at 8 mi M.H.)
3/23/10	8.8 Mile Mitkof Hwy	Chest Pain
3/03/10	Bouy #19 Wrangell Narrows (boat)	Unresponsive boater
1/01/10	Papke's Landing	Anxiety
8/16/09	Papke's Landing (dock)	Unresponsive boater
8/12/09	Papke's Landing Rocky Pt. Lodge	Person not feeling well
6/10/09	Pt. Agassiz	Seizure
5/19/09	Falls Creek Road	Leg Fracture
3/25/09	3 Lakes Loop Rd north end (2 miles)	Snow machine accident
10/04/08	8.8 Mile Mitkof Hwy	Back pain, cold
8/12/08	Papke's Landing	Hypoglycemia
7/29/08	Bouy #15 Wrangell Narrows	Stroke
7/19/08	Papke's Landing	Seizure
7/11/08	8.76 Mile Mitkof Hwy	ATV accident
6/30/08	Kupreanof State dock	Person in water (cancelled)
6/28/08	Pt. Agassiz	Unresponsive person

Petition for Incorporation of Petersburg Home Rule Borough

DATE	LOCATION OF RESPONSE OR CALL	TYPE OF EMERGENCY OR RESPONSE
5/11/08	3 Lakes Loop Rd south end	GSW (met at 11 mi. M.H.)
12/12/07	The Tree's RV park	GSW
11/25/07	Petersburg Creek	Hypothermia x 3 people
9/14/07	Papke's Landing	Back injury
8/16/07	Papke's Landing (dock)	Difficulty breathing
7/05/07	Frederick Sound (boat)	Injured person on boat
6/14/07	8.76 Mile Mitkof Hwy	Medic Alert
5/26/07	8.8 Mile Mitkof Hwy	Dizzy, weak
11/23/06	Papke's Landing (dock)	Heart attack
11/23/06	Papke's Landing	Choking
11/16/06	8.8 Mile Mitkof Hwy	Chest Pain
11/06/06	Papke's Landing	Stroke/seizure
9/29/06	8.76 Mile Mitkof Hwy	Hip fracture
9/26/06	Pt. Agassiz	Seizure
9/16/06	The Tree's RV park	Hospital van x 6 people (cancelled)
9/03/06	3 Lakes Loop Trail	Leg fracture
5/18/06	8.8 Mile Mitkof Hwy	Medic Alert
5/07/06	8.8 Mile Mitkof Hwy	Medic Alert
4/28/06	Frederick Sound near Sukhoi Island	Person on boat suffering from Asthma
4/7/06	Wrangell Narrows	Ambulance response for injured boater
3/15/06	Devil's Thumb	Ambulance response for injured climber
10/23/05	Papke's Landing	Ambulance response
9/21/05	Sukhoi Island	Ambulance response
9/15/05	Tonka (Kupreanof)	Ambulance response
6/16/05	Point Agassiz	Ambulance response
6/4/05	Frederick Sound	Ambulance response
10/30/04	Papke's Landing	Ambulance response
9/5/04	Kupreanof Island	Ambulance response/vehicle accident
3/11/04	Banana Point (24 mile)	Ambulance response
10/13/03	Ohmer Creek	Ambulance response
7/27/03	Saginaw Bay	Ambulance response
7/25/03	Papke's Landing	Ambulance response
Search And Rescue		
2/15/10	Banana Pt/Green's Camp	Search – missing kayaker
11/24/09	Kupreanof Island – Colorado Creek	Search – missing hunter
6/30/08	Kupreanof Island – State Dock	Search – false alarm on overturned skiff
3/17/08	City of Kupreanof	Search – skiff found floating in harbor
11/07/07	Thomas Bay – Baird Glacier	Search Coordination – overdue hiker
9/18/07	Stikine Flats/Banana Pt.	Search – Lost Stikine hunters
3/31/06	FS road # 40000 (Fruit Loop)	Search and Rescue
10/22/05	Cabin Creek	Search and Rescue/lost hunter

DATE	LOCATION OF RESPONSE OR CALL	TYPE OF EMERGENCY OR RESPONSE
1/24/04	Three Lakes Loop Road	Search and Rescue
9/24/03	Petersburg Creek (Kupreanof)	Search and Rescue
3/27/03	Blind Slough	Search and Rescue
5/15/03	South Wrangell Narrows	Search and Rescue
4/18/03	Devil's Thumb	Search and Rescue
Fire		
3/25/10	3 Lakes Loop Road north end	MVA
10/15/09	Papke's Landing	Fire – out of control burn barrel
7/14/09	Kupreanof Island	Structure Fire
1/25/08	Fish Hatchery	Power Pole on fire (stand by)
9/15/05	Kupreanof	Fire call
5/11/05	9 mile Mitkof Highway	Fire call
5/6/03	Papke's Landing	Fire call
<i>Sources: Fire/EMS Director Sandra Dixson</i>		

Recreation

Petersburg's connection with the proposed borough area is demonstrated by the recreational activities of Petersburg residents. The landscape is enjoyed by residents for hunting, fishing, nature viewing, camping, and many other nature-based recreational activities.

The USDA Forest Service (USFS) has issued permits to ten outfitter/guide businesses based in Petersburg to provide services on Forest Service lands in the proposed borough area. In 2009, these ten businesses served approximately 800 people within the area proposed for incorporation. Also, the USFS has issued 13 special use permits for personal-use cabin sites/tent platforms within the proposed borough boundary, of which 12 were issued to Petersburg/Kupreanof residents.¹² In addition, 29 special use permits have been issued for a range of other uses within the proposed borough boundary (such as communication sites, crab pot storage, power lines, water lines, road use, dry hydrant, parking area,, dam and reservoir, and a permit issued to Petersburg High School to measure the face of LeConte Glacier), of which 9 were issued to Petersburg/Kupreanof residents.¹³

There are 16 USFS cabins within the proposed borough boundary, including sites on the mainland in the Thomas Bay area (4); on Kupreanof Island at east Portage Bay (1), along Duncan Canal (7) and at Petersburg Lake (1); on Woewodski Island (2); and on Mitkof Island (1). All of these cabins are managed through the Petersburg Ranger District. Of the cabins available for recreational use in 2009, Petersburg residents made approximately 40% of the total reservations for the cabins.¹⁴

¹² USFS, Petersburg Ranger District, Russ Beers, 8/12/10; USFS, Wrangell Ranger District, David Rack, 8/16/10; USFS, Juneau Ranger District, George King, 8/18/10.

¹³ USFS, Petersburg Ranger District, Russ Beers, 8/12/10; USFS, Wrangell Ranger District, David Rack, 8/16/10; USFS, Juneau Ranger District, George King, 8/18/10.

¹⁴ USFS, Petersburg Ranger District, Joe Teter, 8/23/10.

The proposed borough area includes important recreation areas on Mitkof and Kupreanof Islands used by area residents, some of which are managed by the City of Petersburg. The City has an agreement with the State of Alaska to 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 administered federal grant funds to upgrade several recreational facilities located outside the city limits to provide continued use of the facilities by area residents, not just city residents. These upgrades consist of: Banana Point Breakwater Repair; Blaquiére Pointe Boat Ramp Repair and Wind Sensor; and Green's Camp Access and Campground Improvements.

The target range used by area residents is on state land on Mitkof Island, outside of city limits, and is currently leased and maintained by the City of Petersburg with assistance from the Petersburg Rod & Gun Club.

Subsistence Use of Resources

The connection of Petersburg with the proposed borough area is demonstrated by patterns of subsistence fish and wildlife use of its residents. Petersburg and Kupreanof residents rely heavily upon their surrounding region for subsistence uses. According to an Alaska Department of Fish and Game (ADFG) study of harvest of wild foods from November 1986 to October 1987, "Harvest and Use of Fish and Wildlife Resources by Residents of Petersburg, Alaska" (Technical Paper No. 164, Smythe, 1988), 96.8 percent of sampled Petersburg/Kupreanof/Beecher Pass households harvested at least one wildlife resource for home consumption.¹⁵ The average Petersburg/Kupreanof/Beecher Pass household harvested 674.6 pounds of edible food during the sample year. Technical Paper No. 164, p. 69. Subsistence resources used included land mammals (principally deer, but also moose, mountain goat, black bear), salmon, marine fish (principally halibut), trout, shellfish, birds and plants.

The majority of subsistence activities by Petersburg, Kupreanof and Beecher Pass residents historically and currently occur within the boundaries of the proposed borough.¹⁶ Historic and contemporary harvest areas include all of Mitkof Island, northern and eastern Kupreanof Island, and the marine waters and mainland areas from LeConte Bay northward to Holkham Bay.¹⁷

The entire area proposed for incorporation as Petersburg Borough was determined by the Federal Subsistence Board in 1991 to be a "rural" area for purposes of federal subsistence management. This is in contrast to the Juneau area which is designated as "urban."¹⁸ This is another demonstration of the similarity and compatibility of the territory, waters and subsistence use

¹⁵ Technical Paper No. 164, p. 69. For purposes of the Smythe 1988 study, Petersburg and Kupreanof households were included in the same sampling results (not distinguished by community.)

¹⁶ Technical Paper No. 164, pp. 81, 87, 91, 97, 99, 103, 105, and 109. The paper documented composite areas used for harvest of wild foods "during the lifetime of [the] Petersburg residents" interviewed for the study, but noted that "because not all residents were interviewed, it is likely that some use areas have been omitted." See, e.g., Technical Paper No. 164, p. 87.

¹⁷ *Ibid.*, and Technical Paper No. 164, Chap. 4.

¹⁸ 36 CFR 242.23

thereof of Port Houghton, Stephens Passage, and Endicott Arm with the proposed Petersburg Borough, not Juneau Borough.

Contemporary and Historic Economic Connections

Businesses based in Petersburg have a wide-range of historic and contemporary economic connections to areas within the proposed borough boundary, including areas outside of the State's proposed model borough boundary (from Hobart Bay north to Endicott Arm). From commercial fishing, to tourism, to providing a base of operation and supply to regional development projects, Petersburg has strong economic ties to the entire area proposed for borough formation.

Commercial Fishing

Petersburg/Kupreanof's historic and current fishing industry and patterns demonstrate strong ties with all areas proposed for inclusion in the Petersburg Borough, including the area north of Port Houghton, along Stephens Passage to Holkham Bay at the entrance to Endicott Arm that is currently unorganized, but part of Juneau's model borough boundary. Fishing history and current patterns link this territory and water with Petersburg/Kupreanof, and also show the lack of ties and relationship to the proposed City and Borough of Wrangell and existing City and Borough of Juneau.

The Petersburg area is one of the most motivated and successful fishing regions in Alaska, and Petersburg is one of the top-ranking ports in the United States for the quality and value of fish landed.¹⁹ The fishing industry, including three major seafood processors, fishing boats, and marine repair services and sales, is the largest employer in Petersburg. Petersburg's fleet fishes in nearby waters and in fisheries elsewhere in the state, harvesting salmon, crab, shrimp and other shellfish, herring roe, halibut, and sablefish (also called black cod). Residents of the Petersburg area also participate in the Bering Sea and Gulf of Alaska ground fish and Pacific cod fisheries.

In 2009, there were 541 Petersburg-based fishing vessels registered with the State of Alaska, Commercial Fisheries Entry Commission (CFEC), with 455 individuals holding a total of 1,293 CFEC permits²⁰. The fleet consists of purse seiners, gill netters, power trollers, hand trollers, longliners, beam trawlers, and vessels fishing shrimp pots and other gear.

There are three large seafood processors operating in Petersburg.²¹ Seafood products include fresh, frozen and value-added salmon, crab (king, Dungeness, tanner), halibut, black cod, herring, rockfish, and other shellfish. The three large processors employ hundreds of people each season. There are also several smaller processors located in Petersburg.

¹⁹ State of Alaska, Department of Commerce, Community and Economic Development, Division of Community and Regional Affairs, Community Database Online.

²⁰ State of Alaska, Department of Fish and Game, CFEC, 2009 permit holder database.

²¹ The largest fish processor is Icicle Seafoods, which was founded by local owners in 1965, and which has now grown to one of the largest seafood processors in Alaska, with fixed plants and floating processors ranging all over coastal Alaska.

CFEC data show that the Petersburg fleet landed 54,831,944 pounds of seafood in 2009, for estimated gross earnings of \$40,867,961. Salmon is the biggest harvest for Petersburg fishermen, with 36,689,339 pounds landed in 2009, returning \$14,466,007 in estimated gross earnings. Other high yield fisheries in 2009 included: sablefish, 2,414,971 pounds, \$7,425,630; crab (Dungeness, king, tanner), 2,429,754 pounds, \$5,117,100; herring, 7,479,495 pounds, \$3,509,731; and halibut 3,801,174 pounds, \$9,068,461.

A large portion of the Petersburg fleet's harvest comes from inland water fisheries in Frederick Sound, Stephens Passage north to Holkham and Windham Bays, and Sumner Strait, within the proposed borough boundary. The commercial fishing economy and lifestyle of the community of Petersburg are supported by these harvests. The following descriptions of the major fisheries in the proposed borough were provided by the Alaska Department of Fish and Game, Commercial Fisheries Division.²²

The salmon fisheries in the Petersburg area are one of the most valuable. A salmon gillnet fishery takes place in Frederick Sound waters east of Petersburg and in Sumner Strait south of Mitkof and Kupreanof Islands. The gillnet fishery harvests all five pacific salmon species, targeting king salmon in May, all species through the summer season, and ending with coho salmon in September/early October. This gillnet fishery is dominated by boats from Petersburg. The Taku gillnet fishery, which occurs in Stephens Passage off of Holkham Bay (and north to Snettisham and Taku Inlets), also draws the Petersburg fleet.

A pink salmon seine fishery occurs north of the gillnet fishery in Frederick Sound, extending to Windham Bay. The fishery is dominated by Petersburg seiners and yields harvests ranging from tens of thousands of pounds of pink salmon in poor years, to millions of pounds in high years.

A year-round salmon troll fishery occurs through all waters in the proposed borough, targeting king salmon from October through spring, and coho salmon from mid-July through September. Harvests are in the range of thousands of pounds each year.

Longlining for halibut is an important fishery throughout Stephens Passage, Frederick Sound and Sumner Strait. There is no significant black cod fishery in these waters, due to lack of depth.

The proposed borough boundary includes the most significant areas for Dungeness crab harvesting in southeast Alaska, at Duncan Canal and Kah Sheets Bay. The Petersburg fleet takes full advantage of this fishery, as well as smaller king and tanner crab fisheries in Frederick Sound. There is some beam trawl shrimp fishery in Duncan Canal and pot shrimp fishery in Stephens Passage/Frederick Sound.

Petersburg's historic and current commercial fishing practices strongly support the petition to include Holkham Bay, at the entrance to Tracy and Endicott Arms rather than the model borough

²² The description of Petersburg area fisheries was provided by William Bergmann, then ADFG Commercial Fish Division, Area Biologist, on August 25, 2006, and reviewed by Troy Thynes, ADFG Commercial Fish Division, Area Biologist, on August 18, 2010.

boundary farther south at Point Hobart. Petersburg fishermen and vessels are the primary commercial fish harvesters in this area. As past Petersburg mayor Ted Smith notes, “All the waters north of Petersburg clear up to Endicott Arm [at Holkham Bay] have been used for fishing [by Petersburg’s commercial fishing fleet] for years and years” (*Petersburg Pilot*, April 27, 2006.) In 2006, the ADFG Commercial Fisheries Division Area Management Biologist estimated the ratio of Petersburg vessels to Juneau-based vessels fishing in the area from Holkham to Hobart bays as 90:10.²³

CFEC data from numerous recent years, as set out in the table located on the following page, are typical of area harvests and confirm that the Petersburg fleet dominates these fisheries. Residents of Petersburg are the primary commercial harvesters of salmon, shrimp and crab in waters from Hobart Bay north to Holkham Bay.²⁴ In years 2006, 2008 and 2009, Petersburg residents holding CFEC permits harvested 86.5% (2006), 65.2% (2008) and 82.0% (2009), of the salmon landed from these waters, and 66.4% (2006), 87.5% (2008) and 86.1% (2009) of the crab and shrimp. In 2009, Petersburg residents harvested 50.8% of the sac roe herring.

In 2009, 80.9% of the permit holders with salmon landings were from Petersburg, while 70.8% of the permit holders with landings of crab or shrimp were from Petersburg.

²³ Ibid.

²⁴ This area included the following subdistricts: East Stephens & Stephens Passage, Windham Bay, Hobart Bay, Holkham Bay, Endicott and Tracy Arm, and Pt. Hugh area (salmon subdistricts: 110-31, 110-32, 110-33, 111-20, 111-21. A map demonstrating these subdistricts is attached hereto as Exhibit 3.

Commercial Harvest Of Species Groups By All CFEC Permit Holders from Petersburg, AK
 For Certain Specified Subdistricts (2004, 2006, 2008, 2009)

Alaska Department of Fish and Game
 Division of Commercial Fisheries

Title: Commercial Harvest of Species Groups by All CFEC Permit Holders and CFEC Permit Holders from Petersburg, Alaska:
 East Stephens & Stephens Passage, Windham Bay, Hobart Bay, Holkham Bay, Endicott Arm & Tracy Arm, and Pt. Hugh for 2004, 2006, 2008, and 2009.
 For: Sara E. Heideman, Hedland, Brennan & Heideman, 1227 West Ninth Ave, Suite 300, Anchorage, AK 99501, (907) 279-5528. sheideman@hbhc.alaska.net
 Contact: Cathy Tide, PO Box 115526, Juneau, AK 99811-5526, P. 907.465.6133, cathy.tide@alaska.gov
 Data Source: AKFIN Comprehensive Fish Ticket dataset; 08/26/2010

Year	Species Group	Pounds Landed	Pounds Landed by Petersburg Permit Holders	Percent of Pounds Landed by Petersburg Permit Holders	Number of Unique Permits with Landings	Number of Unique Petersburg Permits with Landings	Number of Unique Permit Holders with Landings	Number of Unique Petersburg Permit Holders with Landings
2004	Crab and Shrimp	173,524	127,041	73.2%	41	27	36	24
2004	Herring	1,228,647	251,662	20.5%	65	15	65	15
2004	Salmon	5,663,675	4,088,728	72.2%	93	70	92	69
2006	Crab and Shrimp	110,395	73,309	66.4%	22	15	21	15
2006	Salmon	516,761	447,077	86.5%	58	45	57	44
2008	Crab and Shrimp	153,420	134,291	87.5%	26	18	25	17
2008	Herring	1,470,581	**	**	60	21	60	21
2008	Salmon	22,273	14,527	65.2%	47	34	47	34
2009	Crab and Shrimp	106,332	91,582	86.1%	24	17	24	17
2009	Herring	1,618,782	821,929	50.8%	69	25	69	25
2009	Salmon	715,520	586,958	82.0%	63	51	63	51

- Note: 1. Petersburg permit holder refers to Commercial Fisheries Entry Commission (CFEC) permit holders with a year-end address of Petersburg, AK. The type of permit fee paid (Alaska resident or nonresident) or their declared residency are not reflected in this analysis.
 2. East Stephens & Stephens Passage, Windham Bay, Hobart Bay, Holkham Bay, Endicott Arm & Tracy Arm, and Pt. Hugh reflect statistical areas 011031, 011032, 011033, 011120, and 011121.
 3. Species groups reflect the following species: Crab and shrimp - Dungeness crab, blue king crab, golden (brown) king crab, Tanner bairdi crab, and spot shrimp; Herring - Pacific herring; Salmon - Chinook, sockeye, coho, pink, and chum salmon.
 4. All harvest totals reflect landed pounds.
 5. The herring fishery in this area was closed in 2006.
 6. Unique permits refers to distinct permits with landings whereas unique permit holders refers to distinct people with landings. A single person may be associated with 1 or more permits or a single permit may be associated with 1 or more people (in the event a permit was emergency or permanently transferred).

Historic and current fishing patterns and activities of Petersburg/Kupreanof residents, which are the backbone of the regional economy, support the proposed Petersburg Borough boundary. Specifically, commercial fishing patterns and activities demonstrate that the territory and waters north to Endicott Arm have historically and are currently where Petersburg/ Kupreanof residents fish.

Tourism

Petersburg serves as the base of operations for tourism trips throughout the area proposed for incorporation, including day-boat trips throughout Frederick Sound from LeConte Bay to Hobart Bay; multi-day charter boat trips to Endicott Arm; access for climbers to the Devil's Thumb area (on the Stikine ice field); and other adventure and tourist travel.

Day-boat charter operations (e.g., whale watching, sport fishing) regularly ply the waters of Frederick Sound from their home base in Petersburg and the surrounding areas. Multi-day charter cruise boat businesses based in Petersburg offer trips of a week or longer. These vessels regularly cruise as far north as Endicott Arm on Stephens Passage, in waters north of the model borough boundary identified by the State. Alaska Sea Adventures averages 12 to 15 charters per year, offering cruises up to 8 days long, typically with 8 passengers per trip.²⁵

Remote lodges located throughout the territory proposed for borough incorporation use floatplanes or boats from Petersburg to transport their clients. Occasionally clients come directly from Juneau or Sitka, but primarily Petersburg is the transit (and often supply) hub.

The USDA Forest Service has issued permits to ten outfitter/guide businesses based in Petersburg to provide services on Forest Service lands in the proposed borough area. In 2009, these ten businesses served approximately 800 people within the area proposed for incorporation.²⁶ These businesses provided gear and/or guides for people who were camping, hunting (bear, goats, deer, etc.), freshwater fishing, participating in remote or road-based nature tours, or other recreational activities. The areas served by these guides and outfitters include not only areas close to the City of Petersburg, but also various destinations on the east side of Stephens Passage up to the proposed northern boundary of the Petersburg Borough, e.g., Cape Fanshaw, Port Houghton, Windham Bay, Endicott Arm, Holkam Bay and Tracy Arm. On the southwestern side of the borough, Petersburg-based outfitting and guiding extends to destinations up Duncan Canal and along the south shore of Kupreanof Island to Totem Bay, on the southwest end of the proposed borough.²⁷

²⁵ Pers. Comm., Dennis Rogers, Alaska Sea Adventures, 9/2/2010.

²⁶ USDA Forest Service, Russ Beers, Petersburg Ranger District, 8/12/10.

²⁷ See Exhibit 4 hereto, a list of current special use permits holders who are residents of Petersburg/Kupreanof issued by the US Forest Service, Petersburg Ranger District, prepared by Russ Beers, Petersburg Ranger District, 8/12/10.

Support Center for Regional Development Projects

There are significant catalysts for additional growth and development in the Petersburg region that support the case for borough incorporation. Petersburg can be expected to be the support and supply center for these regional economic development projects, and may see an increase in year-round and seasonal population.

Logging, mining/prospecting, and recreation-related development projects occur on Forest Service lands within the proposed borough boundary. Projects currently being planned by the Petersburg Ranger District include timber harvest projects on Kupreanof and Mitkof Islands,²⁸ and activities associated with cabin and trail construction and maintenance.²⁹ Significant mining exploration has occurred in recent years on Woewodski Island.

The South Mitkof Island Ferry Terminal, which was partially built in 2006, has the potential to be a significant catalyst for additional development along the entire Mitkof Highway corridor. Increased visitation by ferry travelers will encourage additional commercial and industrial development, residential settlement and recreation use on South Mitkof Island. This potential growth justifies the establishment of a borough that can provide planning, zoning, emergency response, and other services. Other substantial land holdings available and suited for future development within the proposed borough include land owned by the private sector, Alaska Mental Health Land Trust, State of Alaska, and University of Alaska.

Active mineral exploration since the early 1900's has occurred on Woewodski Island, west of Mitkof Island. By 1907, mining claims included a 20-stamp mill, a 100-foot shaft with another located 400 feet to the north, 650 feet of drifts and crosscuts and several open cuts. Development of a poly-metallic (silver, gold, lead, zinc) mine in the area proposed for borough incorporation 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 incorporated, and foster spin-off development. In addition to Woewodski Island, Castle Island, located in Duncan Canal hosts a barite deposit that was staked in 1913 and drilled in 1931. Between 1966 and 1980 this mine produced 787,000 tons grading 90% Barite (BaSO₄). Sulfide samples contain as much as 5% galena and sphalerite, and 2.9 ounces per ton of silver. There is also potential at a copper, lead, zinc showing called the Kupreanof Pyrit located in the intertidal zone on the west side of Duncan Canal, about 16 miles southwest of Petersburg. In the early 1900's gold exploration and mining took place in Windham Bay.

²⁸ Mitkof Island Timber Sale, Mitkof Microsales, Tonka Timber Sale, and a portion of the Central Kupreanof Timber Harvest.

²⁹ USDA Forest Service, Tongass National Forest, Schedule of Proposed Action – 07/01/2010 to 09/30/2010.

A possible remote tourist destination in the proposed borough is at Hobart Bay. It is the Wilderness Alaska project, envisioned as an outdoor-oriented cruise ship destination by Goldbelt Inc., Juneau's urban Native Corporation.³⁰

Historically, Petersburg has served as a staging point for a wide variety of regional economic enterprises within the proposed borough boundaries. For example, logging camps and activities on Forest Service lands at Portage Bay, Thomas Bay, and other mainland bays within the proposed borough boundary were supplied by air and water from Petersburg, when logging activities were underway to support the southeast Alaska pulp mills.³¹ Some seasonal loggers from these operations also spent their winters in Petersburg.³²

Goldbelt, Inc. conducted timber harvest operations on its land (over 29,000 acres) at Hobart Bay from 1981-1998. The Hobart Bay logging camp was home to 20-30 families year-round, joined by transient loggers during the March-early November operation season. The camp functioned as an independent community, and generally obtained supplies directly from Seattle by barge. However, the camp and its residents also looked to individual Petersburg and Juneau businesses to meet some needs (e.g., supplies, marine repair).³³ As with operations on Forest Service lands, Petersburg residents anecdotally note that some loggers from Hobart Bay wintered in Petersburg.³⁴ In 2007, Goldbelt, Inc stated that its Board of Directors preferred that the Hobart Bay area, including the Goldbelt lands lying therein, be part of the proposed Petersburg Borough and not part of any extension of the City and Borough of Juneau for "...many reasons including geography, historical ties, the ability of the CBJ and the proposed Petersburg Borough to provide services, and past support by the City of Petersburg and the support by Petersburg businesses of our past logging operations in Hobart Bay."³⁵

Other historic examples of economic connections between Petersburg and areas within the proposed borough boundary include:

- LeConte Bay supplied the ice for Petersburg area canneries from 1910 through the 1950's.
- Homesteads were established on the mainland at Point Agassiz and Thomas Bay in the early 20th century. Dairy and sheep farms, shrimp harvesting, logging and a sawmill operation associated with these mainland homesteads contributed to the economy of the Petersburg area. The homesteads and businesses were supplied through Petersburg, and marketed their products through Petersburg. Cabins on the original homesteads are used

³⁰ Juneau Empire, June 1, 2006. These plans have been temporarily put on hold awaiting improvement in the overall economy. See, www.goldbelt.com/lands-real-estate/hobart-bay

³¹ Pers. comm., Christopher Savage, Acting District Ranger, Petersburg Ranger District, USFS, August 25, 2006.

³² Public comments at City of Petersburg meeting to discuss borough formation, April 25, 2006.

³³ Pers. comm., David Goade, former Goldbelt Vice-President and Hobart Bay operations manager, August 25, 2006.

³⁴ Public comments at City of Petersburg meeting to discuss borough formation, April 25, 2006.

³⁵ See letter dated December 13, 2007, from J. Gary Droubay, President and CEO, Goldbelt, Incorporated, Exhibit 5 hereto.

frequently by Petersburg residents, and a small-scale logger was active there in the 1980's.

- Fur farms located north along Frederick Sound and Stephens Passage (e.g., Whitney Island and Windham Bay) were supplied from and shipped their goods through Petersburg.
- Trappers residing in Petersburg regularly used mainland areas and cabins along Frederick Sound to support their work.
- Historically, Petersburg Creek (which bisects the community of Kupreanof) supplied Dolly Varden to a commercial fishery processed in Petersburg. Fur farms located at Kupreanof were supplied and marketed through Petersburg (about eight farms were located here at the height of activity).³⁶
- Historically, a number of salteries and canneries in the Wrangell Narrows area (Point Barrie, Beecher Pass, and Tonka) supported Petersburg commercial fisheries.

f. There are multiple bona fide communities in the proposed borough.

Although the LBC regulations no longer establish a requirement or even a presumption favoring multiple communities in a proposed borough, it is noteworthy that there do exist two bona fide communities within the proposed Petersburg Borough: the Home Rule City of Petersburg and the Second Class City of Kupreanof.

The unincorporated neighborhoods or areas at Papke's Landing, Beecher Pass, along Blind Slough and at Pt. Agassiz are also within the proposed borough. If resource development or tourism activities start-up that require residency in Hobart Bay, that community would also be within the proposed borough.

g. The communications media and the land, water, and air transportation facilities throughout the proposed borough allow for the level of communications and exchange necessary to develop an integrated borough government as required by AS 29.05.031(a)(4) and 3 AAC 110.045(c).

The regional communications media in the area is provided by the local weekly newspaper, *Petersburg Pilot*, the Petersburg-based radio stations (KFSK Public Radio, KRSA Radio), and the television scanning service (GCI). KFSK transmissions can be heard throughout the proposed Petersburg Borough, while KRSA has a primary broadcast range reaching a fifty mile radius of Petersburg, covering most of the proposed borough. The public radio station broadcasts notices of municipal meetings and features live coverage of city council meetings. The community of Petersburg has access to phone and internet services. Phone is available to Kupreanof residents and internet service is available at some locations. Communication throughout the proposed

³⁶ Technical Paper No. 164, pp. 25-26.

borough is possible through use of marine (VHF) radio. Cellular phone service is available in Petersburg and, cellular phone service throughout the proposed borough area is improving.

English is the primary language for residents within the proposed borough boundaries. No accommodation of spoken language differences would be required to facilitate borough government (per 3 AAC 110.045(a)(4)).

Land, water, and air transportation facilities and services are described in section (h).

h. All communities within the proposed borough are either connected to the seat of the proposed borough by a public roadway, regularly scheduled airline flights on at least a weekly basis, a charter flight service based in the proposed borough, other customary means of travel including boats, or sufficient electronic media communications and communications and exchange patterns as discussed in 3 AAC 110.045(d).

The City of Petersburg is accessed from elsewhere in the region by air and water. The city is on the mainline Alaska Marine Highway System (AMHS) ferry route. The State-owned James A. Johnson Airport; and Lloyd R. Roundtree Seaplane Base (on the Wrangell Narrows) allow for scheduled jet and float plane services. Petersburg's harbor facilities include docks, petroleum wharves, barge terminals, boat harbors with moorage for 700 boats, a boat launch and boat haul-out. Freight arrives by barge, ferry or cargo plane. Small cruise ships either use the existing harbor services or lighter passengers to shore.

The City of Kupreanof is connected to Petersburg by a short boat ride across Wrangell Narrows. The brief commute is regularly made for work, community meetings and events, school, commerce, medical and other purposes. There is a state-owned float in Kupreanof.

The majority of residences and businesses located in the unincorporated area of Mitkof Island are connected to Petersburg via the state-maintained, mostly paved two-lane Mitkof Highway, which extends 33.5 miles south/southeast from Petersburg. Residences located off-road on Wrangell Narrows regularly access Petersburg via small boat, often docking at Papke's Landing, a State-owned dock facility about nine miles south of downtown Petersburg, or at Scow Bay in Petersburg.

The settled areas of the proposed borough are all connected with Petersburg by road or by protected waterways, suitable for boat travel except in the most inclement weather. There are no unusual or extreme geographic or climatic impediments to travel within the proposed borough.

Charter flight services based in Petersburg (fixed wing, floatplane and helicopter) serve the entire area proposed for borough incorporation³⁷, as do charter boat services. Privately-owned boats are a major source of transportation within the proposed borough. Typically families in more remote parts of the proposed borough will skiff to Petersburg once-twice a week to check mail, visit friends and purchase food.

Marine VHF radio and, in areas near the City of Petersburg, cellular telephone coverage, facilitate communications between residents of the City of Petersburg and residents in outlying areas, and between residents in outlying areas.

³⁷ Kupreanof Flying Service, Nordic Air, Pacific Wing, Temsco Helicopters.

i. The population of the proposed borough is sufficiently large and stable to support the proposed borough government as required by AS 29.05.031(a)(1) and 3 AAC 110.050(a).

The population of the proposed Petersburg Borough is approximately 3,270, which is large and stable enough to support the proposed borough government. The population is larger than that of eight other existing Alaska boroughs. The State Demographer has projected that the population in the Wrangell-Petersburg Census Area will decline somewhat by the year 2030, along with the population of all of Southeast Alaska.³⁸ However, Petersburg, unlike several other Southeast communities, has never been greatly dependant upon the now-declining timber industry, and Petersburg's fishing industry remains a solid base economy.

j. The population of the proposed borough includes at least 1,000 permanent residents as presumed necessary by 3 AAC 110.050(b).

The population of the proposed Petersburg Borough is approximately 3,270 permanent residents, which exceeds 1,000.

k. The economy of the proposed borough includes the human and financial resources necessary to provide essential borough services on an efficient, cost-effective level as required by AS 29.05.031(a)(3) and 3 AAC 110.055.

The City of Petersburg has been a home rule municipality, and has responsibly operated since it was incorporated in 1910. The human and financial resources which have supported successful operation of the City of Petersburg will also support efficient and cost-effective municipal services in the Petersburg Borough. Exhibit C and the transition plan, Exhibit D, demonstrate that the proposed Petersburg Borough has financial resources necessary to provide essential borough services on a cost efficient basis. Projected budgets for the borough show sufficient funding in the first four years of operations. The potential future loss or phase-out of National Forest Receipts (Secure Rural Schools funding) affects future budgetary planning for the existing City of Petersburg, the prospective Petersburg Borough, and nearly all other cities and boroughs in the Tongass National Forest in Southeast Alaska.³⁹ The eventual loss of this revenue source will require the borough (city if borough formation does not occur) to thoroughly review its services and make reductions where necessary.

³⁸ See Population Projections, 2007 – 2030, published by State of Alaska, Department of Labor. The projected population declines by 2030 were based upon recent population declines. However, the Wrangell (city) population has declined by 416 persons between 2000 and 2009, whereas the decline in the Petersburg population during the same time period was only by 251 residents, suggesting that the projected decline for the Wrangell-Petersburg Census Area would be relatively smaller in the Petersburg region. Following formation of the Wrangell Borough, Petersburg is now located in the Petersburg Census Area.

³⁹ As of circulation of this petition, this federal funding is going into the third year of a four extension. Because of bipartisan Congressional support, it appears that some form of the program may well be extended into the future, and a nationwide coalition has recently requested a ten-year extension to the program. However, because of uncertainties regarding extension of the Forest Receipts program, the proposed 4-year Budget (Exhibit C to petition) assumes only the remaining 2 years in the existing program. If the program is extended, it is not known at this time whether a Petersburg Borough would receive more, the same as, or less, than the existing City.

Additionally, borough incorporation will permit the residents of the area to select municipal entitlement lands, thereby enhancing development in the region. Under DNR's 2000 Central/Southern Southeast Area Plan, it appears that the new borough's total municipal entitlement rights under A.S. 29.65.030 would approximate 1700 acres, and includes for selection parcels on Mitkof Island and Kupreanof Island (including land in the Beecher Pass and Wrangell Narrows areas), as well as Whitney and Read Islands, located in the Cape Fanshaw and Farragut Bay vicinities. The purpose of the State's municipal entitlement program is to provide newly formed municipalities, including boroughs, with lands which will further local development, and this interest would be well served by a municipal entitlements grant to a Petersburg Borough.

The Petersburg area also has the human resources necessary to provide borough services. In July 2010 the statewide unemployment rate was 6.9%, and in the Wrangell-Petersburg census area it was 6.8%.⁴⁰ The City of Petersburg has approximately 90 full time equivalent (FTE) employees who would become borough employees. The Petersburg School District has 83 FTE employees, who will become borough school district employees.

l. The boundaries of the proposed borough conform generally to natural geography, are on a regional scale suitable for borough government, and include all land and water necessary to provide the full development of essential borough services on an efficient, cost-effective level as required by AS 29.05.031(a)(2) and 3 AAC 110.060(a). In accordance with 3 AAC 110.060(d), the area proposed for incorporation is contiguous and would not create enclaves. Also, in accordance with 3 AAC 110.060(f) the boundaries of the proposed borough do not include only a portion of the territory of any existing city government.

There are no noncontiguous areas or enclaves in the proposed Petersburg Borough. The borough boundaries abut the City and Borough of Juneau boundaries on the north; follow the US-Canada border on the east; abut the northern boundary of the City and Borough of Wrangell on the south, and otherwise generally conform to natural geography on the south and west, as discussed in the following section (m) of this Brief. The existing City of Petersburg and City of Kupreanof are fully included in the proposed borough, with no portions of the city boundaries excluded from the borough.

m. LBC regulations no longer require nor presume that proposed borough boundaries conform to model borough boundaries nor to existing regional educational attendance area boundaries, and departure from these boundaries is warranted by the other legal standards for borough incorporation.

The Local Boundary Commission, in 2008, revised 3 AAC 110.060(b), to remove any presumption that a new borough conform to model borough boundaries previously adopted by the Commission; under the revised regulation, the Commission "may consider", among others, model borough boundaries and boundaries of one or more regional educational attendance areas.⁴¹ While the LBC may consider these factors, the primary standards for borough

⁴⁰ It is expected that separate data for the Petersburg Census Area will be available beginning in 2011.

⁴¹ The Commission repealed 3 AAC 110.060(c), which previously established a presumption that borough boundaries conformed to existing REAA boundaries.

boundaries are those which result from compliance with constitutional, statutory, and remaining regulatory standards for borough incorporation, as discussed elsewhere in this brief.

The Petersburg Borough boundary has been carefully drawn to maximize the area and population within the borough and maintain common interests. The proposed borough boundary differs from the state's model borough boundaries for this region on the southern, northern and western boundaries, as identified by the Local Boundary Commission in 1991. The model borough boundaries for this area do not maximize population and area that has common and interrelated interests, nor do they contain areas that have historic and current social, cultural and economic ties, as demonstrated in section (e) of this Brief. Further, the proposed boundary conforms to natural geography and contains the human and financial resources necessary to maintain borough government. The proposed Petersburg Borough boundary will better accomplish statutory and regulatory goals than the model borough boundary for this area.

The southern boundary for the proposed Petersburg Borough follows the northern boundary line of the City and Borough of Wrangell, which follows the natural watershed between the LeConte Bay and Stikine River, then enters Dry Bay and parallels the boundary between the Petersburg and Wrangell Ranger Districts through Sumner Strait to Totem Bay. This boundary was mutually agreeable to the City of Petersburg and the then-City of Wrangell as proposed in the 2006 Wrangell Borough petition, and it divided the state's model borough for this area into two boroughs, which would be the proposed Home Rule Petersburg Borough and the City and Borough of Wrangell. The boundary between the two proposed boroughs was approved by the Local Boundary Commission when it approved the petition to form the City and Borough of Wrangell.

The proposed northern boundary of the Petersburg Borough does not coincide with the state's model borough boundary either. Here also the state's model borough boundary does not maximize area and population with common interests, rather it divides it. When considering the model borough boundary in this area in 1991, the LBC debated whether this area 'belonged' with Juneau or Petersburg. One issue was Goldbelt Inc. lands in Hobart Bay. Goldbelt objected to its land being split between two boroughs. State staff noted Goldbelt Inc. was on record saying, "they do not feel there is a link between Hobart Bay and the City and Borough of Juneau."⁴² Dave Carlson, then a Petersburg City Council member, testified that, "The Goldbelt land is serviced by Petersburg. Their property also goes north of Hobart Bay." Local Boundary Commissioner Bettisworth noted that a decision on whether Hobart Bay should be with Juneau or Petersburg was "reasonably arbitrary. His preference would be not to cut it [Goldbelt land] in two but either include it or exclude it all." Whatever rationale supported the LBC's 1991 model boundary decision, it does not exist today. Nor did it exist when the City and Borough of Juneau was formed, with a southern boundary at Point Coke on the north side of Holkham Bay, corresponding to the proposed northern boundary of the Petersburg Borough.

⁴² Local Boundary Commission minutes, November 13, 1991. As previously noted, Goldbelt has again more recently expressed this view, noting that geography, historical ties with Petersburg (including past support by Petersburg for Goldbelt's logging operations in Hobart Bay) as well as the superior ability of the proposed Petersburg Borough to provide services warrant inclusion of Hobart Bay in a Petersburg Borough. See Goldbelt letter of December 13, 2007, Exhibit 5 hereto.

Section (e) of this Brief documents in detail the use and importance of the water and territory north of Port Houghton, including Stephens Passage to Holkham Bay and Endicott Arm, to Petersburg area fishing, tourism, hunting and gathering activities, which collectively are the backbone of the Petersburg economy. Petersburg-Kupreanof residents have common interests and can document historic and current use of these lands and waters. Petersburg resident fishers account for the great majority of all commercial salmon harvested from these waters. Further this area has been determined to be ‘rural’ for subsistence management purposes by the Federal Subsistence Board and State of Alaska Boards of Fish and Game, as are all areas proposed for incorporation as the Petersburg Borough. This is in contrast to the Juneau area that is designated “urban.”

The western boundary of the proposed Petersburg Borough does not follow the State’s model borough boundary which runs in a straight line north-south, arbitrarily splitting Kupreanof Island. The proposed Petersburg Borough boundary in this area is based on a combination of following Kake traditional tribal territory and natural geography. Kake previously provided Petersburg with a map of Traditional Territory of Kake Tlingit, circa 1943, taken from Goldschmidt and Haas. (See Exhibit 6-A hereto)⁴³ This boundary line is generalized on maps and splits watersheds and geography. To ensure cohesive management of fisheries and wildlife resources important to all in the region, the proposed western Petersburg Borough boundary uses the Kake traditional tribal territory line across Kupreanof Island, but slightly modifies it to follow adjacent natural geography - watersheds ridgelines and valleys, by using the Value Comparison Units (VCUs) mapped by the USFS in the Tongass Land Management Plan. The Value Comparison Units system was developed by the Forest Service as a system for identifying individual watersheds - a VCU is comparable to a watershed. See, Managed Stands on the Tongass National Forest and Selected State and Private Lands, by USFS; and ADF&G Technical Paper No. 138, p. 115, September 1987. The proposed Petersburg boundary in this area thus maximizes common interests by recognizing Kake traditional territory on Kupreanof Island and by also following natural geography as depicted by USFS VCUs. (See Exhibit 6-C)

The southern, northern and western boundaries of the proposed Petersburg Borough, compared to the model borough boundaries, therefore do a better job of: a) maximizing the area and population that has and can maintain common interests, and excluding areas and population where this is not true; b) following natural geography; and c) combining together in a borough

⁴³ Goldschmidt, W and Haas, T. Possessory Rights of the Natives of Southeast Alaska. 1946 and T. Haa Aani – Our land: Tlingit and Haida land Rights and Use, 1998. The City of Kake council, in 2002, adopted a resolution asserting that Kake has a legacy of being the “sole resident” of Kupreanof Island, has presently “enjoyed access” to all of Kupreanof Island, and has opposed inclusion of any part of Kupreanof Island in a Petersburg Borough. Yet the Goldschmidt and Haas study relied upon by Kake does not support this, identifying the portion Kupreanof Island sought by the Petersburg petition as being within the Wrangell Stikine Tlingit Territory, rather than Kake Territory. Compare Chart 11 and Chart 13, in Goldschmidt and Haas treatise cited above. (See also, Exhibit 6-B) Though Petersburg representatives have had some communication with Kake representatives on this issue, differences appear to remain unresolved. Petersburg asserts that its residents have a greater connection with the drainages into Duncan Canal, and the other areas within the proposed borough, than do Kake residents. On the Frederick Sound side of Kupreanof Island, Petersburg modified its initial proposal to exclude Portage Bay, so that its proposed boundary runs along the east side of Portage Bay.

the territory and waters in which residents' historic and current social, cultural and economics patterns and activities occur.

Similarly, REAA boundaries supply a poor basis for borough boundaries in this part of Southeast Alaska. Though it remains a factor, but not a presumption, under the LBC regulations, the LBC itself recently found that the REAA boundaries were not suitable in the case of the City and Borough of Wrangell, which also lies partially within the Southeast Island REAA.⁴⁴ In that decision the Commission noted that departure from REAA boundaries would have no impact, because all the presently educated students living in the REAA were already being served by the City of Wrangell School District. This also appears to be the case in the proposed Petersburg Borough, where none of the students in the prospective Borough attend either the Southeast Island or Chatham REAA.

The proposed borough boundaries include the Petersburg City School District and portions of the Chatham REAA and Southeast Island REAA school districts. Both REAAs have been consulted regarding the proposed Petersburg Borough boundaries and neither indicated any objection to them. Coinciding with an REAA boundary does not seem relevant to Southeast Alaska in that REAA school district boundaries in Southeast Alaska do not coincide at all with model borough boundaries. The unorganized borough in Southeast Alaska is split between two REAAs (Chatham and Southeast Island REAA), which are parts of five proposed model boroughs (Glacier Bay, Chatham, Wrangell-Petersburg, Ketchikan, and Prince of Wales).⁴⁵

n. The petition does not propose boundaries overlapping the boundaries of an existing organized borough or unified municipality, as discussed in 3 AAC 110.060(e)..

The petition does not propose boundaries overlapping with an existing organized borough or unified municipality, but instead abuts the previously identified boundaries of other boroughs (City and Borough of Juneau and City and Borough of Wrangell.)

o. The proposed borough will have the ability to extend services to the area proposed for incorporation in a practical and effective manner as required by 3 AAC 110.900.

Please see Exhibit C to assess the financial capabilities of the borough and its ability to provide services, as well as Exhibit D, the Transition Plan.

⁴⁴ LBC Statement of Decision dated December 17, 2007 on petition for incorporation of City and Borough of Wrangell, at p. 35.

⁴⁵ The Petersburg School District educated 510 students last year, with an equivalent number expected this year, such that it is unnecessary for the Commission of Education to determine that formation of the new school district would be in the state's best interest under A.S 14.12.025.

p. In accordance with 3 AAC 110.910, incorporation of the proposed borough will not deny any person the enjoyment of any civil or political right because of race, color, creed, sex, or national origin.

The petition and borough formation effort does not in any manner deny any person the enjoyment of any civil or political right because of race, color, creed, sex, or national origin.

q. Incorporation of the proposed borough is in the best interests of the State as required by AS 29.05.100(a) and 3 AAC 110.065.

All parts of this petition document how forming the Home Rule Petersburg Borough is in the best interests of the State. Incorporation of this borough will extend government to a large area and population with common interests to the maximum degree possible, while removing one of the last remaining large areas of the Unorganized Borough from Southeast Alaska. In conjunction with the new City and Borough of Wrangell, formation of the Petersburg Borough will result in the entire area encompassed within the previously identified model Petersburg-Wrangell Borough coming within the boundaries of local borough governments, without excluding any enclave area lying between the Petersburg Borough and the City and Borough of Juneau. Areas to the west of the proposed Petersburg Borough, including Kake, have been considering formation of a different borough. See, map attached as Exhibit A-9 to the petition.

r. The petitioners are authorized to file this petition under 3 AAC 110.410.

The petition has been signed by a sufficient number of qualified voters residing in home rule or first class cities in the proposed borough and by the required number of qualified voters residing outside home rule and first class cities in the proposed borough, as is required by A.S. 29.05.060(7) and 3 AAC 110.410(a)(10)(B), to authorize initiation of a petition for incorporation of a borough.

EXHIBIT 1

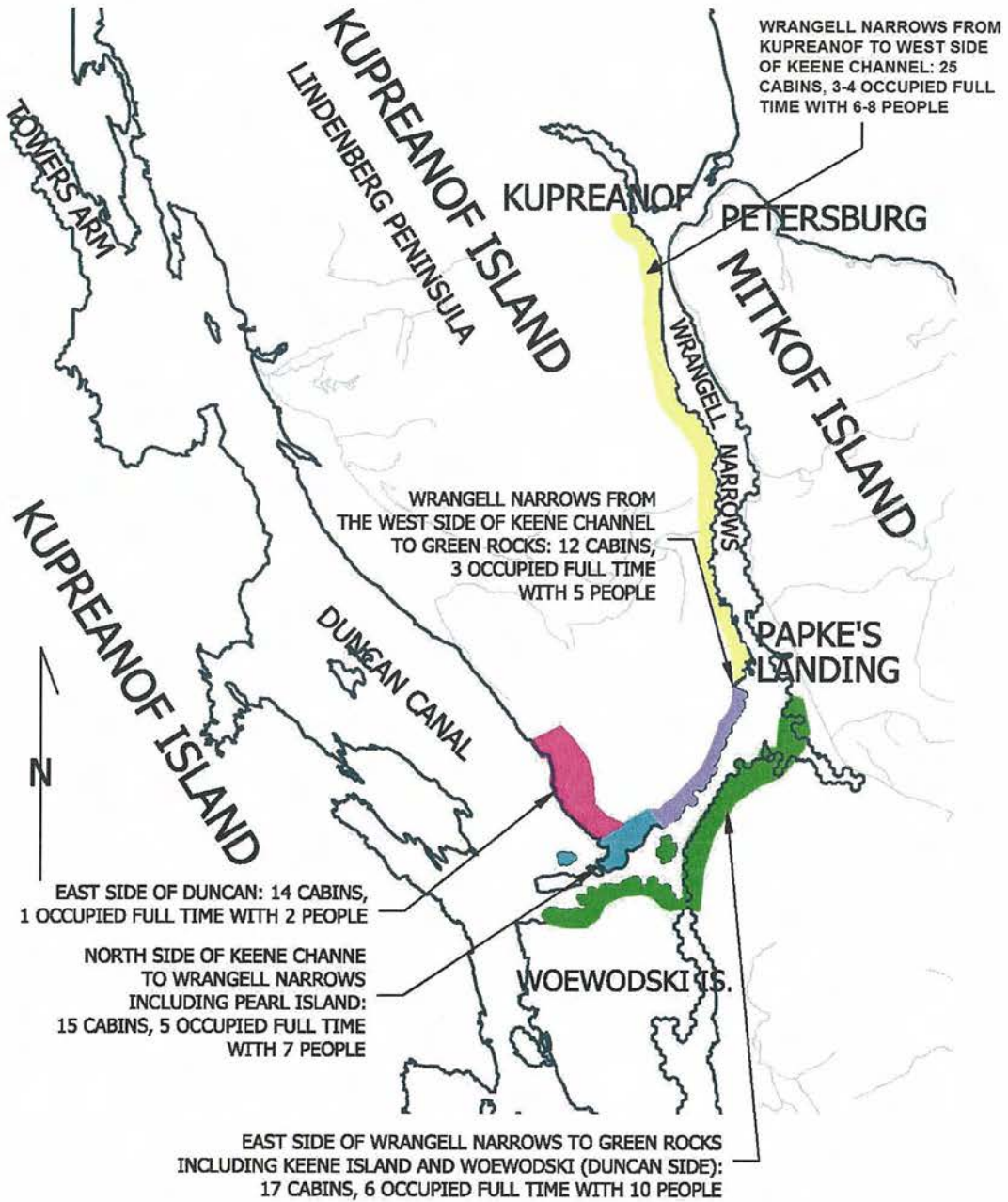


EXHIBIT 2

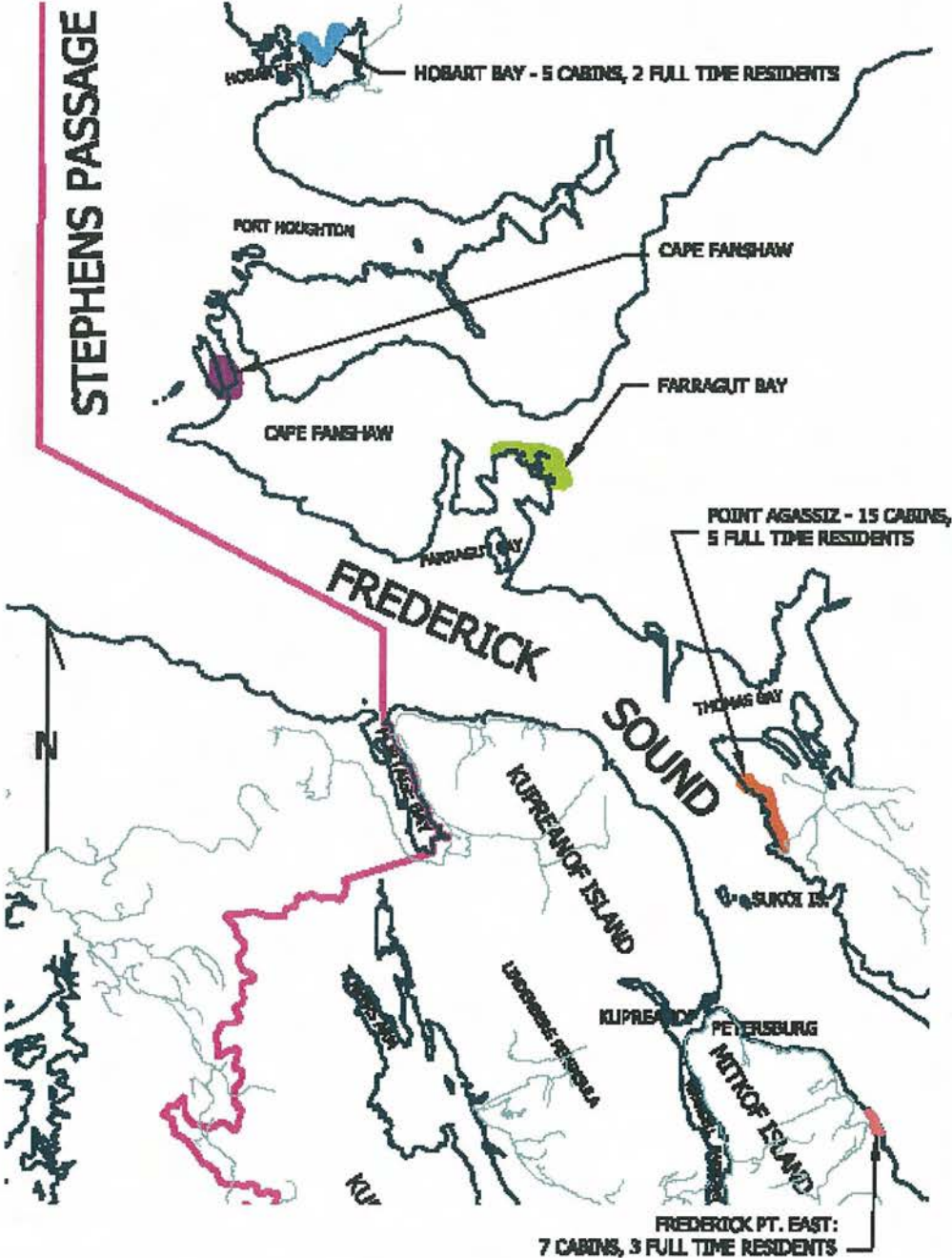


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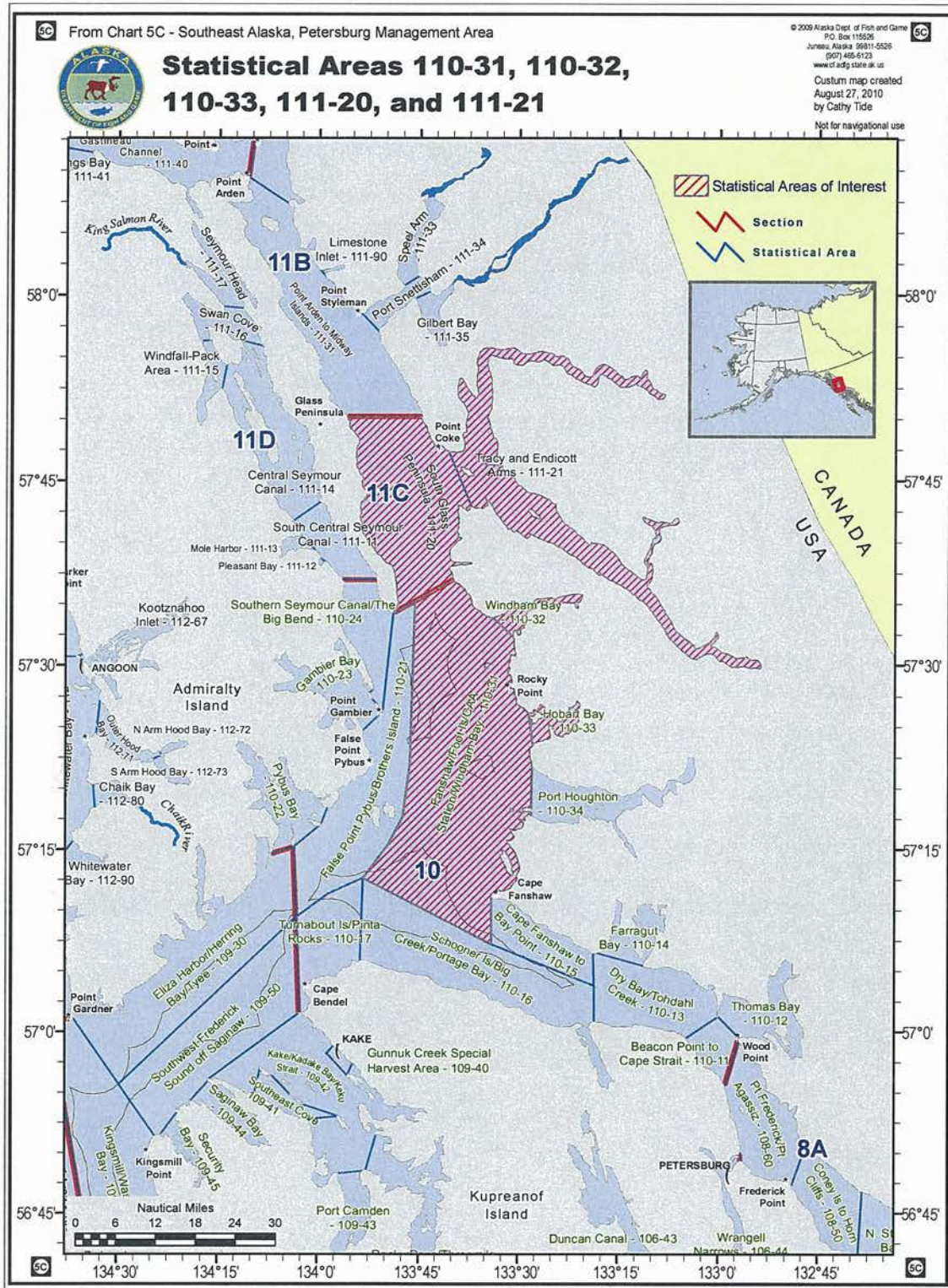


EXHIBIT 4

The following are current special use permit holders who are residents of Petersburg/Kupreanof and who are permitted by the U.S. Forest Service for a variety of uses within the proposed Petersburg borough. The information below shows the permit holder, the type of permit they have been issued, and the location(s) within the proposed borough in which they are authorized:

Alaska Angling, Inc., Kent Brekke - outfitter/guide permit

Locations: Thomas Bay, Mitkof Island, Cape Fanshaw, Duncan Canal, Farragut Bay, Kah Sheets Creek, Petersburg Creek, Portage Bay, Totem Bay, Twelvemile Creek, Sandborne Canal in Port Houghton, LeConte Bay.

Alaska Bear Guides LLC, Scott Newman – outfitter/guide permit

Locations: Mainland from LeConte Bay to Cape Fanshaw.

Alaska Coastal Hunting, Eli Lucas – outfitter/guide permit

Locations: Brown Cove, De Boer Lake, Douglas Bay, Dry Bay, Farragut Bay, Franklin Peaks, Glory Lake, Kupreanof Island (south shore), Muddy River, Patterson Glacier, Patterson River, Pierce Peak, Point Agassiz, Stanton Peak, Swan Lake, Thomas Bay, Bussy Creek, Bussy Lake, Horn Cliffs, Le Conte Bay, Wilkes Range.

Alaska Passages, Inc., Scott and Julie Hursey – outfitter/guide permit

Locations: Mitkof Island, Cape Fanshaw, Castle River, Dry Bay, Farragut Bay, Kah Sheets Bay, Mitchell Creek in Duncan Canal, Petersburg Creek, Portage Bay, Thomas Bay, Twelvemile Creek on Kupreanof Island, Chuck River, Endicott Arm, Holkam Bay, Port Houghton, Tracy Arm, Windham Bay, Camp Island, Le Conte Bay.

Island Voyages, Inc., Dennis Rogers – outfitter/guide permit

Locations: Thomas Bay, Cape Fanshaw, Castle River, Douglas Bay, Dry Bay, Duncan Canal, Farragut Bay, Portage Bay, Woewodski Island, Kah Sheets Creek, Kupreanof Island north shore, Duncan Canal, Mitkof Island, Petersburg Creek, Spurt Lake, Totem Bay, Towers Arm, Chuck River, Endicott Arm, Holkam Bay, Port Houghton, Tracy Arm, Windham Bay, LeConte Bay.

Journey Line, Thomas Greer – outfitter/guide permit

Locations: Castle River, Kah Sheets Bay, Petersburg Creek.

Stikine Guide Service, David Benitz – outfitter/guide permit

Locations: Farragut Lake, Glory Lake, Jefferson Peak, Mainland from Icy Cove to Cape Fanshaw, Mitkof Island, Muddy River Glacier, north and south shore of Kupreanof Island, Patterson Glacier, Patterson River, Ruth Lake, Stanton Lake, Swan Lake, Thomas Bay.

Temasco Helicopters, Inc. – outfitter/guide permit

Location: Patterson Glacier.

Tongass Kayak Adventures, Scott Roberge – outfitter/guide permit

Locations: Mitkof Island, Cape Fanshaw, Duncan Canal, Kupreanof Island north shore, Petersburg Creek, Sukoi Islands, Thomas Bay, LeConte Bay, Horn Cliffs, Moonshine Creek.

City of Petersburg – dam and reservoir permit

Location: City Creek, Petersburg

City of Petersburg – water transmission line and maintenance road permit

Location: Cabin Creek, Mitkof Island

Rodney Littleton – tent platform permit

Location: Muddy River

Hunt Parr - crab pot storage permit

Location: Woewodski Island

City of Petersburg – dry hydrant permit

Location: Blind Slough on Mitkof Island

Dan Bird – tent platform permit

Location: Duncan Creek on Kupreanof Island

City of Petersburg – power transmission line permit

Location: Mitkof Island

Robert Martin - crab pot storage permit

Location: Kah Sheets Bay

City of Petersburg – road use permit

Location: Mitkof Island

Dorothy Roundtree and Irene Roundtree – cabin permit

Location: Woewodski Island

William Bergmann – cabin permit

Location: Duncan Canal on Kupreanof Island

Thomas Gustafson – cabin permit

Location: Duncan Canal on Kupreanof Island

Donald and Jennifer Cummins – cabin permit

Location: Mitkof Island

Ladd Norheim – cabin permit

Location: Duncan Canal on Kupreanof Island

Donald Nelson - cabin permit

Location: Petersburg Creek

Petition for Incorporation of Petersburg Home Rule Borough

Charles Christensen – cabin permit
Location: Mitkof Island

Ken Hammer - cabin permit
Location: Petersburg Creek

Jill Williams and Rexanne Stafford - cabin permit
Location: Petersburg Creek

Courtney Curtiss - cabin permit
Location: Petersburg Creek

Thomas Reinarts – water transmission line
Location: Kupreanof Island

Petersburg Indian Association – parking area
Location: Petersburg

EXHIBIT 5

Dec-17-2007 03:02pm From-CITY OF PETERSBURG ALASKA

+

T-093 P.002/002 F-324



3075 Vintage Blvd., Suite 200, Juneau, Alaska 99801-7109 (907) 790-4990 Fax (907) 790-4999

December 13, 2007

Ms. Kathy O'Rear
Acting City Manager
City of Petersburg
PO Box 329
Petersburg, Alaska 99833

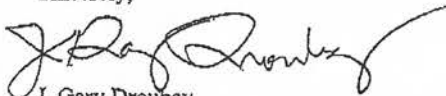
Dear Ms. Rear:

As expressed to Mr. Jones and to the Alaska Local Boundary Commission, and as directed by our Board of Directors, Goldbelt, Incorporated hereby expresses its desire that our lands at Hobart Bay be part of the proposed Petersburg Borough and not part of the City and Borough of Juneau.

We express this desire for a great many reasons including geography, historical ties, the abilities of the CBJ and the proposed Petersburg Borough to provide services, and past support by the City of Petersburg and the support by Petersburg businesses of our past logging operations in Hobart Bay.

We remain open to discussion and will be available to answer any questions you may have.

Sincerely,



J. Gary Droubay
President and CEO
Goldbelt, Incorporated

copies: Alaska Local Boundary Commission
City and Borough of Juneau

EXHIBIT 6 MAPS SUPPORTING PROPOSED WESTERN BOROUGH BOUNDARY

A. Map sent to City of Petersburg by City of Kake

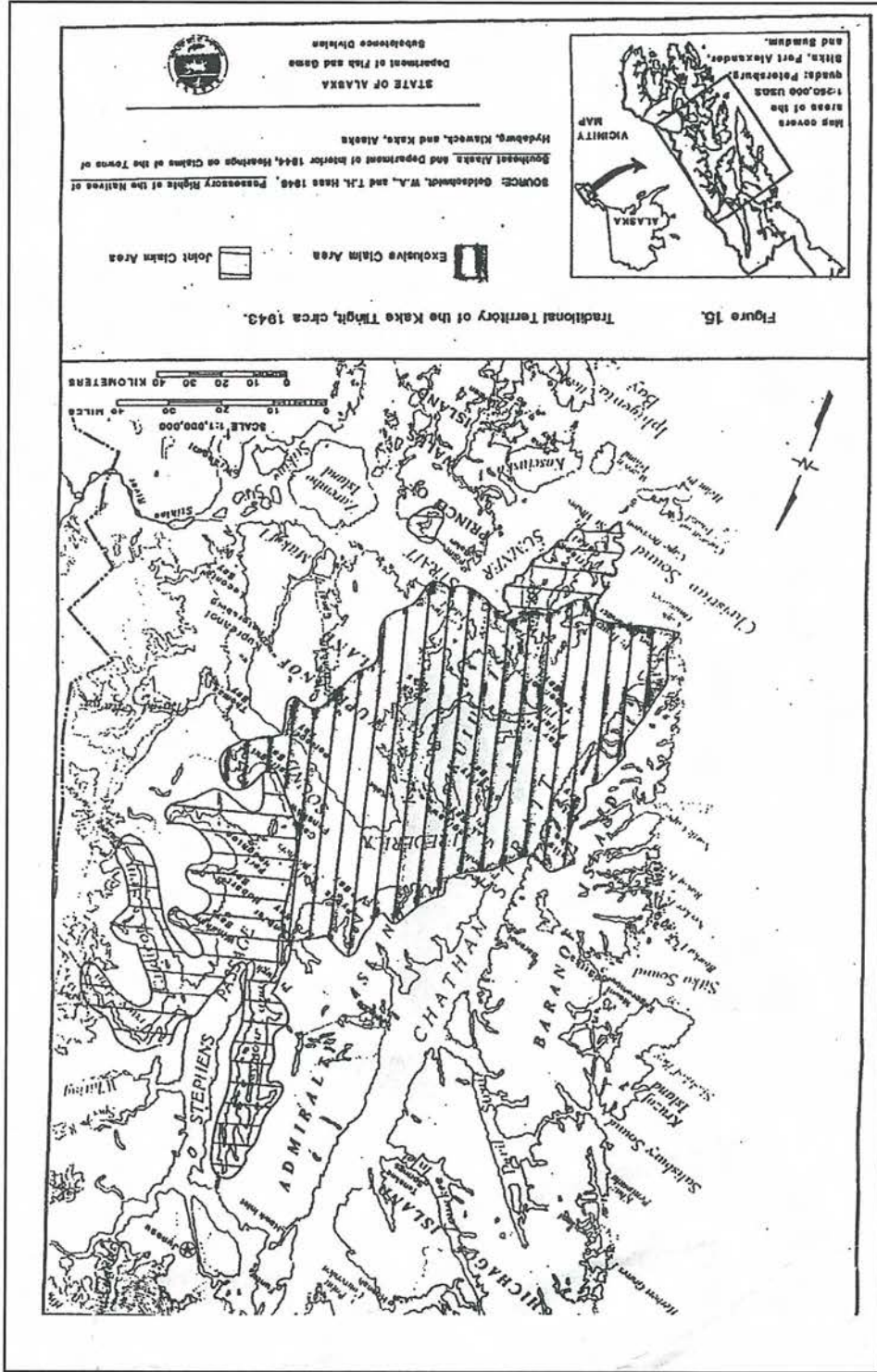
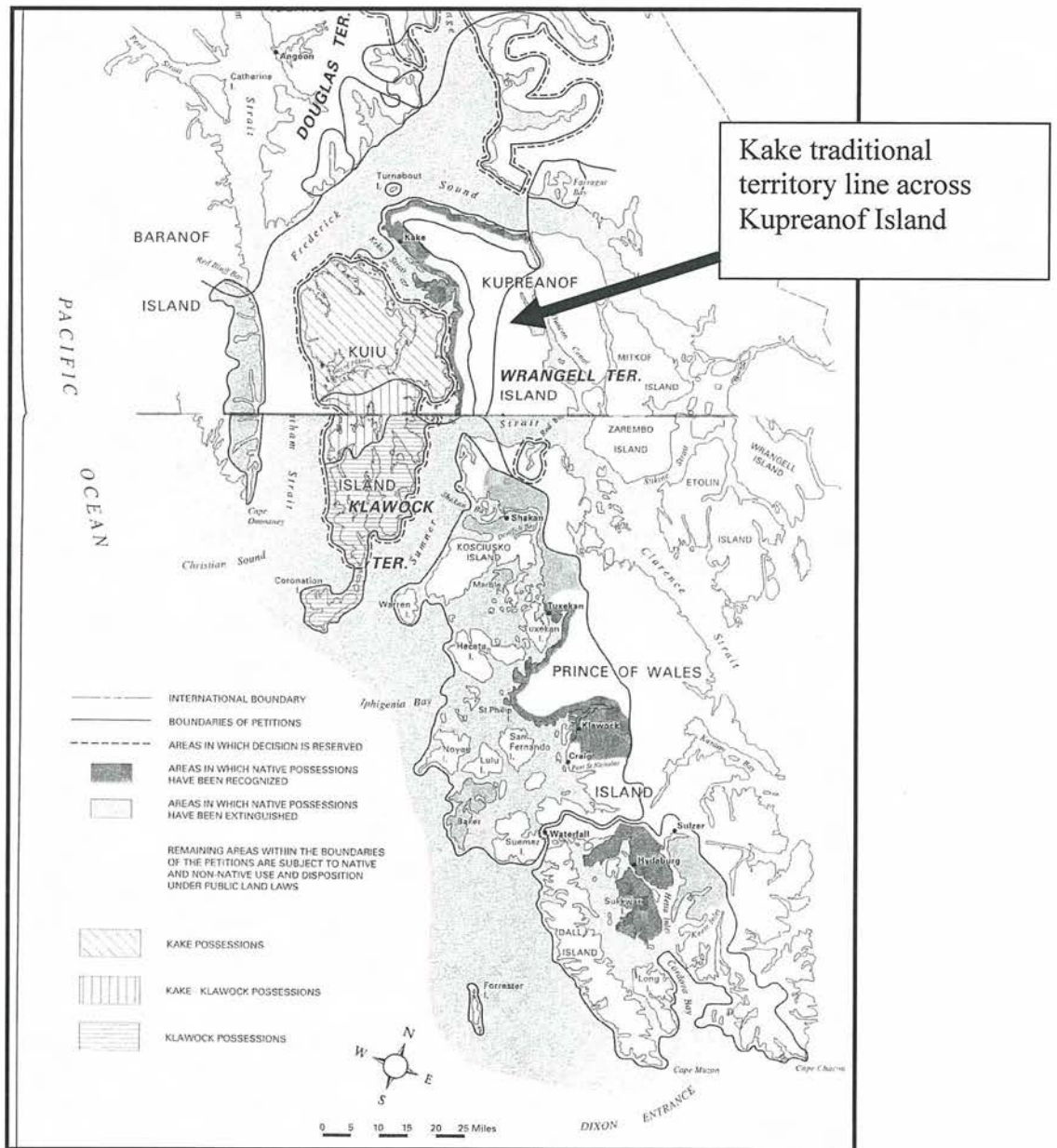


Figure 16. Traditional Territory of the Kake Thigh, circa 1943.

B. Kupreanof Island area map from Goldschmidt, W and Haas, T, Haa Aani – Our Land: Tlingit and Haida Land Rights and Use, 1998.



C. USFS TLMP Map showing Land Use Designations (LUD) and VCUs (Value Comparison Units) on Kupreanof Island. Yellow highlighting is watershed/VCU boundaries closest to Goldschmidt Haas' Kake traditional territory map.

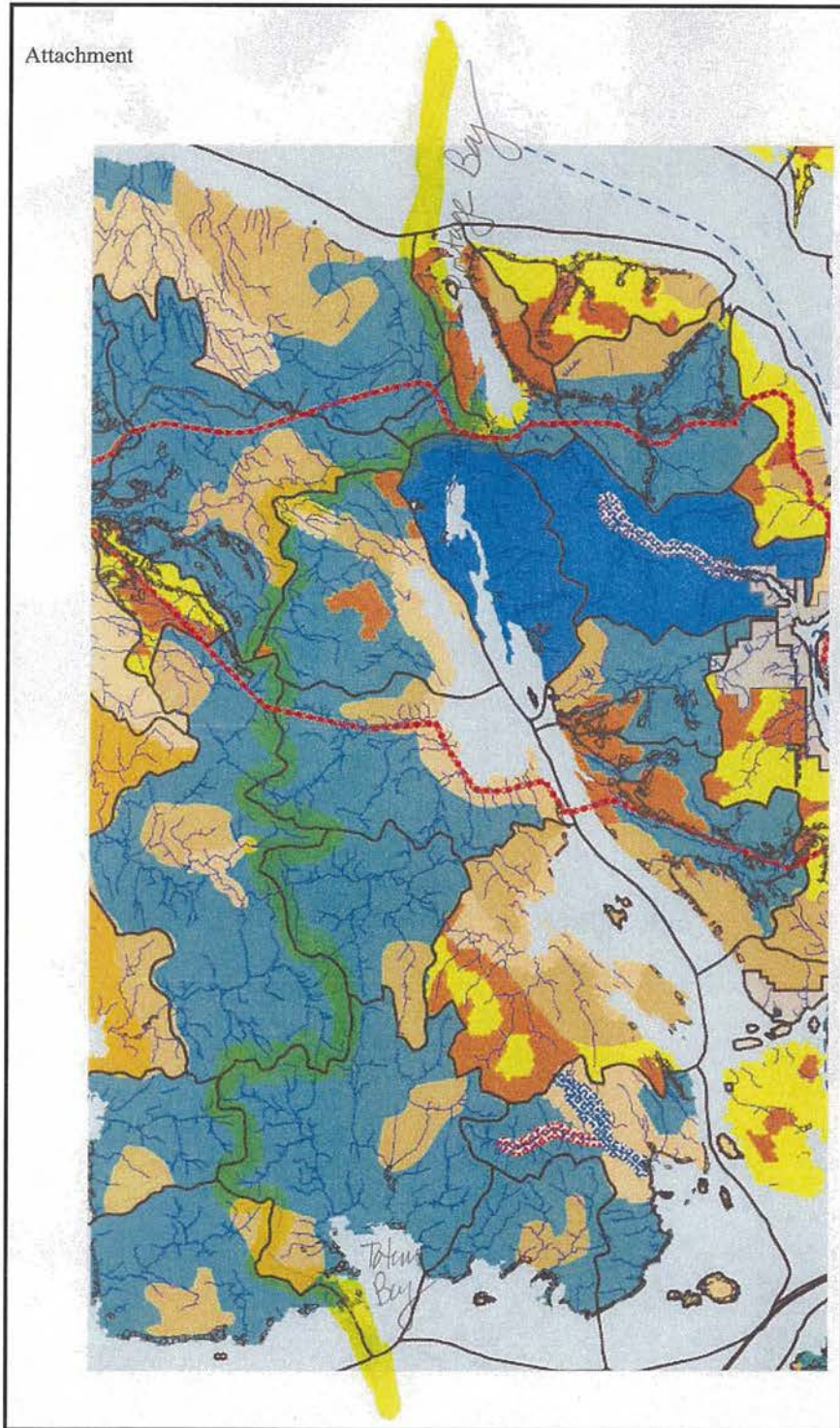


EXHIBIT H. PROPOSED CHARTER

This exhibit presents the proposed home rule Charter for the Petersburg Borough. The Charter was prepared by the Charter Commission in 2006, whose membership included:

Vikki Hicks
Petersburg City Resident, property owner at Papke's Landing

Nancy Strand
City of Petersburg Resident

Sam Bunge
City of Petersburg Resident

Gerry Merrigan
Resident of Wrangell Narrows, Mitkof Island

Bob Lynn
Resident of Duncan Canal

Jenny Martens
City of Petersburg Resident

Mona Christian
Resident and property owner at Keene Channel; Property owner at Duncan Canal and Papke's Landing

Harold Medalen
City of Petersburg Resident, property owner at Keene Channel

Tom Reinarts
City of Kupreanof Resident and elected official

TABLE OF CONTENTS

[To be provided by Codifier]

PREAMBLE

We, the people of the Petersburg Borough exercising the powers of home rule by the Constitution of the State of Alaska, in order to provide for efficient and responsive government, and to preserve maximum personal freedom and self-responsibility of the people within the borough, hereby establish this Home Rule Charter.

This Charter guarantees the right of enjoyment of private property, chosen lifestyles, traditions, employment and recreational activities without unnecessarily restrictive or arbitrary laws or regulations. This Charter strives to provide for maximum public participation in borough decision making.

ARTICLE I

NAME, BOUNDARIES AND POWERS

Section 1.01 Name

The municipal corporation is known as "Petersburg Borough." Whenever it deems it in the public interest to do so, the borough may use the name, "Borough".

Section 1.02 Type and Class of Government

Petersburg Borough is a home rule borough and operates under an "assembly/ manager" form of government.

Section 1.03 Boundaries and Borough Seat

A. The boundaries of the borough shall be as depicted on the map as approved by the Local Boundary Commission on the date of ratification of this Charter. The boundaries of the borough may be changed in the manner provided by law.

B. The Borough Seat shall be at all times located within the area of the borough boundary having the largest population and largest number of commerce businesses per square mile.

Section 1.04 Powers

The borough may exercise all powers of a home rule borough not prohibited by law or this Charter. All powers of the borough shall be exercised in the manner prescribed by this Charter or applicable laws or, if the manner is not thus prescribed, then in such a manner as the assembly or other authority may prescribe. This Charter is not intended to be exclusive or limiting. It shall be liberally construed to afford the borough all powers necessary to the conduct of its affairs.

Section 1.05 Inter-Governmental Relations

The borough may exercise any of its powers or perform any of its functions and may participate in the financing thereof, jointly or in cooperation, by agreement with any one or more local governments, the state, or the United States, or any agency or instrumentality of those governments.

ARTICLE 2

THE ASSEMBLY

Section 2.01 Legislative Powers

The legislative power of the borough is vested in the assembly.

Section 2.02 Terms and Representation

- A. Composition of Assembly. The assembly, elected at large by the qualified voters of the borough, shall be composed of six assembly members and a mayor, elected to staggered terms.
- B. Terms. The term of the office of all assembly members elected after the initial borough election shall be for three years and until a successor takes office. The term of office of the mayor shall be three years and until a successor takes office.
- C. Initial Transition Terms. In conjunction with the election that approves the borough and elects the assembly and mayor, the initial terms of the assembly shall be as follows: One borough mayor elected for a three year term. Two assembly members elected for a term of three years, two elected for a term of two years, and two elected for a term of one year, the terms being assigned to the members by lot. For purposes of computing the length of the terms for persons elected to initial terms, the period between the initial election and the first Tuesday of October immediately following that initial election will not be considered. The first regular election provided for in Section 5.01(a) will occur no earlier than twelve months after the effective date of this Charter.
- D. Term of Office Begins. The initial term of office of the mayor and each assembly member begins upon incorporation of the borough following certifications of the results of the incorporation election. Terms after the initial borough election begin upon certification of the results of the election at which the assembly member or mayor is duly elected.
- E. Term Limits. The assembly, by ordinance and ratified by the voters, may adopt term limitations for the offices of mayor and assembly member. Term limitations shall not prohibit persons from serving at least two consecutive terms.

Section 2.03 Qualifications

- A. Residency. Except as may be otherwise provided by law, only a qualified voter of the borough who has been a resident of the borough for at least one year immediately preceding election or appointment to office shall be qualified as assembly member or mayor. A resident is a person who has maintained their primary, physical residence in the borough.

Determination of Qualifications and Forfeiture. The assembly shall be the judge of the election and qualifications of its members and of grounds for forfeiture of office and for that purpose shall have power to subpoena witnesses, administer oaths and require production of evidence. An assembly member charged with conduct constituting grounds for forfeiture of office is entitled to a public hearing on demand.

- B. The assembly shall adopt procedures pertaining to the nomination and election of assembly members and mayor by ordinance.
- C. Transition/Residency: At the initial election of borough formation, the requirements for residency and voter registration for all candidates and voters shall be based on length of residency within the territory contained within the borough boundaries.

Section 2.04 Vacancies and Forfeiture of Office

- A. Creation of Vacancies. The office of an elected borough assembly member or mayor becomes vacant upon death, resignation, or removal from office in any manner authorized by law, this Charter, other law, or forfeiture of office.
- B. Forfeiture of Office. An elected borough assembly member or mayor shall forfeit office if:
 - 1. Convicted of a felony.
 - 2. Fails to comply with all qualifications prescribed by this Charter or applicable law.
 - 3. Knowingly violates any prohibitions of this Charter.
 - 4. Fails to attend three regular meetings of the assembly per calendar year without being excused by the assembly.
 - 5. Fails to take office within thirty days after election or appointment.
 - 6. Ceases to be a qualified voter residing in the borough.
 - 7. Violates subsection 19.03 B of this Charter.
 - 8. Is physically absent from the borough for ninety (90) consecutive days unless excused by the assembly.
 - 9. Resigns and the resignation is accepted.
 - 10. Is physically or mentally unable to perform the duties of office as determined by a two-thirds vote of the assembly.
- C. Filling of Vacancies. The assembly shall, by ordinance, establish procedures for filling of vacancies in the office of assembly member or mayor. Within forty-five days after an assembly position becomes vacant, the assembly shall appoint a qualified person to serve until the next regular election when a qualified successor is elected at large and certified to fill the remainder of the unexpired term. If a vacancy occurs in the office of mayor, the vice

mayor shall act as mayor until the next regular election when a qualified successor is elected at large and certified to fill the remainder of the unexpired term.

Section 2.05 Organization and Officers

- A. Mayor. The mayor shall preside at meetings of the assembly and have the authority to preserve order and enforce rules of the assembly. The mayor shall be recognized as head of the borough government for all ceremonial purposes. The mayor has no administrative duties. The mayor, with majority vote of the assembly shall appoint committee, board and commission members which are not elected. The mayor shall be counted for quorum purposes and shall vote in the same manner with the same restrictions as an assembly member. The mayor shall not initiate a motion. The mayor has no veto power.
- B. Vice Mayor. Not later than the first regular meeting of the assembly in November each year, the assembly shall elect from its membership a vice mayor who shall act as mayor during the absence or disability of the mayor and, if a vacancy occurs, shall become mayor until the next regular election at which time a mayor shall be elected and certified to fill the remainder of the unexpired term.

Section 2.06 Salaries and Compensation

The assembly by ordinance must determine the salary of the mayor and assembly members. An increase in salary shall not take effect until the assembly meeting following the regular election after the ordinance has been adopted. The assembly may by ordinance provide for expense accounts and/or other payments to the mayor and assembly members for expenses incurred in their official duties.

Section 2.07 Meetings

The assembly must meet regularly and at such times and places as prescribed by ordinance. Special meetings must be held at the call of the mayor or of four or more assembly members. Reasonable notice of all regular and special meetings of the assembly shall be given. All meetings of the assembly must comply with the Alaska Open Meetings law and other applicable laws regarding those meetings; and at each meeting the public shall have reasonable opportunity to be heard.

Section 2.08 Rules and Record

The assembly must by ordinance determine its own rules and order of business and shall maintain a journal of its proceedings as a permanent public record.

Section 2.09 Voting

- A. Quorum and Voting Requirements. Four assembly members constitute a quorum. No assembly action is valid or binding unless adopted by an affirmative vote of four or more

assembly members. All assembly members present shall be required to vote subject to Section 19.03A of this Charter.

- B. Roll Calls. A roll call vote must be taken whenever required by law or whenever requested by any member of the assembly. Roll call votes shall be entered in the journal. A roll call must be taken on the passage of ordinances and expenditures.

Section 2.10 Prohibitions

- A. Other Public Offices, Employment or Contracts. Except to the extent otherwise provided by state law, no borough assembly member or the mayor shall hold any other elected borough office, any other compensated borough office or any borough employment during term of office. Other than membership on an appointed committee, board or commission, no borough assembly member or the mayor shall be hired or appointed to any compensated borough office or borough employment for a period of one year after vacating office. The relationship of independent contractor for goods and services does not constitute employment for the purposes of this section.
- B. Relationship with Employees. The assembly shall not recommend or direct the appointment or removal of any officer or employee of the borough except as provided by this Charter. Subordinates of the borough manager shall report to and obtain direction from the borough manager and not from the assembly, the mayor or individual assembly members.
- C. Representation of Client. An assembly member may not represent any client before any borough department, agency, school district or utility.

Section 2.11 Investigations

The assembly may conduct hearings and may make investigations into matters affecting the borough and matters concerning the conduct of any borough department, office or agency. The assembly may subpoena witnesses, administer oaths, take testimony and require productions of evidence. Any person who fails or refuses to obey a subpoena or a lawful order issued in the exercise of these powers by the assembly shall be guilty of a misdemeanor.

Section 2.12 Borough Attorney

There shall be a borough attorney appointed by the assembly who shall serve at the pleasure of the assembly. The borough attorney shall advise the borough assembly, manager or clerk concerning legal issues affecting the borough. The assembly may suspend or remove the borough attorney at any time by vote of the assembly.

Section 2.13 Port and Harbor Jurisdiction

The assembly shall regulate the use and development of all waters and submerged lands which are subject to the jurisdiction of the borough.

Section 2.14 Special Advisors

- A. Advisors. The assembly may appoint special legal and financial advisors for bond issues or other matters and retain legal counsel as it requires.
- B. Committees, Boards and Commissions. The assembly may establish committees, boards and commissions, and shall prescribe their duties, purpose and functions. The assembly, by resolution or ordinance, shall establish the qualifications and conditions of service of the appointed members. Non-elected members of committees, boards and commissions shall be appointed by the mayor subject to confirmation by the assembly. A quorum of any board or commission and the number of members required to approve an action shall be a majority of its membership unless otherwise determined by the assembly. All meetings of committees, boards and commissions shall be public and the public shall have reasonable opportunity to be heard.
- C. By ordinance the assembly may create or designate itself to be a board of review, adjustment, equalization or election canvassing board.

Section 2.15 Parliamentarian

The assembly shall appoint one of its members as parliamentarian who shall rule on procedural questions according to Roberts Rules of Order, the most current edition.

ARTICLE 3

LEGISLATION

Section 3.01 Action Required By Ordinance

In addition to other acts required by this Charter or other law to be done by ordinance, acts of the assembly that must be done by ordinance are those that:

- A. Adopt or amend an administrative code;
- B. Provide for a fine or other penalty or establish a rule or regulation for the violation of which a fine or other penalty is imposed;
- C. Levy taxes;
- D. Grant, renew or extend a franchise;
- E. Establish the rates charged by the borough utilities;
- F. Authorize the borrowing of money;

- G. Establish procedures for the acquisition, conveyance, disposition or lease of real property of the borough;
- H. Propose amendments to this Charter;
- I. Adopt, with or without amendment, ordinances proposed under initiative powers;
- J. Fix the wages and benefits of members of the assembly;
- K. Adopt, modify, or reject the comprehensive plan, land use or subdivision regulations, building and housing codes and the official zoning map;
- L. Amend or repeal any ordinance previously adopted except as otherwise provided in Article 6 with respect to repeal of ordinances reconsidered under the referendum power;
- M. Establish a formal procedure for acquisition from the state of land or rights in land and disposal of those lands or rights in land;
- N. Authorize any contract, other than a contract for the purchase, sale, conveyance, disposition or lease of property, which by its terms will not be fully executed within five years and which cannot be terminated by the borough upon not more than one-month's notice without penalty;
- O. Establish, alter or abolish any borough department;
- P. Establish service areas; and
- Q. Make appropriations and supplemental appropriations.

Section 3.02 Ordinance Procedures

Each proposed ordinance shall be in the form required by the assembly. The subject of each ordinance shall be expressed in its title. Each ordinance shall be confined to one subject, unless it is an appropriation ordinance or one codifying, revising or reorganizing existing ordinances. Except as otherwise provided in this Charter, the following procedure governs the enactment of all ordinances:

- A. All ordinances shall be prepared in writing and reviewed by the borough attorney.
- B. Ordinances shall be considered in first reading at a regular meeting. Prior to the final passage of any ordinance, a public hearing shall be held and the ordinance read and advanced at three separate meetings. The public hearing may be held in conjunction with the second or third readings of an ordinance. A proposed non-emergency ordinance may be read in full or by title only. No separate motion shall be entertained for entering an ordinance into the first, second or third reading. No ordinance, except an emergency ordinance, may be finally passed on the same day that it is introduced.

- C. **Publication and Effective Date.** Within fifteen days after its final passage every ordinance shall be published in a newspaper of general circulation within the borough and posted in the municipal office, post office, City of Kupreanof, Papkes Landing and at one other public place in the borough. Publication shall be in full or by number and title with a brief summary. Emergency ordinances and ordinances making, repealing, transferring or otherwise changing appropriations shall go into effect immediately upon final passage unless they specify a later time. All other ordinances shall go into effect as each specifies.
- D. **Signature and codification.** Each ordinance shall be signed by the mayor at its adoption and attested by the clerk. The clerk shall prepare and shall maintain a general codification of all borough ordinances of general applicability.

Section 3.03 Emergency Ordinances

- A. To meet an emergency, the assembly may adopt emergency ordinances. An emergency ordinance is an ordinance which in the judgment of the assembly is necessary for the immediate preservation of the public peace, health or safety and must become effective prior to the time when an ordinance of no emergency nature would become effective. An emergency ordinance shall contain a specific finding of emergency based on a statement of facts. An emergency ordinance may be adopted, amended and adopted, or rejected at the meeting at which it is introduced. The affirmative vote of four members is required for adoption of an emergency ordinance.
- B. An emergency ordinance shall not be used to levy taxes, to grant, renew, or extend a franchise, or to regulate the rate charged by a public utility for its services.
- C. An emergency ordinance is repealed by resolution or automatically expires in sixty days.

Section 3.04 Ordinances – Adoption by Reference

The assembly by ordinance may adopt by reference codes, ordinances, standards, and regulations relating to matters which it has power to regulate. The code, ordinance, standard or regulation so adopted need not be enrolled in the book of ordinances, but a copy must be filed and kept in the office of the clerk or the office of the department enforcing the code or regulation. The clerk or enforcing department must keep copies of those codes, ordinances, standards and regulations in force for distribution or sale at their approximate cost.

Section 3.05 Nuisances

The assembly shall provide by ordinance for the declaration and abatement of nuisances which may be offensive or tend to endanger the health and welfare of the public. Assessment of the cost to abate a nuisance may be made against the property upon or in respect of which the nuisance exists.

Section 3.06 Power of Condemnation/Eminent Domain

- A. The borough shall have power to acquire property inside its corporate limits, by condemnation for any municipal purpose, whether or not such property is already devoted to public use, and to condemn such excess beyond that needed as an actual improvement as may reasonably be required to protect, preserve or facilitate the making and financing of the improvement, and to sell or lease such excess property with restrictions necessary to protect and preserve the improvement.
- B. When the borough acquires property by condemnation inside its corporate limits, any applicable provisions of state law relating to condemnation which are binding on the borough shall be observed.
- C. Any and all action taken by the borough in acquiring private property by condemnation shall require a unanimous vote of the borough assembly. A unanimous vote by the assembly is required in addition to any state laws affecting the borough regarding eminent domain.

ARTICLE 4

BOROUGH MANAGER AND ADMINISTRATIVE DEPARTMENTS

Section 4.01 Borough Manager: Appointment, Term, Qualifications, Removal

There shall be a borough manager appointed by the majority of the assembly who serves at the pleasure of the assembly. At the time of appointment, the manager need not be a resident of the borough, but during the manager's tenure of office, the manager shall reside within the borough. Neither the mayor nor any assembly member may be appointed manager during the period of not less than one year after vacating office. The assembly may suspend or remove the manager at any time by a vote of the majority of the assembly.

Section 4.02 Borough Manager: Powers and Duties

The manager shall be the chief administrative officer and head of the administrative branch of the borough government. The manager shall execute the laws and ordinances and administer the government of the borough. The manager shall:

- A. Hire and Remove Employees. Appoint, lay off, suspend, demote or remove all directors or heads of administrative departments and all other officers and employees of the borough, except personnel in the school district and personnel employed with Petersburg Medical Center. The manager may delegate this power and duty to directors or heads of departments and other administrative officers;
- B. Supervise Departments. Supervise and control all administrative departments, agencies, officers and employees appointed by the manager or by agencies and officers subordinate to the manager;

- C. Prepare Budgets. Prepare budgets as required by the assembly and annually for the general government, excluding the school district and medical center and submit them to the assembly. Be responsible for the administration of the budgets after they go into effect and recommend to the assembly any changes in the budgets the manager considers necessary;
- D. Report. Submit to the assembly, and make available to the public, a report at the end of the fiscal year on the finances and administrative activities of the borough for the preceding year;
- E. Make Recommendations. Keep the assembly advised of the financial condition and future needs of the borough and make recommendations on policy and other matters;
- F. Perform Other Duties. Perform other powers, duties and functions as the Charter may prescribe, and powers, duties and functions consistent with this Charter as the assembly may prescribe.

Section 4.03. Acting Borough Manager

If the borough manager is absent from the borough or is unable to perform duties, if the assembly suspends the borough manager, or if there is a vacancy in the office of borough manager, the assembly may appoint an acting borough manager to serve until the borough manager returns, until disability or suspension cease, or until another borough manager is appointed.

Section 4.04 Borough Clerk

There shall be a borough clerk who shall be an officer of the borough. The borough clerk shall be appointed by the borough manager, subject to ratification by the assembly; the borough clerk is otherwise subject to the personnel authority of the borough manager, as set out in subparagraphs A. and B. of section 4.02.

ARTICLE 5

ELECTIONS

Section 5.01 General Requirements

- A. Regular Elections. A regular election shall be held on the first Tuesday in October of every year.
- B. Special Elections. The assembly, by ordinance or resolution, may call special elections.
- C. Questions Submitted at Elections. The assembly, by ordinance or resolution, may submit questions to the voters at a regular or special election.
- D. Notice of elections. At least 30 days published notice must be given for a regular or special election.

- E. Canvassing Returns – Certificates of Election. The Assembly shall canvass the returns of all borough elections, regular and special, and shall ascertain and declare the results, provided that the assembly may delegate this function to a board created by ordinance. The clerk shall promptly prepare, sign and issue certificates of election to all persons elected to office.
- F. Laws Governing Elections. The provisions of state law applicable to borough elections, shall govern elections of the borough insofar as they are not superseded by this Charter or by ordinance.
- G. Nominations. Candidates for assembly member, mayor, school board member or hospital board member shall be nominated by a petition signed by at least twenty qualified voters of the borough. A nominating petition may not be accepted unless accompanied by a signed declaration of candidacy form completed by the nominee.
- H. Non-Partisanship. Candidates for any elected borough office shall not file for election or run for office as a member of any party which is active in national or state elections.
- I. Tie Votes: In the event of a tie vote for candidates, the successful candidate shall be determined by a public drawing of lots in a manner prescribed by the assembly.

ARTICLE 6

INITIATIVE, REFERENDUM AND RECALL

Section 6.01 Initiative and Referendum

The powers of initiative and referendum concerning laws and resolutions of the borough are reserved to the voters of the borough as prescribed by law. The assembly shall provide for the procedures of initiative and referendum by ordinance.

A. Initiative.

1. Applications of Initiative. Through the initiative process, voters of the borough may initiate and subsequently enact, amend or repeal borough charter provisions, ordinances, resolutions and existing provisions of borough code.
2. Restrictions. Initiative may not be used for dedication of revenues, making or repealing appropriations, creating courts and prescribing their rules, or enacting local or special legislation. Initiative shall not be used to compel the adoption of a measure that is not enforceable by law.
3. Voidance of Petition. An initiative petition is void if the assembly enacts substantially the same measure prior to the election.
4. Failed Initiative. If an initiative fails to receive voter approval, a new petition application for substantially the same measure may not be filed sooner than six months after the election results are certified.

B. Referendum.

1. Applications. Through the referendum process, voters of the borough may compel a legislative measure that has been approved by the assembly to be referred for voter ratification.
2. Restrictions. Referendum shall not be applied to dedications of revenue, appropriations, local or special legislation, or laws necessary for the immediate preservation of the public peace, health or safety.
3. Suspension of Legislation. A referendum petition may only be filed within 90 days following the effective date of the legislative measure in question. Filing of a referendum petition suspends the ordinance or resolution and the assembly may not enact a substantially similar measure during the period of suspension. The suspension terminates on a finding of insufficiency of the petition or upon certification of a majority vote against repeal.
4. Voidance of Petition. A referendum petition is void if the assembly repeals the measure in question prior to the referendum election.
5. Failure. If a referendum fails to receive voter approval, a new petition application for substantially the same measure may not be filed sooner than six months after the election results are certified.

C. Repealing or Altering Initiative and Referendum Measures. The assembly may not repeal or substantially alter an ordinance enacted by initiative within two years after certification of the election at which the initiative was approved. Neither shall the assembly repeal or substantially alter a provision enacted or adopted under 6.01A (3) above within two years following its enactment or adoption. The assembly may not enact or adopt a provision substantially similar to one repealed by referendum within two years after certification of the election at which the measure was repealed. Further, the assembly may not enact or adopt a provision substantially similar to the one repealed under 6.01B (4) above within two years following its repeal.

Section 6.02 Recall

An official who is elected or appointed to any elected borough office may be recalled by the voters of the borough as provided by state law. The assembly, by ordinance, may further regulate the recall process insofar as regulation is not in conflict with the constitution of the State of Alaska or other state law.

ARTICLE 7

PLANNING

Section 7.01 Planning Commission

A. Membership, Qualification and Term. There shall be a planning commission consisting of seven members who shall be elected at large. A candidate for planning commission must be a qualified borough voter and, in addition, has resided in the borough for a period of one year prior to taking office. The term of office shall be for three years and until a successor takes

office. The initial terms of the planning commission will be staggered to allow for uninterrupted continuation of commission functions.

- B. Powers and duties. Powers and duties of the planning commission shall be established by an ordinance approved by the assembly.
- C. Initial Transition Terms: In conjunction with the election that approves the borough and elects the assembly and mayor, a planning commission shall be elected. The initial terms of the planning commission shall be as follows: three planning commission members are elected for a three year term, two are elected for a two year term and two are elected for a one year term, the terms being assigned to the members by lot. For purposes of computing the length of the terms for persons elected to initial terms, the period between the initial election and the first Tuesday of October immediately following that initial election will not be considered. The first regular election provided for in Section 5.01 (a) will occur no earlier than twelve months after the effective date of this Charter.
- D. The provisions of this Charter applicable to the assembly members and mayor apply to planning commission members to the extent permitted by law.

Section 7.02 Comprehensive Plan

The assembly, by ordinance, shall adopt, implement and from time to time modify, a comprehensive plan which shall be presented to the assembly by the planning commission. The comprehensive plan shall set forth goals, objectives and policies governing the future development of the borough.

Section 7.03 Platting Regulation and Subdivision Regulation

There shall be a platting authority constituted as provided for by ordinance. The assembly, by ordinance, shall provide for the regulation of the subdivision of land within the borough.

Section 7.04 Planning and Platting within the City of Kupreanof

The authority for platting, planning and land use regulations within the corporate boundaries of the City of Kupreanof shall be vested with the City of Kupreanof.

Section 7.05 Planning and Platting within the Unincorporated Areas

In the unincorporated neighborhoods within the borough, the assembly may establish, by ordinance, advisory committees for the planning, platting and land use regulation pertaining to the area encompassed by the respective neighborhoods. The assembly shall, by ordinance, establish the role and authority of each advisory committee.

ARTICLE 8

EDUCATION

Section 8.01 Public School System

The Petersburg Borough School District shall provide areawide public education for the borough as prescribed by Alaska statutes. The school district shall be operated by a school board of five members elected at large.

Section 8.02 Membership, Qualification and Term

- A. A candidate for school board must be a qualified borough voter and reside in the borough. The term of a school board member is three years and the terms must be staggered to allow for the uninterrupted continuation of school board functions.
- B. Initial Transition Terms: In conjunction with the election that approves the borough and elects the assembly and mayor, a school board shall be elected. The initial terms of the school board shall be as follows: two school board members are elected for a three year term, two are elected for a two year term, and one is elected for a one year term, the terms being assigned to the members by lot. For purposes of computing the length of the terms for persons elected at initial terms, the period between the initial election and the first Tuesday of October immediately following that initial election will not be considered. The first regular election provided for in Section 5.01 (a) will occur no earlier than twelve months after the effective date of this Charter.
- C. The provisions of this Charter applicable to the assembly members and mayor apply to school board members to the extent permitted by state law.

Section 8.03 Powers and Duties of the School Board

The school board has all the powers and duties provided by AS 14, including, but not limited to, the powers to:

- A. Formulate policy for the operation of the schools;
- B. Appoint, promote, demote, suspend and remove the school district superintendent;
- C. Generally supervise school district fiscal affairs, including preparation and submission of the annual budget and six-year capital improvements plan; and
- D. Implement and maintain a five-year curriculum and instruction plan.

Section 8.04 Joint Meetings

The assembly and school board shall meet at least once yearly in public session to discuss and coordinate financial planning, capital improvement needs, comprehensive plans for education, and other matters of concern.

Section 8.05 Administrative Procedures

The borough assembly shall by ordinance establish procedures for administration of school district finances and buildings and which allow for the greatest possible autonomy of the school board within the limitations of this Charter.

ARTICLE 9

MEDICAL CENTER

Section 9.01 Borough Medical Center

The Petersburg Medical Center shall operate and maintain an areawide medical services and hospital facility for the borough. The medical center shall be operated by a hospital board of seven members elected at large.

Section 9.02 Membership, Qualification and Term

- A. A candidate for hospital board must be a qualified borough voter and in addition, has resided in the borough for a period of one year prior to taking office. The term of a hospital board member is three years and the terms must be staggered to allow for the uninterrupted continuation of hospital board functions.
- B. Initial Transition Terms: In conjunction with the election that approves the borough and elects the assembly and mayor, a hospital board shall be elected. The initial terms of the hospital board shall be as follows: three hospital board members are elected for a three year term, two are elected for a two year term and two are elected for a one year term, the terms being assigned to the members by lot. For purposes of computing the length of the terms for persons elected to initial terms, the period between the initial election and the first Tuesday of October immediately following that initial election will not be considered. The first regular election provided for in Section 5.01 (a) will occur no earlier than twelve months after the effective date of this Charter.
- C. The provisions of this Charter applicable to the assembly members and mayor apply to hospital board members to the extent permitted by law.

Section 9.03 Powers and Duties of the Hospital Board

The borough assembly, by ordinance, shall provide for the powers and duties of the hospital board, allowing for the greatest possible autonomy to operate and maintain borough medical facilities in the best interests of the public's health, including, but not limited to, the powers to:

- A. Formulate policy for the operation of the hospital;
- B. Appoint, promote, demote, suspend and remove the hospital administrator; and
- C. Generally supervise hospital fiscal affairs, including preparation and submission of an annual budget and six-year capital improvements plan for equipment and buildings.

Section 9.04 Joint Meetings

The assembly and hospital board shall meet at least once yearly in public session to discuss and coordinate financial planning, capital improvement needs, comprehensive plans for health care and other matters of concern.

Section 9.05 Administrative Procedures

The borough assembly, by ordinance, shall establish procedures for the administration of borough hospital finances, buildings and property, allowing for the greatest possible autonomy of the hospital board to administer hospital affairs.

ARTICLE 10

UTILITIES

The water, wastewater, electric and refuse services previously owned and operated by the City of Petersburg are borough utilities and must be operated in a business like manner. The borough shall have power to acquire, own, operate, promote and regulate public utilities, either within or beyond the borough corporate limits. The assembly may also sell utility services beyond the borough corporate limits.

Section 10.01 Management and Rates

- A. The assembly shall provide by ordinance for the establishment, management, operation, regulation, use, promotion, control and the fixing and collecting of rates of all borough utilities. The rates to be charged must provide a sufficient return.
- B. No agreements shall be made for utility services outside of the borough which will return to the borough less than net positive revenues. Higher rates for utility service outside of the borough may be established by the assembly.

- C. Transactions of each borough utility shall be recorded in a separate group of accounts which shall be classified in accordance with generally accepted accounting practices. An annual independent audit of all borough utilities must be performed as required by Section 11.15 of this Charter.

Section 10.02 Use of Utility Assets

Except as provided in this article, none of the assets, income or property of the borough utilities may be placed in the borough general fund or used for any purpose other than for the borough utilities unless reasonable compensation, as determined by the assembly, is received by the utility.

Section 10.03 Borrowing

Except as otherwise provided in this subsection the borough utilities may borrow money and issue bonds or other evidences of indebtedness in the manner provided in article 13. No borrowing, issuance of bonds or other evidence of indebtedness for the utilities may occur unless approved by the assembly and, to the extent required under article 13 of this Charter, a majority vote of the qualified voters of the borough who vote on the question of approving the borrowing, bonds or other evidences of indebtedness.

Section 10.04 Sale of Borough Utility

The borough owned water, wastewater, electric and refuse services may not be sold or leased except by authority of an ordinance approved or enacted at an election by an affirmative vote of a majority of the qualified voters of the borough who vote on the question of approving the ordinance.

Section 10.05 Cooperation with Other Governments/Thomas Bay Power Authority

There is created a Thomas Bay Power Authority owned jointly and equally by the municipalities of Petersburg and Wrangell, Alaska, for the purpose of constructing and operating a hydro-electric power generating utility which authority shall have all express, implied and incidental powers, including but not limited to, acquiring extra-territorial properties, and obtaining financing and the issuance of Revenue Bonds in its own name, and which authority may incorporate or otherwise reorganize as a separate entity, but in the event to be managed jointly by a commission of representatives from the municipalities as they shall respectively appoint.

ARTICLE 11

FINANCE

Section 11.01 Fiscal Year

The fiscal year of the borough shall begin on the first day of July and shall end on the last day of June, unless otherwise provided by ordinance.

Section 11.02 Submission of Budget, Capital Improvements Program and Message

No later than 60 days before the end of the current fiscal year, the manager shall submit to the assembly a budget for the following fiscal year, a capital improvements program and an accompanying explanation message of both. The assembly may grant an extension of not to exceed 30 days if compelling reasons exist.

Section 11.03 Scope of Budget

- A. Complete financial plan. The budget shall be a complete financial plan for all the operations of the borough, showing all reserves, all estimated revenues from all sources and all proposed expenditures for all purposes.
- B. Form. The budget shall contain at least the following:
 - 1. A comparative statement of actual expenditures and actual revenues from the preceding fiscal year;
 - 2. Estimated expenditures and estimated revenues for the current fiscal year;
 - 3. Projected revenues and expenditures for the budget year, and
 - 4. A brief explanation of each item.
- C. Balanced budget. Proposed expenditures shall not exceed the total available reserves and the revenues collected but not expended or allocated at the time the proposed budget is adopted.

Section 11.04 Scope of Capital Improvements Program

- A. The capital improvement program shall be a plan for capital improvements proposed for the following 6 fiscal years, together with the estimated cost of each improvement and the proposed method of financing it. It shall contain at least the following:
 - 1. A summary of current capital improvements which are unfinished;
 - 2. A simple, clear summary of the detailed contents of the program;
 - 3. Capital improvements pending or proposed to be undertaken within the ensuing fiscal year, together with the estimated cost of each improvement and the proposed method of financing it.
- B. Capital improvements to be financed in the following fiscal year shall be included in the budget as well as the capital improvements program.

Section 11.05 Scope of Message

The manager's message shall contain an explanation of the budget both in fiscal terms and in terms of work to be done, a description of the important features of the budget, an outline of the proposed financial policy of the borough for the following fiscal year and an explanation of each capital improvement to be undertaken within the following six fiscal years.

Section 11.06 Hearing

A public hearing shall be held on the budget, including the capital improvements program. All persons interested shall have an opportunity to be heard. At least ten days prior to the hearing, the assembly shall:

1. Publish a summary of the budget and capital improvements program and a notice setting out the time and place of the public hearing in a newspaper of general circulation within the borough and posted in the municipal office, post office, City of Kupreanof, Papkes Landing and at one other public place in the borough; and
2. Deliver copies of the notice and summary of the budget and capital improvements program and the manager's message to radio and television stations operating in the borough.

Section 11.07 Assembly Action on Budget

The assembly, by ordinance, shall adopt a budget, including capital improvements, not later than June 15. If the assembly fails to do so, a 30 day continuing budget resolution allowing a rate of expenditure of 80% of projected revenues shall be imposed.

Section 11.08 Certification and Distribution

The budget adopted shall be certified by the mayor and clerk and shall be a public record available at the clerk's office for distribution to the public.

Section 11.09 Supplemental and Emergency Appropriations

- A. If during any fiscal year there are available revenues not anticipated in the budget estimates, the assembly, by ordinance, may make supplemental appropriations for the year up to the amount of the additional revenues.
- B. Upon declaration by the assembly that a public emergency exists and describing the emergency in clear and specific terms, the assembly may make emergency appropriations. Such appropriations may be made by emergency ordinance.

Section 11.10 Reduction of Appropriations

The assembly, by ordinance, may reduce any appropriation, except for debt service. No appropriation may be reduced by more than the amount of the unencumbered balance.

Section 11.11 Lapse of Appropriations and Surpluses

At the end of the fiscal year, an unencumbered appropriation shall lapse into the fund from which appropriated; provided that an appropriation for a capital improvement, or in connection with requirements of federal or state grants, shall not lapse until its purpose has been accomplished or abandoned.

Section 11.12 Administration of Budget

- A. No payment may be made and no obligation incurred against the borough except in accordance with appropriations duly made. No payment may be made and no obligation incurred against any appropriation unless the manager ascertains that there is a sufficient unencumbered balance in the appropriation and that sufficient funds are or will be available to cover the obligation.
- B. Every obligation incurred and every authorization of payment in violation of this Charter shall be void. Every payment made in violation of the provision of this Charter shall be illegal. All officers or employees of the borough who knowingly authorize or make such payment shall be jointly and severally liable to the borough for the full amount so paid.
- C. The manager shall submit monthly to the assembly, information comparing estimated and actual revenues and expenditures to the end of the preceding month.

Section 11.13 Purchasing; Contracting

- A. The assembly, by ordinance, shall provide for competitive bidding for purchase of goods and services by the borough and sales of surplus borough property and for any exceptions.
- B. The assembly, by ordinance, shall establish provisions for approval of borough contracts and exceptions. The provisions shall address, at a minimum:
 - 1. Authority of assembly. All contracts, except as provided in subsection 2 of this section, shall be authorized by the assembly and, if in writing, shall be signed by the manager and clerk. Contracts shall be approved as to form by the borough attorney if the assembly requires such approval.
 - 2. Purchase and Sale of Borough Property. Procedures for the purchase and sale of borough property and equipment shall include a provision for the centralized purchasing on behalf of the borough. The procedures shall also provide the dollar limit within which purchases of the borough property and equipment may be made without specific assembly approval and define those circumstances where competitive bidding is not required.
- C. Limitations on Contractual Power.
 - 1. The assembly shall have power to enter into only those contracts which, by their terms, will be fully executed within a period of five years. This limitation shall not apply to contracts concerning interests in real property. Any contract, other than a franchise, which will not be fully executed within a period of five years shall first

- receive the approval of a majority of the qualified electors of the borough who vote on the contract. This restriction shall not apply to any contract for services with a public utility or with other governmental units, or to contracts for debt secured by the bonds or notes of the borough.
2. The assembly shall provide by ordinance the procedure whereby the borough may purchase, sell, lease or dispose of real property. No action of the assembly to dispose of any borough interest in real property dedicated to public use shall be final until the resolution to do so has been on file in the office of the borough clerk for 30 days.
 3. Except as authorized in subsection 11.13B2 above, each contract for the construction of public improvements or for the purchase or sale of personal property shall be let only after opportunity for competitive bidding and after appropriate notice of not less than two weeks. All bids shall be opened in public at the time and place designated in the invitation for bids. The assembly may reject any or all bids. If, after opportunity for competitive bidding, no bids are received which are satisfactory to the assembly, it may authorize the manager to negotiate for a contract in the open market. The assembly may waive any and all irregularities.
 4. The assembly may approve contracts for engineering, architectural, legal, medical and other professional services for the borough without competitive bidding. Such contracts shall not exceed two years, except for completion of work in progress under architectural or engineering contracts.
- D. **Business Dealings with the Borough.** The assembly shall provide by ordinance the procedure whereby an officer or employee of the borough, who intends to have business dealings with the borough whereby he or she may derive income or benefits other than those provided as a remuneration for official duties or the duties of employment, shall file with the clerk a statement, under oath, setting forth the nature of such business dealings and his or her interest therein, not less than ten days before the date when action may be taken by the assembly or by any officer or agency of the borough upon the matter involved. Such statement shall be sufficient for continuing transactions of a similar or like nature for six months from the date of its filing.
- E. **Personal Interest.** Borough officers, employees and elected officials shall not be eligible to sell, barter, or supply anything to the borough or purchase anything from the borough while holding office or employment or for a period of six months after leaving office or employment unless an invitation to submit sealed bids is published, and the borough complies with all ordinance provisions regarding the acceptance or rejection of bids. This section shall not apply to things valued at less than \$5000 or those things which the borough offers generally to the public (as for example, utility services) which shall be purchased or offered at prices or rates prevailing in the community and without discrimination.

Section 11.14 Enterprise Funds

Revenues from a municipal enterprise activity shall be used for the direct operating expenses and other expenses of the enterprise, such as debt retirement and providing for the establishment of an enterprise fund replacement reserve account for major maintenance and repairs. Any other use of enterprise fund revenues shall be made as authorized by ordinance or by budgetary action. If

any general funds are used for enterprise fund projects, the amount will be repaid by enterprise activity according to procedures established by ordinance.

Section 11.15 Independent Audit

An independent audit shall be made of all accounts of the borough at least annually and more frequently if deemed necessary by the assembly. The annual audit shall be made by a certified public accountant employed by the borough and shall be completed within ninety days following the close of the fiscal year. The audit shall be open to public inspection during normal working hours.

ARTICLE 12

TAXATION

Section 12.01 Powers

The borough has all powers of taxation that home rule boroughs may have under the state constitution and law.

Section 12.02 Sales and Use Taxes; Ratification of Sales or Use Tax Rate Increases.

- A. The borough may by ordinance levy sales or use taxes on an areawide basis, a non areawide basis and a service area basis.
- B. Any sales or use tax, or change in the rate or exemptions to the sales tax or use tax, shall be by ordinance, ratified by a majority of the qualified voters of the borough voting on the question.

Section 12.03 Tax Cap, Assessment, Levy and Collection of Property Taxes; Exemptions

The borough shall provide for the annual assessment, levy and collection of taxes on property. The ad valorem tax on real property shall not exceed 10 mills, except ad valorem tax on real property necessary to retire debt approved by the voters is excluded from this limit. Any exemption from taxation, other than those required by law, shall be by ordinance ratified by a majority of the qualified voters voting on the question.

Section 12.04 Private Leaseholds, etc., in Property Owned or Held by the United States, the State or Its Political Subdivisions

Private leaseholds, contracts or interests in land or property owned or held by the United States, the state or its political subdivisions, shall be taxable to the extent of the private interests.

Section 12.05 Assessment – Equalization

The taxable status of property shall, for purposes of property taxes, be determined as of the first day of January or such other date as may hereafter be prescribed by law or ordinance, which is called the assessment day. Values on the assessment rolls are determined by the full and true value according to the facts existing on the assessment day for the year for which the assessment is made, and no change in the status of property after that day shall be considered in determining its value. In determining the values, any standards of appraisal established by law or ordinance shall be followed. The assembly, acting as the board of equalization, shall equalize valuations of property assessed; provided that the assembly by ordinance may delegate this power to a board created by ordinance when not prohibited by law.

Section 12.06 Lien on Real Property

The borough shall have a first lien on all real property and personal property against which borough taxes are levied for the taxes and any collection charges, penalties and interest that may accumulate thereto; and the lien continues until the taxes and any charges, penalties and interest are paid.

Section 12.07 Protection of Lien on Property

The borough may protect its lien for taxes on real property by sale at tax sale, or by purchasing the real property at any tax sale or other public sale, by direct negotiation with the owner, or in any other legal manner. Any such procedure shall be deemed to be for a public purpose. When the borough has acquired an interest in real property to protect a tax lien, the owner of any interest in that real property may, within the time as provided by law, redeem the same by paying the delinquent borough taxes and all accrued charges, penalties and interest thereon, as provided by law or ordinance. After the borough has held any tax delinquent real property for the time required by law, it may hold the same for public use or may sell it as provided by state law.

ARTICLE 13

BORROWING

Section 13.01 General-Obligation Bonds, and Revenue Bonds

- A. Power to Borrow. The borough has the power to borrow money and to issue general obligation bonds, revenue bonds or other evidences of indebtedness therefore, but only when authorized by the assembly for capital improvements and ratified at an election by a majority of those qualified to vote and voting on the question.
- B. Areawide, Non-areawide and Service Area Indebtedness. The borough may incur indebtedness:
 - 1. On an areawide basis when exercising powers on an areawide basis;
 - 2. On a service area basis when exercising powers through a service area;
 - 3. On a non-areawide basis when exercising powers on a non-areawide basis.

Indebtedness incurred on a service area basis must be repaid from revenues and taxes received from the service area, indebtedness incurred on a non-areawide basis must be repaid from revenues and taxes received from the non-areawide portion of the borough and indebtedness incurred on an areawide basis must be repaid from revenues and taxes received areawide. The full faith and credit of the borough may, however, be pledged to guarantee repayment of indebtedness incurred on a service area basis or on a non-areawide basis if the indebtedness has been approved as required by this subsection. If the indebtedness is incurred for the exercise of areawide powers, the election approving the indebtedness must be areawide. If the indebtedness is incurred on a service area basis and is to be repaid solely from revenues and taxes received from the service area, the election approving the indebtedness must be among the voters of the service area. If the indebtedness is incurred on a non-areawide basis and is to be repaid solely from revenues and taxes received from the affected area, the election approving the indebtedness shall be among the voters of the affected area. If the full faith and credit of the entire borough is pledged for the payment of indebtedness incurred on a service area or non-areawide basis, then the indebtedness must be approved on an areawide and on a service area or non-areawide basis.

- C. General-obligation evidences of indebtedness may also be secured by revenues from a revenue producing utility or enterprise when they are issued for the acquisition, construction, reconstruction, repair, improvement, extension, enlargement or equipment of the utility or enterprise, or by other designated funds or revenues specifically pledged for payment of principal and interest thereon. Capital improvements as used hereinabove may also include a part of the borough's entire share of the cost of public improvement of which a part is to be paid by benefited property. Bond anticipation notes may be issued following bond issue approval, and pending sale of the bonds.
- D. The requirements for ratification do not apply to borrowing money to meet appropriations for a particular fiscal year, to indebtedness to be paid from special assessments to be made on benefited property, nor to refunding indebtedness.

Section 13.02 Notice of Bond Election

- A. Before holding any election required by this article the assembly shall cause a notice of bond indebtedness to be published once a week for three consecutive weeks in a newspaper of general circulation in the borough. The first publication must be at least 20 days prior to the date of election. For elections approving the issuance of general obligation bonds or revenue bonds the notice shall contain the following information:
 - 1. The amount of the bonds, purposes of issuance and length of time within which the bonds shall mature;
 - 2. The amount of the estimated annual debt service on the proposed bonds based upon an estimate of the anticipated interest rate;
 - 3. The amount of the current total general obligation indebtedness of the borough including authorized but unsold bonds;
 - 4. The amount of the current year's debt service on the outstanding bonds of the borough; and
 - 5. The current total assessed valuation within the borough.

- B. For bonds secured by a pledge of taxes to be levied in a service area or on a non areawide basis the notice shall also contain the information required in (3), (4), and (5) relative to the service area or other area. Instead of the information required in (3), (4) and (5) for revenue bonds that are not also secured by a general obligation pledge, the notice must contain the amount of current indebtedness secured by the applicable revenues, including authorized, but unsold, bonds and the amount of the current year's debt service on outstanding bonds of the borough secured by a pledge of the applicable revenue.
- C. Omissions or errors of information required by (2), (3), (4) and (5) shall not invalidate any election.

Section 13.03 Borrowing to Meet Appropriations

The borough may borrow money to meet appropriations for any fiscal year in anticipation of the collection of revenues for that year, when authorized by the assembly, and without submitting the question to the voters. The total of that indebtedness shall never exceed 25% of expected revenues of that year. All debts so contracted shall be paid before the end of the next fiscal year.

Section 13.04 Revenue Bonds and Borrowing

The borough may borrow money and issue revenue bonds or other evidences of indebtedness therefore, the principal and interest of which are payable solely out of, and the only security of which is, the revenues of a revenue producing utility or enterprise; but only when 1) authorized by the assembly for the acquisition, construction, reconstruction, repair, improvement, extension, enlargement, or equipment of the said utility or enterprise, or for refunding or for purposes authorized by section 13.03 of this Charter; and 2) ratified at an election by a majority of those qualified to vote and voting on the question, as set out in Section 13.01. Bond anticipation notes may be issued following the approval of a bond issue under this section and pending sale of the bonds.

Section 13.05 Limitations Upon Borrowing Power

The outstanding general obligation indebtedness of the borough incurred for all public purposes shall not at any time exceed ten percent (10%) of the assessed value of all real and personal property of the borough. The restrictions imposed by this Charter on contracting debt shall not apply to debt incurred through the issuance of revenue bonds when the only security is the revenues of the enterprise, nor to bonded indebtedness to be paid from special assessments on benefited property, nor to refunding indebtedness. In determining the debt limit of the borough, there shall be deducted from the amount of the outstanding bonded indebtedness any amount credited to or on deposit for debt retirements, and any portion of reserve funds or accounts pledged to the payment of the principal amount of any outstanding bonded indebtedness. Money may be borrowed for reasons of disaster, beyond the limit imposed by this section.

Section 13.06 Non-Recourse Bond Financing

The borough may enact ordinances authorizing the issuance of non-recourse revenue bonds or other non-recourse revenue obligations and the application of the proceeds thereof subject to the following limitations:

- A. Non-recourse revenue bonds and other non-recourse revenue obligations issued pursuant to this section shall be secured and payable from any source except revenues, including tax revenue, of the borough
- B. Non-recourse revenue bonds and other non-recourse revenue obligations issued pursuant to this section shall not be payable from, or secured by, any borough assets, tax funds or governmental revenue, or by all or part of the faith and credit of the borough.
- C. The restrictions of Articles 10, 11 and 13 of this Charter shall not be construed as limitations upon the authority granted by this section. Non-recourse bonds and other non-recourse revenue obligations may be issued pursuant to this section without ratification at an election.

Section 13.07 Unexpended and Unencumbered Balances

Every bond or other evidence of indebtedness must contain a statement of the purpose for which it is issued, and the proceeds thereof shall not be used for any other purpose, except that, whenever any proceeds of an issue remain unexpended and unencumbered for the purpose for which issued, the assembly shall authorize the use of the unexpended and unencumbered funds only for the following purposes, which are listed in descending order of priority:

- A. For the retirement of the issue;
- B. If the issue has been fully retired, then for the retirement of other bonds or obligations issued on the same areawide, service area or non areawide basis;
- C. If there are no such other bonds or obligations of the assembly outstanding, then for any purpose related to the same areawide, service area or non-areawide purpose.

Section 13.08 Voiding Authorization of Bonds

The assembly, by resolution or ordinance, may void the authorization of any unsold bonds or other evidences of indebtedness at any time. Every obligation must be sold within the ten years following the adoption of the ordinance authorizing its issuance or the ratification of the issuance by the qualified voters of the borough, whichever is later, except when the sale has been delayed by an action to determine the validity of the proceedings authorizing the issuance of the obligations, in which case the period of the delay may be added to the ten years. Authorization of obligations not sold within the time limits provided shall lapse unless otherwise voided at an earlier date by the assembly.

Section 13.09 Assembly to Have Power to Regulate

The assembly shall regulate the indebtedness of the borough and the issuance of bonds and other evidences of indebtedness, regardless of type or purpose, including general obligation, revenue, special-assessment, refunding and other, subject only to the limitations imposed by the state constitution, other state law and this Charter.

Section 13.10 Challenges to Bond Elections

Any person wishing to controvert or challenge the validity of a bond election and procedures attendant thereto, either revenue bond proposition or general obligation bond proposition, must file with the office of the clerk written notice stating the specific grounds for challenge within 30 days from certification of the election results. The election at which the approval or rejection of a bond question or proposition was certified may be challenged in whole or in part, and shall be on one or more of the following grounds.

1. Malfeasance, misconduct, fraud or corruption of an election official sufficient to change the results of the election;
2. Existence of a corrupt election practice as defined by statute;
3. Procedural irregularities or omissions pertaining to bond election requirements sufficient to change the results of the election.

ARTICLE 14

SERVICE AREAS, AREAWIDE AND NON-AREAWIDE POWERS

Section 14.01 Areawide and Non-areawide Powers

Except as otherwise required by this Charter or by applicable state law, all powers of the borough may be exercised on an areawide, or non-areawide basis except those powers listed in Sections 14.02 and 14.05.

Section 14.02 Services to be Provided Only by Service Area

- A. The following powers shall be exercised only through service areas:
1. The establishment and operation of police departments, the hiring of police officers or the contracting for the services of police officers;
 2. The establishment and operation of fire and emergency medical services departments, the hiring of firefighters and the contracting for fire fighting services;
 3. The collection but not disposal of solid waste;
 4. Water, sewer and electric services;
 5. Street construction and maintenance;
 6. Building code enforcement;
 7. Parks and recreation; and
 8. Animal control

- B. Until otherwise changed, those areas which were, at the time this Charter was approved, a part of the former City of Petersburg's public water system or sanitary sewage system or which were within the boundaries of the former City of Petersburg shall be included within a service area for each and all of the above powers and for the power to build, operate, maintain and replace the public water system, sanitary sewage services, roads, bridges, sidewalks, culverts, storm sewers and drainage ways.
- C. All other service areas in existence on the date this Charter becomes effective shall continue in effect until such time as changed as provided in this article and the borough shall exercise the same powers within those service areas as were exercised by the former governing body.
- D. Nothing in this Charter except section 14.06 prohibits the borough from exercising any other power on a non-areawide basis or through service areas.
- E. No areawide power shall be interpreted to include or authorize any of the powers described in 14.02 A.

Section 14.03 Creation, Expansion, Consolidation, Alteration and Termination of Service Areas.

Service areas may be established to provide services not provided on an areawide basis or to provide a higher level of service than that provided on an areawide basis.

- A. Creation of Service Areas. The assembly may create new service areas only by an ordinance that describes the boundaries of the service area and the powers to be exercised therein and, which is either:
 - 1. Approved by a majority of the voters residing within the proposed new service area; or
 - 2. Consented to in writing by all of the owners of real property within the boundaries of the proposed service area if no voters reside in the proposed service area.
- B. Expansions or Reductions of Service Areas. The boundaries of a service area may only be expanded or reduced by an ordinance adopted by the assembly which describes the proposed new boundaries of the service area and the powers to be exercised therein and which is approved by both:
 - 1. A majority of the voters residing within the boundaries of the existing service area or, in the case of a reduction, a majority of the voters who will remain within the boundaries of the service area after the reduction; and
 - 2. A majority of the voters residing in the area which will be added to or subtracted from the existing service area or, if no voters reside within that area, by written consent of all owners of real property within the area which will be added to or subtracted from the existing service area.
- C. Consolidation of Service Areas. Service areas may be consolidated for any or all of the services provided in each service area. The consolidation shall be by an ordinance adopted by

the assembly and approved by a majority of the voters residing in each of the service areas to be consolidated.

- D. Expansion or Reduction of Powers. When a service area has been established for the exercise of one or more powers, the borough may exercise additional service area powers in that service area or reduce the service area powers exercised in that service area only by an ordinance adopted by the assembly and approved by a majority of the voters residing within the service area. But any power, other than those listed in section 14.06 of this Charter that was previously exercised by the City of Petersburg may, without approval of the voters, be exercised by the borough on and in the area previously known as the City of Petersburg.
- E. Termination. Any service area may be terminated only by an ordinance adopted by the assembly which describes the boundaries of the service area and the services to be terminated and which is either:
 - 1. Approved by a majority of the voters residing within the service area to be terminated; or
 - 2. Consented to in writing by all of the owners of real property within the boundaries of the service area to be terminated if no voters reside in the service area.

The ordinance shall provide for the disposition of the service area's assets and shall provide for payment of the service area's indebtedness and ongoing operational and maintenance expenses from revenues obtained from the service area.

- F. Majority of Voters. For purposes of this section the term "majority of the voters" shall mean a majority of the qualified voters casting a ballot on the proposition at a general or special election.

Section 14.04 Criteria for Establishing Service Areas

Service areas shall be established according to criteria of need and economic operating efficiency and shall comprise the area to which the services shall be provided. A new service area shall be established only after assembly determination that such services cannot be reasonably provided by an existing service area or by alteration of an existing service area.

Section 14.05 Financing and Management

- A. Service Area Taxes. The assembly may levy taxes, assessments or other charges within a service area to pay for the costs of that service area. Funds raised by these taxes, assessments and charges shall not be used for any purpose other than to pay for the costs of the service area.
- B. Supervision of Service Areas. The assembly may provide for an appointed or elected board to supervise the furnishing of services in a service area or may exercise such supervision by itself. The assembly or board shall determine the cost and levels of service, the means, methods and facilities for providing the service and all requirements for receiving the service.

- C. Use of Property and Assets of a Service Area. Until a service area is terminated, revenues, property and assets acquired for the service area shall not be used for any other purpose. Service area equipment, assets, property and personnel may, however, be used for areas beyond the boundaries of the service area when such use is for purposes of mutual aid, intergovernmental assistance or cooperation, law enforcement or emergency services. With the approval of the assembly, service areas may participate in joint ventures, sharing of revenues, equipment, assets, property and personnel, or other mutual assistance and cooperation provided that the service area is reasonably compensated in proportion to the revenues, equipment, property, personnel, and assets it contributes. Reasonable compensation may be in the form of services, money, future obligations, or other forms determined by the assembly.

Section 14.06 Areawide Powers

The Borough may exercise all powers of home rule not prohibited by law or this Charter. In addition to all other powers which the borough may exercise on a service area basis, or on an areawide basis listed in other chapters of the Charter, the following powers shall be exercised on an areawide basis:

- A. The power to dispose of solid waste whether through recycling, landfilling or any other means and the power to operate, maintain, monitor, repair or remove landfills including those previously owned or operated by the City of Petersburg whether or not such landfills were in operation or were closed on the effective date of this Charter;
- B. The power to provide public libraries, civic centers, museums and associated services;
- C. The power to provide for hospital and public health services including, but not limited to, those services formerly provided by the City of Petersburg's medical center The power to provide pre-hospital emergency medical services must be exercised as provided in Section 14.02.
- D. The power to provide port and harbor facilities and services;
- E. The power to provide cemetery and mausoleum services.
- F. The power to provide 911 emergency dispatch services;
- G. The power to provide economic development; and
- H. The power to provide disaster planning, emergency communications and emergency response.

ARTICLE 15

CITY OF KUPREANOF

The City of Kupreanof shall remain a separate municipal entity and shall retain all powers which it had prior to the effective date of this charter. The City of Kupreanof may, to the extent permitted by law, continue to exercise those powers that it exercised within its boundaries prior to borough formation even though the borough exercises those same powers on an areawide basis. This article does not exempt persons living within the corporate boundaries of the City of Kupreanof from taxes or charges levied to provide areawide services.

ARTICLE 16

LOCAL IMPROVEMENT

Section 16.01 Purpose and Criteria

Property owners may request the borough to create a local improvement district (LID) to fund a capital improvement project within the district. An LID may be established only if the assembly determines there is a need for the capital improvement and that it will provide a reasonable benefit to property owners in the proposed district and to the borough at large. The assembly may prescribe additional criteria by ordinances. The total cost of the planned capital improvement shall be less than the assessed value of property in the proposed LID owned by individuals or entities that do not object to the creation of the LID.

Section 16.02 Proposals, Protests and Appeals

- A. Proposing LID Creation. An LID may only be initiated by a petition of the property owners in the proposed LID. The petition must include a capital improvement plan detailing a carefully prepared and credible estimate of cost of the capital improvement to be borne by the property owners of the district. The capital improvement plan must list the estimated assessment for each lot or parcel of land in the proposed district. The petition must be signed by a number of property owners who collectively would bear more than 50 percent of the projected cost of the assessment for the capital improvement. The assembly shall describe by ordinance other requirements for the petition.
- B. Protesting LID Creation. If written protests are filed by at least 50 percent of the number of property owners in the proposed district, without regard to property value, the assembly shall not proceed until the protests have been settled to the satisfaction of 66 percent of the property owners in the proposed district. If a property owner has more than one lot or parcel of land within the proposed LID, that property owner may be counted only once for purposes of this protest procedure.

- C. Objections and Appeals: A decision of the assembly concerning the creation of an LID or the assessment relating to the LID may be appealed to the superior court within 30 days of the date on which the assembly adopts the final assessment roll by resolution or ordinance.

Section 16.03 Establishment

The assembly shall establish an LID by ordinance and shall prescribe by ordinance procedures for the creation of an LID consistent with this charter. An LID may be dissolved by assembly resolution after the assessment of the LID has been paid in full.

Section 16.04 Finance

A. Assessment. To pay for all or a portion of the project, the borough may levy and collect special assessments upon real property specifically benefited by such improvements. The assessment or levy shall be proportionate to the benefit received from the improvement, as determined by the assembly by ordinance. A special assessment for capital improvements, with interest and collection charges, is a lien on the property assessed, second only to property taxes and prior special assessments.

B. Accounting. An account for each LID shall be created and kept separate from all other borough accounts. Revenues collected within an LID may be applied only to LID costs; LID costs will be paid only from LID accounts.

Section 16.05 All Real Property Liable for Special Assessments

All real property, including that which is exempt from taxation in accordance with law, is liable for the cost of local improvements assessed in accordance with this article unless specifically exempted from special assessments by law. If borough property is benefited by the local improvement, the assembly may make payments in lieu of the amount which would otherwise be assessed against the property.

ARTICLE 17

FRANCHISES

Section 17.01 Public Utility Franchise

The borough may grant a franchise to any person for the use of the streets, alleys, bridges, easements, and other places of the borough for the furnishing of any public utility service to the borough and its inhabitants. Public utility franchises and renewals, amendments, and extensions shall be granted only by contract. Public utility franchises shall include provisions for fixing rates and charges, and may provide for re-adjustments at periodic intervals. With respect to any public utility franchise granted after the effective date of this Charter, whether or not so provided in the granting contract, the borough may:

1. Terminate the same for the violation of any of its provisions, for the misuse or nonuse thereof, for failure to comply with any provision of contract, or any regulation imposed under authority of this Charter or the municipal code.
2. Require proper and reasonable extension of plant and the maintenance thereof at the highest practicable standard of efficiency.
3. Establish reasonable standards of service and quality of products, and prevent unjust discrimination in service or rates.
4. Require continuous and uninterrupted service to the public in accordance with the terms of the franchise throughout the entire period thereof.
5. Impose other regulations determined by the assembly to be conducive to the health, safety, welfare and convenience of the public.
6. Require the public utility to permit joint use of its property and appurtenances located in the streets, alleys, bridges, easements, and public places by the borough and other utilities, insofar as such joint use may be reasonably practicable and upon payment of a reasonable rental; and in the absence of agreement, upon application by the public utility, provide for arbitration of the terms and conditions of such joint use and the compensation to be paid.
7. Require the public utility to pay any part of the cost of improvement or maintenance of streets, alleys, bridges, easements, and public places, that arise from its use thereof, and to protect and save the borough harmless from all damages arising from such use; and
8. Require the public utility to file with the clerk reports concerning the utility and its financial operation and status and to file with the manager such drawings and maps of the location and nature of its facilities as the assembly may request.

Section 17.02 Limitations of the Granting of Franchises

No franchise shall be granted by the borough for a term exceeding twenty (20) years and no exclusive franchise shall ever be granted. Each franchise shall include a provision requiring the franchise to take effect within one year after the adoption of the ordinance granting it. An irrevocable franchise and any extensions to or amendments to such a franchise may be granted by the borough only upon approval of at least three-fifths of the votes cast with respect to such proposition at a general or special election in the borough. Such irrevocable franchise shall be subject to the conditions set forth in section 17.01. An irrevocable franchise may be approved by the assembly for referral to the electorate only after a public hearing has been held and after the grantee named in the franchise has filed with the clerk their unconditional acceptance of all terms of franchise. No special election for such purpose may be offered by the assembly, unless the estimated expense of holding such election has first been paid to the borough by the grantee. In case a balance remains in the amount paid, after the expenses of the election are deducted, such balance shall be repaid to the grantee.

Section 17.03 Procedure for Granting Franchises

Every contract granting a franchise, license, or right to occupy or use streets, alleys, bridges, public places, or easements, shall remain on file with the clerk for public inspection in its final

form for at least 30 days before final approval or the approval for referral to the electors of the borough.

Section 17.04 Sale or Assignment of Franchises

The grantee of a franchise may not sell, assign, sublet, or allow another to use the franchise, unless the assembly gives its consent. Nothing in this section shall limit the right of the grantee of any public utility franchise to mortgage the property or franchise, nor shall it restrict the rights of the purchaser, upon foreclosure sale, to operate the same, except that such mortgage or purchaser shall be subject to the terms of the franchise and provisions of this charter and ordinance.

Section 17.05 Plans of Facilities in Streets and Public Places

The assembly may require by ordinance that, as a condition to the placing or installment of facilities or appurtenances, each public utility conducting a business in the borough shall file with the manager a duplicate copy of the layout plans of pipes, conduits, wires, and other facilities and appurtenances which are to be placed on, under, or above the surface of the borough's streets, alleys, bridges, easements, and public places.

ARTICLE 18

CHARTER AMENDMENT

Section 18.01 By Proposal

Amendments to this Charter may be proposed by:

- A. An ordinance of the assembly containing the full text of the proposed amendment;
- B. Report of an elected charter commission created by assembly ordinance or by initiative ordinance; or
- C. Initiative petition.

Section 18.02 Election

Proposed amendments shall be submitted to the qualified voters of the borough at the next regular or special election occurring more than ninety days after the adoption of the ordinance, the final report of the charter commission or certification of the initiative petition. A notice containing the full text of each proposed amendment shall be published.

Section 18.03 Effective Date

If a majority of the qualified voters voting on a proposed amendment approve the amendment, it becomes effective at the time fixed therein, or if no time is so fixed, thirty days after the

certification of the election. If more than one amendment is proposed, they must be submitted in a manner that the voters may vote on them separately. However, amendments which are so interrelated that they must be approved or rejected together, may be submitted as one amendment.

Section 18.04 New Charter

A new charter may be proposed and approved in lieu of this Charter in the same manner as an amendment to this Charter may be proposed and approved. Notice of the new charter shall be published and copies of the new Charter made available to the public.

ARTICLE 19

GENERAL PROVISIONS

Section 19.01 Records to be Public

All records owned by the borough, except personal hospital records and tax records which reflect the volume of business done by or the income of a taxpayer shall be public records unless otherwise provided by law. The original records shall be kept in borough offices for purposes of safe keeping and may be removed only by assembly action. They shall be available at borough offices for inspection, copying, or reproduction at reasonable times. Such records, copies duly certified by the clerk, shall be prima facie evidence of their contents.

Section 19.02 Saturday, Sundays and Holidays

Except as otherwise provided in this Charter, whenever the date fixed by ordinance or this Charter for doing or completion of any act falls on a Saturday, Sunday or legal holiday, such act shall be done or completed on the next succeeding business day.

Section 19.03 Personal Financial Interest and Nepotism

- A. Prohibition. An elected borough officer may not participate in any official action in which the officer or a member of the officer's household has a substantial financial interest unless after disclosure of the interest the officer's participation is approved in a public meeting by the majority of the assembly. Borough officials shall publicly disclose their substantial financial interests as required by law.
- B. Punishment. Any borough officer, employee or elected official who conceals a financial interest or willfully violates the requirements of this section shall be subject to forfeiture of office or employment. The determination of whether there was a concealment or willful violation of this section shall be made 1) by the assembly, in the case of an elected borough official or the borough manager, or 2) by the borough manager, in the case of any other borough officer or employee, subject to assembly review. Violation of this section with the knowledge, express or implied, of the person contracting with or making a sale to the borough renders the contract or sale to the borough voidable by the borough manager or the assembly.

- C. The assembly by ordinance shall adopt procedures dealing with nepotism, conflict of interest on the part of borough employees, and willful concealment of a financial interest by a borough officer, employee or elected official.

Section 19.04 Surety Bonds

The manager, the clerk, the finance officer and such other officers and employees as the assembly may designate before entering upon their duties shall be bonded by individual or group bonds for the faithful performance of their respective duties payable to the borough in such form and in such amounts as the assembly may prescribe with a surety company authorized to operate within the state. The borough shall pay the premiums on such bonds.

Section 19.05 Oath of Office

Every elected official of the borough before entering upon the officer's duties shall take the oath or affirmation required by section 5 of Article XII, Constitution of the State of Alaska. The assembly may require designated employees to take the oath before entering upon their employment. Oaths of office shall be filed with the clerk.

Section 19.06 Ordinances and Resolutions

Except as otherwise provided by this Charter, the ordinances and resolutions of the City of Petersburg, which will be dissolved at borough formation approval, shall continue in full force and effect within the former city limits until expressly reaffirmed, revised or repealed by the assembly.

Section 19.07 Pre-Borough Formation Assets, Liabilities, Sales Taxes, Reserves and Franchises

- A. Assets and Liabilities. The borough succeeds to all the assets and liabilities of the former City of Petersburg. Bonded indebtedness of the former City of Petersburg will, following borough formation, be the obligation of Service Area 1 only. The obligation to repay revenue bonds or other indebtedness issued by the City of Petersburg utilities or other enterprise incurred prior to the enactment of this Charter shall not be affected by this charter.
- B. Sales and Use Taxes. All sales and use taxes levied within the former City of Petersburg shall become areawide taxes at the time of borough formation and remain in effect until changed as provided in this Charter.
- C. Reserves. Any pledged reserve accounts of the prior City of Petersburg shall remain committed to the purposes for which they were originally dedicated.
- D. Franchises. All existing franchises of the prior City of Petersburg shall continue after ratification of this Charter until they expire, are extended, renewed or revoked by the borough assembly.

Section 19.08 Assembly Salaries, Borough Employment, Boards, Committees and Commissions

- A. Salaries. Until changed as provided in Section 2.06, the salaries and expenses of the mayor and assembly members will be the same as paid to the mayor and council members of the former City of Petersburg.
- B. Employees. Except as provided in Section 4.02A, all employees of the former City of Petersburg shall be borough employees and continue in employment under the same terms and conditions of the policies and agreements of the prior City of Petersburg until the assembly provides otherwise.
- C. Except for those provided for by this Charter, all appointed and elected advisory boards, committees, and commissions in effect at the time of this Charter shall be dissolved one year after the effective date of this Charter unless specifically continued by ordinance.

Section 19.09 Delivery of Office to Successor

Whenever an officer or employee leaves an office or employment for any reason, they shall deliver to their successor all property of the borough which is in their custody, possession or control, such as books, working papers, moneys and effects.

Section 19.10 Continuance of Actions

The adoption of this Charter shall not abate or otherwise affect any action, claim or proceeding, civil or criminal by or against the former City of Petersburg or the local government of the City of Kupreanof and which had accrued at the time of the effective date of this Charter. All applications, petitions, hearings, and other proceedings pending on the effective date before the former City of Petersburg shall be continued before the borough.

Section 19.11 Transition Plan

Other provisions concerning transition shall be governed by the transition plan in the borough petition, as approved by the Local Boundary Commission and any changes made thereto by the assembly.

Section 19.12 Penalties

The assembly, by ordinance, may establish penalties for violation of specific provisions of this Charter or laws or regulations of the borough not to exceed a fine of one thousand dollars or imprisonment of not more than thirty (30) days, or both.

Section 19.13 Severability Clause

- A. If a court of competent jurisdiction should hold any section or part of this Charter invalid, that holding will not affect the remainder of this Charter nor the context in which the section

or part held invalid may appear, except to the extent that another part of the Charter may be inseparably connected in meaning and effect with that section or part.

- B. If a court of competent jurisdiction holds a part of this Charter invalid, or if a change in the state constitution or law renders a part of this Charter invalid or inapplicable, the assembly by ordinance may take appropriate action as will enable the borough government to function properly.

Section 19.14 Effective Date

If the voters approve the formation of the Petersburg Borough, this Charter becomes effective on the date the borough designation becomes effective.

Section 19.15 Words and Phrases; Meaning of “Including”

- A. Words and phrases will be construed according to the rules of grammar and according to their common and approved usage. Technical words and phrases, and those that have acquired a peculiar and appropriate meaning, whether by legislative definition or otherwise, are constructed according to the peculiar and appropriate meaning.
- B. When the words “includes” or “including” are used in this Charter, they are construed as though followed by the phrase “but not limited to.”

Section 19.16 Tense, Number and Gender

- A. Words in the present tense include the past and future tenses and words in the future tense include the present tense.
- B. Words in the singular number include the plural and words in the plural number include the singular.
- C. Words of any gender may, when the sense so indicates, refer to any other gender.

Section 19.17 Non-Discrimination

A person may not be appointed to or removed from borough office or in any way favored or discriminated against with respect to a borough position or borough employment because of a person’s race, color, sex, creed, religious beliefs, national origin or, unless otherwise contrary to law, because of the person’s political opinions or affiliations.

Section 19.18 Certification

The undersigned members of the Charter Commission of the Borough of Petersburg do hereby certify that said Commission has prepared the foregoing Charter for the government of the Petersburg Borough.

Petition for Incorporation of Petersburg Home Rule Borough

IN WITNESS WHEREOF, we have subscribed our names this 2nd Day of October, 2006

Sam Bunge, Charter Commission Chairman

Tom Reinarts, Charter Commission Vice-Chair

Mona Christian, Charter Commissioner

Gerry Merrigan, Charter Commissioner

Vikki Hicks, Charter Commissioner

Bob Lynn, Charter Commissioner

Nancy Strand, Charter Commissioner

Harold Medalen, Charter Commissioner

Jenny Martens, Charter Commissioner

[THERE IS NO PAGE 138]

[THERE IS NO PAGE 139]

EXHIBIT I. LETTER FROM DIVISION OF ELECTIONS RE - NUMBER OF QUALIFIED VOTERS

Director's Office
PO Box 110017
Juneau, Alaska 99811-0017
907-465-4611 907-465-3203 FAX
elections@alaska.gov



Region I Office
9109 Mendenhall Mall Rd. Suite 3
PO Box 110018
Juneau, AK 99811-0018
907-465-3021 907-465-2289 FAX

STATE OF ALASKA
Division of Elections
Office of the Lieutenant Governor

January 6, 2009

Kathy O'Rear, City Clerk
City of Petersburg
PO Box 329
Petersburg, AK 99833

Dear Ms. O'Rear:

This letter is in response to your request for voter registration and 2008 General Election voting history data for use in preparation of a petition for incorporation of a proposed Petersburg – Kupreanof borough.

The proposed borough boundaries include the entire Petersburg/Kupreanof precinct and portions of the Angoon and Kake precincts. At this time there are no registered voters in the Kake portion and the proposed borough boundaries do not include any portion within the City of Angoon or the City of Kake boundaries.

The addressing and voter history files in the Division of Election's Voter Registration and Election Management System (VREMS) for the proposed area were analyzed to determine how many registered voters voted in the 2008 General Election. The results are enclosed in detail and are summarized below:

Votes cast by voters that reside inside the Petersburg City Limits - 929
Votes cast by voters within the proposed boundaries outside the Petersburg City Limits - 146

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads "Alyce Houston".

Alyce Houston
Election Supervisor, Region I

Enclosures: (4)

cc: Gail Fenumiai, Director, Division of Elections

Petition for Incorporation of Petersburg Home Rule Borough

Voter Registration and 2008 General Election Voter History

Proposed Petersburg - Kupreanof Borough

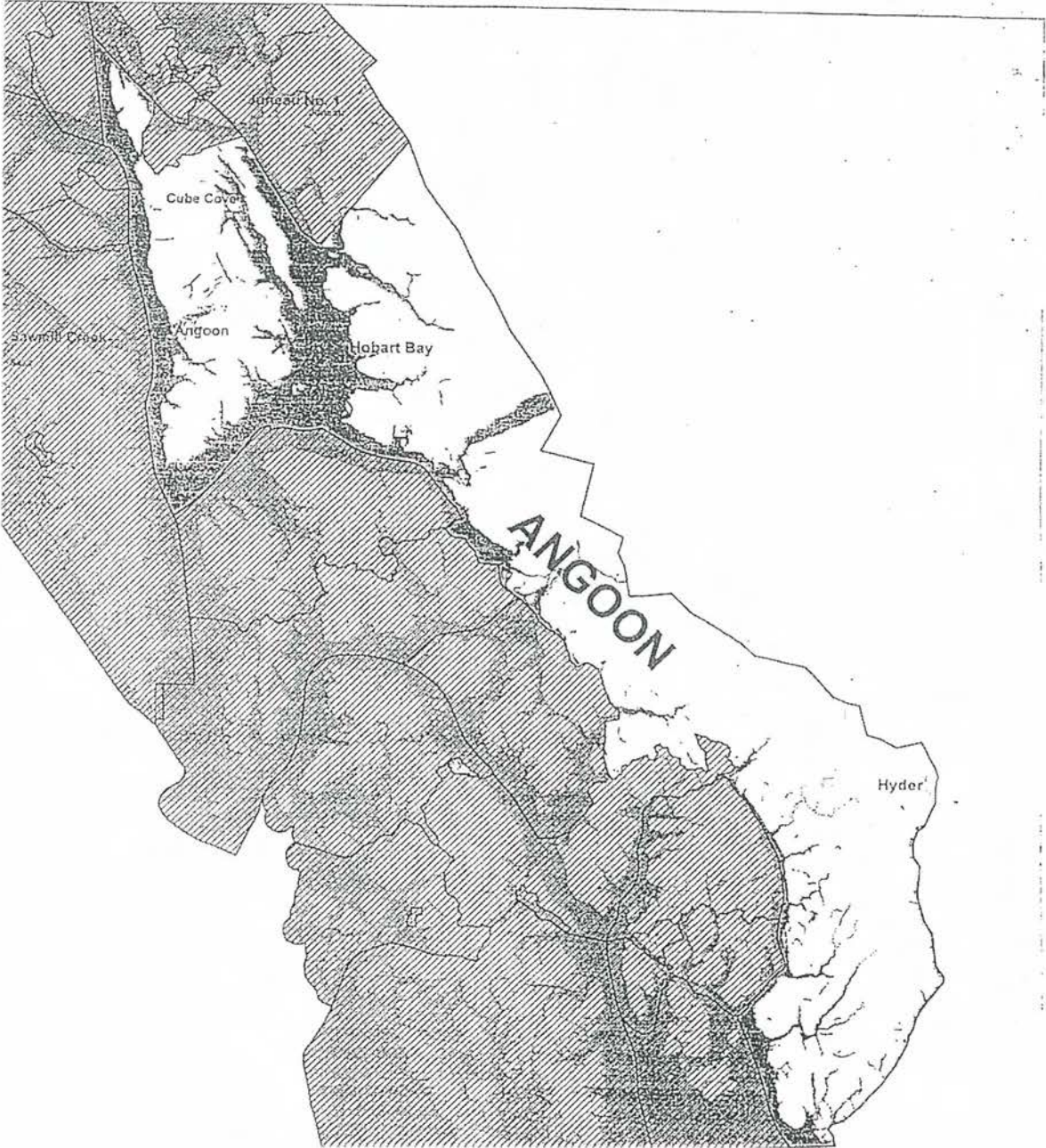
Geographic File Name	# Reg Voters	# Votes Cast-2008 General Election	District	Precinct	Precinct Name
Petersburg - Inside City Limits	2661	929	2	250	Petersburg-Kupreanof
Blind Slough	2	1	2	250	Petersburg-Kupreanof
Crystal Lake Hatchery	4	0	2	250	Petersburg-Kupreanof
Duncan Canal	6	6	2	250	Petersburg-Kupreanof
Green Rocks	5	3	2	250	Petersburg-Kupreanof
Keene Channel	14	13	2	250	Petersburg-Kupreanof
Mitkof Hwy	67	45	2	250	Petersburg-Kupreanof
Papkes Landing	30	14	2	250	Petersburg-Kupreanof
Rocky Point	2	2	2	250	Petersburg-Kupreanof
Rosewood	6	3	2	250	Petersburg-Kupreanof
Wrangell Narrows	17	7	2	250	Petersburg-Kupreanof
Kupreanof Outside City	2	2	2	250	Petersburg-Kupreanof
Kupreanof Inside City	49	38	2	250	Petersburg-Kupreanof
Pt. Agassiz	3	2	5	500	Angoon
Hobart Bay	3	0	5	500	Angoon
Muddy River	8	5	5	500	Angoon
Farragut Bay	5	5	5	500	Angoon
Total Outside Petersburg City Limits	223	146			



State of Alaska - Division of Elections

District/Precinct: 05-500

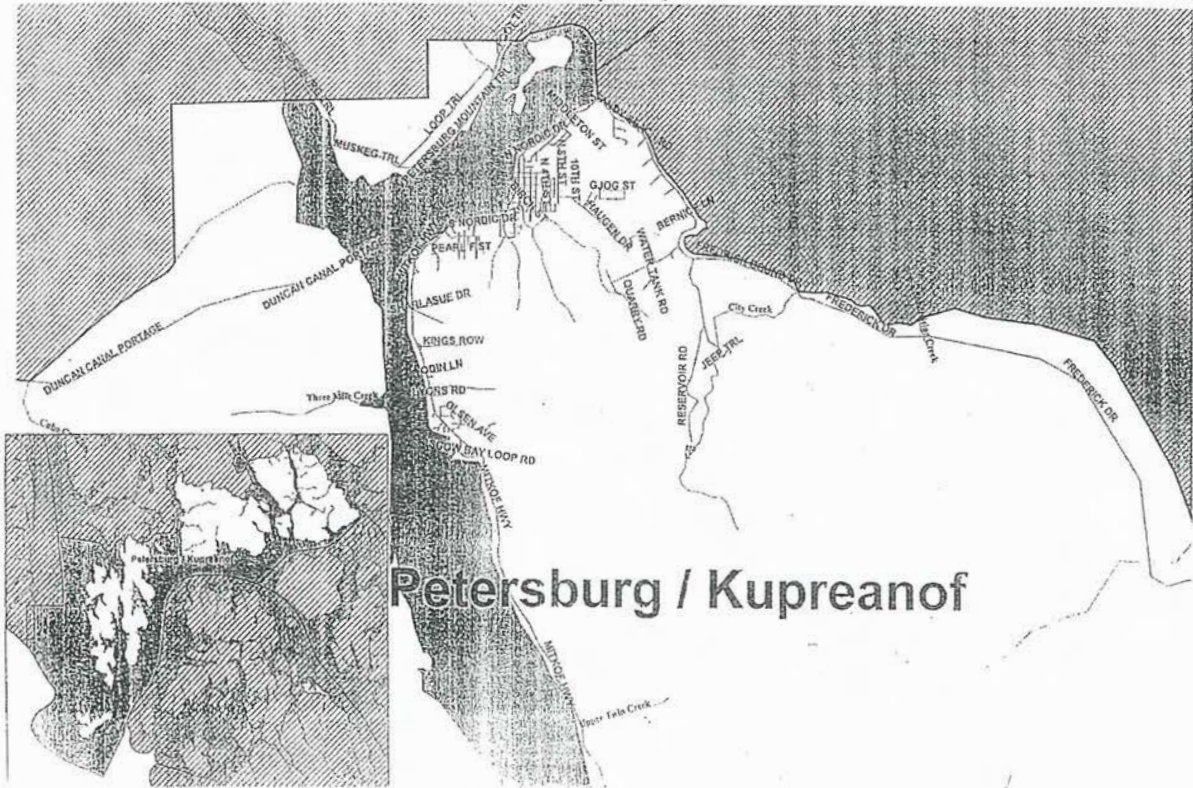
Amended Final Redistricting Plan
April 25, 2002





State of Alaska - Division of Elections

District/Precinct: 02-250
Amended Final Redistricting Plan
April 25, 2002





State of Alaska - Division of Elections

District/Precinct: 05-518
Amended Final Redistricting Plan
April 25, 2002



**EXHIBIT J. AFFIDAVIT OF PETITIONER'S
REPRESENTATIVE CONCERNING SOURCE AND ACCURACY
OF INFORMATION IN THE PETITION**

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

I, James T. Brennan, representative of the petitioner for incorporation of the home rule borough, swear or affirm the following:

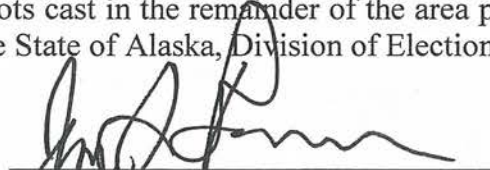
1. The information contained in the petition for incorporation is complete and accurate to the best of my knowledge.
2. The information contained within the petition was obtained from the sources listed below:
 - (a) In Exhibit A-1, the written metes and bounds legal description of the boundaries of the area proposed for borough incorporation was provided by: Rick Braun, registered surveyor no. 5485, James Brennan, Hedland, Brennan & Heideman, and the City and Borough of Wrangell.
 - (b) Exhibit A-2, the map of the area proposed for borough incorporation was provided by: Rick Braun, with drafting assistance provided by the USFS.
 - (c) In Exhibit A-3 the written metes and bounds legal description of the boundaries of each existing municipal government located wholly or partially within the area proposed for borough incorporation was provided by the Alaska Department of Commerce, Community and Economic Development, off its web site that lists approved municipal certificates:
<http://dcra.commerce.alaska.gov/DCBD/Municipal%20Certificates/Cities/>
 - (d) In Exhibit A-4, the map boundaries of each existing municipal government located wholly or partially within the area proposed for borough incorporation was provided by City of Petersburg, Community Development.
 - (e) In Exhibit A-5, the written metes and bounds legal description of the boundaries of the single proposed assembly election district, which is the same as the borough boundary, was provided by Rick Braun, registered surveyor.
 - (f) In Exhibit A-6, the map showing the boundaries of each assembly district is the same map as Exhibit A-2, provided by Rick Braun, registered surveyor.
 - (g) In Exhibit A-7, the written metes and bounds legal description of each proposed borough service area was provided by the Alaska Department of Commerce, Community and Economic Development, off its website that lists approved municipal certificates:
<http://dcra.commerce.alaska.gov/DCBD/Municipal%20Certificates/Cities/>
 - (h) In Exhibits A-8a & A-8b, the maps of the boundaries of the proposed borough service area was provided by City of Petersburg, Community Development

Department and financial data provided by the City Finance and Administration offices.

- (i) The estimate stated in Section 8 of the total area of land and water included in the area proposed for incorporation was provided by City of Petersburg, Community Development and the U.S. Forest Service.
- (j) In Section 9, the estimate of the population of the area proposed for incorporation was based on records of the US Census and Alaska Department of Labor.
- (k) In Exhibit B, the information relating to public notice and service of the petition was prepared by the City of Petersburg.
- (l) In Section 11-A, the assessed or estimated taxable value of real property within the boundaries of the proposed borough was calculated using data from the City of Petersburg, the State Assessor, field observations and the City Assessor.
- (m) In Section 11-B, the assessed or estimated taxable value of personal property within the boundaries of the proposed borough was based upon data from the State Assessor.
- (n) In Section 11-C, the assessed or estimated total taxable value of real and personal property within the boundaries of the proposed borough was calculated using data from the City of Petersburg, State Assessor, field observations and the City Assessor.
- (o) In Section 11-D, the type and rate of taxes levied by city governments within the boundaries of the proposed borough was by the City of Petersburg.
- (p) In Section 11-E, the type and rate of taxes projected to be levied in the borough was provided by the City of Petersburg.
- (q) In Section 11-F, the projected taxable sales was provided by the City of Petersburg.
- (r) In Exhibit C, the projected revenues for the proposed borough during each of the first four full fiscal years was prepared by City of Petersburg Finance Director.
- (s) In Exhibit C, the projected principal operating expenses for the proposed borough during each of the first four fiscal years was prepared by City of Petersburg Finance Director.
- (t) In Exhibit C, the projected transition expenditures for the proposed borough were prepared by City staff.
- (u) In Section 13, the information concerning bonded indebtedness of city governments within the boundaries of the proposed borough was provided by City of Petersburg Finance Director.
- (v) In Section 14, the list of powers and functions proposed to be exercised by the proposed borough was based on direction provided by the Petersburg City Council and Petersburg Borough Charter Commission.
- (w) The transition plan in Exhibit D was prepared by Sheinberg Associates, Hedland, Brennan & Heideman, and city officials and staff members.
- (x) In Exhibit E, the proposed composition and apportionment of the Assembly was based on direction provided by the Petersburg City Council and Petersburg Borough Charter Commission.
- (y) In Exhibit F, the information concerning the Federal Voting Rights Act was obtained from the 2000 Census.


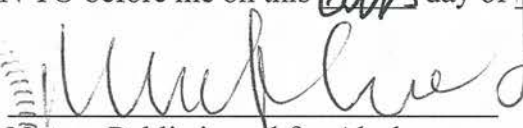
Petition for Incorporation of Petersburg Home Rule Borough

- (z) The supporting brief in Exhibit G, with attendant exhibits, was prepared by Sheinberg Associates, Hedland Brennan & Heideman, and City staff.
- (aa) Exhibit H, the proposed charter, was prepared by the Petersburg Borough Charter Commission and approved, with amendments by the Petersburg City Council and updates by City Staff during petition review.
- (bb) In Exhibit I, the statement of the number of ballots cast inside of home rule and first class cities in the area proposed for incorporation and the statement of the number of ballots cast in the remainder of the area proposed for incorporation was provided by the State of Alaska, Division of Elections.



Petitioner's Representative

SUBSCRIBED AND SWORN TO before me on this 6th day of October, 2010.

[Notary seal]  

Notary Public in and for Alaska
My Commission expires: 1/24/12

EXHIBIT K-1. SIGNATURES OF QUALIFIED VOTERS WITHIN THE PROPOSED BOROUGH FROM CITY OF PETERSBURG

This exhibit presents the signatures and resident addresses of qualified voters seeking incorporation that live within home rule and first class cities inside the borough proposed for incorporation. The number of signatures in this exhibit equals at least 15 percent of the number who voted in those home rule and first class cities during the last general election conducted by the State of Alaska.

To help verify your voter-registration status, please:



1. sign your name as it is listed in the State voter registration records;
2. print your name legibly;
3. provide a “numerical identifier” (e.g. date of birth, last 4 digits of social security number, driver’s license number, Alaska identification card number, or a voter’s identification number);
4. list your residence address (e.g. street number, milepost) -- **do not list a post office or other mail box.**
5. list the date on which you signed the petition.



WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough as set out in the complete petition. Further, we affirm that:

1. We are registered voters of the State of Alaska;
2. We currently maintain our principal place of residence within the area proposed for incorporation inside home rule and first class cities;
3. We have reviewed the complete petition for incorporation, including all exhibits and we understand its terms.

IMPORTANT: review the first page of this exhibit for instructions and affirmations before signing.

WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

	<u>THEODORE M. SMITH</u>	
Signature	Printed Name	
<u>400 TANGO</u>		<u>6/30/11</u>
Residence Address (or equivalent)	Numerical Identifier	Date

	<u>Lynn M. Smith</u>	
Signature	Printed Name	
<u>400 Tango</u>		<u>6/30/11</u>
Residence Address (or equivalent)	Numerical Identifier	Date

_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date



_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date



_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date



Use additional pages as necessary.



IMPORTANT: review the first page of this exhibit for instructions and affirmations before signing.


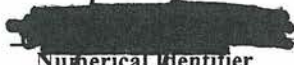
WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	RYAN McFARLAND Printed Name	
297 MITKOF HIGHWAY Residence Address (or equivalent)	 Numerical Identifier	10/7/2010 Date

 Signature	Orin Pierson Printed Name	
310 S. Nordic #1 Residence Address (or equivalent)	 Numerical Identifier	10/8/2010 Date



 Signature	Pepper McFarland Printed Name	
297 mitkof Highway Residence Address (or equivalent)	 Numerical Identifier	10/28/2010 Date

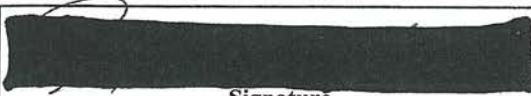

 Signature	Rachel Lucas Printed Name	
1309 Howkan Residence Address (or equivalent)	 Numerical Identifier	01/12/11 Date

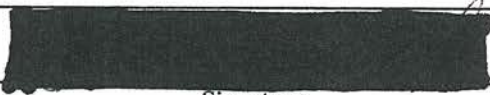

 Signature	Jamie Eddy Printed Name	
102 Bernice Ln. Residence Address (or equivalent)	 Numerical Identifier	01/12/11 Date



IMPORTANT: review the first page of this exhibit for instructions and affirmations before signing.



WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

	Susan H. Flint	
Signature	Printed Name	
243 Mitkof Hwy		10-22-2010
Residence Address (or equivalent)	Numerical Identifier	Date

	ROXANE L. LEE	
Signature	Printed Name	
246 MITKOF HWY.		10/22/10
Residence Address (or equivalent)	Numerical Identifier	Date

	PAULINE S. LEE	
Signature	Printed Name	
417 Sandy Beach Rd		10/22/10
Residence Address (or equivalent)	Numerical Identifier	Date



	CHARLES W. FLINT	
Signature	Printed Name	
243 MITKOF HWY		10-23-10
Residence Address (or equivalent)	Numerical Identifier	Date



	Julie D. Dahl	
Signature	Printed Name	
504 KISKO ST.		10-23-10
Residence Address (or equivalent)	Numerical Identifier	Date



Use additional pages as necessary.

IMPORTANT: review the first page of this exhibit for instructions and affirmations before signing.

WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	<u>Geneva Christensen</u> Printed Name	
<u>111 S. Nondac</u> Residence Address (or equivalent)	 Numerical Identifier	<u>10/28/10</u> Date

 Signature	<u>Sally N. Dwyer</u> Printed Name	
<u>618 Sandy Beach Rd.</u> Residence Address (or equivalent)	 Numerical Identifier	<u>10/28/10</u> Date

 Signature	<u>Suzanne Paulsen</u> Printed Name	
<u>617 Sandy Beach Rd</u> Residence Address (or equivalent)	 Numerical Identifier	<u>11/2/10</u> Date




_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date

_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date

Use additional pages as necessary.

IMPORTANT: review the first page of this exhibit for instructions and affirmations before signing.

WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

		
Signature	Printed Name	
238 Milton Highway		06/29/11
Residence Address (or equivalent)	Numerical Identifier	Date

Signature	Printed Name	
Residence Address (or equivalent)	Numerical Identifier	Date

Signature	Printed Name	
Residence Address (or equivalent)	Numerical Identifier	Date



Signature	Printed Name	
Residence Address (or equivalent)	Numerical Identifier	Date


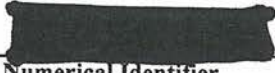
Signature	Printed Name	
Residence Address (or equivalent)	Numerical Identifier	Date


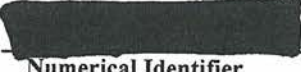
Use additional pages as necessary.

IMPORTANT: review the first page of this exhibit for instructions and affirmations before signing.

WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

	Susan R. McCallum	
Signature	Printed Name	
801 Neptune		10/7/10
Residence Address (or equivalent)	Numerical Identifier	Date

	Ruth W Sandvik	10/20/10
Signature	Printed Name	
106 N 2nd		10/20/10
Residence Address (or equivalent)	Numerical Identifier	Date

	Nancy C Strand	
Signature	Printed Name	
1017 Sandy Beach Rd		10/20/10
Residence Address (or equivalent)	Numerical Identifier	Date



Signature	Printed Name	
Residence Address (or equivalent)	Numerical Identifier	Date



Signature	Printed Name	
Residence Address (or equivalent)	Numerical Identifier	Date



Use additional pages as necessary.



IMPORTANT: review the first page of this exhibit for instructions and affirmations before signing.



WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	Douglas Welde Printed Name	
104 Dolphin St. Residence Address (or equivalent)	 Numerical Identifier	10/7/10 Date

 Signature	Naomi Welde Printed Name	
104 Dolphin St. Residence Address (or equivalent)	 Numerical Identifier	10/7/10 Date

 Signature	Glorianne D Wollen Printed Name	
909 Sandy Beach Rd Residence Address (or equivalent)	 Numerical Identifier	10/7/10 Date



 Signature	David A. Berg Printed Name	
218 Mithof Hwy Residence Address (or equivalent)	 Numerical Identifier	7 Oct 2010 Date



 Signature	Nancy A. Berg Printed Name	
218 Mithof Hwy Residence Address (or equivalent)	 Numerical Identifier	7 Oct 2010 Date

Use additional pages as necessary.



IMPORTANT: review the first page of this exhibit for instructions and affirmations before signing.

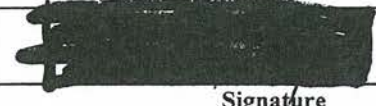

WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	<u>Brent R. Akers</u> Printed Name	
<u>513 Sandy Beach Rd.</u> Residence Address (or equivalent)	 Numerical Identifier	<u>10/2/10</u> Date

 Signature	<u>Gerald J. Whitethorn</u> Printed Name	
<u>709 Unimak St. Petersburg AK 99833</u> Residence Address (or equivalent)	 Numerical Identifier	<u>10/6/10</u> Date



 Signature	<u>Robert C. Larson</u> Printed Name	
<u>566 M. Kof Highway</u> Residence Address (or equivalent)	 Numerical Identifier	<u>7/27/10</u> Date

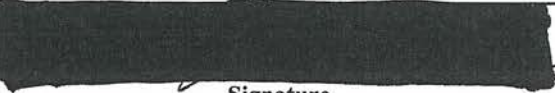

 Signature	<u>James Whitebar</u> Printed Name	
<u>710 Rammer St</u> Residence Address (or equivalent)	 Numerical Identifier	<u>7/20/10</u> Date



 Signature	<u>Jack Slaght</u> Printed Name	
<u>517B M. Kof Highway</u> Residence Address (or equivalent)	 Numerical Identifier	<u>10/7/10</u> Date



IMPORTANT: review the first page of this exhibit for instructions and affirmations before signing.


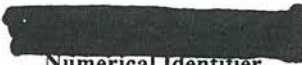
WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	Valerie J. Hawkins-Allen Printed Name	
230 mitkof Hwy Residence Address (or equivalent)	 Numerical Identifier	10-7-2010 Date

 Signature	David John Simon Printed Name	
105 Balder St Residence Address (or equivalent)	 Numerical Identifier	10-7-2010 Date

 Signature	Devren Bennett Printed Name	
1303 Giga St Residence Address (or equivalent)	 Numerical Identifier	10-7-2010 Date



 Signature	Ronald B Lindsey Printed Name	
113 S 7TH Residence Address (or equivalent)	 Numerical Identifier	10-7-2010 Date



 Signature	HARLAN F. FREEMAN Printed Name	
1017 LAKE ST. Residence Address (or equivalent)	 Numerical Identifier	10-7-10 Date



Use additional pages as necessary.



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	Bobby L Rattliff Printed Name	
319 milked Hwy S Residence Address (or equivalent)	 Numerical Identifier	10-8-10 Date

 Signature	Michael Schwartz Printed Name	
313 Sandy Beach Rd Residence Address (or equivalent)	 Numerical Identifier	10/8/10 Date

 Signature	RICHARD GREENH Printed Name	
305 Sandy Beach Rd Residence Address (or equivalent)	 Numerical Identifier	10/8/10 Date



 Signature	RAYMOND A. PEDRISON Printed Name	
1113 LAKE ST Residence Address (or equivalent)	 Numerical Identifier	10-8-10 Date



 Signature	JOHN WINTHER Printed Name	
1103 WRAVIER L AVE Residence Address (or equivalent)	 Numerical Identifier	10-12-10 Date

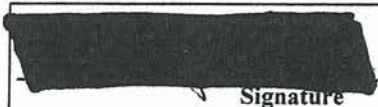

Use additional pages as necessary.



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	JEAN A. CURRY Printed Name	
209 SANDY BEACH RD. Residence Address (or equivalent)	 Numerical Identifier	10/12/10 Date

 Signature	Troy Yunes Printed Name	
600 Sandy Beach Rd Residence Address (or equivalent)	 Numerical Identifier	10/12/10 Date



 Signature	TIMOTHY KOENEMAN Printed Name	
917 SANDY BEACH RD. Residence Address (or equivalent)	 Numerical Identifier	13 OCT 2010 Date


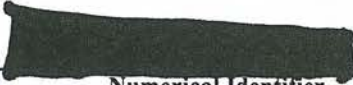
 Signature	Polly KOENEMAN Printed Name	
917 Sandy Beach Rd Residence Address (or equivalent)	 Numerical Identifier	10/13/10 Date


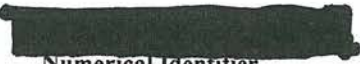
 Signature	Norman Fredrickson Printed Name	
504 Fram st. Residence Address (or equivalent)	 Numerical Identifier	10/13/10 Date



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	<u>Donald R. Koenigs</u> Printed Name
<u>901 Sandy Beach Rd</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>10.13.10</u> Date

 Signature	<u>John C. KARR</u> Printed Name
<u>800 E 32nd ST</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>10-15-10</u> Date

 Signature	<u>EDWARD J. TAGABAN</u> Printed Name
<u>111 SKYLARK WAY #45</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>10-15-10</u> Date



 Signature	<u>Charles L Christensen</u> Printed Name
<u>15 Hammel Slough</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>10-15-10</u> Date



 Signature	<u>Dianne Christensen</u> Printed Name
<u>15 Hammel Slough</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>10-15-10</u> Date



Use additional pages as necessary.



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	<u>Robert Lohr</u> Printed Name
<u>1119 Swardic Dr</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>10-16-2010</u> Date

 Signature	<u>Clyde Curry</u> Printed Name
<u>209 Sandy Beach Rd</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>10-19-10</u> Date

 Signature	<u>ELIZABETH BACON</u> Printed Name
<u>609 Unimak St, Psg.</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>10-19-10</u> Date


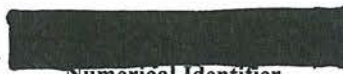
 Signature	<u>Tim Chittenden</u> Printed Name
<u>276 Mitkof Hwy</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>10/19/10</u> Date



 Signature	<u>Sidney A. Bacon</u> Printed Name
<u>609 Unimak</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>10/20/10</u> Date



Use additional pages as necessary.



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	Robert Thomason Printed Name
915 N. NORDIC Residence Address (or equivalent)	 Numerical Identifier
	10/22/2010 Date

 Signature	Thomas Abbott Printed Name
204 N. 3rd Residence Address (or equivalent)	 Numerical Identifier
	10/22/10 Date



 Signature	Christine K. Weiss Printed Name
806 Sandy Beach Residence Address (or equivalent)	 Numerical Identifier
	10/22/10 Date



 Signature	Rachel Welde Printed Name
208 N. 5th St. Residence Address (or equivalent)	 Numerical Identifier
	10/22/10 Date



 Signature	Steven Samuelson Printed Name
610 Unimak St Residence Address (or equivalent)	 Numerical Identifier
	27 OCT 10 Date



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	Merrill E. Konimovs Sr Printed Name	
304 Kilsand St Residence Address (or equivalent)	 Numerical Identifier	10-27-08 Date

 Signature	KIMBERLY A. KILKENNY Printed Name	
16 From St Residence Address (or equivalent)	 Numerical Identifier	11-3-10 Date

 Signature	CYNTHIA LEE MATHESEN Printed Name	
106 REIDLANE Residence Address (or equivalent)	 Numerical Identifier	11/3/10 Date


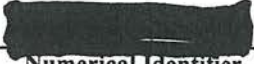
 Signature	Sharon L Otness Printed Name	
694 Mitkof Hwy Residence Address (or equivalent)	 Numerical Identifier	11-3-10 Date



 Signature	Ronald J Loesch Printed Name	
1023 SANDY BEACH Rd. Residence Address (or equivalent)	 Numerical Identifier	11-3-10 Date



Petition for Incorporation of Petersburg Home Rule Borough



IMPORTANT: review the first page of this exhibit for instructions and affirmations before signing.



WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	Susan Ohmer Printed Name	
1021 Sandy Beach Road Residence Address (or equivalent)	 Numerical Identifier	11/3/10 Date

 Signature	Elizabeth K. Loesch Printed Name	
606B Tango St. Residence Address (or equivalent)	 Numerical Identifier	11/3/10 Date

 Signature	JOHN BRINGHURST Printed Name	
102 Lewis Residence Address (or equivalent)	 Numerical Identifier	3 Nov 2010 Date



 Signature	Rick Derner Printed Name	
701 Unimak Residence Address (or equivalent)	 Numerical Identifier	11/3/2010 Date



 Signature	ROXANE L. LEE Printed Name	
246 MITKOF HWY Residence Address (or equivalent)	 Numerical Identifier	11/3/10 Date



Use additional pages as necessary.



IMPORTANT: review the first page of this exhibit for instructions and affirmations before signing.



WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	KATHLEEN R. O'NEAR Printed Name
704 UNIMAK Residence Address (or equivalent)	 Numerical Identifier
	10-6-10 Date

 Signature	MICHAEL TURLAND Printed Name
701 FRAM Residence Address (or equivalent)	 Numerical Identifier
	10-7-10 Date

 Signature	BECKY TURLAND Printed Name
701 FRAM Residence Address (or equivalent)	 Numerical Identifier
	10-7-10 Date



 Signature	ANNE HURT Printed Name
238(A) S. MITKOF Residence Address (or equivalent)	 Numerical Identifier
	10-8-10 Date



 Signature	Carl L. Williams Printed Name
206 S. Second St. # 6 Residence Address (or equivalent)	 Numerical Identifier
	10/11/10 Date



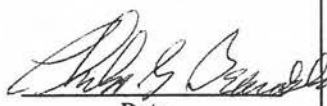
Use additional pages as necessary.



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	Janet Holten Printed Name	
110 Kings Row Residence Address (or equivalent)	 Numerical Identifier	10.11.10 Date

 Signature	Bambi D. Ball Printed Name	
204 Dolphin St. Residence Address (or equivalent)	 Numerical Identifier	10.11.10 Date

 Signature	Philip G. Beardslee Printed Name	
200 S. Mitchell Hwy Residence Address (or equivalent)	 Numerical Identifier	 Date



 Signature	Ambre Willis Printed Name	
200 S. Nordie Residence Address (or equivalent)	 Numerical Identifier	10-12-10 Date



 Signature	SANDRA K. DIXSON Printed Name	
711 Vesta St. Residence Address (or equivalent)	 Numerical Identifier	10-12-10 Date

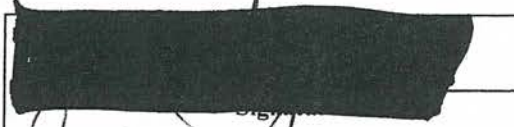

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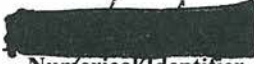
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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	Jody A. Tow Printed Name
509 Sandy Beach Rd Residence Address (or equivalent)	 Numerical Identifier
	Oct 14, 2010 Date

 Signature	Ronn Buschmann Printed Name
613 Rambler St Residence Address (or equivalent)	 Numerical Identifier
	Oct 14, 2010 Date

 Signature	John R. Longworth Printed Name
607 Excel Residence Address (or equivalent)	 Numerical Identifier
	10/15/10 Date



 Signature	Douglas A. Cronlund Printed Name
307 Excel Residence Address (or equivalent)	 Numerical Identifier
	15/10/10 Date



 Signature	John E. Hoag Printed Name
719 Sandy Beach Rd Residence Address (or equivalent)	 Numerical Identifier
	10/19/10 Date


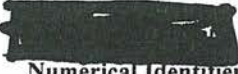
Use additional pages as necessary.



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	Linda J. Hoag Printed Name
719 Sandy Beach Rd. Residence Address (or equivalent)	 Numerical Identifier
	10-19-10 Date

 Signature	Anna Holmes Printed Name
551 MITKOF Hwy Residence Address (or equivalent)	 Numerical Identifier
	10/19/10 Date

 Signature	Kari Petersen Printed Name
603 Unimak St. Residence Address (or equivalent)	 Numerical Identifier
	10/20/10 Date


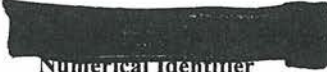
 Signature	Florence Dell Johnson Printed Name
813 Sandy Beach Rd Residence Address (or equivalent)	 Numerical Identifier
	10/22/10 Date



 Signature	John W Johnson Printed Name
813 Sandy Beach Rd Residence Address (or equivalent)	 Numerical Identifier
	10/22/10 Date



Use additional pages as necessary.



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	MARTHA N. SMITH Printed Name
1116 VALKYRIE Residence Address (or equivalent)	 Numerical Identifier
	OCT. 25, 2010 Date

 Signature	Joseph T. Nelson, Jr. Printed Name
901 Pearl F Residence Address (or equivalent)	 Numerical Identifier
	10/26/10 Date

 Signature	DAN HICKMAN Printed Name
902 WRANSELL Residence Address (or equivalent)	 Numerical Identifier
	10-26-10 Date



 Signature	Ann Patrice HUETTE Printed Name
111 Skylark Way #23 Residence Address (or equivalent)	 Numerical Identifier
	10-28-10 Date



 Signature	PATRICIA L. HICKMAN Printed Name
902 Wrangell Ave Residence Address (or equivalent)	 Numerical Identifier
	11-2-10 Date



Use additional pages as necessary.



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	<u>OLIVER A. HOFSTAD</u> Printed Name
<u>278 MITKOF Highway</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>11/2/10</u> Date

 Signature	<u>SARAH A. Hofstad</u> Printed Name
<u>278 Mitkof Highway</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>11/2/10</u> Date

 Signature	<u>Barb Luhr</u> Printed Name
<u>244 Mitkof Hwy</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>11/3/10</u> Date



 Signature	<u>Sylvia Larson</u> Printed Name
<u>566 mitkof Hwy</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>11-4-10</u> Date



 Signature	<u>WM. SAMUEL BUNGE</u> Printed Name
<u>800 GJOA ST.</u> Residence Address (or equivalent)	 Numerical Identifier
	<u>5 Nov. 2010</u> Date



Use additional pages as necessary.



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	James P. Schwartz Printed Name
710 Unimak St Residence Address (or equivalent)	 Numerical Identifier
	11/8/10 Date

 Signature	Alan W. Dwyer Printed Name
618 SBR Residence Address (or equivalent)	 Numerical Identifier
	11/8/10 Date

 Signature	Karl Hagerman Printed Name
306 Fram St. Residence Address (or equivalent)	 Numerical Identifier
	11/8/10 Date



 Signature	John R. Swanson Printed Name
1400 North Nordic Dr. Residence Address (or equivalent)	 Numerical Identifier
	11/8/2010 Date



 Signature	Linda J. Bunge Printed Name
800 Gjoa St Residence Address (or equivalent)	 Numerical Identifier
	11-9-2010 Date



Use additional pages as necessary.



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	Coupe B. Lewis Printed Name
113 S 5th St P.O. Box 1102 Residence Address (or equivalent)	 Numerical Identifier
	11/16/10 Date

 Signature	Dennis C Lewis Printed Name
113 S. 5th St. PSC AK 99833 Residence Address (or equivalent)	 Numerical Identifier
	11-16-10 Date

 Signature	FREDRICK N. PAULSEN Printed Name
617 SANDY BEACH RD Residence Address (or equivalent)	 Numerical Identifier
	19 NOV 10 Date



 Signature	Karen S. Schramek Printed Name
1210 Wrangell Ave. Residence Address (or equivalent)	 Numerical Identifier
	11-19-2010 Date



 Signature	Kathleen Trautman Printed Name
616 Sandy Beach Rd. Residence Address (or equivalent)	 Numerical Identifier
	11/23/2010 Date



Use additional pages as necessary.

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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

	<u>Beulah Luhe</u>	
Signature	Printed Name	
<u>188 Mitkof Hwy</u>		<u>11-24-10</u>
Residence Address (or equivalent)	Numerical Identifier	Date

	<u>BRIDGET B WALSH</u>	
Signature	Printed Name	
<u>321 MITKOF HWY</u>		<u>11/24/10</u>
Residence Address (or equivalent)	Numerical Identifier	Date

	<u>RICHARD J. WALSH</u>	
Signature	Printed Name	
<u>321 MITKOF HWY</u>		<u>11/24/10</u>
Residence Address (or equivalent)	Numerical Identifier	Date

_____	_____	
Signature	Printed Name	
_____	_____	_____
Residence Address (or equivalent)	Numerical Identifier	Date

_____	_____	
Signature	Printed Name	
_____	_____	_____
Residence Address (or equivalent)	Numerical Identifier	Date

Use additional pages as necessary.



Wells



43



Petition for Incorporation of Petersburg Home Rule Borough



IMPORTANT: review the first page of this exhibit for instructions and affirmations before signing.



WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

	Daniel J. Sullivan
Signature	Printed Name
439 Mitkof Highway	
Residence Address (or equivalent)	Numerical Identifier
	11-3-10
	Date

	Kelly O'Connor Demko
Signature	Printed Name
402 N 2nd Street	
Residence Address (or equivalent)	Numerical Identifier
	11-3-10
	Date

	James M Demko Jr
Signature	Printed Name
402 N 2nd St.	
Residence Address (or equivalent)	Numerical Identifier
	11-3-10
	Date



	Michelle M Brock
Signature	Printed Name
310 Sandy Beach Rd	
Residence Address (or equivalent)	Numerical Identifier
	11-3-10
	Date



	Barbara Marifern
Signature	Printed Name
814 Sandy Beach Rd.	
Residence Address (or equivalent)	Numerical Identifier
	11-3-10
	Date



Use additional pages as necessary.



IMPORTANT: review the first page of this exhibit for instructions and affirmations before signing.

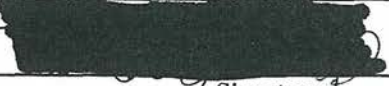

WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	Irene Jo Littleton Printed Name
600 Ira II St. Residence Address (or equivalent)	 Numerical Identifier
	11-3-10 Date

 Signature	Mary Ellen Anderson Printed Name
405 So. Nordic Residence Address (or equivalent)	 Numerical Identifier
	11-3-10 Date

 Signature	SUSAN WOOD Printed Name
232 Mitchell Hwy Residence Address (or equivalent)	 Numerical Identifier
	11-4-10 Date



 Signature	Colleen M. Schwartz Printed Name
314 Sandy Beach RD Residence Address (or equivalent)	 Numerical Identifier
	11-4-10 Date



 Signature	Hannah Jennings Printed Name
1313 Howkan Residence Address (or equivalent)	 Numerical Identifier
	11/4/10 Date



Use additional pages as necessary.



IMPORTANT: review the first page of this exhibit for instructions and affirmations before signing.



WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	Gregory A. Kowalski Printed Name
1912 Wrangell Ave Residence Address (or equivalent)	 Numerical Identifier
	11/4/2010 Date

 Signature	Enca Kludt-Painter Printed Name
711 Unimak Residence Address (or equivalent)	 Numerical Identifier
	11/4/2010 Date

 Signature	Martha O. Bless Printed Name
707A Sandy Beach Rd. Residence Address (or equivalent)	 Numerical Identifier
	11/4/2010 Date



 Signature	James J Walden Printed Name
128 7 th St. Residence Address (or equivalent)	 Numerical Identifier
	11/4/10 Date



 Signature	Jo Ann Day Printed Name
107 Dolphin Residence Address (or equivalent)	 Numerical Identifier
	11/4/10 Date



Use additional pages as necessary.



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	Beau Ward Printed Name
105 Dolphin St Residence Address (or equivalent)	 Numerical Identifier
	11-4-10 Date

 Signature	Mike Brawner Printed Name
1118 Hungerford Hill Residence Address (or equivalent)	 Numerical Identifier
	11-4-10 Date

 Signature	Don Hayes Printed Name
125 Cornelius Residence Address (or equivalent)	 Numerical Identifier
	11-4-10 Date



 Signature	Paul Jennings Printed Name
602 Tango St Residence Address (or equivalent)	 Numerical Identifier
	11-4-10 Date



 Signature	ROBERT A CARTER Printed Name
#13 S. 2ND ST. Residence Address (or equivalent)	 Numerical Identifier
	11/4/10 Date



Use additional pages as necessary.



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

	Kevin M Kivisto	
Signature	Printed Name	
203 South 3rd		11/04/2010
Residence Address (or equivalent)	Numerical Identifier	Date

	Frances G. Kelley	
Signature	Printed Name	
484 IRATI #21		11/04/10
Residence Address (or equivalent)	Numerical Identifier	Date

	Joe Teten	
Signature	Printed Name	
806 SANDY BEACH		11/04/10
Residence Address (or equivalent)	Numerical Identifier	Date



	JERRY HEGAR	
Signature	Printed Name	
123 Cornwallis		11/9/10
Residence Address (or equivalent)	Numerical Identifier	Date



	ELIAS H. LUCAS	
Signature	Printed Name	
108 S Sing Lee		11/9/10
Residence Address (or equivalent)	Numerical Identifier	Date



Use additional pages as necessary.



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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	Barbara King Printed Name
402 Hungerford Residence Address (or equivalent)	 Numerical Identifier
	11/9/10 Date

 Signature	CR Wojtowicz Printed Name
1303 HOWLAND Residence Address (or equivalent)	 Numerical Identifier
	11/9/10 Date

 Signature	Tanya Roundtree Printed Name
1106 S. Nordic Dr. Residence Address (or equivalent)	 Numerical Identifier
	11-9-10 Date



 Signature	WILLIAM WATKINS Printed Name
801 EXCEL Residence Address (or equivalent)	 Numerical Identifier
	11/09/10 Date



 Signature	Nicole Dean Printed Name
1314 6109 Residence Address (or equivalent)	 Numerical Identifier
	11.9.10 Date


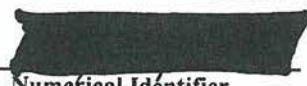
Use additional pages as necessary.



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 Signature	Indigo Pros Printed Name
15 N. Sing Lee Alley Apt. 2 Residence Address (or equivalent)	 Numerical Identifier
	11.9.10 Date

 Signature	GUYLynn ETCHER Printed Name
107 LYONS ROAD Residence Address (or equivalent)	 Numerical Identifier
	11/9/10 Date

 Signature	Sarah O'Brocta Printed Name
815 Mitkof Hwy Residence Address (or equivalent)	 Numerical Identifier
	11/9/10 Date



 Signature	Ruderman McCly Printed Name
104 Kewness Lane Residence Address (or equivalent)	 Numerical Identifier
	11/20/10 Date



 Signature	Andreas Payne Printed Name
1311 GDA St. Residence Address (or equivalent)	 Numerical Identifier
	11/10/10 Date

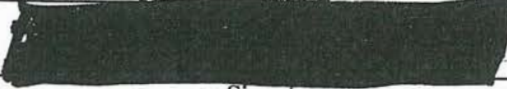

Use additional pages as necessary.



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 Signature	Peggy mooney Printed Name	
300 2nd St Residence Address (or equivalent)	 Numerical Identifier	11-10-10 Date

 Signature	Dave Ohmer Printed Name	
613 Sandy Beach Rd Residence Address (or equivalent)	 Numerical Identifier	11/10/10 Date

 Signature	Gene Kawashima Printed Name	
108 Dolphin Street Residence Address (or equivalent)	 Numerical Identifier	11/10/10 Date



 Signature	Sandra Meeks Printed Name	
607 Mitkof Hwy Residence Address (or equivalent)	 Numerical Identifier	11/10/10 Date



 Signature	PHILLIP E MEEKS Printed Name	
607 MITKOF HWY Residence Address (or equivalent)	 Numerical Identifier	11/10/10 Date



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 Signature	<u>Arlana Coel</u> Printed Name	
<u>101 philbin lane</u> Residence Address (or equivalent)	 Numerical Identifier	<u>11/10/10</u> Date

 Signature	<u>Duane Bell</u> Printed Name	
<u>1005 Lake</u> Residence Address (or equivalent)	 Numerical Identifier	<u>11/16/10</u> Date

 Signature	<u>DORSEY RHOEN</u> Printed Name	
<u>254 MITROF HWY</u> Residence Address (or equivalent)	 Numerical Identifier	<u>11-16-10</u> Date

_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date

_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date

Use additional pages as necessary.

**EXHIBIT K-2. SIGNATURES OF QUALIFIED VOTERS
WITHIN THE PROPOSED BOROUGH FROM ALL AREAS
EXCEPT CITY OF PETERSBURG**

This exhibit presents the signatures and resident addresses of qualified voters seeking incorporation who live within the borough proposed for incorporation, but outside home rule and first class cities. The number of signatures in this exhibit equals at least 15 percent of the number who voted in the area of the proposed borough but outside home rule and first class cities during the last general election conducted by the State of Alaska.

To help verify your voter-registration status, please:

1. sign your name as it is listed in the State voter registration records;
2. print your name legibly;
3. provide a "numerical identifier" (e.g., date of birth, last 4 digits of social security number, driver's license number, Alaska identification card number, or a voter's identification number);
4. list your residence address (e.g. street number, milepost) -- **do not list a post office or other mail box.**
5. list the date on which you signed the petition.



WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough as set out in the complete petition. Further, we affirm that:



1. We are registered voters of the State of Alaska;
2. We currently maintain our principal place of residence within the area proposed for incorporation but outside home rule and first class cities;
3. We have reviewed the complete petition for incorporation, including all exhibits and we understand its terms.



Petition for Incorporation of Petersburg Home Rule Borough

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WE, THE UNDERSIGNED, hereby petition for the incorporation of the borough described in the complete petition. Further, we swear or affirm as set out in page one of this exhibit.

 Signature	<u>Belinda Chase</u> Printed Name	
<u>mile 12.5 Mitkof Hwy</u> Residence Address (or equivalent)	 Numerical Identifier	<u>10/23/10</u> Date

 Signature	<u>Kevin Chase</u> Printed Name	
<u>mile 17 1/2 Mitkof Hwy</u> Residence Address (or equivalent)	 Numerical Identifier	<u>10/23/10</u> Date

 Signature	<u>Chris Christensen</u> Printed Name	
<u>Mile 8.6 Mitkof</u> Residence Address (or equivalent)	 Numerical Identifier	<u>Resigned 1-10-11</u> <u>10-31-10</u> Date

_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date



_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date



Use additional pages as necessary.

Petition for Incorporation of Petersburg Home Rule Borough

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	<u>Bonnie Westlund</u>	
Signature	Printed Name	
<u>Lot 2 Keene Channel Kyrrenof</u>		<u>4-5-11</u>
Residence Address (or equivalent)	Numerical Identifier	Date

	<u>PATRICK J. SULLIVAN</u>	
Signature	Printed Name	
<u>LOT 2 KEENE CHANNEL KYRRENOF</u>		<u>4-5-11</u>
Residence Address (or equivalent)	Numerical Identifier	Date

_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date

_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date



_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date

Use additional pages as necessary.

Petition for Incorporation of Petersburg Home Rule Borough

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	Chris Christensen	
Signature	Printed Name	
8.6 Mi. Mittkof Hwy		1-10-11
Residence Address (or equivalent)	Numerical Identifier	Date

_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date

_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date



_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date



_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date



Use additional pages as necessary.



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 Signature	SUSAN J. CHRISTENSEN Printed Name
8.75 Mitkof Hwy. Residence Address (or equivalent)	 Numerical Identifier
	Oct. 6, 2010 Date

 Signature	Debra K. Thompson Printed Name
17 mile Mitkof Highway Residence Address (or equivalent)	 Numerical Identifier
	10/7/2010 Date

DAVID KANSINGEN Signature	 Printed Name
Lot 1 KEENE CHANNEL Residence Address (or equivalent)	 Numerical Identifier
	10/11/2010 Date

 Signature	Cynthia A. Lagoudakis Printed Name
9.6 Mile So. Mitkof Hwy. Residence Address (or equivalent)	 Numerical Identifier
	10-21-2010 Date



 Signature	William R Tremblay Printed Name
9.6 Mile So Mitkof Hwy Residence Address (or equivalent)	 Numerical Identifier
	11-17-2010 Date



Use additional pages as necessary.



Petition for Incorporation of Petersburg Home Rule Borough



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	<u>Cole Rhoden</u>	
Signature	Printed Name	
<u>875 Mitkof Hwy</u>		<u>12-8-2010</u>
Residence Address (or equivalent)	Numerical Identifier	Date <i>12/8/10</i>

	<u>Charlene Rhoden</u>	
Signature	Printed Name	
<u>875 Mitkof Hwy</u>		<u>12-9-2010</u>
Residence Address (or equivalent)	Numerical Identifier	Date <i>12/9/10</i>

	<u>Vonda Neunecker</u>	<u>1-6-11</u>
Signature	Printed Name	Date
<u>10.5 Mile Mitkof Hwy</u>		<u>1-6-11</u>
Residence Address (or equivalent)	Numerical Identifier	Date

	MIKE NEUNECKER	<u>1-6-11</u>
Signature	Printed Name	Date
10.5 MITKOF Hwy		<u>1-6-11</u>
Residence Address (or equivalent)	Numerical Identifier	Date

Resigned 1-17-11



_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date

Use additional pages as necessary.

Petition for Incorporation of Petersburg Home Rule Borough

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	Mike Neunecker	
Signature	Printed Name	
Mile 10.5 Mithof Hwy		1-17-11
Residence Address (or equivalent)	Numerical Identifier	Date

_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date

_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date



_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date



_____ Signature	_____ Printed Name	
_____ Residence Address (or equivalent)	_____ Numerical Identifier	_____ Date



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 Signature	<u>Loren D. Thompson</u> Printed Name	
<u>Mile 17 Milkof Hwy.</u> Residence Address (or equivalent)	 Numerical Identifier	<u>11/10/10</u> Date

 Signature	<u>Jason Thompson</u> Printed Name	
<u>17 mile Milkof Hwy.</u> Residence Address (or equivalent)	 Numerical Identifier	<u>2-7-11</u> Date

 Signature	<u>Kevin Hess</u> Printed Name	
<u>8.75 mile Milkof Hwy</u> Residence Address (or equivalent)	 Numerical Identifier	<u>2-9-11</u> Date



 Signature	<u>Robert Dolan</u> Printed Name	
<u>4m. north of state float keypad</u> Residence Address (or equivalent)	 Numerical Identifier	<u>3/9/11</u> Date

 Signature	<u>Mona Christian</u> Printed Name	
<u>Lot 1 Keene Channel</u> Residence Address (or equivalent)	 Numerical Identifier	<u>3-11-11</u> Date

Use additional pages as necessary.

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 Signature	Seth Scrimsher Printed Name	
961 Mitkof Hwy Residence Address (or equivalent)	 Numerical Identifier	10-8-10 Date

Signature	Printed Name	
Residence Address (or equivalent)	Numerical Identifier	Date

Signature	Printed Name	
Residence Address (or equivalent)	Numerical Identifier	Date

Signature	Printed Name	
Residence Address (or equivalent)	Numerical Identifier	Date

Signature	Printed Name	
Residence Address (or equivalent)	Numerical Identifier	Date

Use additional pages as necessary.