


TRANSMITTAL MEMORANDUM

7j

TO: The Honorable Mayor & City Council Initials: 

FROM: Lacey G. Simpson, Acting City Manager File #: MGR25-420

DATE: July 11, 2025 Mtg. #: 07/17/25 NBj

RE: **Resolution No. 25-2970, Providing For Submission To The Qualified Voters Of The City At The Regular Election, To Be Held In The City On October 7, 2025, Of A Proposition As To Whether The City Should Issue Its Wastewater Revenue Obligations In A Principal Amount Not to Exceed \$15,000,000 To Finance The Cost Of Disinfection Facility, Emergency Wastewater Line Repairs And Replacements, And Establishing An Effective Date**

The attached resolution was prepared by the City's bond counsel, Stradling Yocca Carlson & Rauth, and Finance Director Michelle Johansen, who asked that it be placed before the City Council for consideration at its meeting of July 17, 2025. If adopted, Resolution No. 25-2970 authorizes submittal of a ballot proposition to the voters seeking approval in issuing municipal wastewater revenue bonds in an amount not to exceed \$15 million to finance a State of Alaska mandated disinfection treatment system improvement for the City's Charcoal Point Wastewater Treatment Facility and a portion of the replacement of the sewer mains that must be completed in advance of work to be performed by Alaska Department of Transportation in the vicinity of Water Street on Tongass Avenue.

Ms. Johansen's transmittal memorandum is attached and requires little elaboration on the part of the Manager's office. While the two identified projects are slated to occur in separate years and the issuance of municipal revenue bonds could be submitted for voter approval at two separate elections, at the special City Council meeting of June 24, 2025, the City Council directed staff to prepare a resolution for a bond proposition for the full \$15 million request rather than two smaller requests. The rationale being that the City Council preferred to make a bond issuance request of the voters only once. If the entire \$15 million is not needed to complete these identified repairs and improvements, funding can be programmed for additional, future wastewater improvement and repair projects as identified in the resolution and motion below.

A motion has been prepared for City Council consideration.

**Recommended Motion:**

I move that the City Council approve Resolution No. 25-2970, providing for submission to the qualified voters of the City at the regular election to be held in the City on October 7, 2025, of a proposition as to whether the City should issue wastewater revenue obligations in a principal amount not to exceed \$15,000,000 to finance the cost of a disinfection facility per State mandate, emergency wastewater line repairs and replacements in the Water Street/Tongass Avenue, Park Avenue-Harris Street and Ketchikan Lakes area of the City, and establishing an effective date.

**MEMORANDUM**  
**CITY OF KETCHIKAN, ALASKA**  
**Finance Department**  
*Office of the Finance Director*

*Michelle Johansen, Finance Director*  
*Meghan Traudt, Financial Analyst*  
*Phone: (907) 228-5621*  
*Facsimile: (907) 228-5617*

TO: Lacey G. Simpson, Acting City Manager/General Manager

FROM: Michelle Johansen, Finance Director

DATE: July 7, 2025

**SUBJECT: Resolution No. 25-2970 Providing For Submission To The Qualified Voters Of The City At The Regular Election, To Be Held In The City On October 7, 2025, Of A Proposition As To Whether The City Should Issue Its Wastewater Revenue Obligations In A Principal Amount Not to Exceed \$15,000,000 To Finance The Cost Of Disinfection Facility, Emergency Wastewater Line Repairs And Replacements, And Establishing An Effective Date**

At the request of the City Council, the City's bond counsel, Alice Ostdiek with Stradling Yocca Carlson & Rauth, and I have drafted Resolution No. 25-2970 for the purpose of seeking authorization from the voters of the City to issue up to \$15,000,000 in wastewater revenue bonds to finance a State mandated disinfection facility and a portion of the replacement of the sewer mains that should be replaced as soon as possible in order to complete needed repairs in advance of work to be performed by Alaska Department of Transportation on the State Highway, to ensure the continuous service to customers and to preserve public safety. The Wastewater Division has determined that additional bond funding is needed and has requested an additional \$15 million. The estimates for the projects noted above are preliminary in order to meet the deadline for the October 7, 2025 municipal election.

The proceeds from the bond would be utilized as follows:

<u>Current Project Estimates</u>	<u>Amount</u>
Dissinfection Facility	\$ 10,000,000
Water Street/Tongass Avenue	5,000,000
Total	<u>\$ 15,000,000</u>

Since the tentative financing plan is to have the bond issued through the Alaska Department of Environmental Conservation's Clean Water Loan Program, the cost of issuance should be minimal and limited to bond counsel fees. Based on a projected interest rate of 1.75% and a 20-year maturity, the annual debt service on the proposed bond issue will be \$298,456 for the continuation of Water Street-Tongass Avenue sewer main rehabilitation and \$ 596,912 for the State mandated disinfection facility. The debt service on this bond will be paid from the revenues of the Wastewater Fund.

Section 3 of Resolution No. 25-2970 contains the ballot proposition that will be presented to the voters for consideration. The rest of the resolution contains standard provisions that must be followed when the City holds bond elections and issues revenue bonds. These provisions have been reviewed by bond counsel and my office and are in order. If the resolution were to be approved by the City Council, the ballot proposition seeking the authority to issue municipal revenue bonds would

Lacey G. Simpson  
July 7, 2025  
Page 2

be presented to the voters at the regular municipal election scheduled for Tuesday, October 7, 2025 as Ballot Proposition No. 1.

If the City Council wishes to present this ballot proposition to the voters for consideration at the October 7, 2025 regular municipal election, Resolution No. 25-2970 must be approved by the City Council no later than its meeting of July 17, 2025. The City Clerk has advised my office that the ballot proposition needs to go to the printer on August 26, 2025.

**Recommended Motion:**

I move that the City Council approve Resolution No. 25-2970, providing for submission to the qualified voters of the City at the regular election to be held in the City on October 7, 2025, of a proposition as to whether the City should issue Wastewater revenue obligations in a principal amount not to exceed \$15,000,000 to finance the cost of a disinfection facility per State mandate, emergency wastewater line repairs and replacements in the Water Street/Tongass Avenue, Park Avenue-Harris Street and Ketchikan Lakes area of the City, and establishing an effective date.

**CITY OF KETCHIKAN, ALASKA**

**RESOLUTION NO. 25-2970**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KETCHIKAN, ALASKA, PROVIDING FOR SUBMISSION TO THE QUALIFIED VOTERS OF THE CITY AT THE MUNICIPAL ELECTION, TO BE HELD IN THE CITY ON OCTOBER 7, 2025, OF A PROPOSITION AS TO WHETHER THE CITY SHOULD ISSUE WASTEWATER REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$15,000,000 TO PROVIDE FUNDS FOR SEWER MAIN REPLACEMENT PROJECTS ON TONGASS AVENUE, WATER STREET, PARK AVENUE AND HARRIS STREET, AND KETCHIKAN LAKES, IMPROVEMENTS TO DISINFECTION FACILITIES AT THE CHARCOAL POINT WASTEWATER TREATMENT PLANT, AND ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, as provided in Title 12 of the Ketchikan Municipal Code (“KMC”), the City of Ketchikan, Alaska (the “City”), owns, operates and maintains sewage collection, treatment and disposal facilities (the “Wastewater System”), revenues of which are paid into an enterprise fund of the City designated as the sewer fund pursuant to KMC §12.09.110 (the “Sewer Fund”); and

**WHEREAS**, the City Council of the City (the “Council”) deems it necessary and advisable to undertake the acquisition, construction, reconstruction, repair, improvement, enlargement, and equipment of (a) sewer mains located at Tongass Avenue, Water Street, Park Avenue/Harris Street, and Ketchikan Lakes (the “Sewer Main Projects”); and (b) the Charcoal Point Wastewater Treatment Plant Disinfection Facility (the “WWTP Project”); and

**WHEREAS**, to provide funds to pay a portion of the costs of the Sewer Main Projects and the WWTP Project, the Council deems it necessary and advisable for the City to issue and sell its revenue bonds or obtain loans payable solely from revenues of the Wastewater System in an aggregate principal amount not to exceed \$15,000,000 (the “Bonds”); and

**WHEREAS**, the City’s charter provides that the question of whether the Bonds may be issued for this purpose must be submitted to the qualified voters of the City for their ratification or rejection;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KETCHIKAN, ALASKA**, as follows:

**Section 1. Findings; Projects.** It is hereby found and declared that the public welfare and convenience require the City to acquire, construct, reconstruct, repair, improve, enlarge, and equip (a) replacement sewer mains located at Tongass Avenue, Water Street, Park Avenue/Harris Street, and Ketchikan Lakes, which sewer mains are operated and maintained as part of the

Wastewater System (the “Sewer Main Projects”), and (b) the new Charcoal Point Wastewater Treatment Plant Disinfection Facility (the “WWTP Project,” and together, the “Projects”).

The cost of all necessary architectural, design, engineering and other consulting services, inspection and testing, administrative and relocation expenses, on- and off-site utilities, purchases of equipment, and other costs incurred in connection with the Projects shall be deemed a part of the costs of the Projects. The City shall determine the extent and specifications of the Projects.

The City shall determine the application of available funds to maximize the City’s ability to accomplish, as nearly as may be, all of the Projects. If proceeds of the sale of the Bonds plus any other money of the City legally available for this purpose are insufficient to accomplish all of the Projects, the City shall use the available funds to pay the cost of those portions of the Projects deemed by the Council most necessary and in the best interest of the City.

If the Council determines that it has become impractical to accomplish the Projects or one or more portions thereof because of changed conditions, incompatible development, or costs substantially in excess of those estimated, the City shall not be required to accomplish those Projects or portion thereof and may apply the Bond proceeds to other capital improvements to the facilities of the Wastewater System.

If proceeds of the Bonds remain unexpended and unencumbered for costs of the Projects, those remaining Bond proceeds may be applied to other capital improvements to facilities of the Wastewater System or applied to pay down obligations of the City secured by revenues of the Wastewater System in accordance with Section 6-4 of the City’s Charter.

**Section 2. Authorization of Bonds or Loans.** To provide all or a portion of the funds necessary to pay or reimburse costs of the Projects, together with incidental costs and costs related to the issuance and sale of the Bonds, the City shall issue and sell the Bonds as bonds or loan obligations of the Wastewater System in one or more series in an aggregate principal amount not to exceed \$15,000,000. Both principal of and interest on the Bonds shall be payable solely from revenues of the Wastewater System. The Bonds shall be issued in an amount not exceeding the amount approved by the voters of the City and not exceeding the amount permitted by the laws of the State of Alaska and the City’s charter. The balance, if any, of the cost of the Projects may be paid out of grants, loans or any other legally available funds.

The Bonds shall be issued and sold in such series and in such amounts (within the maximum aggregate voter-approved amount) at such time or times as found necessary and advisable by the Council and as permitted by law. The Bonds may be issued in one or more series and shall bear interest payable at a rate or rates as authorized by the Council. Each series of the Bonds shall mature in such amounts and at such times within a maximum term of not more than 30 years from date of issue, all as authorized by the Council and as provided by law.

The date, form, terms, options of redemption, maturities, covenants and manner of sale of the Bonds shall be as hereafter provided by ordinance or ordinances of the City. After voter approval of the Bond proposition and in anticipation of the issuance of the Bonds, the City may issue short-term obligations as authorized by the laws of the State of Alaska and the City’s charter.

**Section 3.**     **Bond Election.** A proposition to authorize the City to issue the Bonds to pay a portion of the cost of the Projects shall be submitted to the qualified voters of the City for their ratification or rejection at the regular municipal election to be held in the City on October 7, 2025. The proposition shall be in substantially the following form:

CITY OF KETCHIKAN

PROPOSITION NO.   1  

WASTEWATER SYSTEM REVENUE BONDS  
SEWER MAIN REPLACEMENT AND WASTEWATER TREATMENT PLANT PROJECTS  
\$15,000,000

To pay costs of acquiring, constructing, reconstructing, repairing, improving, enlarging, and equipping (a) replacement sewer mains located at Tongass Avenue, Water Street, Park Avenue/Harris Street, and Ketchikan Lakes, which sewer mains are operated and maintained as part of the Wastewater System (the “Sewer Main Projects”), and (b) the new Charcoal Point Wastewater Treatment Plant Disinfection facility (the “WWTP Project”), shall the City issue and sell revenue bonds in an aggregate principal amount not to exceed \$15,000,000 maturing within a maximum term of not more than 30 years from their issue date, the principal of and interest on which shall be payable solely from revenues of the City’s Wastewater System, all as provided in Resolution No. 25-2970 of the City Council?

BONDS, YES ..... ☐

BONDS, NO ..... ☐

**Section 4.**     **Notice of Election.** Notice, publication and posting shall be given by the City Clerk in accordance with the provisions of the Ketchikan Municipal Code, the Charter of the City, and state law.

**Section 5.**     **Severability.** If any one or more of the provisions of this resolution are for any reason held to be invalid, such invalidity will not affect or invalidate any other provision of this resolution or the Bonds, but this resolution and the Bonds shall be construed and enforced as if such invalid provision had not been contained herein; provided, however, that any provision that shall for any reason be held by reason of its extent to be invalid shall be deemed to be in effect to the extent permitted by law.

**Section 6.**     **Effective Date.** This resolution is effective immediately upon passage and approval.

**PASSED AND APPROVED** by a duly constituted quorum of the City Council of the City of Ketchikan, Alaska, this July 17, 2025.

By \_\_\_\_\_  
Robert Sivertsen, Mayor

ATTEST:

By \_\_\_\_\_  
Kim Stanker, City Clerk

## CERTIFICATE

I, the undersigned, City Clerk of the City of Ketchikan, Alaska (the “City”), and keeper of the records of the City Council (the “Council”), DO HEREBY CERTIFY:

1. That the attached resolution is a true and correct copy of Resolution No. \_\_\_\_\_ (the “Resolution”) adopted by the Council at a special meeting of the Council held on July \_\_, 2025, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of July, 2025.

---

City Clerk, City of Ketchikan, Alaska