

TITLE XVI

PORT AUTHORITY

CHAPTERS:

Chapter 16.01

Chapter 16.01

Port Authority

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Section 16.01.010 Creation

The City Council of the City of Coffman Cove hereby authorizes the creation of a port authority to be known as the “North End Ferry” pursuant to the Alaska Municipal Port Authority Act (AS 29.35.600 – 29.35.730), said authority to be a public corporation of the City of Coffman Cove and other Participating Municipalities identified in this ordinance..

Section 16.01.020 Participating Municipality

- (A) Subject to the approval of the Development Plan approved by the “North End Ferry” in accordance with Section 14(b) below, and subject to approval of parallel ordinances by the local governing authority and approval by a majority of the qualified voters of each municipality, one or more of the following municipalities may join with the City of Coffman Cove as “Other Municipalities” participating in the authorization and creation of the “North End Ferry”.
 - 1) City of Petersburg
 - 2) City of Wrangell

- (B) The City of Coffman Cove and the Other Municipalities shall, for the purposes of this ordinance, be known individually as a “Participating Municipality” and shall be known collectively as the “Participating Municipalities.”

Section 16.01.030 Purpose

- (A) The “North End Ferry” is authorized and created to develop and operate any or all transportation and transportation-related facilities and services, consistent with this purpose and the “North End Ferry’s Development Plan as provided for herein,
 - (1) To serve the various transportation and transportation-related needs of Prince of Wales Island, Ketchikan, Wrangell, Petersburg, possibly Hyder and area communities; and
 - (2) To support and facilitate commercial and industrial development throughout the Prince of Wales Island, Ketchikan, Wrangell, Petersburg, possibly Hyder and area communities, by meeting area needs for transportation facilities and services; and
 - (3) To promote the general health, security, and welfare of the residents and businesses of the Prince of Wales Island, Ketchikan, Wrangell, Petersburg, possibly Hyder and area communities by meeting area needs for transportation facilities and services.

- (B) The “North End Ferry” is further authorized and created to otherwise provide any or all transportation and transportation-related infrastructure consistent with this purpose and the “North End Ferry’s Development Plan as provided for herein, which may include but not be limited to those facilities, equipment and services necessary to provide transportation of persons, baggage, vehicles and the contents of such vehicles, equipment and freight within the Prince of Wales Island, Ketchikan, Wrangell, Petersburg, possibly Hyder and area communities.

Section 16.01.040 Boundaries of the “North End Ferry”

The boundaries of the “North End Ferry” shall be the boundaries of the real property, including terminals and all related ferry-system support facilities owned, leased, or otherwise operated and controlled by the “North End Ferry” in the conduct of its business consistent with its purpose as set forth in Section 14 hereof.

Section 16.01.050 Powers and Limitations

The “North End Ferry” may:

- (a) sue and be sued;
- (b) have a seal and alter it at pleasure;
- (c) acquire an interest in transportation facilities, equipment or services as necessary or appropriate to provide financing for the one or more transportation facilities, equipment or services, whether by purchase, gift, or lease;
- (d) lease to others one or more transportation facilities, equipment or services acquired by it and upon the terms and conditions the “North End Ferry” may consider advisable, including, without limitation, provisions for purchase or renewal;
- (e) sell, by installment sale or otherwise, exchange, donate, convey, or encumber in any manner by mortgage or by creation of another security interest, real or personal property owned by it, or in which it has an interest, including one or more transportation facilities, equipment or services, when, in the judgment of the “North End Ferry”, the action is in furtherance of the “North End Ferry’s purposes;
- (f) accept gifts, grants, or loans, under the terms and conditions imposed under the gift, grant, or loan, and enter into contracts, conveyances or other transactions with a federal agency or an agency or instrumentality of the state, a municipality, private organization, or other person;
- (g) deposit or invest its funds, subject to agreements with bondholders;
- (h) provide security within the boundaries of the “North End Ferry”;
- (i) enter into loan agreements with respect to one or more transportation facilities, equipment or services upon the terms and conditions the “North End Ferry” considers desirable;
- (j) acquire, manage, and operate one or more transportation facilities, equipment or services as the “North End Ferry” considers necessary or appropriate to serve the “North End Ferry’s purposes;

- (k) charge fees or other forms of remuneration for the use or possession of one or more transportation facilities, equipment or services in accordance with the agreements described in this section, other agreements relating to the transportation facilities, equipment or services, covenants, or representations made in bond documents relating to the transportation facilities, equipment or services, or regulations of the “North End Ferry” relating to the transportation facilities, equipment or services;
- (l) defend and indemnify a current or former Director, employee, or agent of the “North End Ferry” against all costs, expenses, judgments, and liabilities, including attorney fees, incurred by or imposed upon that person in connection with civil or criminal action in which the person is involved as a result of the person’s affiliation with the “North End Ferry” if the person acted in good faith on behalf of the “North End Ferry” and within the scope of the person’s official duties and powers;
- (m) purchase insurance to protect and hold harmless its employees, agents, and Directors from an action, claim, or proceeding arising out of the performance, purported performance, or failure to perform in good faith, of duties for, or employment with the “North End Ferry” and to hold them harmless from expenses connected with the defense, settlement, or monetary judgments from that action, claim, or proceeding; the purchase of insurance is subject to the discretion of the Board; insurance purchased under this paragraph may not be considered compensation to the insured person; and
- (n) protect its assets, services, and employees by purchasing insurance or providing for certain self-insurance retention; an authority may also maintain casualty, property, business interruption, marine, boiler and machinery, pollution liability, and other insurance in amounts reasonably calculated to cover potential claims against the “North End Ferry”.

Section 16.01.060 Debt

Subject to the provisions of AS 29.35.625 – 29.35.655, as amended, the “North End Ferry” may borrow money and may issue bonds on which the principal and interest are payable

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

Section 16.01.070 Administration of the “North End Ferry”

- (A) The “North End Ferry” shall be governed by a Board of Directors (“Board”), which shall exercise the powers of the “North End Ferry”.
- (B) The Board shall appoint a chief executive officer of the “North End Ferry” who serves at the pleasure of the Board.

Section 16.01.080 Board of Directors

- (A) Directors shall be apportioned and appointed as set forth in this Section.
- (B) The Board shall be apportioned as follows:
 - (1) In the event that the “North End Ferry” is comprised of a single Participating Municipality, the Board shall be comprised of five (5) Directors appointed by the City Council to represent that Participating Municipality.
 - (2) In the event that the “North End Ferry” is comprised of two or more Participating Municipalities, the Board shall be comprised of two (2) Directors appointed by the City Council to represent each Participating Municipality, and one (1) At-large Director.
 - (3) The Board shall be apportioned in accordance with the following table:

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

- (C) An individual appointed as a Director shall,
 - (1) In the case of a Participating municipality, be a qualified voter residing within the Participating Municipality, and
 - (2) In the case of the at-large member, be a qualified voter residing within any Participating Municipality.

- (D) The Council of each Participating Municipality shall, appoint the Director(s) from names submitted by the Council of all participating municipalities. In the event that the Board cannot reach a decision with regard to the proposed appointment(s) to the At-large Director position(s), the Board shall submit the names of not more than two candidates for each At-large position to the mayors of all Participating Municipalities, a majority of whom shall then, with the concurrence of their respective City Councils, appoint the At-large Director(s).
- (E) Terms. Directors shall serve three (3) year terms; provided, however, that the Directors first appointed after the creation of the “North End Ferry” shall be randomly assigned to one of three groups, each group to be as nearly equal in number as possible. The Directors assigned to one such group shall serve one-year terms; the Directors assigned to the second such group shall serve two-year terms; and the Directors assigned to the third such group shall serve three-year terms.
- (F) Each Director shall hold office for the term of appointment and until a successor has been qualified and appointed.
- (G) If otherwise qualified, a Director is eligible to be appointed to the Board for more than one term with a limit of two (2) full terms.
- (H) Determination and Declaration of Vacancies. The Board shall declare a Director position vacant when the Director in question:
- (1) Fails to qualify or take office within 30 days after appointment;
 - (2) Is physically absent from the Participating Municipality for 90 consecutive days unless excused by the Board of Directors;
 - (3) Resigns and the resignation is accepted
 - (4) Is physically or mentally unable to perform the duties of office as determined by two-thirds vote of the Board of Directors;
 - (5) Is convicted of a felony or of an offense involving a violation of the oath of office;
 - (6) No longer physically resides in the Participating Municipality and the Board of Directors declares the Director position vacant by a vote of the majority of the total membership of the Board; or
 - (7) Misses three consecutive regular meetings and is not excused.
- (I) Notice of Vacancy. Upon determination that a Board position is vacant, the Board shall promptly furnish written notice of its determination and declaration of vacancy in the Board to the governing body of the Participating Municipality.
- (J) Filling Vacancies. To first appoint Directors to the Board upon creation of the “North End Ferry” or upon receipt of Board notification of its determination and declaration of

vacancy, the governing body of the Participating Municipality shall promptly fill a vacancy on the Board by appointment as provided herein.

- (1) At its next regular or special meeting following receipt of such notice, the governing body of the Participating Municipality shall cause public posting or other advertising of such vacancy inviting citizens to submit written applications for appointment to fill the vacancy.
- (2) The governing body of the Participating Municipality shall make the appointment not later than its second meeting, regular or special, following the closing date of the notice of vacancy, selecting from among the written applications.

Section 16.01.090 Bylaws and Regulations

(A) The Board shall adopt bylaws to carry out the purposes and functions of the “North End Ferry” as soon after the establishment of the “North End Ferry” as possible and may, from time to time, amend those bylaws. The bylaws may contain any provision not in conflict with law for the management of the business of the “North End Ferry” and for the conduct of the affairs of the “North End Ferry”, including the:

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

(B) The Board shall adopt regulations necessary or appropriate to carry out the purposes of the “North End Ferry” and to facilitate the day-to-day administration, operation and other functions of the “North End Ferry”. The Board may amend those regulations from time to time.

Section 16.01.100

Meetings

- (A) Quorum. A majority of the total membership of the Board constitutes a quorum. A Director disqualified by law from voting on a question may be considered present for purposes of constituting a quorum. In the absence of a quorum any Director may recess or adjourn the meeting to a later date.
- (B) Actions. Actions of the Board are adopted by a majority of the total membership of the Board. Each Director shall vote on every question, unless required to abstain from voting on a question by law. The final vote of each member on each ordinance, resolution, or substantive motion shall be recorded “yes” or “no”, except that if the vote is unanimous it may be recorded “unanimous”.
- (C) Journal. The Board shall maintain a journal of its official proceedings that shall be a public record.

Section 16.01.110

Subject to Public Records and Open Meetings Laws

The “North End Ferry” is subject to AS 29.29.110 – 29.25.220 and to AS 44.62.310 – 44.62.312, as amended.

Section 16.01.120

Development Plan

- (A) The “North End Ferry” shall prepare, and shall maintain and keep current by amendment from time to time as necessary or appropriate, a “North End Ferry” Development Plan (“Development Plan”). The Development Plan shall contain, for each proposed project,
 - (1) a general project description which shall identify the need for the project, development phases, if any, a description of any existing improvements in the project area to be affected by the project, a description of real and personal property, including municipal real and personal property, proposed to be conveyed or leased to or from the “North End Ferry”, and any other information necessary to adequately describe the project’s purpose and scope;
 - (2) a development schedule including phases, if any;
 - (3) the estimated development cost, including the estimated development cost of project phases, if any;
 - (4) the estimated cost of operation;
 - (5) the proposed method of financing the improvements;
 - (6) identification of anticipated revenues from use fees, leases or other contractual arrangements with respect to each project; and
 - (7) any other information which the Board deems necessary or appropriate to adequately describe the intent, purpose, schedule, and cost.

- (B) The “North End Ferry” shall submit the Development Plan and all amendments to that Development Plan to the governing body of the Participating Municipalities for review and approval by resolution.
- (C) The “North End Ferry” shall not undertake any project which is not consistent with the Development Plan, as amended, which has been formally approved by the Municipalities participating in the “North End Ferry”.

Section 16.01.130 Annual Report

Within ninety (90) days following the end of the fiscal year of the “North End Ferry”, the Board shall distribute to the governing body of the Participating Municipalities a report describing the operations and financial condition of the “North End Ferry” during the preceding fiscal year. The financial report must itemize the cost of providing each category of service offered by the “North End Ferry” and the income generated by each category. The financial report may include suggestions for legislation relating to the structure, powers, or duties of the “North End Ferry” or operation of facilities of the “North End Ferry”.

Section 16.01.140 Audits

- (A) The Board shall have the financial records of the “North End Ferry” audited at least once annually by an independent certified public accountant.
- (B) To make the audits the Board shall designate a public accountant who has no personal interest, direct or indirect, in the fiscal affairs of the “North End Ferry”.
- (C) Copies of the annual and any additional audits shall be available to the public upon request.
- (D) The “North End Ferry” shall make all of its financial records available to auditors appointed by the Participating Municipalities for examination.

Section 16.01.150 Fidelity Bond

The “North End Ferry” shall obtain a fidelity bond in an amount determined by the Board for the members of the Board, and each executive officer responsible for accounts and finances of the “North End Ferry”. Each such fidelity bond shall be in effect during the entire tenure in office of the bonded person.

Section 16.01.160 Taxation

- (A) Because the “North End Ferry”, exercising the powers granted by this enabling ordinance under AS 29.35.600 – 29.35.730 as amended, is in all respects for the benefit of the people of the Participating Municipalities and the people of the state in general, for their well-being and prosperity, and for the improvement of their social and economic

condition, the real and personal property of the “North End Ferry” and its assets, income, and receipts are exempt from all taxes and special assessments of the state, or a political subdivision of the state, including but not limited to the Participating Municipalities.

- (B) Notwithstanding the provisions of (a) of this Section, the “North End Ferry” may in its sole discretion enter into agreements under which the “North End Ferry” shall agree to pay to the Participating Municipalities payments in lieu of taxes and special assessments on real and personal property of the “North End Ferry” within the taxing jurisdiction of that municipality.
- (C) Nothing in this Section creates a tax exemption with respect to the interests of a business enterprise or other person, other than the “North End Ferry”, in property, assets, income, or receipts of that business enterprise or other person, whether or not financed under the provisions of AS 29.35.600 – 29.35.730 as amended.

Section 16.01.170 Withdrawal of Participating Municipality

- (A) A Participating Municipality may withdraw from and no longer participate in the “North End Ferry” by an affirmative vote of at least two-thirds of the members of its governing body on a withdrawal ordinance and approval of that ordinance by a majority of the qualified voters within that municipality voting on the question.
- (B) A municipality’s withdrawal from the “North End Ferry” shall not cause the dissolution of the “North End Ferry” unless the remaining Participating municipalities act to dissolve the “North End Ferry”.

Section 16.01.180 Dissolution of “North End Ferry”

- (A) Participating Municipalities may dissolve the “North End Ferry”. Dissolution of the “North End Ferry” requires an affirmative vote of at least two-thirds of the members of the governing body of each of the Participating Municipalities on a dissolution ordinance and approval by a majority of the qualified voters of the Participating Municipalities of that dissolution ordinance.

(B) Dissolution of the North End Ferry will conform to the requirements of AS 29.35.310, dissolution of a port authority.

(Ordinance 18-04)

Section 16.01.190

Further Acts

The Mayor or the Mayor’s designee is authorized to execute those documents and take those actions necessary to establish the “North End Ferry” as set out in this ordinance, and to otherwise enter into agreements with the “North End Ferry” and others within the scope and the purpose of the “North End Ferry”.

Section 16.01.200

Referendum and Effective Date

This ordinance shall not go into effect until and unless the creation of the “North End Ferry” is first approved by a majority of the qualified voters voting on the question at a special election to be held on January 19, 2010. This ordinance was passed and approved by majority vote on January 19, 2010.

PORT AUTHORITY DEVELOPMENT PLAN

Introduction and Background

The purpose of this plan is to comply with Section 10 of the ordinances of the Participating Municipalities, which establish the Port Authority. Section 10 requires the Port Authority to prepare, maintain and keep current by amendment from time to time a Development Plan. Section 10 further requires that the Development Plan contain the following elements for each proposed project:

1. A general project description which shall identify the need for the project, development phases, and, a description of any existing improvements in the project area to be affected by the project, a description of real and personal property, including municipal real and

- personal property, proposed to be conveyed or leased to or from the Port Authority, and any other information necessary to adequately describe the project's purpose and scope;
2. A development schedule including phases, if any;
 3. The estimated development cost, including the estimated cost of project phases, if any;
 4. The estimated cost of operation;
 5. The proposed method of financing the improvements;
 6. Identification of anticipated revenues from use fees, leases or other contractual arrangements with respect to each project; and
 7. Any other information which the Board deems necessary or appropriate to adequately describe the intent, purpose, schedule, and cost."

Summary of and Need for Proposed Projects

The overall need for and feasibility of the proposed transportation system are well documented in the following two studies:

1. Project Plan: *Kasaan Bay and Whale Pass Ferries*, prepared by C. L. Cheshire, DePue & Associates, Kent Miller and James A. Van Altvorst, August 1994.
2. *An Alternative Ferry for Prince Of Wales*, prepared by C. L. Cheshire, Kent Miller and James A. Van Altvorst, March, 1994.

The Development Plan for the "northern route" includes establishing ferry service between Prince of Wales Island, Wrangell and Petersburg with potential for service to other ports. The Development Plan includes upgrades for the Wrangell Dock to accommodate the Port Authority. The Port Authority may work with other communities in Southeast Alaska including Hyder for service. Winter routes may be established to create revenue and provide service to native communities for health related travel.

Northern Route Terminals

In order to provide service on the Northern route the Port Authority will require terminals in Coffman Cove, Wrangell and Petersburg. The Coffman Cove and Petersburg ferry terminals have been completed to accommodate the *M/V Stikine*. The Port Authority will work with the State of Alaska Department of Transportation Marine Highway for use of the Petersburg Terminal and the Wrangell Terminal. The City of Wrangell wishes to upgrade their city dock to accommodate the Port Authority. The Port Authority will work with Wrangell to secure funding for all necessary upgrades through State and Federal grant programs.

Estimated Cost of Operation

The *Reconnaissance Design of Passenger / Vehicle Ferry Vessels and Terminals - Prince of Wales Island Ferry Project* identifies the estimated cost of operations for the northern route. This feasibility study did not anticipate the security requirements after 911 nor the increase in fuel prices. See Exhibit 1.

The Inter-Island Ferry Authority budget shows more current numbers for operating a northern service. See Exhibit 2.

The Inter-Island Ferry Authority passenger report documents revenue for three seasons of service between Coffman Cove, Wrangell and Petersburg. These numbers can document the need for service between Prince of Wales, Wrangell and Petersburg. The actual anticipated revenue will vary depending on type of boat, frequency of travel and rate schedule. See Exhibit 3

Project Schedules

Schedules will reflect passenger needs.