



TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting City Manager

DATE: August 18, 2022

RE: **Ballot Proposition to Repeal the Ketchikan Gateway Borough's Nonareawide Library Powers and Associated Mill Rate**

On Friday, August 12, 2022, Ketchikan Gateway Borough Clerk Kacie Paxton informed the City that she had certified a citizen initiative petition to repeal the Borough's nonareawide library powers. The powers were adopted through a ballot measure in 1985 and allows for the Borough to enact the current 0.7 mill rate for nonareawide services, which is dedicated to funding a portion of the Ketchikan Public Library's annual operating budget. The funding contribution accounts for non-City Borough residents' access to the City owned and operated Library. The ballot proposition will be placed before the qualified voters of the Borough living outside the city limits of Ketchikan and Saxman on the October 4, 2022 Regular Municipal Election.

As the City Council is aware, the amount the City receives from the Borough each year fluctuates and is based on population and audited financial data. For the adopted 2022 General Government Operating and Capital Budget, this equates to \$516,326 of the Library's \$1,372,020 operating budget, or approximately 38%, with City residents contributing \$820,072 in property tax funding. Should the ballot proposition be successful, and the Borough no longer funds a portion of the Library's operational budget, the City will need to supply approximately \$500,000 annually in additional General Fund appropriations in order to maintain the current operations and services of the Ketchikan Public Library. This would likely need to be achieved through increased property tax and/or sales tax rate(s).

Given the financial and operational impacts of the ballot proposition, I have given direction to staff to assemble information regarding the effects of the ballot proposition if ratified. The information may pertain to the changes that would need to be made to the Library operations under such decreased funding, including, but not limited, to reduced hours, reduced programs and services, and reduced staffing through layoffs. I anticipate seeking City Council approval for a budget transfer for the purpose of authorizing a public education campaign regarding the ballot proposition at the September 1, 2022 meeting.