

ALASKA STATE LEGISLATURE
JOINT MEETING
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE
February 12, 2003
8:00 a.m.

MEMBERS PRESENT

SENATE COMMUNITY AND REGIONAL AFFAIRS

Senator Thomas Wagoner, Chair
Senator Georgianna Lincoln
Senator Kim Elton

HOUSE COMMUNITY AND REGIONAL AFFAIRS

Representative Carl Morgan, Chair
Representative Kelly Wolf, Vice Chair
Representative Tom Anderson
Representative Mike Chenault
Representative Sharon Cissna

MEMBERS ABSENT

SENATE COMMUNITY AND REGIONAL AFFAIRS

Senator Robin Taylor

HOUSE COMMUNITY AND REGIONAL AFFAIRS

Representative Ralph Samuels
Representative Albert Kookesh

COMMITTEE CALENDAR

Local Boundary Commission Annual Report

WITNESS REGISTER

Sally Saddler
Legislative Liaison
Department of Community & Economic Development
PO Box 110800
Juneau, AK 99811-0800

POSITION STATEMENT: Introduced Gene Kane

Gene Kane
Department of Community & Economic Development
PO Box 110800
Juneau, AK 99811-0800
POSITION STATEMENT: Delivered Boundary Commission Report

Dan Bockhorst
Local Boundary Commission (LBC)
Department of Community & Economic Development
PO Box 110800
Juneau, AK 99811-0800
POSITION STATEMENT: Answered questions on LBC Report

ACTION NARRATIVE

TAPE 03-2, SIDE A [SENATE CRA TAPE]

CHAIR THOMAS WAGONER called the joint meeting of the Senate Community and Regional Affairs Standing Committee and the House Community and Regional Affairs Standing Committee to order at 8:00 a.m. Present were Senators Wagoner and Elton and Representatives Morgan, Anderson and Cissna.

The meeting was called to hear the Local Boundary Commission Annual Report.

SALLY SADDLER, legislative liaison for the Department of Community and Economic Development (DCED), introduced Mr. Gene Kane who read the following into the record:

Good morning. I am Gene Kane, from the Department of Community and Economic Development.

Kevin Waring, Chair of the Local Boundary Commission asked me to convey his regrets that he could not appear personally today due to previous obligations.

The other members of the commission are Myrna Gardner from Juneau, Robert Harcharek of Barrow, Allan Tesche of Anchorage, and Ardith Lynch of Fairbanks. Dan Bockhorst, commission staff, is on line from Anchorage to answer questions regarding the commission's activities.

Annual Report Filed

The Local Boundary Commission filed its annual report with the legislature on January 30 of this year. A copy was provided to each member of the House and Senate. The commission's report addresses three principal areas.

Chapter 1 provides an overview of the commission; Chapter 2 summarizes the commission's activities last year along with pending proposals; and Chapter 3 discusses several important public policy issues concerning local government in Alaska.

Overview

Alaska's Constitution established the Local Boundary Commission to ensure that proposals to create cities and boroughs or alter their boundaries would be dealt with objectively and from a statewide perspective.

The commission's responsibilities include judging proposals for:

- Incorporation of cities and boroughs
- Annexation to cities and boroughs
- Detachment from cities and boroughs
- Reclassification of cities
- Dissolution of cities and boroughs; and
- Merger and consolidation of cities and boroughs

CHAIR WAGONER called for the record to reflect Representative Chenault joined the meeting.

The commission has other powers and obligations established in law, including a duty to make studies of local government boundary issues.

Commission members donate their time as a public service. They receive no compensation for the time they contribute to commission activities.

The Department of Community and Economic Development provides staff support to the commission.

Boundary Decisions During 2002

The commission met 14 times in 2002. To minimize costs, the commission tries to deal with several

issues at each meeting, and conducts meetings by teleconference when practical.

Collectively, commission members spent many hundreds of hours reviewing and analyzing documents filed in proceedings and on other commission business.

During 2002, the commission addressed proposals for:

- Consolidation of the City of Haines and the Haines Borough;
- Incorporation of a Skagway Borough;
- Annexation to the City of Wasilla
- Annexation to the City of Palmer

The commission approved the proposal for consolidation of the City of Haines and Haines Borough. Voters in Haines subsequently approved the consolidation proposal. As of October 17, 2002, the two governments were consolidated as the home rule Haines Borough.

The commission denied the Skagway Borough proposal because it did not meet constitutional, statutory, and regulatory standards for borough incorporation.

The commission approved an annexation of 314 acres to the City of Wasilla. As this was an annexation by local action, it is not subject to review by the legislature.

Finally, the commission approved an annexation to the City of Palmer, after reducing the area to be annexed from the city's proposed 921.34 acres to 861.44 acres. The Palmer annexation proposal is subject to review by the Legislature.

The commission has presented its formal recommendation to the legislature for the Palmer annexation under Article X, Section 12 of the Constitution of the State of Alaska. As provided by the constitution, "The change shall become effective forty-five days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house."

CHAIR WAGONER called for the record to reflect Representative Wolf joined the meeting.

Changes to the Regulations of the Local Boundary Commission

During the past two years, the commission has worked to update and revise its regulations in Title 3 of the Alaska Administrative Code. The last comprehensive review of the commission's regulations occurred more than ten years ago. Since then, there have been many changes in state statutes that govern the commission. The regulatory changes proposed by the commission also address ambiguities in current regulations and streamline procedures for non-controversial proposals. The commission has also proposed a new requirement for a local public hearing on legislative review annexation proposals before they are submitted to the Local Boundary Commission.

Pending Activities of the Commission

One petition is currently pending before the commission:
Incorporation of Gustavus as a second-class city

Policy Issues

The commission presents three public policy issues for consideration by the legislature. I am aware that the commission will likely be meeting with the House and Senate Community and Regional Affairs Committees later this month concerning the commission's pending review of the unorganized borough. Ideally, any discussion of the policy matters could be reserved until then

Conclusion

Thank you. That concludes my prepared remarks. If you have questions on any of these matters, Mr. Bockhorst will respond.

CHAIR WAGONER called for the record to reflect Senator Lincoln joined the meeting.

REPRESENTATIVE ANDERSON referred to Chapter 3 of the LBC report regarding acreage in the Palmer annexation. The initial request

was to add 921.34 acres. He asked for a summary of the reasons for the reducing the request to 861.44 acres.

MR. KANE explained the commission excluded an area that was self sufficient in terms of wells and road maintenance.

REPRESENTATIVE ANDERSON referenced page 29 and asked for a summary of the reasons for opposition to the annexation.

MR. KANE pointed out annexations are often controversial and many associate the extension of municipal boundaries with a reduction of local control. The commission repeatedly urged the City of Palmer to take a pro-active rather than piece meal approach to annexation to address the tremendous growth of the Palmer area.

REPRESENTATIVE ANDERSON asked two additional questions:

- Is there a disruption of services during the transition and where does the tax comes from for the transfer?
- Will the assembly boundaries change for the October 2003 election?

MR. KANE explained residents would continue to pay the borough area wide property taxes, but upon annexation non-area wide taxes decrease. The city worked with the borough in developing its petition as required by the Administrative Code and there were no significant costs associated with the extension of jurisdiction.

He was unable to answer the second question.

SENATOR LINCOLN referred to pages 13 and 14 and noted Skagway wasn't included in the list of areas proposed for borough incorporation or examination of issues relating to borough incorporation. She asked whether the Skagway petition, which was denied for technical reasons, could be successful if those deficiencies were met and a new proposal filed.

DAN BOCKHORST, Local Boundary Commission representative, testified via teleconference. He explained the LBC narrowly construes the direction it is given by the state legislature. Skagway was excluded because the commission did not consider areas that might meet standards for annexation of territory into model borough boundaries and because the Skagway petition proposed to incorporate a first class borough in place of the first class City of Skagway. The commission asserts there are

fundamental distinctions between community based city or municipal governments and the regional borough governments.

SENATOR LINCOLN said she would contact him for further discussion, but his answer was sufficient for the joint meeting.

SENATOR ELTON noted the Skagway petition failed to meet 10 of 18 applicable standards for borough incorporation. He asked whether those applicable standards were set in statute or regulation.

MR. BOCKHORST replied the Skagway proposal failed to meet standards found in the Alaska State Constitution, Alaska Statutes and the Administrative Code. The commission's detailed statement of decision regarding the Skagway action was available upon request.

SENATOR ELTON agreed that would be helpful.

CO-CHAIR MORGAN asked how many boroughs have received their land entitlement from the state.

MR. BOCKHORST explained each newly formed municipal government is entitled to 10 percent of the vacant, unappropriated, and unreserved state land within its boundaries at the time of incorporation. He said he would follow up with the program administrator, the Alaska Department of Natural Resources (DNR).

CO-CHAIR MORGAN said he would appreciate a follow up because this is an advantage to incorporation.

SENATOR ELTON noted he would like the commission to inform the both Community and Regional Affairs Committees what 10 percent of the vacant unappropriated state land would be in each of the proposed eight boroughs.

MR. BOCKHORST agreed to ask DNR for the information.

SENATOR LINCOLN observed a number of the petition denials in her district were for technical deficiencies and asked for a definition for that type of deficiency. She asked for an explanation of the difference between the Skagway petition and some of the others that were incorporated as a single site.

MR. BOCKHORST characterized the commission's decision to reject the Skagway proposal as a fundamental question about the nature of borough government and not simply technical deficiencies. The proposal was to convert the city government with existing

boundaries, population and powers into a borough government by changing the name from the City of Skagway to the Skagway Borough. Both the department [DCED] and commission find there is a fundamental distinction between those two types of government. The Yakutat Borough was recently formed and has a single community in the borough. That decision was difficult for the commission given its unique geographic circumstances. Skagway has frequent interaction with Haines while Yakutat is isolated. He agreed to provide LBC decisional statements for Skagway, Yakutat and any others that members might desire.

CO-CHAIR WAGONER confirmed he should do so then asked whether the commission had taken a position on SB 63.

MR. BOCKHORST advised members the commission reviewed a similar proposal that dealt with legal ambiguities regarding the levy of municipal property taxes following an annexation or detachment. The commission unanimously endorsed that proposal thereby endorsing the substance of SB 63 with two stipulations. First, the legislation should be modified to include municipal incorporations because the same rules should apply to incorporation, annexation and detachment. Second, any provisions in the legislation should not impact flexibility with respect to how annexations and incorporations transition from a status quo to implementing the annexation or incorporation.

SENATOR LINCOLN asked how the LBC defines "economic base" with regard to borough formation.

MR. BOCKHORST explained state statutes impose three specific duties on any organized borough. First comes education, which includes the obligation to make the local supporting contribution. This is equivalent to a 4-mil property tax or 45 percent of basic needs whichever is less. Next there is the obligation for planning, platting, and land use regulation. Finally there is the requirement to assess and collect taxes.

The statutes in the Administrative Code list factors the LBC must consider when evaluating the economy. This includes land use evaluation, property values, and personal income of the proposed borough, resource and commercial development, as well as the anticipated functions of the borough. The commission reviews proposed expenses and income to determine the economic viability of the area.

There were no other questions.

CO-CHAIR WAGONER adjourned the meeting at 8:40 a.m.