

Original sponsor: Local Government Committee  
by request

Offered: 4/21/72  
Referred: Resources  
by Chair

1 IN THE SENATE

BY THE LOCAL GOVERNMENT COMMITTEE

2 CS FOR SENATE BILL NO. 405

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to development cities."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 \* Section 1. LEGISLATIVE FINDINGS. The legislature finds that the  
9 development of natural resources in isolated and relatively unpopulated  
10 areas requires state policy which encourages well-planned, diversified and  
11 economically sound new communities. It is the further finding of the legis-  
12 lature that if private enterprise is to develop the resources of the state  
13 it should not be burdened with the development of new cities and thereby  
14 divert activities and resources best utilized for the private sector. A  
15 policy and a procedure are required which will provide financial and other  
16 assistance necessary for encouraging orderly development of well-planned,  
17 diversified and economically sound new cities necessary to support industry.  
18 It is the purpose of this Act to provide that each development city estab-  
19 lished under the Act will be the result of the private and public sectors  
20 recognizing their mutual responsibilities toward the orderly development of  
21 the state.

22 \* Sec. 2. AS 29 is amended by adding a new chapter to read:

23 CHAPTER 76. DEVELOPMENT CITIES.

24 Sec. 29.76.010. DEVELOPMENT CITIES. Subject to reclassification  
25 under sec. 140(c) of this chapter, a development city is a home rule  
26 city and municipal corporation having all legislative powers not  
27 prohibited by law or charter.

28 Sec. 29.76.020. INCORPORATION. An area not served by an existing  
29 municipality which is not reasonably practicable to be served by an

1 existing municipality may be incorporated as a development city by

2 (1) petition of the industrial developer to the Local Affairs  
3 Agency to be acted on by the Local Boundary Commission; or

4 (2) act of the legislature.

5 Sec. 29.76.030. PETITION FOR INCORPORATION. A development city  
6 incorporation petition proposed by an industrial developer shall  
7 include the following information about the proposed city:

8 (1) class;

9 (2) name;

10 (3) boundaries;

11 (4) composition of the council;

12 (5) maps, documents, preliminary economic development projec-  
13 tions, preliminary population projections, outline of the industrial  
14 developer's investigative and development expenditures and its proposed  
15 capital program, and other information required by the Local Affairs Agen-  
16 cy to show that the proposed city meets the standards for incorporation;

17 (6) the proposed agreement required under sec. 75 of this  
18 chapter.

19 Sec. 29.76.040. REVIEW. The Local Affairs Agency shall review  
20 the petition for content and shall return deficient petitions for  
21 correction and completion.

22 Sec. 29.76.050. INVESTIGATION. If the petition contains the re-  
23 quired information, the Local Affairs Agency shall investigate the pro-  
24 posal to determine whether the development expenditures and proposed  
25 capital program by the developer serve the public interest and demonstrate  
26 a probability of being carried forward to a successful conclusion.

27 Sec. 29.76.060. REPORT. (a) The Local Affairs Agency shall  
28 report its findings to the Local Boundary Commission with its recom-  
29 mendations regarding the incorporation within 60 days of receipt of

1 the petition for incorporation.

2 (b) The Local Boundary Commission shall review the petition and  
3 the findings and recommendations of the Local Affairs Agency within  
4 60 days of receiving them.

5 Sec. 29.76.070. DECISION ON DEVELOPMENT CITY INCORPORATION. (a)  
6 The Local Boundary Commission may reject a petition for incorporation  
7 if it finds that

8 (1) the area proposed for incorporation is served by an  
9 existing municipality or could be served by an existing municipality;

10 (2) it is improbable that the proposed development will  
11 take place;

12 (3) the program and activities contemplated by this chapter  
13 may be undertaken through expansion of the corporate limits of an  
14 existing city and then declares that city to be a development city  
15 for the purpose of preferential designation under secs. 10 and 80 - 190  
16 of this chapter;

17 (4) the program and activities contemplated by this chapter  
18 may be undertaken by establishing a service area within an existing  
19 organized borough for a development project, and declares the service  
20 area to be eligible for preferential designation under secs. 100(2),  
21 130, 150 and 180 of this chapter;

22 (5) the proposed development does not serve the public interest.

23 (b) If the Local Boundary Commission finds that a service area  
24 within an organized borough is to be designated for preferential treat-  
25 ment under (a)(4) of this section, the assembly may undertake the  
26 project in the manner of a development city and shall present to the  
27 Local Boundary Commission a contractual agreement outlining responsi-  
28 bilities assumed by the borough and the industrial developer to imple-  
29 ment the proposed development program.

1 (c) The assembly may decline findings under (b) of this section  
2 to establish a service area and in the alternative request the Local  
3 Boundary Commission to approve incorporation of a development city.

4 (d) The Local Boundary Commission may dissolve a development city  
5 established under sec. 20(1) or (2) of this chapter if subsequent to  
6 its incorporation

7 (1) the major economic development projected does not occur  
8 within a period of five years; and

9 (2) if the development project had been reviewed as a new  
10 project the Local Boundary Commission determines it would have rejected  
11 the petition on the basis that it is improbable the proposed develop-  
12 ment would have taken place.

13 (e) A commission decision under this section may be appealed  
14 under the Administrative Procedure Act (AS 44.62).

15 Sec. 29.76.075. LOCAL HIRE. In consideration of the incorpora-  
16 tion of a development city or a preferential designation under this  
17 chapter, the major developer shall enter into an agreement with the  
18 Local Affairs Agency concerning

19 (1) establishing and maintaining an approved Department of  
20 Labor on-the-job training program to qualify Alaska residents lacking  
21 in the requisite technical skills of the activities to be undertaken;

22 (2) establishing resident hire goals in terms of per cent  
23 of employees at the end of the first year, second year and third year  
24 of operation;

25 (3) establishing the responsibilities of the various state  
26 agencies towards providing technical assistance, manpower procurement,  
27 relocation assistance, job opportunity services to residents in the  
28 area, supplemental vocational training, and the scope of effort each  
29 state agency has in this regard with specific commitments in terms of

1 numbers of residents, time schedule and dollar value of training;

2 (4) establishing the penalties and conditions of noncompli-  
3 ance with the agreement.

4 Sec. 29.76.080. DEVELOPMENT CITY COUNCIL. The council of a  
5 development city has five members consisting of the director of the  
6 Local Affairs Agency (or his designee) and four public members desig-  
7 nated by the governor. The governor shall appoint no fewer than two  
8 public members from a list of nominees designated by the major  
9 developer providing the industrial base of the city as measured by  
10 employment and capital investment. The council shall serve at the  
11 pleasure of the governor. The designated councilmen need not be  
12 residents of the city during its development stage.

13 Sec. 29.76.090. FILLING A VACANCY. If a vacancy occurs in the  
14 council as constituted under sec. 80 of this chapter, the applicable  
15 appointing authority shall designate the replacement during the  
16 development stage of the city.

17 Sec. 29.76.100. POWERS AND DUTIES OF COUNCIL. During the develop-  
18 ment stage the council of a development city, in addition to its home  
19 rule powers and duties, may

20 (1) exercise the powers and duties of a school board if the  
21 city is located outside an organized borough;

22 (2) by ordinance levy and collect sales and use taxes not  
23 to exceed three per cent of the sales price;

24 (3) exercise the powers and duties of a planning commission  
25 under AS 29.33.080.

26 Sec. 29.76.110. POWERS AND DUTIES OF DEVELOPMENT CITY EXECUTIVE  
27 DIRECTOR. During the development stage the council shall appoint an  
28 executive director of the development city, who may be one of its  
29 members, to serve at the pleasure of the council. The executive

1 director shall have the powers and duties of all city officials set out  
2 in this title in order to develop the city under a comprehensive  
3 community development plan.

4 Sec. 29.76.120. PROCEDURES. During the development stage, the  
5 council may provide for conference telephone or radiophone meetings  
6 at times determined by the council and shall determine its own rules  
7 and order of business.

8 Sec. 29.76.130. DEVELOPMENT CITY GRANTS. (a) During the develop-  
9 ment stage, development cities have, subject to the approval of the  
10 governor, a priority on all funds appropriated by the legislature for  
11 the following types of capital improvements, if specific projects are  
12 not designated in the appropriation measures:

- 13 (1) sewers and sewage treatment facilities;
- 14 (2) harbors, wharves and other marine facilities;
- 15 (3) health and hospital facilities;
- 16 (4) water facilities;
- 17 (5) community center facilities;
- 18 (6) libraries;
- 19 (7) recreation;
- 20 (8) airports;
- 21 (9) highways;
- 22 (10) schools; and
- 23 (11) other public facilities supported by capital improvement  
24 grants from the state.

25 (b) State agencies, subject to the approval of the governor, shall  
26 disburse the maximum capital improvement grants or other appropriations  
27 allowable under state law to a development city. Such funds may be  
28 utilized for matching federal aid programs which are applied for as  
29 part of the overall development program of the city.

1 (c) State agencies not authorized to disburse funds directly to  
2 a development city because of policies of the federal agencies adminis-  
3 tering the particular programs shall, subject to the approval of the  
4 governor, reprogram priorities and take all steps necessary to meet the  
5 development plans of a development city.

6 Sec. 29.76.140. TRANSITION. (a) When a development city has  
7 400 permanent residents, as determined by the Local Affairs Agency,  
8 elections shall take place according to the following schedule:

9 (1) in the first year two additional councilmen who shall be  
10 city residents elected for three-year terms;

11 (2) in the second year two councilmen who shall be city  
12 residents elected for three-year terms to replace one of the councilmen  
13 nominated by the industrial developer and one of the public members  
14 designated by the governor;

15 (3) in the third year two councilmen who shall be city resi-  
16 dents elected for three-year terms to replace the local affairs director  
17 and one of the councilmen nominated by the industrial developer;

18 (4) in the fourth year a mayor who shall be a city resident  
19 elected for a three-year term to replace the remaining councilman  
20 nominated by the industrial developer.

21 (b) At the time of the election under (a)(4) of this section,  
22 an election shall be held on a charter to be proposed by the city  
23 council. The proposed charter to be effective must be approved by a  
24 majority of city voters voting on the question, and if approved, the  
25 charter may be amended as provided in the charter or by law. If the  
26 charter is rejected, a charter commission shall be nominated and  
27 elected and shall prepare a charter as provided in ch. 13 of this  
28 title, except that the provisions of AS 29.13.030 relating to the  
29 question on the ballot shall not apply.

1 (c) If, within a period of five years from the incorporation of  
2 a development city, the number of permanent residents does not reach  
3 400, the Local Affairs Agency shall order an election for city officials  
4 and designate a successor class of city based on population as provided  
5 in this title. If the agency designates a successor class of city,  
6 the provisions of this title relating to that class of city apply, and  
7 the city shall be reclassified accordingly.

8 Sec. 29.76.150. HOUSING POWERS. From the time of the appointment  
9 of the first city council and for a period of 10 years following the  
10 first election of councilmen, the council may

11 (1) act as its own housing and urban renewal authority under  
12 AS 18.55;

13 (2) act as its own housing finance agency under AS 18.56.

14 Sec. 29.76.160. LAND SELECTION. (a) The Department of Natural  
15 Resources shall attempt to secure the transfer of the available  
16 federally owned land located within the boundaries of a development  
17 city into state ownership. After the transfer, a development city may  
18 select 50 per cent of the vacant, unappropriated, unreserved state land  
19 located within its boundaries. Nothing in this section affects a  
20 valid existing claim, location, or entry under the laws of the state  
21 or the United States whether for homestead, mineral, right-of-way or  
22 other purposes or affects the rights of an owner, claimant, locator,  
23 or entryman to the full use and enjoyment of the land so occupied.

24 (b) If land desired by the development city is unsurveyed at the  
25 time of its selection, the Department of Natural Resources shall survey  
26 or approve a survey by the city of the exterior boundaries of the area  
27 requested without interior subdivision and shall issue a patent for  
28 the selected area in terms of the exterior boundary survey. The cost  
29 of the survey is borne by the city. If land desired by the city has

1           been surveyed at the time of its selection, the boundaries of the  
2           areas requested must conform to the public land subdivisions established  
3           by the approval of the survey. Land selected by the city under this  
4           section is patented to the city by the Department of Natural Resources.

5           (c) After the selection of the land by the development city but  
6           before the issuance of final patent, the city may executive conditional  
7           leases and make conditional sales of selected land.

8           Sec. 29.76.170. SHARED REVENUE. A development city is entitled  
9           to shared revenue and other state funds on the same basis as a city or  
10          organized borough of the first class or, if reclassified under sec.  
11          140(c) of this chapter, on the basis of the reclassification.

12          Sec. 29.76.180. APPLICABILITY OF OTHER PROVISIONS OF THIS TITLE.  
13          All applicable provisions of this title consistent with the provisions  
14          of this chapter apply to development cities.

15          Sec. 29.76.190. DEFINITION. In this chapter "development stage"  
16          means that period of time extending from the date of incorporation of  
17          a development city until such time as the city may attain a population  
18          of 400 permanent residents, or five years from the date of incorporation,  
19          whichever is earlier.