

Original sponsor: Local Government
Committee by request

Introduced: 5/3/72
Referred: Rules

1 IN THE SENATE BY THE RESOURCES 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 a policy and procedure which will provide planning, financial
11 and other assistance necessary for encouraging orderly development of well-
12 planned, diversified and economically sound new cities necessary to support
13 the sound development of the state's resources by both the private and public
14 sector. It is the purpose of this Act to set out the mutual responsibilities
15 of the private and public sectors to achieve these objectives with a view
16 to securing information valuable to future legislatures so that general
17 legislation applicable to the establishment of development cities may be
18 perfected.

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

20 CHAPTER 76. DEVELOPMENT CITIES.

21 Sec. 29.76.010. DEVELOPMENT CITIES. Subject to reclassification
22 under sec. 140(c) of this chapter, a development city is a city of the
23 class designated by the Local Affairs Agency.

24 Sec. 29.76.020. INCORPORATION. An area not served by an existing
25 municipality which is not reasonably practicable to be served by an
26 existing municipality may be incorporated as a development city by

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

29 (2) act of the legislature.

1 Sec. 29.76.030. PETITION FOR INCORPORATION. A development city
2 incorporation petition proposed by an industrial developer shall
3 include the following information about the proposed city:

4 (1) class,
5 (2) name,
6 (3) boundaries,
7 (4) composition of the council,
8 (5) maps, documents, preliminary economic development projec-
9 tions, preliminary population projections, outline of the industrial
10 developer's investigative and development expenditures and its proposed
11 capital program, and other information required by the Local Affairs
12 Agency to show that the proposed city meets the standards for incorpora-
13 tion,

14 (6) the proposed agreement required under sec. 75 of this
15 chapter.

16 Sec. 29.76.040. REVIEW. The Local Affairs Agency shall review
17 the petition for content and shall return deficient petitions for
18 correction and completion.

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

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

28 (b) The Local Boundary Commission shall review the petition and
29 the findings and recommendations of the Local Affairs Agency within

1 60 days of receiving them.

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

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

7 (2) it is improbable that the proposed development will
8 take place;

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

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

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

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

28 (c) The assembly may decline findings under (b) of this section
29 to establish a service area and in the alternative request the Local

1 Boundary Commission to approve incorporation of a development city.

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

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

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

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

13 Sec. 29.76.072. PRELIMINARY PLANNING. The city shall prepare
14 and submit to the state preliminary plans in advance of completion of
15 the final basic comprehensive plan for the city. The preliminary plans
16 shall include

17 (1) maps, documents, preliminary economic development pro-
18 jections, preliminary population projections, outline of the industrial
19 developer's investigative and development expenditures and its proposed
20 capital program, and other information required by reviewing agencies
21 of the state;

22 (2) a report on the physical and biological character of
23 the proposed city's site and a land and water use plan and the design
24 and siting of the community to be developed based upon these natural
25 factors.

26 Sec. 29.76.074. REVIEW AND REPORT. (a) The division of planning
27 and research, in conjunction with the Local Affairs Agency and the
28 Departments of Natural Resources and Environmental Conservation and
29 other departments as determined appropriate by the division of planning

1 and research, shall review the preliminary planning and additional
2 data may be requested.

3 (b) The division of planning and research shall coordinate the
4 preparation of a report and recommendations, if any, which shall be
5 submitted to the governor within 60 days of receipt by the state of
6 the preliminary plans from the city. The city may proceed to the
7 completion of the final basic comprehensive plan upon satisfying any
8 specific recommendations contained in the report.

9 (c) During the course of planning toward completion of the basic
10 comprehensive development plan the division of planning and research
11 and the Local Affairs Agency shall be kept currently informed and the
12 final plan shall be subject to review and recommendation by the divi-
13 sion of planning and research, which shall act in its coordinating
14 capacity to secure review by the Department of Environmental Conserva-
15 tion and other state agencies as appropriate.

16 Sec. 29.76.075. LIMITATION. The city may not proceed with commit-
17 ment of funds or formal undertakings for physical development until it
18 has a signed contract or contracts for sale of the company's products
19 in quantities shown in the economic data and submitted by the company
20 to be adequate to sustain an economically viable operation. The
21 company may submit alternative valid evidence that the projected
22 operation will proceed. The company shall notify the Local Affairs
23 Agency of the meeting of this requirement. Unless the Department of
24 Economic Development makes a determination that the data is insufficient,
25 the city may proceed.

26 Sec. 29.76.078. LOCAL HIRE. In consideration of the incorpora-
27 tion of a development city under this chapter, the major developer
28 shall enter into an agreement with the appropriate agencies of the state
29 concerning

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

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

7 (3) establishing the responsibilities of the various state
8 agencies towards providing technical assistance, manpower procurement,
9 relocation assistance, job opportunity services to residents in the
10 area, supplemental vocational training, and the scope of effort each
11 state agency has in this regard with specific commitments in terms of
12 numbers of residents, time schedule and dollar value of training;

13 (4) establishing the penalties and conditions of noncompli-
14 ance with the agreement.

15 Sec. 29.76.080. DEVELOPMENT CITY COUNCIL. The council of a
16 development city has five members consisting of the director of the
17 Local Affairs Agency, or his designee, and four public members desig-
18 nated by the governor. The governor shall appoint no fewer than two
19 public members from a list of nominees designated by the major developer
20 providing the industrial base of the city as measured by employment
21 and capital investment. The council shall serve at the pleasure of the
22 governor. The designated councilmen need not be residents of the
23 city during its development stage.

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

28 Sec. 29.76.100. POWERS AND DUTIES OF COUNCIL. During the develop-
29 ment stage the council of a development city may

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

3 (2) exercise the powers and duties of a planning commission
4 under AS 29.33.080, except that during the first five years or until
5 the development city has 400 permanent residents, zoning and zoning
6 changes will be reviewed and approved by the division of planning and
7 research and the Department of Environmental Conservation.

8 Sec. 29.76.110. POWERS AND DUTIES OF DEVELOPMENT CITY EXECUTIVE
9 DIRECTOR. During the development stage the council shall appoint an
10 executive director of the development city, who may be one of its
11 members, to serve at the pleasure of the council. The executive
12 director shall have the powers and duties of all city officials set out
13 in this title in order to develop the city under a comprehensive
14 community development plan.

15 Sec. 29.76.120. PROCEDURES. During the development stage, the
16 council may provide for conference telephone or radiophone meetings
17 at times determined by the council and shall determine its own rules
18 and order of business.

19 Sec. 29.76.130. DEVELOPMENT CITY CAPITAL IMPROVEMENT FUNDS.
20 All state agencies shall, where appropriate, adopt procedures to insure
21 that, during the development stage, the needs of a development city
22 are carefully considered in the allocation of funds available for
23 capital improvement projects where those funds have not otherwise been
24 committed by the legislature.

25 Sec. 29.76.140. TRANSITION. (a) When a development city has
26 400 permanent residents elections shall take place according to the
27 following schedule:

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

1 (2) in the second year two councilmen who shall be city
2 residents elected for three-year terms to replace one of the council-
3 men nominated by the industrial developer and one of the public
4 members designated by the governor;

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

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

11 (b) At the time of the election under (a)(4) of this section, or
12 any time after it, the electorate may exercise the right to become a
13 home rule city as authorized under this title.

14 (c) If, within a period of five years from the incorporation of
15 a development city, the number of permanent residents does not reach 400
16 the Local Affairs Agency shall order an election for city officials and
17 designate a successor class of city based on population as provided in
18 this title. If the agency designates a successor class of city, the
19 provisions of this title relating to that class of city apply, and the
20 city shall be reclassified accordingly.

21 Sec. 29.76.150. HOUSING POWERS. From the time of the appointment
22 of the first city council and for a period of 10 years following the
23 first election of councilmen, the council may act as its own housing and
24 urban renewal authority if such powers have been granted to cities
25 under applicable provisions of law.

26 Sec. 29.76.160. LAND SELECTION. (a) The Department of Natural
27 Resources shall attempt to secure the transfer of the available federally
28 owned land located within the boundaries of a development city into
29 state ownership. After the transfer, a development city may select 10

1 per cent of the vacant, unappropriated, unreserved state land located
2 within its boundaries. Nothing in this section affects a valid existing
3 claim, location, or entry under the laws of the state or the United
4 States whether for homestead, mineral, right-of-way or other purposes
5 or affects the rights of an owner, claimant, locator, or entryman to
6 the full use and enjoyment of the land so occupied.

7 (b) If land desired by the development city is unsurveyed at the
8 time of its selection, the Department of Natural Resources shall survey
9 or approve a survey by the city of the exterior boundaries of the area
10 requested without interior subdivision and shall issue a patent for
11 the selected area in terms of the exterior boundary survey. The cost
12 of the survey is borne by the city. If land desired by the city has
13 been surveyed at the time of its selection, the boundaries of the
14 areas requested must conform to the public land subdivisions established
15 by the approval of the survey. Land selected by the city under this
16 section is patented to the city by the Department of Natural Resources.

17 (c) After the selection of the land by the development city but
18 before the issuance of final patent, the city may execute conditional
19 leases and make conditional sales of selected land.

20 Sec. 29.76.165. REVENUE BONDS. Revenue bonds may be issued by a
21 development city under the provisions of AS 29.50.050 - 29.50.070.
22 However, no vote of the people is required to issue revenue bonds
23 during the development stage. During the development stage revenue
24 bonds may be issued by a majority vote of the city council.

25 Sec. 29.76.170. SHARED REVENUE. A development city is entitled
26 to shared revenue and other state funds on the same basis as a city or
27 organized borough of the first class or, if reclassified under sec.
28 140(c) of this chapter, on the basis of the reclassification. During
29 the developmental stage the Local Affairs Agency may establish an

1 assumed population figure which shall be used to determine shared
2 revenue based on population or per capita grants.

3 Sec. 29.76.180. APPLICABILITY OF OTHER PROVISIONS OF THIS TITLE.
4 All applicable provisions of this title consistent with the provisions
5 of this chapter apply to development cities.

6 Sec. 29.76.190. DEFINITION. In this chapter "development stage"
7 means that period of time extending from the date of incorporation of
8 a development city until such time as the city may attain a population
9 of 400 permanent residents, or five years from the date of incorporation,
10 whichever is earlier.