

"An Act making a supplemental appropriation to the Department of Community and Regional Affairs for the Chugiak-Eagle River Borough; e.d."

## COMMITTEE REPORT

3/21/75

HOUSE

Mr. Speaker:

Date \_\_\_\_\_

The Committee on FINANCE has had CSSB 111 am

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR \_\_\_\_\_ AND THAT

CS FOR \_\_\_\_\_ DO PASS

"and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ Chairman

"An Act making a supplemental appropriation to the Department of Community and Regional Affairs for the Chugiak-Eagle River Borough; and providing for an effective date."

## COMMITTEE REPORT

3/20/75

HOUSE

FINANCE

Mr. Speaker:

Date

3/21/75

The Committee on C&RA has had CSSB 111am under consideration. A Majority of the members of the Committee

recommends it DO PASS

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recommends it DO PASS WITH ATTACHED AMENDMENT(S)

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COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>Sam R. Gator</u>	<u>Al Ose</u>	_____
<u>Kathryn Ostroch</u>	<u>James T. King</u>	_____
<u>Freedman</u>	_____	_____
<u>Shirley Gator</u>	_____	_____

Members NOT concurring in the Majority report:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

\_\_\_\_\_ recommends:

Sam R. Gator Chairman

Original sponsor: Willis and Bradley

Offered: 3/14/75  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 111 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Community and Regional Affairs for the  
8 Chugiak-Eagle River Borough; and providing for an  
9 effective date."

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

11 \* Section 1. The sum of \$71,600 is appropriated from the general fund to  
12 the Department of Community and Regional Affairs for the fiscal year ending  
13 June 30, 1975, to provide financial assistance to the Chugiak-Eagle River  
14 Borough in order to defray the cost of organization, planning and preparation  
15 to assume the powers of a second class borough.

16 \* Sec. 2. This Act takes effect on the effective date of "An Act autho-  
17 rizing special temporary state financial assistance to the Chugiak-Eagle  
18 River Borough, and providing for an effective date."

ALASKA STATE LEGISLATURE

NINTH... Legislature ..FIRST Session

SENATE ...BILL..... NO.111.....

By MILLS AND BRADLEY.....

"An Act making a supplemental appropriation to the Department of Community and Regional Affairs for the Eagle River-Chugiak Borough; and providing for an effective date."

supp. approp'l Eagle River-Chugiak Borough

Introduced in the Senate ..2/31... 19.75

HISTORY IN THE SENATE

19	75	Read first time and referred to Committee on												
1	31	Community & Regional Affairs and Finance												
2	4	Reported back with <i>CRA</i> recommendation that <i>4-dept w/and 1-domest pass to Finance</i>												
3	14	<i>File replace w/3 + 4-dept 3 months to Rules</i>												
5	19	Read second time and <i>amended, advanced</i>												
5	19	Read third time and												
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3	19	Reported correctly engrossed												
3	19	Signed by President												
3	19	Sent to House												
		<i>Beverly Erickson</i> SECRETARY OF THE SENATE												

HISTORY IN THE HOUSE

19	75	Read first time and referred to Committee on												
Mar	20	<i>Community Regional Affairs - Finance</i>												
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		Signed by Speaker												
		Returned to Senate												
		CHIEF CLERK OF THE HOUSE												

HISTORY IN THE SENATE

19	Received from House
Reported correctly enrolled	
Sent to Governor	
..... By Governor	
Filed with Lt. Governor	
Chapter No. ....	

Original sponsor: Willis and Bradley

Offered: 3/14/75  
Referred: Rules

1 IN THE SENATE

BY THE FINANCE COMMITTEE

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CS FOR SENATE BILL NO. 111

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

NINTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act making a supplemental appropriation to the  
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The Legislature of the State of Alaska  
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 263 OR CSSB 111  
 Title: "Temporary State financial assistance to the Eagle River - Chugiak Borough"  
 Requested by: House Finance Date: March 5, 1975  
 Return Date Requested: March 6, 1975  
 Agency: Community and Regional Affairs Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Municipal Services Revenue Sharing  
 A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	71.6					
<b>TOTAL</b>	<b>71.6</b>					

B. FUNDING: (Thousands of dollars)

GENERAL FUND	71.6					
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached

IV. ATTACHMENTS

V. DATE: March 6, 1975

PREPARED BY: John B. Chenoweth

John B. Chenoweth  
 Director  
 Local Government Assistance

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

The Legislature of the State of Alaska  
FISCAL NOTE

First Session - 14th Legislature

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# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

POUCH B-JUNE AU 99801

JAY S. HAMMOND, Governor

March 6, 1975

The Honorable Sam Cotten  
Alaska State House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Mr. Cotten:

In your consideration of alternative approaches to secure interim financial assistance for the Chugiak-Eagle River Borough, you have asked for our comments with respect to the more significant expenses likely to be encountered by that municipality before July 1, 1975, that is, during the period of transition.

We are not familiar with specific elements or concerns of Borough officials and do not presume that our observations are in full accord with projected expenses that have been identified by Mayor Lee Jordan. From information which the Mayor has provided to you and to the several legislative committees in recent weeks, we suggest that the remaining months of the current fiscal year would see Borough officials principally involved with problems of transition and succession, including, especially, attending the development and adoption of an FY 76 budget, assumption of at least one mandatory areawide function, review and comment upon the projected division of assets and liabilities of the Greater Anchorage Area Borough affecting the municipality, and continued active participation in the legal challenge to the Borough's incorporation.

At your request, we have attempted to estimate the minimal costs of these several interim concerns.

Education is a mandatory function of all boroughs and has the greatest call upon locally-generated tax revenues. While current year school programs remain the responsibility of the GAAB and assumption of the function by the Chugiak-Eagle River Borough in advance of July 1 is unlikely, planning for full operation is essential. The Borough School District has indicated a willingness to retain, under contract, the services of a consultant, a former associate superintendent of the Anchorage school system, in order to respond to the principal problem of the School District's transition, the preparation of the District's FY 76 operating budget and timely submission of the document to the Borough Assembly. The projected cost of the consultant's services in budget preparation and submission for a fifteen week period (March 15 - June 30, 1975), based upon figures furnished by the Mayor is \$ 9,750., that is, \$ 650. per week.

Additionally, the Mayor cites the need to address related educational matters, including, notably, organization of the district, teacher employment and salary negotiations, retention of necessary support personnel, ordering of textbooks

March 6, 1975

and other supplies, and the like. His estimate of the cost of these services, provided under separate contract for the period, is \$ 10,000, an estimate which we suggest is not unreasonable.

Borough officials have identified the need for a permanent finance officer to establish basic bookkeeping and accounting systems, to develop a staff and work program, to prepare the FY 76 general government budget, and to coordinate fiscal problems attending transition and succession with officials of the Greater Anchorage Area Borough. An annual salary of \$ 30,000 for that individual has been suggested by Mayor Jordan. For the three-and-one-half month period to the end of the current fiscal year, \$ 8,750 would be required.

Costs of legal services, including especially representation in litigation challenging the Borough's incorporation and probable involvement in the review of suggested allocation of the assets and liabilities of the Greater Anchorage Area Borough must be considered. Mayor Jordan advises that legal fees have averaged \$ 3,000/month since the inception of the Borough. Projecting the average monthly cost, we suggest \$ 10,500 to meet attorney's expenses.

Borough officials have expressed interest in formal assumption of planning and related responsibilities not later than May 1, that pending subdivision approval requests and related matters involving land use may be timely handled. It is understood that GAAB officials will probably not concern themselves with matters involving land within the Chugiak-Eagle River Borough after that date, anticipating vesting of responsibility for such concerns in the latter not later than July 1. Staff of the Department's Division of Community Planning have suggested the following estimates of expenses for the planning responsibility during the interim period:

Planning director		
\$ 24,000/year	2 months	\$ 4,000
Clerical support		
\$ 10,320/year	2 months	1,720

The total is \$ 5,720. Significant tasks of the planning director during the transition period would include review of current ordinances and regulations of the GAAB, transfer and review of land related matters now, or hereafter, docketed or pending before the GAAB, implementation of initial mapping operations, and addressing the new municipality's comprehensive plan development.

It is suggested that, because of the imminent construction of roads and the necessity to undertake sewer extension construction in conjunction, Borough officials should consider employment of a public works director or superintendent. Foremost among this individual's several concerns would be implementation of a plan whereby the existing sewer system could be extended. He would of necessity also concern himself with operation of the current system upon termination of the GAAB's direct responsibilities. At an annual salary rate comparable to that of the planning director, for a like period, an additional \$ 4,000 would be required.

March 6, 1975

The Borough has employed a borough clerk at a salary of \$ 1000/month. The Mayor has advised of a need for funds to retain that position after March 31. For the three month period to June 30, the cost would be \$ 3,000.

Related clerical and bookkeeping services, not less than three anticipated positions, should be covered by CETA funds reallocated by the Greater Anchorage Area Borough from its entitlement.

Benefits for salaried employees for the period should approximate \$ 4,000.

Office space and utility requirements, 1500 square feet of working space at 75 cents per square foot per month for a three month period should claim an additional \$ 3,375.

Miscellaneous office expenses -- furniture, consumable supplies, reference materials, telephone -- may claim an additional \$ 6,000.

Provision should be made for a small travel budget -- \$ 750. is suggested -- to recognize that staff may be required to consult with state officials on one or more projects during the transition period. Additionally, there is a cost of recruiting and advertising for personnel, which we would estimate to be another \$ 750.

Consideration should be given, also, to a small contingency fund from which to meet costs not noted, or inaccurately estimated, herein. Examples might include assembly, school board or mayoral expenses, publishing costs, and other services the need for which becomes apparent only as the Borough becomes more involved in problems of transition. Five thousand dollars is suggested as a reserve for this purpose.

The sum of the estimates provided herein is \$ 71,595.

May I respectfully suggest that you confirm the information and estimates with Mayor Jordan.

Sincerely,

Lee McAnerney  
Commissioner

by: \_\_\_\_\_  
John B. Chenoweth  
Director

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B - JUNEAU 99301

February 6, 1975

Mr. Jay Hogan, Director  
Division of Legislative Finance  
State Capitol, Room 409  
Juneau, Alaska 99811

Dear Mr. Hogan:

Pursuant to your request, the following are our comments on three bills:

SB 102, asking a special appropriation to the Department to assist in the allocation of assets and liabilities under section 9(b), ch. 145, SLA 1974;

SB 111, asking an appropriation of a supplementary organizational grant to the municipality established under ch. 145; and

SB 112, seeking an appropriation to accomplish a study identifying a method or methods of allocating the assets and liabilities of the Greater Anchorage Area Borough between the two municipalities.

By way of background, may I refer you to a copy of a recent letter to Representative Sam Cotten, Chairman of the House Community and Regional Affairs Committee, on the same subjects.

The Department is vitally concerned that the allocation of assets and liabilities of the Greater Anchorage Area Borough between the municipalities be accomplished expeditiously and on a rational basis. To that end, because there are no Alaska precedents upon which to construct a methodology, the Department would encourage an appropriation that would allow us to retain a consultant. Any recommendation or recommendations identified would, after review by the parties, be placed before the Local Boundary Commission and made part of the Commission's order. It has been suggested that the fee for consultant's services would cost \$25,000, hence, the request contained in SB 112.

Mr. Jay Hogan

-2-

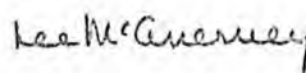
February 6, 1975

As an alternative where it would be necessary for the Commission to perform the necessary allocation on an item or category basis, consultants' services would be more costly. Mr. Norm Levesque, Greater Anchorage Area Borough Finance Director, in testimony given the afternoon of February 3 before joint hearings of the respective Community and Regional Affairs Committees, indicated that \$100,000 would be a minimal figure for consultants' work. Mr. Levesque's suggestion is, I understand, the basis of the request made in SB 102.

Our letter to Representative Cotten also suggests that the Legislature concern itself with providing interim transitional assistance to the newly-established borough. An organizational grant of \$25,000 has been paid; SB 111 asks additional assistance, although Mayor Lee Jordan of the Chugiak-Eagle River Borough has suggested that transitional costs through the period ending June 30, 1975 might approximate \$200,000. The committee should know that the transitional grant was first provided in the Municipal Code revision of 1972. It contains a provision by which the Department was directed to pay additional assistance to boroughs incorporated since January 1, 1968. Three grants have been made: one each in the amount of \$25,000 to the Haines Borough, the North Slope Borough and Chugiak-Eagle River, although at least in the latter two instances funds returned have been altogether insufficient to defray initial costs of borough government operation.

Please contact me should you wish further information with respect to these three bills.

Sincerely,



Lee McAnerney  
Commissioner

LMcA: JBC: mw

Enclosure

cc: Division of Budget and Management  
Senator Ed Willis



# LAWS OF ALASKA

1974

Source

CSHA 853 am S

Chapter No.

145

## AN ACT

Relating to municipal incorporation and dissolution; and providing for an effective date.

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

\* Section 1. **LEGISLATIVE FINDING.** The legislature finds that the incorporation of an organized borough provided for in secs. 1 - 9 of this Act accords with standards governing borough incorporation under art. X, sec. 2 of the state constitution and that this Act further conforms to the requirements of art. II, sec. 17 of the state constitution governing local acts.

\* Sec. 2. **INCORPORATION** (a) At the first statewide election occurring after the effective date of this Act, the lieutenant governor shall hold a special election within the area designated in sec. 3 of this Act at which the qualified voters of the area vote upon the following proposition:

"Shall the Eagle River-Chugiak area be incorporated as a second class organized borough? Yes [ ] No [ ]"

(b) If the question receives the affirmative vote of a majority of qualified voters voting on the question, the area designated in sec. 3 of this Act, on the date of certification of election results by the lieutenant governor, is incorporated as an organized borough of the second class having all the applicable rights, powers, privileges and duties provided under AS 29, and otherwise by the general laws of the state and this Act, including but not limited to entitlement from the date of incorporation to transitional assistance and state revenue sharing in accordance with this Act, AS 25.18.120 - 25.18.200 and AS 43.15.

(c) If the question voted on at the election provided for in (a) of this section fails to receive the affirmative vote of a majority of the qualified voters voting on the question, at the following statewide election, the lieutenant governor shall hold a

special election within the area designated in sec. 3 of this Act at which the qualified voters of the area vote upon the following proposition:

"Shall the Eagle River-Chugiak area be incorporated as a second class city? Yes [ ] No [ ]"

(d) If the question receives the affirmative vote of a majority of the qualified voters voting on the question, the area designated in sec. 3 of this Act is incorporated as a second class city having all the applicable rights, powers, privileges and duties conferred under AS 29, and otherwise by the general laws of the state, for a second class city, including but not limited to entitlement from the date of incorporation to transitional assistance and state revenue sharing as provided under AS 29.18.180 - 29.18.200 and AS 43.18.

(e) Before the election provided for in (a) or (c) of this section, and upon due notice, the local boundary commission shall hold at least one public hearing for informational purposes in the area proposed to be incorporated. It may make studies relating to the incorporation it considers appropriate.

(f) The lieutenant governor shall provide for and supervise the elections provided for in this section in the general manner prescribed by the Alaska Election Code (AS 15.05 - 15.60). The state shall pay all election costs under this section.

\* Sec. 3. BOUNDARIES. The boundaries of the area designated for incorporation under the provisions of sec. 2 of this Act are as follows: All that land included on the effective date of this Act in the Greater Anchorage Area Borough and lying northerly of the following line: commencing in Eakik Area on the west boundary of the Greater Anchorage Area Borough and on the south boundary of section 17, T14N, R3E, S3; thence east along the south boundary of sections 17, 16, 15, 14 and 13, T14N, R3E, S3; thence east along the south boundary of sections 18, 17, and 16, T14N, R3E, S4; thence south between sections 21 and 22, thence east along the south boundary of sections 22, 23, and 24, T14N, R3E, S4; thence southeasterly to the southwest protracted corner of section 1, T14N, R1E, S3; thence southeasterly to the southwest protracted corner of section 34, T13N, R3E, S3; thence east along the south boundary of townships 12N, ranges 2E, 3E, 4E and 5E to the east boundary of the Greater Anchorage Area Borough.

\* Sec. 4. BOUNDARY ADJUSTMENTS. Within six months of incorporation of the municipality as provided in sec. 2 of this Act, the local boundary commission shall hold public hearings within the area incorporated to determine the necessity for boundary adjustments and shall submit its recommendations if any to the legislature in the manner required by law.

\* Sec. 5. EFFECT OF ACT. Incorporation of an organized borough of the second class under secs. 1 - 9 of this Act divides the area designated in sec. 3 of this Act from the Greater Anchorage Area Borough. Incorporation of a second class city under secs. 1 - 9 of this Act constitutes the city as a second class city within the Greater Anchorage Area Borough.

\* Sec. 6. INITIAL ELECTION OF OFFICERS. (a) If incorporation of an organized borough or city takes effect as provided in secs. 1 - 9 of this Act, the lieutenant governor shall provide

for the first election of officers of the municipal governing body, in substantial compliance with the provisions of AS 29.18.120 and this section. Members of the initial municipal governing body are elected and serve terms in accordance with AS 29.18.120 and this section.

(b) The initial assembly of a borough incorporated as provided in this Act shall be comprised of seven members who shall be elected according to an apportionment consistent with the equal representation standards of the Constitution of the United States and set by the local boundary commission after due notice and hearing in the area incorporated. Assembly composition and apportionment as established in this section may be changed, and shall otherwise be governed, as provided in AS 29.23.020.

(c) If incorporation under secs. 1 - 9 of this Act is as a borough, at the election called to choose the initial assembly under (a) of this section the school board of the borough shall also be elected. The board shall be comprised of five members elected for terms as provided in AS 14.12.050, except that the terms of the initial school board members shall be measured for the purpose of compliance with AS 14.12.050 as if election were on the date one year preceding the next regular borough election date, as set by law or otherwise designated by the assembly, preceding the election of the board. School board composition under this section may be changed as provided in AS 14.12.050.

\* Sec. 7. NAME AND GOVERNING SEAT OF MUNICIPALITY. The initial municipal governing body of a municipality incorporated as provided in this Act shall select the name and governing seat of the municipality.

\* Sec. 8. BOROUGH POWERS. In addition to exercising the areawide powers required to be exercised within the borough by law, the second class organized borough incorporated under provisions of this Act shall have and may exercise areawide or otherwise the powers necessary to provide the following facilities and services within the borough, other provisions of law governing acquisition of borough powers notwithstanding: health services, sewers, dog control, transportation systems, libraries, and other powers and functions being exercised on the effective date of this Act by the Greater Anchorage Area Borough within the area incorporated under provisions of this Act, whether exercised by the Greater Anchorage Area Borough in an areawide basis or otherwise. Other powers and functions may be acquired and exercised by the borough incorporated under provisions of this Act as provided by law.

\* Sec. 9. SUCCESSION AND TRANSITION. (a) Upon incorporation of a municipality under provisions of this Act, the municipality incorporated succeeds to the rights, powers, privileges, duties and functions which are by law applicable to it as a municipality and which are being exercised by the Greater Anchorage Area Borough on the effective date of this Act within the area incorporated. The municipality succeeds also to the assets and liabilities of the Greater Anchorage Area Borough, whether real or intangible, and including but not limited to bonded or other indebtedness, respecting the area incorporated as to a power or function succeeded to by the municipality, upon final determination of allocation of assets and liabilities between the Greater Anchorage Area Borough and the municipality incorporated.

as provided in (b) of this section.

(b) Upon incorporation of a borough or city as provided in this Act, the local boundary commission, after due notice and hearing to parties concerned, shall prepare an order providing for an equitable allocation between the Greater Anchorage Area Borough and the municipality incorporated of assets and liabilities, whether real or intangible, and including but not limited to bonded or other indebtedness, respecting the area incorporated as to a power or function succeeded to by the municipality. The commission decision may be appealed under the Administrative Procedure Act (AS 44.62). A final determination under this section is binding on the municipalities. Not less than all property within the area incorporated under provisions of this Act remains subject to taxation to amortize bonded or other indebtedness affecting the area incorporated and existing at the time of incorporation. The assembly of a borough incorporated under provisions of this Act is authorized to levy and collect special charges, taxes, or assessments to amortize the indebtedness.

(c) The provisions of this Act or other law notwithstanding, a power or function which is being exercised on the effective date of this Act by the Greater Anchorage Area Borough within an area incorporated under this Act and which is succeeded to by the borough or city incorporated shall continue to be exercised by the Greater Anchorage Area Borough until the borough or city incorporated under this Act assumes the power or function, which shall not be later than the close of the fiscal year of the Greater Anchorage Area Borough during which incorporation occurs. However, in the case of incorporation of a borough under provisions of this Act, the Greater Anchorage Area Borough shall continue to assess and collect borough taxes levied within the municipality for the borough fiscal year in which incorporation occurs until the close of that year, and thereafter as necessary to enforce collection of the taxes, and shall also collect, or receive, other revenues pertaining to the area incorporated for that fiscal year; the taxes and other revenues collected or received shall be remitted as promptly as possible, consistent with this subsection, to the new municipality on a basis fairly reflecting the division of powers and functions during transition between the Greater Anchorage Area Borough and the municipality. The local boundary commission shall by order determine the allocation of tax and other revenues under this subsection. The commission decision may be appealed under the Administrative Procedure Act (AS 44.62). A final determination under this subsection is binding on the municipalities.

(d) Ordinances, rules, resolutions, procedures and orders in effect before the transfer of powers and functions under this section remain in effect until superseded by action of the governing body of the new municipality. The provisions of this Act or other law notwithstanding, Greater Anchorage Area Borough assembly or school board members who are residents of the area which is incorporated as a borough under provisions of this Act continue to serve in office until completion of the transition under (c) of this section, and thereafter their seats on the assembly or school board shall be filled as otherwise provided by law for the filling of a vacancy.

(e) Written notice of intention to assume powers and functions by the new municipality under this section shall be

given the Greater Anchorage Area Borough, and officials of the respective municipalities shall arrange for an orderly transfer.

(f) After incorporation of a municipality under provisions of this Act, the Greater Anchorage Area Borough may not authorize new bonded indebtedness or transfer assets with respect to the area incorporated without consent of the governing body of the new municipality.

(g) Applications, petitions, hearings, litigation, and other official proceedings relating to an area incorporated under provisions of this Act and not completed at the time of incorporation continue in effect and may be continued and completed as appropriate under this Act before or in the name of the new municipality.

(h) Records, ledgers, files, documents, and other papers held by the Greater Anchorage Area Borough and pertaining to the area incorporated under provisions of this Act shall upon request of the governing body of the municipality incorporated be transferred or otherwise furnished the new municipality. Officials of the Greater Anchorage Area Borough shall assist the officials of the new municipality in collecting and reviewing information to be transferred or otherwise furnished under this section.

\* Sec. 10. DISSOLUTION OF LOST RIVER. The development city of Lost River, as provided for in ch. 110, SLA 1972, is dissolved.

\* Sec. 11. EFFECTIVE DATE. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

January 24, 1975

The Honorable Sam Cotten  
Alaska House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Mr. Cotten:

You have asked our perceptions with respect to interim financial assistance for the Chugiak-Eagle River Borough during the period of its transition.

The Chugiak-Eagle River Borough was incorporated under procedures set forth in Chapter 145, SLA 1974. In August, 1974, a majority of the voters approved separation of the area from the Greater Anchorage Area Borough and organization of a second-class borough. Subsequently, on December 3, 1974, residents elected a mayor, seven-member assembly, and five-member school board. Pursuant to AS 29.18.180, the Department has transmitted to the officers of the municipality an organizational grant of \$25,000. This is the limit of direct assistance to the municipality currently authorized by State law.

It is understood that the Alaska Supreme Court has taken under advisement arguments offered in behalf of certain residents of the municipality directly challenging the incorporation process. Plaintiffs-appellants allege that ch. 145, SLA 1974 is local and special legislation adopted in violation of a constitutional prohibition against such legislation where general law procedures have been established. Defense of the challenge has been undertaken, in part, by the municipality. A portion of the organizational grant has been used to retain services of counsel.

Department comments are confined to two general matters.

By section 9(b) of Chapter 145

Upon incorporation of a borough . . . as provided in this Act, the local boundary commission, after due notice and hearings to parties concerned, shall prepare an order providing for an equitable allocation between the Greater Anchorage Area Borough and the municipality incorporated [i.e., the Chugiak-Eagle River Borough] of assets and liabilities, whether real or intangible, and including but not limited to bonded or other indebtedness, respecting the area incorporated as to a power or function succeeded to by a municipality . . .

To date, faced with the challenge to the Borough's incorporation, the Department has been reluctant to initiate, in behalf of the Commission, an extensive effort in satisfaction of this requirement. I tell you frankly that the research that would underlie an allocation is beyond the capacity of the Department; had we the resources, we would undoubtedly engage a consultant to complete the necessary work. Our approach would, most likely, embody retention of a consultant familiar with the internal accounting processes of the Greater Anchorage Area Borough and ask that, in satisfaction of the requirement imposed by the above-quoted language, he recommend alternative methodologies which would produce equitable allocations. The several recommended methodologies, with comments as to their appropriateness by officials of the affected municipalities, would be offered to the Commission. We would ask that the Commission select one, incorporating its features into an initial order directing officials of the respective municipalities to complete the allocation consistent with the guidelines described. The burden of action would fall on the municipalities but, when they could not agree, we would ask the Commission to retain jurisdiction and dispose of remaining elements. I am advised that the cost of entering into agreement with a third party to examine Greater Anchorage Area Borough records and suggest alternative methodologies, retaining the services of the consultants through the period of entry of final order by the Commission, should approximate twenty to twenty-five thousand dollars. Additionally, to defray the costs of review of alternative methodologies by the municipalities, the Legislature may want to consider direct financial support.

One alternative to this relatively "limited" approach would be a full-fledged examination of Greater Anchorage Area Borough funds with detailed recommendations involving allocations from each. Third-party examination of these funds would involve considerably more effort by a contractor and, concomitantly, considerably more cost. Finally, should the Department and Commission operate without benefit of expert opinion, as laymen it is likely that any final order would invite judicial review.

Our second concern is for the new municipality itself. By section 9(c) of Chapter 145

. . . [A] power or function which is being exercised on the effective date of this Act by the Greater Anchorage Area Borough within an area incorporated under this Act and which is succeeded to by the borough . . . incorporated [i.e., the Chugiak-Eagle River Borough] shall continue to be exercised by the Greater Anchorage Area Borough until the [new borough] incorporated under this Act assumes the power or function which shall be not later than the close of the fiscal year of the Greater Anchorage Area Borough during which incorporation occurs [i.e., June 30, 1975]. However, in the case of incorporation of a borough under provisions of this Act, the Greater Anchorage Area Borough shall continue to assess and collect borough taxes levied within the municipality for the borough fiscal year in which incorporation occurs until the close of that year, and thereafter as necessary to enforce collection of the taxes, and shall also collect, or receive, other revenues pertaining to the area incorporated for that fiscal year; the taxes and other revenues collected or received shall be remitted as promptly as possible, consistent with this subsection, to the new municipality on a basis fairly reflecting the division of powers and functions during transition between the Greater Anchorage Area Borough and the municipality. The Local Boundary Commission shall by order determine the allocation of tax and other revenues under this section.

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The Honorable Sam Cotten

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January 24, 1975

Thus, until the Local Boundary Commission renders a final order anent allocation of assets and liabilities, including current tax receipts and shared revenues, or until June 30, 1975--whichever is earlier--the Chugiak-Eagle River Borough may expect to receive no income.

Please note, however, that section 8 of the Act compels the new municipality to enter decisions with respect to exercise, in FY 76, of mandatory areawide powers and directs that decisions be made with respect to assumption or relinquishment of all other powers currently exercised by the Greater Anchorage Area Borough. The GAAB's responsibility in the area lapses on June 30, 1975. Section 9(c). Thus, within a very constricted time frame, officials of the Chugiak-Eagle River Borough must concern themselves with assumption of current optional powers, implementation of all functions assumed, and construction of a FY 76 budget. This is no small task for a community with but \$25,000 of cash assets to its credit. Additional interim financial assistance has been publicly discussed and I would respectfully suggest that officials of both affected municipalities may want to be heard on this subject. The Department is, of course, within the resources allocated to it, ready to assist officials of both municipalities in the problems of transition although, as you may know, direct support by the staff of the division specifically charged with responsibility for technical assistance is rendered more difficult because of the absence of staff available in an Anchorage-area office.

I would like to take this opportunity to advise you that this request has the full endorsement of the Local Boundary Commission.

I would welcome the opportunity to examine the matter in more detail with you. If the Department may be of further assistance, please contact me.

Sincerely,

Lee McAnerney  
Commissioner

By: \_\_\_\_\_  
John B. Chenoweth  
Director, Division of Local  
Government Assistance

LMcA: JBC: mw