

SJR

39

SENATE COMMUNITY AND REGIONAL AFFAIRS
COMMITTEE MINUTES

FEBRUARY 7, 1978

Present: Chairman Orsini, Senators Willis, Hackney and Sumner. Wm. K. Mearig; J. R. Floden; Frances G. Westre; David A. Moffat; Gene Owens; Sigvald J. Strandberg; Erick J. Simpson; Sunny A. Hick; Gertrude Lyons; Lars Eide; Ed Lapeyri; James F. Petersen; Annette Smith; Bruce Aronson.

Absent: Senator Ferguson

Chairman Orsini convened the hearings at 3:15 PM. He announced that the Committee would take testimony on SJR 38, 29 & 40 but would take no action on the resolutions that day.

SJR 39 (Proposed Annexation by Haines Borough):

Chairman Orsini asked Sigvald Strandberg, Chairman of the Boundary Commission, to give the circumstances behind the proposed annexation of land on which stood fuel tanks formerly operated by the military. Mr. Strandberg described the action as pro forma in nature to allow the Haines Borough to eliminate a pocket of non-borough land inside its borders. He explained that the final disposition of tank farm property, which would be handled by the General Services Administration, would not be affected by the Borough's action and that the military had not objected to the proposed annexation. Mr. Strandberg also stated that no objections had been made by members of the public during the Boundary Commission's hearings in Haines. No one else wished to testify on SJR 39 and Chairman Orsini closed the hearings on the resolution.

SJR 38 (Proposed Annexation by the City of Skagway):

Mr. Strandberg noted that the City of Skagway originally requested to extend its boundary to the Canadian border and that of the Haines Borough. He noted that this raised the question in the Boundary Commission's opinion of what properly constituted city government versus that of a borough. The Commission therefore recommended a smaller extension of the City's boundaries and informed the City that it could, if conditions warranted, petition the Commission in the future to move its jurisdiction to the Canadian border. The City of Skagway supported this action by the Commission and agreed with the recommendation. Strandberg acknowledged that public testimony by persons residing outside the present City boundaries was opposed to annexations since they believed that they were already paying for municipal services through the sales tax. In response to questions from Committee members, he said that the Commission had not considered the inclusion of the Dyea area into the City of Skagway and that such an action would require separate Commission action.

William Ruddy, an attorney representing the City of Skagway, said that public opposition had been expressed to the proposed annexation but that it was not organized.

In the absence of further public testimony, Chairman Orsini closed the hearings on the resolution.

SJR 40 (Proposed Annexation by the City of Petersburg):

Mr. Strandberg said that public hearings had been held by the Commission in Petersburg January 9 before an overflow crowd with the testimony being broadcast live over the local radio station. On January 16 the commissioners held a telephonic conference and approved a recommendation for the extension of the City of Petersburg boundary.

He explained that the Commission's recommendation called for the city boundary to be extended only over the northern portion of Mitkof Island, an area of approximately 45 square miles. The City had originally petitioned for the annexation of all Mitkof Island, an area of approximately 211 square miles. Mr. Strandberg said that the Commission respected the City's reasons for the larger request, which included concerns about Coastal Management and municipal selection of state lands. He said that this again raised the question of borough versus city government and that the Commission had recommended an area for annexation that would take in almost all residents, but not all the territory, of Mitkof Island. He noted that, in the Commission's view, the natural development of the City of Petersburg lay along Mitkof Highway and that the outlying areas did benefit from municipal services. The incorporation of this area would remove the present tax inequity between the residents of the City and the outlying district. Mr. Strandberg pointed out that the City of Petersburg has a narrow tax base, but a fairly heavy bonded indebtedness. The 2,126 City residents have a bonded indebtedness of \$3.7 million against a property valuation of \$34 million. This gives the City a debt/valuation ratio of approximately 11% as opposed to a 5.4% ratio for the City and Borough of Juneau and 3% for the City of Ketchikan. He noted that there were considerable private land holdings south of Petersburg along the Mitkof Highway.

In response to questions from Committee members, Mr. Strandberg made the following comments: The City indicated that it would assess one-half, or 7 mills, of the present City mill rate against the residents of the outlying area for the first year after annexation. Petersburg City Councilmen run at large and therefore there would be no council seat per se representing the annexed outlying area. During the public hearings in Petersburg, public sentiment ran about four to one against annexation. The August 26, 1975, election during which City voters rejected annexation was a straw vote on another proposed annexation and for which sketchy data had been gathered in regard to potential tax revenues. Service areas in the unorganized Borough could be established by the Legislature only if the same services could not be provided by annexation to existing local governments.

The vote of the Commission had been three to one for the proposed annexation. Children in the outlying area presently attend City schools which receive tuition payments from the State. The economic future of Petersburg lies fishing and some logging. Industry would find it attractive to locate in the outlying area following annexation.

William Ruddy, the attorney representing the City of Petersburg, and William Meariq, representing the Petersburg city government, testified

jointly. Mr. Mearig stated that the 1975 annexation vote concerned the proposed annexation of West Petersburg, which has now incorporated separately as the City of Kupreanof, and did not pertain to the present recommendation. He noted that the Environmental Protection Agency was requiring the extension of sewer and water facilities to outlying areas. Either the City of Petersburg would provide these services or they would be mandated at the state or federal level. In response to questions from the Committee members, Mearig concurred that Petersburg's economic future lay with fishing and stated that any expansion of fishing facilities would probably occur at the four plants currently within the City's boundaries. Because of environmental and esthetic concerns, little or no development is likely to take place in the Narrows. He commented that strictly speaking it was illegal for the City to provide municipal services to the outlying area.

James Petersen, the attorney representing the plaintiffs in the court suit opposing the proposed annexation, testified that his clients opposed the annexation on the grounds that insufficient study had been given to the revenue, tax burden, and expense of the action. He stated that the original petition requesting annexation had been hastily put together and that the municipal ordinance had had its first reading with no public input. The second and third readings took place on the same night. Studies were lacking on population density, cost of police protection, cost of water and sewer facilities, and cost of electric power extension. Peterson said that his clients were not opposed to annexation per se and believed that the establishment of a service district (outside of the municipal boundary) could provide a viable solution. He emphasized that it was not only residents of outlying areas who opposed annexation but the residents of the City as well.

Frances Westre testified, as a member of the Petersburg City Council, that the Council had unanimously approved the proposed annexation as being in the best interests of the community of Petersburg and its environs. She said that the apparent haste in acting upon the petition was due to the legal requirement to submit all annexation recommendations to the Legislature by the tenth day of session. She pointed out that Petersburg and Wrangel were jointly studying a proposal for hydroelectric development in the Thomas Bay area that would provide relatively inexpensive power for economic development in the area. Ms. Westre said that Bruce Aronson of the Department of Community and Regional Affairs had originally raised the annexation question in Petersburg several years ago.

Lars Eide read to the Committee a letter he sent on December 12, 1977, to Commissioner of Community and Regional Affairs Lee McAnerney protesting the proposed annexation as contrary to the wishes of the majority of the people of Petersburg. He stated he was part owner of Mitkof Lumber Company which employes approximately 23 persons about 75% of whom lived in the City and 90% of the company's production was exported.

David Moffat, City Manager of Petersburg, said that the impetus for annexation had originated from residents in the outlying areas and that he had heard of little opposition to the proposal from within the City. He noted that, without the existence of the City of Petersburg, it would be unlikely that industries outside city limits would have located in the area. Moffat pointed out that the City has a

significant interest in exercising planning for Coastal Management for Mitkof Island as well as achieving a wider basis for future municipal selection of state land. He also noted that the possibility of a deep water port had been studied for the southern tip of Mitkof Island.

Ed Lapeyri, a resident and General Manager of Mitkoff Lumber Company, a plaintiff in a court suit against the annexation, testified that outlying residents did not receive municipal services for which they did not pay. He stated that residents outside city limits paid a 15% surcharge for electricity and a 50% surcharge for water. As for fire protection, the State paid the City \$7.50 per capita for residents outside City limits. He submitted to the Committee the following petition signed by 543 residents of the general Petersburg area:

"WE, THE UNDERSIGNED, BEING CITIZENS OF MITKOF ISLAND, BOTH INSIDE AND OUTSIDE THE PRESENT CITY LIMITS OF PETERSBURG, ARE STRONGLY OPPOSED TO THE PROPOSED ANNEXATION TO PETERSBURG AT THIS TIME DUE TO THE METHODS USED BY THE CITY IN DIRECT OPPOSITION TO THE DESIRES OF THE MAJORITY OF THE CITIZENS AND BECAUSE OF ERRORS IN THE FIGURES PRESENTED TO THE LOCAL BOUNDARY COMMISSION AND THE FAILURE BY THE CITY TO PROPERLY RESEARCH AND DOCUMENT THE ECONOMIC CHANGES SUCH ANNEXATION WOULD PRESENT TO THE CITY RESIDENTS AND THOSE IN THE ADJOINING PROPOSED AREAS. WE ARE EXTREMELY CONCERNED IN THE MANNER IN WHICH THE CITY HAS PRESENTED THIS ANNEXATION WITHOUT PROPER PUBLIC INPUT. WE ALSO PETITION THE HOUSE AND SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEES TO HOLD A JOINT HEARING IN PETERSBURG IN ORDER TO OBTAIN THE TRUE FACTS AND PUBLIC INPUT REGARDING THIS PROPOSED ANNEXATION."

Mr. Lapeyri said that these signatures were obtained within three days last week and that every reasonable effort was made to insure that resident adults were the only persons who signed. He told the Committee that of the 543 petition signers, 193 lived outside the City and 350 lived within the City limits.

Mr. Lapeyri charged that during the City Council deliberations on the annexation petition, a show of hands indicated that only 11 of the 98 persons present supported annexation and that, of the 6 who testified in favor of the measure, four were city employees or relatives of Council members. He said that real property valuation for the 1975 proposed annexation was \$6.3 million and in 1977 only \$6.7 million for a slightly different area. He also cited an unidentified study undertaken by a local private firm that indicated no significant economic development in Petersburg in the future. In response to Committee members' questions he acknowledged that fishing was considerably more important economically to Petersburg than logging which he characterized as "shakey".

Gene Owens, a resident of Petersburg, testified in support of the proposed annexation. He stressed that the State had consistently urged localities to assume local government control in the Unorganized Borough in such matters as Coastal Management planning. Mr. Owens said that the annexation of land on Mitkof Island by Petersburg was consistent with that objective.

John Floden, city engineer for Petersburg, spoke in favor of the annexation recommendation and pointed out that the City had basically proposed a service area concept. He noted that 19% of the population

of Petersburg currently lives outside the city limits. This meant that those inside the city pay 19% more for municipal services than their just share, while those outside pay 19% less. Mr. Floden said that without the extension of planning and zoning powers to the present outlying areas they were likely to develop in a haphazard manner leading to severe water and sewage problems in the future. There were instances in the outlying area where land was being subdivided into lots too small handle onsite sewage and water. Mr. Floden said that the City's goal in the annexed area would be to maintain large lots so as to prevent the need to establish sewer and water lines to high density residential and commercial dwellings. Additionally the projected linkage of Mitkof Highway with a proposed Stikine Highway could result in unrestrained commercial development of gas stations, drive-ins, etc. along the way unless proper planning and zoning authority existed to control it. In response to Committee members' questions, he said he believed a comprehensive community development plan for Petersburg had been prepared in 1965/66.

Gertrude Lyons, a plaintiff in the court suite against the proposed annexation and a member of the Board of Directors of the Petersburg Indian Association, testified that the increased costs association with the extension of services to outlying areas would work an undue hardship on Native residents of Petersburg who were primarily dependent upon seasonal employment. Ms. Lyons said that the membership of the Petersburg Indian Association was approximately 185 adult persons and that the Association was the combined organization for the Tlingit-Haida Central Council, the Alaska Native Brotherhood, the Alaska Native Sisterhood, and Sealaska Corporation.

Sunny Hicks, a resident of the Petersburg area and opponent of the proposed annexation, characterized the community atmosphere of Petersburg as a "local Watergate situation" where neighbors were divided against one another and conversations were surreptitiously recorded. She believed that local animosities had been inflamed by the City's handling of the annexation petition. She stressed that the residents of the outlying area considered themselves to be members of the general Petersburg community and were willing to assume their share for local services. She questioned whether the City was capable of efficiently carrying out its present obligations, much less undertake more extensive ones without the compensation of major new revenues.

William Mearig requested to testify a second time to present his views as a private citizen in addition to his capacity as a city official. He said that the proposed annexation offered outlying residents their first chance to participate in the political decisions affecting them locally, even in the absence of a separate election district for the area. He stated that participation in local government in such matters as Coastal Management offered residents more protection than if they remained unorganized and allowed either the State or federal government to impose regulations on them.

In the absence of further public testimony on SJR 40, Chairman Orsini concluded public hearings on the resolution and adjourned the Committee at 6:28 PM.

LETTER TO MAYORS OF: HAINES BOROUGH

CITY OF PETERSBURG

CITY OF SKAGWAY

(cc: CITY OF HAINES)

Dear _____

On February 7, the Senate Community and Regional Affairs Committee will hold hearings on the recommendations made by the Local Boundary Commission regarding the annexation of land by the Haines Borough and the Cities of Petersburg and Skagway. ^(SSR 39) ^(SSR 40) ^(SSR 38)

The Senate C & RA meetings are scheduled for 3:00 PM in Room ¹⁰⁶ ~~100~~ of the Assembly Building and public testimony will be taken prior to Committee action on the recommendations. Comments may also be submitted in writing prior ^{to} ~~of~~ February 7 by those who wish to testify but are unable to travel to Juneau.

In the event that the hearings are not completed on the February 7, further hearings will be held at the same time and place on February 9.

Sincerely,

Joe Orsini

Chairman, etc.

cc Rich Simpson
DC+RA



Official Business

Alaska State Legislature

Senate Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

January 31, 1978

David A. Black
Mayor
Haines Borough
Box H
Haines, Alaska 99827

Dear Mr. Black:

On February 7, the Senate Community and Regional Affairs Committee will hold hearings on the recommendations made by the Local Boundary Commission regarding the annexation of land by the Haines Borough SJR 39 and the Cities of Petersburg SJR 40 and Skagway SJR 38.

The Senate C&RA meetings are scheduled for 3:00 P.M. in Room 106 of the Assembly Building and public testimony will be taken prior to Committee action on the recommendations. Comments may also be submitted in writing prior to February 7 by those who wish to testify but are unable to travel to Juneau.

In the event that the hearings are not completed on February 7, further hearings will be held at the same time and place on February 9.

Sincerely,

A handwritten signature in cursive script that reads "Joe Orsini".

Joe Orsini
Chairman
Community and Regional
Affairs Committee

JO/tb

cc: City of Haines
City Clerk - Paul Swift
Erick Simpson
Department of Community &
Regional Affairs