

SJR

40

Petersburg Alaska

June 7, 1978

F: 532

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The Honorable Joe Ossini, Senator

Pouch V

Juneau Alaska

Dear Senator,

This letter is to let you know my opinion on a certain portion of your news letter which you sent to me. It is in regards to a certain sentence of para. 1, page 3, viz.

"No one guaranteed it would be easy, but with — — — — —".

This last sentence states that elected officials should be removed from office if they flout the collective opinion of the the public. I heartily agree with you on this statement.

As you well remember, there were public hearings before the Senate and House Community and Regional Affairs Committees

Concerning the annexation of certain lands to the city of Petersburg. There was testimony that showed that the public was against the annexation by a margin of almost 3½ to 1. The resolution was allowed to die in Committee and was not let out on the floor to be voted on by the legislature as a whole. Now, is that a way to preserve a democracy as you so nobly state in the fore part of the same paragraph.

Because of the stand taken by the above mentioned committees and the flouting of the will of the majority, the community of Petersburg is suffering from animosities and divisions created by the inaction of the afore-mentioned committees. Irreparable harm has been done to the community and it will years for the wounds of this dissension to heal. And, all of this was caused by the flouting

of the opinions of the majority of the electorate
by the elected and appointed officials from
the city level to the legislative level.

Again, let me state, that I concur
whole heartedly with your statement
that elected officials should not flout the
opinions of the majority of the electorate.
Let us hope that this will not happen
again.

Sincerely
Larry Eide
P.O. Box 942
Petersburg Alaska
99833

Slagway - generally opposed any annexation in testimony
felt support it, by sales tax

Ruddy - Slagway atty

Petersburg

1/9/78 hearing in Peters. - well attended & local broadcast

1/16 telephonic decisional meeting

Initially, city wanted all Mithof Is.

Coast Mgmt

State selectable land

"City" purposes - delivery of services & city jurisdiction

in unincorporated
(as 14 mil)

7 mil levy on new area for 1 yr; review for other tax/lev

Outside residents benefiting from City, but not paying

Six port holdings outside of City along levy

Pete - "narrow" tax base - \$34M annual 2126 pop Gov Bond \$3.75M

\$1700 debt/cap ~ 11% debt to road

- label Council hearing
- Com notes
- pop's
- for future
- credit now
- groups see
- can't do plan?

date: Hearing testimony 4:1 opposed

"Windward" appraisal in '75 (Aug 26, 1975 election)

(78

Com Strand, Anderson, Haysom, Dodson (all abs)

Dodson dissented, feeling Com act g to fast

(2)

state tuition students

Readdy - Jacobsen is main man

Mearing - City employee - electric util supt ——— ^{less mile 18} incorp 1910
expansion is down the highway - attractive area

75 elec was for area across channel - organ Kuperus of (3rd
class city - geog very large)

Ruddy - support LBC, but would like more

City has been supplying svc

out businesses: mill, logging, const/logging
restaurant, some retail busn

services - fire, pol, aml, educ, hydro power, w + s

no svc dist

expansion of prec. would prob take place as expansion
of existing facil. Other poten sites but
not environ feas.

So of proposed area: 35 pop

Peterson - main concern is lack of information - hasty decision
erroneous information - (?)

Initial ordinance - rushed - 80% approved

Power plant not incl; bulk of 17 not incl;
bulk of st elec not incl; rec sites not incl;
logging ops not incl

(3)

no info on svc cost to city -

non-res pay surcharge on elec

no study on pop ~~density~~ density & cost of svc

service dist concept would mitigate some of opposition

Westre - City Council

- supports annexation; ^{unanimous support - 6 memb} former elec. was
opposed due to non-city area in '75

Five parts a real problem

W & S are never funded

Other indus possible w/cheaper elec power

OEDP upgrading

Eide - 34 yr res. of Petersburg ^{Smithoff} owns Lumber Co (out of city)

no change in citizen opposition to annex.

1 mile of rd w/ no accidents - rest of area reported

75% of workers in City limits; export products

40 acre Co.

Moffat - City Mgr. 1 1/2 yr mgr (in City that long)

residents outside of city generated petition of annex.

a "number of calls"

resolved as a matter of necessity

(4)

500
12
600

the 50% levy covers soc already provided

Standby - troops will remain in Petersburg

Outside people wanted annexation, Ahrenson came to them & talked (discouraged them from trying annex. pet.) went to Council & Com. initiated action

Japanier - City resident & mgr. of Mittleff Lumber Co.
50-70 people @ ordinance hearing, passed anyway
98+ people @ LBE hearing ~ 25% favored annex in testimony
~ 11% favor on show of hands
water & elec ~~15%~~ surcharge - 15% elec, 50% water
Fire supt is \$7.50 rev shar dist

City sales tax figures are 3x higher than actual to be ^{\$150K}

Petition oppose 353 in 193 out

'75 assess val \$6.3M; \$6.7='77 (all of Mittleff Co)

Survey on future dev of Peters. - Not much growth
reduction of boundaries ~ 15 yrs ago

Outside pop of 402

Timber ~ 25 cu ft per acre ~ 200

5

34 M	6.5 M	4
2000	400	

cash flow during annex.

Owens - favors annexation due to CEM
lives made city

Floden - City resident & City Engr
50% (7 miles) will pay for present svc - are proposing
svc. area approach.
if 500+ signatures, that is ~ 1/3 of adult residents

Increase P+Z Comm by 2, these to be from new area

Dangerous sewage extension now in subdivisions now -
future problems
Comp Plan 1965±

Lynn - City resident for 5+ generations Peter's Indian Assn
oppose A for hardship on Native people - mostly unemployed

Wicks - outside - owns Beachcomer Inn

City has problems to overcome prior to annexation
May cost city more than less

People in & out of city are concerned about health
of city - limits to expansion

185 adults

6

△

Mearig = as a citizen

wave outside members 1 yr residency for membership in council

form separate SE Ah. Coast Pol Group to protect self from
state & feds. Loc govt is better protic from st/fed
govt.

FOR: Senate Community and Regional Affairs Committee members

1/5

PREPARED BY: Ben Harding, Senate C/RA Committee Staff

DATE: February 16, 1978

SUMMARY OF ECONOMIC AFFECTS OF PETERSBURG ANNEXATION

GENERAL

Revenue Gains

High estimate:	\$238,600 *
Low estimate:	<u>\$138,600</u> **

(*using sales tax estimate of \$150,000 annually)

(**using sales tax estimate of \$50,000 annually)

Revenue Losses or Added Expenses

High estimate:	\$182,000 *
Low estimate:	<u>\$157,000</u> **

These estimates are based on the following assumptions:

- a) No added water and power services to annexed areas (per City policy).
- b) No added police, ambulance, or fire services (per City statements that these services are already funded through State revenues sharing).

(*using high estimate for increased administrative costs)

(**using low estimate for increased administrative costs)

FINANCIAL BREAK-DOWN BY CATEGORIES

Revenue Gains

1) Sales Tax Revenues:	High estimate:	\$150,000
	Low estimate:	\$ 50,000

The City has estimated that a sales tax could raise approximately \$150,000 annually in new revenues from the annexed area. Annexation opponents contend that this figure is greatly inflated and that a more realistic estimate is closer to \$50,000. The City has acknowledged that its estimate is very rough and that it was not able to obtain firm data on which to base its figures.

2) Electricity Rate Increases

\$1 a month for residential and
commercial users

\$2 a month for industrial users

Estimated revenue: \$19,000

It is the City's intent that electricity rate increases will equal and offset revenue losses from the elimination of surcharges on water and electricity to users in the previously outlying areas.

3) State Revenue Sharing (using a population increase of 500)

Police	\$6,000
Air and Water Pollution	1,000
Parks and Recreation	2,500
Transportation	2,500
Roads (est. 3 miles)	4,500
Health Service	1,000
Regular*	850
Liquor*	1,100
Amusement and games*	150
Gross receipts tax**	1,000
Total Revenue:	\$20,600

(*from Department of Revenue estimates)

(**Department of Revenue estimates \$2,000 in revenue sharing from gross receipts. However over \$1,000 annually appears already to have been inadvertently shared with the City)

4) Property Tax Revenue

7 mills on an estimated \$7 million in real and
personal property \$49,000

Revenue losses of Increased Expenses:

1) New Administrative Costs

High estimate:	\$50,000 *
Low estimate:	\$25,000 **

This figure is derived from the assumption that increased administrative responsibilities, such as Planning and Zoning, for the annexed area will require an increase in City administrative personnel.

(*using high estimate of 1 officer and 1 secretary plus office start up costs)

(**using low estimate of 1 secretary/clerk plus office start up costs)

2) Elimination of State Tuition Payments

\$97,700

This figure is based on the calculation that 100 students will come from the annexed area. For 1977/78 payments, the Department of Education is using \$976.74 per pupil. Currently 115 students from outlying areas (including 5 from Kupreanof) attend Petersburg schools. The City's own loss projection was \$47,000 which was calculated on the Department of Education payments per pupil of \$443.61. That was the rate of payment used by the State last year. These payments will more than double this year.

3) Other Expenses

- a) Electricity and water extension costs \$ 0 *
- b) Police, ambulance and fire service costs \$ 0 **

(*City plans no extension of power and water service beyond present level)

(**City plans to maintain these services at present level using existing State revenue sharing funds)

BACKGROUND

In its original annexation petition, the City of Petersburg requested the annexation of all Mitkof Island, an area of approximately 211 square miles.

The Local Boundary Commission recommended instead the annexation of the northern end of Mitkof Island, or about 45 square miles. The Commission's rationale was that 211 square miles would have created a territory calling for a borough organization without Petersburg having gone through the borough government process. The Commission believed that a city government provides essentially direct services to its citizens whereas a borough exercises regional responsibilities. As a result, its recommendation provided for the City of Petersburg to annex areas containing virtually all the population of Mitkof Island, but excluded uninhabited or yet-to-be-developed areas.

Following annexation, the City has said that it would increase electricity rate charges by \$1 a month for residential and commercial users and be \$2 a month for industrial customers. The present surcharges to outlying residents for City water and electricity would then be dropped. The City's intent is that the rate increases would equal the loss of revenue resulting from the elimination of the surcharges.

The City has no plans to extend water or electricity, beyond its present service level, to the annexed area. Police, fire and ambulance services to these areas are projected to remain unchanged and funded through State revenue sharing. (Confirmed in telephone conversation with Petersburg City Manager by Staff)

Other revenue-raising means the City plans to use include: a 7 mill tax levy on approximately \$7 million in real and personal property located in the annexed area, a sales tax on transactions under \$1,000, and the receipt of increased State revenue sharing funds.

Major revenue losses or increased expenses resulting from annexation include the dropping of State tuition payments, surcharge elimination, and the cost of probable added administrative services.

The proposed annexation has been strongly opposed by plaintiffs in a court suit who charge that inadequate study and planning have gone into the proposal. They cite poor or expensive municipal services and a high bonded indebtedness as evidence of the City's inability to take on added municipal obligations. A petition containing the signatures of 543 Petersburg residents in opposition to the annexation was presented to the Senate Community and Regional Affairs Committee February 7.

ANALYSIS

A major charge made by opponents of annexation is that the City is presently overextended financially and could under no circumstances assume additional financial obligations without the assurance of at least matching revenues. The annexation opponents contend that any new sources of revenue in the outlying area are minor and would be more than off-set by increased expenses.

The City acknowledges that its data on the economic impact of annexation

are fragmentary and based on rough estimates open to challenge. In fact, the attorney for the City wrote to the Boundary Commission that "I am strongly inclined to agree with that assessment about a short-term negative cash flow but similarly inclined to discount its magnitude predicated on the knowledge that many of the general services... have been provided heretofore." The attorney, L.B. Jacobson, further noted, "...nor was I of the opinion that financial viability of an annexation proposal was one of the standards promulgated in (state regulations) or the Alaska Constitution."

A summary economic analysis indicates, however, that the City has a fair chance of breaking even financially in the event of annexation, provided it does not extend to the annexed area any services it is presently not making available. The annexation would reduce somewhat, the City's unusually high (11%) bonded indebtedness to property valuation ratio. It would also increase City valuation by an estimated \$7 million in real and personal property from the annexed area. (See attached table to compare Petersburg population and bonded indebtedness with similar Alaskan communities.)

It would appear from testimony presented by a number of city officials at the Senate hearings, however, that the proposed annexation does not directly address the real reasons which impelled the City to request the annexation of Mitkof Island in the first place.

Those reasons are threefold: 1) the desire to plan for the Coastal Management of Mitkof Island, 2) the desire to obtain an adequate land base for later municipal selection of state lands, and 3) the desire to plan for the rational and orderly development of Mitkof Island. None of these objectives is significantly met by the proposed annexation of the northern quarter of Mitkof Island. In fact, from one viewpoint, the recommended annexation only adds to the City's problems without providing any of the benefits which the incorporation of the entire island would entail.

Nevertheless, the Boundary Commission's question, i.e. would the annexation of the 211 square miles of Mitkof Island create a de facto borough government rather than a city?, appears valid.

The implementation of the proposed annexation would not however settle the issue. The City of Petersburg supports the Boundary Commission's recommendation for the smaller area annexation despite its desire to annex all of Mitkof Island. But the City has also expressed the intention to renew its petition next year for the incorporation of all Mitkof Island under the City's jurisdiction. At that time, the same issues and the same arguments of city versus borough government and the need for local regional control will have to be addressed again.

TABLE V

VALUATION, POPULATION AND G.O. BONDED DEBT

CITIES	FULL VALUE DETERMINATION 1-1-77	CIVILIAN POPULATION 7-1-77	G.O. BONDED DEBT 7-1-77	PER CAPITA DEBT	PER CAPITA VALUATION	DEBT % TO VALUATION
CORDOVA	33,047,580	2,406	1,169,200	486	13,735	3.54
CRAIG	5,295,655	467	143,040	306	11,340	2.70
DILLINGHAM	17,140,840	1,269	135,000	106	13,507	.78
EAGLE	1,413,250	145			9,747	
GALENA	2,670,800	631			4,233	
HOONAH	5,332,800	848			6,289	
HYDABURG	1,438,405	380			3,785	
KAKE	2,394,685	679			3,527	
KING COVE	2,863,490	408	393,860	965	7,018	13.75
KLAWOCK	1,025,850	323			3,176	
NENANA	5,373,975	493	253,000	513	10,901	4.71
HOME	33,747,720	2,585	830,000	321	13,055	2.46
PELICAN	4,639,275	169			27,451	
PETERSBURG	34,048,060	2,126	3,750,000	1,764	16,015	11.01
ST. MARY'S	1,415,000	415			3,410	
SELAWIK	1,250,365	521			2,400	
SKAGWAY	29,850,185	854	627,000	734	34,953	2.10
UNALASKA	16,571,530	510			32,493	
VALDEZ	1,211,561,410	7,483	13,036,000	1,742	161,909	1.08
WRANGELL	37,599,610	3,152	575,000	182	11,929	1.53
YAKUTAT	10,149,240	442			22,963	
TOTAL CITIES	1,458,829,725	26,306	20,912,100	795	55,456	1.43
STATE	17,105,126,829	398,983	530,068,000	1,328	42,872	3.10
MUNICIPAL	14,001,074,809	368,406	519,599,526	1,410	38,004	3.71
STATEWIDE TOTAL	17,105,126,829	398,983	1,049,607,526	2,631	42,872	6.14

Alaska Taxable 1977
(Issued January, 1978)

OK

SENATE COMMUNITY AND REGIONAL AFFAIRS
COMMITTEE

FEBRUARY 16, 1978

Present: Chairman Orsini, Senators Willis and Hackney. Bruce Aronson; Doug Griffin.

Absent: Senator Sumner and Senator Ferguson

The meeting was called to order by Chairman Orsini at 3:10 PM.

STRANDBERG CONFIRMATION

Chairman Orsini asked if Committee members wished to hold separate confirmation hearings on the reappointment of Sigvald Strandberg to the Local Boundary Commission. Committee members expressed the view that they were familiar with Mr. Strandberg's work on the commission and did not believe that separate hearings would be necessary.

PETERSBURG ANNEXATION (SJR - 40)

Chairman Orsini drew the members' attention to a SC/RA staff study analyzing the economic effects of the recommended annexation of land by the City of Petersburg. He noted that the figures indicated the probability of the City's expenses and new revenue from annexation balancing out, provided the City maintained its present level of services to the annexed area.

Senator Willis noted that the Boundary Commission could have held an advisory election in Petersburg to determine local support for the annexation but that the legislature had no authority to instruct the Commission.

Pending action by the House CRA Committee, Committee members agreed to hold action on SJR 40 unless the members wished the issue to be brought up again for discussion.

COASTAL ZONE MANAGEMENT

Chairman Orsini said that the Guidelines and Standards for the Alaska Coastal Management Program would require a detailed review if the Committee wished to deal specifically with the many points being raised regarding the implementation of the Coastal Management Program.

Senator Hackney said that he was impressed by the Petersburg situation where one of the motivations for annexation was a desire to secure local control over the coastal management of Mitkof Island.

The Committee members expressed their desire to undertake a sectional review of the draft Guidelines and Standards.

OTHER

Chairman Orsini discussed with Committee members the status of CSIB 133 before the House Finance Committee and its Senate counterpart,

CSSB 241.

The Chairman also informed members about the provisions of SB 501 pertaining to binding arbitration and stated that he intended to schedule hearings on the bill within two to three weeks.

Chairman Orsini called an executive session of the Committee to discuss Budget and Audit Committee actions with respect to Coastal Management.

The meeting was adjourned at 4:00 PM.

TELEGRAM

Fi 572-42

RCA ALASKA COMMUNICATIONS, INC.

PHONE: 386-6440

JUNEAU, ALASKA 99801

#D

78 MAR 1 PM 3 05

23014 PETERSBURG ALASKA 31 03-01 300P PST

PMS THE HONORABLE JOE ORSINI, CHAIRMAN

SENATE COMMUNITY AND REGIONAL AFFAIRS

ALASKA STATE LEGISLATURE

POUCH V

JUNEAU "

THE PETERSBURG CHAMBER OF COMMERCE URGENTLY REQUESTS

THAT YOUR COMMITTEE SEND THE RESOLUTION REGARDING

ANNEXATION ON MITKOF ISLAND OUT OF COMMITTEE FOR

CONSIDERATION ON THE FLOOR BEFORE SATURDAY MARCH 4

SINCERELY

LARS EIDE, PRESIDENT.

TELEGRAM

SEA ALASKA COMMUNICATIONS, INC.

PHONE: 596-440

JUNEAU, ALASKA 99801

#Z

23019 PETERSBURG ALASKA 31 03-01 325P PST

PMS SENATOR JOE ORSINI

POUCH V ALASKA STATE LEGISLATURE

JUNEAU "

REPRESENTATIVE ERNIA HAUGEN

JUST TO LET YOU KNOW, DUE TO THE PRESENT STATUS OF THE
PETERSBURG CITY GOVERNMENT, I DONT FEEL THIS IS THE TIME
TO ANNEX THE SCOW BAY AREA

WARREN MORRISON.

TELEGRAM
NCA ALASKA COMMUNICATIONS, INC.
PHONE: 585-6440
JUNEAU, ALASKA 99801

#E

23024 PETERSBURG ALASKA 19 03-01 415P PST

PMS SENATOR JOSEPH ORSINI

POUCH V ALASKA STATE LEGISLATURE

JUNEAU "

WE OF SCOW BAY DONT WANT TO BE ANNEXED INTO PETERSBURG FOR
ANY REASON

MR AND MRS STAN ELENBERGER

MR AND MRS BILL LYONS.

TELEGRAM

BOA ALASKA COMMUNICATIONS, INC.
PHONE: 586-6440
JUNEAU, ALASKA 99801

#D

70 MAR 1 5 1 37

23007 NL PETERSBURG ALASKA 118 03-01 130P PST

PMS SENATOR JOSEPH ORSINI
POUCH V STATE CAPITOL BUILDING
JUNEAU "

REPRESENTATIVE ERNIE HAUGEN

WE ARE EXTREMELY UNHAPPY WITH YOUR APPARENT DISREGARD
OF THE PUBLIC OPINION AGAINST THE PROPOSED PETERSBURG
ANNEXATION PROCEEDINGS. AS REPRESENTATIVES OF THE 543
SIGNATURES, OVER 300 OF WHICH ARE CITY RESIDENTS, ON THE
PETITION WE RECENTLY GAVE YOU WE AGAIN STRONGLY URGE
THAT YOU HEED THE VOICE OF THOSE YOU REPRESENT AND DO
ALL YOU CAN TO SEE THAT THE ANNEXATION PETITION IS DENIED.

MR AND MRS LARS EIDE

MR AND MRS ED LAPEYRI

MR AND MRS HEINER

MR AND MRS WOOTEN

MR AND MRS BILL LYONS

MR AND MRS ART MCTAGGART

PAUL MCTAGGART

PETE AND SUNNY HICKS

MR AND MRS RAY LEBRUN

MR RAY OLSEN

MR AND MRS TOM HUBBARD

FAYE AND BOB ENNIS.

F: SJR 40

Erling W. Husvik
P.O. Box 297
Petersburg, Ak. 99833

February 23, 1978

Honorable Senator Joseph L. Orsine
Pouch V
Juneau, Ak. 99811

Dear Mr. Orsine;

I would like you and your committee to know that I am against the annexation proposal that has been put forth by the City of Petersburg.

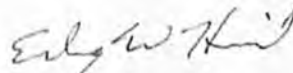
I am a 54 year old resident of Petersburg and a property owner.

The City can not tell me what the annexation will cost me or the people they want to annex now living outside the City.

They say that the election held in 1975 does not mean anything since we were "Voting out of are pocketbooks" and the annexation of Kupreanof were the main issues. If that is so I think the City should get their facts together and hold another election without the fog factor of my Pocketbook and Kupreanof.

The City Manager testified in Juneau that despite the fact that 90% of the people at a recent hearing in Petersburg were against annexation he felt that the City Council speaks for the people. Is that the way to run a Democratic Government?

Sincerely,



Erling W. Husvik

TO BK DISTOL-

BURIED TO

S CRA WEIMBERG



2-27-78

JAMES F. PETERSEN

ATTORNEY & COUNSELLOR AT LAW
319 SEWARD STREET
JUNEAU, ALASKA 99801

THOMAS G. NAVE, ASSOCIATE

(907) 586-3530

February 27, 1978

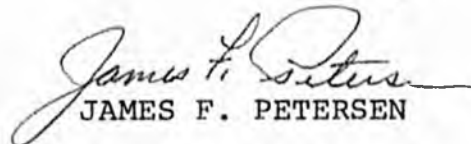
Senator Joseph Orsini, Chairman
State Committee on Community
Regional Affairs
Room 101, Assembly Building
Juneau, Alaska 99811

Dear Senator Orsini:

On Tuesday of this past week the Petersburg School Board was advised that the amount they will receive from the State of Alaska for payment of non-resident student tuition is \$120,400.00. I would specifically call your attention to the city attorney's letter of January 11, 1978, where he stated that "the \$47,000.00 figure submitted by the City of Petersburg as revenue lost from the state for payment of non-resident student tuition is accurate". As you may recall, the figure that was in their petition was \$53,000.00. The present figure is better than 2-1/2 times that which the city estimated in the information they submitted to the Local Boundary Commission.

For your information, I have attached a copy of a letter addressed from the Superintendent of Petersburg Public Schools to the mayor and city council members of Petersburg relating this information.

Yours very truly,


JAMES F. PETERSEN

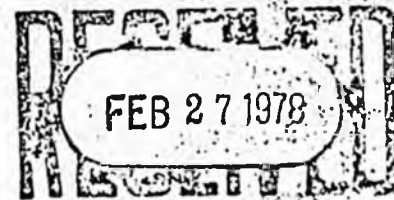
JFP/lm
Attachment

Petersburg Public Schools

D. W. Schultz, Superintendent

P. O. BOX 289

PETERSBURG, ALASKA 99833



February 21, 1978

Mayor Ted Smith and
City Council Members
Petersburg, Alaska

Dear Mayor Smith & Council Members:

The Nonresident Pupil Tuition Reports for the 1977-78 fiscal year were received on Monday, February 20, 1978. These reports illustrate an abrupt change in the tuition rate and the total entitlement to the school district. Previously we have discussed the annual loss of \$53,000 to the district due to annexation. The annual tuition loss with the new tuition rate is \$120,400. These reports are attached for your information and consideration.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "D. W. Schultz".

D. W. Schultz
Superintendent

F. SJR-40



Senator John L. Rader

POUCH V
JUNEAU, ALASKA 99801
OR
P. O. BOX 2068
ANCHORAGE, ALASKA 99510

February 23, 1978

Mr. John E. Longworth
Petersburg, Alaska 99833

Dear John:

I appreciate very much your very good letter of February 14 concerning the Petersburg annexation.

The only other communication I have received on this was from Ed Lapeyri-- I am sure you are aware of his position. Enclosed is a copy of my letter to him.

I have contacted Senator Orsini, who tells me that you were unable to testify before his committee. I am, therefore, sending him a copy of the letter you sent to me. Senator Orsini informed me that he had received some information from you--but I suppose receiving some more would be desirable.

It was nice to see you in Juneau. Give me a call when you're next in town.

Best wishes.

Sincerely,

John L. Rader, President
Alaska State Senate

JLR:na
Enclosure
cc: Senator Joseph Orsini ✓

John

John E. Longworth
Petersburg, Alaska 99833
February 14, 1978

Senator John Rader
Room 104, Capitol Building
Juneau, Alaska 99811

Re: Local Boundary Commission's Recommendations
Re Area To Be Annexed To Petersburg

Dear Senator Rader:

I am most aware of the tremendous and perplexing problems facing this second session of the Tenth Legislature; therefore, it is somewhat embarrassing for me to have to write to you and request that you take the time to aid and assist us in settling what should be a very local problem in our island community of Petersburg. This is a problem that could have been settled, and should have been settled, without any fanfare, and I have no doubt that it would have been settled had it been presented to the people of the Petersburg area on a timely and reasonable basis.

I have been a resident of Alaska since December of 1940, and a resident residing within the existing boundaries of Petersburg since September of 1941. I served on the local city council at various times and I also served in the first, second, and third sessions of the Alaska Legislature, so I am not totally unfamiliar with government and governmental processes.

As is the case with the great majority of Alaskans, I am violently opposed to the treatment that our state is receiving on the D2 Land issue. Alaskans are being given no opportunity to have any say in determining the settlement of a problem which is purely one involving our own state.

A parallel situation, however in reverse, exists in reference to the petition presented by the city council to the Local Boundary Commission and the Local Boundary Commission's recommendation to the legislature regarding the annexation of land outside of the existing city limits of Petersburg. These things were all accomplished without giving the people of Mitkof Island, and particularly in Petersburg, a chance to express their concerns and views, not even in that most democratic manner--the ballot box.

The city administration and the city council have refused to respond to direct questions as to what the residents, either inside or outside the city, may expect in the way of increased costs of operation of municipal government, increased services, including utilities, and any other impact that this proposed annexation may have upon our community.

The petition prepared by the city administration and under the direction of the city council did have several points which they alleged were the basis for their requesting that all of Mitkof Island be annexed to the City of Petersburg. These were such things as, coastal zone management of the whole area; recreational areas, such as the Three Lakes Recreation Area and the Blind Slough Recreation Areas, the Crystal Lake Hydroelectric Watershed, and several other allegations which would supposedly be beneficial to the community. The recommendations of the Local Boundary Commission to the legislature, however, basically eliminated these things that the City of Petersburg was allegedly seeking by petitioning for this annexation.

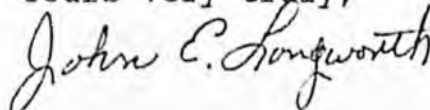
I happened to be in Juneau on the 16th of January and stopped by the Department of Community and Regional Affairs office and made inquiry of what decisions the Local Boundary Commission had made. Mr. Pritchard of that office informed me that the Local Boundary Commission had not yet made a decision; however, they were going to have a telephonic conference that afternoon and they would make a decision at that time. He informed me that it would be on a speaker phone in their conference room and I was most welcome to listen in to the decisional meeting as all meetings of the Local Boundary Commission were open to the public. I informed him that I would be happy to listen in on that meeting. I arrived at the appointed time and heard the telephonic conference of the Local Boundary Commission's decisional meeting on the Petersburg matter. When the Local Boundary Commission had held their public meeting on January 9 in Petersburg, they had informed the public, both by the notices posted and at the meeting itself that all written statements or information pertaining to the annexation question had to be submitted by January 5 and that all testimony would be taken on January 9 and then based upon this information, they would arrive at a decision. As it developed in the telephone conference meeting, the city had submitted additional documentation contrary to the notices and public announcement in a lengthy letter from the city attorney. This letter was read in its entirety to the members of the Commission. Apparently this letter and other materials had been sent by Gold Streak by the Department of Community and Regional Affairs to the five commissioners; however, it came out during the conference that two

of the commissioners had not received the material and did not have any of the material in front of them at the time of the telephone conference. The credibility and insufficiency of the information supplied to them was discussed, then by a motion of one of the commissioners, they arbitrarily chopped off seventy-five percent of what the city had requested in their petition and then had a lengthy discussion upon the boundaries of this area, and moved for a vote on the annexation as amended by that motion. Commissioner Gallagher was not in on this conference call and did not partake in the deliberations. Commissioner Anderson from Wrangell and Commissioner Strandberg from Anchorage voted in favor of the annexation, Commissioner Hobson said he really did not know too much about it but would go along with Anderson and Strandberg, and Commissioner Dobson from Fairbanks stated that he thought they had rushed into this matter too quickly and that they had not been supplied adequate or sufficient information upon which they could make a rational decision regarding this petition and voted "No"; so the motion was carried by three of the five commissioners voting in favor of the motion. Needless to say, I was shocked and appalled at the casualness of this meeting which basically was in utter disregard to whatever impact their decision might have upon the community of Petersburg.

The Constitution of the State of Alaska expresses great faith in the area of local government. The residents of the Petersburg area and Mitkof Island are not looking for any exceptions in either state law or regulations. We desire to have our local matters decided through the medium of majority voting, in so doing we are in no way infringing upon others. The city administration and city council of Petersburg suddenly decided that they were going to present an annexation petition to the Local Boundary Commission and to the legislature, and took the attitude that the people of the Petersburg area did not know what was good for them, and that "Big Brother" knows best and that they would ram their decision down our throats.

For the foregoing reasons, I and my fellow Petersburg residents respectfully request that the House and Senate take appropriate action and pass a concurrent resolution rejecting the recommendations of the Local Boundary Commission in reference to the Petersburg annexation. Let me take this opportunity to thank you for taking the time to review my letter, and I know that I express the concerns of the vast majority of the Petersburg residents in making this request to you. Your consideration of preserving the democratic method of conducting government would be appreciated. Thank you.

Yours very truly,


JOHN E. LONGWORTH

JAMES F. PETERSEN

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319 SEWARD STREET
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THOMAS G. NAVE, ASSOCIATE

(907) 586-3530

February 21, 1978

*File
332-40*

Senator Joseph Orsini, Chairman
Community & Regional Affairs Committee
Room 101, Assembly Bldg.
Juneau AK 99811

Re: Petersburg Annexation
Decisional Meeting of Local Boundary Commission

Dear Senator Orsini:

If you will recall, at the public hearing that you conducted on the Local Boundary Commission's recommendations for the annexation to the City of Petersburg, I requested that each of you review the telephone conference call of the Local Boundary Commission which constituted their decisional meeting on the Petersburg annexation matter. It is recognized that all of you have very busy schedules and may not have had an opportunity to review the tapes of that telephone conference call. For your convenience, I have had my secretary transcribe that tape to facilitate your review of the same. A copy of that transcript is attached hereto, together with two letters which were read into the record, but for ease of transcribing the same we have attached the copies of the letters.

There are several important factors which I believe the Committee on Community and Regional Affairs should consider in reviewing this transcript. Commissioner, Sheila Graham, was not in on this decisional meeting; Commissioner Jim Dobson of Fairbanks did not have the material which had been "Goldstreaked" to him; and likewise Commissioner Edwin Hopson of Nome did not have the materials which had been "Goldstreaked" to him by the Department of Community and Regional Affairs.

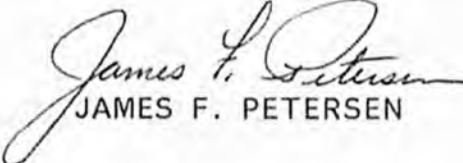
I would specifically call your attention to the discussion by Commissioner Dobson beginning on the bottom of page 8 and continuing on page 9 to the effect that the city provided inadequate information and had made inadequate preparation and because of that inadequate preparation and lack of information, any decision at this time by the Local Boundary Commission would be premature, and immediately after

that Commissioner Jo Anderson of Wrangell agreed with Commissioner Dobson in that assessment. At that point, it is interesting to note that a staff member of the Department of Community and Regional Affairs then started participating in the conversation and more-or-less directed the commissioners to approve the annexation, even before they had thoroughly discussed the matter. From page 9 through page 12 there is a lengthy discussion in which this staff member participates, trying to direct a decision upon a description for the annexation, even before the commission members had made a decision as to whether or not they were in favor of any type of annexation. I would call your attention to Mr. Pritchard's statement on page 12 where he states that they (Department of Community and Regional Affairs) are in a "rush to get it in" (to the legislature).

I would also like to direct your attention to the comments by Commissioner Dobson and Commissioner Strandberg appearing on the bottom of page 12 regarding the availability of utilities and services to those areas outside of the existing city limits. From their comments, it is obvious that they anticipate that services and utilities will be provided to these newly-annexed areas; however, this is entirely contrary to the testimony given by the city engineer when he testified at your hearing. The city engineer testified that there would be no expansion of existing services or utilities unless the people in the newly-annexed area paid for them, either by an increase in the general mill levy by the City of Petersburg on real property, or by the creation of local improvement districts and the resulting special assessments.

The concerns of Commissioner Dobson commencing at the bottom of page 8 and continuing on page 9 express the concerns of my clients, that the decision of the city and of the Local Boundary Commission, and the recommended annexation, are based entirely upon inadequate information and preparation, and any decision at this time is premature. For these reasons, the residents of the Petersburg area respectfully request that the legislature pass a concurrent resolution rejecting the recommendations of the Local Boundary Commission in reference to the proposed Petersburg annexation, until such time as adequate information and adequate preparation have been developed to determine the feasibility of such an ambitious annexation. My clients and I express our appreciation for your taking the time to review this letter and the attachments hereto. We feel that they are vital to your decision and, likewise, they should be read in light of the requirements of the Alaska Statutes and the Administrative Code regarding the requirements and the information that should go into making an annexation recommendation. Thank you.

Yours very truly,


JAMES F. PETERSEN

JFP/lm
Attachments

K1

DECISIONAL MEETING

LOCAL BOUNDARY COMMISSION

Petersburg Annexation
January 16, 1978

Conference telephone call
Commissioners present:

Community & Regional Affairs personnel:

Sigvald Strandberg
Edwin Hopson
Jim Dobson
Josephine Anderson

Eric Simpson -- assistant
Bill Pritchard -- assistant
Bruce Aronson
Doug Griffin

STRANDBERG: Have you all received the updating information from the City of Petersburg attorneys?

ANDERSON: Yes

HOPSON: I have not, Sig. I have not received that.

STRANDBERG: I see. The mails are a little slow getting over the Brooks Range, I guess, Edwin.

HOPSON: Yea, the Brooks Range is quite high, you know.

STRANDBERG: At any rate, let me, because you don't have it, let me go over what was submitted at our request. It's addressed to Eric Simpson, our staff member. (See attached)

(Two comments were made in the context of reading the letter.)

"...and listening to the tapes of the proceedings at the hearings." Comment: Sheila is not back in Anchorage yet. I tried to contact her this morning, and her secretary said she is returning imminently but not as yet. OK, continuing with the letter.

"...City may issue bond anticipation notes at the time of incurring the deficit according to AS 29.58.070."

Comment: Let me state to my fellow Commissioners he does not mean bond anticipation notes. He means revenue anticipation notes.

So, what is your reaction, fellow Commissioners? Starting with you, Edwin.

SIMPSON: Sig, may we ask a question, please?

STRANDBERG: Most certainly.

SIMPSON: Okay, we have some correspondence here from Lars Eide, Petersburg, postmarked January 10. Sig, the question we have is whether this should be appropriately entered in the record. As you know, we set the date for terminating any correspondence as January 5, the hearing was on the 9th, and this is postmarked the 10th. Do you think this should be entered?

STRANDBERG: Well, I don't see any harm. We're once again for the record quasi-legislative in nature, and we can fact find all we want up until the point we make our decision, so I don't think it will do any harm. I think my fellow Commissioners can handle a letter at this point and balance it against the factual record that we have on hand. Go ahead. Any objections, fellow Commissioners?

? No objection.

STRANDBERG: Good, let's hear it.

SIMPSON: (Letter attached. It was read verbatim.)

STRANDBERG: What is this gentleman's name again?

SIMPSON: Lars Eide E-I-D-E

STRANDBERG: Okay, real good.

PRITCHARD: Mr. Chairman?

STRANDBERG: Yes, who is it?

HOPSON: Sig?

PRITCHARD: No, Bill Pritchard.

STRANDBERG: Go ahead, Bill.

PRITCHARD: I would like to call to your attention and have it on the tape that the following people are present in our conference room this afternoon. Mr. Longworth, a citizen of Petersburg; Mr. Stanley R. Edwards, a legal investigator for James F. Petersen; and Mr. James F. Petersen, an attorney. These people are present this afternoon.

STRANDBERG: Okay, Mr. Longworth. Stanley who?

PRITCHARD: Stanley R. Edwards E-D-W-A-R-D-S

STRANDBERG: All right. RCA isn't coming through very well from the capitol today. And the third gentleman?

PRITCHARD: James F. Petersen P-E-T-E-R-S-E-N

STRANDBERG: Fine, very good. Nice to know who's in the audience.

PRITCHARD: And Mr. Longworth is Mr. John Longworth.

STRANDBERG: John Longworth, yes. Okay, Commissioners, we have before us the record of the City of Petersburg annexation petition...

DOBSON: Sig?

STRANDBERG: Yes, is that you Edwin?

DOBSON: No, Jim Dobson.

STRANDBERG: Oh, Jim. Good, I'm glad you're on the line.

DOBSON: Okay, I've been on the line for some time. What is the deal with the audience?

STRANDBERG: They are sitting in, Jim, as if this were our ordinary public decisional meeting, and they are sitting by a conference phone in Juneau.

DOBSON: I see.

STRANDBERG: For the information of the audience, the remainder of the audience here in Anchorage, Community and Regional Affairs Office is composed of Mr. Palmer McCarter, Director of Local Government Assistance, and Mr. Pat Poland, who is running our tape machine.

DOBSON: One more thing, Sig. I didn't receive...I have not received the Gold Streak from Alaska.

STRANDBERG: I'm surprised. They should have had yours there at the counter. In any event, Jim, it is in hands, and I have just received my copy having been too busy to pick mine up at Alaska Airlines here in Anchorage, and we read it over to Commissioners Anderson in Wrangell and Hopson in Barrow.

DOBSON: How long is it, Sig?

STRANDBERG: It four pages, and I would put you to sleep with it, but let me incapsulate what it states.

DOBSON: Sig, don't bother. I've heard the last part of it, and also it came in today at 11:40. It's over there, and, of course, I didn't have a chance to pick it up yet.

STRANDBERG: I see. What it does, in essence, I still want to go over very briefly, Jim. It affirms the \$47,000 figure and differentiates from the \$53,000 figure mentioned at the hearing by virtue of the non-resident students that attend Petersburg schools, from Kupreanof across the Narrows. Sales tax revenue--the City is

standing on its estimate having attempted to acquire more refined information from the business sources that would generate retail sales. On short notice many of the business people were unable to respond; others considered the information proprietary in nature and refused to give any more detailed information, and the City reaffirmed the standing policy of the Department of Revenue not to reveal information from individual accounts, of course, which makes sense. We business people appreciate that confidentiality and would understand it even under these circumstances.

Property valuation--the rationale or the basis used by the City, the 1975 estimate by Mr. Earl Simmons, who is the fee appraiser resident here in Anchorage, increased by an inflation factor of 5% per year, that's compounded 5% per year, and then the indication of the personal property valuation. I would say that the City has done the best that it could on these two questions.

The bonded indebtedness--they stand on that figure. Start-up costs--there's a brief discussion of the mechanics of how the City would transition the area insofar as covering the cost incurred in providing the services. And indicates the Petersburg charter (changing tapes) provision authorizing the issuance of revenue anticipation notes to cover any gap until an area proposed for annexation falls into line with the City budgeting time frame. And then, another discussion as to why the utilities were deleted from that levy. They are self-sustaining utilities.

So, basically, what it does is affirm the figures that they have submitted to us already, Jim.

DOBSON: Nothing on the differential factors, taxation.

STRANDBERG: Let me read you that particular paragraph, Jim. (Paragraph #7 of Jacobson letter read.)

Response, please?

ANDERSON: I have none on this particular part.

STRANDBERG: Jim?

DOBSON: No, I don't have any particular response to that.

STRANDBERG: Okay. Edwin?

HOPSON: No, I don't either, Sig.

STRANDBERG: Okay, at this point, let's take a look at the record itself. I'm satisfied with what is before us that the public hearing was--that the petition was in the proper form and the procedures were adequately noted as evidenced by the hearing notice itself and the posting affidavit, and more over by a very well-attended public

hearing in which we received a lot of very intelligent commentary on the part of the City of Petersburg and affected residents. The petition as a whole, of course, seems to indicate a novel, well not really novel, but a comprehensive approach to municipal government in the Petersburg area in that the petition proposes the accommodation of the entire balance of Mitkof Island, portions of which are obviously remote from the road systems, and it's in that context that we look at the petition in terms of a motion on the matter. Are we at this point, Commissioners, ready to take a vote on this petition? Starting with you, Edwin. Do you feel you're ready to vote on this matter today?

HOPSON: I'm undecided.

STRANDBERG: But you are ready to vote on a motion, is that right, Edwin?

HOPSON: Yes, I'm ready to vote on the motion.

STRANDBERG: Okay, Jo, at this point are you content ...

ANDERSON: Are you talking about the entirety of the petition; I mean, the area that is the petition, the entire island?

STRANDBERG: And Jim?

DOBSON: Jo asked a question.

STRANDBERG: I'm sorry.

ANDERSON: Are we speaking of voting on the entire island as being annexed?

STRANDBERG: We're speaking on our readiness to look at the entire proposal at this point.

DOBSON: Well, I think, Sig, what you're really looking at is any motion concerning the annexing of any portion of the entire island. Right?

STRANDBERG: That's correct, Jim. As long as we're content that we have a full record here and have given that the careful contention that is warranted, we can proceed with an idea and invite a motion at this time from the floor. If I might trace on the nature of the motion, let us do it positively. Make a motion in favor of accepting the City of Petersburg's petition with or without any changes. And, again, the floor is open, Commissioners. Do I hear a motion?

DOBSON: I'm waiting for Jo to make a motion.

ANDERSON: Okay, I'm just trying to decide how to make this motion. I would move that we approve the petition for annexation by the City of Petersburg with these reservations--perhaps I'm not wording this right--if the annex be to the fur farm.

STRANDBERG: And I presume, then, what you would propose is an east-west line at that point? Traversing the island, Jo?

ANDERSON: I'm sorry. I didn't understand what you said.

STRANDBERG: Well, If we went out the Mitkof Highway to the fur farm, and stopped then we would draw a line east and west across the Mitkof Island. Is that the sense of your motion?

ANDERSON: Yes, more or less. The map that I have, I don't have good section lines; I can't give you any real definite section lines on this.

STRANDBERG: Okay, it would be the south boundary of that Section 35 in which the fur farm is. Is that correct, Jo?

ANDERSON: Yes, I believe so. I think that the fur farm is included. It would be across from, from what my map, across a little bit above the green point mark. This is on Exhibit C.

STRANDBERG: All right, you're clear. Is there a second to that motion?

DOBSON: I'll second.

STRANDBERG: Okay, of course the floor is open during the course of discussion to any amendment to that motion, and I think we must bring up the point, fellow Commissioners, on the total City proposal to identify why we might on vote limit our attention to the areas outlined by Jo Anderson. And, Jim, would you like to lead forth on this point?

DOBSON: Sure. I would be opposed to the motion on the basis that both the City and the residents in the city and the residents outside the city each of which are not in favor of that particular motion. The city is interested in annexing the entirety of Mitkof Island for reasons this is coastal management and the people outside the city are opposed to the annexation-- some basically because they don't want to be in the city; some primarily because they didn't like, that there wasn't enough information presented to them in a timely fashion. Similarly, the people, most of which testified to the extent they felt like the information wasn't accurate and wasn't timely. From that, it seems that nobody would be in favor of that annexation as proposed except maybe a few Boundary Commissioners.

STRANDBERG: Ed, up in Barrow. How do you feel?

HOPSON: I don't have the map before me, but visualizing on the map, the only question that I have is are you going northeast on the coast there? That's the motion that covers the

STRANDBERG: It's a little less than half the island which it contains in Jo's motion at this point. What is left out of her motion is the remainder of the highway link portion of the island down to the summer recreational area starting on Summer Straits.

(Tape was changed here. Some words were not audible.)

...and drive straight. It excludes, for instance, the City of Petersburg's hydro plant down on Blind Slough, which is about three

miles beyond where we drove the car when we were down there in Petersburg last week. Ed, any further comments at this point from your prospective?

HOPSON: You asking me?

STRANDBERG: Yes, Ed.

HOPSON: No, I don't have any other comments. That's the only question I have is what the motion covers.

STRANDBERG: Okay, fine.

HOPSON: I think I'm clarified on that point.

STRANDBERG: Right. Now, Jo, I should have let you go first since you made the motion, but let's

ANDERSON: No, there's no second on this motion, so it's dead by lack of a second, is it not?

STRANDBERG: I think, Jo, that Jim seconded it () the conversation, did you not, Jim?

DOBSON: Yes, I did.

STRANDBERG: Yes, okay, so it's properly before us, and go ahead, Jo.

ANDERSON: I'm sorry, I'm not hearing you very well. It's not coming through too clearly. Would you please repeat what you...

STRANDBERG: Jo, if you would go ahead now and speak to your emotions and then I'll follow up as a Commission member myself...my own thoughts.

ANDERSON: All right, fine. My feeling on the motion...the road to the property approximately to the fur farm is about as near urban an area as we can find any place on this island out to the fur farm. We saw the houses were slightly on the...they were getting quite scarce, but there was some housing there. People that I have talked to that were in favor of the annexation and were not necessarily in favor of the whole island felt that this area was more or less urban to this point and that was the reason for my motion.

STRANDBERG: Okay, as chairman, let me take my turn here as a Commissioner, and introduce my thoughts. The southeastern area of Alaska as a whole is largely composed of unorganized borough territory, with city jurisdictions, at least in the smaller communities, assuming most of the local government powers; of course, we have exceptions... the exceptions being the Ketchikan Gateway Borough, the unified Sitka Borough, the unified City and Borough of Juneau, and the Haines Borough. What the City has brought before us here is what at first blush would appear to be a rather ambitious city-type

annexation proposal tempered with a very important provision that a differential taxation in order to attempt to preserve the equities of an annexation so that taxpayers would pay for services reasonably considered to be rendered. The point brought up by the City in support of the larger annexation seems to stem from the fact that the state is finally getting along to the Statehood Act selections of forest lands to which the state has long been entitled. The City, of course, wants to be in line for making some community development related selections from these lands which they are patented to the state to the extent that the state classifies the land as vacant, unappropriated and unreserved or directly identifies them as community development lands.

Secondly, this whole question of coastal zone management which to many of us has appeared for the last year and a half or so is somewhat of a mystery stemming from what the Congress itself is contemplating in terms of coastal zone management. Consequently, some logical spokesman for what happens along the coastal areas in the Petersburg vicinity. I would say that a fundamental problem in Southeastern Alaska is that there are an insufficient number of borough jurisdictions to bond on behalf of interests of communities in relation to prospective entry uses on the coastline. Consequently, the extension of a City jurisdiction coupled with differential taxation may be the best way to go at this juncture because we don't know what the future portends insofar as governmental activity on the federal/state level regarding uses of coastal zones.

At this point I'm going to stop and let you other Commissioners respond to what I've just said.

DOBSON: I'll go ahead, Sig.

STRANDBERG: Yea, Jim.

DOBSON: As I understand what you said, you think at the present time possibly this strip annexation along the road leading out of town down Mitkof Island would be the proper thing to do. Is that correct?

STRANDBERG: Jim, I'm thinking that we ought to be careful in this case limiting our scope of attention to an area such as Jo's outlined. In view of the need to have a community such as Petersburg maintain a strong enough voice and what happens in terms of development along the coastline. I know that sounds kind of nebulous at this particular point, but I think there's enough on the record to indicate the good faith of the City to which, incidentally, the citizens themselves in failing that the Boundary Commission in the future can hold them to would warrant our taking a look at expanding this proposal and voting on the entire balance of the island.

DOBSON: Well, I certainly think that the City has done inadequate preparation for us to consider the entire island, but if we were going to vote on anything I think Jo's proposal would be the proper proposal. I

think that the City is going to have to come to the realization that the entire Mitkof Island probably should not follow the same ordinances undoubtedly should not follow the same ordinances that the present City boundaries do. If they selected under another terminology--maybe a borough with a new set of ordinances that are designed to take care of the wilderness areas rather than in terms of planning and zoning, things concerned about coastal zone management and selection of State lands. I don't think that we can realistically at this time given the information that we have in keeping in mind that we're still not sure from the information that the City has been able to provide us whether or not the residents both inside the City and outside the City, are going to financially benefit from this annexation. I think that they're just premature in looking at the whole island.

STRANDBERG: Thank you, Jim. Edwin, comments?

HOPSON: No, no other comments.

STRANDBERG: Okay. Jo, follow up on that discussion?

ANDERSON: Well, what Jim said just furthered my feelings on the whole thing. I agree with the things Jim said. That is my feeling also.

STRANDBERG: Okay. I want to make sure that our record reflects, and it does now, our concern and attentive ear to what the City is proposing in terms of going for the entire island. I know we Commissioners are concerned that the Petersburg community is a whole which I feel takes in all the residents within reach of that road system. These people are finally concerned about their governmental activity that might act to stimulate or discourage development that has to do with their economic position and viability as a community. Consequently, I felt it important that we look at the fact that there is no other local government jurisdiction other than a City of Petersburg in that vicinity right now, and, of course, a City of Kupreanof across the Narrows. Of course, that same situation holds forth down in Wrangell. I think at this point that you are probably right that a further justification would have to be submitted by the City in order to persuade the Commission on the merits of extending the City boundaries that far out ' the balance of the island.

We have before us the motion to make sure now, Jo, that we have it correctly, and I have the map right in front of me, the master map, and looking on yours, we see the fur farm, and then as you go just below it there's a section line, is that correct?

ANDERSON: My map does not show the fur farm, but I'm sure that you are correct.

STRANDBERG: Fine. Now, the line I'm drawing across the map then on the south section line of 35 and Township 59 South, range 80 East.

PRITCHARD: No, 79 East, aren't we?

STRANDBERG: 1-2-3-4-5-6-7 You're right. 79 East. Range 79 East. What is that--Copper River Mining?

PRITCHARD: Right.

STRANDBERG: All right, now, Bill, are you following me on the map?

PRITCHARD: Yea.

STRANDBERG: All right, now the essence of your motion, Jo, is for the Petersburg City boundary to include all of Mitkof Island north of that southerly section line, the section line just below the fur farm?

ANDERSON: Yes.

STRANDBERG: Okay. Now are there any other problems with the Petersburg boundary in the Wrangell Narrows or Frederick Sound vicinity? Any ambiguities in the legal description? And I'll direct this to Mr. Pritchard.

PRITCHARD: Well, Sig, we have two questions down here. First, let's go west. Are we coming out to the center--is that where you want to come as the original one went of the Narrows, and then following the center of the Narrows?

STRANDBERG: Yes, that's where the City petition goes out to. Is that correct, center of the Narrows?

PRITCHARD: Now on your west side, your extension. What are you going to do on your extension on your west side of the south boundary of T59 S. You're going to extend it how far? It has to be protracted out there.

STRANDBERG: Out to--what would be appropriate? Out to mean low water, I would guess.

PRITCHARD: All right, we're going to mean low water on that then? The extension out to mean low water extends following the mean low water which would be in a northwesterly direction until we come its intersection with the projected center line of Wrangell Narrows.

STRANDBERG: That is correct.

PRITCHARD: Okay. And also note here, Sig, between Sections 31 and 36 we will also put in that little change in there. You see it on the map? 31 and 36?

STRANDBERG: Yes, I do. The range change, William?

PRITCHARD: Yea. Look between 36 and 31 there on 59 South. You see the correction line in there? Don't forget that's in there so we want to be sure to have that in the boundary description. Right?

STRANDBERG: Because you're going to a different range...correct?

PRITCHARD: No, it's just a change that's made. You have some surveyed and unsurveyed territory there...see the little jog there?

STRANDBERG: Okay, I'm following it now.

PRITCHARD: There seems to be a problem up in the north corner, Sig. I was coming along the center line of the Narrows and then coming along to the mean low tide, and the extension of that tide until it intersected the mean low water of the center of the Narrows. Some don't like that description here at all.

STRANDBERG: Well, what would be better?

PRITCHARD: We've got to come over...You have the maps up there, and I haven't got the Petersburg maps here. You'd better look at it there and give me the boundary up there. I'm getting the boundary description book now.

All right. And I'm trying to see what point along the water the current description utilizes. And I see

DOBSON: Sig?

STRANDBERG: Yes, go ahead.

DOBSON: If I may make a suggestion on this deal. It's very difficult for all of us to agree on an exact boundary over the phone.

STRANDBERG: Nevertheless, Jim, I think we're pretty close, and that's what we'll have to do, so it's clear that we're all voting on the same thing. So that nobody can dispute us.

DOBSON: I think you don't want an exact boundary description. What we need is to vote on the concept of the motion and we're going to have to approve...we should approve the thing in writing. This thing over the phone is very, very difficult.

STRANDBERG: Yea, well, we're facing a time frame problem. We have this answer. And we're going to get quickly to that substance, and I wanted to clear this up while we're on the subject without changing it. I think we're going to have to be careful of Kupreanof boundaries, Bill.

PRITCHARD: Yes, but Kupreanof is not going to bother this at all because we measured that completely out. Don't you remember at the time Kupreanof vs. the boundaries of Petersburg, Sig?

STRANDBERG: Fine. Okay, we're going to go along Wrangell Narrows, what the center line of it? Would that be all right?

PRITCHARD: Okay.

STRANDBERG: I think that would suffice and it wouldn't...and mean low water on Frederick Sound, and I think that the facts of the problem.

PRITCHARD: All right. Sig, are you saying that, of course, we're on a rush on this thing, you see, to the extent of getting it in. We'll write a description. Eric will write a description, bringing it up to that point there. We may have to use along the Narrows, along Frederick Sound, ...

STRANDBERG: A protraction?

PRITCHARD: We may have to use from the old one there going along the mean low water of Frederick Sound in a northwesterly direction to the mouth to the center of the mouth of the Wrangell Narrows.

STRANDBERG: That's adequate. That's perfect. Okay. Very good. I think we have before us then the description and now to the meat of it. Any other comments on the motion, please?

DOBSON: Sig? Jim.

STRANDBERG: Yea, Jim.

DOBSON: When you get ready to call the roll, would you have the clerk call the roll alphabetically?

STRANDBERG: Let me get all your names in front of me. I'm getting the file out here so that I have everybody's in front of me. Okay. Now the other item that we should do is look at our annexation standards and I think that the sense of the motion is that the territory included does meet contiguous to the City, important portions of it, of course, all of the area can benefit from municipal services and important portions of it will benefit specifically from the whole range of services provided by the City of Petersburg. There is likelihood of future growth and development of the City in this territory, I think that's satisfactory. I think it shows that the City in its petition has met those specific tests, so are we ready to vote?

DOBSON: One thing before you vote, Sig. I think we need to really analyze what the City has asked for. They did not ask for this annexation that we're about ready to vote on, and also we do have any financial information to be certain that this is going to benefit the people inside and outside the city, and you also said something about the utilities in the area. We need to really understand that until the utilities themselves are a function of the City, that they do sell these services to the people outside the City and they are available on a pay-as-you-go basis. That certainly would be important even if it was annexed.

STRANDBERG: I'm reading on what you're saying Jim. The utilities services of the City of Petersburg are available to any resident and the utility services we're talking about are those that are fully self-sustaining in nature from the user charges as opposed to any mill rate, and should be distinguished from

DOBSON: What you have to realize is that they are not just available to the City residents...they are available to non-city residents on a 100% basis.

STRANDBERG: That's correct. As to the question of the financial aspects of the proposed annexation...the City has, I think, and I'm just going to say in my judgment, made a fair examination of the financial implications short of actually doing a very extensive fee appraisal of the property in a proposed annexation area. In advance of any kind of an assurance to recover that kind of a cost, which would be obviously several thousands of dollars.

DOBSON: Well, I disagree with that, Sig. I think they did a rushed appraisal of cost benefit ratios and that both of the figures were thrown together. We ask that they come back with some more figures that they gave us very little substantiation to support it.

STRANDBERG: Well, again, Jim, and I don't want to appear that I'm going to debate the thing to death. But, there's only so much that a City can produce in terms of information on that sales tax. I doubt whether they could extract it out of the proprietors even in a court proceeding.

DOBSON: I don't think it's just a question of sales tax. I think it's also a question of lost revenue the City just chose to ignore.

STRANDBERG: Well, we go back to the petition, Jim and we look at their figures, and they reaffirm their \$47,000 figure on the school district, and I don't know how they can refine that any better than they have. Or, how we could. ... Are we ready to vote?

Mrs. Anderson

ANDERSON: I vote yes.

STRANDBERG: Mr. Dobson

DOBSON: No

STRANDBERG: Mr. Hopson

HOPSON: I vote yes.

STRANDBERG: Chair votes yes. The motion passes by a vote of 3 in favor, 1 against. Missing and excused, Commissioner Sheila Gallagher, who has been out of town during the month of January.

Anything else, fellow Commissioners? Our direction to our staff is to prepare the recommendations to be presented to the current session of the Legislature to be submitted no later than 9:30a.m. Wednesday of this week.

SIMPSON: Okay, Sig, this is Eric. We don't have to have it in until 4:30p.m. on Thursday.

DOBSON: Right, that's the 19th.

STRANDBERG: All right, fine. Let's modify that then to be sure that the recommendation is logged in by that time that you stated.

SIMPSON: Fine, thank you.

DOBSON: Would you give me a call when you get a chance?

STRANDBERG: Call you? What's your number?

DOBSON: 452-1014

STRANDBERG: 452-1014. Okay, fine Jim. And thank you all. This meeting is now adjourned at 1:50 p.m.

ROBERTSON, MONAGIE, EASTAUGH & BRADLEY

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D A HOLDROCK
J D MILLER (ANCHORAGE)
T A SOFO
W R HULEN (ANCHORAGE)
D E CUADRA (ANCHORAGE)

OF COUNSEL
M E MONAGIE

Eri' Simpson
Local Government Specialist
Dept. of Community & Regional
Affairs
Pouch B
Juneau, Alaska 99811

January 11, 1978

Re: Petersburg Annexation Proposal
L.B.C. Supplemental Information

Dear Mr. Simpson:

This office as legal counsel for the City of Petersburg has been requested by members of the Local Boundary Commission to furnish additional data to supplement the hearing record. This letter constitutes a best efforts basis to furnish that information and it should be mentioned that since a quorum of members were physically present for the hearing, the City of Petersburg waives any objection to the participation in the deliberations by absent member Sheila Gallagher conditioned on her reading of the documentation and listening to the tapes of proceedings at the hearing.

1. Lost School Revenue. The \$47,000 figure submitted by the City of Petersburg as revenue lost from the State for payment of non-resident student tuition is accurate. The figure of \$53,000 mentioned by the protestants at the hearing is based on the last school year (when enrollment was slightly up), coupled with failure to consider that five of the non-resident students are from Kupreanof in which case the non-resident payment from the State would continue in any event. *Miss Courtney Interview Timely*

2. Sales Tax Revenues. The afternoon of January 10, I resolved to follow through the best I could on the request for additional sales tax data. Unfortunately, I report that my worst suspicions about obtaining hard information were confirmed. I instructed Patty Curtiss, secretary to

Erik Simpson
January 11, 1978
Page Two

the City Manager, to call out to all of the businesses and ascertain an estimate of gross sales tax revenues from each of them assuming that they were subject to the City's jurisdiction and imposing a 5% sales tax with a \$1,000 transactional ceiling. She reported back to me mid-morning of January 11, 1978 and advised that her responses fell into three categories. The first category was the "no contacts" where she was unable to contact the proprietor. The second and largest category was composed of those businesses who said they would call back later and one who requested that Patty call them back later. The third category, including the liquor store, flatly refused to divulge any information. The City of Petersburg is not in a position to obtain from the Alaska Department of Revenue the gross revenue figures reported by the various enterprises since that is privileged information. I am not sure that that would do too much good anyway, because I doubt if all of them file business license returns. For example, and the only enterprise on which I can furnish concrete data, specifically the Petersburg Consumer's Co-op, does not file a business license return notwithstanding that our litigation with them over the sales tax revealed that they order four or five shipments per year varying in range from \$14,000 to \$24,000 each. The lumber mill reported that it had no retail sales. The proprietors of the building stores were in the "call-back" category, and Sonny Hicks the owner of the Beachcomber could not be located by Patty. We are unable to furnish any meaningful data on the volume of business in the territory outside of the City to justify either an upward or downward adjustment in the original sales tax revenue estimate of \$149,000.

3. Property Valuation. Taxes on the total real property were calculated at a 7 mill levy against \$6,790,000 on real property and \$250,000 on personal property. As indicated in the earlier submitted "Affidavit re Information Sources", the real property was estimated by the City Clerk's taking and updating an appraisal submitted by Mr. Erroll Simmons in 1975. She used an inflation factor of 5% per year. The personal property valuation was predicated on an estimate of equipment owned by the two major logging companies, Reed Brothers and Olsen & Sons, Ltd. The personal property valuation is conservative. No attempt was made to adjust the real property valuation for senior citizen exemptions and leases of government property which would now be subject to tax.

Erik Simpson
January 11, 1978
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4. Bonded Indebtedness. The City of Petersburg's figures submitted on a separate sheet reciting the general obligation and revenue bond indebtedness are accurate. There have been no bond issues of either kind since June, 1977.

5. Financial Data Generally. To the extent that the City of Petersburg is remiss in submitting financial data to the Commission respecting the fiscal repercussions of the proposed annexation, the broad brush can be attributed to the fact that the City of Petersburg does not have a finance director, and secondly and more importantly, to me as the City's attorney who did not instruct the City Administration to be prepared on that issue any further than the documentation submitted. The reasoning for that was in the three annexation matters which I have previously participated or followed, such data was not requested, nor was I of the opinion that the financial viability of an annexation proposal was one of the standards promulgated in 19 AAC 05.010 or the Alaska Constitution. Inasmuch, however, as an annexation proceeding is a quasi-legislative or political act in contrast to a judicial proceeding, the Commission's concern on that issue is at least understandable.

6. Start-up Costs. The Commission is apparently concerned about the possibility that cost of extending general services circa March 1978 when the Alaska Legislature would approve any proposal would create a financial drain on the City of Petersburg's general fund which was unforeseen, unbudgeted, and could not be made up until the 1979 tax levy. I am strongly inclined to agree with that assessment about a short-term negative cash flow but similarly inclined to discount its magnitude predicated on the knowledge that many of the general services, including extra-territorial fire, police protection and ambulance service have been provided heretofore. In the event of annexation approval and the incurrence of a deficit later in calendar year 1978 and the first part of 1979, the City may issue bond anticipation notes at the time of incurring the deficit according to AS 29.58.070. Alternatively, the City of Petersburg, being a home-rule municipality is not limited to the conventional financing procedures enumerated in the statutes and Sec. 14.1(a)(3) of the City Charter expressly authorizes the issuance of revenue or tax anticipation notes. Moreover, that might not even be necessary since the Legislature's prospective approval of the annexation would be known by the end of February 1978, there is ample time for the City to accommodate any additional expenses foreseen as stemming from the additional services in the annexed area prior to formulation of its budget and adoption of such budget by the June 15 date mandated by Statute.

Erik Simpson
January 11, 1978
Page Four

7. Fifty Percent Tax Levy. The differential tax zones as originally proposed drew a close parallel to those utilized in Wrangell's annexation. Subsequently the Council at a meeting on January 3, 1978 determined that it did not want the tax levy pegged to the utility services afforded since they were at least in theory financially self-sustaining. The City accordingly submitted an Addendum dated January 6, 1978 deleting the tie-in of the tax levy to the utility services, and keeping the 50% tax levy for basic general services and administration. This seemingly comports with the question raised in the January 4, 1978 report to the Local Boundary Commission by the Department of Community & Regional Affairs Local Government Assistance Section wherein it stated:

"The Department raises the question of whether it would be appropriate for the City to collect property tax for the utility functions. The utilities would normally be considered an enterprise function which would be self-supportive from the user rates or surcharges associated with the particular utility."

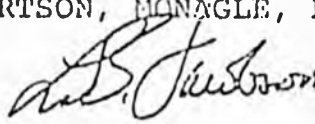
The first year 50% figure is admittedly somewhat arbitrary and would invoke some isolated cases of unfairness. Working from the general 50% zone as a starting point, it was felt by the Council that it would be appropriate for the newly-enfranchised taxpayers to participate in the adjustments and fine tuning respecting the establishment of differential zones in tax year #2 (1980).

I apologize for not being able to furnish you with better data respecting the projected sales tax revenues, but please advise if you think I may be of further assistance.

Respectfully submitted,

ROBERTSON, MONAGLE, EASTAUGH & BRADLEY

By:



L.B. Jacobson

Of Attorneys for the City of Petersburg

LBJ:ss

cc: David Moffat
City Manager

There are many aspects to be considered on annexation of the balance of Mitkof Island to the City of Petersburg before a final decision is made. As the ordinance now reads, if I understand it, I'm absolutely opposed to it.

Firstly, I'm opposed to annexation on a moral basis in that the residents of the area in question do not have any say-so in the process. In fact, even the citizens of the town itself, have no direct vote on the issue. It is a decision of six people on the council controlling the destiny of not only the people now living inside the present city limits, but also those living without. I am quite sure that if a poll were to be taken, those people living outside of the present city would vote 90% to 95% against annexation. To be not able to control your own destiny, is not the democratic way of life as we have known it in this great land of ours.

Now for the hard facts of the cost of this monstrosity, I'm quite sure that in the final analysis, it will actually cost the present residents of Petersburg more than if the area in question is not annexed.

As I understand it, the schools would lose about \$53,000.00 in state funds, which is paid to the schools for those children living outside the city. This is a considerable amount, and if the grapevine telegraph is correct, the present school administration is opposed to the move because of the loss of such a sum.

If we were to be annexed, there are services that must be provided. The two main services involved are water and sewer. Looking at the present high cost of construction, I'm quite sure that these two services can not be provided for less than \$7,000,000. And these are the two main services of any city!

Another service that must be provided is fire protection and there is not any way under the sun to give fire protection without an adequate water system, with hydrants located within reasonable distances of all homes. Also there must be a fire engine located within the area involved. Even though the City of Petersburg has the best volunteer fire department in the state, it is impossible to get true protection where the fire engines are located 1½ to 38 miles from the areas to be protected.

While on the subject of protection, let us go into police protection. To be properly policed and patrolled in the area that we are talking about, another police car would be needed, as well as three or four patrolmen. I'm sure that all we could get in the line of patrol, would be one or two tours per night if the police force were not increased and another police car not added to the fleet. Then also, while this area was being patrolled, the City itself would not be having any protection what-so-ever. Now all of these so-called services would be costing you and I, the tax payer, more money.

Now if this business of annexation is to increase the tax base in order for the city to go in debt farther through bond issues, then I'm very much opposed to

annexation which I'm sure all clear thinking citizens of Petersburg would also be. It must be realized that all bond issues must be re-paid and the only way to repay those debts is by higher taxation. It must be very clear that the residents of Petersburg are highly incensed and opposed to paying more taxes.

In another area of services that are rendered, let us take the hospital for instance. From what I've been made to believe, it is on a paying basis. Perhaps it is not making a huge profit but nevertheless it is paying its own way. I'm quite sure that the Scow Bay residents who use this facility pay for the care given them and that because of the added revenue that is brought in, they help support and make this a going and profitable operation.

Now we will go into the operation of the power and light department. If we are to be annexed, the city will lose the surcharge that is added to our monthly bill. This alone will amount to a considerable amount of monies when added up at the end of the year. It must be remembered that the power lines from the Blind Slough hydroplant go through this area. Also if the area is annexed, I would presume that the city would put in street lighting of sufficient luminosity that we would have a well lighted street at all times. Personally, I would hate to pay for the capital expenditure plus the cost of energy on this operation.

It has been noted by some people that we would not receive all of the services and that we would be taxed only in proportion to the services that we receive. If so, what services will we receive? And also, will the taxes be arbitrarily set on these services? And will the taxes to pay for the administration and clerical work of these services be in proportion to the taxes paid by the city residents. If, for instance, we do not receive sewer or water, will we be taxed for administration of those services within the present city?

As another item of interest, it might be well to remember that the businesses that are bringing new monies into the area at all times, are the businesses that would be hardest hit by these taxes. With the timber industry in its present unsettled state, it would be almost criminal to saddle an industry with new taxes. Something like this might be the "straw that broke the camel's back" and there would be 40 to 50 men on unemployment rolls. And if that should happen there would be no monies coming in with which to pay taxes.

Again let me impress upon you the loss of state school funds, the added capital costs and maintenance of the services if and when provided. Also bear in mind that those people living outside of the present city limits did so at their own choosing, which is the great American way of life. Let us have a democracy where people control their own destiny and way of life. This is a moral issue concerning the very roots of democracy.



Lars Eide, P. O. Box 842, Petersburg, Alaska

OK

SENATE COMMUNITY AND REGIONAL AFFAIRS
COMMITTEE

FEBRUARY 16, 1978

Present: Chairman Orsini, Senators Willis and Hackney. Bruce Aronson; Doug Griffin.

Absent: Senator Sumner and Senator Ferguson

The meeting was called to order by Chairman Orsini at 3:10 PM.

STRANDBERG CONFIRMATION

Chairman Orsini asked if Committee members wished to hold separate confirmation hearings on the reappointment of Sigvald Strandberg to the Local Boundary Commission. Committee members expressed the view that they were familiar with Mr. Strandberg's work on the commission and did not believe that separate hearings would be necessary.

PETERSBURG ANNEXATION (SJR - 40)

Chairman Orsini drew the members' attention to a SC/RA staff study analyzing the economic effects of the recommended annexation of land by the City of Petersburg. He noted that the figures indicated the probability of the City's expenses and new revenue from annexation balancing out, provided the City maintained its present level of services to the annexed area.

Senator Willis noted that the Boundary Commission could have held an advisory election in Petersburg to determine local support for the annexation but that the legislature had no authority to instruct the Commission.

Pending action by the House CRA Committee, Committee members agreed to hold action on SJR 40 unless the members wished the issue to be brought up again for discussion.

COASTAL ZONE MANAGEMENT

Chairman Orsini said that the Guidelines and Standards for the Alaska Coastal Management Program would require a detailed review if the Committee wished to deal specifically with the many points being raised regarding the implementation of the Coastal Management Program.

Senator Hackney said that he was impressed by the Petersburg situation where one of the motivations for annexation was a desire to secure local control over the coastal management of Mitkof Island.

The Committee members expressed their desire to undertake a sectional review of the draft Guidelines and Standards.

OTHER

Chairman Orsini discussed with Committee members the status of CSIB 133 before the House Finance Committee and its Senate counterpart,

CSSB 241.

The Chairman also informed members about the provisions of SB 501 pertaining to binding arbitration and stated that he intended to schedule hearings on the bill within two to three weeks.

Chairman Orsini called an executive session of the Committee to discuss Budget and Audit Committee actions with respect to Coastal Management.

The meeting was adjourned at 4:00 PM.

Other

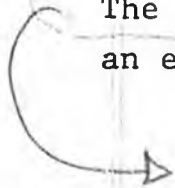
discussed with

Chairman Orsini ~~briefed~~ ~~briefed~~ Committee members ~~on~~ the status of ~~H~~ CSHB 133 before the House Finance Committee and ~~of~~ its Senate counterpart, CSSB 241.

The Chairman also informed members about the provisions of SB 501 pertaining to binding arbitration and stated that he intended to schedule hearings on the bill within two to three weeks.

The meeting was adjourned at 4:00 PM, and Chairman Orsini called an executive session of the Committee to discuss coastal management.

*Budget and Audit Committee
actions with respect to*



F, 512-40

Ed Lapeyri
Post Office Box 89
Petersburg, AK 99833
February 18, 1978

Senator Joseph Orsini, Chairman
Community & Regional Affairs Committee
Room 101, Assembly Bldg.
Juneau, AK 99811

Re: Local Boundary Commission's Recommendations
Re Area To Be Annexed To Petersburg

Dear Senator Orsini:

I am a resident, registered voter, taxpayer, property owner and citizen of the City of Petersburg.

The City of Petersburg petitioned the Local Boundary Commission of the State of Alaska to annex to said City of Petersburg all of Mitkof Island, an additional area of approximately two hundred eleven square miles, an area one hundred times larger than the existing area of said city. The Local Boundary Commission in turn recommended to you that a portion of the area petitioned for be annexed to the City of Petersburg. I have reviewed the petition and all exhibits attached to the petition as a concerned citizen and taxpayer of the City of Petersburg. The recommendations of the Local Boundary Commission, based upon the information contained in said petitions and exhibits and the testimony in favor of the annexation or any expansion of the existing boundaries of the City of Petersburg would be ill-founded and based on substantially erroneous information and projections which will cause irreparable harm and injury to the City of Petersburg and its citizens.

I have spent a considerable amount of time reviewing, analyzing and verifying the information and projections contained in the petition, exhibits and the presentation made by the five people speaking in favor of the annexation at the public hearing held by the Local Boundary Commission in Petersburg on January 9, 1978. That data in brief summary is erroneous and misleading in the following particulars:

- 1) House-to-house survey of the population to be annexed is 437. The city utilized a figure of 514, which is 15% off. This figure has been further reduced by the change of boundary recommended by the Local Boundary Commission to 402, this figure is now 20% off.

2) City figures given at the public hearing indicated a \$1.00 per month increase in power rates after annexation takes place. The actual figures show the increase will be \$2.26 per month. The city's figure is 126% in error.

3) It would take approximately three million dollars in retail sales under \$1,000 each to generate the \$150,000 in sales tax revenue as the city engineer stated at the public hearing. City ordinance stipulates that sales tax can be charged only on sales up to \$1,000 on any one sale. Any amount above \$1,000 on any single sale is tax exempt.

4) I personally interviewed the business establishments outside the existing city limits who would be subject to sales tax in the event of annexation, I find that the amount collected would not exceed \$50,000. Again, the city's figures are off by 300%

It was obvious to the public that the city's facts and figures as presented at the public hearing were erroneous to the extent that the Local Boundary Commission requested the city for more accurate figures. I have tried to obtain these new figures but have been denied access to this information. In fact, the city attorney instructed city employees not to discuss any matters pertaining to annexation with the public.

On the 26th day of August, 1975, an election was held in the City of Petersburg and included in said election was an annexation proposal to expand the existing boundaries of the City of Petersburg. Said proposition was strongly defeated by the voters of the City of Petersburg with 279 voting against annexation and only 73 voting for annexation.

I attended the public hearing on the 9th of January, 1978, and the participants, by a show of hands, indicated that they were clearly opposed to any proposed annexation. I personally counted the people in the council chamber, excluding Boundary Commission members, and there were 98 people in the council chamber and additional people in the hallway who were coming and going. Of the 98 people in the chamber room, 11 indicated approval of the proposed annexation or expansion of the city boundaries and the remainder indicated disapproval. Of the 11 people indicating approval, at least 5 were city employees and council members. The majority of the people who testified against annexation at this meeting were residents from within the city limits.

The notice of the public hearing given by the Local Boundary Commission stated that all written materials were to be submitted by January 5, 1978; however, the proponents of the boundary change submitted additional written materials on

the night of the hearing and, as stated previously, continued to submit undisclosed materials after that time. At the conclusion of the hearing, the chairman announced that the evidence was all in and that the Commission would make its decision on the evidence which had been submitted. The additional information submitted to the Commission since that time is contrary to that announcement and deprives the citizens of Petersburg of substantial rights.

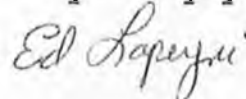
I also attended the hearing on the ordinance pertaining to the petition to be submitted to the Local Boundary Commission. There were 75 people who attended that hearing, which was held on November 21, 1977. To the best of my recollection, of the 75 people who attended the hearing on the ordinance, only one person, a city employee, testified in favor of the ordinance. The public input on the annexation question before the city council, the Local Boundary Commission, and the actual election returns, all make it clear that the overwhelming majority of the citizens of Petersburg are presently opposed to any expansion of the existing boundaries of the City of Petersburg. Any recommendation for such expansion of the boundary would make a mockery of the public hearings and the public input on said issue and, as previously stated, will cause irreparable harm and injury to the residents and citizens of the City of Petersburg.

The two remaining required readings and the public hearing of the proposed ordinance, Ordinance #381 of the City of Petersburg, without any public notice, were all accomplished on the same night, November 21, 1977. The whole thing was accomplished within hours, including "Goldstreaking" the petition to the Department of Community and Regional Affairs.

After we learned of the recommendation of the Local Boundary Commission, we circulated petitions in Petersburg and in three days time we obtained 543 signatures of the adult residents of Petersburg. For your information, the normal voter turnout in Petersburg for a general election is approximately 500 people.

I respectfully request that you and your fellow legislators show to the people of Petersburg that the wishes of the people should not and cannot be ignored, and that you pass a Concurrent Resolution rejecting the recommendations of the Local Boundary Commission on the Petersburg annexation.

Very truly yours



ED LAPEYRI

F: SJR
40

John E. Longworth
Petersburg, Alaska 99833
February 14, 1978

Senator Joseph Orsini, Chairman
Community & Regional Affairs Committee
Room 101, Assembly Building
Juneau, Alaska 99811

Re Local Boundary Commission's Recommendations
Re Area To Be Annexed To Petersburg

Dear Senator Orsini:

I am most aware of the tremendous and perplexing problems facing this second session of the Tenth Legislature; therefore, it is somewhat embarrassing for me to have to write to you and request that you take the time to aid and assist us in settling what should be a very local problem in our island community of Petersburg. This is a problem that could have been settled, and should have been settled, without any fanfare, and I have no doubt that it would have been settled had it been presented to the people of the Petersburg area on a timely and reasonable basis.

I have been a resident of Alaska since December of 1940, and a resident residing within the existing boundaries of Petersburg since September of 1941. I served on the local city council at various times and I also served in the first, second, and third sessions of the Alaska Legislature, so I am not totally unfamiliar with government and governmental processes.

As is the case with the great majority of Alaskans, I am violently opposed to the treatment that our state is receiving on the D2 Land issue. Alaskans are being given no opportunity to have any say in determining the settlement of a problem which is purely one involving our own state.

A parallel situation, however in reverse, exists in reference to the petition presented by the city council to the Local Boundary Commission and the Local Boundary Commission's recommendation to the legislature regarding the annexation of land outside of the existing city limits of Petersburg. These things were all accomplished without giving the people of Mitkof Island, and particularly in Petersburg, a chance to express their concerns and views, not even in that most democratic manner--the ballot box.

The city administration and the city council have refused to respond to direct questions as to what the residents, either inside or outside the city, may expect in the way of increased costs of operation of municipal government, increased services, including utilities, and any other impact that this proposed annexation may have upon our community.

The petition prepared by the city administration and under the direction of the city council did have several points which they alleged were the basis for their requesting that all of Mitkof Island be annexed to the City of Petersburg. These were such things as, coastal zone management of the whole area; recreational areas, such as the Three Lakes Recreation Area and the Blind Slough Recreation Areas, the Crystal Lake Hydroelectric Watershed, and several other allegations which would supposedly be beneficial to the community. The recommendations of the Local Boundary Commission to the legislature, however, basically eliminated these things that the City of Petersburg was allegedly seeking by petitioning for this annexation.

I happened to be in Juneau on the 16th of January and stopped by the Department of Community and Regional Affairs office and made inquiry of what decisions the Local Boundary Commission had made. Mr. Pritchard of that office informed me that the Local Boundary Commission had not yet made a decision; however, they were going to have a telephonic conference that afternoon and they would make a decision at that time. He informed me that it would be on a speaker phone in their conference room and I was most welcome to listen in to the decisional meeting as all meetings of the Local Boundary Commission were open to the public. I informed him that I would be happy to listen in on that meeting. I arrived at the appointed time and heard the telephonic conference of the Local Boundary Commission's decisional meeting on the Petersburg matter. When the Local Boundary Commission had held their public meeting on January 9 in Petersburg, they had informed the public, both by the notices posted and at the meeting itself that all written statements or information pertaining to the annexation question had to be submitted by January 5 and that all testimony would be taken on January 9 and then based upon this information, they would arrive at a decision. As it developed in the telephone conference meeting, the city had submitted additional documentation contrary to the notices and public announcement in a lengthy letter from the city attorney. This letter was read in its entirety to the members of the Commission. Apparently this letter and other materials had been sent by Gold Streak by the Department of Community and Regional Affairs to the five commissioners; however, it came out during the conference that two

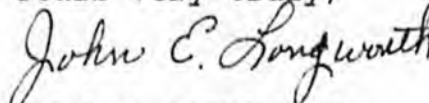
Senator Orsini
February 14, 1978
Page 3

of the commissioners had not received the material and did not have any of the material in front of them at the time of the telephone conference. The credibility and insufficiency of the information supplied to them was discussed, then by a motion of one of the commissioners, they arbitrarily chopped off seventy-five percent of what the city had requested in their petition and then had a lengthy discussion upon the boundaries of this area, and moved for a vote on the annexation as amended by that motion. Commissioner Gallagher was not in on this conference call and did not partake in the deliberations. Commissioner Anderson from Wrangell and Commissioner Strandberg from Anchorage voted in favor of the annexation, Commissioner Hobson said he really did not know too much about it but would go along with Anderson and Strandberg, and Commissioner Dobson from Fairbanks stated that he thought they had rushed into this matter too quickly and that they had not been supplied adequate or sufficient information upon which they could make a rational decision regarding this petition and voted "No"; so the motion was carried by three of the five commissioners voting in favor of the motion. Needless to say, I was shocked and appalled at the casualness of this meeting which basically was in utter disregard to whatever impact their decision might have upon the community of Petersburg.

The Constitution of the State of Alaska expresses great faith in the area of local government. The residents of the Petersburg area and Mitkof Island are not looking for any exceptions in either state law or regulations. We desire to have our local matters decided through the medium of majority voting, in so doing we are in no way infringing upon others. The city administration and city council of Petersburg suddenly decided that they were going to present an annexation petition to the Local Boundary Commission and to the legislature, and took the attitude that the people of the Petersburg area did not know what was good for them, and that "Big Brother" knows best and that they would ram their decision down our throats.

For the foregoing reasons, I and my fellow Petersburg residents respectfully request that the House and Senate take appropriate action and pass a concurrent resolution rejecting the recommendations of the Local Boundary Commission in reference to the Petersburg annexation. Let me take this opportunity to thank you for taking the time to review my letter, and I know that I express the concerns of the vast majority of the Petersburg residents in making this request to you. Your consideration of preserving the democratic method of conducting government would be appreciated. Thank you.

Yours very truly,



JOHN E. LONGWORTH

LIST ING OF BUSINESSES OUTSIDE PRESENT PETERSBURG CITY LIMITS
BUT WITHIN PROPOSED ANNEXATION BOUNDARIES:

McGill's Trailer Court

Burrell's Trailer Court

Big Jim's Cafe

Mike's Welding

Billiken Transfer

Lyndon Transfer

Norheim Building Supply

Scow Bay Building Supply

Petersburg Consumers Cooperative

Cow Bay Liquor Store

Beachcomber Inn

Mitkof Lumber Company

Foss Alaska Dock

Mountain Point Sales and Service (gas station)

Homer Construction

Olson Logging (however, offices are within city limits)

Ben Harding

2-9-78

F: SJR

40

Dear Senator Rader:

I am on the Board of Directors of the Petersburg Indian Association and have been a resident of the City of Petersburg all my life and have been authorized by unanimous vote of the Board to appear and protest to the Legislature any extension of the boundaries of Petersburg. The members of the Petersburg Indian Association are strongly opposed to the recommendations of the Local Boundary Commission to the Legislature of the State of Alaska concerning the extension of the boundaries of the City of Petersburg.

The Petersburg Indian Association was formed because of the various Alaska native groups, including the Tlingit-Haida Central Council, the Alaska Native Brotherhood, the Alaska Native Sisterhood, and Sealaska Corporation, which had programs to be administered within the Petersburg area. The Petersburg Indian Association is a combination and serves and represents all Alaska native programs administered in the Petersburg area. There are approximately one hundred eighty-five (185) adult members in the Petersburg Indian Association, all of whom are residents residing in the existing City of Petersburg.

The Petersburg Indian Association has reviewed the petition submitted by the City of Petersburg to the Department of Community and Regional Affairs for the annexation or expansion of the existing city limits of Petersburg and the recommendations of the Local Boundary Commission to the Legislature. The Petersburg Indian Association is strongly opposed to any expansion of the existing city limits of Petersburg.

The existing tax base for the City of Petersburg, including real property taxes, sales taxes, and utility charges is extremely high and before any of the existing utilities are expanded to additional areas, and before any additional police and fire protection services are expanded to additional areas, it appears to the Petersburg Indian Association that steps should be made to improve and reduce the charges to the existing residents within the present city limits of the City of Petersburg. The cost of expanding utilities and services to any additional areas could only be met by additional taxes far and above these which would be generated through the annexation of the additional area.

I was employed for eight (8) years as a dispatcher for the City of Petersburg Police Department, having left that position approximately one (1) year ago. In reviewing the petition of the City of Petersburg for additional areas to be annexed I noted the number of emergency medical treatment calls that they attributed to

areas outside the existing city limits. Based upon my own observations and experience, by far the vast majority of these calls would have been to the Petersburg Municipal Airport or to the float plane charter services operated in and out of Petersburg, bringing injured or sick persons from other areas to receive treatment at the Petersburg hospital.

The existing fire equipment is inadequate to serve outlying areas without the addition of water lines and hydrants as the present tank trucks or pumper trucks would not be sufficient to fight any major fire without fire hydrants being located in the immediate vicinity.

If police protection is to be afforded in the additional annexed area it will require that at least one additional squad car be added to the existing police force and at least four (4) officers, one for each shift and one as a relief officer. The existing bonded indebtedness of the City of Petersburg is the highest per capita in the State of Alaska. It would seem apparent that if additional services and utilities are afforded to areas outside the existing city limits, that the only way this could be accomplished would be by incurring additional bonded indebtedness which would place an undue burden and hardship on the taxpayers and residents of the City of Petersburg. This is particularly true of our native residents who for the most part are employed on a seasonal basis, which severely limits their income and ability to pay any additional taxes or utility charges.

Before any additional areas are added to the City of Petersburg, the Petersburg Indian Association and myself feel that definite steps and improvements should be made within the city limits to reduce the taxes and improve existing services and utilities, particularly the electric utility services which, in my opinion, are the highest in the State. Presently people outside of the existing city limits of Petersburg pay a surcharge on top of their electric service charges for being rendered that service by the city; however, if these areas are included in the city this surcharge would be lost, and the only way that this could be made up is by adding to the already high electric service charges being taxed on the residents of the City of Petersburg.

For these reasons, the Petersburg Indian Association respectfully requests that the Senate and the House of Representatives pass a concurrent resolution rejecting the recommendation of the Local Boundary Commission.

Respectfully,
Gertrude B. Lyons
Gertrude B. Lyons

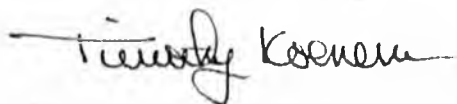
SENATOR JOE ORSINI
SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
ALASKA STATE SENATE
CAPITOL BUILDING
JUNEAU, ALASKA 99811

DEAR SENATOR ORSINI,

PLEASE ACCEPT THIS ENCLOSED XEROX COPY OF A LETTER
TO REPRESENTATIVE LISA RUDS FOR TESTIMONY CONCERNING
THE ANNEXATION PETITION FOR THE CITY OF PETERSBURG,
WHICH IS BEFORE YOUR COMMITTEE.

I HOPE THIS LETTER IS RECEIVED IN SUFFICIENT TIME
TO BE ENTERED ON THE PUBLIC RECORD AND THANK
YOU FOR YOUR CONSIDERATION.

RESPECTFULLY,



TIMOTHY KOENEHAN
P.O. BOX 1324

PETERSBURG, ALASKA 99833

REPRESENTATIVE LISA RUDD
HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
ALASKA STATE LEGISLATURE
POUCH V
JUNEAU, ALASKA 99811

REF: CITY OF PETERSBURG ANNEXATION PETITION.

DEAR REPRESENTATIVE RUDD,

PRIOR TO PRESENTING MY VIEWS ON THE CITY OF PETERSBURG ANNEXATION PETITION I DESIRE TO PRESENT SOME COMMENTS CONCERNING MY RESIDENTIAL STATUS. FROM JUNE 1971 THROUGH SEPTEMBER 1973 I RESIDED WITHIN THE PRESENT PETERSBURG CITY LIMITS. FROM OCTOBER 1973 THROUGH SEPTEMBER 1974 I WAS ATTENDING SCHOOL IN OREGON (OCT-APR) AND WORKING IN KETCHIKAN (APR-AUG). FROM NOVEMBER 1974 TO THE PRESENT I HAVE RESIDED ON PROPERTY ADJACENT TO SANDY BEACH ROAD WHICH IS APPROXIMATELY 500 FEET OUTSIDE THE PETERSBURG CITY LIMITS. MY FAMILY UTILIZES CITY AND STATE ROADWAYS; THE SCHOOL SYSTEM SWIMMING POOL, FOR WHICH WE PAY ENTRY CHARGES; LOCAL BUSINESSES, AND PAY SALES TAXES; SUPPORT THE COMMUNITY WITH VOLUNTEER HELP, IN THE LITTLE NORWAY FESTIVAL AND PETERSBURG VOLUNTEER FIRE DEPARTMENT; AND DO NOT BELONG TO THE GROCERY COOPERATIVE, WHICH CONTAINS MANY PETERSBURG CITY RESIDENTS AND DOES NOT

PROVIDE SALES TAXES TO THE CITY.

I CONCUR WITH THE CONCEPT OF ANNEXATION, PARTICULARLY ANNEXATION OF THE SANDY BEACH AREA. IT IS NOT LOGICAL THAT TWO GOVERNMENTAL UNITS (CITY AND STATE) SHOULD EXIST IN SUCH A CLOSE KNIT COMMUNITY. HOWEVER, THE MEANS THE CITY ADMINISTRATION HAS UTILIZED TO REALIZE ANNEXATION IS NOT, IN MY VIEW, IN THE BEST INTEREST OF RESIDENTS OR "NON-RESIDENTS." MY PRIMARY CONCERN IS THE APPARENT LACK OF FISCAL RESPONSIBILITY EXHIBED BY THE CITY ADMINISTRATION. I AM AWARE OF NUMEROUS UNSUBSTANTIATED RUMORS RELATING TO FISCAL RESPONSIBILITY AND OFFER ONLY THE ENCLOSED HEADLINES OF THE PETERSBURG PILOT, VOL 5, NO. 5, 1/1/78 FOR SUPPORT "AD HOC COMMITTEE HEARS ITS FIRST TESTIMONY - CITY LOAN DELINQUENT". MANY INDIVIDUALS MAINTAIN THE CITY IS ATTEMPTING TO EXPAND ITS BONDING BASE IN AN ATTEMPT TO RECTIFY EXISTING FISCAL PROBLEMS. I HAVE NO WAY TO EVALUATE THE TRUTH OF THAT STATEMENT. I DO NOT HAVE TOTAL TRUST IN WHAT SOME CITY OFFICIALS ARE PRESENTING, AND IT IS BECOMING MORE APPARENT THAT CITY RESIDENTS EXPRESS SIMILAR DISTRUST (SEE PETERSBURG PILOT, PAGE 2 - LETTER TO EDITOR BY REV. BATEMAN-COOPER; PAGE 4 - AD HOC COMMITTEE EXPLAINS PURPOSE; PAGE 7 - COUNCIL FUMBLES BALL AGAIN; PAGE 9 - COUNCIL APPROVES FORMATION OF AD HOC COMMITTEE). IT IS INTERESTING

TO NOTE THAT THE (PREVIOUS) CITY MANAGER DAVID MOFFAT HAS BEEN ASKED TO RESIGN, AND THE CITY COUNCIL IS APPARENTLY NOT REPRESENTING THE VOTING CONSTITUENT IN SOME ACTIONS. ESPECIALLY IN PETITIONING ANNEXATION IS SUCH A MANNER THAT THE ELECTORATE, AND THOSE INDIVIDUALS BEING ANNEKED, HAS BEEN DENIED THE OPPORTUNITY TO EXPRESS THEIR VIEWS THROUGH THE VOTING PROCESS.

MY PERSONAL DISTRUST HAS OCCURRED FROM SPECIFIC INTERACTIONS WITH CITY OFFICIALS. I REQUESTED, AND WAS GRANTED, WATER AND ELECTRICAL SERVICES FROM THE CITY. MY WATER RATES ARE TWICE THOSE CHARGED FOR LIKE IN-CITY SERVICE. MY ELECTRICAL RATE INCLUDES AN APPARENTLY ARBITRARY (MY VIEW) "SURCHARGE" WHICH IS NOT APPLIED FOR LIKE IN-CITY SERVICE. THE ELECTRICAL LINES SERVICING MY RESIDENCE AND ADJACENT "OUTSIDE" NEIGHBORS ARE TECHNOLOGICALLY INFERIOR TO THOSE UTILIZED WITHIN THE CITY LIMITS. DURING THE PAST YEAR THESE LINES HAVE BEEN RESPONSIBLE FOR THE DESTRUCTION OF THE ELECTRIC MOTOR AND COMPRESSOR OF MY CHEST FREEZER (REPLACEMENT COST \$467.00) PLUS TWO OTHER FREEZERS AND ONE FURNACE MOTOR OF MY NEIGHBORS. NEITHER MYSELF OR MY NEIGHBORS RECEIVED RESTITUTION FOR REPLACEMENT OF DESTROYED APPLIANCES WHEN WE COLLECTIVELY PETITIONED THE CITY. THE CITY'S POLICIES ARE SUFFICIENTLY VAGUE TO FACILITATE PLACEMENT

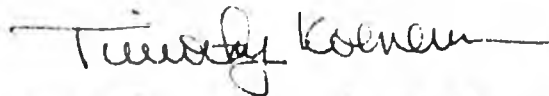
OF RESPONSIBILITY AS EXTERNAL TO THE CITY. THE ELECTRICAL LINES REMAIN IN PLACE, EVEN THOUGH THE CITY REALIZES THE INFERIORITY OF THE LINES (WM. MEARIG, ELECTRICAL SUPERVISOR, PERSONAL CONVERSATION), THUS THE "OUTSIDE" RESIDENTS ACTUALLY PAY MORE FOR INFERIOR SERVICES. THE CITY ADMINISTRATION HAS NOT PRESENTED SHORT OR LONG TERM PLANNING DOCUMENTS (TO INCLUDE FISCAL ESTIMATES) TO INFORM THE "OUTSIDE" RESIDENTS OF FACILITIES OR SERVICE IMPROVEMENTS THEY MIGHT EXPECT TO RECEIVE FROM ANNEXATION --AND THE ASSOCIATED PROPERTY TAXES. NEITHER HAVE DOCUMENTS ESTIMATING ADDITIONAL COSTS TO CITY RESIDENTS BEEN PRESENTED.

IN CLOSING, I AGREE WITH THE CONCEPT OF ANNEXATION BUT DISAGREE WITH THE MEANS EMPLOYED IN THE PETITION IN QUESTION. IT IS APPARENT TO ME THAT THE CITY ADMINISTRATION HAS NOT DEMONSTRATED FISCAL RESPONSIBILITY, OR ELECTORATE RESPONSIBILITIES. IT IS DIFFICULT TO SUPPORT ANNEXATION WHICH HAS BEEN PRESENTED BY AN ADMINISTRATION WHICH ITSELF IS IN A HIGH STATE OF UNREST. IT IS DIFFICULT TO SUPPORT ANNEXATION WITHOUT THE OPPORTUNITY TO VOTE ON THE ISSUE ITSELF. IT IS DIFFICULT TO SUPPORT ANNEXATION WITHOUT A PLANNING DOCUMENT IDENTIFYING THE IMPACTS OF THE ISSUE WITH PARTICULAR EMPHASIS ON FISCAL

ISSUES.

THANK YOU FOR THE OPPORTUNITY TO PRESENT
MY THOUGHTS. I TRUST THIS COMMUNICATION WILL
ARRIVE IN SUFFICIENT TIME TO BE INCLUDED IN
THE PUBLIC RECORD.

RESPECTFULLY,



TIMOTHY KOENEHAN

P.O. BOX 1324

PETERSBURG, ALASKA 99833

C.C: SENATOR JOE ORSINI, CHAIRMAN
SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
JUNEAU.

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.



Official Business

Alaska State Legislature

Senate
Committee on
Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

January 27, 1978

Mr. Sigvald Strandberg
Chairman
Local Boundary Commission
7235 Blackberry
Anchorage, AK 99502

Dear Mr. Strandberg *Sig*

Further to your telephone conversation this morning with my Administrative Assistant, I would like to invite you and any other members of the Local Boundary Commission to attend the hearings which the Senate Community and Regional Affairs Committee will be holding in regard to your recommendations on the proposed annexations by the Cities of Skagway and Petersburg and the Haines Borough.

The committee meeting is scheduled for 3:00 P.M. in Room 100 of the Assembly Building Tuesday, February 7, 1978.

I look forward to seeing you and any other Commission members who wish to attend at that time.

Sincerely,

Joe Orsini

Joe Orsini
Chairman
Community and Regional
Affairs Committee

JO/tb



Official Business

Alaska State Legislature

Senate
Committee on
Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

January 31, 1978

Mr. John R. Edwards
Mayor
City of Skagway
P.O. Box 415
Skagway, Alaska 99840

Dear Mr. Edwards:

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