

HB

383

## DEVELOPMENT CITIES

*See continuation  
of file # 8733  
CRA File  
7/7/78*

Chapter 22 includes maximum participation by state agencies in review, guidance, financial and program assistance, but gives major control to the development city. The development city has all the powers of a regular general law city of its particular class.

There is no clear designation of the responsibilities of the developer, financial or otherwise, except that he must present an approved local hire agreement as a prerequisite to incorporation, and he must show satisfactory contracts for company products to show that the whole project should succeed.

### State participation:

- 1) Council, membership includes Commissioner of DC&RA  
Members appointed by Governor and serve at his pleasure.
- 2) State review of preliminary planning.  
(Doesn't say anything about consistency with state regulations, though I suppose that is implied.  
Doesn't say anything about the final comprehensive plan.  
Doesn't say who will pay for either the preliminary plan or the comprehensive plan. Just says the city shall do it. So, it seems within the city's prerogative to approach the state for at least partial funding.)
- 3) State review of contracts for sale of company products before city can proceed with capital plans. This seems to be the major limitation on the city.
- 4) State to participate in local hire agreement with developer e.g., recruitment, vocational training, relocation assistance...
- 5) State agencies to look out for funds to help finance city's capital improvement program.
- 6) Revenue sharing program, state land selection.

### Major control and options to City:

- 1) Time limits provided for all state action, but none designated for city.
- 2) All provisions of Title 29 apply where consistent with Chapt. 22  
Thus city has all the powers and prerogatives of a general law city.
- 3) Council acts as own housing and urban renewal authority.
- 4) At least 2 council members represent the developer.

### Differences from regular cities:

- 1) Council is 5 members instead of 6 or 7  
Appointed by governor - 1 mbr = Commissioner of DC&RA  
- 4 public members
- 2) Exec. Dir. appointed by Council instead of Mayor  
Has all powers of executive under Title 29  
so he can be manager and mayor

The Development City concept by itself changes the values and practices that have built our free enterprise system.

In the past, the self sufficient family farm has been accepted as the necessary first step to developing an economy in undeveloped land.

The Development Cities Act, on the other hand, allows major developers to control and develop large resources with no concern or participation to the family unit who seeks (now more than ever) the security and satisfaction of being self supporting and controlling their own destiny.

My wife and I on that basis alone object to development cities entirely.

In my presentation this morning, however, I will approach the Act solely from the viewpoint of protecting Alaska interest within the Development City context.

The law in general must separate clearly the city and the developer and their relationship to each other, allowing the city to be an entity in itself, open to the general public and commerce.

29-10-220 LEGISLATIVE FINDING

We now have new information from Afognak City's first attempt. This information has created new questions that are not adequately dealt with under the existing law. It is my opinion that law as it is written is grossly deficient in protecting Alaska's interest and dealing with social and economic needs of our State.

29-18-230 to 29-18-340

This section of the law deals with procedures of the petitioner which must be made to include financial investigation of the petitioners over the previous ten years in order to develop a reasonable assurance that the petitioner has the management experience, stability and capital to execute such an undertaking to a desirable conclusion.

29-18-340 DEVELOPMENT CITY COUNCIL

It is clear that the governor has complete control of the city, with the city council serving at his pleasure. The city council members do not have to be residents during the first five years. A developing city is going to need a city council which is present and public to deal effectively with actual growth and need of a city just getting off the ground. Further, after being appointed, the city council should serve at no one's pleasure other than their public, and all members elected after they have their first forty permanent residents with specific language used to tie down who and who is not a permanent resident.

It is important here to look down the road a bit and realize the power that would be given the governor if, perhaps, ten to fifteen of these cities are being developed and all at the control of one governor, with the possibility of major developers coming

into the State with only one person's consideration. This is clearly not in the public interest.

A city council must live in the development city and be available to the public. The law as it reads now doesn't even say the city council has to be in Alaska. This means that a citizen would be required to pay long distance rates to talk to his appointed rulers.

#### 29-18-380 PROCEDURES

This allows no public participation of any kind. It has been suggested that the meetings be put on public address systems, but this would still severely hamper the needed exchange between the community and its appointed rulers.

#### 29-18-390 DEVELOPMENT OF CITY CAPITAL IMPROVEMENT FUND

This should be clarified to specific purposes and be implemented in stages as required by specific development. For example, the needs for fun in a paper stage will be different from those of implementation.

#### 29-18-400(4)

This section should read "appointed" from the public by the governor, not "nominated by the developer".

#### 20-18-360(2) POWERS AND DUTIES

This section isolates the development city from existing borough planning if one exists. Therefore, there is no recourse for the general geographic area and existing economy to participate in decisions that might affect them, i.e., offshore experimental drilling facility in Afognak Bay, which is a reasonable assumption if Afognak City is there with the dock facility which the Afognak Native Corporation plans to build. The impact would certainly affect all of Kodiak Island Borough.

29-18-430 REVENUE BOND

Some consideration must be given to existing residence. In the initial petition, the eighty-five of us presently living there became 1/85 of the taxable tax base and 1/85 of the liability of a \$2 million project. ANCSA 21(d) states that Native lands are not taxable and (22) miscellaneous states that no liens, exclusions or judgments of any kind can be executed within twenty years.

Further, each revenue bond must show its relevance to the city sector as opposed to corporation development. This particular train of thought should be questioned throughout the Act. Our purpose and tax dollars should be spent to a d in the cost of the city, and not in the development of the resource. In a case where the purpose of a facility services both, the cost should be divided between the city and the developer proportionally.

EXAMP

If a city dock that would serve the city alone could be built for \$500, but to meet the needs of the developer must now cost \$2,000. The developer should have to generate \$1500 capital outside of the bonds. My concern here is the tax liability of the bond on the city should the industry fail to be profitable and the collateral not redeemable as under ANCSA (22) or not of sufficient value to satisfy its creditors. It appears to me that if the debts are kept reasonable that city could possibly survive the loss of its major developer by participating in existing economics such as fishing. On the other hand, if town liabilities are allowed to far exceed those of a realistic population projections ability to handle the city would most probably end up a ghost with many

citizens losing their shirts, as well as their dreams.

29-18-450 APPLICABILITY OF OTHER PROVISION OF THIS TITLE

This paragraph was not applied nor adhered to in Community and Regional Affairs' administration of the Act as it applied to the Afognak City's first petition, though it sheds a lot of light on the intent and composition of the Act. In its sweeping centralization, however, it creates contradiction within the law itself.

EXAMPLE

29-18-050(8) THE PROVISION FOR A FIRST CLASS CITY INCORPORATION

The signature and residence address of 50 permanent resident voters within the proposed municipality, which with eighty-five residents as applicable and Title 29-18-240 are both in Chapter 13. Hence, 29-18-240 has to be improved and clarified giving guidelines for public participation under a democratic government, as the character of its location changes from unpopulated - no existing economy - to populated with existing economies population and borough government.

First and most important, there is no provision under the law that necessitates the establishment of public sector. There must be land made available to the general public and general business community.

This land must in no way be controlled by the developers other than its original planning and zoning. Land should be sold at a fixed percentage above cost and a provision requiring development within a given time to discourage land speculation. My concern here is that the law permits the possibility of Alaska's future growth to be exactly like Prudho Bay, where a group of corporations owns

all the land and commerce. Any city in Alaska must be open to the public at the public's own discretion. Finally, I feel the State or petitioner should advertise the new city to the national business community, asking for their economic participation in fields other than that of the founding developer. For example, offshore oil exploration drilling support facilities and bottom-fishing processors are very real possibilities in the Afognak City and would go a long way in ensuring orderly development of well planned, diversified and economically sound new cities necessary to support the sound development of the State resources by both private and public sector.

## CONCLUSION

In conclusion it is extremely important to consider our states goals and values as we now look at our future.

International bankers and multinational corporation have acted and planned far in advance of the political concepts of the nation\_ state by cutting off our states opportunity to proceed in its family oriented past by completely stopping land transfer to public and regulating every thing from limited entry to placer mining out of reach of most of the general public. They now have created a state of mind in Alaska that believes our only future is to develop on a big scale with major multinational corporation, If we go that route the future is clear. If the only future development in Alaska is with big corporation then we will be allowing our main stream economy to be controlled by multinational corporations.

It is my opinion that we should guard our six trillion dollars of natural resource like a miser, his purse only developing them in as much as it allows us to develop a free enterprise family oriented economy in aquaculture, farming, musk ox, reindeer and small mining.

What we need is a development of family oriented business act and not a development cities act.

Presumption that I would be no residents.

Conflict of Bors planning powers / Development Cities  
Act could be applied differently in unorganized borough.  
Corporation towns (concept)

Definition "permanent" residents must be clarified

Strandberg

Flannery / Ofagouch - Petition

Encourages industry in rural areas which mineral potential (East River) 147 -

Ofagouch - native developer 126 -  
Should labor be native or imported. 127 -  
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Structure of govt. needs to be considered!

David Shay  
Box 2913  
Kodiak

(2) act of the legislature. (§ 19 ch 118 SLA 1972; am § 9 ch 200 SLA 1972)

Effect of amendment. — The 1972 amendment, effective July 1, 1972, substituted "Department of Community and Regional Affairs" for "Local Affairs Agency" in paragraph (1).

**Sec. 29.18.250. Petition for incorporation.** A development city incorporation petition proposed by an industrial developer shall include the following information about the proposed city:

- (1) class,
- (2) name,
- (3) boundaries,
- (4) composition of the council,
- (5) maps, documents, preliminary economic development projections, preliminary population projections, outline of the industrial developer's investigative and development expenditures and its proposed capital program, and other information required by the Department of Community and Regional Affairs to show that the proposed city meets the standards for incorporation,

(6) the proposed agreement required under § 330 of this chapter. (§ 19 ch 118 SLA 1972; am §§ 9 ch 200 SLA 1972)

Effect of amendment. — The 1972 amendment, effective July 1, 1972, substituted "Department of Community and Regional Affairs" for "Local Affairs Agency" in paragraph (5).

**Sec. 29.18.260. Review.** The Department of Community and Regional Affairs shall review the petition for content and shall return deficient petitions for correction and completion. (§ 19 ch 118 SLA 1972; am § 9 ch 200 SLA 1972)

Effect of amendment. — The 1972 amendment, effective July 1, 1972, substituted "Department of Community and Regional Affairs" for "Local Affairs Agency."

**Sec. 29.18.270. Investigation.** If the petition contains the required information, the Department of Community and Regional Affairs shall investigate the proposal to determine whether the development expenditures and proposed capital program by the developer serve the public interest and demonstrate a probability of being carried forward to a successful conclusion. (§ 19 ch 118 SLA 1972; am § 9 ch 200 SLA 1972)

Effect of amendment. — The 1972 amendment, effective July 1, 1972, substituted "Department of Community and Regional Affairs" for "Local Affairs Agency."

**Sec. 29.18.280. Report.** (a) The Department of Community and Regional Affairs shall report its findings to the Local Boundary Commission with its recommendations regarding the incorporation within 60 days of receipt of the petition for incorporation.

(b) The Local Boundary Commission shall review the petition and the findings and recommendations of the Department of Com-

#### Article 4. Development Cities.

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Revisor's note (1972).—Provisions virtually identical to §§ 220—460 of this chapter were originally enacted as AS 29.76, in ch. 106, SLA 1972.

Also see ch. 110, SLA 1972, which incorporated the development city of Lost River.

**Sec. 29.18.220. Legislative findings.** The legislature finds that the development of natural resources in isolated and relatively unpopulated areas requires a policy and procedure which will provide planning, financial and other assistance necessary for encouraging orderly development of well-planned, diversified and economically sound new cities necessary to support the sound development of the state's resources by both the private and public sector. It is the purpose of §§ 220—460 of this chapter to set out the mutual responsibilities of the private and public sectors to achieve these objectives with a view to securing information valuable to future legislatures so that general legislation applicable to the establishment of development cities may be perfected. (§ 19 ch 118 SLA 1972)

**Sec. 29.18.230. Development cities.** Subject to reclassification under § 400(c) of this chapter, a development city is a city of the class designated by the Department of Community and Regional Affairs. (§ 19 ch 118 SLA 1972; am § 9 ch 200 SLA 1972)

**Effect of amendment.** — The 1972 amendment, effective July 1, 1972, substituted "Department of Community and Regional Affairs" for "Local Affairs Agency."

**Sec. 29.18.240. Incorporation.** An area not served by an existing municipality which is not reasonably practicable to be served by an existing municipality may be incorporated as a development city by

(1) petition of the industrial developer to the Department of Community and Regional Affairs to be acted on by the Local Boundary Commission; or

munity and Regional Affairs within 60 days of receiving them. (§ 19 ch 118 SLA 1972; am § 9 ch 200 SLA 1972)

**Effect of amendment.** — The 1972 amendment, effective July 1, 1972, substituted "Department of Commu- nity and Regional Affairs" for "Local Affairs Agency" in subsections (a) and (b).

**Sec. 29.18.290. Decision on development city incorporation.** (a) The Local Boundary Commission may reject a petition for incorporation if it finds that

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

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

(3) the program and activities contemplated by this chapter may be undertaken through expansion of the corporate limits of an existing city and then declares that city to be a development city for the purpose of preferential designation under §§ 10 and 340—460 of this chapter;

(4) the program and activities contemplated by this chapter may be undertaken by establishing a service area within an existing organized borough for a development project, and declares the service area to be eligible for preferential designation under §§ 410 and 450 of this chapter;

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

(b) If the Local Boundary Commission finds that a service area within an organized borough is to be designated for preferential treatment under (a) (4) of this section, the assembly may undertake the project in the manner of a development city and shall present to the Local Boundary Commission a contractual agreement outlining responsibilities assumed by the borough and the industrial developer to implement the proposed development program.

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

(d) The Local Boundary Commission may dissolve a development city established under § 20 of this chapter if subsequent to its incorporation

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

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

(e) A commission decision under this section may be appealed under the Administrative Procedure Act (AS 44.62). (§ 19 ch 118 SLA 1972)

**Sec. 29.18.300. Preliminary planning.** The city shall prepare and submit to the state preliminary plans in advance of completion of the final basic comprehensive plan for the city. The preliminary plans shall include

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

(2) a report on the physical and biological character of the proposed city's site and a land and water use plan and the design and siting of the community to be developed based upon these natural factors. (§ 19 ch 118 SLA 1972)

**Sec. 29.18.310. Review and report.** (a) The division of planning and research, in conjunction with the Departments of Community and Regional Affairs, Natural Resources, and Environmental Conservation and other departments as determined appropriate by the division of planning and research, shall review the preliminary planning and additional data may be requested.

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

(c) During the course of planning toward completion of the basic comprehensive development plan the division of planning and research and the Department of Community and Regional Affairs shall be kept currently informed and the final plan shall be subject to review and recommendation by the division of planning and research, which shall act in its coordinating capacity to secure review by the Department of Environmental Conservation and other state agencies as appropriate. (§ 19 ch 118 SLA 1972; am § 9 ch 200 SLA 1972)

**Effect of amendment.** — The 1972 amendment, effective July 1, 1972, in subsection (a), deleted "Local Affairs Agency and the" following "conjunction with the" and inserted "Community and Regional Affairs" following "Departments of." In subsection (c), the amendment substituted "Department of Community and Regional Affairs" for "Local Affairs Agency."

**Sec. 29.18.320. Limitation.** The city may not proceed with commitment of funds or formal undertakings for physical development until it has a signed contract or contracts for sale of the company's products in quantities shown in the economic data and submitted by the company to be adequate to sustain an economically viable operation. The company may submit alternative valid evidence that the projected operation will proceed. The company shall notify the

Department of Community and Regional Affairs of the meeting of this requirement. Unless the Department of Economic Development makes a determination that the data is insufficient, the city may proceed. (§ 19 ch 118 SLA 1972; am § 9 ch 200 SLA 1972)

**Effect of amendment.** — The 1972 amendment, effective July 1, 1972, substituted "Department of Community and Regional Affairs" for "Local Affairs Agency" in the third sentence.

**Sec. 29.18.330. Local hire.** In consideration of the incorporation of a development city under this chapter, the major developer shall enter into an agreement with the appropriate agencies of the state concerning

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

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

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

(4) establishing the penalties and conditions of noncompliance with the agreement. (§ 19 ch 118 SLA 1972)

**Sec. 29.18.340. Development city council.** The council of a development city has five members consisting of the commissioner of the Department of Community and Regional Affairs, or his designee, and four public members designated by the governor. The governor shall appoint no fewer than two public members from a list of nominees designated by the major developer providing the industrial base of the city as measured by employment and capital investment. The council shall serve at the pleasure of the governor. The designated councilmen need not be residents of the city during its development stage. (§ 19 ch 118 SLA 1972; am § 9 ch 200 SLA 1972)

**Effect of amendment.** — The 1972 amendment, effective July 1, 1972, in the first sentence, substituted "commissioner" for "director" following "consisting of the" and substituted "Department of Community and Regional Affairs" for "Local Affairs Agency."

**Sec. 29.18.350. Filling a vacancy.** If a vacancy occurs in the council as constituted under § 340 of this chapter, the applicable appointing authority shall designate the replacement during the development stage of the city. (§ 19 ch 118 SLA 1972)

**Sec. 29.18.360. Powers and duties of council.** During the development stage the council of a development city may

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

(2) exercise the powers and duties of a planning commission under AS 9.33.080, except that during the first five years or until the development city has 400 permanent residents, zoning and zoning changes will be reviewed and approved by the division of planning and research and the Department of Environmental Conservation. (§ 19 ch 118 SLA 1972)

**Sec. 29.18.370. Powers and duties of development city executive director.** During the development stage the council shall appoint an executive director of the development city, who may be one of its members, to serve at the pleasure of the council. The executive director shall have the powers and duties of all executive and administrative city officials set out in this title in order to develop the city under a comprehensive community development plan. (§ 19 ch 118 SLA 1972)

**Sec. 29.18.380. Procedures.** During the development stage, the council may provide for conference telephone or radiophone meetings at times determined by the council and shall determine its own rules and order of business. (§ 19 ch 118 SLA 1972)

**Sec. 29.18.390. Development city capital improvement funds.** All state agencies shall, where appropriate, adopt procedures to insure that, during the development stage, the needs of a development city are carefully considered in the allocation of funds available for capital improvement projects where those funds have not otherwise been committed by the legislature. (§ 19 ch 118 SLA 1972)

**Sec. 29.18.400. Transition.** (a) When a development city has 400 permanent residents elections shall take place according to the following schedule:

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

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

(3) in the third year two councilmen who shall be city residents elected for three-year terms to replace the commissioner of the Department of Community and Regional Affairs and one of the councilmen nominated by the industrial developer;

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

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

(c) If, within a period of five years from the incorporation of a development city, the number of permanent residents does not reach 400, the Department of Community and Regional Affairs shall order an election for city officials and designate a successor class of city based on population as provided in this title. If the department designates a successor class of city, the provisions of this title relating to that class of city apply, and the city shall be reclassified accordingly. (§ 19 ch 118 SLA 1972; am § 9 ch 200 SLA 1972)

**Effect of amendment.** — The 1972 amendment, effective July 1, 1972, substituted "commissioner of the Department of Community and Regional Affairs" for "local affairs director" in paragraph (3) of subsection (a). The amendment also substituted "Department of Community and Regional Affairs" for "Local Affairs Agency" in the first sentence of subsection (c) and substituted "department" for "agency" in the second sentence of that subsection.

**Sec. 29.18.410. Housing powers.** From the time of the appointment of the first city council and for a period of 10 years following the first election of councilmen, the council may act as its own housing and urban renewal authority if such powers have been granted to cities under applicable provisions of law. (§ 19 ch 118 SLA 1972)

**Sec. 29.18.420. Land selection.** (a) The Department of Natural Resources shall attempt to secure the transfer of the available federally owned land located within the boundaries of a development city into state ownership. After the transfer, a development city may select 10 per cent of the vacant, unappropriated, unreserved state land located within its boundaries. Nothing in this section affects a valid existing claim, location, or entry under the laws of the state or the United States whether for homestead, mineral, right-of-way or other purposes or affects the rights of an owner, claimant, locator, or entryman to the full use and enjoyment of the land so occupied.

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

boundaries of the areas requested must conform to the public land subdivisions established by the approval of the survey. Land selected by the city under this section is patented to the city by the Department of Natural Resources.

(c) After the selection of the land by the development city but before the issuance of final patent, the city may execute conditional leases and make conditional sales of selected land. (§ 19 ch 118 SLA 1972)

**Sec. 29.18.430. Revenue bonds.** Revenue bonds may be issued by a development city under the provisions of AS 29.58.200—29.58.220. However, no vote of the people is required to issue revenue bonds during the development stage. During the development stage revenue bonds may be issued by a majority vote of the city council. (§ 19 ch 118 SLA 1972)

**Sec. 29.18.440. Shared revenue.** A development city is entitled to shared revenue and other state funds on the same basis as a city or organized borough of the first class or, if reclassified under § 400(c) of this chapter, on the basis of the reclassification. During the development stage the Department of Community and Regional Affairs may establish an assumed population figure which shall be used to determine shared revenue based on population on per capita grants. (§ 19 ch 118 SLA 1972; am § 9 ch 200 SLA 1972)

**Effect of amendment.** — The 1972 amendment, effective July 1, 1972, substituted "Department of Community and Regional Affairs" for "Local Affairs Agency" in the second sentence.

**Sec. 29.18.450. Applicability of other provisions of this title.** All applicable provisions of this title consistent with the provisions of this chapter apply to development cities. Provisions of this chapter prevail over other provisions of this title which are inconsistent. (§ 19 ch 118 SLA 1972)

**Sec. 29.18.460. Definition.** In this chapter "development stage" means that period of time extending from the date of incorporation of a development city until such time as the city may attain a population of 400 permanent residents, or five years from the date of incorporation, whichever is earlier. (§ 19 ch 118 SLA 1972)